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Honolulu still tops list of costliest U.S. cities

It's most expensive place to do business, new report says

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Honolulu once again has come out on top of a ranking of most costly cities, this time as the most expensive city in which to do business.

The ranking by KPMG LLP, one of the world's largest audit tax and advisory firms, found Honolulu was more expensive than 60 U.S. metropolitan areas and that its costs more rivaled those found in Japanese cities.

"It's not an altogether surprising outcome," said Glenn Mair, a co-author of the report.

Honolulu also was the costliest U.S. city to do business in when the ranking was last done two years ago.

Mair said Honolulu's need to import most items, along with higher salaries to keep up with the cost of living, were largely to blame.

"It's really a mix of things," Mair said, adding that other factors included the cost of real estate, energy and state taxes.

Hawai'i's gasoline and electricity costs are the highest in the country, while Honolulu has the third-most expensive home prices in the nation and second-highest rental rates.

Researchers at KPMG examined 26 cost categories as they applied to 17 industries.

The study is a "guide for comparing business costs in the United States and contains valuable information for any company seeking a cost advantage in locating a business operation," said Hartley Powell, national leader for KPMG's Global Location and Expansion Services practice.

He said that site evaluations include a number of factors, including costs, but also consider business costs and environment, personnel costs and quality-of-life issues.

The researchers based the rankings on an index score of 100 that represents the average cost for operating in New York City, Los Angeles, Chicago and the Dallas-Fort Worth area.

On this scale, Honolulu scored 107.3.

Mair said that means it costs 7.3 percent more to operate here compared to the average of the four-city index.

"Most are below 100," he said. "When you look across the U.S., New York and Los Angeles are among the most expensive cities."

Anchorage was the second-costliest city in the United States, among those studied, with an index score of 106.3. It was followed by San

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Francisco, New York and Los Angeles.

The five cheapest U.S. cities in the study were Shreveport, La.; McAllen, Texas; Cheyenne, Wyo.; Charleston, S.C.; and Youngstown, Ohio.

The Toronto-based researchers also reviewed costs for more than 35 international cities, including 15 in Canada.

Among these cities, Tokyo came in at a score of 108.9. Osaka was 106.4.

Honolulu would be ranked between the two Japanese cities if it was on the international list.

Studies by other researchers have ranked Honolulu lower. A December report by ECA International, for example, placed Honolulu as the 49th costliest place to live worldwide and second-most expensive in the U.S. after Manhattan.

That study looked at 390 cities and ranked their cost of living by compiling prices for a basket of goods and services that included groceries, clothing, meals out, drink and tobacco and miscellaneous goods and services.

It determined that Luanda, Angola, was the most expensive place to live.

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