



A comparison of purchasing power around the globe / 2009 edition

Prices and Earnings

Price comparison

Oslo, Zurich, Copenhagen and Geneva are the most expensive cities

Domestic purchasing power

An average day's work buys an iPod nano in Zurich and New York

Wage comparison

Highest salaries in Switzerland, Denmark and the US



Overview

City ¹	Excl. rent New York = 100	Incl. rent New York = 100
Oslo	112.5	88.1
Zurich	108.4	84.7
Copenhagen	108.4	81.8
Geneva	106.8	85.5
Tokyo	102.0	85.3
New York	100.0	100.0
Helsinki	94.5	74.4
Vienna	93.5	68.9
Paris	93.3	76.6
Dublin	92.7	76.3
Munich	92.3	69.5
Caracas	91.0	76.6
Frankfurt	90.8	70.6
Luxembourg	90.6	69.8
Los Angeles	88.1	72.7
Stockholm	87.0	65.5
Rome	86.7	69.4
Lyon	85.2	62.2
Dubai	84.9	78.4
Brussels	84.7	67.6
London	84.6	69.9
Barcelona	83.5	65.3
Amsterdam	83.0	64.4
Singapore	82.0	70.7
Chicago	82.0	72.0
Madrid	81.0	63.1
Berlin	81.0	59.8
Hong Kong	80.9	75.2
Miami	79.3	69.6
Milan	78.9	64.4
Toronto	78.9	63.0
Montreal	76.3	59.6
Tel Aviv	75.5	57.3
Istanbul	74.2	58.9
Lisbon	74.0	57.8
Athens	72.7	54.6
Nicosia	72.7	56.6
Sydney	68.5	56.6
Doha	67.6	62.2
Ljubljana	64.3	48.1
Shanghai	64.1	48.9
São Paulo	63.3	48.9
Seoul	62.9	50.9
Riga	62.7	44.2
Auckland	62.3	49.6
Taipei	61.7	48.3
Manama	59.7	48.9
Rio de Janeiro	59.6	44.9
Bratislava	59.4	45.7
Bangkok	58.7	41.0
Prague	57.5	43.6
Beijing	57.4	42.5
Tallinn	57.4	41.3
Vilnius	56.7	41.7
Warsaw	55.8	42.4
Moscow	55.6	50.4
Budapest	54.4	41.8
Sofia	52.5	39.3
Kiev	52.1	38.5
Lima	50.5	35.6
Buenos Aires	50.4	37.0
Santiago de Chile	50.0	36.9
Nairobi	49.2	37.6
Johannesburg	48.6	36.2
Jakarta	47.8	37.3
Bogotá	47.1	36.4
Bucharest	46.0	35.7
Mexico City	45.4	34.3
Cairo	45.3	31.9
Kuala Lumpur	43.2	29.8
Manila	39.3	28.7
Delhi	37.6	28.0
Mumbai	30.9	24.9

Price levels

Oslo, Zurich and Copenhagen the most expensive cities

Oslo, Zurich and Copenhagen have the highest prices of the 73 cities in our international comparison. Including rent (and energy), which accounts for roughly one-quarter of the cost of living for an average Western European household, New York, Oslo and Geneva have some of the highest living expenses in the world. Residents in the Swiss cities of Geneva and Zurich pay around 20% more on average for products, services and accommodation than their peers in other Western European cities.

Price divide between Eastern and Western Europe

Prices in Eastern and Western Europe have converged very little despite the EU's enlargement in 2004 and Slovenia's adoption of the euro as its official currency in January 2007 and Slovakia's in January of this year. Our basket of 95 goods and 27 services was roughly 35% cheaper in the cities of Eastern European EU member states than in Western European metropolises. As a comparison, our 2006 study found that the price differential between Eastern and Western Europe was around 38%.

Many of the world's regions have switched places in the rankings as currencies fluctuated in the wake of the financial crisis. London, the second most expensive city in our 2006 review, plummeted nearly 20 places following the pound's steep devaluation, landing in the middle of the Western European rankings. Currency devaluation pushed down prices in many emerging market cities as well. Prices slipped the most in Mexico City, Moscow and Seoul. Despite the overall slump in average prices in Latin America, Caracas proved to be a costly place to visit. One likely reason for the massive price increases in Venezuela's capital is its high inflation rate of 30% over the past three years, which a reduction in the official exchange rate, pegged to the USD since March 2005, could not fully offset.

During our survey, we endeavored to reflect the consumption patterns of an average Western European family as best as we could. Although the products in our basket were precisely defined, prices still differed considerably, even within individual cities in some cases. The effective cost of living in one city may vary markedly from the average values presented in this study, depending on resident's address, lifestyle and age.

Methodology

The cost of a weighted shopping basket geared to Western European consumer habits, containing 122 goods and services
¹ Listed according to value of index (price level without rent)

Wage levels

City ¹	gross		net	
	New York = 100	New York = 100	New York = 100	New York = 100
Copenhagen	125.5	93.5		
Zurich	115.8	119.8		
Geneva	111.5	107.5		
New York	100.0	100.0		
Oslo	93.4	83.8		
Los Angeles	91.3	92.2		
Munich	87.9	77.4		
Luxembourg	85.4	96.4		
Frankfurt	84.4	76.8		
Dublin	84.1	98.7		
Brussels	82.3	74.9		
Helsinki	81.3	83.2		
Miami	80.5	83.2		
Chicago	80.2	78.9		
Amsterdam	79.1	71.0		
Berlin	75.7	72.4		
Stockholm	74.5	71.0		
Tokyo	74.0	83.0		
Vienna	72.0	73.9		
Sydney	70.0	74.1		
London	69.0	73.4		
Paris	68.8	70.2		
Lyon	67.8	70.7		
Toronto	65.4	67.6		
Montreal	64.4	67.8		
Milan	63.7	60.8		
Nicosia	56.3	69.2		
Madrid	55.1	62.9		
Barcelona	54.9	61.5		
Rome	50.4	47.5		
Athens	44.9	46.0		
Lisbon	44.8	48.8		
Ljubljana	43.7	36.3		
Auckland	40.4	44.1		
Tel Aviv	39.7	45.4		
Dubai	38.3	52.9		
Hong Kong	37.7	42.3		
Seoul	30.3	32.3		
Taipei	29.5	35.5		
Singapore	26.8	31.3		
Moscow	26.3	30.9		
Tallinn	26.1	28.7		
Johannesburg	25.7	26.7		
Manama	25.0	33.1		
Prague	24.8	26.9		
São Paulo	24.7	28.6		
Istanbul	22.2	23.0		
Vilnius	21.8	20.9		
Rio de Janeiro	21.7	23.0		
Riga	21.5	22.6		
Warsaw	21.4	21.2		
Bratislava	21.2	23.4		
Doha	20.5	28.3		
Caracas	20.1	25.3		
Budapest	18.6	16.1		
Bucharest	15.4	15.5		
Buenos Aires	15.4	17.6		
Bogotá	15.2	17.9		
Shanghai	15.1	16.2		
Lima	15.0	16.4		
Santiago de Chile	14.6	16.5		
Kuala Lumpur	14.3	16.6		
Sofia	13.4	13.9		
Beijing	12.5	13.8		
Kiev	11.0	12.3		
Bangkok	10.8	14.2		
Cairo	10.1	10.9		
Nairobi	8.0	8.7		
Mexico City	7.8	9.4		
Delhi	6.8	8.2		
Manila	6.2	7.3		
Jakarta	5.8	6.9		
Mumbai	5.0	6.1		

Prices and Earnings 2009

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Top wages in Switzerland, Denmark and the US

Our survey of 73 international cities found that employees in Copenhagen, Zurich, Geneva and New York had the highest gross earnings. The undisputed champion in our international wage comparison is Zurich. Net incomes are higher there than in any other city in the world. With its extremely high gross wages and comparatively low tax rates, Switzerland is a very employee-friendly country. No other city in our comparison allowed workers to take home more income at the end of the month than Zurich and Geneva.

A continental comparison of average incomes paints a different picture: on average, the world's highest gross and net wages are paid in North America. However, there is a wage differential in North America as well. Wages in New York, Los Angeles, Miami and Chicago are significantly higher on average than in the Canadian metropolises of Montreal and Toronto.

The disparities are even starker in Europe. On average, workers in Western European cities receive more than three times the pay of their colleagues in Eastern Europe. The lowest incomes are paid in Sofia, Bulgaria, and Bucharest, Romania. The wage level in these two countries, which joined the European Union in January 2007, is comparable with that of Colombia and Thailand. South American and African cities are the only ones with lower average wages than those of Eastern Europe. This makes it easy to understand the two-way economic traffic of globalization: jobs go east while workers emigrate to the West.

The city ranking has changed little since the 2003 survey, with the notable exception of London's currency-driven demotion. The lowest average wages are still found in the Indian cities of Delhi and Mumbai, and in Jakarta, Indonesia, and Manila, the Philippines.

Please note that net wages are not always the same as disposable income that can be used for private consumption. Our deductions for taxes and social security contributions do not include "hidden" taxes that may have to be paid out of available net wages.

Methodology

Effective hourly wages for 14 professions, weighted according to distribution, net after deductions of taxes and social security contributions (see pp. 26–29)

¹ Listed according to gross value of the index

Domestic purchasing power

City ²	Hourly pay ¹		Annual income ²	
	New York=100	New York=100	New York=100	New York=100
Zurich	106.8	110.5	106.9	
Sydney	102.2	108.2	95.9	
Luxembourg	94.3	106.4	96.4	
Dublin	90.7	106.4	96.9	
Miami	101.4	104.8	101.8	
Los Angeles	103.7	104.7	101.0	
Geneva	104.4	100.6	93.9	
New York	100.0	100.0	100.0	
Chicago	97.9	96.3	88.8	
Nicosia	77.5	95.3	81.4	
Berlin	93.5	89.4	77.6	
Montreal	84.5	88.9	83.9	
Brussels	97.2	88.5	76.2	
Helsinki	86.1	88.1	78.1	
London	81.5	86.7	76.9	
Copenhagen	115.8	86.2	73.1	
Toronto	82.9	85.7	80.4	
Amsterdam	95.3	85.5	75.9	
Frankfurt	92.9	84.6	73.8	
Munich	95.3	83.9	72.4	
Lyon	79.6	83.0	66.3	
Stockholm	85.6	81.6	73.5	
Tokyo	72.6	81.4	82.2	
Vienna	77.0	79.0	69.7	
Madrid	68.0	77.7	65.9	
Milan	80.6	77.0	69.5	
Paris	73.7	75.2	61.3	
Oslo	83.0	74.4	66.8	
Barcelona	65.7	73.6	66.0	
Auckland	64.8	70.8	68.9	
Lisbon	60.6	66.0	60.0	
Athens	61.8	63.3	58.1	
Dubai	45.1	62.3	65.9	
Tel Aviv	52.5	60.1	58.6	
Taipei	47.9	57.5	58.9	
Ljubljana	68.0	56.4	53.0	
Moscow	47.4	55.6	49.4	
Manama	41.8	55.4	60.2	
Rome	58.1	54.8	49.4	
Johannesburg	52.8	54.8	53.0	
Hong Kong	41.6	52.3	58.1	
Seoul	48.3	51.3	57.4	
Tallinn	45.4	50.0	44.7	
Prague	43.2	46.8	43.4	
São Paulo	39.1	45.2	41.2	
Doha	30.3	41.8	48.5	
Bratislava	35.7	39.5	37.0	
Rio de Janeiro	36.4	38.6	36.2	
Kuala Lumpur	33.1	38.4	39.5	
Singapore	32.7	38.2	39.9	
Warsaw	38.3	38.0	34.0	
Bogotá	32.3	37.9	33.7	
Vilnius	38.4	37.0	32.8	
Riga	34.4	36.0	32.8	
Buenos Aires	30.5	34.9	34.4	
Bucharest	33.5	33.7	29.3	
Santiago de Chile	29.3	33.1	36.0	
Lima	29.6	32.5	32.4	
Istanbul	29.9	31.0	33.2	
Budapest	34.2	29.6	28.3	
Caracas	22.0	27.7	23.3	
Sofia	25.6	26.5	25.8	
Shanghai	23.5	25.3	24.7	
Cairo	22.4	24.1	27.3	
Bangkok	18.4	24.1	26.0	
Beijing	21.7	24.1	23.8	
Kiev	21.1	23.7	22.4	
Delhi	18.2	21.8	23.2	
Mexico City	17.1	20.8	23.6	
Mumbai	16.2	19.7	21.8	
Manila	15.9	18.7	18.4	
Nairobi	16.4	17.7	17.5	
Jakarta	12.0	14.5	15.3	

Where wages are worth the most

Where does an average income buy the most products and services? To answer that question, we compared our price and wage levels ranking lists. Wages alone do not determine the standard of living in a particular city or country. A better way to measure prosperity is to divide the average annual salary by the total price of our basket of goods and services. This tells us how much purchasing power local wages have and lets us compare the cities in our study more accurately.

In a Western European city, one year's gross income can buy roughly 13 of our baskets; in Eastern European cities, it can only buy six of them. In North America, an employee can buy the same basket around 16 times, while South American workers have to make do with only five baskets. Asia still shows huge discrepancies in purchasing power. Whereas employees in Sydney can buy 16 of our baskets, their counterparts in the Asian cities we looked at can only afford 5.5 of them.

This simple analysis ignores one big factor, namely, the sometimes vast differences in the number of hours worked per year. To account for this, the following table ranks purchasing power based on hourly wages and not annual income. Average gross hourly wages (before taxes and social security contributions) can purchase the most in Copenhagen, Zurich and Geneva, followed by Los Angeles, Sydney and Miami. Bringing up the rear are Jakarta, Manila, Mumbai and Nairobi, where average gross hourly wages have between 11% and 15% of the purchasing power of a salary in Zurich.

Net earnings matter

Above, we looked at the purchasing power of gross wages – income before deducting taxes and social security contributions. What really matters, though, is how many goods and services workers can buy with their net wages. Cities with high tax rates thus fall back down the ranking list compared with the gross wage analysis. Copenhagen and the German cities lose much of their purchasing power when net wages are considered. In the end, employees in Zurich can buy the most goods after paying taxes and social security contributions, followed by Sydney, Luxembourg, Dublin and Miami. And, once again, Jakarta, Nairobi, Manila and Mumbai rank the lowest in our list.

Note

When comparing purchasing power, it should be noted that local employers who would buy a different set of items in Asian or African cities than their counterparts in Europe or North America. Imported products are particularly important, as they are not much cheaper in emerging countries than they are in Western Europe and North America.

Methodology

¹ Gross and/or net hourly wage divided by the cost of the entire basket of commodities excl. rent

² Net annual income divided by the cost of the entire basket of commodities excl. rent

³ Listed according to the index value per net hourly wage

Price comparison

Apartment rents

City	Furnished 4-room apartment ¹			Unfurnished 3-room apartment ²			Normal local rent ³
	expensive	price range		expensive	price range		
		medium	cheap		medium	cheap	
USD	USD	USD	USD	USD	USD	USD	
Amsterdam	4,310	2,580	1,660	2,000	1,480	950	1,030
Athens	2,380	1,800	1,320	1,360	840	610	800
Auckland	3,620	1,370	840	2,520	1,330	730	1,090
Bangkok	930	780	630	650	550	430	300
Barcelona	3,790	1,870	1,280	2,160	1,530	1,020	1,310
Beijing	2,340	1,050	640	1,700	760	500	600
Berlin	3,100	1,820	1,320	1,390	920	710	770
Bogotá	3,010	1,360	710	1,690	990	470	550
Bratislava	2,290	1,630	940	1,240	890	670	770
Brussels	3,070	2,880	2,160	3,070	2,290	1,400	1,150
Bucharest	2,140	1,610	1,110	1,220	930	690	510
Budapest	3,490	2,340	1,480	2,000	1,190	680	380
Buenos Aires	1,960	1,560	1,220	650	500	410	350
Cairo	1,070	720	500	770	550	330	220
Caracas	5,010	2,880	2,010	3,050	2,080	1,560	2,080
Chicago	8,000	4,410	2,300	4,990	2,990	1,350	1,670
Copenhagen	3,650	2,440	1,620	2,680	1,820	1,280	1,200
Delhi	3,910	930	460	3,100	470	290	370
Doha	5,580	4,810	4,210	2,560	2,290	1,990	1,650
Dubai	7,090	4,990	3,950	4,930	3,710	2,880	2,160
Dublin	5,840	3,500	2,220	2,550	2,160	1,630	1,660
Frankfurt	3,610	2,900	2,090	2,480	1,500	1,110	1,180
Geneva	4,500	3,230	2,540	2,510	1,610	1,180	1,900
Helsinki	4,940	3,920	2,250	2,680	1,560	1,060	1,160
Hong Kong	12,890	7,150	3,670	11,280	4,070	1,670	1,430
Istanbul	5,910	2,600	1,520	2,590	1,500	890	1,050
Jakarta	2,540	1,820	1,150	1,490	950	480	520
Johannesburg	1,750	1,180	760	600	480	410	510
Kiev	3,150	2,000	1,370	1,580	760	550	250
Kuala Lumpur	950	410	260	480	330	130	220
Lima	2,460	1,450	540	990	410	310	130
Lisbon	1,900	1,270	950	1,570	1,090	820	1,310
Ljubljana	2,850	1,870	1,150	1,560	1,280	820	480
London	4,450	3,450	2,880	2,600	2,140	1,840	1,450
Los Angeles	4,650	3,360	2,630	2,990	2,080	1,520	1,580
Luxembourg	2,880	1,830	1,060	1,580	1,190	930	1,390
Lyon	1,520	1,070	980	1,330	1,030	630	860
Madrid	2,940	1,830	1,410	2,090	1,540	980	1,220
Manama	3,400	2,300	1,630	2,430	1,900	1,190	890
Manila	1,660	1,010	710	750	580	350	260
Mexico City	1,580	930	470	1,180	690	290	550
Miami	6,990	4,260	1,800	3,950	2,200	1,450	1,780
Milan	4,960	3,570	2,680	2,220	1,800	1,500	1,160
Montreal	2,800	1,800	1,480	1,490	1,240	840	1,190
Moscow	7,820	4,470	2,600	2,680	2,080	1,570	1,050
Mumbai	2,290	1,070	480	1,440	720	330	480
Munich	3,770	2,480	1,920	2,500	1,560	1,090	880
Nairobi	2,480	1,480	810	1,490	880	500	520
New York	14,570	8,330	4,110	9,730	5,220	2,180	3,100
Nicosia	2,690	2,030	1,490	1,570	1,270	900	1,020
Oslo	3,690	2,720	2,090	2,930	1,870	1,360	1,780
Paris	3,960	3,280	2,780	3,030	2,510	1,370	1,600
Prague	1,970	1,370	980	1,360	930	630	670
Riga	2,070	860	600	1,010	640	480	380
Rio de Janeiro	3,780	2,240	1,120	1,560	930	460	430
Rome	4,710	2,390	1,740	2,880	1,610	1,180	1,540
Santiago de Chile	2,460	1,310	890	1,370	640	410	410
São Paulo	3,570	2,310	1,560	2,050	1,150	690	650
Seoul	5,060	3,400	2,270	3,540	2,600	1,830	430
Shanghai	2,430	1,430	1,020	2,030	1,230	860	770
Singapore	5,430	3,660	2,460	4,900	2,940	1,900	1,630
Sofia	1,770	1,180	850	1,050	770	550	550
Stockholm	2,170	1,830	1,480	1,900	1,480	1,140	950
Sydney	6,850	3,800	2,200	2,040	1,230	840	1,060
Taipei	2,990	2,200	1,350	1,940	1,310	780	720
Tallinn	1,540	1,050	800	710	520	420	460
Tel Aviv	2,440	1,730	1,240	2,120	1,440	920	840
Tokyo	12,510	7,200	5,400	4,720	1,790	1,140	1,390
Toronto	3,160	2,770	2,180	2,120	1,710	1,030	1,150
Vienna	2,840	2,260	1,870	1,740	1,270	890	770
Vilnius	1,920	1,220	810	900	630	460	540
Warsaw	2,270	1,750	1,400	1,450	980	720	540
Zurich	4,090	2,930	2,090	2,560	1,950	1,280	1,560

Methodology

Average cost of housing (excluding extremes) per month, which an apartment-seeker would expect to pay on the free market at the time of the survey.

¹ Rents are based on apartments built after 1980 (4 rooms, kitchen, bathroom; with garage) including all incidental costs, the level of housing comfort conforms to the expectations of salaried mid-management employees in areas favored by them.

² Rents are based on apartments built after 1980 (3 rooms, kitchen, bathroom, without garage; including incidental expenses) with an average comfort customary in the locality and near the city center.

³ The figures given are merely tentative values for average rent prices (monthly gross rents) for a majority of local households.