



## 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 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 second quarter of 2019 survey, comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities, shows that it costs almost 11.7 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 88.3 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 89.9 cents for each dollar required to maintain the living standards of the average U.S. household. Among eight Georgia metropolitan areas and cities surveyed, Atlanta has the highest cost of living with a composite index of 101.3, which is slightly above the national average of 100. Valdosta is ranked as the third most expensive area, after Augusta-Aiken within the surveyed areas of Georgia.

### **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 second quarter of 2019 Cost of Living Index. As shown in Table 1, among the 255 urban areas that participated in the second quarter 2019 Cost of Living Index, the after-tax cost for a professional/managerial standard of living ranged from more than twice the national average in New York (Manhattan), NY to almost 20 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 242.5% 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 areas are located in the southern part of the U.S. Valdosta ranks as the 178<sup>th</sup> most expensive metropolitan area (out of 255 areas) with a composite index of 89.9. It should be noted that Valdosta’s ranking in the second quarter of 2018 composite index was 214<sup>th</sup> (out of 259 areas), with a composite index of 88.1.

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

Second Quarter in 2019 National Average for 255 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	New York (Manhattan) NY	242.5	Harlingen TX	73.8
2	San Francisco CA	201.7	McAllen TX	75.8
3	Honolulu HI	191.4	Kalamazoo MI	77.0
4	New York (Brooklyn) NY	183.2	Muskogee OK	79.0
5	Washington DC	163.4	Joplin MO	79.2
6	Oakland CA	157.4	Memphis TN	79.4
7	Seattle WA	156.1	Conway AR	79.7
8	New York (Queens) NY	152.2	Richmond IN	80.2
9	Boston MA	151.2	Tupelo MS	80.7
10	New York (Queens) NY	149.6	Amarillo TX	81.1

**What Do Groceries Cost?**

Each quarter, C2ER collects more than 90,000 prices from communities across the US for the Cost of Living Index. Food prices garner 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 by Index Number in the Cost of Living Index (COLI)**

Second Quarter 2019 Average for 255 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	Honolulu HI	163.5	Temple TX	75.9
2	Juneau AK	147.5	Kalamazoo MI	76.2
3	New York (Manhattan) NY	138.4	Harlingen TX	78.4
4	Anchorage AK	131.7	Waco TX	80.2
5	Stockton CA	131.5	Lynchburg VA	83.1

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**The Most Expensive and Least Expensive Cities to Purchase Gasoline**

When the Quarter 2, 2019 prices were collected in mid-April, spring break season was in full swing. Therefore, it would be very interesting to compare the top five more, and least expensive cities to purchase gasoline in various destinations across the country.

**Table 3: The Five Most and Least Expensive Places for a Gallon of Regular Gasoline**

Second Quarter 2019 National Average for 255 Urban Areas = \$2.701				
Ranking	Most Expensive		Least Expensive	
	Urban Areas	Avg. Price	Urban Areas	Avg. Price
1	San Francisco CA	\$4.037	Conway AR	\$1.527
2	Los Angeles-Long Beach CA	\$4.020	Ponca City OK	\$1.733
3	Orange County CA	\$4.000	Cape Coral-Fort Myers FL	\$2.080
4	Oakland CA	\$3.979	Miami-Dade County FL	\$2.105
5	Sacramento CA	\$3.954	Shreveport-Bossier City AL	\$2.178

**Results for the Valdosta Metropolitan Statistical Area**

Table 4 suggests that Valdosta has a cost of living that is approximately 10.1 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 77.1 suggesting that housing costs are 22.9 percent less than the national average house price (\$370,008) for all urban areas in this survey. However, compared to other cities in Georgia, Valdosta's cost of living is around 1.6 % 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>
Atlanta GA	101.3	103.3	99.8	84.4	104.1	105.3
Augusta-Aiken GA-SC	89.1	103.8	70.2	86.9	81.9	91.2
Dalton GA	85.8	93.4	64.3	96.3	91.4	97.2
Dublin-Laurens County GA	85.5	102.4	58	95.9	91.9	93.8
LaGrange-Troup County GA	83.3	88.2	68.7	75.7	116.9	107
Savannah GA	90.1	97.6	66.7	95.3	100.3	105.2
Statesboro-Bulloch County GA	81.1	93.7	67.1	95.6	85.8	80.1
<i>Valdosta GA</i>	<i>89.9</i>	<i>104.0</i>	<i>77.1</i>	<i>95.9</i>	<i>93.6</i>	<i>99.9</i>
<b>Average</b>	<b>88.3</b>	<b>98.3</b>	<b>71.5</b>	<b>90.1</b>	<b>95.7</b>	<b>97.5</b>

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**Random Comparisons**

The cost of living data tells us that the Composite Index for Manhattan, NY is 242.5; for Valdosta, GA it is 89.9. Using this information, we can answer the following questions:

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

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. An individual would only need about \$18,536.08 in Valdosta to maintain the same standard of living as someone making \$50,000 in Manhattan, NY. On the other hand, someone having a salary of \$50,000 per year in Valdosta would need \$134,872.08 in Manhattan to maintain the same standard of living. Table 5 below shows how to calculate the equivalent salaries in these two cities. Note that the formula in Table 5 can be used to compare any of the indices presented here (i.e. health care, transportation, utilities, housing, and groceries) between cities of interest. This kind of information is very useful to households considering a move to a different urban area.

**Table 5: Cost Comparison for Valdosta, GA and Manhattan, NY**

<b>Manhattan, NY to Valdosta, GA</b>			
	$\$50,000 \times (89.9/242.5)$	=	\$ 18,536.08
<b>Valdosta, GA to Manhattan Metro, NY</b>			
	$\$50,000 \times (242.5/89.9)$	=	\$ 134,872.08

Table 6 compares Harlingen TX to the Valdosta Metro area. Both areas are located in the southern part of the U.S. Harlingen has a composite index of 73.8 which is ranked as the least expensive place among the 255 urban areas that participated in the second quarter 2019 Cost of Living Index.

**Table 6: Cost Comparison for Valdosta, GA and, Harlingen, TX**

<b>Harlingen, TX to Valdosta, GA</b>			
	$\$50,000 \times (89.9/73.8)$	=	\$ 60,907.86
<b>Valdosta, GA to , Harlingen, TX</b>			
	$\$50,000 \times (73.8/89.9)$	=	\$ 41,045.61

According to the information tabulated in Table 6, an individual making \$50,000 per year in Harlingen TX, would need only \$10,907.86 more in order to maintain the same standard of living as an individual making \$50,000 in Valdosta, GA. However, an individual earning \$50,000 in Valdosta area could earn \$8,954.39 less in Harlingen, TX and maintain the same standard of living.

**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.

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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 second quarter of 2019, 255 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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