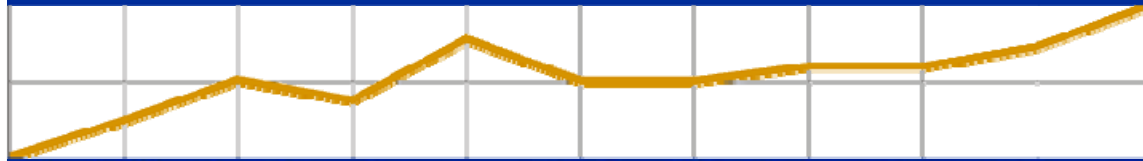


Morgantown MSA Economic Monitor



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Morgantown Cost of Living Higher Than Average ...But It's Cheaper To Be A Man

By Amy Higginbotham, Economist

Housing, utilities and health care costs have made the cost of living in Morgantown more expensive than the average U.S. city for the first quarter of 2007. According to the ACCRA Cost of Living survey, Morgantown had a cost of living index for professional households above the national average of the 293 participating cities. While the cost of living is above average, the survey shows that the cost of selected goods and services is cheaper for men than for women.

The ACCRA Cost of Living survey, which is published quarterly by the Council for Community and Economic Research, measures the regional differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures. The prices collected and compared are geared to represent goods and services purchased by a typical professional household in the top income quintile of the area. These goods and services, which range from a half gallon of milk to a 30-year mortgage rate, fall into six specific categories: groceries, housing, utilities, transportation, health care, and miscellaneous goods and services.

For the first quarter of 2007, Morgantown's composite or total cost of living index was 1.5 percent above the national average, as shown in Table 1. While just above the national average, Morgantown's cost of living was 110.5 percent below the most expensive city [New York (Manhattan), NY] and 24 percent above Joplin, MO, which was the least expensive of the 293 cities. Morgantown's cost of living was 11 percent above the other participating West Virginia city, Charleston, but 2.5 percent below neighboring Pittsburgh's total index.

Table 1
ACCRA Cost Of Living
First Quarter 2007

Metropolitan Area	Composite Index (100%)	Grocery Items (13%)	Housing (29%)	Utilities (10%)	Transportation (9%)	Health Care (4%)	Misc. Goods & Services (35%)	Estimated 2006 MSA Population
West Virginia Urban Areas								
Morgantown	101.5	95.9	108.9	110.9	101.9	104.5	94.5	115,136
Charleston	91.5	90.5	85.6	99.6	97.3	93.3	92.4	305,526
Other Eastern University Communities								
Charlottesville, VA (University of Virginia)	114.3	120.2	127.4	90.7	93.4	103.8	115.5	190,278
Cincinnati, OH (Cincinnati)	89.6	86.2	82.1	100.8	92.1	92.2	92.7	2,104,218
Columbus, OH (Ohio State University)	98.0	94.8	99.4	104.4	105.5	103.0	93.6	1,725,570
Louisville, KY (Louisville)	97.6	92.0	89.3	105.1	105.1	98.0	102.0	1,222,216
Pittsburgh, PA (Pittsburgh)	104.1	96.8	99.4	109.6	115.2	91.1	107.4	2,370,776
Major U.S. Metro Areas								
Atlanta, GA	95.3	97.0	94.8	78.7	99.8	105.8	97.5	5,138,223
Boston, MA	132.8	119.6	168.1	111.0	104.7	132.4	123.8	4,455,217
Cleveland, OH	98.1	108.3	88.4	112.7	95.6	102.6	98.2	2,114,155
Denver, CO	102.3	99.5	110.4	110.2	90.0	109.5	97.4	2,408,750
Houston, TX	88.2	83.7	73.0	104.5	97.0	102.9	93.1	5,539,949
Miami, FL	116.3	103.3	137.6	107.3	117.3	106.0	107.7	5,463,857
New York (Manhattan), NY	213.7	145.3	396.2	153.0	128.3	126.9	144.7	18,818,536
Philadelphia, PA	124.8	127.8	143.6	117.0	112.7	109.0	116.2	5,826,742
Washington, DC	136.9	106.7	209.8	112.1	112.1	111.7	106.9	5,290,400

* Population of the Washington-Arlington-Alexandria DC-VA-MD-WV Metropolitan Division

Source: ACCRA Cost of Living Index: Comparative Data for 293 Urban Areas Volume 40(1); U.S. Census Bureau

Total cost of living was pushed just above the national average in Morgantown by higher than average costs for housing, utilities, and health care. A new 2,400 square foot home, rent for a 900 square foot apartment, and a 30-year mortgage rate were almost 9 percent higher in Morgantown than in the average participating city. Utilities, which include natural gas, electricity, and telephone service, were almost 11 percent higher than average, while health care costs were 4.5 percent higher. Miscellaneous goods and services and grocery prices balanced Morgantown's composite index with indexes 5.5 percent and 4.1 percent below average.

Items specific to men and women were below average in Morgantown for the first quarter of 2007, as shown in Table 2. From hair cuts to work attire to dinner and drinks at home, costs vary for men and women, with higher costs in Morgantown going to several items geared toward women. The total cost of a trip to the salon, a pair of khakis, a bottle of wine, and dinner for one at home was \$10.71 dollars more expensive than for comparable items a stereotypical man might buy in Morgantown but \$60.43 cheaper than those items found in San Francisco, most expensive city for men and women. While these gender-specific items were below average in Morgantown they were even cheaper in Charleston, whose totals were between 7 and 11 percent below Morgantown.

Table 2
ACCRA Cost Of Living - Gender Specific Costs
First Quarter 2007

	Men					Women				
	Barbershop	Dress Shirt	Beer (Heineken, 6-pack)	Pizza (Pizza Hut, medium cheese)	Total	Shampoo, Trim, & Blow-Dry	Slacks	Wine (1.5 liter)	Frozen Prepared Food (Healthy Choice or Lean Cuisine)	Total
Morgantown, WV	\$10.71	\$24.19	\$7.78	\$10.74	\$53.42	\$30.60	\$24.56	\$6.67	\$2.30	\$64.13
Charleston, WV	\$10.00	\$21.71	\$7.43	\$10.12	\$49.26	\$25.56	\$22.98	\$6.71	\$1.80	\$57.05
Columbus, OH	\$11.14	\$26.69	\$7.99	\$8.99	\$54.81	\$34.40	\$24.09	\$8.39	\$2.23	\$69.11
New York (Manhattan), NY	\$15.80	\$48.59	\$8.79	\$9.99	\$83.17	\$58.75	\$53.90	\$8.19	\$2.15	\$122.99
Pittsburgh, PA	\$13.60	\$38.40	\$7.58	\$9.51	\$69.09	\$31.80	\$40.40	\$7.99	\$2.38	\$82.57
San Francisco, CA	\$16.80	\$49.80	\$8.15	\$11.99	\$86.74	\$60.75	\$52.39	\$6.99	\$4.43	\$124.56
Washington, DC	\$15.00	\$30.59	\$8.21	\$10.09	\$63.89	\$50.60	\$25.79	\$6.32	\$2.32	\$85.03
U.S. Average	\$11.97	\$26.41	\$7.77	\$10.30	\$56.45	\$29.56	\$26.92	\$6.57	\$2.50	\$65.55

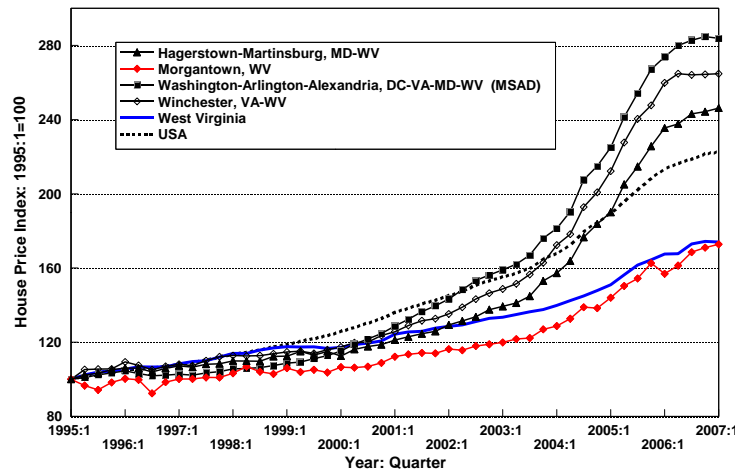
Source: ACCRA Cost of Living Index: Comparative Data for 293 Urban Areas Volume 40(1)

Have Morgantown Single-Family House Prices Peaked?

By George W. Hammond, Research Associate Professor

West Virginia's house price appreciation has slowed markedly during the last year, according to the latest data from the Office of Housing Enterprise Oversight (OFHEO). That slowdown is visible for the state and many of the metropolitan statistical areas containing West Virginia counties, as Figure 1 shows.

Figure 1
House Price Appreciation Hits The Skids
OFHEO House Price Indexes
Selected W.Va. MSAs



The most dramatic decelerations in single-family house price appreciation have come in the metro areas containing West Virginia's Eastern Panhandle counties. The Hagerstown-Martinsburg metro area (with Morgan and Berkeley counties in West Virginia and Washington County in Maryland), the Washington metro area (with counties in Virginia, Maryland, and Jefferson County in West Virginia), and the Winchester metro area (Hampshire County in West Virginia, Fredrick County and Winchester City in Virginia) have each seen house price appreciation drop from the 25 percent per year range during 2005-2006 down to the low single digits measured from the first quarter of 2006 to the first quarter of 2007.

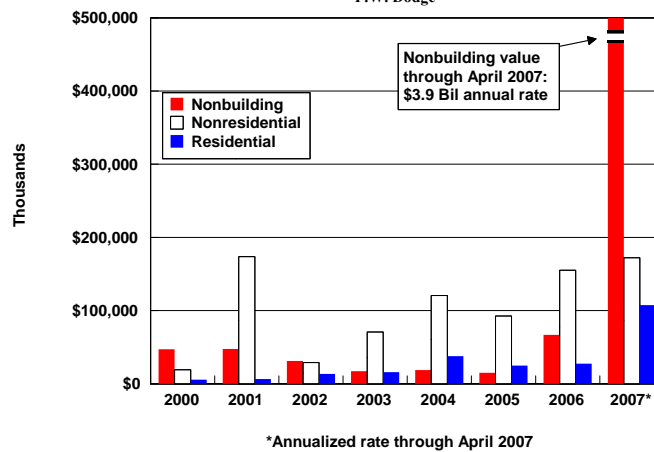
Morgantown MSA (Monongalia and Preston counties) house price appreciation has decelerated as well, compared to the rates posted during the 2004-2005 period. Year-over-year growth rates in Morgantown have averaged 7.9 percent during the most recent four quarters, well below the average growth rate of 12.7 percent during the preceding four quarter period. However, Morgantown's house price appreciation during the last year has held up better than the metro areas including the Eastern Panhandle counties.

While single-family house price appreciation has moderated, residential investment has surged so far in 2007 in the Morgantown MSA. According to the latest data from FW Dodge, the value of residential construction starts jumped from \$27.4 million in 2006 to an annual rate of \$107.5 million through April of 2007, as Figure 2 shows. That was related to a huge surge in apartment starts during the period (including the Augusta apartments at the Square at Falling Run).

The FW Dodge data also show a gigantic surge in nonbuilding activity in the region, which is related to investment in electric power generation (Longview Power Plant). Finally, the Dodge data also reflects continued strong investment in nonresidential structures, reflection expansion in the local education, health care, commercial, and retail sectors.

Overall, the construction data suggests that the Morgantown economy is well positioned to expand in the near future, as the region makes major investments in productive capital. The increases in residential construction activity, combined with slowing single-family house price appreciation, suggest that local real estate markets may cool next year.

Figure 2
Morgantown MSA Nonbuilding Construction Goes Off The Chart
 F.W. Dodge



Morgantown MSA Economic Indicators
(Seasonally Adjusted Unless Otherwise Noted)

Region/Indicator	Year			Quarter				
	2004	2005	2006	2006:1	2006:2	2006:3	2006:4	2007:1
Morgantown MSA								
Total Nonfarm Employment	55,903	57,489	59,561	59,078	58,793	59,755	60,644	61,662
Total Nonfarm Employment (%)	2.8	2.8	3.6	10.3	-1.9	6.7	6.1	6.9
Nat. Res. and Mining	810	769	932	893	941	931	962	957
Construction	2,484	2,741	2,752	2,724	2,753	2,762	2,770	2,905
Manufacturing	3,644	3,784	3,873	3,910	3,891	3,855	3,838	3,893
Trade, Trans., and Util.	7,814	8,233	8,673	8,535	8,416	8,630	9,101	9,320
Information	635	632	660	655	656	668	662	665
Financial Activities	1,707	1,693	1,775	1,757	1,803	1,759	1,782	1,831
Prof. & Bus. Servs.	4,658	4,478	4,300	4,236	4,303	4,348	4,317	4,366
Educ. & Health Servs	10,753	11,141	11,576	11,484	11,524	11,652	11,653	11,825
Leisure and Hospitality	5,026	5,193	5,660	5,585	5,413	5,653	5,999	6,291
Other Services	2,761	2,761	2,828	2,858	2,755	2,848	2,857	2,844
Total Government	15,618	16,065	16,538	16,441	16,338	16,649	16,703	16,762
Unemployment Rate (%)	3.8	3.5	3.7	3.4	4.0	4.1	3.4	2.9
Residential Const. Contracts (\$ mil. NSA AR)	38	25	28	31	29	27	26	167
Non-Building Const. Contracts (\$ mil., NSA AR)	19	13	66	19	42	80	122	5,209
Non-Residential Const. Contracts (\$ mil., NSA AR)	121	93	155	189	250	155	26	222
Residential Const. Contracts (Units AR)	456	182	159	169	169	155	152	1,259
Housing Price Index (NSA, 1995Q1=100.0)	134.6	152.8	164.4	156.9	161.3	168.5	171.0	172.8
Housing Price Index (%)	9.7	13.5	7.6	-13.3	11.8	19.1	6.0	4.2
Population	113,851	114,644	115,136	n/a	n/a	n/a	n/a	n/a
Per Capita Personal Income (\$)	26,766	28,058	n/a	n/a	n/a	n/a	n/a	n/a
West Virginia								
Total Nonfarm Employment (thous.)	737.0	746.7	756.0	755.1	754.8	755.6	758.5	758.6
Total Nonfarm Employment (%)	1.3	1.3	1.2	3.4	-0.2	0.4	1.6	0.0
Unemployment Rate (%)	5.3	5.0	5.0	4.6	4.9	5.2	5.1	4.2
Residential Const. Contracts (\$ mil. AR)	871	1,134	1,226	1,975	1,041	984	1,170	1,264
Non-Building Const. Contracts (\$ mil., NSA AR)	681	990	918	507	1,291	1,007	867	6,079
Non-Residential Const. Contracts (\$ mil., NSA AR)	532	727	1,022	1,036	882	497	1,672	554
Residential Const. Contracts (Units AR)	6,324	6,539	6,270	9,156	5,576	5,219	5,961	6,778
Housing Price Index (NSA, 1980Q1=100.0)	193.0	212.5	229.0	224.9	225.1	232.1	234.0	233.5
Housing Price Index (%)	6.0	10.1	7.8	7.8	0.3	13.2	3.2	-0.8
Population	1,810,906	1,814,083	1,818,470	n/a	n/a	n/a	n/a	n/a
Per Capita Personal Income (\$)	25,302	26,419	27,897	n/a	n/a	n/a	n/a	n/a
United States								
Total Nonfarm Employment (thous.)	131,423	133,696	136,175	135,393	135,913	136,442	136,951	137,447
Total Nonfarm Employment (%)	1.1	1.7	1.9	2.2	1.5	1.6	1.5	1.5
Unemployment Rate (%)	5.5	5.1	4.6	4.7	4.6	4.7	4.5	4.5
Housing Price Index (NSA, 1980Q1=100.0)	324.7	367.1	400.5	393.0	398.2	402.8	407.9	409.8
Housing Price Index (%)	10.7	13.1	9.1	9.2	5.4	4.6	5.2	1.8
Population	293,638,158	296,507,061	299,398,484	n/a	n/a	n/a	n/a	n/a
Per Capita Personal Income (\$)	33,090	34,471	36,276	n/a	n/a	n/a	n/a	n/a

Notes:

Construction data is from FW Dodge. Monthly data is reported at annual rate. NSA means Non-seasonally Adjusted data. AR indicates annual rate
Per Capita Personal Income is from www.bea.gov , Population is based on Census estimates on July 1 of that year
Employment data is from the Bureau of Labor Statistics and WORKFORCE West Virginia
Housing Price Index is from the Office of Federal Housing Enterprise Oversight.
Data compiled by WVU Bureau of Business and Economic Research, www.bber.wvu.edu

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