

Worldwide Cost of Living Survey 2011 - City Rankings



Luanda in Angola is the world's most expensive city for expatriates for the second year running, according to Mercer's 2011 Cost of Living Survey. Tokyo remains in second position and N'Djamena in Chad in third place. Moscow follows in fourth position with Geneva in fifth and Osaka in sixth. Zurich jumps one position to rank seventh, while Hong Kong drops down to ninth.

New entries in the top 10 list of the costliest cities in the world are Singapore (8), up from 11, and São Paulo (10), which has jumped 11 places since the 2010 ranking. Karachi (214) is ranked as the world's least expensive city, and the survey found that Luanda, in top place, is more than three times as costly as Karachi. Recent world events, including natural disasters and political upheavals, have impacted the rankings for many regions through currency fluctuations, cost inflation for goods and services and volatility in accommodation prices.

Down one place from last year, London (18) is the UK's most expensive city, followed by Aberdeen (144), Glasgow (148) and Birmingham (150). Belfast (178) is ranked as the UK's least expensive city.

The survey covers 214 cities across five continents and measures the comparative cost of over 200 items in each location, including housing, transport, food, clothing, household goods and entertainment. It is the world's most comprehensive cost of living survey 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 New York. Currency movements are measured against the US dollar. The cost of housing – often the biggest expense for expatriates – plays an important part in determining where cities are ranked.

Nathalie Constantin-Métral, Senior Researcher at Mercer responsible for compiling the ranking each year, commented: "Multinational companies have long understood the competitive advantage of a globally mobile workforce, though the enduring challenge is to balance the cost of their expatriate programmes. Currency fluctuations, inflation, political instability and natural disasters are all factors that influence the cost of living for expatriates. It is essential that employers understand their impact, for cost-containment purposes but also to ensure they retain talented employees by offering competitive compensation packages".

"During the period of data collection for this year's survey the world witnessed an incredible number of natural disasters and political upheavals that have all affected the lives of expatriate employees to some extent. Currency fluctuations and the impact of inflation on goods and services – petrol in particular – have led to some reorganisation of the ranking," said Ms Constantin-Métral. "Overall, the cost of living in cities across Europe has remained relatively stable, while in Africa the picture is patchy with the limited availability of accommodation leading to increased living costs in some key cities".

"In North America increasing petrol prices continue to contribute to rising consumer prices, but many of its cities dropped in the rankings as price increases in other regions have been more severe pushing US cities down the list. Australian cities have witnessed dramatic rises in the ranking as the Australian dollar has strengthened against the US dollar."

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Date: 2011-07-13

Article link:

<https://www.tourism-review.com/worldwide-cost-of-living-survey-2011-city-rankings-news2859>