

# Worldwide Cost of Living 2015

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

## An unchanged top five

Singapore remains the world's most expensive city as the latest ranking delivers no changes among the top five cities. This façade of relative stability is deceptive, however, and it is extremely rare for an identical top five to be achieved in ranking the global cost of living. In fact, midway through 2014 Singapore lay in fourth position, and the reassertion of an identical top five comes with a stronger US dollar and weaker euro pushing euro zone cities back down later in 2014. The subsequent unpegging of the Swiss franc from the euro means that, at today's exchange rates, Zurich and Geneva would be the world's most expensive cities, with indices of 136 and 130 respectively.

Despite topping the ranking, Singapore still offers relative value in some categories, especially compared with its regional peers. For general basic groceries, Singapore is only 11% more expensive than New York. This compares with 49% more in Seoul, 43% in Tokyo and 31% in Hong Kong, implying that value for money can be found by those who seek it. However, Singapore remains consistently expensive in other categories. It is the joint most expensive place in the world alongside Seoul to buy clothes, with the malls of Orchard Road offering a price premium that is over 50% higher than in New York. Most significantly, Singapore's complex Certificate of Entitlement fee system makes car prices excessive, and transport costs in Singapore are almost three times higher than in New York.

### The ten most expensive cities in the world

Country	City	WCOL index (New York=100)	Rank	Rank movement
Singapore	Singapore	129	1	0
France	Paris	126	2	0
Norway	Oslo	124	3	0
Switzerland	Zurich	121	4	0
Australia	Sydney	120	5	0
Australia	Melbourne	118	6	0
Switzerland	Geneva	116	7	-1
Denmark	Copenhagen	115	8	2
Hong Kong	Hong Kong	113	9	4
South Korea	Seoul	113	9	6

## Asia gets pricier as Europe remains expensive

A marked increase in the cost of living in many Asian locations has seen Asian cities make up half of the ten most expensive in the world, with Western European locations making up the other half. But even in this relationship, the dynamics have changed over time. Weak inflation, or deflation and a devaluation of the Japanese yen, have pushed the cities of Tokyo and Osaka further down the ranking. Both cities have traditionally been the two most expensive globally over the past 20 years, but they



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now lie in 11th and 16th place respectively. Conversely, Seoul, which was ranked 50th five years ago, is now among the ten most expensive. The cost of living in Seoul is now on a par with that of Hong Kong, which was once (in 2003) the third most expensive city surveyed. Equally, the long-term rise in the relative cost of living in Australia, driven by sustained strengthening of the Australian dollar, has cemented the positions of cities like Sydney and Melbourne as top-ten staples. This comes despite the fact that ten years ago both cities were cheaper than New York.

Weak confidence in the euro means that Paris is the only euro zone city in the top ten. Despite a weakening currency, Paris remains structurally extremely expensive to live in, with only alcohol and tobacco offering value for money compared with other European cities. Paris is joined among the most expensive European cities by Oslo, Zurich, Geneva and Copenhagen, perhaps reflecting that non-euro zone cities have become pricier in relation to their neighbours.

When looking at the most expensive cities by category, it is interesting to note that Asian cities tend to form the priciest locations for general grocery shopping, with Seoul becoming the most expensive location for everyday food items. However, European cities tend to be priciest in the recreation and entertainment categories, with Zurich the most expensive, perhaps reflecting a greater premium on discretionary income.

### **New York continues to rise**

A stronger dollar and localised inflation mean that New York is continuing to become pricier compared with other locations. With New York set as the index standard at 100, it is difficult to chart progress without looking at its ranking position and the movement of cities in relation to it. Over the past 12 months the city has moved up from 26th place in the ranking to 22nd. While this reflects steady progress over the past two to three years, it disguises a rollercoaster ride for the Big Apple, which was regularly ranked among the ten most expensive cities, peaking in sixth place between 2000 and 2002, before falling as far down the ranking as 49th in 2011. Some 79 cities have seen negative index movement compared with New York in the last year, with 25 hailing from Western Europe, which highlights the difference in recovery between the two regions of North America and Europe.



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### Price now and then top ten cities

	City	Singapore	Paris	Oslo	Zurich	Sydney	Melbourne	Geneva	Copenhagen	Hong Kong	Seoul
Average US\$ price 1kg loaf of bread	Current	\$3.54	\$8.83	\$6.02	\$5.96	\$4.96	\$4.22	\$7.48	\$4.18	\$4.31	\$13.91
	Last year	\$3.36	\$8.44	\$5.91	\$6.19	\$4.65	\$4.43	\$6.38	\$4.82	\$4.05	\$11.15
	5 years	\$2.88	\$9.23	\$5.65	\$5.48	\$3.53	\$4.62	\$5.22	\$5.35	\$4.48	\$8.39
	10 years	\$3.04	\$5.81	\$3.84	\$5.55	\$2.59	\$2.46	\$4.81	\$2.98	\$3.17	\$4.47
Average US\$ price 1 bottle table wine (750ml)	Current	\$25.24	\$12.27	\$16.37	\$15.93	\$23.63	\$23.32	\$8.49	\$12.66	\$15.78	\$27.66
	Last year	\$25.04	\$11.45	\$17.13	\$15.82	\$22.58	\$22.28	\$8.39	\$13.70	\$14.18	\$22.25
	5 years	\$22.80	\$9.36	\$16.31	\$14.49	\$19.73	\$19.45	\$7.73	\$13.00	\$14.06	\$18.53
	10 years	\$16.04	\$6.88	\$13.50	\$8.85	\$13.19	\$12.05	\$7.29	\$9.45	\$14.79	\$16.81
Average US\$ price 20 branded cigarettes	Current	\$10.32	\$9.09	\$15.42	\$9.46	\$18.50	\$18.96	\$9.57	\$7.65	\$7.23	\$2.69
	Last year	\$9.55	\$8.95	\$15.44	\$8.83	\$15.75	\$15.50	\$8.72	\$7.35	\$6.70	\$2.29
	5 years	\$8.15	\$7.57	\$11.99	\$6.54	\$8.40	\$8.52	\$6.54	\$6.31	\$5.08	\$2.01
	10 years	\$5.59	\$5.66	\$9.13	\$4.09	\$5.92	\$5.57	\$4.09	\$5.05	\$4.23	\$2.17
Average US\$ price 1 litre unleaded petrol	Current	\$1.76	\$2.40	\$2.28	\$2.07	\$1.43	\$1.42	\$2.08	\$2.07	\$2.04	\$1.72
	Last year	\$1.73	\$2.50	\$2.41	\$2.06	\$1.35	\$1.35	\$1.96	\$2.18	\$2.03	\$1.75
	5 years	\$1.19	\$2.07	\$2.03	\$1.52	\$1.05	\$1.06	\$1.54	\$1.91	\$1.81	\$1.48
	10 years	\$0.86	\$1.27	\$1.44	\$1.18	\$0.76	\$0.71	\$1.16	\$1.43	\$1.54	\$1.22

## A year of currency fluctuation

Despite the deceptive stability of the most expensive cities, there have been some significant drivers of change that have had an impact on the cost-of-living ranking, with further changes still to come. A number of markets have seen significant currency instability, with falling oil prices also adding a deflationary element to pricing. In Venezuela the adoption of multiple exchange rates has made pricing Caracas almost impossible. The official exchange rate of around BsF6.3:US\$1 has become unsustainable in the face of rampant local inflation and a parallel black market exchange rate that trades at around BsF190:US\$1. For this survey an alternative official rate, known as the Siccad II, was

### The ten cheapest cities in the world

Country	City	WCOL index (New York=100)	Rank	Rank movement
Pakistan	Karachi	44	132	-2
India	Bangalore	44	132	n/a*
Venezuela	Caracas	45	130	-124
India	Mumbai	45	130	1
India	Chennai	46	129	n/a*
India	New Delhi	48	128	1
Iran	Tehran	49	126	-61
Syria	Damascus	49	126	1
Nepal	Kathmandu	51	125	2
Algeria	Algiers	52	124	2

\*Chennai and Bangalore are being ranked for the first time



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adopted, which was enough to push Caracas down from a top-ten city last year to a bottom-five city now. This fall will be compounded by a further decoupling of the various official rates in operation announced in February.

A number of other countries have also seen significant currency declines, often accompanied by high levels of inflation, with Argentina, Russia, Ukraine and Iran all experiencing falls. In the case of Argentina, price inflation has done much to offset the cost-of-living decline caused by currency weakness. In Russia the collapse of the rouble is ongoing and, if the cost-of-living index applied to Moscow and St Petersburg were recalculated to reflect current exchange rates, both cities would be among the world's cheapest.

### **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 some of the world's most expensive cities, the region is also home to many of the world's cheapest cities. Within Asia, the best value for money is in the Indian subcontinent (defined as India, Pakistan, Bangladesh, Nepal and Sri Lanka). Karachi and Bangalore are the joint cheapest locations in the survey, and five of the six cheapest cities surveyed hail from Pakistan and India. The current survey has included two additional cities in India, Bangalore and Chennai, with both also reflecting the structurally low prices enjoyed on the subcontinent. Although India has been tipped for future growth, much of this is driven by its large population and the untapped potential within the economy. Income inequality means that low wages proliferate, driving down household spending and creating many tiers of pricing that keep spending per head low. This, combined with a cheap and plentiful supply of goods into cities from rural producers with short supply chains, as well as government subsidies on some products, has kept prices down, especially by Western standards.

### **Cheap but not always cheerful**

But this may not tell the full picture. As mentioned, the presence of Caracas among the cheapest cities comes as a reflection of a revised exchange rate that has seen the city fall by 124 places in the ranking. If black-market exchange rates were applied, Caracas would be significantly cheaper than any other location in the world. A similar collapse has occurred in Iran, where exchange-rate revisions have prompted a 61-place fall in the ranking. Equally, the collapsing rouble means that a rebasing of indices at current exchange rates would put Moscow and St Petersburg among the bottom ten ranked cities. The Indian subcontinent may be structurally cheap, but an increasing number of locations are also becoming cheaper because of the impact of significant political or economic disruption. This also means that there is a considerable element of risk in some of world's cheapest cities. Karachi, Kathmandu, Algiers, Caracas and Tehran have faced well-documented economic, political and security challenges.



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### Prices. Now and then - Bottom 10 cities

	City	Algiers	Kathmandu	Tehran	Damascus	New Delhi	Chennai	Caracas	Mumbai	Karachi	Bangalore
Average US\$ price 1kg loaf of bread	Current	\$2.43	\$1.69	\$2.36	\$1.66	\$1.07	\$0.93	\$3.36	\$1.13	\$1.72	\$1.04
	Last year	\$2.44	\$1.26	\$3.57	\$1.88	\$1.05	n/a	\$11.02	\$0.91	\$1.59	n/a
	5 years	\$2.09	\$0.93	\$0.42	\$1.99	\$0.77	n/a	\$7.63	\$0.92	\$1.51	n/a
	10 years	\$3.28	n/a	\$0.24	\$2.53	\$0.67	n/a	\$2.45	\$0.70	\$1.81	n/a
Average US\$ price 1 bottle table wine (750ml)	Current	\$11.55	\$24.02	\$0.00	\$9.10	\$17.70	\$15.49	\$6.71	\$23.06	\$14.19	\$15.72
	Last year	\$11.40	\$18.98	\$0.00	\$6.47	\$16.33	n/a	\$22.41	\$20.59	\$13.73	n/a
	5 years	\$7.21	\$14.70	\$0.00	\$3.66	\$32.73	n/a	\$19.80	\$27.10	\$10.25	n/a
	10 years	\$4.98	n/a	\$0.00	\$2.90	\$36.71	n/a	\$2.60	\$26.72	\$10.20	n/a
Average US\$ price 20 branded cigarettes	Current	\$4.95	\$1.88	\$2.97	\$3.03	\$3.10	\$3.15	\$1.43	\$2.85	\$1.60	\$2.82
	Last year	\$4.89	\$1.53	\$4.99	\$1.58	\$2.20	n/a	\$6.36	\$1.53	\$1.56	n/a
	5 years	\$4.12	\$1.26	\$2.01	\$2.83	\$2.00	n/a	\$6.05	\$1.70	\$1.25	n/a
	10 years	\$3.46	n/a	\$1.47	\$1.42	\$1.48	n/a	\$0.85	\$1.58	\$1.22	n/a
Average US\$ price 1 litre unleaded petrol	Current	\$0.28	\$1.33	\$0.33	\$0.78	\$1.14	\$1.19	\$0.00	\$1.30	\$1.12	\$1.28
	Last year	\$0.28	\$1.24	\$0.51	\$0.78	\$1.14	n/a	\$0.02	\$1.21	\$1.14	n/a
	5 years	\$0.31	\$1.00	\$0.12	\$0.87	\$0.93	n/a	\$0.05	\$1.02	\$0.85	n/a
	10 years	\$0.31	n/a	\$0.02	\$0.48	\$0.79	n/a	\$0.04	\$0.89	\$0.63	n/a



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### 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 with 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. Economist Intelligence Unit 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 the 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 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>



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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.

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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](http://www.worldwidecostofliving.com)

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