



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 second quarter of 2021 survey, comparing relative costs of living for “middle management” households among U.S. metropolitan areas and cities, shows that it costs 10.7 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 89.3 cents.

Valdosta’s cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 90.8 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 105.6, which is slightly above the national average of 100. Valdosta is ranked as the third most expensive Georgia area after Douglasville.

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 second quarter of 2021 Cost of Living Index. As shown in Table 1, among the 258 urban areas that participated in the second quarter 2021 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 Kalamazoo, MI. Not surprisingly, there is very little change in the top ten most expensive urban areas when compared to 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 241% of the national average.

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 181th most expensive metropolitan area (out of 258 areas) with a composite index of 90.8. It should

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be noted that Valdosta’s ranking in the second quarter of 2019 composite index was 178th (out of 255 areas), with a composite index of 89.9¹.

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

Second Quarter in 2021 National Average for 258 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	New York (Manhattan) NY	241.0	Kalamazoo MI	77.1
2	San Francisco CA	187.1	Harlingen TX	77.3
3	Honolulu HI	185.9	McAllen TX	77.7
4	New York (Brooklyn) NY	171.2	Muskogee OK	78.9
5	Washington DC	153.3	Jackson MS	79.1
6	Seattle WA	150.4	Amarillo TX	81.7
7	Boston MA	150.3	Tupelo MS	82.0
8	Oakland CA	149.5	Pittsburg	82.1
9	Orange County	149.2	Anniston-Calhoun County AL	82.3
10	Los Angeles-Long Beach CA	148.9	Richmond IN	82.3

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 2021 Average for 258 Urban Areas = 100				
Ranking	Most Expensive	COL	Least Expensive	COL
	Urban Areas	Index	Urban Areas	Index
1	Honolulu HI	149.3	Kalamazoo MI	78.2
2	Kodiak AK	147.8	Harlingen TX	78.2
3	Juneau AK	145.0	Waco TX	78.6
4	New York (Manhattan) N	143.9	Temple TX	80.0
5	New York (Queens) NY	135.1	Cedar Park TX	83.8

The Most Expensive and Least Expensive Cities to Buy Ribeye

COVID-19 disrupted the supply chain of many industries, including the meat industry. Plant shutdowns, labor shortages, and surging demand sent prices for meat-

¹ There is no composite index data collected for the second quarter of 2020 due to the COVID-19 pandemic. Therefore, the report used the second quarter of 2019 composite index data for the comparison.

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based products soaring. The pandemic particularly affected the price of beef. Ribeye has consistently experienced an increase in its average price across metro areas each quarter since the start of the pandemic. It is important to highlight how the price of ribeye and similar products have shifted to track trends in the cost of living. You can check out the price of other meat products in the full dataset.

Table 3: The Most Expensive and Least Expensive Cities to Buy Ribeye
Second Quarter 2021
National Average for 258 Urban Areas = \$12.56

Ranking	Most Expensive		Least Expensive	
	Urban Areas	Avg. Price	Urban Areas	Avg. Price
1	San Francisco CA	\$16.67	Seguin TX	\$8.43
2	Seattle WA	\$16.32	Springfield I	\$8.53
3	Lima OH	\$16.32	Montgomery AL	\$8.86
4	Oakland CA	\$16.32	Douglas County GA	\$9.16
5	Kodiak AK	\$16.29	Waterloo-Cedar Falls IA	\$9.19

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 9.2 percent below the national average. Valdosta’s cost of living remains relatively low, principally because of 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 Valdosta’s housing costs are 22.9 percent less than the national average house price (\$395,284). Compared to other cities in Georgia, Valdosta’s cost of living is around 1.5 % 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 GA	88.8	98.4	61.5	92.3	95.7	103.4
Atlanta GA	105.6	97.8	113.0	83.3	97.7	105.6
Douglasville - Douglas County GA	91.5	108.2	77.8	81.8	97.3	84.2
Augusta-Aiken GA-SC	84.0	90.8	71.7	85.0	85.7	86.6
Dalton GA	87.0	91.7	74.9	95.9	88.4	88.9
Dublin-Laurens County GA	85.4	92.4	60.9	90.0	91.8	97.0
Savannah GA	86.7	92.4	64.1	93.5	92.5	110.9
Statesboro-Bulloch County GA	83.9	91.0	69.0	92.7	89.3	87.2
Valdosta GA	90.8	101.5	77.1	94.1	92.2	97.5
<u>Average</u>	<u>89.3</u>	<u>96.0</u>	<u>74.4</u>	<u>89.8</u>	<u>92.3</u>	<u>95.7</u>

Random Comparisons

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The cost of living data tells us that the Composite Index for Manhattan, NY is 241.0; for Valdosta, GA it is 90.8. 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 \$18,838.17 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 \$132,709.25 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

Manhattan, NY to Valdosta, GA			
$50,000 \times (90.8/241.0)$	=	\$	18,838.17
Valdosta, GA to Manhattan Metro, NY			
$50,000 \times (241/90.8)$	=	\$	132,709.25

Table 6 compares Kalamazoo to the Valdosta Metro area. Both areas are located in the southern part of the U.S. Kalamazoo has a composite index of 77.1 which is ranked as the least expensive place among the 258 urban areas that participated in the second quarter 2021 Cost of Living Index.

Table 6: Cost Comparison for Valdosta, GA and, Kalamazoo, MI

Kalamazoo, MI to Valdosta, GA			
$50,000 \times (90.8/77.1)$	=	\$	58,884.56
Valdosta, GA to Kalamazoo, MI			
$50,000 \times (77.1/90.8)$	=	\$	42,455.95

According to the information tabulated in Table 6, an individual making \$50,000 per year in Kalamazoo, MI would need \$8,884.56 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 \$7,544.05 less in Kalamazoo, MI. and maintain the same standard of living as in Valdosta.

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

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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 2021, 258 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.

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