



[Get the Report](#)

Worldwide Cost of Living 2018

Which global cities have the highest cost of living?

Economist Intelligence Unit • EIU © 2018 • 14 pages

Corporate Finance / Controlling

Take-Aways

- In 2018, for the fifth year running, Singapore takes the top position as the world's most expensive of 133 cities surveyed. Holding slots two through five are Paris, Zurich, Hong Kong and Oslo.
- Damascus, Caracas, Almaty, Lagos and Bangalore occupy the bottom five spots.
- A weaker US dollar pushed New York City down four notches to 13th place.
- Currency fluctuations have a major impact on expenses and city rankings.
- Several trends, such as growing economies, rising commodities and increasing political uncertainty will drive future costs in different directions for cities around the world.

Recommendation

Decisions about where to live or do business are complex and filled with trade-offs. The 2018 edition of the Economist Intelligence Unit's annual report on the cost of living around the world adds an accessible guide to the roster of resources. It clearly lays out rankings of major cities' wallet-friendliness and identifies the important factors that determine living costs. *getAbstract* recommends it to executives charged with making corporate location choices and to those contemplating a move to another part of the world.

Summary

In 2018, for the fifth year running, Singapore takes the top position as the world's most expensive of the 133 cities surveyed. Holding slots two through five are Paris, Zurich, Hong Kong and Oslo. Sydney has risen through the ranks to join Singapore and Seoul as the Asia-Pacific cities in the top ten, while Tokyo and Osaka have dropped out. European metropolises now account for half of the top ten's priciest locales. New York City moved down four notches to 13th place due to a weaker dollar. Damascus, Caracas, Almaty, Lagos and Bangalore occupy the bottom five spots for living costs. Using New York City as a reference point, the global cost of living increased to 74% in 2018, up one percentage point from 2017, but still well below 2013's 85.5%.

"Deflation and devaluations were prominent factors in determining the cost of living, with many cities moving down the ranking owing to currency weakness or falling local prices."

While no North American urban center made it into the top ten, nine of them claim the dubious distinction of having the highest costs for domestic help. Asian cities are the most expensive for day-to-day outlays like clothing and groceries. European capitals break the bank when it comes to "household, personal care, recreation and entertainment" expenses.

"Karachi, Algiers, Almaty and Lagos have faced well-documented economic, political, security and infrastructural challenges...Put simply, cheaper cities also tend to be less liveable."

Low inflation kicked Japanese cities off the top-ten list, and a weakening currency did the same for places in the United States. Cities in India remain inexpensive because of cheap goods and government subsidies. Currency fluctuations have a major impact on expenses and rankings, especially in locations plagued with high political risk. The city of Almaty in Kazakhstan dropped into the bottom tier after a currency devaluation of 50%. In Damascus, Syria, domestic inflation of 28% has not made up for repeated currency depreciations since the beginning of its war. An official Venezuelan devaluation in 2018 came up short against hyperinflation and fuels a flourishing currency black market. As a result, the ranking for Caracas dropped 13 spots.

"Instability and conflict around the world could continue to fuel localized, shortage-driven inflation, which would have an impact on the cost of living in certain cities."

Several trends are driving future costs. Growing economies in the United States, Europe and Japan will push up prices. Higher commodity costs should propel expenses in exporting countries. The fallout from Brexit could increase UK import costs. But China's reining in of debt will exert downward pressures. Increasingly unpredictable trade policies in the United States also threaten prices. In Latin America, political uncertainty and fluctuating exchange rates can create radical, short-term swings in the cost of living.

About the Author

The Economist Intelligence Unit is an independent research and analysis organization.



Did you like this summary?

[Get the Report](#)

<http://getab.li/33219>