

Melbourne and Vancouver are the world's best cities to live in says a new Economist Intelligence Unit survey

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As part of its WORLDWIDE COST OF LIVING service, the Economist Intelligence Unit has published a new survey assessing the level of hardship for expatriates in 130 cities. Melbourne and Vancouver emerge as the best cities in the world in which to live, followed by Perth, Vienna and Toronto. Port Moresby, capital of Papua New Guinea, is the worst place to live. The EU is the best region, just ahead of North America.

Jon Copestake, the editor of the report, comments: "Expatriates continue to face fresh challenges as new markets open up around the world, encompassing a great diversity of cultures, climates and living standards."

The Economist Intelligence Unit's **HARDSHIP RATING** assesses 130 cities by looking at 12 factors grouped in three categories: health and safety; culture and environment; and infrastructure (see attached Methodology for more details). Australian and Canadian cities feature prominently at the top of the rankings with all five Australian cities surveyed appearing in the top ten. The survey considers any rating over 20% to represent some form of notable hardship—with anything over 65% entailing extreme hardship.

Unsurprisingly, western cities do best – those in EU countries and North America achieve the lowest regional hardship scores. Non-EU cities, particularly in central and eastern Europe, where infrastructure is poorer and health risks tend to be greater, drag the European average down slightly. The highest regional average for hardship is in Africa and the Middle East. Although Asia and Australasia feature some of the worst cities for expatriate hardship, these are offset by a number of cities where hardship is minimal. All Latin American cities entail notable hardship - but none falls into the bracket of extreme hardship.

Regional averages of cities surveyed:

Region	Hardship %
North America	11
Europe total	17
<i>EU</i>	10
<i>non-EU</i>	26
Asia and Australasia	34
Latin America	35
Africa and the Middle East	45
World average	<u>27</u>

North America is still a good place to live

Despite the increased fear of terrorism and high levels of violent crime in some cities, the United States and Canada have fairly low hardship ratings thanks to a highly developed infrastructure, good education and health indicators and the widespread availability of recreational activities. All the Canadian cities have a rating of 5% or less, while the increased security threat and greater risk of crime means that US cities generally fall between 10% and 20%. The most comfortable city in the US is **Honolulu**, due to its favourable climate, good housing stock, low risk of crime and the widespread availability of recreational activities. Conversely **Washington** entails the greatest hardship of the US cities surveyed, at 19%, mainly due to the increased threat of terrorism. This figure still falls below the minimum requirement for a hardship allowance (20%).

All Latin American cities suffer some hardship

All Latin American cities surveyed entail some form of notable hardship, although in the majority of cities this is not extreme enough to warrant more than a minimum adjustment for expatriates. Recent economic and political instability in the region contributes to the hardship of living in **Buenos Aires**, **Rio De Janeiro** and **Sao Paulo** – rated at 26%, 34% and 37% respectively. The cities with the lowest hardship are **San José**, in Costa Rica, where the population has enjoyed the region's longest period of unbroken civilian democracy, and **San Juan** in Puerto Rico, which holds commonwealth status with the US. Both are rated at only 22%. The extreme threats posed by crime and terrorism, combined with an infrastructure ravaged by civil war and a high degree of political corruption, make **Bogota** in Colombia the worst hardship posting in the region, with a rating of 54%.

There is a clear gap between west and east European cities

Although most cities within the EU have minimal hardship levels, the overall European average reflects a number of cities where hardship is greater. As with many indicators there is a clear gap between eastern and western Europe. Within the EU only **Athens** brings notable hardship for expatriates, with a rating of 24%. This is mainly due to a less developed infrastructure than other EU cities - with heavy restrictions for motorists, a potentially uncomfortable climate and weak education indicators. **Vienna** enjoys the lowest hardship in the EU with a rating of only 3% - the same as **Geneva** and **Zurich**. As with North America most EU member states fall between 3% and 20%. **Budapest** and **Prague** are the only central and east European cities with ratings below the 20% threshold of notable hardship. The European city with the greatest hardship is **Belgrade** in Yugoslavia, with a rating of 47%. This is mainly due to the legacy of war: problems with availability of goods and services, high crime and a blighted infrastructure.

In the Middle East and Africa hardship is a factor of everyday life

All the cities surveyed in the region have hardship ratings of over 20%, with eight cities rising above 50%. In cities where hardship is least pronounced there are undoubtedly factors specific to an expatriate assignment. **Dubai** and **Abu Dhabi**, for example, have a hardship rating of only 27% and 29% respectively. This is due in part to the high standard of accommodation within expatriate compounds in the United Arab Emirates, as well as to low risk from violent crime and terrorism in this country - which offsets hardship caused by the extreme climate and harsh cultural restrictions. Political and religious

violence combined with undeveloped infrastructure and inconsistent availability of goods see both **Algiers** and **Lagos** fall into the classification entailing serious hardship, with ratings of 67% and 73% respectively.

As in Europe, hardship in Asia and Australasia is grouped at two extremes

Australian cities feature virtually no hardship at all - yet **Port Moresby** in neighbouring Papua New Guinea suffers from the worst hardship rating (80%) of all the cities surveyed. Expatriates in Port Moresby must take extreme security precautions both personally and with their property. Education and health indicators are poor, corruption is rife and high humidity makes the climate oppressive all year round. Such variation is commonplace throughout Asia. Key business centres such as **Hong Kong, Singapore, Tokyo, Osaka, Kobe, Taipei** and **Seoul** all have low hardship ratings. Of these only Seoul incurred notable hardship with a borderline rating of 21% (a rating forced up by a humid climate and weak health and education indicators - despite rapid improvements in infrastructure). However, the region is also home to cities where expatriates encounter severe hardship. **Mumbai, Phnom Penh, Dhaka** and **Karachi** all have ratings of over 60% because of political instability, corruption and inadequate infrastructures - as well as harsh climates.

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Overall rankings

Rank	Country	City	Hardship Rating %
1=	Australia	Melbourne	1
	Canada	Vancouver	1
3	Australia	Perth	2
4=	Austria	Vienna	3
	Canada	Toronto	3
	Switzerland	Geneva	3
	Switzerland	Zurich	3
8=	Australia	Adelaide	4
	Australia	Brisbane	4
	Australia	Sydney	4
	Denmark	Copenhagen	4
	Germany	Düsseldorf	4
	Germany	Frankfurt	4
	Norway	Oslo	4
	Canada	Montreal	4
16=	Canada	Calgary	5
	Finland	Helsinki	5
	Sweden	Stockholm	5
19=	Germany	Berlin	6
	Netherlands	Amsterdam	6
21=	Japan	Tokyo	7
	Japan	Osaka	7

	US	Honolulu	7
24=	Germany	Hamburg	8
	Germany	Munich	8
	New Zealand	Auckland	8
	New Zealand	Wellington	8
28=	Belgium	Brussels	9
	Iceland	Reykjavik	9
	Luxembourg	Luxembourg	9
	US	Boston	9
32=	France	Lyon	10
	France	Paris	10
34=	Spain	Barcelona	11
	US	Atlanta	11
	US	Chicago	11
	US	Lexington	11
	US	Miami	11
39=	US	Cleveland	12
	US	Houston	12
	US	Los Angeles	12
	US	Minneapolis	12
	US	Pittsburgh	12
44=	Hong Kong	Hong Kong	13
	Portugal	Lisbon	13

	<i>Spain</i>	Madrid	13
	<i>UK</i>	London	13
	<i>US</i>	San Francisco	13
49	<i>US</i>	Seattle	14
50=	<i>Singapore</i>	Singapore	15
	<i>UK</i>	Manchester	15
52=	<i>Ireland</i>	Dublin	16
	<i>US</i>	New York	16
54=	<i>Italy</i>	Milan	17
	<i>US</i>	Detroit	17
	<i>Hungary</i>	Budapest	17
57=	<i>Czech Rep</i>	Prague	19
	<i>Italy</i>	Rome	19
	<i>US</i>	Washington	19
60	<i>Taiwan</i>	Taipei	20
61	<i>South Korea</i>	Seoul	21
62=	<i>Puerto Rico</i>	San Juan	22
	<i>Costa Rica</i>	San José	22
64=	<i>Greece</i>	Athens	24
	<i>Uruguay</i>	Montevideo	24
66	<i>Chile</i>	Santiago	25
67	<i>Argentina</i>	Buenos Aires	26
68	<i>UAE</i>	Dubai	27
69=	<i>Israel</i>	Tel Aviv	28
	<i>Poland</i>	Warsaw	28
71=	<i>Croatia</i>	Zagreb	29
	<i>UAE</i>	Abu Dhabi	29
73=	<i>China</i>	Guangzhou	30
	<i>China</i>	Shanghai	30
75=	<i>Panama</i>	Panama City	31
	<i>Jordan</i>	Amman	31
77=	<i>Bahrain</i>	Bahrain	32
	<i>China</i>	Beijing	32
	<i>China</i>	Shenzhen	32
	<i>Russia</i>	Moscow	32
81	<i>South Africa</i>	Pretoria	33
82=	<i>Brazil</i>	Rio de Janeiro	34
	<i>Russia</i>	St Petersburg	34
84	<i>China</i>	Tianjin	35
85=	<i>Brazil</i>	Sao Paulo	37
	<i>Ukraine</i>	Kiev	37
87=	<i>Malaysia</i>	Kuala Lumpur	38
	<i>Peru</i>	Lima	38
	<i>Turkey</i>	Istanbul	38
	<i>Kuwait</i>	Kuwait	38
	<i>Uzbekistan</i>	Tashkent	38
	<i>Tunisia</i>	Tunis	38

93=	<i>Ecuador</i>	Quito	39
	<i>South Africa</i>	Johannesburg	39
	<i>Romania</i>	Bucharest	39
96=	<i>Paraguay</i>	Asuncion	40
	<i>Morocco</i>	Casablanca	40
98	<i>Brunei</i>	Bandar Seri Begawan	41
99=	<i>Saudi Arabia</i>	Riyadh	44
	<i>Azerbaijan</i>	Baku	44
101=	<i>Saudi Arabia</i>	Al Khobar	45
	<i>Thailand</i>	Bangkok	45
	<i>Venezuela</i>	Caracas	45
	<i>Libya</i>	Tripoli	45
105=	<i>Guatemala</i>	Guatemala	47
	<i>Mexico</i>	Mexico City	47
	<i>Philippines</i>	Manila	47
	<i>Saudi Arabia</i>	Jeddah	47
	<i>Yugoslavia</i>	Belgrade	47
	<i>Zimbabwe</i>	Harare	47
111	<i>Egypt</i>	Cairo	48
112	<i>Gabon</i>	Libreville	51
113	<i>Sri Lanka</i>	Colombo	52
114	<i>Cameroon</i>	Douala	53
115=	<i>Vietnam</i>	Hanoi	54
	<i>Columbia</i>	Bogota	54
	<i>Kenya</i>	Nairobi	54
118	<i>Vietnam</i>	Ho Chi Minh	55
119=	<i>Indonesia</i>	Jakarta	56
	<i>Iran</i>	Tehran	56
121	<i>India</i>	New Delhi	57
122	<i>Senegal</i>	Dakar	59
123	<i>Cote d'Ivoire</i>	Abidjan	60
124	<i>India</i>	Mumbai	62
125	<i>Algeria</i>	Algiers	67
126	<i>Cambodia</i>	Phnom Penh	70
127=	<i>Bangladesh</i>	Dhaka	71
	<i>Nigeria</i>	Lagos	71
129	<i>Pakistan</i>	Karachi	74
130	<i>PNG</i>	Port Moresby	80

METHODOLOGY

About the Economist Intelligence Unit Hardship Allowance

The practice of providing allowances for hardship applies where companies give a premium (usually a percentage of a salary) to employees in locations presenting extraordinarily difficult living conditions, excessive physical hardship or notably unhealthy conditions. The Economist Intelligence Unit's Hardship rating quantifies the level of hardship in 130 cities.

The Economist Intelligence Unit's Hardship Index quantifies the level of hardship in all of the locations covered by the **WORLDWIDE COST OF LIVING** (WCOL) survey. This allows direct comparison between locations. There are three broad categories of hardship: health & safety; culture & environment; and infrastructure. In each section a mixture of quantitative and qualitative data are used, which are combined to give an overall Hardship Index. The index is supported by an extensive city information report.

The Economist Intelligence Unit has given a suggested hardship allowance to correspond with the bands of hardship. However, the actual level of the allowance is often a matter of company policy. It is not uncommon, for example, for companies to pay higher hardship allowances—perhaps up to double the Economist Intelligence Unit's suggested level.

Hardship scale

	Description	Suggested Hardship allowance
0-20%	Little or no day-to-day hardship	0%
21-35%	Although, generally, day-to-day living is fine, some aspects of life may entail hardship	5%
36-50%	Many aspects of day-to-day living entail hardship	10%
51-65%	Hardship is a feature of daily life	15%
over 65%	Most aspects of daily life entail serious hardship	20%

Category weightings

The Hardship Index consists of three equally weighted categories.

Category 1: Health & Safety

Indicator	Source	Weight
Threat of violent crime	EIU rating	11%
Threat posed by terrorism/armed conflict	EIU rating	11%
Health/disease rating	EIU rating, based on up to 13 health indicators	11%

Category 2: Culture & Environment

Indicator	Source	Weight
Rating of cultural hardship	EIU rating	6.67%
Recreational availability	EIU rating of availability of: nightclubs, restaurants, sporting events, sporting facilities, theatres, cinemas and concerts	6.67%
Climate rating	EIU rating	6.67%
Availability of consumer goods/services	EIU rating	6.67%
Corruption rating	Transparency International /EIU rating	6.67%

Category 3: Infrastructure

Indicator	Source	Weight
Rating of transport infrastructure	EIU rating	8.33%
Rating of housing stock	EIU rating	8.33%
Index of education indicators	EIU rating based on up to 12 education indicators	8.33%
Rating of utility networks	EIU rating	8.33%

Indicators are given a rating of between one and five, where one, at 0%, means there is no hardship and five, at 100%, means extreme hardship. These are then weighted using the above breakdown and converted into an overall percentage. A final index of 0% means that there is no hardship entailed in living in a city and 100% means that every aspect of expatriate life entails extreme hardship