

# A Summary of the Liveability Ranking and Overview

## August 2013





# 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.

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 findings of the survey

### Unrest is key factor in changing scores

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 13 cities of 140 surveyed have experienced changes in scores, although 28 cities (20% of those surveyed) have seen changes over the past year. In some cases these are positive improvements in liveability driven by infra-structural development or easing instability. But in most cases liveability changes in recent years have been driven by civil unrest, with the Arab Spring, European austerity and Chinese discontent all contributing.

For the very top tier of cities, with scores of over 80%, there is little change to report. This may reflect renewed stability as some economies begin to recover from the global economic crisis of a few years ago, although the continuing crisis in the euro zone and tighter fiscal budgets may also have slowed planned improvements, meaning that scores have remained static rather than moving up or down. Nevertheless, unrest and protests in Madrid have prompted a slight downward revision in stability scores for the Spanish capital, pushing it five places down the ranking to 44th. However, the city still sits comfortably in the top tier of liveability.



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One significant change is the improvement of Bratislava's score, which pushes the Slovakian capital into the top tier of cities. Improvements in the infrastructural score prompted a modest 1.7% appreciation in the city's liveability score, which was enough to lift it to 63rd place in the ranking and above the level of 80%, reflecting few, if any, challenges to living standards. Infrastructural development has been a factor for other cities over the past few years. Improvements to infrastructure in Australia, where the federal government initiated an ambitious long-term road-building programme in 2010, prompted rises in some cities in 2011. Vancouver has also now embarked on a series of high-profile projects. Work began on an "Evergreen" mass transit line in 2012 and the authorities are reported to be considering further measures. Although these will no doubt have a long-term benefit, they could be disruptive in the short term.

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 figures should be put into context. Melbourne and Vancouver recorded murder rates of 2.7 and 2.5 per 100,000 population respectively in the year 2010/11. In Vienna, a city of 1.7m people, only 18 murders were reported in 2010 (or about 1.06 per 100,000). These figures compare with a US average of 4.8 homicides per 100,000 people (2010), with New York City reporting a rate of almost 6.4 in the same year. (The average in New York State was much lower, at 4.5.) In South Africa, the rate was 31.8 in 2010/11.

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.

### **Unrest affects scores in China**

Elsewhere in the current survey, the impact of civil unrest on the position of cities in the ranking continues to be felt. In recent surveys, the Arab Spring, civil war in Libya and unrest in Greece and London had an impact on these cities' scores. The situation in Syria has prompted further declines in the score for Damascus, which, having fallen into the bottom tier of liveability six months ago, has now fallen to the very bottom of the ranking. More recently, hostage-taking by insurgents in Algeria made global headlines, but this reflects continued instability in Algeria, in line with the score already assigned, rather than prompting a fall.

The most notable movement on a national basis has been the decline in relative liveability in Chinese cities as a result of outbreaks of unrest across China. In many cases this unrest has been caused by anti-Japanese sentiment spilling over into violent demonstrations and damage to businesses. However, the trend of discontent has been felt in other areas as well. Labour disputes, opposition to developments and a number of other factors have spilled over into cases of disorder, affecting liveability scores across the board for Chinese cities. Over the past 12 months a heightened threat of civil unrest has pushed the scores of Chinese cities down by an average of 1.6%, resulting in seven Chinese cities moving down in the ranking. The negative impact for Chinese cities is particularly significant because it comes as Chinese cities are seeing rapid development push up scores in other areas, with the unrest of the past 12 months offsetting a longer-term trend of improving liveability across China.

Of the poorer-scoring cities, 13 now occupy the very bottom tier of liveability, where ratings fall below 50% and most aspects of living are severely restricted. The relatively small number of cities in this tier 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. It also reflects a degree of convergence, where levels of liveability generally improve in developing economies, over time. Although few scores have risen in the most recent survey, evolving conditions in a number of cities have resulted in modest increases in living standards. The past six months have seen score appreciations for ten cities, with the strongest improvements taking place in Kuwait City, which saw a 2.5% score increase, pushing it up to the second tier of liveability and eight places up the ranking into 81st place.

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, the threat of armed 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. Nowhere is this more apparent than Damascus. The Syrian capital has seen



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its liveability score in freefall since the escalation of violence across the country. In the past 12 months Damascus has fallen ten places to the bottom of the ranking. A similar drop took place in Tripoli during the Libyan civil war. Significantly, though, the Libyan conflict is now over, Tripoli remains in the bottom ten cities, reflecting the fact that the rebuilding process for any location plunged into war is a long one.

### 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
Canada	Calgary	5	96.6	100	100	89.1	100	96.4
Australia	Adelaide	5	96.6	95	100	94.2	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
Iran	Tehran	131	45.8	50	62.5	35.9	50	33.9
Cameroon	Douala	132	43.3	60	25	45.6	33.3	42.9
Libya	Tripoli	133	41.7	40	41.7	36.3	50	46.4
Pakistan	Karachi	134	40.9	20	45.8	38.7	66.7	51.8
Algeria	Algiers	134	40.9	40	45.8	42.6	50	30.4
Zimbabwe	Harare	136	40.7	35	20.8	55.8	66.7	35.7
Nigeria	Lagos	137	38.9	25	33.3	53.5	33.3	46.4
PNG	Port Moresby	137	38.9	30	37.5	44.2	50	39.3
Bangladesh	Dhaka	139	38.7	50	29.2	43.3	41.7	26.8
Syria	Damascus	140	38.4	20	41.7	47.9	41.7	44.6



## Moving down: The decline in global liveability since 2008

A variety of events, from the Arab Spring to austerity protests and more recent unrest in China, have all contributed to making the world a less liveable place over the past five years. Since 2008 the average global liveability score has fallen by 0.6%, led by a 1.3% fall in the average stability score. Although scores remain broadly stable from survey to survey, taking a five-year view shows how these factors have had a steady detrimental impact on liveability scores over time.

Only 28 cities, of the 140 surveyed, have registered changes in the last 12 months, but 86 cities have experienced a change in liveability over the past five years. Of these, just 30 have seen an improvement in scores, while 56 have seen liveability levels declining.

The past five years have seen civil unrest becoming a global issue, with a number of different factors driving discontent. The most significant of these has been the Arab Spring, which has affected a number of countries in the Middle East and North Africa, notably

the ongoing protests in Egypt and the civil wars in Syria and Libya. This means that Damascus, Tripoli and Cairo have seen the sharpest declines over the past five years, with the Syrian capital in particular seeing a 20% decline in liveability and moving to the very bottom of the ranking.

Austerity and feelings of disenfranchisement have led to rioting and protests elsewhere too. Western Europe has been affected, notably in Greece, but also in the UK and most recently in Spain. In China, which has seen improving liveability levels over the past five years due to investment in infrastructure and higher living standards, there has been heightened unrest triggered by a range of social problems, most notably anti-Japanese rioting during August and September last year.

Yet it has not all been doom and gloom; there have been some positive changes in liveability over the past five years. Bogota in Colombia has seen the sharpest rise in liveability as the threat from terrorism, violence and kidnappings related to guerrilla activity has declined. Equally, while current elections are disputed, a more stable situation has prompted a rise in liveability for Harare, although the Zimbabwean capital remains in the bottom five cities of the ranking.

### Ten of the best: The most improved liveability scores over five years

City	Country	Rank (out of 140)	Overall Rating (100=ideal)	five year movement %
Bogota	Colombia	111	59.6	+7.9
Harare	Zimbabwe	136	40.7	+3.2
Dubai	UAE	77	74.2	+2.9
Algiers	Algeria	134	40.9	+2.9
Kuwait City	Kuwait	81	72.1	+2.5
Dhaka	Bangladesh	139	38.7	+2.5
Taipei	Taiwan	61	83.9	+2.0
Colombo	Sri Lanka	128	49.8	+1.8
Bratislava	Slovakia	63	81.5	+1.7
Phnom Penh	Cambodia	126	51.4	+1.6



**Ten of the worst: The biggest declines in liveability over five years**

City	Country	Rank (out of 140)	Overall Rating (100=ideal)	five year movement %
Damascus	Syria	140	38.4	-20.4
Tripoli	Libya	133	41.7	-19.9
Cairo	Egypt	122	53.6	-5.9
Sofia	Bulgaria	87	70.5	-4.9
Amman	Jordan	103	64.2	-4.1
Panama City	Panama	97	67.8	-3.8
Tunis	Tunisia	104	62.6	-3.8
Muscat	Oman	88	69.7	-3.7
Reykjavik	Iceland	54	88	-3.3
Nairobi	Kenya	124	51.9	-2.9

**Liveability scales and category weightings**

**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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