

FINANCIAL SERVICES

Billionaire population shrank 3.1pc in 2016: Wealth-X

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Image courtesy of JetLux

By SARAH JONES

In the past year, the total of billionaire fortunes lost outnumbered the amount of newly minted millionaires, leading to the first drop in this ultra-wealthy population since the recession.

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Of the 2,397 billionaires around the world, 207 are newcomers, while 283 individuals, or about one-tenth of the list, fell out of the wealth bracket. While the ultra-affluent are typically considered an insulated population, this year saw billionaire's wealth rise and fall at substantial rates.

"2016 saw heightened geopolitical instability and a strong U.S. dollar," said London-based Maya Imberg, a director in **Wealth-X's** custom research department.

"These factors, combined with still subdued trends in the global commodity, financial and consumer markets, all impacted global wealth," she said. "The uncertainty in the global economic environment has implications for billionaires, many of whom have large global business interests."

Wealth-X's fourth annual **Billionaire Census** covers the demographics, asset holdings and source of wealth for this ultra-wealthy population, looking at how geopolitical factors are shaping trends in their wealth.

Slowed growth

While there was a drop in the net number of billionaires this year, this demographic is still greater than it was in 2014's census, showing a bigger picture view of growth. Combined, these individuals have \$7.4 trillion in assets.

In 2016, about three-quarters of the billionaires identified by Wealth-X had their net-worth increase or decrease by at least 5 percent. About one in every five billionaires on the list saw a change in net worth of 20 percent or more.

When broken down by region, only the Americas saw a growth in total wealth and population of billionaires. The United States boasts the largest number of billionaires out of any country around the world.



Image courtesy of Shangri-La

Over the past few years, Asia has had the fastest growing billionaire population, with 70 percent of new billionaires coming from the region last year ([see story](#)). However, this trend was broken in 2016 as the region saw declines in wealth.

Even with the decrease, China follows the U.S. as the country with the second largest number of billionaire residents. About one-third of Chinese billionaires are under the age of 50, making them younger than the average.

"The decline in billionaire population in the Asia-Pacific region was a sharp reversal of the double-digit growth rates recorded in 2015," Wealth-X's Ms. Imberg said. "This was driven in part by currency weakness and outflows of capital from most emerging economies.

"The effects of the current global geopolitical environment, specifically the shift away from globalization, are impossible to predict and may ultimately prove to be less severe than many fear," she said. "However, there is little doubt that the international environment is more unstable than it has been for some time, with increased uncertainty over political outcomes, policy direction and growth prospects for the billionaire population."



Image courtesy of Peninsula Hotels

Male billionaires make up the majority of the billionaire population, with women only about 11 percent of the list.

While the billionaire population has contracted this year, the overall outlook for the ultra-wealthy is positive in the long-term.

Ultra-high-net-worth individuals' net assets saw stagnant growth in the past year, with their wealth increasing a mere 0.8 percent.

According to Wealth-X's "World Ultra Wealth Report 2015-2016," the population of individuals with a net worth of at least \$30 million grew only 0.6 percent into 2015 to 212,615. This flat growth is set to change, with UHNW total assets to increase at a CAGR of 9 percent through 2020, reaching \$46.2 trillion ([see story](#)).

At work

Among those with assets in the billions, Harvard University is the most popular alma mater.

Finance, banking and investment is the industry of choice for the most billionaires, followed by industrial conglomerates and real estate.

While it has not yet cracked the top three, one sector that has been creating billionaires is technology, the field that employs 115 of the 2,397. Those that earned their billions through tech tend to be young, with about half of this

population under the age of 50.

Technology tends to create younger billionaires, but it also creates wealthier individuals. Tech entrepreneurs have an average net worth of \$5.2 billion, about \$2 billion more than the overall average.

Among these entrepreneurs are Facebook's Mark Zuckerberg, the Harvard dropout whose wealth the researcher puts at \$46.2 billion, and Google's Larry Page and Sergey Brin, both 42, who have respective net worths of \$37.8 billion and \$36.2 billion.

"In 2016, technology rose in the list of popular sectors for billionaires, ranking in the top five for the first time," Wealth-X's Ms. Imberg said.

"Half of tech billionaires are below the age of 50, and this group of younger billionaires tends to be more socially and environmentally aware than the average billionaire," she said.

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