



VALDOSTA STATE UNIVERSITY

CENTER *for* BUSINESS & ECONOMIC RESEARCH

Overview

Each quarter, the Council for Community and Economic Research (C2ER) collects more than 90,000 prices for 60 different items ranging from housing, utilities, grocery items transportation, health care and miscellaneous goods and services from communities across the U.S. for its Cost of Living Index. The third quarter of 2014 survey comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities shows that it costs almost 6.8 percent less to live in Georgia communities, on average, than it does to live in the rest of the U.S. Therefore, for each dollar that is required to maintain the average standard of living across the country, Georgia residents are only required to spend about 93.2 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 95.1 cents for each dollar required to maintain the living standards of the average U.S. household. Among Georgia metropolitan areas and cities surveyed, Atlanta has the highest cost of living; Marietta area ranked second and Valdosta landed in the fourth place after Fayetteville area in the third quarter 2014 Cost of Living Index. It should be worth to note that Valdosta’s cost of living slightly increased by 0.3 percent from the same period in 2013.

Cost of Living Comparisons for the Nation

The Cost of Living Index measures regional differences in the consumer goods and services excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. Table 1 shows the ten most and least expensive urban areas that participated in the third quarter of 2014 Cost of Living Index. As shown in Table 1, the after-tax cost for a professional / managerial standard of living ranged from more than twice the national average in Manhattan, NY to almost 20 percent below the national average in McAllen, TX. Not surprisingly, there is very little change in the top ten most expensive urban areas when compared to the previous periods. The list includes the “usual suspects”, such as New York, Honolulu, San Francisco, etc. Since the national average cost of living index equals 100, the cost to live in Manhattan, for example, is 214.5% of the national average.

Cost of Living Comparisons: Valdosta, Georgia, and the Nation
Third Quarter of 2014

Also in Table 1, the ten least expensive urban areas participating in the cost of living index survey are listed. Similarly to previous quarters, the least expensive urban areas are located in the southern part of the U.S. Valdosta ranks as the 166th most expensive metropolitan area (out of 264 areas) with a composite index of 95.1. It should be noted that Valdosta’s ranking in the second quarter of 2014 composite index was 130th (out of 279 areas), with a composite index of 95.9.

**Table 1: The Ten Most and Least Expensive Urban Areas
in the Cost of Living Index (COLI)**

Third Quarter in 2014

National Average for 264 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	New York (Manhattan) NY	214.5	1	McAllen TX	81.5
2	Honolulu HI	171.2	2	Ashland OH	83.4
3	New York (Brooklyn) NY	168.6	3	Harlingen TX	83.5
4	San Francisco CA	165.5	4	Martinsville-Henry County VA	84.6
5	Hilo HI	156.4	5	Richmond IN	84.6
6	Truckee-Nevada County CA	151.7	6	Idaho Falls ID	84.6
7	Orange County CA	145.9	7	Cookeville TN	85.0
8	Stamford CT	145.9	8	San Marcos TX	85.6
9	Oakland CA	139.0	9	Hattiesburg MS	85.6
10	Washington DC	138.8	10	Pueblo CO	85.9

What Do Groceries Cost?

Each quarter, C2ER collects more than 90,000 prices from communities across the US for the Cost of Living Index. With food prices a big part of the national media attention, below is a listing of communities with the most and least expensive food costs as measured by the grocery item index number. C2ER collects data on twenty-six items from a variety of surrogate categories to represent the grocery item component of the index

**Table 2: The Five Most and Least Expensive Places for Grocery Items by Index
Number in the Cost of Living Index (COLI)**

Third Quarter 2014

Average for 264 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	Hilo HI	160.1	1	Waco TX	80.6
2	Honolulu HI	155.3	2	Corpus Christi TX	80.7
3	Kodiak AK	136.2	3	San Marcos TX	82.5
4	Truckee-Nevada Co. CA	131.8	4	Brazoria County TX	82.7
5	Juneau AK	131.7	5	Kalamazoo MI	82.8

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The Most Expensive and Least Expensive Cities to Buy Tennis Balls

The 2014 United States Tennis Association League National Championship is taking place in Arizona and California during October and November. With that in mind, the following table shows the five most and least expensive places to buy a can of three Wilson or Penn brand extra-duty tennis balls.

Table 3: The Five Most and Least Expensive Places for a Can of Three Extra-duty Balls

Third Quarter 2014

National Average for 264 Urban Areas = \$2.48

Most Expensive			Least Expensive		
Ranking	Urban Areas	Avg. Price	Ranking	Urban Areas	Avg. Price
1	New York (Manhattan) NY	4.49	1	Hattiesburg MS	1.76
2	Providence RI	4.16	2	Lake Charles LA	1.76
3	Portland ME	4.09	3	Round Rock TX	1.88
4	Las Vegas NV	4.07	4	Tulsa OK	1.88
5	Jackson-Madison County TN	3.98	5	Houma-Thibodaux LA	1.88

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 4.9 percent below the national average. Valdosta's cost of living remains relatively low, principally because of the low housing prices. It also must be noted that the housing index carries the largest weight in the composite index because of its relative importance in the average consumer's budget. According to table 4, the housing index for Valdosta is 85.6 suggesting that housing costs are 14.4 percent less than the national average house price (\$307,834) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta's cost of living is around 2.14 % higher than the average of all Georgia cities included in the survey.

**Table 4: Indices for Georgia Metropolitan Statistical Areas
(Listed alphabetically by city name)**

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Albany	92.8	109.2	78.0	92.1	96.0	98.0
Atlanta	98.5	104.0	94.3	91.0	102.0	101.0
Augusta	87.2	95.4	68.1	93.7	95.3	92.7
Dalton	90.6	100.1	76.6	101.5	94.3	93.4
Dublin	89.7	95.7	76.7	99.6	94.8	86.2
Fayetteville	95.3	99.1	88.2	91.4	94.3	109.9
Marietta	97.6	101.1	92.7	91.5	101.8	98.7
Savannah	92.1	97.3	69.7	108.5	99.8	99.9
Statesboro-Bulloch Co.	92.7	101.7	76.6	91.3	98.1	85.4
<i>Valdosta</i>	<i>95.1</i>	<i>106.2</i>	<i>85.6</i>	<i>102.1</i>	<i>98.1</i>	<i>95.7</i>
Average	93.2	101.0	80.7	96.3	97.5	96.1

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Random Comparisons

The cost of living data tells us that the Composite Index for Manhattan, NY is 214.5; for Valdosta, GA it is 95.1. Using this information, we can answer the following questions:

1. What is the Valdosta salary that is equivalent to a Manhattan salary of \$50,000?
2. What is the Manhattan salary that is equivalent to a Valdosta salary of \$50,000?

Two jobs with identical salaries may not have identical purchasing power if one is located in a relatively high-cost city while the other is located in a relatively low-cost city. An individual would only need about \$22,167.83 in Valdosta to maintain the same standard of living as someone making \$50,000 in Manhattan, NY. On the other hand someone having a salary of \$50,000 per year in Valdosta would need \$112,776.02 in Manhattan to maintain the same standard of living. Table 5 below shows how to calculate the equivalent salaries in these two cities. Note that the formula in Table 5 can be used to compare any of the indices presented here (i.e. health care, transportation, utilities, housing, and groceries) between cities of interest. This kind of information is very useful to households considering a move to a different urban area.

Table 5: Cost Comparison for Valdosta, GA and Manhattan, NY

Manhattan, NY to Valdosta, GA			
$\$50,000 \times (95.1/214.5)$	=		\$ 22,167.83
Valdosta, GA to Manhattan Metro, NY			
$\$50,000 \times (214.5/95.1)$	=		\$ 112,776.02

Table 6 compares Hattiesburg, MS, to the Valdosta Metro area, areas which are located in the southern part of the U.S.

Table 6: Cost Comparison for Valdosta, GA and, Hattiesburg, MS

Hattiesburg, MS to Valdosta, GA			
$\$50,000 \times (95.1/85.6)$	=		\$ 55,549.06
Valdosta, GA to , Hattiesburg, MS			
$\$50,000 \times (85.6/95.1)$	=		\$ 45,005.25

According to the information tabulated in table 6, an individual making \$50,000 per year in Hattiesburg, MS would need only \$5549.06 more in order to maintain the same standard of living as an individual making 50,000 in Valdosta, GA. However, an individual earning \$50,000 in Valdosta area would need to make \$4994.75 less in Hattiesburg, MS.

Methodology and Data Limitations

The findings presented come from an analysis of national survey data performed by the Center for Business and Economic Research (CBER) at Valdosta State University. CBER conducts applied research for the business community and provides a conduit between the community and the expertise of the Langdale College of Business

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Administration faculty. The survey itself is conducted by The Council for Community and Economic Research, a nonprofit professional organization located in Arlington, VA. C2ER has been publishing quarterly measures of living cost differentials since 1968.

For the third quarter of 2014, 264 communities in the United States collected price data. The average index number for all participating communities is 100; each individual community's index should be read as a percentage of the average for all communities. This cost of living index measures *relative* prices for consumer goods and services only in the communities that participate in the process. No information on inflation (the general increase in prices over time) can be determined from these price indices. See www.coli.org for more information about the methodology behind the index.

Cost of living data are useful as indicators of local economic conditions, but should be interpreted with caution. A relatively low cost of living is not necessarily a positive attribute for a community; and a relatively high cost of living is not necessarily negative. For example, relatively low prices may encourage job and population migration into the area; or relative low prices may mean that the area is depressed, and jobs and individuals are moving out of the area.

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