

City Ranking: Worldwide Cost of Living Survey 2012



Tokyo is the world's most expensive city for expatriates, pushing Luanda, Angola, down to second position, according to Mercer's latest Cost of Living Survey. Osaka is in third position, up three places from last year, whereas Moscow remains in fourth and Geneva in fifth positions. Singapore and Zurich share sixth place, up two and one places respectively since 2011. Ndjamen, Chad, drops five places, but Hong Kong retains its ninth place.

Karachi (214) is ranked as the world's least expensive city for expatriates, less than one-third as expensive as Tokyo. Recent world events, including economic and political upheavals, have affected the rankings for many regions through currency fluctuations, inflation, and volatility in accommodation prices.

In the UK, London (25) is the most expensive city for expatriates, down seven places from last year. At 133, Birmingham is up 17 places, having overtaken Aberdeen (144) and Glasgow (161). Belfast (165) is the UK's least expensive city, up 13 places in the ranking since 2011.

The survey covers 214 cities across five continents and measures the comparative cost of over 200 items in each location, including transport, food, clothing, household goods and entertainment. The cost of housing is also included and, as it is often the biggest expense for expatriates, it plays an important part in determining where cities are ranked. Mercer's cost-of-living survey is the world's most comprehensive and is designed to help multinational companies and governments determine compensation allowances for their expatriate employees. New York is used as the base city and all cities are compared against it. Currency movements are measured against the US dollar.

Nathalie Constantin-Métral, Principal at Mercer, is responsible for compiling the ranking each year. She commented: "Deploying expatriate employees is becoming an increasingly important aspect of multinational companies' business strategy, including expansion. But with volatile markets and stunted economic growth in many parts of the world, a keen eye on cost efficiency is essential, including on expatriate remuneration packages. Making sure salaries adequately reflect the difference in cost of living to the employee's home country is important in order to attract and retain the right talent where companies need them."

"When compared to New York, our benchmark city, most European cities have witnessed a decline in cost of living. Some exceptions exist where accommodation prices have increased or additional VAT taxes have pushed the cost of living up. In North America, most cities have gone up in the ranking, as the US dollar has strengthened against a large proportion of the world's other currencies. In Asia, more than six in ten cities moved up in the rankings, including all surveyed cities in Australia, China, Japan and New Zealand. Cities in Australia and New Zealand witnessed some of the biggest jumps, as their currencies strengthened significantly against the US dollar."

Europe, the Middle East and Africa

At number four in the global ranking, Moscow remains the most expensive city in Europe for expatriates. Geneva follows in fifth position and Zurich in sixth (up one place from last year). The next European city in the ranking, Bern (14), is up two places from last year, following the

strengthening of the Swiss franc against the US dollar.

With a few exceptions, the remaining European cities have all dropped in the rankings, mainly due to a considerable weakening of local currencies, including the euro, against the US dollar. Oslo (18) is down three places from 2011, whereas the next European city on the list, London (25) is down seven places. In 28th position, St. Petersburg is up one place. Paris (37) is down 10 places, whereas Milan (38), Rome (42), Stockholm (46), Vienna (48) and Amsterdam (57) are all down from seven to 13 places. Helsinki (65) and Prague (69) have both slid down the list, 23 and 22 places respectively. Brussels (71) dropped a more moderate nine places, followed by Dublin (72) - down 14 places. Ranking 207, Skopje, Macedonia, is the least expensive city for expatriates in Europe.

Ms Constantin-Métral explained: "Despite some marked price increases across the region in the first half of last year and widespread increases in VAT charges, most European cities dropped in the ranking. This is mainly due to the unstable economic situation across Europe, which has led to the depreciation of most local currencies against the US dollar. Countries badly hit by the Eurozone crisis, including Greece, Italy and Spain, have also experienced drops in rental accommodation prices."

Tel Aviv (31) continues to be the most expensive city in the Middle East for expatriates, despite dropping seven places since 2011. Ranking 67 and up eight places from last year, Beirut has overtaken Abu Dhabi (76, down nine places from last year). Jeddah, Saudi Arabia (186), continues to rank as the least expensive city in the region. "On the whole, most Middle Eastern cities have dropped in the ranking, mainly because price increases on goods and services have been more moderate here than in our benchmark city, New York. Slight decreases in expatriate accommodation costs were also observed in Abu Dhabi and Dubai," said Ms Constantin-Métral.

Despite dropping off the top spot on the global list, Luanda, Angola (2), remains the highest ranking city in Africa. Ndjamena, Chad (8), follows, dropping five places since 2011. Dropping eight places, Libreville, Gabon (20), is the next African city on the list, followed by Khartoum, Sudan (26), which is up 18 places. "It might be surprising to see 20 African cities in the top third of the ranking. The main driver behind this is the difficulty finding good, secure accommodation for expatriates. So the limited supply of acceptable accommodation is very expensive. The cost of imported international goods is also high, contributing to many regional cities moving up the ranking," said Ms Constantin-Métral.

In South Africa, Johannesburg (154) and Cape Town (179) have fallen 23 and 21 places, respectively, reflecting the considerable weakening the South African rand has suffered against the US dollar in the last year. Tunis, Tunisia (209), remains the least expensive city for expatriates in the region, down two places from last year.

The Americas

São Paulo (12) and Rio de Janeiro (13) remain the most expensive cities for expatriates across both North and South America, and are closely trailed by Caracas (29), which jumped 22 places since last year. In South America, Brasilia (45) is now the fourth most expensive city, down 12 places. Dropping from 53rd position, Havana (99) experienced the largest drop in the region as the US dollar strengthened considerably against the Cuban peso. At 121, up from 159, Buenos Aires made the region's biggest jump up the list following strong inflation, which considerably increased the cost of goods, and an increase in accommodation cost.

Ms Constantin-Métral commented: "Inflation pressures continued to push some South American cities up the ranking, whereas for some of the region's cities, weakening of the local currencies

caused them to rank lower.”

Ranking 33 (down from 32 in 2011), New York City remains the most costly city in the United States. Los Angeles (68) and San Francisco (90) are slowly catching up, however, having jumped a respective nine and 16 places since last year. Amongst other major US cities, Washington (107) is up one place, Miami (110) is up five places and Chicago, also at 110, is down two places. Portland, Oregon (178), and Winston-Salem, North Carolina (195), remain the least expensive surveyed cities for expatriates in the United States. Ms Constantin-Métral said: “Although price increases have remained moderate overall, most US cities have gone up in the ranking, mainly as a result of the strong US dollar.”

Toronto (61) remains the highest ranking city in Canada, closely followed by Vancouver (63). Montréal (87) has dropped eight places, whereas Calgary (92) has climbed four.

Asia Pacific

This year, Tokyo (1) emerged as the most expensive city for expatriates both in Asia and globally. Climbing three places since 2011, Osaka (3) is the next Asian city on the list, followed by Singapore (6) and Hong Kong (9). Nagoya, Japan (10), is up one place, and Shanghai (16) and Beijing (17) climbed five and three places respectively, overtaking Seoul (22, down three places). Two more Chinese cities follow: Shenzhen (30) and Guangzhou (31), up 13 and seven places respectively since 2011. “The combination of increased prices on goods and a strengthening of the Chinese yuan has pushed Chinese cities up the ranking. Continued high demand for accommodation has also led to moderate increases in rental costs,” said Ms Constantin-Métral.

In India, New Delhi (113) and Mumbai (114) have dropped considerably – by 28 and 19 places respectively. Elsewhere in Asia, Jakarta (61) is up eight places, Bangkok (81) is up seven and Kuala Lumpur (102) is up two places. Hanoi’s position remained unchanged at 136, and Karachi (214) remains the region’s least expensive city for expatriates.

Australian cities continue to rank high on the list in the Asia Pacific region and, following the strengthening of the Australian dollar, have all experienced further jumps up the global list since last year. Sydney (11) and Melbourne (15) experienced relatively moderate jumps, up three and six places respectively, whereas Perth (19) and Canberra (23) both jumped 11 places. Brisbane (24) rose by seven places, and Adelaide (27) shot up 19 places. Australia now has three surveyed cities in the top 20 and all six surveyed cities in the top 30. In New Zealand, both Auckland (56) and Wellington (74) both jumped a very significant 62 places.

“The leap up the list by cities in New Zealand follows large increases in both accommodation cost and demand, coupled with a stronger New Zealand dollar,” explained Ms Constantin-Métral. “Demand for rental properties has also increased significantly in all the Australian cities we rank. Coupled with very limited availability, the result has been very tight markets and increased prices.”

Mercer produces individual cost of living and rental accommodation cost reports for each city surveyed. For details, or to purchase copies of the individual city reports, visit www.mercer.com/costofliving or call Client Services, Warsaw on +48 22 434 5383.

Top 50 cities: Cost of living ranking

Rankings

2012

2011

City

Country

1

2

TOKYO

JAPAN

2

1

LUANDA

ANGOLA

3

6

OSAKA

JAPAN

4

4

MOSCOW

RUSSIA

5

5

GENEVA

SWITZERLAND

6

7

ZURICH

SWITZERLAND

6

8

SINGAPORE

SINGAPORE

8

3

N'DJAMENA

CHAD

9

9

HONG KONG

HONG KONG

10

11

NAGOYA

JAPAN

11

14

SYDNEY

AUSTRALIA

12

10

SÃO PAULO

BRAZIL

13

12

RIO DE JANEIRO

BRAZIL

14

16

BERN

SWITZERLAND

15

21

MELBOURNE

AUSTRALIA

16

21

SHANGHAI

CHINA

17

20

BEIJING

CHINA

18

15

OSLO

NORWAY

19

30

PERTH

AUSTRALIA

20

12

LIBREVILLE

GABON

21

17

COPENHAGEN

DENMARK

22

19

SEOUL

SOUTH KOREA

23

34

CANBERRA

AUSTRALIA

24

31

BRISBANE

AUSTRALIA

25

18

LONDON

UNITED KINGDOM

26

44

KHARTOUM

SUDAN

27

46

ADELAIDE

AUSTRALIA

28

29

ST. PETERSBURG

RUSSIA

29

51

CARACAS

VENEZUELA

30

43

SHENZEN

CHINA

31

38

TEL AVIV

ISRAEL

31

38

GUANGZHOU

CHINA

33

32

NEW YORK CITY, NY

UNITED STATES

34

23

NIAMEY

NIGER

35

70

YANGON

MYANMAR

36

61

KINSHASA

DEM. REP. OF THE CONGO

37

27

PARIS

FRANCE

38

25

MILAN

ITALY

39

41

LAGOS

NIGERIA

39

63

BAMAHO

MALI

41

67

ABIDJAN

CÔTE D'IVOIRE

42

34

ROME

ITALY

43

55

BRAZZAVILLE

CONGO

44

39

DJIBOUTI

DJIBOUTI

45

33

BRASILIA

BRAZIL

46

39

STOCKHOLM

SWEDEN

47

37

NOUMÉA

NEW CALEDONIA

48

36

VIENNA

AUSTRIA

49

48

BAKU

AZERBAIJAN

50

25

VICTORIA

SEYCHELLES

50

44

DAKAR

SENEGAL

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