Cost of Living Comparisons: Valdosta, Georgia, and the Nation
2010 Annual Review
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VALDOSTA STATE UNIVERSITY
CENTER for BUSINESS & ECONOMIC RESEARCH

Overview

In the year of 2010, three quarters' data suggest that the cost of living for "middle management" households in Georgia communities is about 7.5 percent less, on average, than in the rest of the U.S. So, for each dollar that is required to maintain the average standard of living in other areas of the country, Georgia residents are only required to spend about 92.5 cents. Valdosta, Georgia's cost of living was slightly higher than the Georgia state average in the year 2010, with Valdosta residents required to spend about 94.1 cents for each dollar required to maintain the living standards of the average U.S. household. This is in line with the recent trend.

Among metropolitan areas, the cost to live in the Atlanta area is the highest in Georgia; but it is still below the national average. (Among the surveyed metropolitan areas in the state, Valdosta is the third most expensive metropolitan area.)

The principal reason for the relatively lower living cost in Georgia remains the relatively lower prices in the state's housing and utilities sectors. The housing sector combines information on recent sales of new houses, local apartment rents, and local home mortgage rates; the utilities sector combines information on total home energy costs (including natural gas and electricity prices) and telephone services.

Results for the Nation

Table 1 shows the ten most and least expensive urban areas 2010 based on data from three quarters. Not surprisingly, there is very little change in the top ten most expensive urban areas compared to the previous quarter. As probably expected, the list includes metropolitan areas from the states of California, Connecticut, Hawaii, and New York. Also recall that the national average cost of living index equals 100. This suggests that the cost to live in New York (Manhattan), for example, is more than twice the national average.

Also in Table 1, we see the top ten least expensive urban areas that participated in the cost of living index survey. Eight out of the ten least expensive areas on the list are from Southern states.

Table 1. The Ten Most and Least Expensive Urban Areas in the ACCRA Cost of Living Index (COLI)
Year-End Review of Three Quarters in 2010
National Average for 318 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	New York (Manhattan) NY	216.4	1	Harlingen TX	82.8
2	New York (Brooklyn) NY	181.5	2	Pryor Creek OK	84.4
3	Honolulu HI	165.6	3	McAllen TX	85.0
4	San Francisco CA	163.8	4	Pueblo CO	85.5
5	New York (Queens) NY	158.8	5	Cookeville TN	85.7
6	San Jose CA	156.0	6	Springfield IL	85.7
7	Stamford CT	146.8	7	Brownsville TX	85.7
8	Truckee-Nevada County CA	146.7	8	Muskogee OK	86.0
9	Orange County CA	146.2	9	Fort Smith AR	86.1
10	Nassau County NY	145.5	10	Wichita Falls TX	86.5

Economic outlook for the nation

The unemployment rate remained above 9% throughout the year. The Bureau of Labor Statistics (BLS) reported that in December there were over 14.5 million unemployed persons nationwide. A major concern about the unemployment statistics is that it takes longer and longer for the unemployed to find new work. The average duration of unemployment reached new record levels in 2010. BLS reports that the average duration was 34.2 weeks in December, which is 5 weeks more than in December of 2009. As the unemployment rate stubbornly stayed above 9% at the end of 2010, consumers remained rather pessimistic about the short-term outlook of the economy. As a matter of fact, after slight increases in October and November, the Consumer Confidence Index, an index constructed by a random survey of 5000 households, declined again in December and ended the year at a lower level than in January.

The year 2010 ended well for the retail sector. The U.S. Census Bureau reported that during this past holiday season retail and food sales increased by a strong 7.9% compared to a year ago. Nonstore retailers (a category which, among other things, includes mail-order houses, home delivery sales, and electronic shopping) and car dealerships saw the strongest growth rates (15% and 14.7%, respectively). Also on the bright side: The Bureau of Economic Analysis revised its third quarter GDP growth estimate to 2.6%, which is 0.6 percentage points higher than their advance estimate of 2% annual growth rate.

Grocery items with relatively large price change

C2ER collects more than 50,000 prices from communities across the U.S. for the Cost of Living Index. Over the first three quarters of 2010, a dozen eggs and a head of lettuce had the largest price differentials. Eggs registered a 16 percent difference from the first quarter to the third quarter and lettuce a 12 percent change.

Table 2. The Five Most and Least Expensive Places to Buy a Dozen Eggs by Average Price
Averaged over Three Quarters in 2010
Average for 318 Urban Areas = $1.33

Most Expensive			**Least Expensive**		
Ranking	**Urban Areas**	**Price**	**Ranking**	**Urban Areas**	**Price**
1	Kodiak, AK	$3.01	1	Covington, NY	$0.96
2	Honolulu, HI	$2.75	2	Dubuque, IA	$0.98
3	New York (Manhattan), NY	$2.67	3	Cookeville, TN	$0.99
4	Truckee-Nevada County, CA	$2.61	4	Clarksville, TN	$0.99
5	Fairbanks, AK	$2.43	5	Columbus, OH	$1.02

Table 3. The Five Most and Least Expensive Places to Buy Lettuce
Averaged over Three Quarters in 2010
Average for 318 Urban Areas = $1.30

Most Expensive			**Least Expensive**		
Ranking	**Urban Areas**	**Price**	**Ranking**	**Urban Areas**	**Price**
1	New York (Manhattan), NY	$2.16	1	Covington, NY	$0.89
2	Philadelphia, PA	$1.93	2	McAllen, TX	$0.92
3	Lancaster, PA	$1.92	3	Corpus Christi, TX	$0.94
4	Newark-Elizabeth, NJ	$1.91	4	San Antonio, TX	$0.95
5	Albany, NY	$1.88	5	Temple, TX	$0.97

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 5.9 percent below the national average. Compared to other cities in Georgia, Valdosta's cost of living is slightly higher than the average of all Georgia cities included in the survey. Valdosta's cost of living, a major business recruitment tool, remains relatively low principally because of relatively low prices in housing and utilities.

For Valdosta, the housing index of 85.1 suggests that housing costs are 14.9 percent less than the average house price for all urban areas in this survey ($294,157). (A new CBER report, published in September, discusses the local property markets in great detail. Accessible at http://www.valdosta.edu/lcoba/cber). Right now the real estate market is still sluggish but mortgage rates remain near historically low levels, however, labor market conditions have only slightly improved and the unemployment rate is still very high. The real estate market is expected to improve significantly once labor market conditions improve.

Table 4. Indices for Georgia Metropolitan Statistical Areas

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Albany	90.1	108.7	74.6	82.2	96.6	89.7
Americus	88.3	105.5	70.9	88.5	99.8	103.5
Atlanta	95.5	96.1	90.5	86.5	99.3	103.1
Marietta	94.7	96.8	84.4	90.4	97.2	107.7
Augusta	93.2	105.9	79.2	92.3	93.9	101.3
Douglas	88.5	104.1	68.3	98.1	89.4	91.2
Savannah	93.4	94.7	83.7	94.2	98.4	96.8
Valdosta	94.1	111.8	85.1	89.2	96.7	102.1
Average	**92.5**	**102.1**	**80.3**	**91.4**	**96.4**	**100.8**

Random Comparisons

Table 5 shows where Valdosta is positioned along three subcategories included in the Composite Index. Looking at Grocery items, in 2010 Valdosta ranked as the 29th most expensive area out of the 318 surveyed metropolitan areas in the U.S. Valdosta, on the other hand, ranked as the 243rd most expensive metropolitan area in terms of utility expenses and the 113th in terms of Health Care expenses.

Table 5. Where does Valdosta rank within the nation?

pos.	Grocery Items	Index	pos.	Utilities	index	pos.	Health Care	Index
1	Honolulu, HI	160.1	1	Fairbanks, AK	193.6	1	Fairbanks, AK	144.6
2	New York (Manhattan) NY	154.2	2	New York (Queens) NY	172.4	2	Juneau, AK	144.1
3	Kodiak, AK	149.4	3	New York (Manhattan) NY	170	3	Anchorage, AK	135.4
4	Anchorage, AK	134.4	4	New York (Brooklyn) NY	165.4	4	Kodiak, AK	130.4
…			…			…		
29	**Valdosta, GA**	**111.8**	**243**	**Valdosta, GA**	**89.2**	**113**	**Valdosta, GA**	**102.1**
…			…			…		
315	Waco, TX	81.7	315	Lubbock, TX	75	315	Hot Springs, AR	84.7
316	Louisville, KY	81.5	316	Minot, ND	73.7	316	Lake Charles, LA	84.3
317	Harlingen, TX	81.5	317	Salt Lake, UT	72.7	317	Florence, AL	83.9
318	McAllen, TX	79.8	318	Bismarck - Mandan, ND	70.2	318	Dothan, AL	81.5

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 C2ER (formerly known as ACCRA), a nonprofit professional organization located in Arlington, VA. C2ER has been publishing quarterly measures of living cost differentials since 1968.

In the three quarters in 2010 when the survey was administered, 318 communities in the United States collected price data. The average index 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.

Author:
Dr. Attila Cseh

For additional information, please contact:
Scott Manley, Director
Center for Business and Economic Research
Langdale College of Business Administration
Valdosta State University
Phone: 229-333-7878
E-mail: scmanley@valdosta.edu