

Worldwide Cost of Living 2013

Which city is the most expensive to live in?
Which city is the cheapest?

A summary from The Economist Intelligence Unit





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The findings of the latest Worldwide Cost of Living Survey

Tokyo tops list once again

After currency swings pushed Zurich to the top of the ranking last year, Tokyo has resumed its place as the world's most expensive city. This is a familiar position for the Japanese capital, which has been the world's most expensive city for all but a handful of the last 20 years. In fact, since 1992 Tokyo has been the top-ranking city in every year bar six. Only Zurich, Paris and Oslo were dubbed the world's most expensive city during this time.

This comes despite a fall in the relative cost of living in Tokyo (against the base city of New York) due to Japanese deflation, a weaker yen and rising prices elsewhere in the world. In Switzerland, efforts to weaken the franc meant that the relative fall in Zurich and Geneva was much stronger. In fact, relative to New York, the two Swiss cities saw the steepest declines of all 131 cities surveyed. Zurich experienced an index decline of 39 percentage points, falling from the world's most expensive city 12 months ago to its seventh most expensive now. A 33-percentage-point decline prompted Geneva to fall seven places to tenth place.

The ten most expensive

Country	City	WCOL index (New York=100)	Rank	Rank movement
Japan	Tokyo	152	1	1
Japan	Osaka	146	2	1
Australia	Sydney	137	3	4
Norway	Oslo	136	4=	1
Australia	Melbourne	136	4=	4
Singapore	Singapore	135	6	3
Switzerland	Zurich	131	7	-6
France	Paris	128	8	-2
Venezuela	Caracas	126	9	25
Switzerland	Geneva	124	10	-7

Asian, Australian cities continue to move up cost of living scale

One of the features of the cost-of-living ranking over the last few years has been the rise of many Asian cities offsetting traditionally more costly European locations. In particular, Australian cities have been rising very quickly up the rankings as economic growth has supported inflation and currency swings to make them more costly. This survey is no exception. Ten years ago there were no Australian cities among the 50 most expensive cities. Two years ago Australian cities began to be ranked among the ten most expensive. The current survey sees Australian cities reach the highest-ranked position yet, with Sydney rated the third most expensive city surveyed and Melbourne ranked in fifth place. Australian cities are joined by cities in New Zealand and the rising Asian hubs of Singapore and Hong Kong in a top 20 where



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Asian cities are dominant. Asian cities make up 11 of the world's 20 most expensive compared with eight from Europe. A decade ago this was six Asian vs ten European cities, with four cities from the USA. The current ranking still fails to include any cities from North America among the 20 most expensive, despite widespread decline in the cost of living relative to US cities.

The Big Apple gets a bigger price tag

A fall in the cost-of-living indices, with New York fixed as base of 100, is a common feature of the survey. Only 12 cities of the 131 surveyed saw a relative rise in the cost of living compared with New York, reflecting a stronger US dollar and rising costs in the Big Apple, especially in the clothing, tobacco and grocery categories. One hundred and twelve cities saw the cost of living relative to New York fall, prompting the financial centre to rise by 19 places to 27th in the ranking. As well as seeing the cost of living rise relative to foreign locations, New York has also seen the cost of living rising relative to locations in the United States, and now shares the position as the most expensive US city with Los Angeles.

Despite the gains of the US dollar, it is the Canadian city of Vancouver that remains the most expensive location in North America. The British Columbian capital saw New York closing the gap, but remains 6% more expensive and rose by 15 places in the overall ranking to 21st most expensive city surveyed.

Caracas index is skewed by fixed exchange rates

Some observers may be surprised to see Caracas feature among the ten most expensive cities. Price volatility in the Venezuelan capital has certainly been strong—so strong, in fact, that official inflation reached almost 20%, while aggregate price movements in the survey were over 25% year on year. This, however, has come against a backdrop of exchange rates relative to the US dollar having been fixed. The official bolívar to dollar rate has been unchanged at 4.29 in recent years, despite strong local inflation. In fact, using a parallel “unofficial” exchange rate for the bolívar of around 14:1 for the last year would make Caracas the joint cheapest city in the ranking, alongside Mumbai and Karachi.

Cheapest cities reflect low costs in South Asia

The cheapest cities in the ranking have a familiar feel to them, both in terms of geography and consistency. While Asia is home to over half of the world's 20 most expensive cities, the region is also home to six of the ten cheapest cities. Within Asia it is also possible to drill down to the geographic area offering the lowest prices. Five of the bottom ten (and six of the bottom eleven) cities hail from the Indian subcontinent (defined as India, Pakistan, Bangladesh, Nepal and Sri Lanka). Mumbai and Karachi are the joint cheapest locations in the survey, with indices of just 44 when compared with New York.

Although India is something of a tiger economy tipped for future growth, much of this is driven by its large population and the untapped potential within the economy. Income inequality means that household spending levels are low on a per capita basis, which has kept prices down, especially by Western standards. Outside India bargain hunters may be put off by the security risk in many of the countries in which the world's cheapest cities are found. Bangladesh, Pakistan, Nepal, Sri Lanka, Algeria and Iran all feature in the bottom ten, but have had well documented security issues or domestic unrest. Bucharest (Romania), Panama City (Panama) and Jeddah (Saudi Arabia) could offer a cheap cost of living in a more stable environment.



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The ten least expensive

Country	City	WCOL index (New York=100)	Rank	Rank move
Iran	Tehran	58	122	7
Saudi Arabia	Jeddah	57	123	4
Panama	Panama City	56	124	1
Sri Lanka	Colombo	55	125	-11
Romania	Bucharest	54	126=	-12
Algeria	Algiers	54	126=	-2
Nepal	Kathmandu	50	128	-3
India	New Delhi	48	129	-1
India	Mumbai	44	130=	0
Pakistan	Karachi	44	130=	1

Prices. Now and then

Prices. Now and then - Top 10 cities

	City	Tokyo	Osaka	Sydney	Oslo	Melbourne	Singapore	Zurich	Paris	Caracas	Geneva
Average US\$ price 1kg loaf of bread	Current	\$9.06	\$7.94	\$5.03	\$6.31	\$4.87	\$3.25	\$6.08	\$8.95	\$9.40	\$5.63
	Last year	\$9.64	\$8.00	\$5.05	\$6.11	\$5.36	\$3.46	\$7.95	\$10.10	\$7.80	\$7.08
	5 years	\$6.44	\$4.54	\$3.33	\$4.25	\$3.18	\$2.67	\$5.52	\$6.17	\$2.25	\$4.87
	10 years	\$6.33	\$4.59	\$1.97	\$3.23	\$1.91	\$3.21	\$5.49	\$5.14	\$2.59	\$4.80
Average US\$ price 1 bottle table wine (750ml)	Current	\$15.95	\$17.55	\$25.38	\$17.58	\$25.03	\$25.65	\$16.74	\$9.45	\$18.14	\$8.19
	Last year	\$16.59	\$14.94	\$26.19	\$18.83	\$24.77	\$26.47	\$21.24	\$9.80	\$15.99	\$9.79
	5 years	\$11.78	\$9.09	\$17.87	\$16.28	\$15.39	\$20.77	\$11.34	\$7.83	\$4.32	\$7.62
	10 years	\$10.46	\$9.87	\$8.49	\$12.32	\$9.28	\$12.65	\$7.40	\$5.48	\$3.15	\$6.07
Average US\$ price 20 branded cigarettes	Current	\$5.57	\$5.57	\$15.48	\$15.24	\$15.72	\$9.76	\$8.32	\$8.10	\$7.30	\$8.32
	Last year	\$5.73	\$5.73	\$14.65	\$15.83	\$15.16	\$9.94	\$9.87	\$8.43	\$6.53	\$10.13
	5 years	\$2.82	\$2.82	\$7.44	\$11.48	\$7.49	\$7.63	\$5.71	\$7.26	\$0.74	\$5.71
	10 years	\$2.37	\$2.37	\$3.90	\$8.37	\$3.84	\$3.87	\$3.27	\$3.56	\$0.97	\$3.27
Average US\$ price 1 litre unleaded petrol	Current	\$1.97	\$1.96	\$1.50	\$2.61	\$1.49	\$1.74	\$2.01	\$2.38	\$0.02	\$2.04
	Last year	\$2.00	\$2.00	\$1.52	\$2.62	\$1.53	\$1.70	\$2.26	\$2.76	\$0.02	\$2.29
	5 years	\$1.31	\$1.27	\$1.04	\$2.00	\$1.02	\$1.24	\$1.47	\$2.35	\$0.02	\$1.47
	10 years	\$0.93	\$0.89	\$0.50	\$1.17	\$0.49	\$0.72	\$0.95	\$1.09	\$0.07	\$0.91



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Prices. Now and then - Bottom 10 cities

	City	Tehran	Jeddah	Panama City	Colombo	Bucharest	Algiers	Kathmandu	New Delhi	Mumbai	Karachi
Average US\$ price 1kg loaf of bread	Current	\$1.55	\$1.33	\$3.34	\$2.27	\$1.92	\$1.89	\$1.21	\$1.11	\$0.86	\$1.76
	Last year	\$1.43	\$1.30	\$3.09	\$2.27	\$2.97	\$1.90	\$1.13	\$1.13	\$1.17	\$1.88
	5 years	\$0.24	\$1.10	\$1.95	\$1.17	\$2.31	\$2.35	\$0.81	\$0.88	\$0.95	\$1.86
	10 years	\$0.26	\$1.33	\$1.70	\$0.58	\$1.22	\$3.00	n/a	\$0.61	\$0.57	\$1.56
Average US\$ price 1 bottle table wine (750ml)	Current	n/a	n/a	\$6.92	\$12.35	\$3.77	\$11.28	\$21.33	\$21.38	\$23.82	\$14.79
	Last year	n/a	n/a	\$7.92	\$14.66	\$4.85	\$10.97	\$19.52	\$29.30	\$31.67	\$14.71
	5 years	n/a	n/a	\$11.00	\$10.53	\$4.89	\$6.49	\$16.05	\$41.78	\$27.03	\$11.15
	10 years	n/a	n/a	\$10.49	\$6.88	\$1.88	\$3.54	n/a	\$30.91	\$21.64	\$9.97
Average US\$ price 20 branded cigarettes	Current	\$2.53	\$2.40	\$4.08	\$3.78	\$3.59	\$5.01	\$1.69	\$2.08	\$1.79	\$1.73
	Last year	\$1.98	\$1.87	\$4.00	\$3.82	\$4.09	\$5.49	\$2.00	\$2.19	\$1.86	\$1.64
	5 years	\$1.88	\$1.60	\$1.43	\$2.53	\$2.03	\$3.51	\$1.38	\$2.05	\$2.01	\$1.32
	10 years	\$1.26	\$1.33	\$1.45	\$1.77	\$0.90	\$2.28	n/a	\$1.41	\$1.65	\$0.99
Average US\$ price 1 litre unleaded petrol	Current	\$0.53	\$0.13	\$1.15	\$1.17	\$1.71	\$0.28	\$1.41	\$1.24	\$1.38	\$1.23
	Last year	\$0.61	\$0.13	\$1.04	\$1.19	\$1.85	\$0.31	\$1.43	\$1.42	\$1.48	\$1.09
	5 years	\$0.11	\$0.16	\$0.83	\$1.04	\$1.58	\$0.33	\$1.03	\$1.07	\$1.20	\$0.89
	10 years	\$0.02	\$0.24	\$0.49	\$0.49	\$0.66	\$0.28	n/a	\$0.60	\$0.69	\$0.57

You can buy a copy of the full report [here](#)

Background: about the survey

The Worldwide Cost of Living is a bi-annual (twice yearly) Economist Intelligence Unit survey that compares more than 400 individual prices across 160 products and services. These include food, drink, clothing, household supplies and personal care items, home rents, transport, utility bills, private schools, domestic help and recreational costs.

The survey itself is a purpose-built internet tool designed to help human resources and finance managers calculate cost-of-living allowances and build compensation packages for expatriates and business travellers. The survey incorporates easy-to-understand comparative cost-of-living indices between cities. The survey allows for city-to-city comparisons, but for the purpose of this report all cities are compared to a base city of New York, which has an index set at 100. The survey has been carried out for more than 30 years.

Methodology

More than 50,000 individual prices are collected in each survey, conducted each March and September and published in June and December. EIU researchers survey a range of stores: supermarkets, mid-priced stores and higher-priced speciality outlets. Prices reflect costs for more than 160 items in each city. These are not recommended retail prices or manufacturers' costs; they are what the paying customer is charged.

Prices gathered are then converted into a central currency (US dollars) using a prevailing exchange rate and weighted in order to achieve comparative indices. The cost-of-living index uses an identical set of weights that is internationally based and not geared toward the spending pattern of any specific



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nationality. Items are individually weighted across a range of categories and a comparative index is produced using the relative difference by weighted item.

For more information on the Worldwide Cost of Living survey

<http://www.worldwidecostofliving.com>



Purchase the complete Worldwide Cost of Living service

The **Worldwide Cost of Living survey** enables human resources line managers and expatriate executives to compare the cost of living in 140 cities in 93 countries and calculate fair compensation policies for relocating employees.

The survey gathers detailed information on the cost of more than 160 items—from food, toiletries and clothing to domestic help, transport and utility bills—in every city. More than 50,000 individual prices are collected in each survey round, which take place in March and September, and surveys are updated each June and December. A cost-of-living index is calculated from the price data to express the difference in the cost of living between any two cities.

Companies can then apply this index to an executive's spendable income to reach a fair cost of living allowance. The purpose of a cost of living allowance is to reimburse employees for excess living costs resulting from a foreign assignment. Payment is based on the assumption that an expatriate has a right to live at the assignment site in the same manner and with the same kind of goods and services he would find at home. A salary calculator on the site enables you to make these calculations within seconds.

The survey also contains price information for other cost categories, helping you create separate allowances to cover housing costs, school fees and business trips. In addition, background information is provided on each city's housing market and on local disposable income levels.

Who subscribes to the survey?

Remuneration is not the sole preserve of HR directors, personnel managers or vice presidents of people. Our list of buyers reflects this, increasingly so as people management responsibilities spread throughout organisations. Clients include heads of research, accountants and strategy advisors as well as CEOs, CFOs and, of course, the HR director.

It is also possible to conduct one-off surveys of cities not included in the list above or of a selection of items not included in the normal basket. For more details of the opportunities for custom surveys, please contact the Economist Intelligence Unit.

For more information go to www.worldwidecostofliving.com

or

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