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Report: Durham area cost of living low

BY JEFF ZIMMER, The Herald-Sun
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DURHAM -- It may not seem like it after a trip to the grocery store, but the Durham metro area is among the least expensive urban areas in the country, according to a 45-year-old economic research organization.

The Durham Metropolitan Statistical Area's overall cost of living ranked 22nd among 311 urban areas in the second quarter, meaning the Durham metro area's cost of living was the 22nd lowest among the nation's urban areas, according to ACCRA -- The Council for Community and Economic Research.

The cost-of-living report is published quarterly by ACCRA, based on George Mason University's campus in Arlington, Va.

The organization's report is built on prices for 60 items in six categories, including housing, utilities, grocery, transportation, health care and miscellaneous goods and services. The Durham MSA includes Durham, Orange, Person and Chatham counties.

Meanwhile, the Raleigh-Cary MSA's overall cost of living ranked 178th out of the 311 reporting areas in the second quarter, with the highest cost-of-living area being New York City at No. 311, according to ACCRA.

The nonprofit professional organization uses research staff of chambers of commerce, economic development organizations and related entities to quarterly gather prices of 60 items. ACCRA then averages the prices -- some 50,000 of them -- to come up with a national average cost-of-living index of 100. The cost-of-living figures for urban areas that participate are presented as a composite index and a percentage of the average for all places.

In the second quarter, Durham had a cost-of-living composite index of 86.7, meaning the Durham metro area's overall cost of living is 13.3 percent less than the national average cost of living. It was the 86.7 score that was the 22nd lowest among the 311 urban areas that reported prices in the second quarter.

The Raleigh-Cary MSA had a composite index of 96.1 in the second quarter, according to ACCRA. The North Carolina MSA that came closest to Durham was the Charlotte metro area, which had a composite index of 90.3. New York City's composite index was 204.7.

While Durham's ranking may surprise anyone who has bought gas or milk recently in the Bull City, it's the price of a home that sells the city as a low-cost place to live.

"What really drives this [report] is housing," said Erol Yildirim, a project manager with ACCRA. "Think about how we spend money -- 28 percent, on average, goes to a mortgage."

With the housing component of the national cost-of-living index set at 100, Durham's housing cost came in at 71.0 or 29 percent less than the nation's average housing cost. The Raleigh-Cary metro area's housing cost, meanwhile, came in at 87.6 or only 12.4 percent less than the national average.

The housing component of the report takes into account the cost of a 950-square-foot apartment and a 2,400-square-foot new home, Yildirim said.

On groceries, meanwhile, Durham's cost came in at 94.7 vs. the national average of 100. Thus the 27 grocery items that were priced in the Durham metro area were collectively 5.3 percent less than what the national average cost was for all the items.

The Greater Durham Chamber of Commerce is one of the organizations that gathers price data for ACCRA, and the group, which promotes Durham, was happy to tout the report since cost of living is something that industry and individuals pay attention to when looking for a new place to work or live.

"Businesses and individuals look at it when they're thinking of relocating," said Rena Abayhan, research director at the chamber.

In fact the chamber put out a release Wednesday noting that Durham's 86.7 cost-of-living composite index was the lowest among the top 10 areas in the country for financial and life science/technology centers.

Durham's cost-of-living ranking improved over the first quarter when the metro area had a composite index of 91.4.

While Durham's rank on the cost-of-living index improved in the second quarter, there's no telling how prices in the Durham metro area will fare in the third and fourth quarters.

"Of course it fluctuates -- there's no guarantee it will remain low," Abayham said.

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