

Volume 8, Number 2 • June 2011

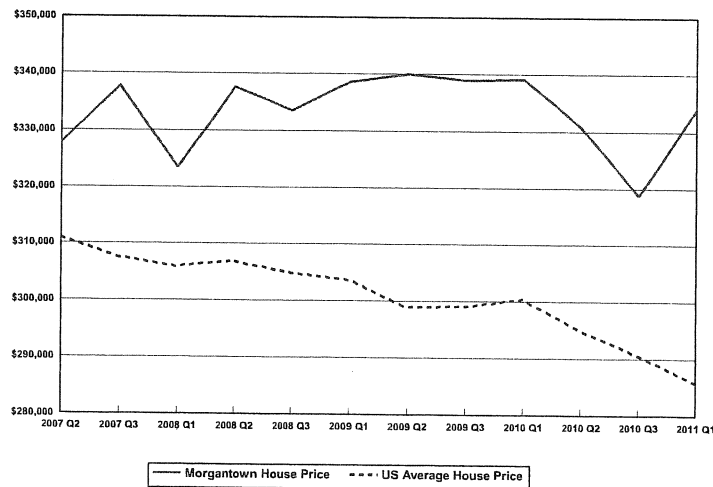
## House Versus Apartment: Changing Prices In Morgantown’s Housing And Rental Markets

By Amy Higginbotham

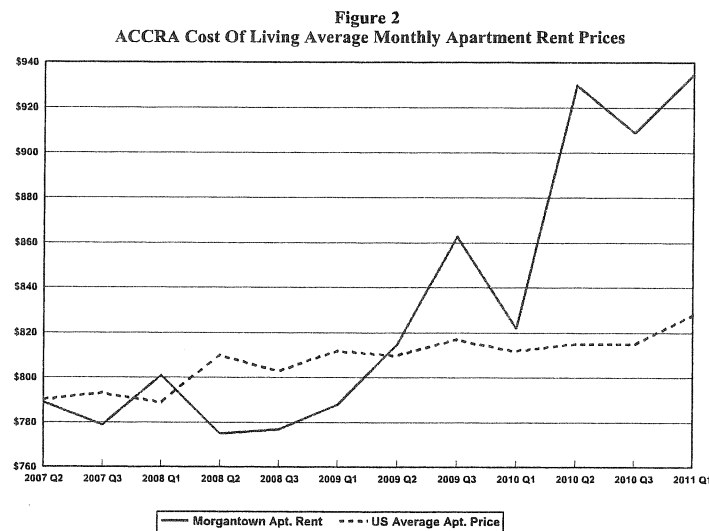
When moving to a new town or just moving within a town, one must consider either buying a house or renting an apartment. In Morgantown, the cost of buy a home or rent an apartment has changed over the past four years. According to the ACCRA Cost of Living Survey, house prices have stayed within a 7 percent price range in Morgantown while monthly apartment rental rates have trended upwards.

Since the second quarter of 2007, the average price of a new 2,400 square foot home in the Morgantown area has varied from \$318,000 to over \$340,000 (Figure 1). The average price for this particular type of home in the United States during this time period was on average 9 percent below the average price in Morgantown. Also in the United States, house prices have been trending downward with the average price at almost \$286,000 for the first quarter of 2011. In Morgantown house prices have varied with an average price of just over \$334,000 for the first quarter of 2011.

Figure 1  
ACCRA Cost of Living Average New House Prices



While house prices have followed different paths in the United States and Morgantown, apartment rental costs have been rising in both since the second quarter of 2007, as shown in Figure 2. Morgantown's monthly rental rates for an unfurnished, two bedroom, two bath, 950 square foot apartment was equal to the national average in the second quarter of 2007 and then fell below average for almost every quarter until the second quarter of 2009. Starting at an average cost of over \$800 a month, Morgantown's apartment costs rose by approximately 15 percent from the second quarter of 2009 to the first quarter of 2011 while national average apartment costs topped out at \$828 a month for the first quarter of 2011.



These costs are not only considered when deciding whether to rent or buy but also influence an area's total cost of living. House and apartment rental costs along with mortgage rates make up the housing cost portion of the total cost of living index for each area participating in the ACCRA Cost of Living Survey. For the first quarter of 2011, 312 urban areas throughout the United States participated in the survey including Morgantown, whose total index was 4 percent above the national average and whose housing cost index was almost 16 percent above the national average (Table 1). Morgantown's above average cost of living was not solely attributed to housing costs but also above average costs for transportation and miscellaneous goods and services.

Table 1  
ACCRA Cost of Living  
First Quarter 2011

	Composite Index (100%)	Grocery Items (13%)	Housing (29%)	Utilities (10%)	Transportation (9%)	Health Care (4%)	Misc. Goods & Services (35%)	Census 2010 Population
<b>Metropolitan Area</b>								
<b>West Virginia Urban Areas</b>								
Morgantown	104.0	96.4	115.8	94.1	102.2	90.3	101.9	129,709
Charleston	93.3	89.4	91.7	96.4	100.2	97.4	92.8	304,284
Harrison County	95.1	91.3	96.5	95.7	104.0	86.0	93.7	94,196
<b>Other University Communities</b>								
Cincinnati, OH (University of Cincinnati)	93.3	103.8	81.6	102.1	95.1	101.7	95.1	2,130,151
Columbus, OH (Ohio State University)	90.1	96.0	76.9	101.2	97.0	102.3	92.4	1,836,536
Knoxville, TN (University of Tennessee)	89.7	93.2	84.7	99.0	84.1	91.4	91.3	698,030
Lawrence, KS (University of Kansas)	95.6	88.5	94.2	91.0	99.5	94.7	100.0	110,826
Lexington, KY (University of Kentucky)	89.1	88.2	81.2	96.4	96.8	93.2	91.5	472,099
Pittsburgh, PA (University of Pennsylvania)	94.2	104.3	75.9	99.2	111.8	95.0	99.4	2,356,285
Tampa, FL (University of South Florida)	92.2	97.4	78.8	96.3	103.2	97.7	96.6	2,783,243
<b>Major U.S. Metro Areas</b>								
Atlanta, GA	95.2	96.4	91.0	89.4	98.2	98.9	99.0	5,268,860
Boston, MA	137.6	120.5	157.6	146.4	107.1	121.9	135.2	4,552,402
Denver, CO	106.4	103.5	112.5	90.3	96.4	107.6	110.1	2,543,482
Houston, TX	90.5	83.9	84.2	88.3	94.8	98.1	97.2	5,946,800
Miami, FL	107.7	109.6	112.8	93.2	112.1	104.6	106.0	5,564,635
New York (Manhattan), NY	218.4	154.8	397.9	158.9	119.7	130.3	144.3	18,897,109
Philadelphia, PA	126.2	125.5	140.7	130.3	109.6	105.8	119.9	5,965,343
Washington, DC	141.0	110.7	231.0	100.7	108.0	102.0	100.8	5,582,170

Source: ACCRA Cost of Living Index: Comparative Data for 312 Urban Areas Volume 44(1); U.S. Census Bureau

Morgantown's cost of living index was also the highest of the participating areas of the state. In fact for the first quarter of 2011, Morgantown's total cost of living index was 9 percent higher than Harrison County's composite index and over 11 percent higher than the cost of living in Charleston. While the ACCRA Cost of Living Survey allows for cost of living comparisons between Morgantown and other urban areas throughout the state and the nation it must be used with caution. The ACCRA Cost of Living Survey compares the cost of living among professional households in the top income quintile in each participating urban area and does not taken into account taxes as wells as non-consumer expendables.

## Steady Job Growth In Morgantown In The First Quarter

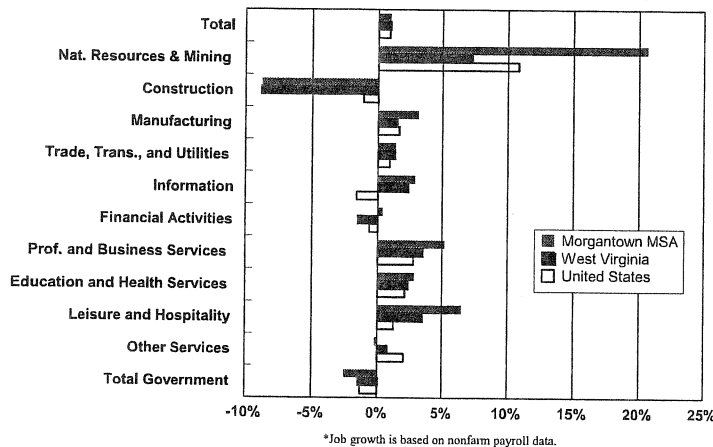
By George W. Hammond and Tess Meinert

The Morgantown metropolitan statistical area (MSA) continued to add jobs during the past year, with growth coming at about the same rate posted by both the state and the nation. The Morgantown MSA includes Monongalia and Preston counties. The Morgantown area added 610 jobs from the first quarter of 2010 to the same quarter in 2011, which translated into a growth rate of 1.0 percent. That was equal to the state rate and slightly faster than the national rate of 0.9 percent.

As Figure 3 shows, the Morgantown area generated rapid job gains in natural resources and mining, as well as slower gains in leisure and hospitality; professional and business services; health care; manufacturing; and information. The region also generated modest job growth in trade, transportation, and utilities and financial activities. In contrast, construction experienced significant job losses, while government and other services posted slower declines.

Gains in natural resources and mining likely reflect the rebound in coal mining in the state during the past year, as well as the development of Marcellus shale gas plays in the area. Declines in construction likely reflect the winding down of building activity at the Longview Power plant.

**Figure 3**  
**Morgantown MSA**  
**\*Job Growth: 2010Q1 To 2011Q1**



Both counties in the MSA experienced positive job growth during the past year, although Preston County job growth was particularly rapid, at 5.5 percent. Growth in Preston County reflected strong gains in both the goods-producing (including natural resources and mining; construction; and manufacturing) and service-providing sectors (including trade, transportation, and utilities; health care; and leisure and hospitality).

Despite positive job growth in the Morgantown MSA, the unemployment rate continued to rise between the first quarter of 2010 and the same quarter in 2011, although the pace of increase slowed significantly.

During the first three months of 2011, the Morgantown MSA posted an average non-seasonally adjusted unemployment rate of 6.9 percent. That was far higher than levels experienced prior to the national downturn. For example, the local unemployment rate was just 3.2 percent in the first quarter of 2008. However, the pace of increase in the local unemployment rate has slowed, suggesting that the unemployment rate may be poised to improve.

Even though the Morgantown unemployment rate has risen significantly during the past three years, it remains well below comparable state and national rates. Indeed, the state average unemployment rate in the first quarter of 2011 was 10.1 percent and the national rate was 9.5 percent. The relatively low local unemployment rate reflects continued job growth during the past three years, while the state and nation posted significant job losses.

In addition to strong job growth, the Morgantown MSA has posted strong population gains during the past decade. Indeed, according to the latest Census count the Morgantown MSA added 18,509 residents from 2000 to 2010. That translates into a growth rate of 16.6 percent, which was far faster than the 2.5 percent growth posted by the state. The United States' population grew by 9.7 percent. Both Monongalia and Preston County added residents during the decade, although the gains came faster in Monongalia County.

---

## Morgantown MSA Economic Monitor

Jose V. Sartarelli  
Tom S. Witt

George W. Hammond

Milan Puskar Dean of the College of Business & Economics  
Associate Dean for Research and Outreach, Director of the  
Bureau of Business and Economic Research and Professor of  
Economics  
Associate Director, BBER, and Associate Professor of  
Economics



Copyright © 2011 WVU Research Corporation  
[www.bber.wvu.edu](http://www.bber.wvu.edu)

---