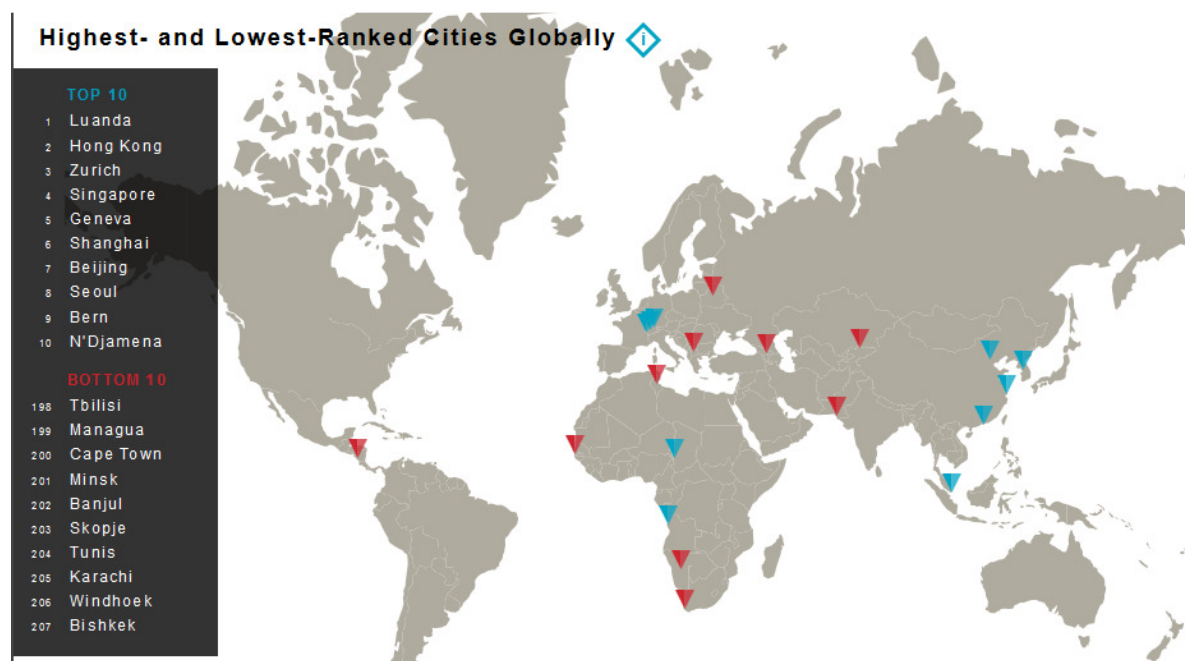# Mercer 2015 Cost of Living Rankings

By Ilya Bonic & Nathalie Constantin-Métral of Mercer
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Mercer's authoritative Cost of Living Survey, one of the world's most comprehensive, is designed to help multinational companies and governments <mark>determine compensation allowances for their expatriate employees</mark>. New York is used as the base city, and all cities are compared against it. Currency movements are measured against the US dollar. The survey covers 207 cities across five continents and measures the comparative cost of more than 200 items in each location, including housing, transportation, food, clothing, household goods, and entertainment. Governments and major companies use data from this survey to <mark>protect the purchasing power of their employees when transferred abroad</mark> and to assess local expatriate housing allowances.

Highest- and Lowest-Ranked Cities Globally ◈

TOP 10	
1	Luanda
2	Hong Kong
3	Zurich
4	Singapore
5	Geneva
6	Shanghai
7	Beijing
8	Seoul
9	Bern
10	N'Djamena

BOTTOM 10	
198	Tbilisi
199	Managua
200	Cape Town
201	Minsk
202	Banjul
203	Skopje
204	Tunis
205	Karachi
206	Windhoek
207	Bishkek

Luanda is the most expensive city for expatriates
Luanda, the capital of Angola, tops Mercer's 2015 Cost of Living Rankings, and is the most expensive destination for expatriate employees in 2015. We ranked 207 cities worldwide based on a basket of goods and services frequently purchased by expatriates. Bishkek, Kyrgyzstan, has the lowest expatriate cost of living.

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2015 City Rankings

Rank 2015	Rank 2014	City	Country
1	1	Luanda	Angola
2	3	Hong Kong	Hong Kong
3	5	Zurich	Switzerland
4	4	Singapore	Singapore
5	6	Geneva	Switzerland
6	10	Shanghai	China
7	11	Beijing	China
8	14	Seoul	South Korea
9	8	Bern	Switzerland
10	2	N'Djamena	Chad

(...)

198	194	Tbilisi	Georgia
199	207	Managua	Nicaragua
200	205	Cape Town	South Africa
200	191	Minsk	Belarus
202	199	Banjul	Gambia
203	193	Skopje	Macedonia
204	202	Tunis	Tunisia
205	211	Karachi	Pakistan
206	210	Windhoek	Namibia
207	209	Bishkek	Kyrgyzstan

Mercer's 21st annual Cost of Living Survey finds African, Asian, and European cities dominating the list of most expensive locations for employees working abroad
Just as foreign exchange costs create headwinds for many multinational organizations, currency fluctuations – driven by economic and political unrest – are contributing to the cost of expatriate packages for those on the front line of globalization of their organizations. Mercer's 21st annual *Cost of Living Survey* finds that factors including instability of housing markets and inflation for goods and services impacts significantly the overall cost of doing business in a global environment.

"As the global economy has become increasingly interconnected, close to 75% of multinational organizations are expecting long-term expatriate assignments to remain stable or increase over the next two years to address business needs," said Ilya Bonic, Senior Partner and President of Mercer's Talent business. *"Sending employees abroad is necessary to compete in markets and for critical talent, and employers need a reliable and accurate reflection of the cost to their bottom line."*

According to Mercer's 2015 *Cost of Living Survey*, Asian and European cities – particularly Hong Kong (2), Zurich (3), Singapore (4), and Geneva (5) – top the list of most expensive cities for expatriates. The costliest city for the third consecutive year is Luanda (1), the capital of Angola. Despite being recognized as a relatively inexpensive city, the cost of imported goods and safe living conditions in this country are available at a steep price.

Other cities appearing in the top 10 of Mercer's costliest cities for expatriates are Shanghai (6), Beijing (7), and Seoul (8) in Asia; Bern (9); and N'Djamena (10). The world's least expensive cities for expatriates, according to Mercer's survey, are Bishkek (207), Windhoek (206), and Karachi (205).

"*Aligning workforce and mobility strategies by ensuring the right employees are in the right places is more critical than ever to manage globalization,*" said Mr. Bonic. "*Properly compensating employees on international assignments is as important as it is costly.*" According to Mr. Bonic, this is especially important for emerging mobility programs with smaller pools of candidates and higher business needs for sending employees on international assignments. It is essential that these organizations have accurate and transparent data as they consider how to compensate fairly and in line with market demands.

The Americas
Cities in the United States climbed dramatically in the cost of living ranking due to the strengthening of the US dollar against other major currencies. While New York (16), the highest-ranked city in the region, remained the same as last year, cities on the West Coast, including Los Angeles (36) and Seattle (106) climbed 26 and 47 places, respectively. Among other major US cities, Chicago (42) moved up 43 places, Washington, DC (50) moved up 42 places, Honolulu (52) moved up 45 places, and Houston (92) moved up 51 places. Cleveland (133) and Winston Salem (157) were among the less expensive cities in the US surveyed for expatriates.

Nathalie Constantin-Métral, Principal at Mercer with responsibility for compiling the survey ranking, said, "*The sweeping rise in the rankings of US cities this year is due unquestionably to the strength of the US dollar compared to the other currencies around the world.*"

In **South America**, Buenos Aires (19) climbed 67 places to rank as the costliest city this year due to a strong price increase for goods and services. The Argentina capital and financial hub is followed by São Paolo (40) and Rio de Janeiro (67). Other cities in South America that rose on the list of costliest cities for expatriates include Santiago (70) and Managua (199). Caracas in Venezuela has been excluded from the ranking due to the complex currency situation; its ranking would have varied greatly depending on the official exchange rate selected.
Canadian cities dropped in this year's ranking with the country's highest-ranked city, Vancouver (119), falling 23 places. Toronto (126) dropped 25 spots, while Montreal (140) and Calgary (146) fell 17 and 21 spots, respectively. "The Canadian dollar continues to weaken against the US dollar, triggering major slips in this year's ranking," explained Ms. Constantin-Métral.

Europe, the Middle East, and Africa

Three European cities exist in the list of top 10 most expensive cities for expatriates. Zurich (3), the most costly European city, is followed by Geneva (5) and Bern (9). Switzerland remains one of the most expensive locations for expatriates due to the surge of the Swiss franc against the EUR. In looking again at the movement of the CHF against USD, the USD actually strengthened against the CHF, and not the opposite. Moscow (50) and St. Petersburg (152) dropped 41 and 117 spots, respectively, as a result of Russia's ruble losing significant value against the US dollar, lower oil prices, and a lack of confidence in the currency following Western sanctions over the crisis in Ukraine.

Aside from cities in the United Kingdom, **Western European cities** dropped in the rankings mainly due to the weakening of local currencies against the US dollar. While London (12) remained steady, Aberdeen (82) and Birmingham (80) rose in the ranking. Paris (46), Vienna (56), and Rome (59) fell in the ranking by 19, 24, and 28 spots, respectively. The German cities of Munich (87), Frankfurt (98), and Berlin (106) dropped significantly as did Dusseldorf (114) and Hamburg (124).

"Despite moderate price increases in most of the European cities, European currencies have weakened against the US dollar which pushed most Western European cities down in the ranking," explained Ms. Constantin-Métral. *"Additionally, other factors like the Eurozone's economy, falling interest rates, and increasing unemployment have impacted these cities."*

As a result of local currencies depreciating against the US dollar, most cities in fell in the ranking, as well. Prague (142), Budapest (170), and Minsk (200) dropped 50, 35, and 9 spots, respectively, despite stable accommodations in these locations.

Tel Aviv (18) continues to be the most expensive city in the **Middle East** for expatriates, followed by Dubai (23), Abu Dhabi (33), and Beirut (44), which have all climbed in this year's ranking. Jeddah (151) continues to be the least expensive city in the region despite rising 24 places. *"Many currencies in the Middle East are pegged to the US dollar, which pushed the cities up in the ranking. Steep increase for expatriate rental accommodations particularly in Abu Dhabi and Dubai also contributed to the increase of the cities in the ranking,"* said Ms. Constantin-Métral.

Several cities in **Africa** continue to rank among the most expensive, reflecting high living costs and high prices of goods for expatriates. Luanda (1) remains the most costly city in Africa and globally, followed by N'Djamena (10), Victoria (17), and Libreville (30). Despite climbing 5 spots, Cape Town (200) in South Africa continues to rank as the least expensive city in the region reflecting the weak South African rand against the US dollar.

Asia Pacific

Five of the top 10 cities in this year's ranking are in Asia. Hong Kong (2) is the most expensive city as a result of its currency pegged to the US dollar and driving up the cost of living locally. This global financial center is followed by Singapore (4), Shanghai (6), Beijing (7), and Seoul (8) – all climbing in the ranking with the exception of Singapore which remained steady. Tokyo (11) dropped four places.

"Japanese cities have continued to drop in the ranking this year as a result of the Japanese yen weakening against the US dollar," said Ms. Constantin-Métral. *"However, Chinese cities jumped in the ranking due to the strengthening of the Chinese yuan along with the high costs of expatriate consumer goods."*

Australian cities have continued to fall in the ranking due to the depreciation of the local currency against the US dollar. Sydney (31), Australia's most expensive city for expatriates dropped 5 places in the ranking along with Melbourne (47) and Perth (48) which fell 14 and 11 spots, respectively.

India's most expensive city, Mumbai (74), climbed 66 places in the ranking due to its rapid economic growth, inflation on the goods and services basket, and a stable currency against the US dollar. This most populous city in India is followed by New Delhi (132) and Chennai (157) which rose in the ranking by 25 and 28 spots, respectively. Bangalore (183) and Kolkata (193), the least expensive Indian cities, climbed in the ranking, as well.

Elsewhere in Asia, Bangkok (45) jumped 43 places from last year. Hanoi (86) and Jakarta (99) also rose in the ranking, up 45 and 20 places, respectively. Karachi (205) and Bishkek (207) remain the region's least expensive cities for expatriates.

Mercer produces individual cost of living and rental accommodation cost reports for each city surveyed. For more information on city rankings, visit www.mercer.com/col.