

# A Summary of the Liveability Ranking and Overview

## August 2014





# The Economist Intelligence Unit's liveability survey

## How the rating works

The concept of liveability is simple: it assesses which locations around the world provide the best or the worst living conditions. Assessing liveability has a broad range of uses, from benchmarking perceptions of development levels to assigning a hardship allowance as part of expatriate relocation packages. The Economist Intelligence Unit's liveability rating quantifies the challenges that might be presented to an individual's lifestyle in any given location, and allows for direct comparison between locations.

## The findings of the survey

### Liveability is recovering, but unrest still presents a threat

Melbourne remains the most liveable location of the 140 cities surveyed, followed by the Austrian capital, Vienna. Vancouver, which was the most liveable city surveyed until 2011, lies in third place. Over the past six months only nine cities of 140 surveyed have experienced changes in scores and only 20 cities (14% of those surveyed) have seen changes over the past year. Over half of the changes taking place over the past 12 months have been driven by deteriorating scores, with instability re-emerging as a key factor in influencing global scores. Events in Ukraine, in particular, have had significant knock-on effects for cities such as Kiev, Moscow and St Petersburg. Localised instability has also affected locations like Bangkok. The score of Damascus in Syria has continued to decline, although the escalation in Iraq is not reflected in our ranking because Baghdad is not included in the survey. Despite events in Israel, Tel Aviv's rating is unchanged, largely because the existing stability score already accounted for the unrest now taking place.

Cities registering improvements are largely based in countries that have enjoyed periods of relative stability following significant falls in liveability. Tehran in Iran, Tripoli in Libya and Amman in Jordan have seen liveability levels recover slightly after sharper falls in previous years. A period of relative stability in Zimbabwe has put Harare on an upward trend in terms of liveability, although the city remains in the very bottom tier of liveability (as do Tripoli and Tehran).

At a global level, average instability continues to see marginal declines, with sharp falls in specific hotspots weighing on a more static global backdrop. The average global liveability score has fallen by 0.16 and 0.22 percentage points over the last six and twelve months respectively, to 75.33.

When a five-year view is taken, global liveability has declined by 0.68 percentage points, highlighting the fact that the last five years have been characterised by heightened unrest in the wake of the global economic crisis, which has undermined many of the developmental gains that



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cities may have experienced through public policy and investment. Over five years 82 of the 140 cities surveyed have seen some change in overall liveability scores. Of these cities, 51 have seen declines in liveability. Three cities in particular, Kiev, Tripoli and Damascus, have seen significant declines of 17.8, 18.1 and 28.3 respectively, illustrating that conflict is, unsurprisingly, the key factor in undermining wider liveability.

For the very top tier of cities, with scores of over 80%, there is no change to report over the past 12 months. Many cities have seen levels of unrest stabilise as economies recover from the global and euro-zone crises but austerity and tighter fiscal budgets may also have slowed planned improvements, meaning that scores have remained static. With such high scores already in place and with the slow nature of change for improvement, the overall impact on the top tier of cities is marginal and is likely to remain so, barring a significantly disruptive event. The performance of the most liveable cities reflects minimal variation between the scores of the top locations. Some 64 cities (down to Santiago in Chile) are in the top tier of liveability, where few problems are encountered. Although 16.8 percentage points separate Melbourne in first place and Santiago in 64th place, both cities can lay claim to being on an equal footing in terms of presenting few, if any, challenges to residents' lifestyles.

Nonetheless, there does appear to be a correlation between the types of cities that sit right at the very top of the ranking. Those that score best tend to be mid-sized cities in wealthier countries with a relatively low population density. This can foster a range of recreational activities without leading to high crime levels or overburdened infrastructure. Eight of the top ten scoring cities are in Australia and Canada, with population densities of 2.88 and 3.40 people per sq km respectively. Elsewhere in the top ten, Finland and New Zealand both have densities of 16 people per sq km. These compare with a global (land) average of 45.65 and a US average of 32. Austria bucks this trend with a density of 100 people per sq km. However, Vienna's population of 1.7m people is relatively small compared with the urban centres of New York, London, Paris and Tokyo.

It may be argued that violent crime is on an upward trend in the top tier of cities, but these observations are not always correct. Vancouver saw a record low number of murders in 2013, after a decade-long decline that pushed homicide rates down to 1.5 per 100,000 of population in 2012. Although crime rates are perceived as rising in Australia—especially given the highly publicised occurrences of “king hit” attacks being reported—Victoria, where Melbourne is located, had a murder rate of just 3.1 per 100,000 population in 2012/13. In Austria the murder rate was just 0.9 per 100,000 of population in 2012, with only 24 murders recorded in Vienna, a city of 1.7m people, a murder rate of 1.4 per 100,000. These figures compare with a global average of 6.2 homicides per 100,000 people (2012) and a US average of 4.8 per 100,000 (2012). New York City reported a rate of 4.0 in 2013, with Detroit reporting a rate of 47.5 in the same year. In South Africa, the rate was 31.3 in 2012/13.

Global business centres tend to be victims of their own success. The “big city buzz” that they enjoy can overstretch infrastructure and cause higher crime rates. New York, London, Paris and Tokyo are all prestigious hubs with a wealth of recreational activity, but all suffer from higher



levels of crime, congestion and public transport problems than would be deemed comfortable. The question is how much wages, the cost of living and personal taste for a location can offset liveability factors. Although global centres fare less well in the ranking than mid-sized cities, for example, they still sit within the highest tier of liveability, so should be considered broadly comparable, especially when compared with the worst-scoring locations.

### **Improvements at the bottom**

Of the poorer-scoring cities, 13 continue to occupy the very bottom tier of liveability, where ratings fall below 50% and most aspects of living are severely restricted. Colombo in Sri Lanka has seen a slight decline over the past 12 months, reflecting fresh doubts over human rights abuses of the Tamil population there. A gradual return to stability has seen improvements in the scores of Tehran in Iran, Tripoli in Libya and Harare in Zimbabwe, although all three cities remain firmly entrenched in the bottom tier of liveability. Tripoli and Tehran have seen the strongest rises in liveability scores of all 140 cities surveyed in the past 12 months, but in the case of Tripoli much of this is offset by stronger declines over the last five years. The liveability score of Damascus in Syria has continued to decline steeply. The 7.8% fall over the past 12 months is the sharpest decline recorded, and Damascus is ranked bottom of the 140 surveyed.

The relatively small number of cities in the bottom tier of liveability partly reflects the intended scope of the ranking—the survey is designed to address a range of cities or business centres that people might want to live in or visit. For example, the survey does not include locations such as Kabul in Afghanistan and Baghdad in Iraq. Although few could currently argue that Damascus is likely to attract visitors, its inclusion reflects a city that was deemed relatively stable just a few years ago. With the exception of crisis-hit cities, the low number of cities in the bottom tier also reflects a degree of convergence, where levels of liveability are generally expected to improve in developing economies over time. This long-term trend has been upset by the heightened global unrest over the last five years.

Conflict is responsible for many of the lowest scores. This is not only because stability indicators have the highest single scores, but also because factors defining stability spread to have an adverse effect on other categories. For example, conflict will not just cause disruption in its own right, it will also damage infrastructure, overburden hospitals, and undermine the availability of goods, services and recreational activities. The Middle East, Africa and Asia account for all 13 cities, with violence, whether through crime, civil insurgency, terrorism or war, playing a strong role.



## The top and bottom ten cities

Below is a ranking of the top and bottom ten cities surveyed. The liveability score is the combination of all the factors surveyed across the five main categories. Scores are also given for each category

### The top ten cities

(100=ideal; 0=intolerable)

Country	City	Rank	Overall Rating (100=ideal)	Stability	Healthcare	Culture & Environment	Education	Infrastructure
Australia	Melbourne	1	97.5	95	100	95.1	100	100
Austria	Vienna	2	97.4	95	100	94.4	100	100
Canada	Vancouver	3	97.3	95	100	100	100	92.9
Canada	Toronto	4	97.2	100	100	97.2	100	89.3
Australia	Adelaide	5	96.6	95	100	94.2	100	96.4
Canada	Calgary	5	96.6	100	100	89.1	100	96.4
Australia	Sydney	7	96.1	90	100	94.4	100	100
Finland	Helsinki	8	96.0	100	100	90	91.7	96.4
Australia	Perth	9	95.9	95	100	88.7	100	100
New Zealand	Auckland	10	95.7	95	95.8	97	100	92.9

### The bottom ten cities

(100=ideal; 0=intolerable)

Country	City	Rank	Overall Rating (100=ideal)	Stability	Healthcare	Culture & Environment	Education	Infrastructure
Cote d'Ivoire	Abidjan	131	45.9	30	45.8	54.2	50.0	53.6
Libya	Tripoli	132	44.2	45	41.7	37.0	50.0	51.8
Cameroon	Douala	133	44.0	60	25.0	48.4	33.3	42.9
Zimbabwe	Harare	134	42.6	40	20.8	58.6	66.7	35.7
Algeria	Algiers	135	40.9	40	45.8	42.6	50.0	30.4
Pakistan	Karachi	136	40.9	20	45.8	38.7	66.7	51.8
Nigeria	Lagos	137	38.9	25	33.3	53.5	33.3	46.4
PNG	Port Moresby	138	38.9	30	37.5	44.2	50.0	39.3
Bangladesh	Dhaka	139	38.7	50	29.2	43.3	41.7	26.8
Syria	Damascus	140	30.5	15	29.2	44.7	33.3	32.1



## How the scores are calculated

Every city is assigned a rating of relative comfort for over 30 qualitative and quantitative factors across five broad categories: stability; healthcare; culture and environment; education; and infrastructure. Each factor in a city is rated as acceptable, tolerable, uncomfortable, undesirable or intolerable. For qualitative indicators, a rating is awarded based on the judgment of in-house analysts and in-city contributors. For quantitative indicators, a rating is calculated based on the relative performance of a number of external data points.

The scores are then compiled and weighted to provide a score of 1–100, where 1 is considered intolerable and 100 is considered ideal. The liveability rating is provided both as an overall score and as a score for each category. To provide points of reference, the score is also given for each category relative to New York and an overall position in the ranking of 140 cities is provided.

### The suggested liveability scale

Companies pay a premium (usually a percentage of a salary) to employees who move to cities where living conditions are particularly difficult and there is excessive physical hardship or a notably unhealthy environment.

The Economist Intelligence Unit has given a suggested allowance to correspond with the rating. 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 allowances—perhaps up to double The Economist Intelligence Unit’s suggested level.

Rating	Description	Suggested allowance (%)
80–100	There are few, if any, challenges to living standards	0
70–80	Day-to-day living is fine, in general, but some aspects of life may entail problems	5
60–70	Negative factors have an impact on day-to-day living	10
50–60	Liveability is substantially constrained	15
50 or less	Most aspects of living are severely restricted	20

## How the rating is calculated

The liveability score is reached through category weights, which are equally divided into relevant subcategories to ensure that the score covers as many indicators as possible. Indicators are scored as acceptable, tolerable, uncomfortable, undesirable or intolerable. These are then weighted to produce a rating, where 100 means that liveability in a city is ideal and 1 means that it is intolerable.

For qualitative variables, an “EIU rating” is awarded based on the judgment of in-house expert country analysts and a field correspondent based in each city. For quantitative variables, a rating is calculated based on the relative performance of a location using external data sources.



### Category 1: Stability (weight: 25% of total)

Indicator	Source
Prevalence of petty crime	EIU rating
Prevalence of violent crime	EIU rating
Threat of terror	EIU rating
Threat of military conflict	EIU rating
Threat of civil unrest/conflict	EIU rating

### Category 2: Healthcare (weight: 20% of total)

Indicator	Source
Availability of private healthcare	EIU rating
Quality of private healthcare	EIU rating
Availability of public healthcare	EIU rating
Quality of public healthcare	EIU rating
Availability of over-the-counter drugs	EIU rating
General healthcare indicators	Adapted from World Bank

### Category 3: Culture & Environment (weight: 25% of total)

Indicator	Source
Humidity/temperature rating	Adapted from average weather conditions
Discomfort of climate to travellers	EIU rating
Level of corruption	Adapted from Transparency International
Social or religious restrictions	EIU rating
Level of censorship	EIU rating
Sporting availability	EIU field rating of 3 sport indicators
Cultural availability	EIU field rating of 4 cultural indicators
Food and drink	EIU field rating of 4 cultural indicators
Consumer goods and services	EIU rating of product availability

### Category 4: Education (weight: 10% of total)

Indicator	Source
Availability of private education	EIU rating
Quality of private education	EIU rating
Public education indicators	Adapted from World Bank



### **Category 5: Infrastructure (weight: 20% of total)**

Indicator	Source
Quality of road network	EIU rating
Quality of public transport	EIU rating
Quality of international links	EIU rating
Availability of good quality housing	EIU rating
Quality of energy provision	EIU rating
Quality of water provision	EIU rating
Quality of telecommunications	EIU rating

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