

# ECONOMIC REVIEW

## Cost of Living Skyrockets in the MetroWest Region



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Major: Economics  
YOG: May 2025

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**August 2024**  
Issue 1

MetroWest Economic Research Center conducts a bi-annual cost of living survey. Data is collected on the prices of 57 goods and services and is used to calculate a Cost of Living Index for the region. The survey items are divided into six categories: Housing<sup>1</sup>, Health Care, Grocery Items, Utilities, Transportation, and Miscellaneous Goods and Services<sup>2</sup>. Sub-indexes are calculated for each category of items, and they are then combined to form the Overall Cost of Living Index. This article will focus on average living costs in the MetroWest region, which is comprised of the following nine communities: Ashland, Framingham, Holliston, Hopkinton, Natick, Sherborn, Southborough, Sudbury, and Wayland.

Figure 1 depicts the Overall Cost of Living Index and all six sub-indexes for the MetroWest region for October 2023. For comparison purposes, April 2009 is designated as the base year and is normalized to a value of 100.0. The Overall Cost of Living Index was recorded at 199.2 in October 2023, approximately 99.2% more expensive to live in the MetroWest region in 2023 than it was in 2009. Much of this increase was driven by the Housing Index, which was the highest sub-index recorded at 258.4, increasing by 158.4% since 2009. This increase is in part due to the increased price of real estate and high interest rates on mortgage loans. All six of the sub-indexes have increased substantially since 2009. The Transportation Index has risen the least, a 58.5% increase since 2009.

Figure 2 shows how the Overall Cost of Living in the MetroWest region has changed over the past 32 years, setting April 2009 as the base year. In 1991, the Overall Cost of Living Index was recorded at a value of 64.6. In 2023, the index reached a value of 199.2, roughly a 208% increase, indicating that it was more than three times as expensive to live in the MetroWest region in 2023 as it was in 1991. As seen on the graph, the most significant and noticeable increase occurred the past few years during the post-COVID era. In 2021, the Index was recorded at 155.0 and in just one year, it increased by 16% to 179.8 in 2022. From 2022 to 2023, it increased by another 10.8%, reaching 199.2 in 2023. This indicates that MetroWest is currently experiencing some of the largest percent increases in the Cost of Living Index that have been recorded in the region since 1991. In just the past two years, from 2021 to 2023, living in the MetroWest region has become 28.5% more expensive.

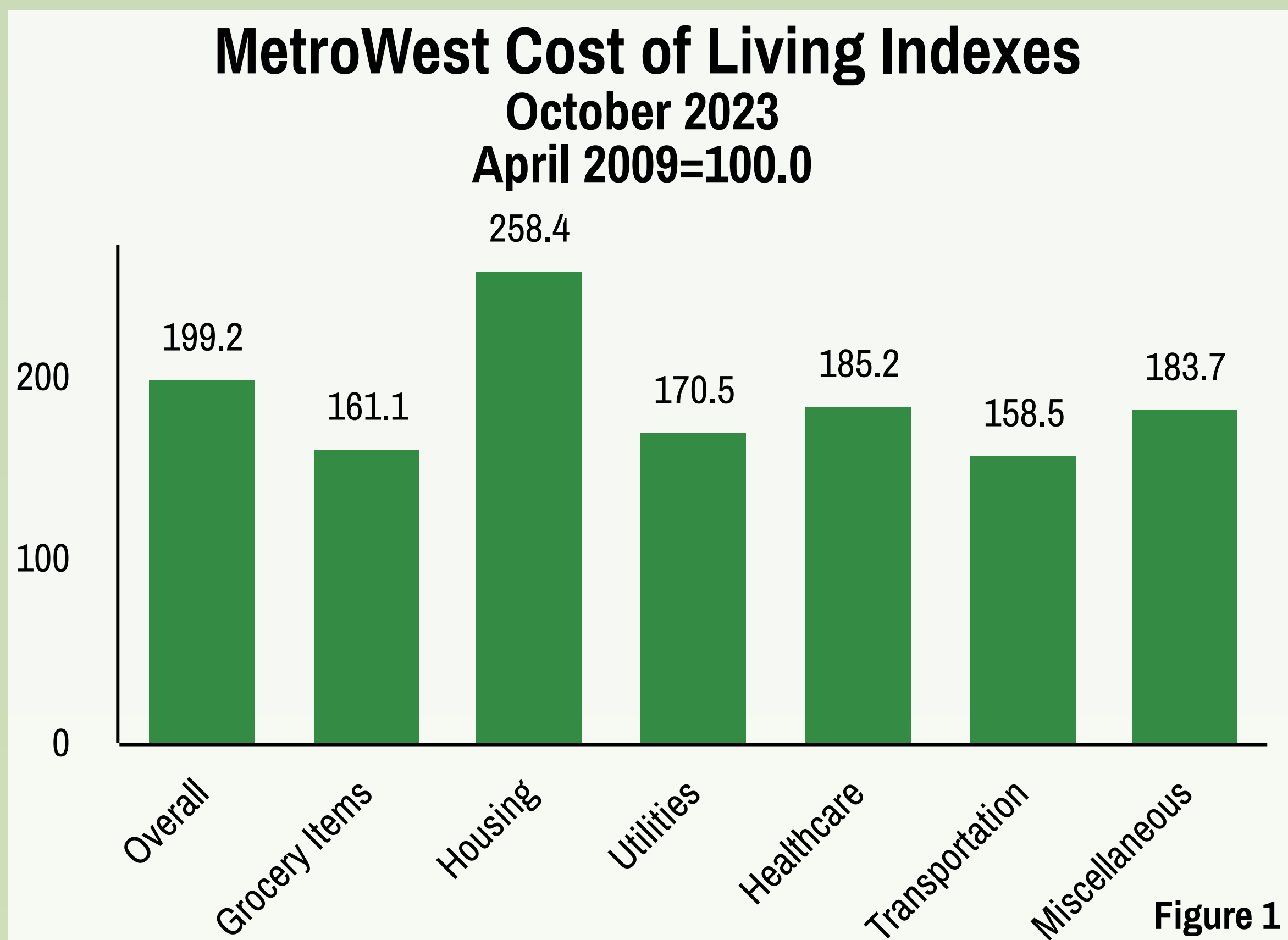


Figure 1

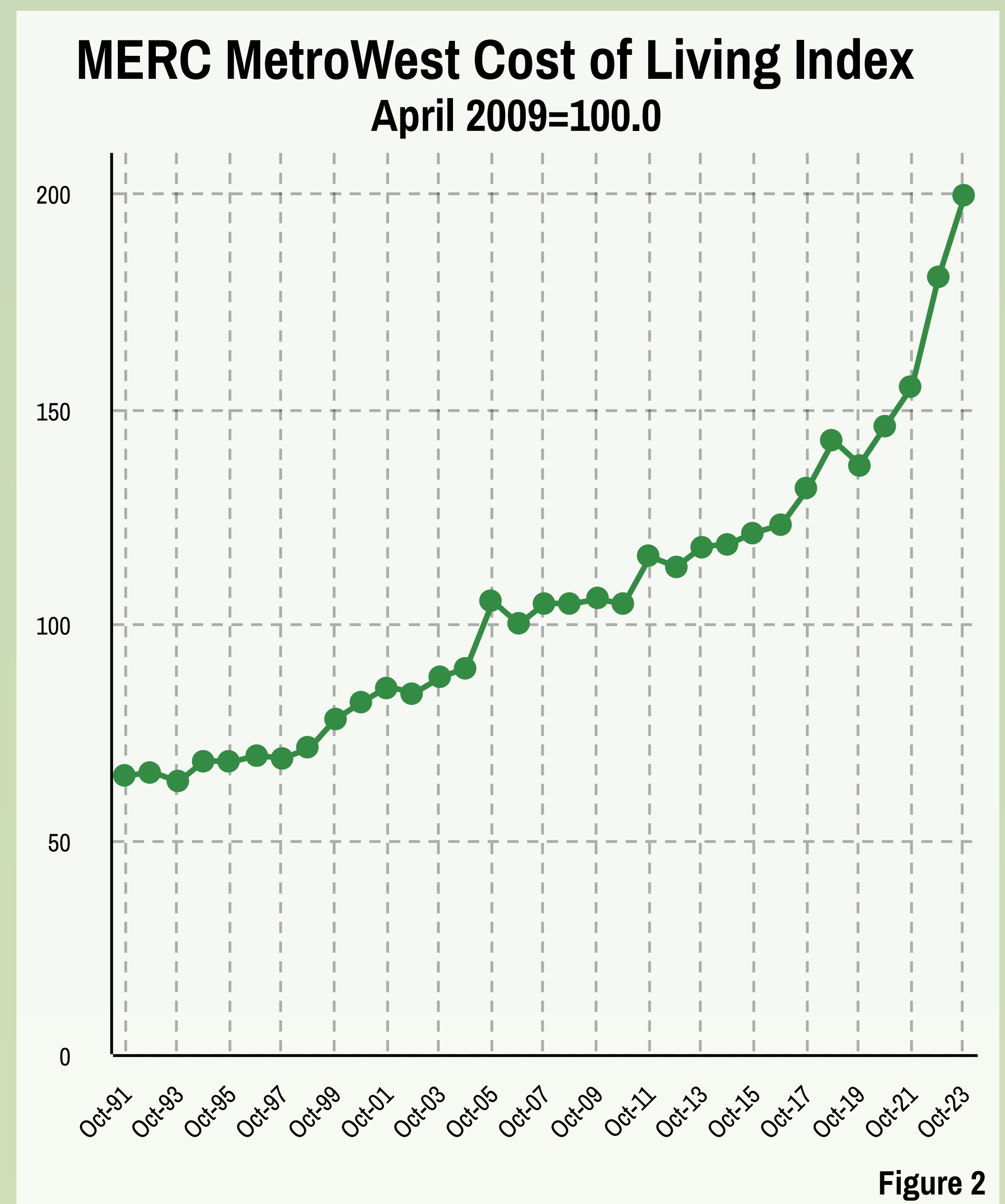


Figure 2

SOURCE: MERC and C2ER

<sup>1</sup>The Housing Index is calculated using the average price of monthly rent on a standard two bedroom apartment, the total purchase price of a 2,400 square foot new house, and the fixed-rate mortgage rate on a 30-year loan.

<sup>2</sup>The Miscellaneous Goods and Services Index consists of a wide range of goods and services which do not fit neatly into the other categories. These include things like haircuts, toothpaste, yoga classes, clothing, etc.



Figure 3 compares the MetroWest region's Overall Cost of Living Index to other regions across New England. The information in this graph comes from the Council for Community and Economic Research (C2ER), which publishes a quarterly Cost of Living Index used to compare costs in different areas across the country. MetroWest Economic Research Center (MERC) participates in this survey by collecting price data from businesses in the MetroWest region. This set of data comes from April 2023, and the national average Cost of Living Index is set at 100.0. The MetroWest region had a Cost of Living Index of 135.4, meaning that living in MetroWest was approximately 35.4% more expensive than the national average. The highest Cost of Living in New England was in Boston, Massachusetts, with an Index value of 144.5, or 44.5% larger than the national average. Cost of Living for all of the remaining regions was much lower than MetroWest and ranged from 102.0 to 115.0. This shows that Cost of Living in the MetroWest region is significantly greater compared with other areas in New England.

In conclusion, the average living costs in the MetroWest region have increased dramatically. The Cost of Living Index has nearly doubled since 2009, and increased by 28.5% in just the last two years. The Housing Index has had the largest increase and is the main driver of the increase in the Overall Cost of Living in MetroWest, but all of the sub-indexes have gone up substantially since 2009. Cost of Living in the MetroWest region was approximately 35.4% higher than the national average in April 2023, making it is the second most expensive New England region (in regions surveyed) to live in. Overall, the cost of living in the MetroWest region is high, and on the rise.

