



## VALDOSTA STATE UNIVERSITY

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# 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 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 three quarters of the 2016 survey, comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities, shows that it costs almost 8.6 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 91.4 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 92.5 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.

### **Cost of Living Comparisons for the Nation**

The Cost of Living Index measures regional differences in consumer goods and services excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. Table 1 shows ten most and least expensive urban areas that participated in the first three quarters of the 2016 Cost of Living Index. As shown in Table 1, among the 264 urban areas that participated in the first three quarters of the 2016 Cost of Living Index, the after-tax cost for a professional / managerial standard of living ranged from more than twice the national average in Manhattan, NY to almost 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 228.2% of the national average.

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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 2016, no metropolitan area from Georgia appears on either the ‘Least Expensive’ or ‘Most Expensive’ list. Valdosta ranks as the 156<sup>th</sup> most expensive metropolitan area (out of 264 areas) with a composite index of 92.5. It should be noted that Valdosta’s ranking in the 2015 composite index was 175<sup>th</sup> (out of 273 areas), with a composite index of 92.3.

**Table 1: The Ten Most and Least Expensive Urban Areas in the Cost of Living Index (COLI)**

| Averaged over Three Quarters in 2016<br>National Average for 264 Urban Areas = 100 |                         |       |                              |       |
|--|-------------------------|-------|------------------------------|-------|
| Ranking  | Most Expensive          | COL   | Least Expensive              | COL   |
|  | Urban Areas             | Index | Urban Areas                  | Index |
| 1  | New York (Manhattan) NY | 228.2 | McAllen TX                   | 76.4  |
| 2  | Honolulu HI             | 190.5 | Harlingen TX                 | 79.4  |
| 3  | San Francisco CA        | 177.4 | Richmond IN                  | 79.9  |
| 4  | New York (Brooklyn) NY  | 173.6 | Kalamazoo MI                 | 80.1  |
| 5  | Orange County CA        | 151.6 | Ashland OH                   | 81.5  |
| 6  | Washington DC           | 149.2 | Cleveland TN                 | 82.7  |
| 7  | Oakland CA              | 148.7 | Tupelo MS                    | 82.8  |
| 8  | Boston MA               | 148.1 | Martinsville-Henry County VA | 82.8  |
| 9  | Stamford CT             | 145.9 | Memphis TN                   | 83.0  |
| 10   | Seattle WA              | 145.1 | Hattiesburg MS               | 83.8  |

**Which Communities have the Highest and Lowest Prices of Orange Juice and Advil?**

C2ER collects more than 50,000 prices from communities across the US for the COLI. Two of those items, orange juice and advil, are essential for those suffering from seasonal bouts of flu and colds. 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 Orange Juice**

| Averaged over Three Quarters in 2016<br>Average for 264 Urban Areas in 2016=\$3.50 |                |        |                           |        |
|--|----------------|--------|---------------------------|--------|
| Ranking  | Most Expensive | COL    | Least Expensive           | COL    |
|  | Urban Areas    | Index  | Urban Areas               | Index  |
| 1  | Hilo HI        | \$6.34 | Chapel Hill NC            | \$2.56 |
| 2  | Honolulu HI    | \$5.69 | St. George UT             | \$2.60 |
| 3  | Kodiak AK      | \$5.17 | Cedar City UT             | \$2.62 |
| 4  | Oakland CA     | \$4.82 | Allen TX                  | \$2.79 |
| 5  | Juneau AK      | \$4.80 | Jackson-Madison County TN | \$2.82 |

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

| Averaged over Three Quarters in 2016<br>Average for 264 Urban Areas in 2016 = \$9.29 |                           |         |                           |        |
|--|---------------------------|---------|---------------------------|--------|
| Ranking  | Most Expensive            | COL     | Least Expensive           | COL    |
|  | Urban Areas               | Index   | Urban Areas               | Index  |
| 1  | Minot ND                  | \$14.30 | Jackson-Madison County TN | \$6.33 |
| 2  | Honolulu HI               | \$13.56 | Bowling Green KY          | \$6.56 |
| 3  | Hilo HI                   | \$12.87 | Charlotte NC              | \$6.63 |
| 4  | Hartford CT               | \$11.99 | Joplin MO                 | \$6.71 |
| 5  | Los Angeles-Long Beach CA | \$11.88 | Birmingham AL             | \$6.86 |

**Results for the Valdosta Metropolitan Statistical Area**

Table 4 suggests that Valdosta has a cost of living that is approximately 7.5 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 78.3 suggesting that housing costs are 21.7 percent less than the national average house price (\$326,999) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta’s cost of living is just 1.2% higher than the average of all Georgia cities included in the survey.

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

|                           | <i>Composite Index</i> | <i>Grocery</i> | <i>Housing</i> | <i>Utilities</i> | <i>Transportation</i> | <i>Health Care</i> |
|---------------------------|------------------------|----------------|----------------|------------------|-----------------------|--------------------|
| Albany                    | 89.8                   | 103.3          | 68.7           | 95.2             | 103.8                 | 104.9              |
| Atlanta                   | 98.7                   | 103.8          | 88.5           | 103.1            | 101.7                 | 107.9              |
| Augusta                   | 91.3                   | 103.0          | 77.6           | 83.8             | 78.7                  | 94.8               |
| Dalton                    | 88.6                   | 94.1           | 69.7           | 103.2            | 92.5                  | 91.2               |
| Marietta                  | 96.3                   | 101.3          | 87.5           | 100.9            | 94.2                  | 100.2              |
| Savannah                  | 90.4                   | 92.4           | 66.5           | 110.2            | 97.7                  | 95.9               |
| Statesboro-Bulloch County | 85.5                   | 91.5           | 72.3           | 98.4             | 83.6                  | 83                 |
| <i>Valdosta</i>           | <i>92.5</i>            | <i>104.7</i>   | <i>78.3</i>    | <i>102.0</i>     | <i>94.5</i>           | <i>93</i>          |
| <b>Average</b>            | <b>91.4</b>            | <b>99.1</b>    | <b>75.8</b>    | <b>96.1</b>      | <b>93.3</b>           | <b>98.1</b>        |

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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           | 164.1        | 1           | Hilo, HI            | 210.5        | 1           | Fairbanks,, AK      | 151.8        |
| 2           | Kodiak, AK             | 154.2        | 2           | Honolulu, HI        | 202.4        | 2           | Juneau AK           | 149.4        |
| 3           | Hilo, HI               | 145.9        | 3           | Fairbanks AK        | 201.2        | 3           | Anchorage, AK       | 143.5        |
| 4           | Stamford, CT           | 134.2        | 4           | San Juan PR         | 163.2        | 4           | Kodiak, AK          | 141.5        |
| ...         |                        |              | ...         |                     |              | ...         |                     |              |
| <b>65</b>   | <b>Valdosta, GA</b>    | <b>104.7</b> | <b>102</b>  | <b>Valdosta, GA</b> | <b>102.0</b> | <b>198</b>  | <b>Valdosta, GA</b> | <b>93.0</b>  |
| ...         |                        |              | ...         |                     |              | ...         |                     |              |
| 261         | San Antonio, TX        | 81.5         | 270         | Abilene, TX         | 75.1         | 270         | Auburn-Opelika, AL  | 81.8         |
| 262         | Waco, TX               | 81.4         | 271         | Moses Lake WA       | 74.9         | 271         | Richmond IN         | 77.8         |
| 263         | Temple, TX             | 79           | 272         | Lincoln NE          | 73.7         | 272         | McAllen TX          | 76.4         |
| 264         | Jackson-Madison County | 78.9         | 273         | Colorado Springs CO | 72.5         | 273         | Wilkes-Barre PA     | 75.4         |

Above, table 5 shows Valdosta’s position among three subcategories included in the composite index. For grocery items, in 2016 Valdosta ranked as the 65<sup>th</sup> most expensive area of the 264 surveyed metropolitan areas in the U.S. Valdosta ranked 102<sup>th</sup> for utilities, and 198<sup>th</sup> for Health Care expenses.

**The Cost of Living Comparison of Average Georgia versus Valdosta: 2012-2016**

Figure 1 depicts the Grocery, Housing, Utilities and Health Care average Indices for the Valdosta area compared to the average of Georgia Metropolitan areas and cities included in the survey for the 2012 to 2016 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.

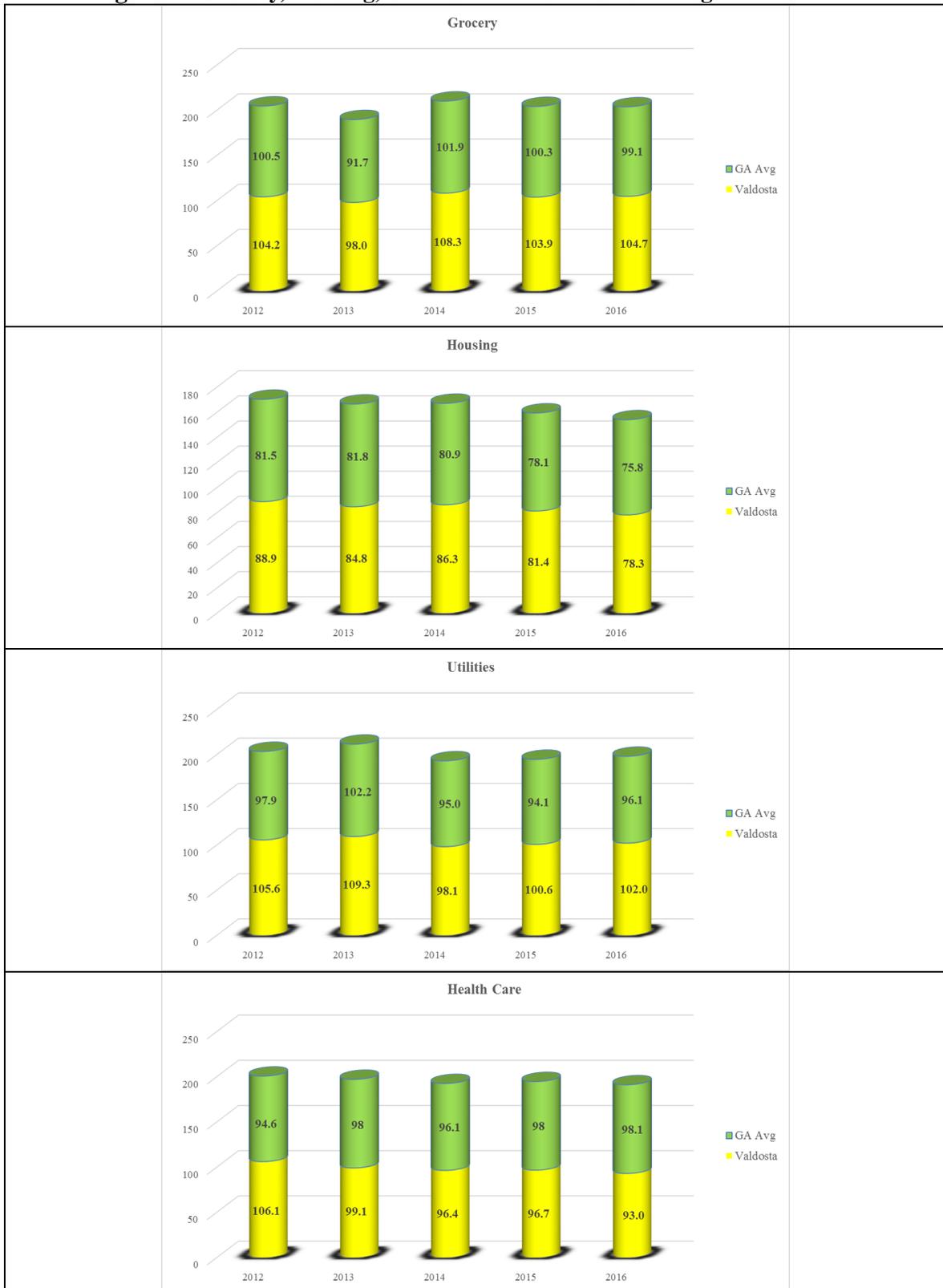
Specifically, the Grocery indices for the Valdosta Metropolitan area and the average of all Georgia Metro areas, have been above the national average index value of 100 for all periods with the exception of the average Georgia index in 2013.

The Housing Index relative to the national average for both Valdosta Metro and the average of all Georgia Metro areas, was consistently below the national average for the last five years. However, the Utilities index values for Valdosta and the average of all Georgia Metro areas have showed some fluctuations for the 2012 to 2016 period. The Utilities index value for Valdosta ranked 9.3% above and 1.9 % below the national average for the years 2013 and 2012, respectively. Interestingly, year 2013 is the only year that both the Valdosta and the average Georgia indices were above the national average for Utilities index.

The Health Care index value for Valdosta has been declining since 2013. For the last four years, the index remained below the national average. On the other hand, the average Georgia Health Care index has been lower than the national average since 2011.

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**Figure 1: Grocery, Housing, Utilities and Health Care Average Indices: 2012-2016**



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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 three quarters of 2016, 264 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](http://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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