

GLOBAL INCOME & COST OF LIVING TRENDS 2024 (USD)

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Business Problem

An international relocation and financial advisory company wants to help expatriates, digital nomads, and investors make informed decisions about where to live and do business based on the cost of living.

Problem to Solve

In which countries is it more affordable to live based on the cost of living and average salaries? How have these costs changed over time, and how can they affect the financial planning of individuals and companies?

Project Objective

Analyze the cost of living in different countries using data from the website Numbeo, in order to identify trends and comparisons between regions.

Business Questions

1. In which countries is the cost of living more affordable in relation to income?
2. How do the prices of essential goods and services vary across different countries?
3. What impact do cost of living variations have on workers' purchasing power?
4. How have living costs changed over time, and what impact do they have on financial planning?

Data Source

<https://www.numbeo.com/cost-of-living/>

KPIs

- **Disposable Income:** Represents the average remaining amount needed after covering basic necessities such as housing, food, transportation, and entertainment in a country or city.
- **Income:** The money a person earns, whether through salary, investments, or other sources, in a specific location.
- **Cost of Living:** The costs incurred by a person or family, including housing, food, transportation, and other services.
- **Disposable Income Ratio:** The index that indicates how much is left over after covering necessities. A higher index is better because it means more money is available after covering basic needs. A lower index, on the other hand, suggests that a large portion of the salary goes toward essential expenses, leaving little room to save or spend on other areas.
- **Prices by Category:** Focuses on the specific prices of products and services, such as the cost of a meal in a restaurant or the price of public transportation.

ANALYSIS AND FINDINGS

Affordability by Country and Region

This analysis focuses on income and cost of living trends, including rent, utilities, transportation, groceries, clothing, eating out, and leisure, to evaluate affordability and financial feasibility across countries. However, we acknowledge that other factors, such as job opportunities, safety, education, infrastructure, political stability, visa policies, taxation, healthcare quality, environment, entertainment, and long-term economic prospects, are also critical in determining whether a location is truly viable for living or investing. These dimensions fall outside the scope of this analysis but should be considered for a more comprehensive decision.

Countries where the average cost of living is more affordable relative to the average income are those that have a higher percentage of disposable income after covering basic living expenses.

While we could assess how far the average salary stretches in covering living costs, meaning the amount of money left after paying an average cost of living, the disposable income ratio is a more accurate affordability indicator because it shows what percentage of income remains available after covering standard goods and services. Even if one country offers a higher average salary in absolute terms, another may feel more affordable day-to-day, because a smaller share of income is spent just to live. A higher disposable income ratio usually signals greater affordability and a higher purchasing power. Even if the leftover cash is not the highest, what we can do with it matters more.

Cost of living and purchasing power are negatively correlated, as the cost of living rises, purchasing power tends to decrease. While no universal threshold exists for general cost-of-living affordability evaluation, this analysis defines:

- 20%+ disposable income as *affordable*,
- 10–19% as *moderately affordable*,
- Below 10% as *unaffordable*

This approach is inspired by the Residual Income Method, widely used in housing affordability analysis (Stone, 2006), and aligns with the OECD's Housing Cost Overburden Rate, which classifies households spending more than 40% of their income on housing as financially burdened.

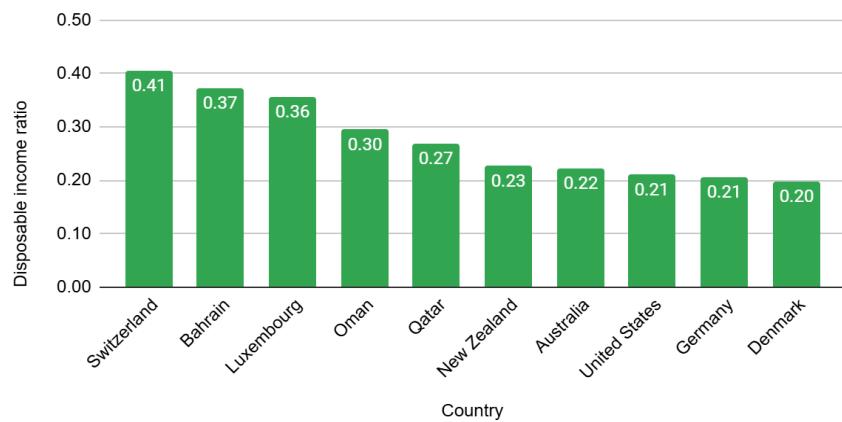
Note: The COVID-19 pandemic had widespread economic impacts, including inflationary pressures, employment shifts, and government interventions. These global effects are reflected in most countries' 2020–2022 trends in cost of living and income. Source: OECD (2022), "COVID-19 and the Global Economy."

High Disposable Income Ratio (20%+)

Ranking in order of appearance: Switzerland, Bahrain, Luxembourg, Oman, Qatar, New Zealand, Australia, Germany, the United States, and Denmark.

Most Affordable Countries in 2024

(Based on Disposable Income Ratio)



The countries Bahrain, Oman, and Qatar, present favorable disposable income ratios, but may not be top destinations for digital nomads, expats or investors due to cultural, legal, or lifestyle factors not captured in this dataset.

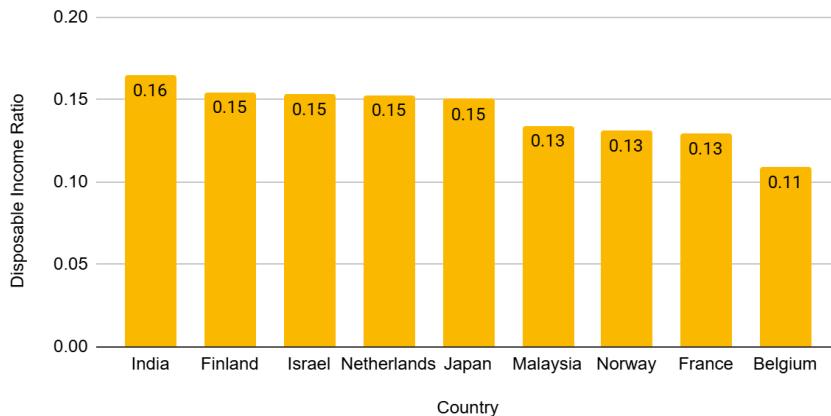
Luxembourg is also excluded from further analysis due to incomplete data in the transportation category. The dataset contains only gasoline prices and lacks key transportation costs such as public transit fares and taxi tariffs. Since transportation is a significant component of the cost of living, the absence of this data would skew affordability results, leading to an inaccurate comparison with other countries.

Moderate Disposable Income Ratio (10%–19%)

Ranking in order of appearance: India, Finland, Israel, Netherlands, Japan, Malaysia, Norway, France, and Belgium.

Moderately Affordable Countries in 2024

(Based on Disposable Income Ratio)

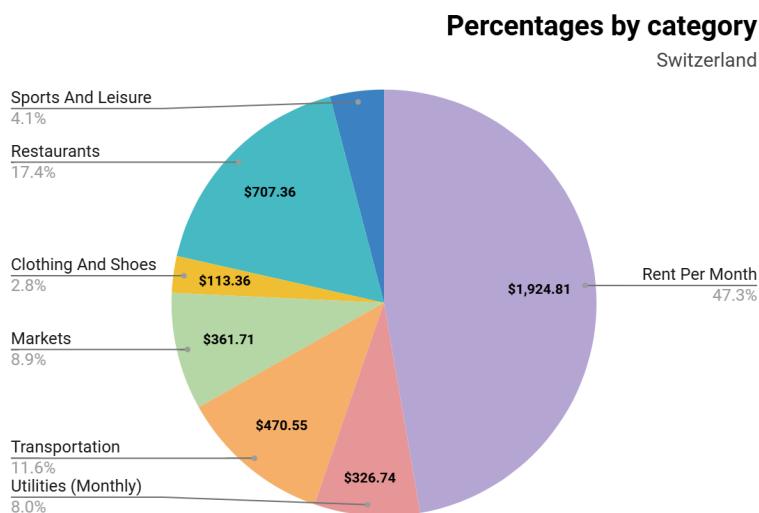


Again, the countries India, Israel, and Malaysia, present moderately favorable disposable income ratios, but may not be top destinations for digital nomads or expats due to cultural, legal, or lifestyle factors not captured in this dataset.

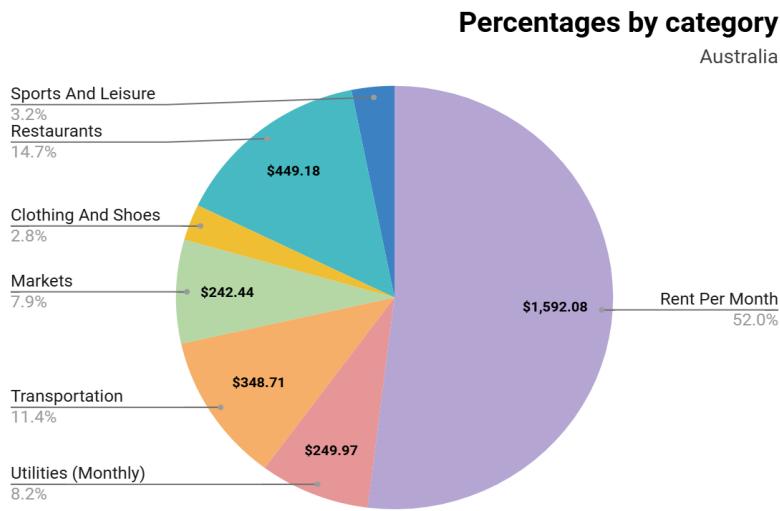
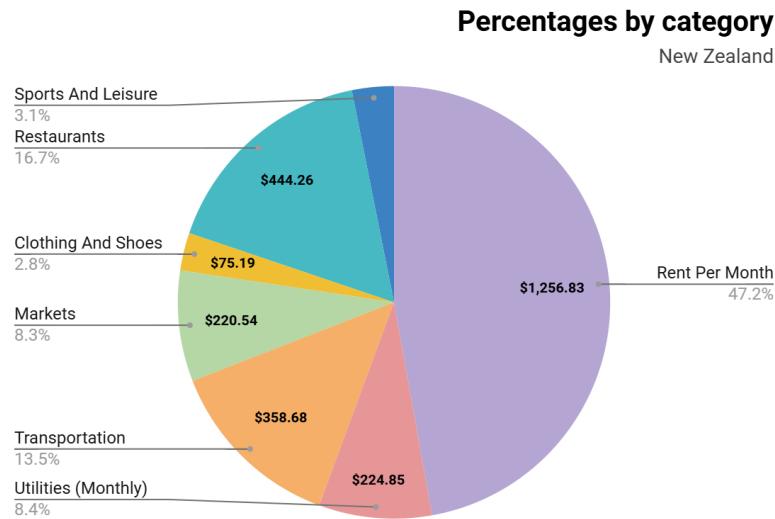
Therefore, the analysis will further focus on the next countries: Switzerland, New Zealand, Australia, the United States, Germany, Denmark, Finland, the Netherlands, Japan, Norway, France, and Belgium.

Category-Level Insights

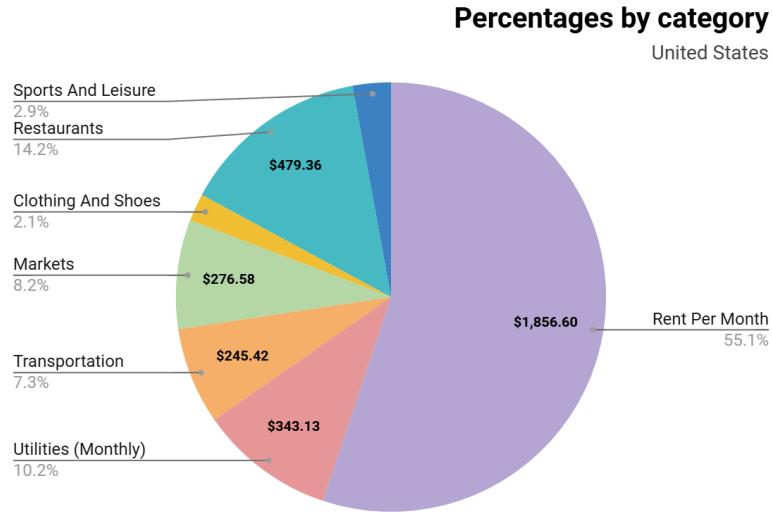
To assess the affordability of a place, the categories of rent, utilities, food, and transport are given the most weight, as they represent essential living expenses. The remaining categories, sports and leisure, restaurants, and clothing and shoes, serve as indicators of lifestyle. When analyzed alongside disposable income rates, these factors provide valuable insights into which countries are more affordable than others.



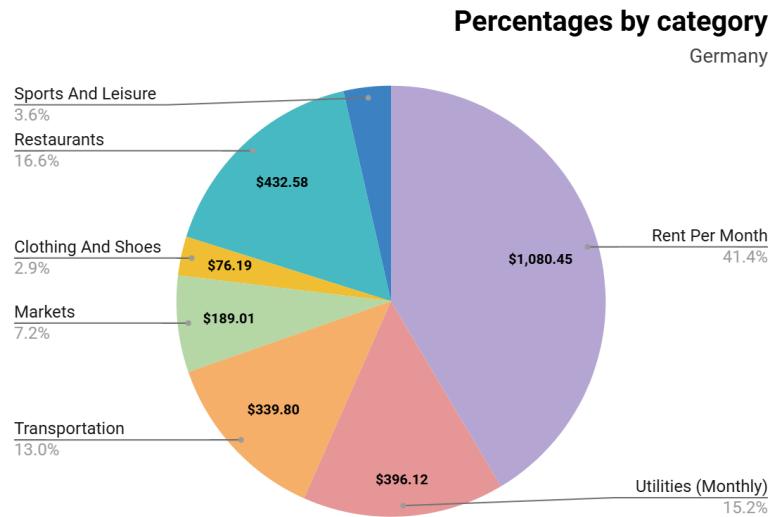
In Switzerland, while rent is expensive, transportation clearly stands out among essential goods, accounting for 11.6% of the total cost of living, a visually evident outlier. In the non-essential goods category, restaurants represent the largest share, highlighting a strong culture of eating out. Despite essential goods making up 76% of living expenses, the country's high disposable income ratio allows for significant flexibility in discretionary spending.



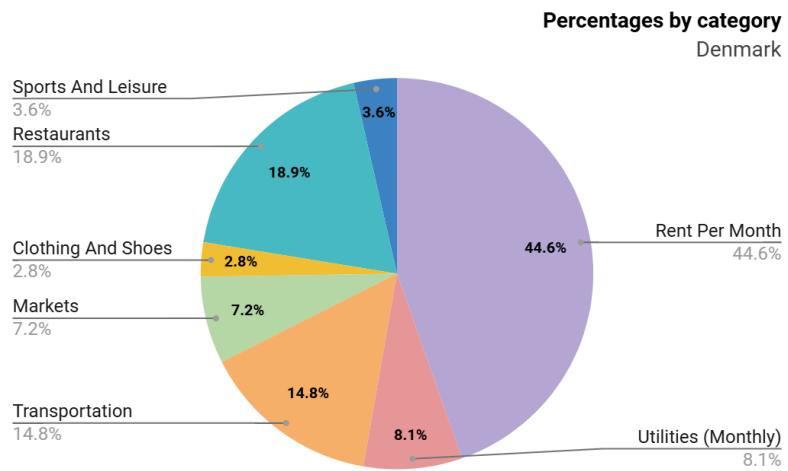
New Zealand and Australia, these two countries show a very similar distribution of living costs to Switzerland, although with approximately half the disposable income ratio. Still, both fall within the higher range of affordability. Their similarity in both cost category distribution and income dynamics reflects broader regional trends in Oceania.



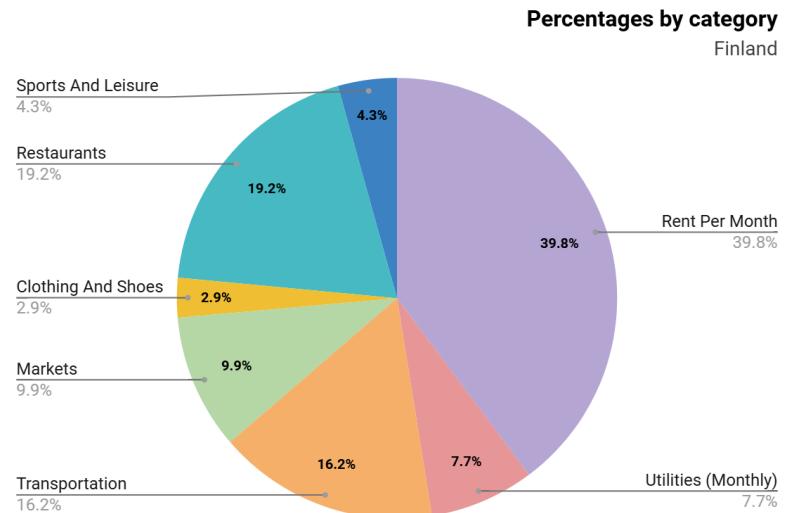
The United States sees essential goods consuming 80% of the total cost of living, driven by one of the highest rent shares and elevated prices across other essential categories. This suggests that living costs are heavily influenced by non-negotiable expenses. Non-essential spending follows a familiar structure, eating out remains the most expensive, while clothing and leisure stay relatively low.



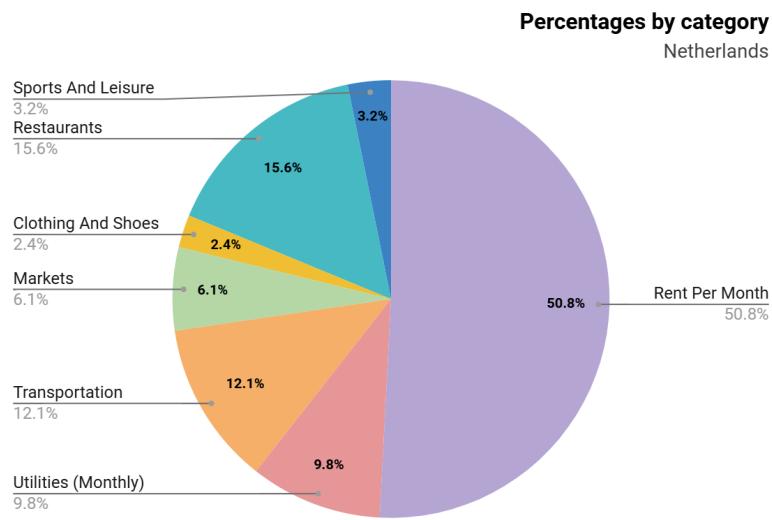
Germany features lower rent costs compared to the countries above, but this is compensated with higher expenses in transportation and utilities. As a result, essential goods still represent 76% of the cost of living. The spending pattern on non-essential goods mirrors previous countries, with restaurants leading the category.



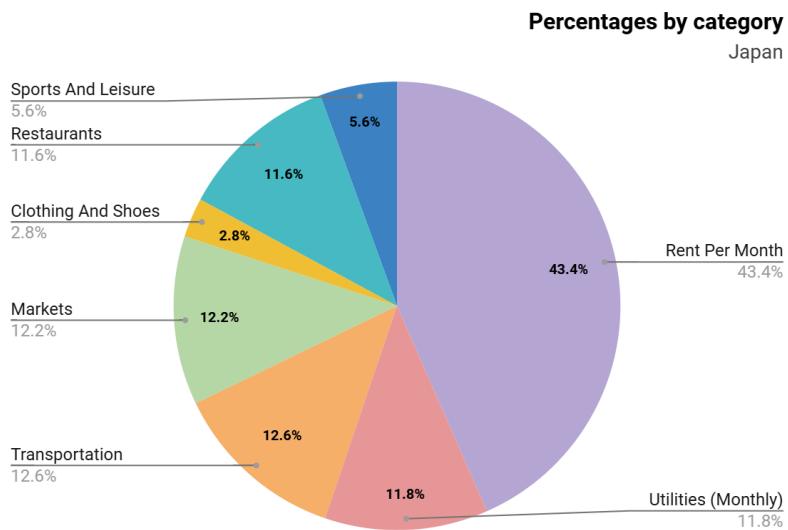
In Denmark, rent is more moderate compared to other countries in this group. However, transportation costs are relatively high, maintaining the essential goods share in the 70% range. Non-essential spending shows a consistent pattern, with rising restaurant prices continuing the trend observed elsewhere.



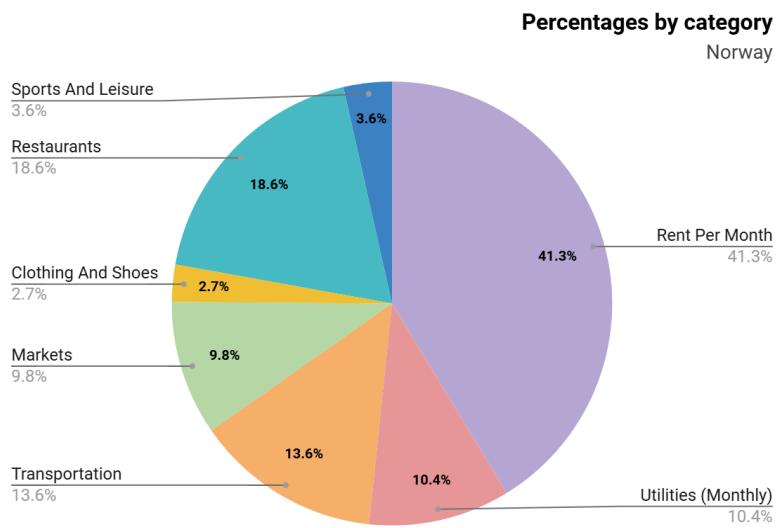
In Finland, although rent is more moderate, transportation costs reach nearly 20% of the total cost of living, a notably high proportion. Eating out is also significantly expensive, contributing to overall pressures on disposable income.



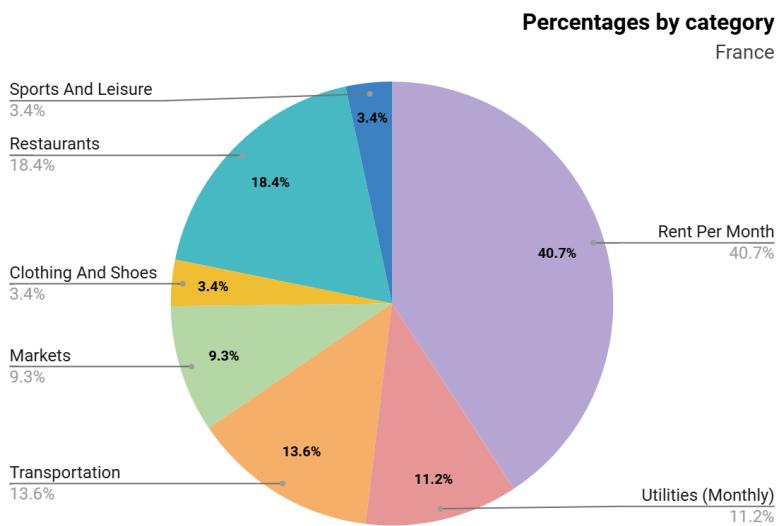
The Netherlands exhibits a similar cost structure to the United States, but within the moderately affordable tier, meaning, less disposable income.

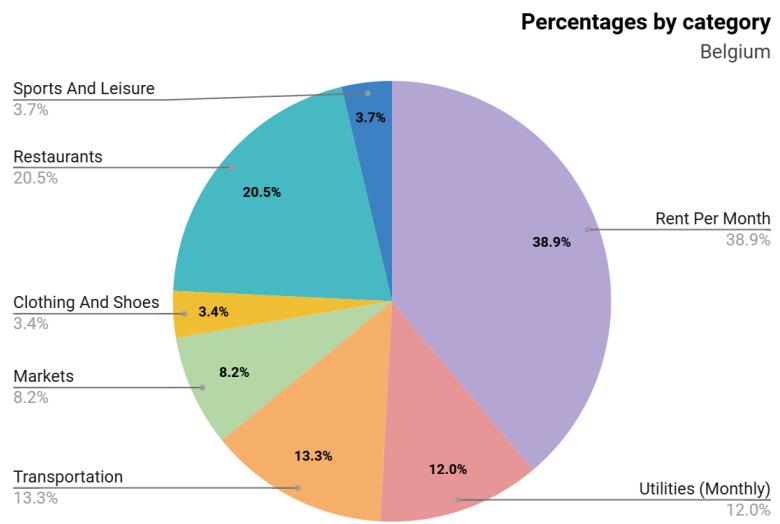


Japan proves slightly more expensive than the Netherlands, with essential goods taking a larger portion of the budget, despite maintaining the same disposable income ratio. Interestingly, restaurant prices decrease, while sports and leisure costs rise within the non-essential category.



Norway maintains consistency with previous patterns, with essential goods at 75% of the cost of living. On the non-essential side, restaurants remain a major expense.





Both France and Belgium show lower rent prices, but these are balanced by higher transportation and eating out costs, reinforcing the trend of essential needs driving affordability constraints.

In summary, in both the most affordable and moderately affordable countries, between 70% and 80% of the cost of living typically goes to essential goods. Even if rent is cheaper in some countries, other expenses like transportation may be higher, which keeps the overall proportion of essential spending relatively consistent.

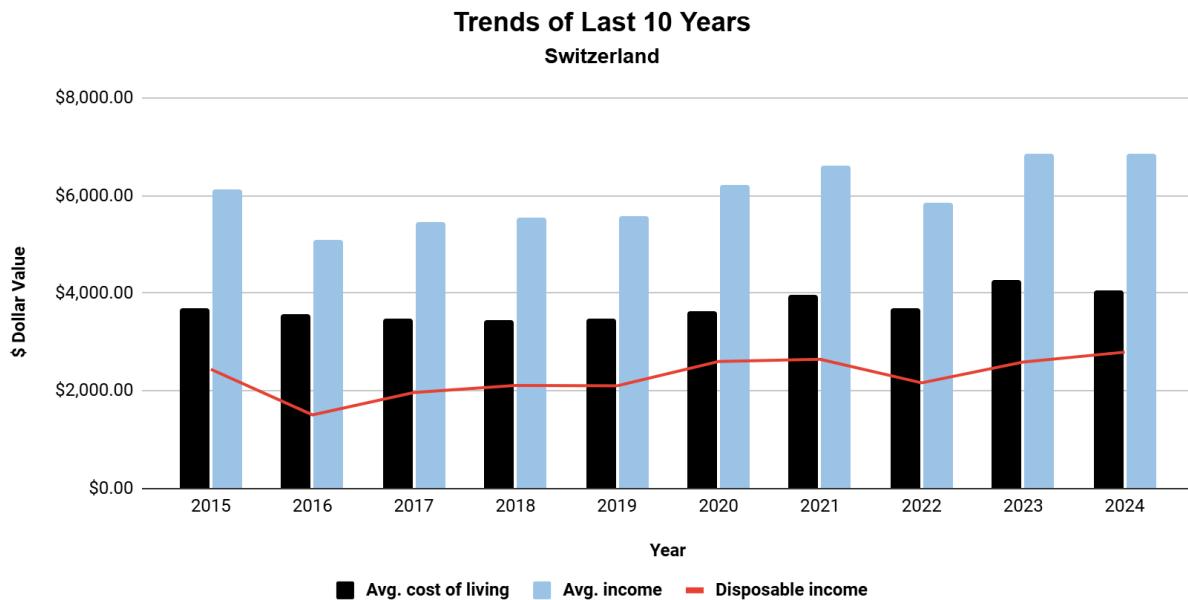
As for non-essential categories, eating out tends to be the most expensive on average. However, spending in these areas varies significantly depending on each individual's lifestyle and personal choices.

Trends Over Time

Switzerland

The cost of living in this country has remained stable over the past decade, while average income has shown more frequent fluctuations. As a result, disposable income levels have experienced some variability.

However, these shifts have not significantly reduced overall disposable income. Given the low volatility in living costs and the generally high margin between income and expenses, this country presents favorable conditions for long-term financial planning and economic stability.



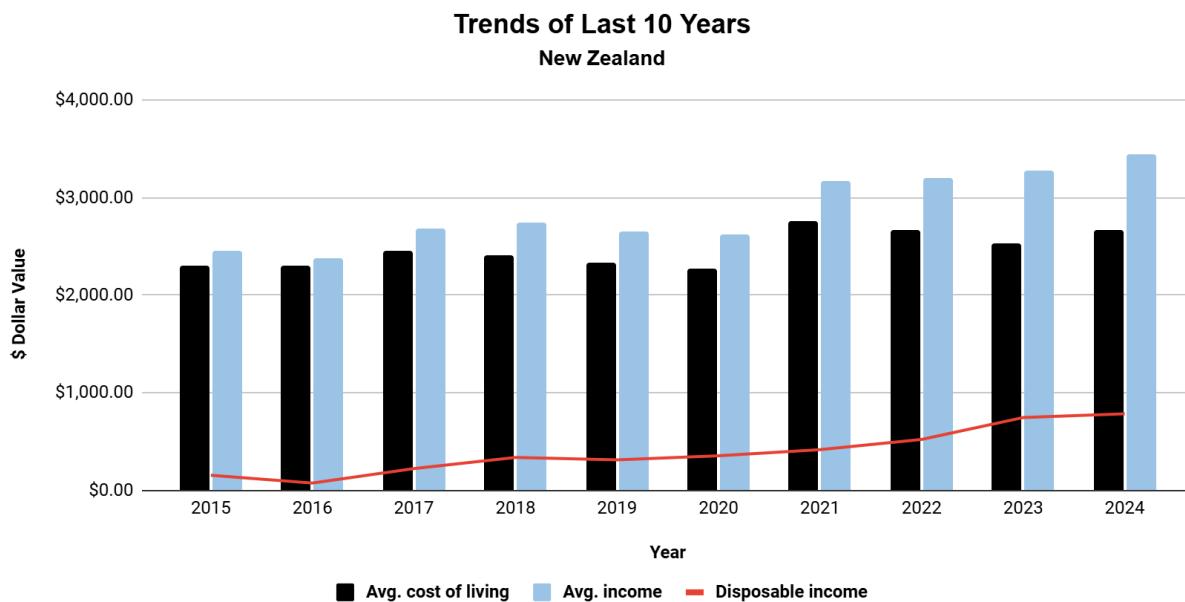
New Zealand

The average cost of living in this country has remained relatively stable, with the most notable deviation occurring in 2021, coinciding with global economic shifts caused by the COVID-19 pandemic. Following that peak, costs slightly decreased and have since settled at a higher yet stable level.

Prior to the pandemic, the average income closely mirrored trends in the cost of living. However, in the years that followed, income began to rise steadily, even as living costs declined.

This rising income alongside declining costs is reflected in the disposable income trend, which has shown consistent growth since 2018. What began as a low and uncertain margin has evolved into a healthier financial view, signaling improved financial resilience.

This country shows signs of economic recovery and improving personal finances, but the slow and reactive nature of income growth still introduces a level of uncertainty. If current trends continue, the country may become a stronger candidate for long-term financial planning, though caution is still advised.

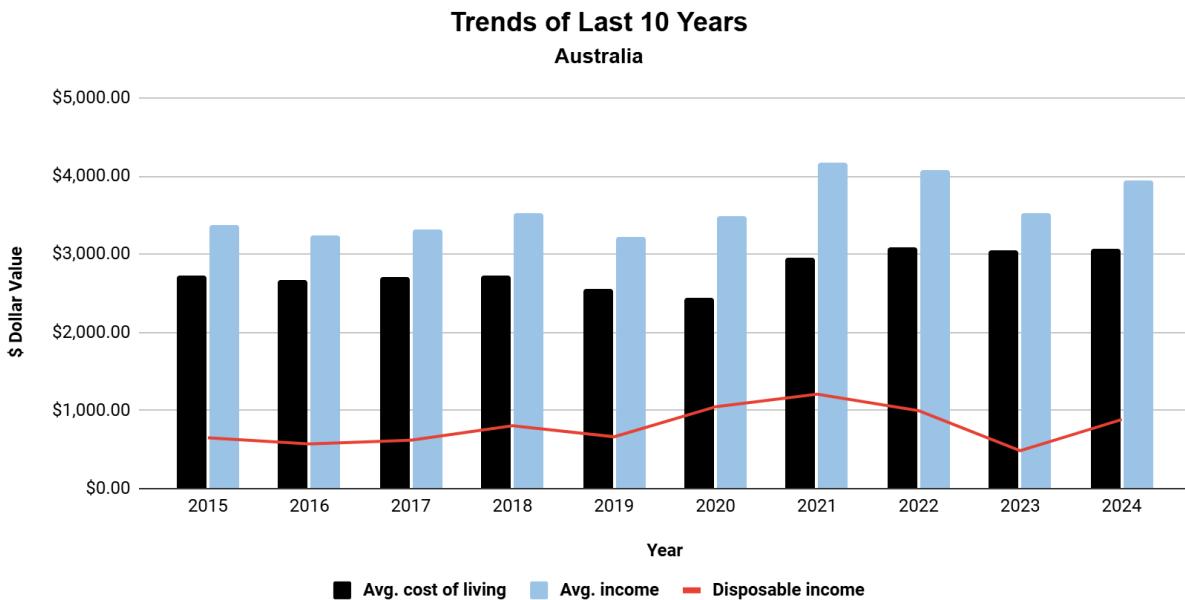


Australia

The cost of living in this country appears relatively stable over the past decade, with the only significant spike occurring in 2021, consistent with the global economic disruption described above. Since then, costs have returned to a steady pattern, although at a slightly elevated level.

The average income shows more volatility, with noticeable fluctuations throughout the period. Interestingly, it experienced a sharp increase during 2021, possibly due to pandemic-related economic shifts or policy responses.

While the disposable income trend displays more variation than typically expected for financial stability, the underlying stability in cost of living offers a foundation for financial planning. Despite some unpredictability in income, the consistent living costs suggest that individuals may still be able to plan effectively, especially if income growth stabilizes in the coming years.

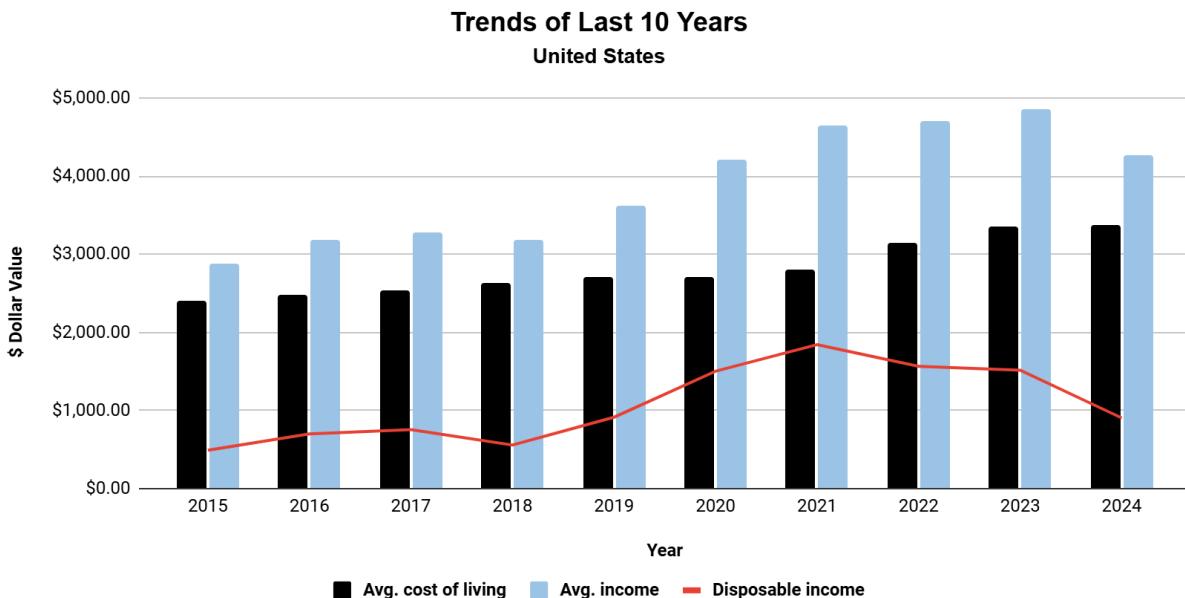


United States

The average cost of living in this country has been slowly rising over the past 10 years. While the average income saw significant growth following the COVID-19 pandemic, it declined in the most recent year, resulting in a sharp 40% drop in disposable income, a considerable setback after years of gradual recovery from a low in 2018.

The disposable income ratio, which had been on an upward trend, peaked post-pandemic but has now returned to the 2017 level, prior to the 2018 crisis. This level of volatility and uncertainty, especially when only a limited set of variables are analyzed, raises concerns.

Given these patterns, the United States currently presents a moderately stable environment for digital nomads, expats, or investors looking for predictability or growth opportunities.

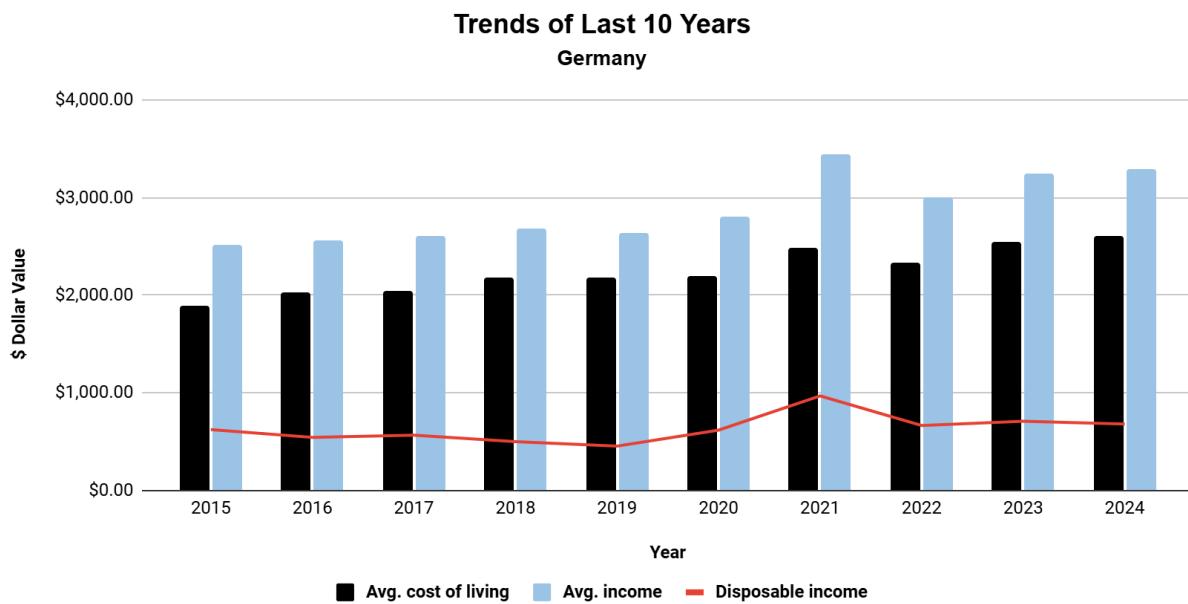


Germany

Although cost of living fluctuates slightly, the average income tends to move in the same direction, often with larger increases, which is a very positive sign. This pattern helps maintain a relatively stable disposable income ratio throughout the years.

Even during the global economic disruption described above, disposable income saw a notable increase, and although it slightly declined afterward, it has remained steady since.

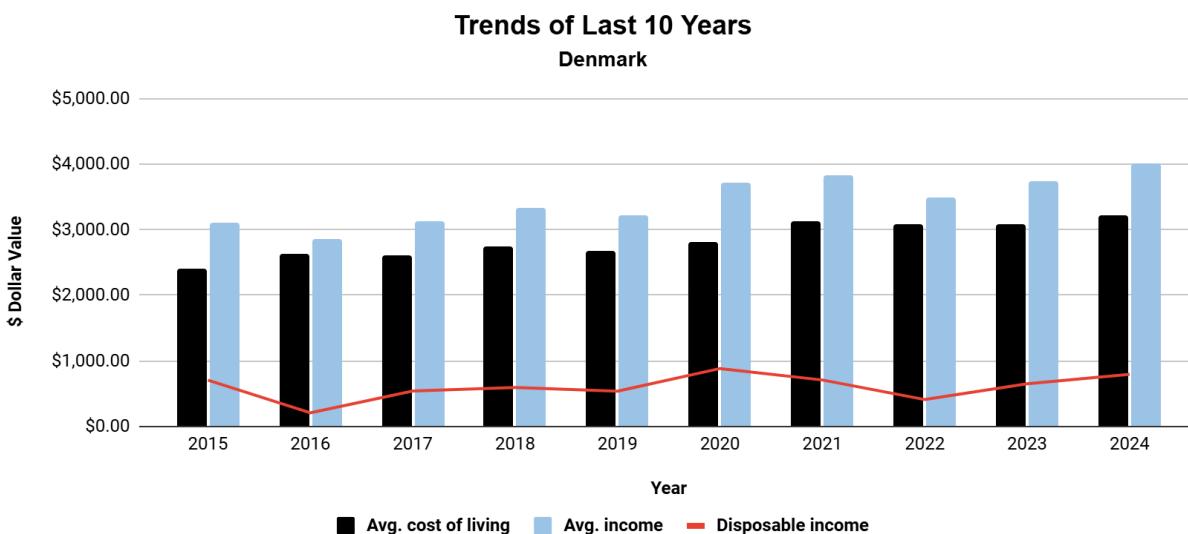
Overall, this country's data indicates a stable economic environment, with income growth consistently rising faster than cost increases, making it an excellent candidate for long-term financial planning.



Denmark

In this country, the average cost of living showed a gradual increase in the years leading up to the COVID-19 pandemic. Post-pandemic, the rise has been more subtle, remaining within a relatively stable range.

However, the average income did not follow the same trajectory, fluctuating independently and causing the disposable income ratio to experience abrupt shifts. This inconsistency suggests that the country may not be ideal for long-term financial planning due to its unpredictable income trends.

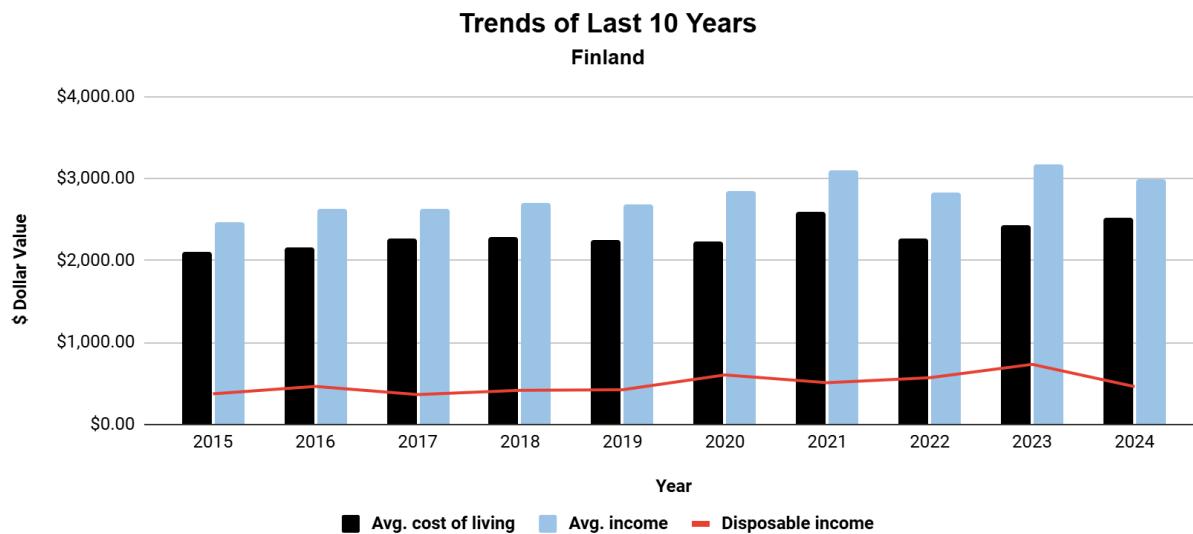


Finland

The data reveals that while the cost of living has experienced some fluctuations, it has remained reasonably stable overall. Average income tends to mirror these shifts and occasionally rises at a faster pace, which has helped maintain a relatively steady level of disposable income.

A notable exception occurred in 2024, when the disposable income ratio dropped by 37%, falling back to levels seen before the COVID-19 pandemic. This decline may indicate a return to pre-pandemic norms rather than a signal of long-term economic instability.

Despite this recent dip, Finland continues to demonstrate strong long-term stability, making it a promising option for financial planning, economic reliability, and an appealing destination for digital nomads, expats, and investors alike.

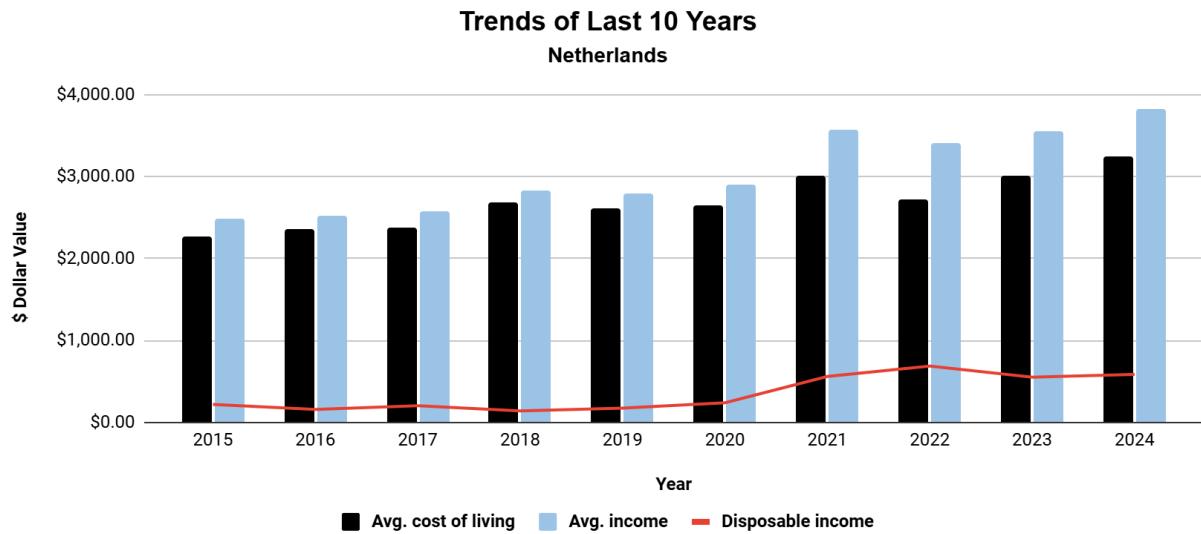


Netherlands

The average cost of living in this country shows some fluctuations over the past decade, but average income appears to track those changes closely, contributing to an overall stable economy and maintaining a relatively steady disposable income ratio.

The COVID-19 pandemic caused a noticeable disruption in this pattern, with both income and cost of living showing more pronounced shifts. However, the disposable income ratio has since rebounded and is now higher than it was before the pandemic, a positive sign of economic resilience.

Looking ahead, the disposable income may either stabilize at its current higher level or gradually return to pre-pandemic norms. Either outcome suggests a favorable environment for long-term financial planning.

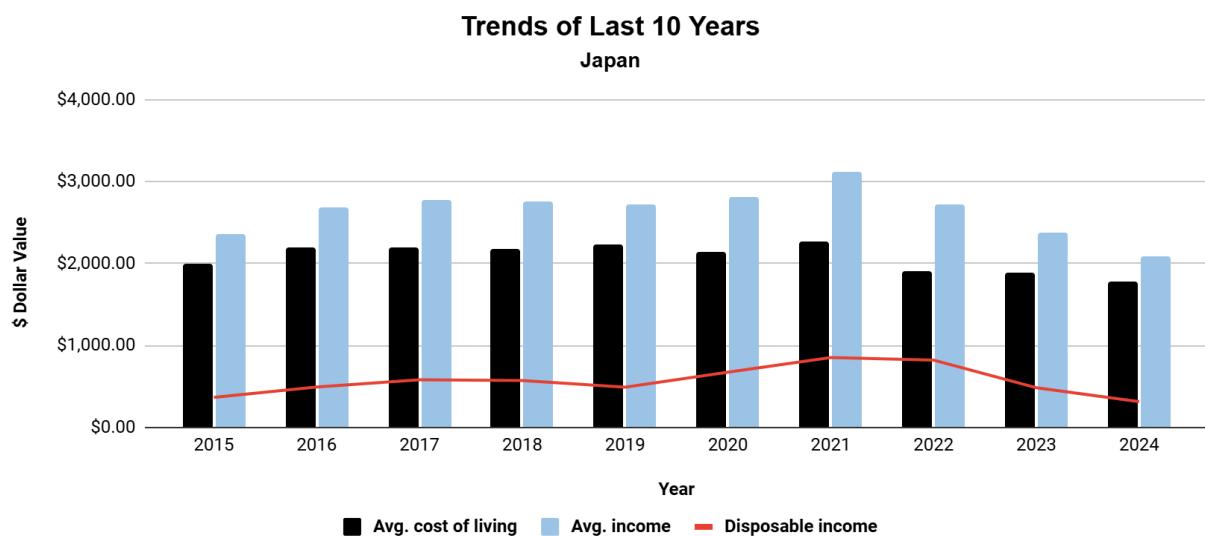


Japan

Over the past decade, the data shows noticeable instability in both cost of living and average income trends. While income often adjusts in response to shifts in living costs, neither metric establishes a consistent upward or downward trajectory.

The disposable income ratio highlights this uncertainty, ending the period at a level similar to where it began. This suggests that the economy may still be navigating through volatility, making it unclear whether current levels represent a new equilibrium or ongoing unpredictability.

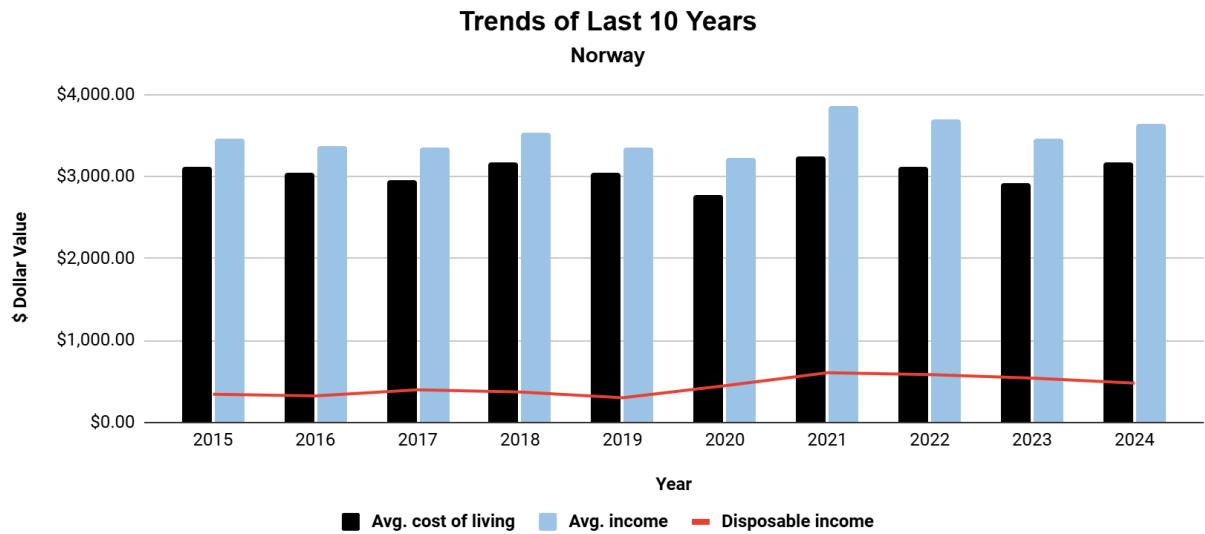
Due to these fluctuations, it's challenging to determine if the country has reached economic stability or if further changes are on the horizon.



Norway

This country displays a peculiar pattern in its average cost of living, which tends to rise but dips again roughly every three years, even during the COVID-19 pandemic. The average income appears to follow this rhythm, helping to maintain a relatively stable disposable income ratio.

Although the disposable income hasn't fully returned to its pre-pandemic levels, it has consistently stayed within a reasonable range, which is a promising sign of underlying economic resilience.

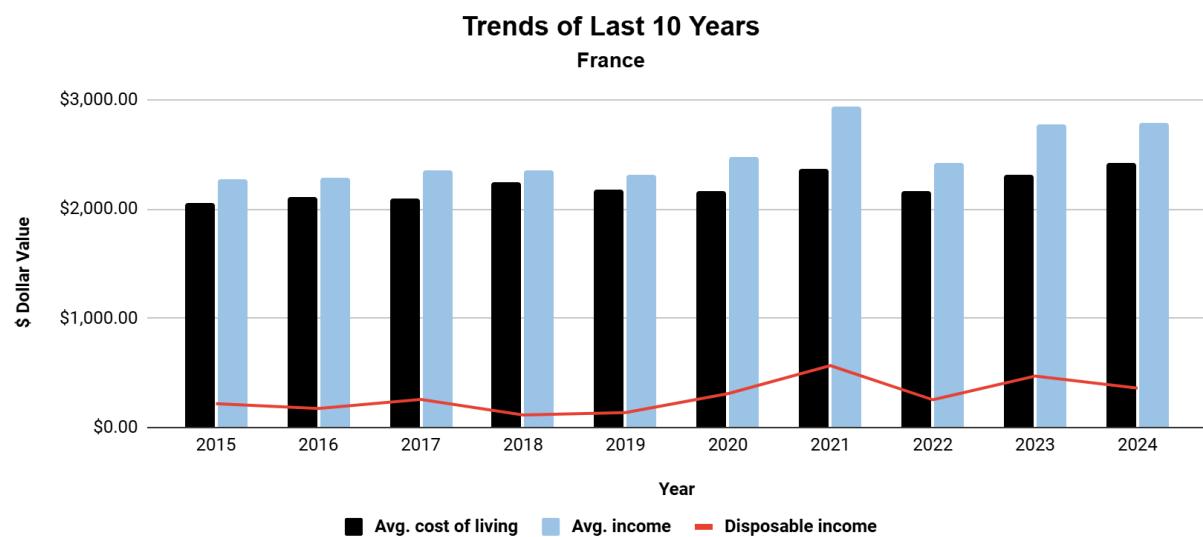


France

In this country, we observe moderate fluctuations in both the average cost of living and average income, which cause the disposable income ratio to swing up and down in a moderately stable pattern. Of course with the exception of the COVID-19 pandemic years.

Nonetheless, the narrow gap between cost of living and income creates financial pressure, raising red flags for individuals considering relocation and investors looking for a reliable consumer base.

Overall, this country is moderately affordable. It is a stable economy but with little room for investing and other spendings.

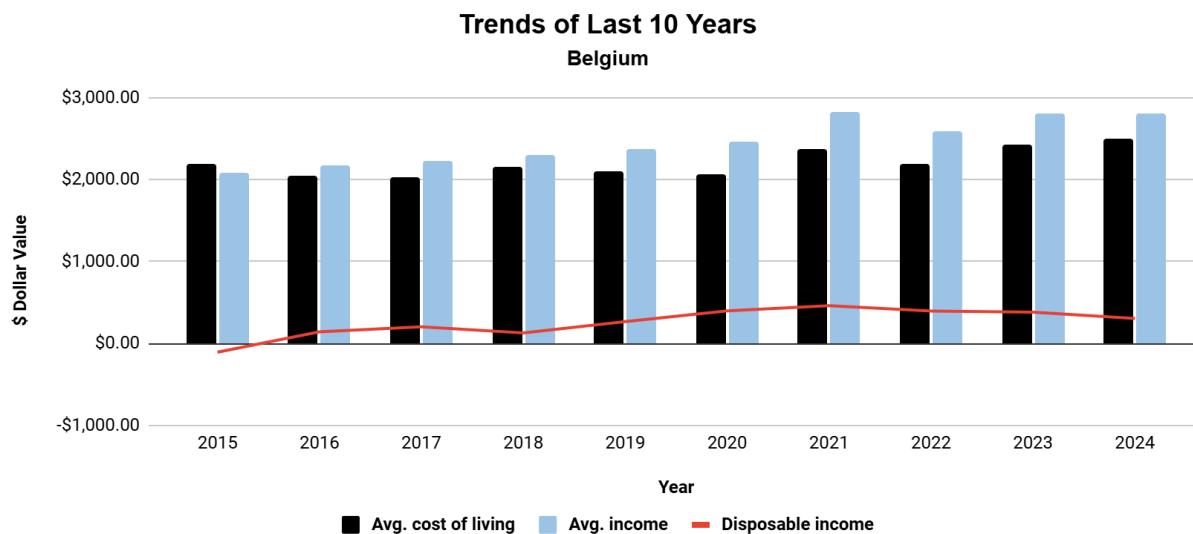


Belgium

This country began the decade with a concerning negative disposable income ratio, indicating that the average income was insufficient to cover the average cost of living. Fortunately, it recovered quickly and maintained a positive disposable income from 2016 onward, despite a slight dip in 2018. Even during the COVID-19 pandemic years, the economy remained relatively stable.

Regarding income and cost of living trends, as in France, there is only a narrow gap between the two, resulting in a consistently low disposable income ratio.

To summarize, the overall trend mirrors that of France, a moderately stable economy with limited capacity for investment or discretionary spending beyond the average cost of living.



While this analysis is based exclusively on average salary and cost of living data, the resulting affordability and stability indicators can serve as a general starting point for different audiences, such as digital nomads, expats, and investors. For a complete relocation or investment decision, additional factors like job opportunities, safety, education, infrastructure, political stability, visa policies, taxation, healthcare quality, environment, entertainment, long-term economic prospects, should be considered separately.

Key Findings

The suggested country-persona pairings below are based only on financial patterns identified in this analysis, for example, disposable income, rent proportions, and stability trends. Lifestyle, legal, and professional considerations remain outside the scope of this dataset.

Digital Nomads

May benefit from countries with moderate rent, decent disposable income (since they typically rely on external income, disposable income serves as a proxy for local affordability), and relatively stable income and cost of living patterns.

Suggested countries: Finland, Germany, and Norway. France may also be an option for short stay, though its volatility presents challenges for long-term planning.

Expats Seeking Long-Term Financial Planning

May prefer high stability and predictable disposable income over time.

Suggested countries: Switzerland, Germany, and Finland. Norway shows moderate income stability and could be considered cautiously.

Investors

May look for stability in consumer purchasing power, and growth trends. Disposable income recovery and trend resilience suggest stronger consumer bases.

Suggested countries: Switzerland, Germany, Netherlands, and Australia.