

Morgantown Slightly Exceeds National Average for Cost of Living

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Overview

The average cost of living in Morgantown, West Virginia was 3.2 percent higher than the national average in 2014, according to recent survey data. Morgantown's higher-than-average cost of living is mainly driven by housing costs, which were 13 percent above the national average in 2014. The city falls below the national average in the expenditure categories of groceries, utilities, transportation, and health care.

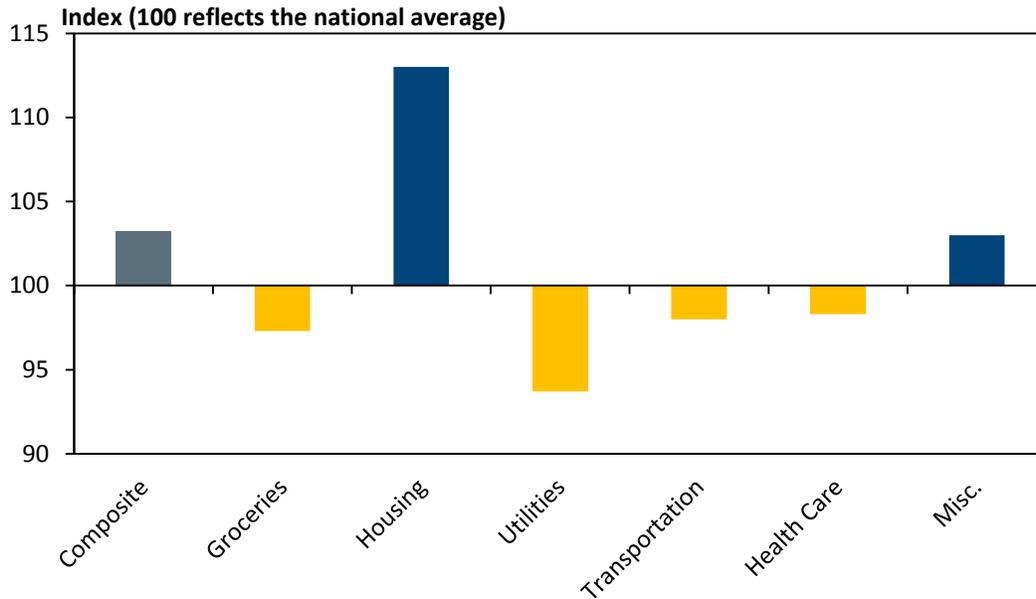
About the Cost-of-Living Survey

Data for this report are derived from surveys conducted during 2014 by the West Virginia University Bureau of Business and Economic Research (BBER) in conjunction with the Council for Community and Economic Research (C2ER). C2ER collects price data for a basket of 57 of goods and services in 281 cities across the United States and then calculates and index that compares each city with the national average (an index value of 100 reflects the national average). The index expresses the cost of living in a given city as a weighted average of six categories: groceries, housing, utilities, transportation, health care, and miscellaneous goods and services. The index is designed to reflect the cost of living for households that are in the top 20 percent of the income distribution in each city.

Cost of Living by Expenditure Category

As illustrated in Figure 1, Morgantown's composite index score was 103.2, indicating that the overall average cost of living in 2014 in the city was 3.2 percent above the national average. Of the six expenditure categories that comprise the index, Morgantown ranks above the national average in two categories – housing, and miscellaneous goods and services – and falls below the national average in the other four categories – groceries, utilities, transportation, and health care.

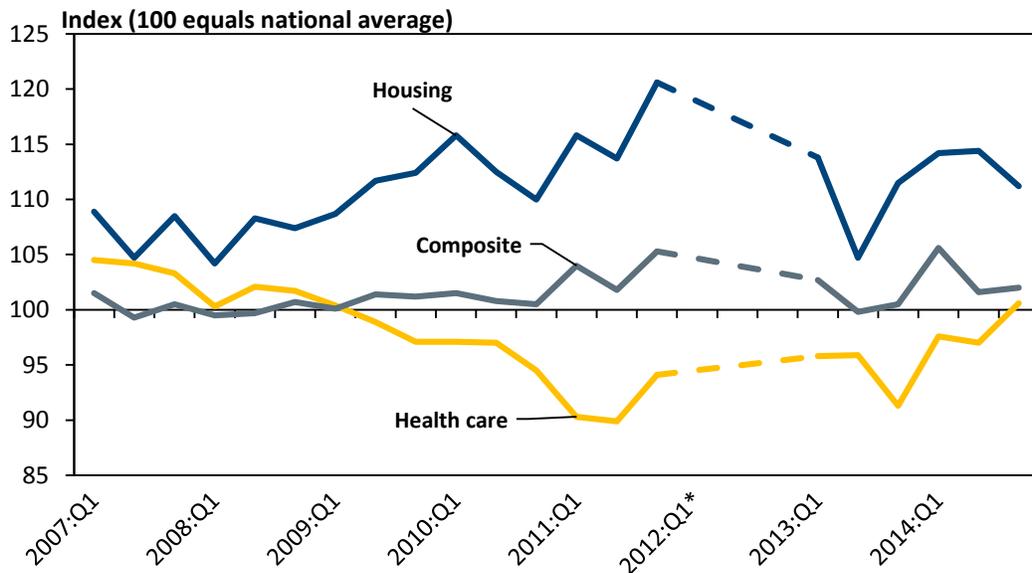
Figure 1: Morgantown Cost of Living Relative to National Average by Category



Source: Council for Community and Economic Research

In Figure 2, we illustrate how the cost of living index has changed over the past several years, along with three select components. As illustrated, the overall index (gray line) has been above the national average for most quarters since the first quarter of 2011. This pattern stands in contrast to the previous four years when Morgantown followed the national average closely.

Figure 2: Cost of Living Index for Morgantown, Various Categories, 2007-2014



Source: Council for Community and Economic Research
 * Dashed line indicates data unavailable for the year 2012

Health care costs increased relative to the national average in 2014, rising to an index value of 98.3 from an index of 92.7 in 2013, a gain of 5.6 index points. Health care costs were slightly above the national average in the third quarter, coming in at 100.3, meaning that Morgantown health care costs were 0.3 percent above the national average. The health care index is made up of five components: an office visit at an optometrist, a dentist, and a general practitioner; and the price of prescription and non-prescription medications.

Housing costs in Morgantown continued to be well above the national average in 2014, at an average index value of 113. Housing was by far the highest of all of the expenditure categories and has been so consistently for several years (blue line in the Figure). Morgantown saw a drop in housing costs in the third quarter of 2014 to an index value of 111.2, indicating that housing costs were 11.2 percent above the national average. However, it remains to be seen whether that is reflective of the beginning of an improvement in housing prices or is simply reflective of short-run noise in the data.

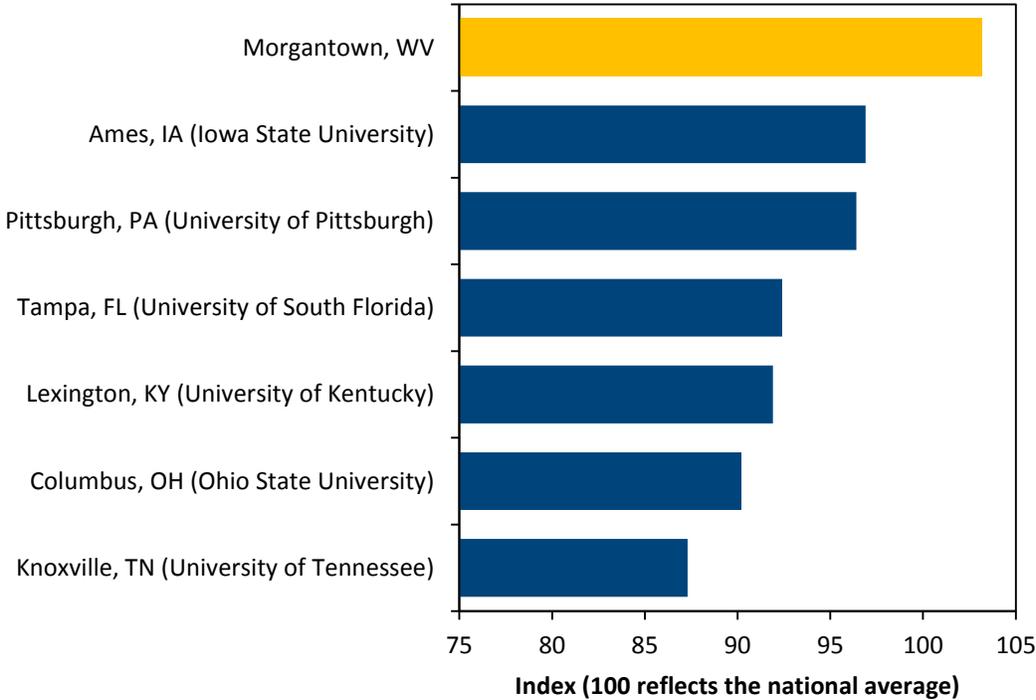
While miscellaneous goods and services prices (not shown in figure) in Morgantown have been near the national average in recent years, this component of the index rose drastically in the first quarter of 2014 and then dropped back down to the national average in the third quarter of 2014. After this recent rise, this component stands at 3.0 percent above the national average. The miscellaneous goods and services component of the index is based on a weighted average of fast food prices, clothing items, and a variety of goods and services not covered in the other categories. This rise is driven by increases in the prices of several individual prices, such as fried chicken and adult clothing.

The cost of living in Morgantown was below the national average for the remaining categories considered in the survey: Groceries, transportation, and utilities were between 2.0 and 6.3 percent below the national average in 2014. Although Morgantown's grocery and transportation indexes saw increases over the previous year relative to the rest of the country, the city's utility index decreased by 2.4 percentage points.

Comparing Cities

In Figure 3, we report the cost of living index for Morgantown along with several other US cities. For comparison purposes, we have selected several other “college towns” that may be considered comparable to Morgantown, as well as several major US cities. The cost of living in Morgantown was higher than all of our select “college towns,” where the cost of living falls below the national average in all cases. The index in these cities ranges from 87.3 in Knoxville, TN, to high of 96.9 in Ames, IA.

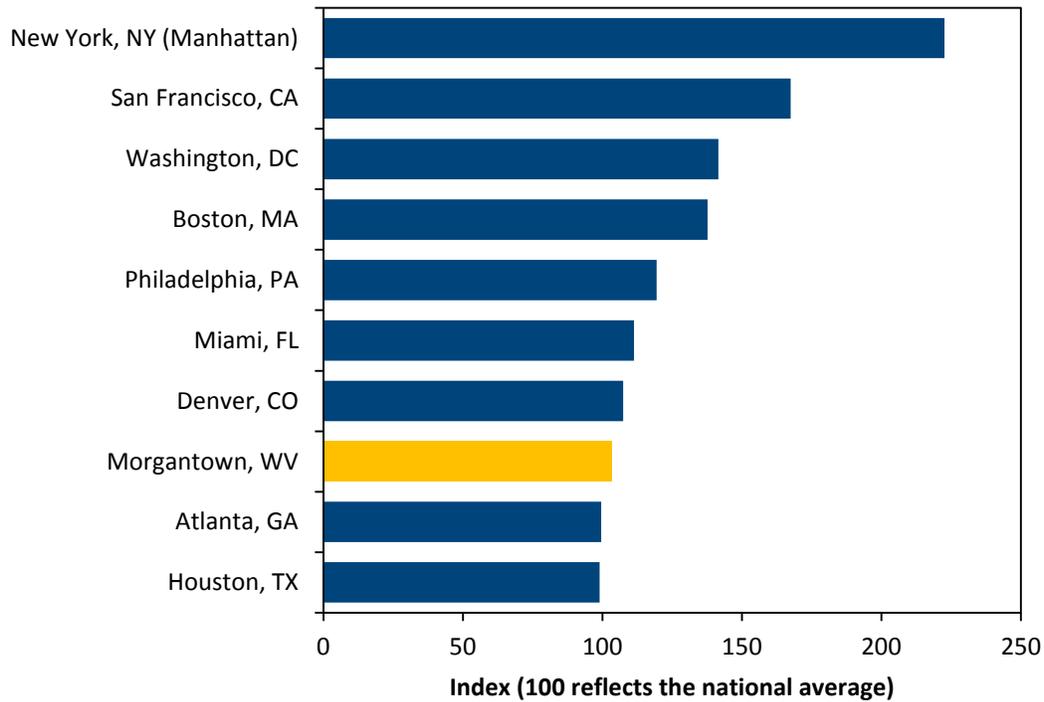
Figure 3: Cost of Living Comparison with Peer College Cities



Source: Council for Community and Economic Research

On a more positive note, the cost of living in Morgantown is typically below that of the major US metropolitan areas that we have selected for comparison purposes (see Figure 4). The cost of living in Morgantown is higher than that of Atlanta, GA; and Houston, TX. But Morgantown's cost of living falls below that of the other major metro areas, where the index ranges from 107.5 (Denver, CO) to 222.6 (New York, NY).

Figure 4: Cost of Living Comparison with Major Metro Areas



Source: Council for Community and Economic Research

About the Bureau of Business and Economic Research

Since the 1940s, the BBER's mission has been to serve the people of West Virginia by providing the state's business and policymaking communities with reliable data and rigorous applied economic research and analysis that enables the state's leaders to design better business practices and public policies. BBER research is disseminated through policy reports and briefs, through large public forums, and through traditional academic outlets. BBER researchers are widely quoted for their insightful research in state and regional news media. The BBER's research and education/outreach efforts to public- and private-sector leaders are typically sponsored by various government and private-sector organizations.

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