



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 50,000 prices 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 first three quarters of 2012 survey comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities shows that it costs almost 6.3 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 93.7 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 96.6 cents for each dollar required to maintain the living standards of the average U.S. household. Among Georgia metropolitan areas and cities, Atlanta and Marietta have the highest cost of living; however, both are below the national average. Valdosta is the third most expensive area within the surveyed areas of Georgia. Unfortunately, Valdosta’s cost of living increased almost 1 percent from the same period in 2011.

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 first three quarters of 2012 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 19 percent below the national average in Harlingen, 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 225.4% of the national average.

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

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area is located in Texas. Consistent with the previous quarters of 2012, no metropolitan area from Georgia appears on either the ‘Least Expensive’ or ‘Most Expensive’ list. Valdosta ranks as the 128th most expensive metropolitan area (out of 307 areas) with a composite index of 96.6. It should be noted that Valdosta’s ranking in the 2011 composite index was 141th (out of 314 areas), with a composite index of 95.7.

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

Year-End Review of Three Quarters in 2012
National Average for 307 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	New York (Manhattan) NY	225.4	1	Harlingen TX	81.8
2	New York (Brooklyn) NY	178.6	2	McAllen TX	85.4
3	Honolulu HI	167.0	3	Norman OK	85.6
4	San Francisco CA	163.4	4	Ardmore OK	85.9
5	San Jose CA	153.4	5	Memphis TN	86.0
6	New York (Queens) NY	148.3	6	Fayetteville AR	86.0
7	Stamford CT	146.1	7	Wichita Falls TX	86.4
8	Washington DC	144.7	8	Muskogee OK	86.9
9	Orange County CA	140.6	9	Pueblo CO	87.1
10	Boston MA	139.9	10	Ashland OH	87.6

Which grocery items prices had the highest average percentage change from quarter one 2012 through quarter three 2012?

C2ER collects more than 50,000 prices from communities across the US for the COLI. Over the first three quarters of 2012, the national averages for per-pound price of a t-bone steak and the price of a dozen of eggs had the largest differentials. T-bone steak nationally registered an 8.2 percent difference from the first quarter to the third quarter and eggs decreased in price 9.4 percent. Below is a listing of the most, and least, expensive places to buy those items.

Table 2: The Five Most and Least Expensive Places to Buy a T-Bone Steak

Averaged over Three Quarters in 2012
Average for 307 Urban Areas in 2012 = \$10.20

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	Honolulu HI	154.2	1	San Antonio TX	82.8
2	New York (Manhattan) NY	152.0	2	Corpus Christi TX	83.6
3	Kodiak AK	146.3	3	Seguin TX	84.4
4	Juneau AK	132.5	4	Bryan-College Station TX	85.1
5	Fairbanks AK	132.0	5	Brazoria County TX	85.3

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Table 3: The Five Most and Least Expensive Places to Buy Eggs

Averaged over Three Quarters in 2012
Average for 307 Urban Areas in 2012 = \$1.63

Ranking	Most Expensive Urban Areas	Average Price	Ranking	Least Expensive Urban Areas	Average Price
1	Fairbanks AK	\$194.75	1	Paducah KY	\$50.75
2	Juneau AK	171.25	2	Milwaukee-Waukesha WI	50.80
3	Kodiak AK	165.00	3	Richmond IN	54.75
4	Portland ME	162.26	4	Madison WI	56.32
5	Anchorage AK	161.50	5	Shreveport-Bossier City LA	56.60

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 3.4 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 88.9 suggesting that housing costs are 11.1 percent less than the national average house price (\$285,121) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta’s cost of living is 2.9% higher than the average of all Georgia cities included in the survey.

A contributing factor to the low housing index in Valdosta is the sluggish demand for newly constructed homes due to the high unemployment rate in Valdosta MSA area. According to labor force statistics released by the Bureau of Labor Statistics (BLS), the unemployment rate in the Valdosta area is 8.4 %, which is 0.6% higher than the national rate of unemployment in December 2012. Even though current mortgage rates are still at their historically low levels (as low as 3.59 % for a 30-year, conventional, fixed-rate mortgage), the real estate market has still plenty of room for the improvement.

Table 4: Indices for Georgia Metropolitan Statistical Areas

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Albany	91.6	106.8	78.9	88.9	96.3	89.7
Atlanta	96.9	106.4	84.2	93.2	105.0	101.1
Marietta	98.5	98.8	91.4	95.5	103.8	98.3
Augusta	90.6	93.3	79.0	97	97.4	82.7
Dalton	91.1	96.7	75.0	98.6	99.8	94.6
Savannah	91.0	97.3	73.6	107.0	97.0	90.0
Valdosta	96.6	104.2	88.9	105.6	98.4	106.1
Average	93.7	100.5	81.6	98.0	99.6	94.6

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Table 5: Where does Valdosta rank within the nation?

<i>Rank</i>	<i>Grocery items</i>	<i>Index</i>	<i>Rank</i>	<i>Utilities</i>	<i>index</i>	<i>Rank</i>	<i>Health Care</i>	<i>Index</i>
1	Honolulu, HI	158.1	1	Fairbanks, AK	240.5	1	Juneau, AK	146.7
2	New York (Manhattan)	149.7	2	Juneau, AK	167.9	2	Fairbanks, AK	143.7
3	Kodiak, AK	148.8	3	Honolulu, HI	167.6	3	Anchorage, AK	136.6
4	Juneau, AK	139.8	4	Kodiak, AK	164.2	4	Kodiak, AK	134.8
...				
75	Valdosta, GA	104.2	73	Valdosta, GA	105.6	66	Valdosta, GA	104.9
...				
304	Harlingen, TX	83.7	304	Reno-Sparks, NV	76.4	304	Florence, AL	82.7
305	Waco, TX	83.7	305	Moses Lake, WA	73.9	305	Augusta, GA	82.7
306	Corpus, TX	83.2	306	Minot, ND	72.9	306	Birmingham, AL	82.1
307	San Antonio	81.9	307	Lubbock, TX	69.7	307	Norman, OK	81.2

Above, table 5 shows Valdosta’s position among three subcategories included in the composite index. For grocery items, in 2012 Valdosta ranked as the 75th most expensive area of the 307 surveyed metropolitan areas in the U.S. Valdosta ranked 73rd for utilities, and 66th for Health Care expenses.

The Cost of Living Comparison of Average Georgia versus Valdosta: 2008-2012

Figure 1 depicts the Grocery, Housing, Utilities and Health Care average Indices for Valdosta area compared to average of Georgia Metropolitan areas and cities included in the survey for the 2008 to 2012 period. The national average cost of living index for all participating areas equals 100 and each participant’s index is read as a percentage of the national average for all places. Overall, Valdosta remains an expensive Georgia residential place to live relative to the average ranking of all Georgia metropolitan areas.

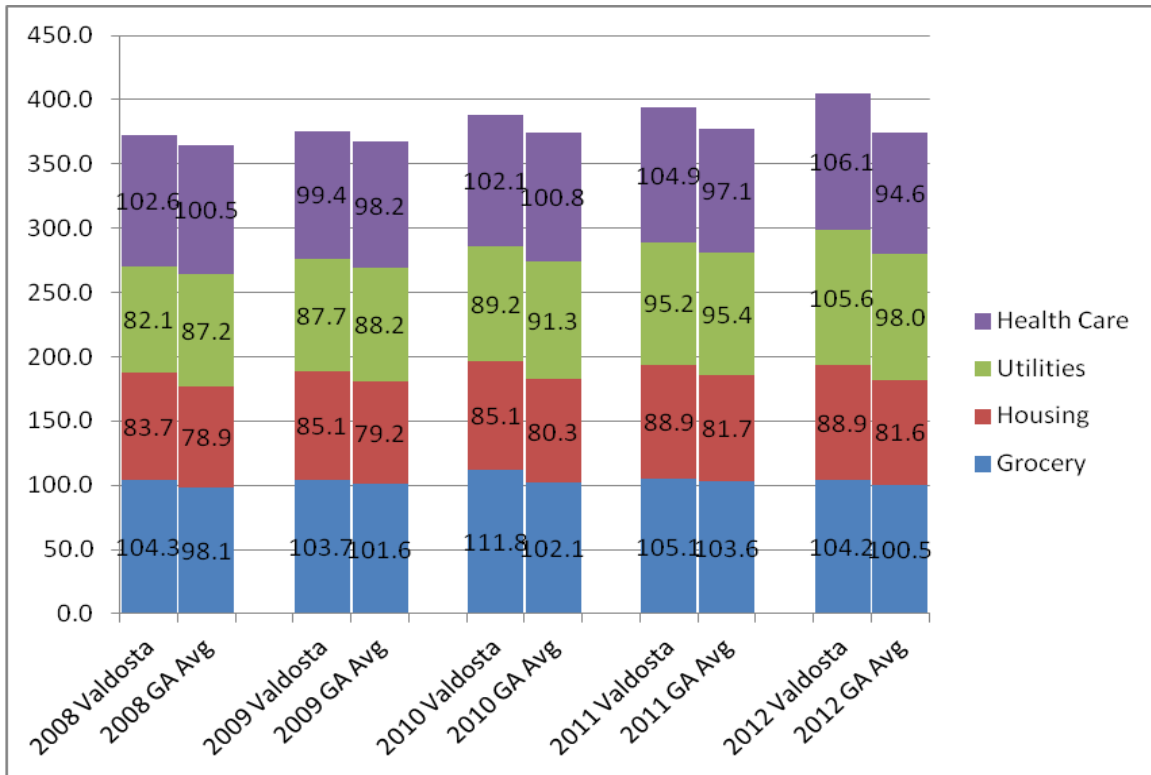
Specifically, the Grocery index for the Valdosta Metropolitan area and the average of all Georgia Metro areas has been above the national average index value of 100 for all periods with the exception of the average Georgia index in 2008. For 2012, Valdosta had a Grocery Index value 4.2 % higher than the national average index.

The Health Care index value for Valdosta is consistently above the national average value for all years except 2009 when both the Valdosta and the average Georgia index were below the national average. Three of the 5 periods ranked the average Georgia index value below the national average: years 2009, 2011, and 2012. The 2012 index value was 6.1% higher than the average national value for Health Care costs

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The Utilities and Housing Indices relative to the national average for both Valdosta Metro and the average of all Georgia Metro areas was consistently below the national average with the exception of the Utility index for Valdosta Metro in 2012 when it ranked 5.6% above the national average.

Figure 1: Grocery, Housing, Utilities and Health Care Average Indices: 2008-2012



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 three quarters of 2012, 307 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

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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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