

# Worldwide Cost of Living 2012

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Which city is the cheapest?





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# The findings of the latest Worldwide Cost of Living Survey

## Currency swings move global players

For the first time in at least two decades of reporting the worldwide cost of living survey Zurich sits atop the ranking as the world's most expensive city. An index swing of 34 percentage points pushed the Swiss city up 4 places compared to last year to overtake Tokyo which remains in 2nd place. Geneva, the other Swiss city surveyed saw a 30 percentage point rise in the cost of living to move up six places into joint third alongside Osaka.

Both Japan and Switzerland have seen strong currency movements over the last few years which have made them relatively more expensive. This has become especially true of Switzerland in the last year, where investors looking for a haven currency outside the beleaguered Eurozone have invested heavily in the Swiss Franc, prompting an unprecedented move by the Swiss government to peg the Swiss Franc to the Euro to keep the currency competitive.

Although Switzerland has long featured in, or around, the world's most expensive cities, the strong swing in currency headwinds is responsible for Zurich's current elevated position. In local terms the opposite has been true, with relatively cheaper imports and a stable economy keeping local price inflation low. This mirrors a similar situation in Japan over recent years which resulted in Tokyo and

### How much it cost – then and now

Item	White sliced loaf of bread, 1 kg (supermarket) (US\$\$)				White rice, 1 kg (supermarket) (US\$\$)				Regular unleaded petrol (1 l) (low price) (US\$)			
	Now	Last year	5 years ago	10 years ago	Now	Last year	5 years ago	10 years ago	Now	Last year	5 years ago	10 years ago
Zurich	\$6.15	\$5.10	\$3.93	\$3.93	\$5.38	\$3.68	\$3.04	\$2.38	\$2.26	\$1.60	\$1.36	\$0.82
Tokyo	\$7.96	\$7.24	\$5.03	\$4.60	\$7.76	\$7.78	\$5.27	\$3.98	\$1.90	\$1.56	\$1.20	\$0.89
Paris	\$6.57	\$5.36	\$4.14	\$2.55	\$3.93	\$3.78	\$3.23	\$2.82	\$2.17	\$1.67	\$1.89	\$0.94
Sydney	\$3.48	\$2.46	\$2.41	\$1.81	\$2.97	\$2.38	\$1.53	\$0.78	\$1.50	\$1.06	\$0.85	\$0.47
Melbourne	\$2.28	\$3.51	\$2.17	\$1.36	\$3.05	\$2.28	\$1.58	\$0.94	\$1.50	\$1.08	\$0.89	\$0.46
Singapore	\$3.19	\$2.86	\$2.31	\$1.38	\$2.54	\$2.91	\$0.95	\$0.60	\$1.70	\$1.29	\$1.11	\$0.77
Perth	\$5.81	\$4.66	\$3.29	\$1.98	\$4.10	\$3.21	\$2.02	\$1.24	\$1.47	\$1.09	\$1.02	\$0.46
London	\$2.26	\$2.29	\$1.20	\$0.99	\$4.81	\$3.83	\$1.37	\$1.60	\$2.15	\$1.80	\$1.67	\$1.10
Hong Kong	\$2.91	\$2.46	\$2.51	\$1.53	\$1.77	\$1.77	\$1.40	\$1.41	\$2.13	\$1.97	\$1.73	\$1.46
Shanghai	\$3.58	\$3.36	\$1.64	\$2.05	\$2.44	\$1.82	\$1.64	\$1.18	\$1.22	\$0.98	\$0.46	\$0.34
Moscow	\$7.57	\$6.19	\$1.79	\$0.73	\$2.25	\$2.03	\$1.49	\$0.91	\$0.96	\$0.83	\$0.70	\$0.31
New York	\$6.06	\$6.06	\$3.50	\$3.51	\$3.78	\$3.58	\$4.36	\$2.19	\$1.11	\$0.73	\$0.64	\$0.39
Beijing	\$1.85	\$1.76	\$1.51	\$1.78	\$2.23	\$2.06	\$1.51	\$1.21	\$1.31	\$1.05	\$0.58	\$0.34
Mexico city	\$4.94	\$3.47	\$2.70	\$1.49	\$2.03	\$2.01	\$4.34	\$5.26	\$0.77	\$0.66	\$0.60	\$0.59
Bangkok	\$2.47	\$2.31	\$1.50	\$1.12	\$1.44	\$1.28	\$0.66	\$0.40	\$1.20	\$1.10	\$0.69	\$0.35
New Delhi	\$0.76	\$0.64	\$0.49	\$0.45	\$2.18	\$2.90	\$1.10	\$0.72	\$1.39	\$1.10	\$1.01	\$0.61



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Osaka traditionally holding the unenviable title of being the world's most expensive cities.

Local inflation in mature markets always has far less influence on the relative cost of living than the currency movements of the countries in question. This also explains the recent presence of Australian cities like Sydney and Melbourne in the ten most expensive locations as last year saw the Australian dollar pass parity with the US dollar from holding half that value a decade ago.

### Mature markets still the most expensive

As well as currency movement, structural factors maintain the high cost of living in many of the top cities. Despite Eurozone weaknesses affecting markets like Greece, Ireland, Portugal, Spain and Italy, evidence is that German and French cities are still relatively expensive with Paris and Frankfurt holding firm in the ten most expensive. Oslo, which was considered the world's most expensive city only a few years ago also sits towards the top of the ranking although Singapore's presence in the top ten highlights a shift away from Western Europe towards Asian hubs. Cities from the Asia Pacific region (including Australasia) now make up half the ten most expensive. That said, Western Europe still accounts for 24 of the most expensive cities in the top 50, with 14 hailing from Asia

#### The ten most expensive

Country	City	WCOL index (New York=100)	Rank	Rank movement
Switzerland	Zurich	170	1	4
Japan	Tokyo	166	2	-1
Switzerland	Geneva	157	3=	6
Japan	Osaka Kobe	157	3=	-1
Norway	Oslo	156	5	-2
France	Paris	150	6	-2
Australia	Sydney	147	7	-1
Australia	Melbourne	145	8	0
Singapore	Singapore	142	9	-3
Germany	Frankfurt	137	10	-1

### Subcontinental bargains

Although Asian hubs are making their presence felt at the top of the cost of living stakes, another kind of Asian hub is making its presence felt at the bottom. Three of the four cheapest locations hail from the Indian subcontinent, highlighting why India has been such a target of labour outsourcing, relocation and FDI over the last decade.

The cheapest cities in the ranking are dominated by Asian and Middle Eastern cities. The latter of these is due, in part, to the use of price controls and the pegging of currencies to the US dollar. The former seems to have a more structural basis, with cheap labour and land costs making India and Pakistan incredibly attractive to those bargain hungry visitors or investors willing to brave some of the security risks that accompany such low prices, especially in Pakistan.



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### The ten least expensive

Country	City	WCOL index (New York=100)	Rank	Rank move
Amman	Muscat	63	120=	-10
Bangladesh	Dhaka	61	123	-3
Algeria	Algiers	59	124	2
Nepal	Kathmandu	58	125=	2
Panama	Panama City	58	125=	-4
Saudi Arabia	Jeddah	57	127	-6
India	New Delhi	56	128	0
Iran	Tehran	54	129	0
India	Mumbai	52	130	0
Pakistan	Karachi	46	131	0

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

For more information on the Worldwide Cost of Living survey

<http://www.worldwidecostofliving.com>



# Best City in the World Contest 2012 - win \$10,000

## Know where the best city in the world to live is? Prove it and win \$10,000.

The Economist Intelligence Unit (EIU) and BuzzData want you to tell us where the best city in the world is – and prove it with data and a visualization.

What makes a city good to live in? To get your creative and analytical juices flowing, we're sharing with you the EIU's opinion – check out the EIU's renowned liveability index for 140 cities on BuzzData. We're also sharing the EIU's cost of living index for the same cities so you've got some hard data on the relative prices of some of the important things in life.

But are we considering the right factors? Are there others? What data is missing from our evaluation? Show us and you could win \$10,000.

## Challenge & Judging Criteria

The EIU has made available two datasets on BuzzData.com:

1. The EIU's renowned "liveability" index for 140 cities around the world
2. Its "cost of living" index for the same cities.

Your mission: to create a new "liveability" index, using the 140 cities in the EIU's datasets, that determines which is the best city in the world to live in, using these datasets PLUS any additional publicly available data sources that you wish to use (note: see the Contest Rules for information on using additional data). You are also required to create a visualization of the new index that you've created.

By way of guidance, the judging panel will be scoring submissions based on criteria including (but not limited to):

- a) Visual impact of the submission;
- b) Originality of the underlying idea;
- c) The practical applications of the submission;
- d) The breadth of data used for the submission; and
- e) The international appeal of the submission.

Once we've selected a shortlist from all the submissions, we'll open it up to the public: people will be able to vote as to their preferred submission on the shortlist and how they vote will be considered by the judging panel.

## How To Enter

First, read the **Contest Rules**. By participating in this contest, you agree to be bound by these rules. We also suggest that you bookmark this page and the **Contest Rules** page for future reference; please check back from time to time for any updates.



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