



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 first quarter of 2013 survey comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities shows that it costs almost 5 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 95 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 97.3 cents for each dollar required to maintain the living standards of the average U.S. household. Among Georgia metropolitan areas and cities surveyed, Marietta has the highest cost of living, Valdosta ranked second and Atlanta ranked third in this first quarter 2013 Cost of Living Index. Unfortunately, Valdosta’s cost of living increased almost 1.4 percent from the same period in 2012.

Cost of Living Comparisons for the Nation

The Cost of Living Index measures regional differences in the prices of 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 quarter 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 227.1% of the national average.

Cost of Living Comparisons: Valdosta, Georgia, and the Nation
First Quarter of 2013

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 quarters of 2012, no metropolitan area from Georgia appears on either the ‘Least Expensive’ or ‘Most Expensive’ list. Valdosta ranks as the 112th most expensive metropolitan area (out of 302 areas) with a composite index of 97.3. It should be noted that Valdosta’s ranking in the first quarter of 2012 composite index was 174th (out of 306 areas), with a composite index of 95.9.

Table1: The Ten Most and Least Expensive Urban Areas
(Ranked by Index Number in the Cost of Living Index)
First Quarter 2013
National Average for 302 Urban Areas = 100

Ranking	Most Expensive Areas	Index	Ranking	Urban Areas	Index
1	New York (Manhattan) NY	227.1	1	Harlingen TX	80.6
2	New York (Brooklyn) NY	171.4	2	Idaho Falls ID	82.4
3	Honolulu HI	171.0	3	Pueblo CO	83.4
4	San Francisco CA	168.6	4	Pryor Creek OK	84.7
5	New York (Queens) NY	153.4	5	Norman OK	85.0
6	San Jose CA	151.4	6	San Marcos TX	85.9
7	Stamford CT	145.6	7	Memphis TN	85.9
8	Orange County CA	142.8	8	Fayetteville AR	85.9
9	Washington DC	141.7	9	Wichita Falls TX	86.6
10	Oakland CA	141.0	10	Springfield MO	86.7

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
(Ranked by Index Number in the Cost of Living Index)
First Quarter 2013
Average for 302 Urban Areas = 100

Ranking	Most Expensive Areas	Index	Ranking	Least Expensive Areas	Index
1	Hilo HI	160.1	1	San Marcos TX	82.2
2	Honolulu HI	158.0	2	Temple TX	84.2
3	New York (Manhattan) NY	146.4	3	Waco TX	84.9
4	Kodiak AK	144.2	4	San Antonio TX	85.2
5	Nassau County NY	131.8	5	Harlingen TX	85.2

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Gasoline Prices, What Fuels the Difference?

There are great variations in the price of a gallon of gas in the first quarter of 2013. Prices were all over the map. Below is a list of the five most and least expensive places to buy a gallon of unleaded gasoline. Bear in mind that these prices, unlike most COLI-related items, **DO** contain state and local taxes.

Table 3: The Five Most and Least Expensive Places for A Gallon of Gasoline

(Ranked by Average Price per Gallon)

First Quarter 2013

Average for 302 Urban Areas = \$3.282

Ranking	Most Expensive Areas	Average Price	Ranking	Least Expensive Areas	Average Price
1	Kodiak AK	\$4.250	1	Cheyenne WY	\$2.679
2	Hilo HI	\$4.229	2	Kalispell MT	\$2.685
3	Chicago IL	\$4.119	3	Grand Junction CO	\$2.687
4	San Francisco CA	\$4.043	4	Denver CO	\$2.729
5	Honolulu HI	\$4.015	5	Salt Lake City UT	\$2.747

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 2.7 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 88.2, suggesting that housing costs are 11.8 percent less than the national average house price (\$293,504) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta's housing costs are 3.85% higher than average. Similarly, the composite index for Valdosta is 97.3, suggesting that the overall cost of living is 2.7% lower than the national average for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta's overall cost of living is 2.3% higher than average.

Table 4: Indices for Georgia Metropolitan Statistical Areas

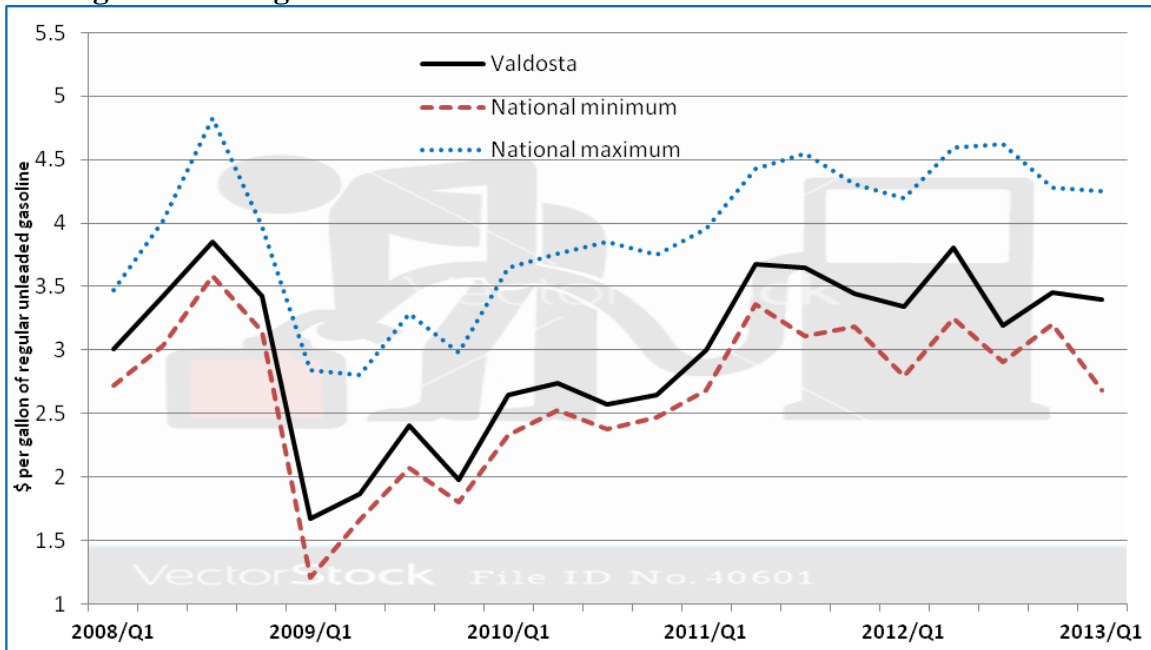
(Listed alphabetically by city name)

	Composite	Grocery	Housing	Utilities	Transportation	Healthcare
Atlanta	96.6	100.3	87.8	91.6	103.4	105.2
Augusta	88.4	88.5	75.3	97.2	96.7	87.9
Dalton	91.8	94.4	80.8	99.9	94.2	95.5
Fayetteville	96.5	92.1	92	91	93.3	108.6
Marietta	100.2	98.5	91.8	102.7	103.9	103.5
Savannah	93.9	94.1	74.6	109.6	105.8	98.6
<i>Valdosta</i>	<i>97.3</i>	<i>105.1</i>	<i>88.2</i>	<i>108.9</i>	<i>101.4</i>	<i>105.7</i>
Average	95.00	96.14	84.35	100.12	99.81	100.71

The Price of Gasoline: National Average versus Valdosta Average from 2008 - 2013

Gas prices are obviously a concern for many people. Figure 1 shows the recent movement in the quarterly average price for a gallon of regular unleaded gasoline for Valdosta (the solid black line), comparing it to the national minimum and maximum prices. The wide variation of gasoline prices is also apparent from the graph. After a sharp drop due to the recession, current gas prices are again approaching the peak reached during the 2008 hurricane season. As expected, Valdosta's gas prices stay within the national minimum-maximum range. As can also be seen from the graph, Valdosta's gasoline prices track more consistently with the minimum average range gas prices.

Figure1: Average Gas Prices - "National versus Valdosta from 2008 - 2013"



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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 first quarter of 2013, 302 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.

Author:

Zulal S. Denaux, Ph.D.
Professor of Economics
Langdale College of Business
Valdosta State University
Phone: 229-219-1217
E-mail: zsdenaux@valdosta.edu

For additional information, please contact:

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