Cost of Living Comparisons: Valdosta, Georgia, and the Nation
Third Quarter 2010
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Overview

In the third quarter of 2010, survey data suggest that the cost of living for "middle management" households in Georgia communities is about 7 percent less, on average, than in the rest of the U.S. So, for each dollar that is required to maintain the average standard of living in other areas of the country, Georgia residents are only required to spend about 93 cents. Valdosta, Georgia's cost of living is slightly higher than the Georgia state average, with Valdosta residents required to spend about 94.7 cents for each dollar required to maintain the living standards of the average U.S. household. This is not a major change from last quarter (95cents).

Among metropolitan areas, the cost to live in the Atlanta-Sandy Springs-Marietta metropolitan area (which covers several counties in North Georgia) is the highest in Georgia; but it is still below the national average. (According to survey results, Valdosta is the second most expensive metropolitan area within the state of Georgia.)

Despite rising health care costs, the principal reason for the relatively lower living cost in Georgia remains the relatively lower prices in the state's housing and utilities sectors. The housing sector combines information on recent sales of new houses, local apartment rents, and local home mortgage rates; the utilities sector combines information on total home energy costs (including natural gas and electricity prices) and telephone services.

Results for the Nation

Table 1 shows the ten most and least expensive urban areas in the third quarter of 2010. Not surprisingly, there is very little change in the top ten most expensive urban areas compared to the previous quarter. The list includes the "usual suspects', such as New York, Honolulu, San Francisco, etc. Also recall that the national average cost of living index equals 100. This suggests that the cost to live in New York (Manhattan), for example, is more than twice the national average.

Also in Table 1 we see the top ten least expensive urban areas that participated in the cost of living index survey. Similarly to previous quarters 5 of the top 10 least expensive urban areas are from the state of Texas. In the third quarter of 2010 no metropolitan area from Georgia appears on the 'Least Expensive' list.

Table 1. The Ten Most and Least Expensive Urban Areas in the ACCRA Cost of Living Index (COLI)
Third Quarter 2010
National Average for 314 Urban Areas = 100

Most Expensive			**Least Expensive**		
Ranking	**Urban Areas**	**COL Index**	**Ranking**	**Urban Areas**	**COL Index**
1	New York (Manhattan), NY	207.9	1	Harlingen, TX	81.8
2	New York (Brooklyn) , NY	181.3	2	McAllen, TX	84.4
3	Honolulu, HI	167.8	3	Brownsville, TX	84.6
4	San Francisco, CA	162.0	4	Pueblo, CO	85.6
5	New York (Queens), NY	158.5	5	Springfield, IL	85.9
6	San Jose, CA	152.4	6	Wichita Falls, TX	85.9
7	Truckee-Nevada County, CA	147.4	7	Pryor Creek, OK	86.0
8	Orange County, CA	145.7	8	Muskogee, OK	86.0
9	Oakland, CA	144.0	9	Commerce-Hunt County, TX	86.2
10	Nassau County, NY	144.0	10	Fort Smith, AR	86.4

One (perhaps unexpected) bright spot in the overall economic environment for the nation in the third quarter is the housing market. After a sharp drop immediately after the April 30 deadline of the home buyer tax credit program, pending home sales started to rise again in the third quarter of 2010. National Association of Realtors (NAR) Chief Economist, Lawrence Yun said that “the housing market is in the early stages of recovery”, and that “the overall direction should be a gradual rising trend in home sales with buyers responding to historically low mortgage interest rates and very favorable affordability conditions”. At the same time, after several months of net employment gains, in the third quarter employers shed more jobs than they created (based on preliminary estimates). As the unemployment rate stayed above 9% throughout the third quarter of 2010, consumers remained rather pessimistic about the short-term outlook of the economy. As a matter of fact, the Consumer Confidence Index, an index constructed by a random survey of 5000 households, declined again in September and reached its lowest level since February.

The Bureau of Economic Analysis estimated that in the third quarter of 2010 real GDP was 2% higher than a year earlier. This is considerably slower than the growth rates in the fourth quarter of 2009 and in the first quarter of 2010, however, it is a strong indication that one of the fears of some economists, a second dip into recession, seems to have been avoided.

The Incredible Egg

Each quarter, C2ER collects more than 90,000 prices from communities across the U.S. for the Cost of Living Index. According to the data surveyed, there is wide regional variation in egg prices. This is reflected in Table 2, which lists the most and least expensive places to buy a dozen eggs. While the urban average price was $1.33, a dozen eggs cost as much as $2.99 in Kodiak, AK and as little as $0.79 in Buffalo, NY.

Table 2. The Five Most and Least Expensive Places to Buy a Dozen Eggs by Average Price
Third Quarter 2010
Average for 314 Urban Areas = $1.33

Most Expensive			**Least Expensive**		
Ranking	**Urban Areas**	**Price**	**Ranking**	**Urban Areas**	**Price**
1	Kodiak, AK	$2.99	1	Buffalo, NY	$0.79
2	Honolulu, HI	$2.87	2	Dubuque, IA	$0.83
3	New York (Manhattan), NY	$2.60	3	Wausau, WI	$0.84
4	Truckee-Nevada County, CA	$2.41	4	Cookeville, TN	$0.86
5	Nassau County, NY	$2.39	5	Lawrence, KS	$0.89

On a related note: in case some folks may need to keep their cholesterol level down from all the eggs, Table 3 shows the list of the five most and least expensive places to by Lipitor™.

Table 3. The Five Most and Least Expensive Places for Lipitor™ by Average Price
Third Quarter 2010
Average for 314 Urban Areas = $150.20

Most Expensive			**Least Expensive**		
Ranking	**Urban Areas**	**Price**	**Ranking**	**Urban Areas**	**Price**
1	Janesville, WI	$169.00	1	Nashville-Franklin, TN	$113.98
2	Atlanta, GA	$168.39	2	Raleigh, NC	$120.00
3	Juneau, AK	$168.38	3	Philadelphia, PA	$123.67
4	Nassau County, NY	$167.99	4	Akron, OH	$128.15
5	Harrisonburg, VA	$167.50	5	Columbus, OH	$129.83

Results for the Valdosta Metropolitan Statistical Area

Table 4 suggests that Valdosta has a cost of living that is approximately 5.3 percent below the national average. Compared to other cities in Georgia, Valdosta's cost of living is slightly higher than the average of all Georgia cities included in the survey. Valdosta's cost of living, a major business recruitment tool, remains relatively low principally because of relatively low prices in housing and utilities.

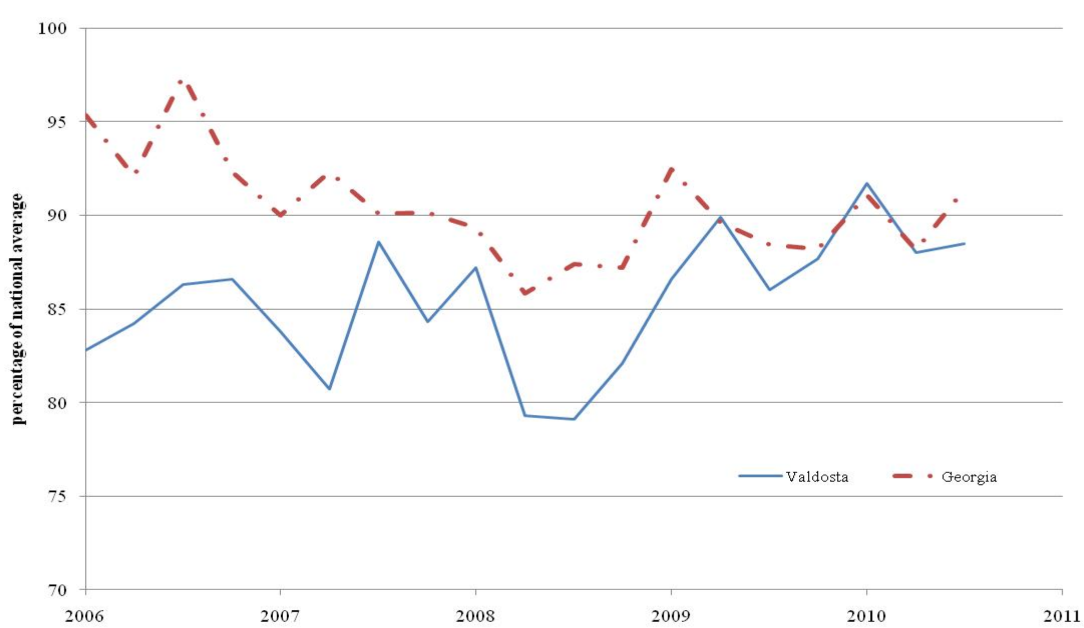
For Valdosta, the housing index of 85.9 suggests that housing costs are 14.1 percent less than the average house price for all urban areas in this survey ($290,740). (A new CBER report, published in September, discusses the local property markets in great detail. Accessible at http://www.valdosta.edu/lcoba/cber). Right now the real estate market is slow but if mortgage rates stay at current historically low levels we expect an increase in activity in the local real estate market (just like for the rest of the nation) once labor market conditions improve.

Table 4. Indices for Georgia Metropolitan Statistical Areas

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care
Albany	90.5	111.3	75.9	82.5	95.3	92.5
Atlanta	93.6	93.4	89.8	85.6	102	105.3
Marietta	95.7	99.4	86.4	91.4	96.4	110.5
Augusta	92.6	103.9	79	95.4	92.5	99.2
Douglas	90.9	106.5	72.1	99.6	89.5	92.2
Savannah	93	97.5	81.7	96.5	97.6	97.3
Valdosta	94.7	113.5	85.9	88.5	96.7	100
Average	**93.0**	**103.6**	**81.5**	**91.4**	**95.7**	**99.6**

Random Comparisons
Figure 1 shows recent trends of the utilities index in Valdosta and in Georgia. A value of 100 would mean that utility rates – taking into account costs of energy, electricity, and private residential phone line – are at par with the national average. Figure 1 shows that costs of utilities are below the national average in both Valdosta and the entire state of Georgia. While Valdosta utility prices were well below that of the other urban areas within the state in 2006, by mid-2009 this difference seems to have disappeared.

Figure 1. Regional trends of the utilities component of the Cost of Living Index



Note: Georgia averages data are non-weighted means from several urban areas in the state (including 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 Administration faculty. The survey itself is conducted by C2ER (formerly known as ACCRA), 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 2010, 314 communities in the United States collected price data. 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. (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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