



VALDOSTA STATE UNIVERSITY

CENTER *for* BUSINESS & ECONOMIC RESEARCH

Overview

Each quarter, the Council for Community and Economic Research (C2ER, formerly known as ACCRA) 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 second quarter of 2015 survey comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities shows that it costs 8.2 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 91.8 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 92.9 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, both Marietta and Valdosta areas shared the second place, and Savannah landed in the third place in this second quarter 2015 Cost of Living Index. It should be worth to note that Valdosta’s cost of living decreased almost 2.6 percent from the same period in 2014.

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 second quarter of 2015 Cost of Living Index. As shown in Table 1, among the 271 urban areas that participated in the second quarter 2015 Cost of Living Index, the after-tax cost for a professional/managerial standard of living ranged from more than twice the national average in New York (Manhattan) NY to more than 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 219.7% of the national average.

Cost of Living Comparisons: Valdosta, Georgia, and the Nation
Second Quarter of 2015

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 area is located in Texas. Consistent with the previous quarter of 2015, no metropolitan area from Georgia appears on either the ‘Least Expensive’ or ‘Most Expensive’ list. Valdosta ranks as the 165th most expensive metropolitan area (out of 271 areas) with a composite index of 92.9. It should be noted that Valdosta’s ranking in the first quarter of 2015 composite index was 197th (out of 265 areas), with a composite index of 91.1.

**Table1: The Ten Most and Least Expensive Urban Areas
in the Cost of Living Index (COLI)
Second Quarter in 2015**

National Average for 271 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	New York (Manhattan) NY	219.7	1	McAllen TX	80.1
2	Honolulu HI	183.8	2	Harlingen TX	80.7
3	San Francisco CA	176.1	3	Richmond	81.6
4	New York (Brooklyn) NY	173.1	4	Norman OK	82.3
5	Hilo HI	150.0	5	Ashland OH	83.0
6	Stamford CT	148.4	6	Jackson MS	83.3
7	Oakland CA/ Washington DC	147.6	7	Youngstown-Warren OH	83.4
8	Orange County CA	147.0	8	Hattiesburg MS TN	83.8
9	Boston MA	143.8	9	Cookeville TN	84.2
10	San Diego CA	143.7	10	San Marcos TX	84.3

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)
Second Quarter 2015**

National Average for 271 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	Honolulu HI	159.0	1	Waco TX	78.9
2	Hilo HI	157.4	2	Boise ID	79.1
3	New York (Brooklyn) NY	141.6	3	San Marcos TX	80.1
4	Kodiak AK	136.8	4	McAllen TX	81.2
5	New York (Manhattan) NY	134.6	5	Brazoria County TX	82.5

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Most Expensive and Least Expensive Cities to Buy Gasoline

Over the past few quarters we have watched gasoline prices drop significantly and gradually rise, remaining steady in recent months. Considering Quarter 2 prices were collected in the season of spring break and vacations, the study looked at the most and least expensive cities to buy gas and hit the road.

Table3: The Most and Least Expensive Cities to Buy Gasoline
Second Quarter 2015

National Average for 271 Urban Areas = \$2.376

Most Expensive			Least Expensive		
Ranking	Urban Areas	Avg. Price	Ranking	Urban Areas	Avg. Price
1	Kodiak AK	3.459	1	Augusta-Aiken GA-SC	1.940
2	Bakersfield CA	3.388	2	Hattiesburg MS	1.979
3	San Francisco CA	3.378	3	Chattanooga TN	1.994
4	Oakland CA	3.278	4	San Antonio TX	2.005
5	Minneapolis MN	3.274	5	Tulsa OK	2.019

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 8.2 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 82.1 suggesting that housing costs are 17.9 percent less than the national average house price (\$313,473) for all urban areas in this survey.

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

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Albany	89.9	103.9	73.4	94.2	97.0	98.7
Atlanta	98.5	100.2	95.4	91.4	102.6	100.2
Augusta	92.9	99.6	87.4	91.0	86.3	99.4
Dalton	90.8	97.6	72.1	85.4	98.2	94.9
Marietta	92.9	99.6	87.4	91.0	86.3	99.4
Savannah	91.7	94.1	70.6	109.6	96.2	99.8
Statesboro	89.1	95.7	75.5	81.4	89.4	82.9
<i>Valdosta</i>	<i>92.9</i>	<i>101.4</i>	<i>82.1</i>	<i>100.9</i>	<i>99.1</i>	<i>97.1</i>
Average	91.8	99.1	78.7	90.0	93.2	97.4

Useful Random City Comparisons

The cost of living data tell us that the Composite Index for San Francisco, CA is 161.6; for Valdosta, GA it is 95.5. Using this information, we can answer these questions:

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

If you earn \$50,000 per year in San Francisco, CA, the salary in Valdosta required to maintain your San Francisco, CA standard of living would be \$26,377. However, if you earn \$50,000 per year in Valdosta, you would need to earn \$94,779 in San Francisco, CA to maintain the same standard of living. 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. Table 5 below shows how to calculate the equivalent salaries in these two cities.¹

Table 5: Cost of Living Comparisons for Valdosta, GA and San Francisco, CA

San Francisco, CA to Valdosta, GA			
$(92.9 * \$50,000) / 176.1$	=		\$ 26,377.06
Valdosta, GA to San Francisco, CA			
$(176.1 * \$50,000) / 92.9$	=		\$ 94,779.33

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 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 second quarter of 2015, 271 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

¹ Also note that the formula in Table 3 can be used to compare any of the indices presented here (i.e. health care, transportation, utilities, housing, and groceries) between cities of interest.

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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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