

# DATA POINTS

## Q.2

A SELECTION  
OF AIRINC  
SURVEY RESULTS

2017

The results are in! This quarter's cost of living surveys were conducted primarily in Europe, Asia, and mainland Southeast Asia.



### HOUSING UPDATE

Snapshots of expatriate-quality rental markets around the world



### SURVEY LOCATION UPDATE

Q2 Surveyed Locations and Upcoming Q3 Survey Locations



### GOODS AND SERVICES UPDATE

Highlights from our in-depth on-site surveys



### COUNTRY TAX UPDATE

Changes in expatriate tax

## HOUSING UPDATE

Snapshots of expatriate-quality rental markets around the world

### Dublin, Ireland

#### ▲ Rents Rising

Demand for executive-quality rentals is extremely high. Dublin continues to see an influx of assignee arrivals, especially from the technology and financial services industries. Many of these assignees are single people renting one- or two-bedroom apartments, so demand is especially high for these types of properties. Supply is low and not increasing fast enough. Some construction is underway, particularly of smaller apartments, but the anticipated number of new properties will not be sufficient to alleviate the pressure on the market.

### Lisbon, Portugal

#### ▲ Rents Rising

Demand has been considerably higher than supply and rents have risen over the past year. Lisbon's climate and low costs make it a popular destination for both retirees and vacationers, putting extra pressure on the rental market. Retirees from the European Union are exempt from taxes in Portugal, so many French, German, Belgian, and other European citizens have relocated to Lisbon. In addition, in popular suburbs such as Cascais, Estoril, and Sintra, many landlords are converting long-term rental properties into short-term Airbnb rentals, a much more profitable option. As a result, good quality long-term lease properties are often rented out before the current tenants have left. Properties that do get listed are frequently rented out the same day.

### Madrid, Spain

#### ▲ Rents Rising

Rents for expatriate-quality properties rose over the past several months in certain neighborhoods. The market is finally recovering from Spain's financial crisis and is attracting more investors and expatriates. Some sources mentioned that companies affected

by Brexit may consider relocation to Madrid. Expatriate demand should continue to rise, and some assignees with lower budgets may find themselves competing with locals for rental units.

### Mumbai, India

#### ▼ Rents Dropping

The Mumbai rental market remained stable in prime areas of the city and has decreased in less popular expatriate neighborhoods. Demand is down and there is good supply for all but luxury properties. As a result, some rents may be negotiable, or incentives such as gym membership may be included in the rent. Sources also mentioned that some new construction projects that were being financed using liquid cash on the black market have slowed or even ended since the demonetization that took place on November 8, 2016.

### Yangon, Myanmar

#### ▼ Rents Dropping

Two years ago the economy in Yangon was booming. Recently, however, apartment rents have decreased, since supply is ample and construction of new executive-quality units is ongoing. Rents for houses have remained stable for the most part, with landlords preferring to leave properties vacant in areas such as Golden Valley rather than decrease the rent. Sources said fewer assignees are coming to Yangon as some companies are waiting to see how the political situation evolves before sending new expatriates.



## SURVEY LOCATION UPDATE

Q2 Surveyed Locations and Upcoming Q3 Survey Locations

AIRINC surveys more than one hundred fifty locations each quarter. Here are some selections.

### Q2 SURVEYED LOCATIONS

**Selected cities in Europe, Asia, and mainland Southeast**

#### Asia

Baku, Azerbaijan  
Brussels, Belgium  
Prague, Czech Republic  
Munich, Germany  
Sligo, Ireland  
Bucharest, Romania  
Moscow, Russia  
Barcelona, Spain  
Dushanbe, Tajikistan  
Beijing, China  
Tianjin, China  
Mumbai, India  
Tokyo, Japan  
Ulsan, South Korea  
Hanoi, Vietnam

In response to market volatility, we also conducted survey updates in Buenos Aires, Caracas, and Cairo in the second quarter.

### Q3 UPCOMING SURVEYS

**Selected cities in North America, Central and South America, the Middle East, Africa, and maritime Southeast Asia-Pacific**

Houston TX, U.S.A.  
Sao Paulo, Brazil  
Guatemala City, Guatemala  
Panama City, Panama  
Paramaribo, Suriname  
Doha, Qatar  
Conakry, Guinea  
Nairobi, Kenya  
Casablanca, Morocco  
Johannesburg, South Africa  
Tunis, Tunisia  
Melbourne, Australia  
Jakarta, Indonesia  
Kuala Lumpur, Malaysia  
Wellington, New Zealand

### Increasing Availability of Goods in Yangon, Myanmar

AIRINC has conducted annual surveys since Myanmar's borders were opened in 2011. Yangon has been on the rise since that time, shrugging off the underdevelopment that characterized it while it was under military rule. In May 2017 our surveyor was able to collect 14% more total samples than in 2016 and 42% more than five years ago, representing a greater variety of items available at outlets and an increasing number of expatriate-appropriate brands.

In addition to increases in the variety of goods, gaps in availability have also been filled. Six percent more products were available in May as compared to one year ago, and about 28% more than could be found five years ago. A few categories of goods and services with noted increases in availability include fitness clubs, Western-style clothing and shoes, and furniture. Western-style malls that have opened since the opening of the border (such as Parkson in 2013, Myanmar Plaza in 2015, Junction City in 2017, and others) have helped make Yangon a city with ever-increasing availability and variety, and ultimately a more comfortable city for expatriates.

### Venezuela's New Exchange Rate

On May 31, Venezuela announced the results of the first currency auction for its new DICOM exchange rate, the fifth such currency control mechanism introduced since 2003. The DICOM replaced the weakest legal Venezuelan exchange rate, known as SIMADI. The exchange rate is determined by twice-weekly auctions, where nationals and businesses can bid for dollars within trading bands predefined by Venezuela's Central Bank.

The new DICOM rate was first offered at 2,010 to the dollar, a 64% devaluation compared to the former SIMADI rate, which was last valued at 728 to the dollar. Since its introduction, the DICOM has continued to weaken against the dollar and is currently at 2,640 to the dollar. Despite this devaluation, there continues to be a black market exchange rate in Venezuela. The black market rate has also continued its depreciation against the dollar and currently trades at just over 8,300 to the dollar.

### High Inflation in Cairo Following November's Devaluation

Despite the waves of unrest that have plagued Cairo over the past several years, the city is still teeming with expatriates and continues to be a much anticipated survey. Due to economic volatility, AIRINC has been onsite frequently since August 2016. The most recent survey was completed in May 2017 and returned a robust number of samples, indicating very good availability of expatriate-appropriate goods and services. Western brands can be found easily, from Ikea furniture to Applebee's restaurants and Levi's jeans. Following the devaluation that occurred in November 2016, surveys in both February 2017 and May 2017 have returned high levels of inflation. The May survey revealed multiple categories with higher inflation levels for the short three-month period. The Egyptian pound has remained relatively stable over the past few months at roughly eighteen pounds to the USD, down from roughly nine pounds at the time of the devaluation. AIRINC will continue to monitor the situation in Cairo and will be surveying onsite in August.

### Selected 3 month Exchange Rate fluctuations of more than 5%

Country	Currency	Change vs EUR	Change vs USD
Venezuela	VEF	-69.60%	-68.00%
South Sudan	SSP	-42.80%	-40.00%
Uzbekistan	UZS	-15.40%	-11.10%
Tajikistan	TJS	-13.00%	-8.50%
DR Congo	CDF	-12.70%	-8.30%
Tunisia	TND	-11.30%	-6.50%
Brazil	BRL	-9.50%	-4.90%
Argentina	ARS	-7.30%	-2.60%
Egypt	EGP	-7.30%	-2.40%
Nigeria	NGN	-6.90%	-2.20%
Costa Rica	CRC	-6.90%	-2.10%
Afghanistan	AFN	-6.70%	-2.10%
Ethiopia	ETB	-6.60%	-1.70%
Rwanda	RWF	-6.20%	-1.60%
Madagascar	MGA	-6.00%	-1.30%
Paraguay	PYG	-5.90%	-1.30%
Australia	AUD	-5.90%	-1.10%
Euro	EUR	0.00%	5.00%
Hungary	HUF	0.70%	5.80%
Albania	ALL	1.10%	6.10%
Serbia	RSD	1.20%	6.30%
Mexico	MXN	2.00%	7.30%
Poland	PLN	2.40%	7.50%
Czech Republic	CZK	3.10%	8.10%
Moldova	MDL	3.40%	8.70%
Iceland	ISK	3.80%	9.10%
Haiti	HTG	4.90%	10.10%
Mozambique	MZN	9.10%	14.60%

### Goods and Services Inflation

#### Selected surveyed locations with inflation higher than 5% for 6 months

Buenos Aires, Argentina  
Baku, Azerbaijan  
Cairo, Egypt  
Almaty, Kazakhstan  
Dushanbe, Tajikistan  
Istanbul, Turkey  
Kiev, Ukraine  
Caracas, Venezuela

## Philippines

There have been no changes to individual taxation for tax year 2017. However, there is currently a tax reform bill that would reduce the tax burden for millions of Filipino workers. While the top income tax rate would increase from 32% to 35%, the vast majority of individuals would see a decrease due to a widening of the tax bands. There are two phases of tax reform scheduled, the first in 2017 and a second in 2020. AIRINC will update the 2017 tax model when (or if) the changes are finalized.

## Australia

(tax year beginning July 1, 2017)

Demand has been considerably higher than supply and rents have risen over the past year. Lisbon's climate and low costs make it a popular destination for both retirees and vacationers, putting extra pressure on the rental market. Retirees from the European Union are exempt from taxes in Portugal, so many French, German, Belgian, and other European citizens have relocated to Lisbon. In addition, in popular suburbs such as Cascais, Estoril, and Sintra, many landlords are converting long-term rental properties into short-term Airbnb rentals, a much more profitable option. As a result, good quality long-term lease properties are often rented out before the current tenants have left. Properties that do get listed are frequently rented out the same day.

## India

The Indian government has presented a 2017/2018 budget that includes several tax changes affecting individual taxpayers. The tax rate applicable to the second tax bracket has been reduced from 10% to 5%. Using a two-tier system, the surcharge for high income earners has been expanded and now applies to taxable incomes exceeding INR 5 million. Taxable incomes exceeding INR

5,000,000 are subject to a surcharge of 10% of the basic income tax. A surcharge of 15% applies to taxable incomes exceeding INR 10,000,000. The tax rebate for low income earners has been reduced from INR 5,000 to 2,500 for taxable incomes below INR 500,000. The net effect of these changes is a small reduction in tax for taxpayers with taxable income below INR 5,000,000, an increase in tax for taxpayers with taxable income between INR 5,000,000 and INR 10,000,000, and a small reduction in tax for taxpayers with taxable income exceeding INR 10,000,000. With the high income surcharge and education cess, the top combined marginal rate is 35.54%.

## Trinidad and Tobago

The employee maximum annual social security contribution in Trinidad and Tobago has decreased slightly from TTD 5,762 to TTD 7,181. In addition, the contribution rate has increased 4% to 4.4%.

A new top tax rate of 30% has also been added. Previously income tax was assessed at a flat rate of 25%. The net effect is a small increase in social security for all income levels and an increase in income tax at higher incomes.



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