



## 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 third 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 9.9 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 90.1 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 90.7 cents for each dollar required to maintain the living standards of the average U.S. household. Among Georgia metropolitan areas and cities, Atlanta has the highest cost of living with a composite index of 103.8 which is slightly above the national average of 100. Valdosta is ranked as the second 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 the ten most, and least expensive, urban areas that participated in the third quarter of 2019 Cost of Living Index. As shown in Table 1, among the 268 urban areas that participated in the third quarter of 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 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 254.7% of the national average.

Cost of Living Comparisons: Valdosta, Georgia, and the Nation  
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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 2019, no metropolitan area from Georgia appears on either the “Least Expensive” or “Most Expensive” list. Valdosta ranks as the 174<sup>th</sup> most expensive metropolitan area (out of 268 areas) with a composite index of 90.7. It should be noted that Valdosta’s ranking in the 2018 composite index was 175<sup>th</sup> (out of 268 areas), with a composite index of 93.3.

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

Third Quarter in 2019 National Average for 268 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	New York (Manhattan) NY	254.7	Harlingen TX	75.6
2	Honolulu HI	201.3	McAllen TX	75.6
3	San Francisco CA	200.1	Kalamazoo MI	77.7
4	New York (Brooklyn) NY	184.2	Muskogee OK	78.6
5	Washington DC	164.0	Pittsburg KS	79.6
6	Oakland CA	160.2	Conway AR	80.4
7	Seattle WA	159.4	Knoxville TN	81.3
8	Arlington VA	153.0	Memphis TN	81.4
9	Orange County CA	151.1	Statesboro-Bulloch County GA	81.5
10	New York (Queens) NY	150.6	Tupelo MS	81.5

**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)**

Third Quarter 2019 Average for 268 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	Honolulu HI	160.8	Kalamazoo MI	76.0
2	Juneau AK	143.3	Temple TX	76.8
3	New York (Manhattan) NY	141.7	Waco TX	81.0
4	Anchorage AK	130.5	Cedar Park TX	81.3
5	Seattle WA	129.4	Round Rock TX	81.3

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**The Most Expensive and Least Expensive Cities to Purchase Movie Tickets**

When the Quarter 3, 2019 prices were collected in mid-July, summer movie season was in full swing. Take a look at the table below to see what a movie for a film in its first-run on Saturday night would cost in various destinations across country.

**Table 3: The Five Most and Least Expensive Places for a Movie Ticket**

Third Quarter in 2019 Average for 268 Urban Areas in 2019 = \$10.79				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index		Index
1	New York (Manhattan) NY	\$16.32	Pittsburg KS	\$5.69
2	Los Angeles-Long Beach CA	\$16.10	Kokomo IN	\$5.99
3	Modesto CA	\$15.05	Thomasville-Lexington NC	\$6.00
4	San Francisco CA	\$15.04	Vero Beach-Indian River FL	\$6.21
5	Chicago IL	\$14.86	Salina KS	\$6.51

**Results for the Valdosta Metropolitan Statistical Area**

Table 4 suggests that Valdosta has a cost of living that is approximately 9.3 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 76.6 suggesting that housing costs are 23.4 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 just 0.67% 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)**

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Atlanta GA	103.8	104.4	102.3	85.8	107.5	109.1
Augusta-Aiken GA-SC	89.9	99.5	73.2	87.3	87.0	90.6
Dalton GA	87.2	93.0	66.6	97.7	90.9	92.2
Dublin-Laurens County GA	89.5	100.4	63.4	93.7	94.9	93.6
Savannah GA	87.9	94.9	64.2	96.8	94.6	105.6
Statesboro-Bulloch County GA	81.5	97.6	68.2	97.2	83.7	80.1
Valdosta GA	90.7	104.6	76.6	97.4	101.4	99.9
<b>Average</b>	<b>90.1</b>	<b>99.2</b>	<b>73.5</b>	<b>93.7</b>	<b>94.3</b>	<b>95.9</b>

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**Comparisons with the Most and Least Expensive Urban Areas**

According to the third quarter 2019 Cost of Living Index, New York (Manhattan) is the most expensive place among 268 U.S. metropolitan areas and cities surveyed. Using the information for the Composite Indices for Manhattan, NY (254.7) and Valdosta, GA (90.7), we can answer the following questions:

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

Two jobs with identical salaries may not have identical purchasing power if one is located in a most expensive area while the other is located in a relatively low-cost area. An individual would only need about \$17,805.26 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 \$140,407.94 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>			
	$\$50,000 \times (90.7/254.7)$	=	\$ 17,805.26
<b>Valdosta, GA to Manhattan Metro, NY</b>			
	$\$50,000 \times (254.7/90.7)$	=	\$ 140,407.94

Table 6 compares the Valdosta Metro area to Harlingen, TX, which is the least expensive place according to the third quarter 2018 Cost of Living Index.

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

<b>Harlingen, TX to Valdosta, GA</b>			
	$\$50,000 \times (90.7/75.6)$	=	\$ 59,986.77
<b>Valdosta, GA to Harlingen, TX</b>			
	$\$50,000 \times (75.5/90.7)$	=	\$ 41,675.85

According to the information tabulated in Table 6, an individual making \$50,000 per year in Harlingen TX would need only \$9,986.77 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 the Valdosta area could earn \$8,324.15 less in Harlingen, TX and maintain the same standard of living.

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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 third quarter of 2019, 268 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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