

Cost of Living Comparisons: Valdosta, Georgia, and the Nation Third Quarter 2005 Report

By

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Overview of Results

The most recent (third quarter 2005) survey comparing the cost of living for “middle management” households across the United States shows that the cost to live in Georgia communities is about six percent less, on average, than in the rest of the country. Therefore, for each dollar that is required to maintain a certain standard of living in other areas of the country, Georgia residents are only required to spend about 94 cents. Valdosta, Georgia’s cost of living is even lower, with Valdosta residents only required to spend about 91 cents. Atlanta’s cost of living is high for Georgia, but it is still below the national average. An Atlanta resident has to spend about 97 cents per dollar spent in other sections of the country to maintain a certain standard of living.

The principal reason for the relatively lower living cost in Georgia is the relatively lower prices in the state’s housing and transportation sectors. Although Georgia’s housing and transportation prices have risen because of soaring gas prices and production costs in the wake of Hurricanes Katrina and Rita, the soaring energy and house prices in major markets like Las Vegas, Washington, DC, and Boston have kept Georgia’s prices in these sectors low relative to the rest of the country.

Results for Atlanta Metropolitan Statistical Area

How does Atlanta compare to the most costly U.S. cities? Table 1 shows that the Atlanta Metropolitan area is about 2.3 percent less costly than the average city included in this survey. Compared to other large metropolitan areas in the table, Atlanta is relatively affordable. With housing prices driving the cost of living indexes for these top ten cities, Atlanta is well positioned to accommodate new migrants to the area. Supporting this growth projection, the 2000 Census shows Georgia as the tenth most populated U.S. state. Census Bureau population projections to the year 2030 suggest that Georgia will become the eighth most populated state, with an anticipated population increase of 46.8 percent over that period.¹

These results are consistent with a recent article in *Realtor* magazine that “home buyers are migrating from higher-priced markets to more moderately priced areas, bringing new growth to cities such as Atlanta, Dallas, Phoenix, Jacksonville, Fla., and Portland, Ore.”² The effect, called a “rolling boom”, suggests that high house prices force home buyers to move to the suburbs, to smaller towns, or across state lines, which in effect provides new communities with a housing “boom” of sorts.

¹ Source: U.S. Census Bureau, <http://www.census.gov/population/projections/PressTab1.xls>

² Source: Evans, Blanche. 1 Jan 2006. “Say Hello to the ‘Rolling Boom’”. *REALTOR Magazine*. Realty Times.

Table 1. Top 10 Most Expensive Cities in the U.S., Third Quarter 2005³

Rank	MSA	Composite Index
1	New York (Manhattan)	201.2
2	San Francisco, CA Metro	174.8
3	San Jose, CA Metro	166.2
4	Honolulu, HI Metro	158.7
5	Los Angeles Metro	157.4
6	Santa Ana, CA Metro	157.1
7	San Diego, CA Metro	150.6
8	Oakland, CA Metro	148.8
9	Bridgeport, CT Metro	148.7
10	Washington, DC Metro	145.9
----	Atlanta Metro	97.7
----	Valdosta Metro	91.3

Results for the Valdosta Metropolitan Statistical Area

As Table 1 indicates, Valdosta's cost of living is about 9 percent below that of the national average. But, how does Valdosta's cost of living compare with other Georgia cities? Table 2 below shows that Valdosta has the second lowest cost of living of the metropolitan areas included in this survey. Note, however, that some cities (e.g., LaGrange, Tifton, and Albany) that have a population similar to Valdosta were not included in this survey. Valdosta's cost of living is relatively low principally because of relatively low prices in housing and utilities.

The lowest-cost Georgia city in this survey, Douglas, has much lower housing, transportation, and health care costs compared to the rest of the cities in the survey. Particularly, the housing composite index for Douglas is 67.6, which suggests that housing costs are 32.4 percent less than the national average. For Valdosta, the housing index of 76.4 suggests that housing costs are 23.6 percent less than the national average. Also, Table 2 shows that health care is the most costly sector compared to the national average across all Georgia cities in the survey.

Table 2. Georgia Metropolitan Statistical Areas, Third Quarter 2005⁴

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Americus	91.8	95.5	76.4	94.1	104.4	99
Atlanta Metro	97.7	93.3	98.1	86.5	106.7	99
Marietta	97.2	95.8	85.8	100.5	102.4	97.5
Douglas	85.5	95.3	67.6	106	81.4	89.9
Rome	96.5	100.8	92.5	86.5	83	99.8
Savannah	98.8	95.3	90.7	110.5	96.6	109.2
Valdosta	91.3	102.2	76.4	92.5	98.4	101.8
Average	94.1	96.9	83.9	96.7	96.1	99.5

³ Source: ACCRA Cost of Living Index, November 2005

⁴ Source: ACCRA Cost of Living Index, November 2005

Useful City Comparisons

The ACCRA data tell us that the Composite Index for Washington, DC is 145.9; for Valdosta, GA it is 91.3. Using this information, we can answer these questions:

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

If you earn \$50,000 per year in Washington, DC, the salary in Valdosta required to maintain your Washington, DC standard of living would be \$31,288. However, if you earn \$50,000 per year in Valdosta, you would need to earn \$79,901 in Washington, DC 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 3 below shows how to calculate the equivalent salaries in these two cities.⁵

Table 3. Cost of Living Comparisons for Valdosta, GA and Washington, DC

Valdosta, GA to Washington, DC			
	$(91.3 * \$50,000) / 145.9$	=	\$ 31,288.55
Washington, DC to Valdosta, GA			
	$(145.9 * \$50,000) / 91.3$	=	\$ 79,901.42

Methodology and Data Limitations

The findings presented come from an analysis of national survey data performed by the South Georgia Institute at Valdosta State University. The survey itself is performed by ACCRA, a nonprofit professional organization located in Arlington, VA. ACCRA has been publishing quarterly measures of living cost differentials since 1968.

In the third quarter of 2005, 294 communities in the United States and four communities in Canada collected price data used to determine these indices. 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.

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

⁵ 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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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 job and individuals are moving out of the area.

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