Angolan Capital Overtakes Tokyo as Most Costly City for Expats

By Fergal O’Brien - Jul 23, 2013

The Angolan capital Luanda has overtaken Tokyo to become the world’s most expensive city for expatriates in a survey of 214 cities by Mercer, which cited security for pushing up costs.

“Despite being one of Africa’s major oil producers, Angola is a relatively poor country yet expensive for expatriates since imported goods can be costly,” Barb Marder, a senior partner at Mercer, said in a statement with the company’s annual Worldwide Cost of Living Survey. “In addition, finding secure living accommodations that meet the standards of expatriates can be challenging and quite costly.”

Tokyo, last year’s No. 1, slipped to third place, with Moscow moving into second spot, Mercer said. They were followed by N’Djamena in Chad, Singapore and Hong Kong. Switzerland took the next three places with Geneva, Zurich and Bern, while Sydney was in 10th place.

The analysis uses New York as a base city and measures the comparative prices in each location. Housing costs play an “important part” in determining rankings, as they are often the biggest expense, according to Mercer.

Monthly rent for a “luxury two-bedroom unfurnished apartment” in Luanda is $6,500, while in Moscow it’s $4,600. In Zurich, a cinema ticket costs $20.66 while a cup of coffee is $5.98. The comparable items in Singapore are $9.28 and $4.84. A coffee in Moscow is $8.29.

“Overall, the cost of living in cities across parts of Europe have gone up in the ranking as a result of the slight strengthening of local currencies against the U.S. dollar, whereas in Asia about half of the cities went down in the ranking -- Japan especially -- due to local currencies’ weakening,” said Nathalie Constantin-Metral, who compiled the survey ranking.

The euro has gained 9.4 percent in the past year, the best performer among the 10 developed-nation currencies tracked by Bloomberg Correlation-Weighted Indexes. The yen has dropped 24 percent in the same period. The Japanese cities of Osaka and Nagoya both dropped out of the top 10 in the Mercer rankings this year. Bern and Sydney replaced them.

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