

RESEARCH

Billionaires' \$6tn in global wealth used to build legacies via cultural capital

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Jean-Michel Basquiat's *Untitled* sold for \$110.5 million. Image credit: Sotheby's

By JEN KING

After a \$300 billion decline to \$5.1 trillion in 2015, UBS and PwC report that the total wealth of the world's billionaires rose 17 percent in 2016 to \$6 trillion.

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According to UBS and PricewaterhouseCoopers' annual joint "Billionaires Report 2017: New Wealth Creators Gain Momentum," there has been a return to growth for the billionaire community, with Asian billionaires outpacing those from the United States for the first time. In its findings, UBS and PwC examined wealth creation, but also the community contributions of the world's billionaires, ranging from art patronage and sports team investments to how these individuals act as a workforce vehicle.

"Once again, we celebrate the era of the entrepreneur in the United States with self-made billionaires comprising the majority of new entrants," said John Mathews, head of private wealth management and ultra-high-net-worth at **UBS Wealth Management Americas**, New York.

"After the brief pause last year, we see that billionaires' wealth has grown dramatically this year and remains strongest in the United States," he said. "More impactful, however, may be the legacies that billionaires create through their interests.

"Their cultural passions in art and sports, in particular, have a significant impact across the globe and in the communities where they live."

The Billionaires Report 2017 analyzed 1,542 billionaires in Asia, Europe and the United States.

By the numbers

The total wealth of the world's billionaires saw significant growth in 2016. UBS and PwC attributed the 17 percent increase to Asia's emerging billionaire class as well as the boom in industries such as the technology, materials and financial sectors.

In 2016, a new billionaire was created in Asia every two days. Per the report, Asia now has 637 billionaires compared to the U.S.' 563 billionaires.

By combined wealth, Asian billionaires are worth \$2 trillion, up almost a third from 2015's \$1.5 trillion ([see story](#)). Although Asian billionaires still remain behind the U.S. in terms of combined wealth, if the trend continues, UBS and PwC predict Asia's billionaires will control more wealth than their U.S. peers in as little as four years.

As for the U.S.' billionaires, the demographic saw wealth increase from \$2.4 trillion to \$2.8 trillion, an increase of 15 percent. This jump was driven by technological innovation, financial services and materials, which in turn created 25 new billionaires in 2016. .

While new billionaires are being created in Asia and the U.S., the story is a bit different in Europe, where there is a narrative of preservation of wealth.

Europe counts 342 billionaires whose combined wealth increased to just more than \$1.3 trillion between 2015 and 2016. Since much of Europe's wealth is old generational money, only 24 new billionaires were created, but this was offset by 21 dropping off, a third of whom's removal was caused by death.

Cultural capital

During a presentation of the findings on Oct. 18 in New York, executives from UBS and PwC stressed the spending power of the billionaires they examined, but also their contributions to the greater community.

A shared example said that the 1,542 billionaires interviewed for the survey, who own or partly own companies, are responsible for the employment of at least 27.7 million individuals. For scale, that figure is roughly the size of the United Kingdom's workforce.

Beyond purchasing luxury products and employing a massive amount of people, billionaires are increasing involvement with cultural pursuits in the art and sports sectors.

Per its report, UBS and PwC found that investments in art are up through a combination of private museum openings and public art institutions receiving more funding.

For example, Japanese ecommerce entrepreneur Yusaku Maezawa, estimated by [Forbes](#) to have a net worth of \$4.3 billion, purchased Jean-Michel Basquiat's "Untitled" painting from 1982 at auction at Sotheby's for \$110.5 million, a record-breaking price for any work created post-1980.

Instead of hanging the artwork in his home, or squirreling it away in storage, Mr. Maezawa plans to include the Basquiat in his private museum. By doing so, the public will have the opportunity to experience the painting firsthand ([see story](#)).



Yusaku Maezawa plans on opening a private museum for the public to enjoy. Image credit: Sotheby's

A community focus and hometown pride is also apparent in billionaire's investment in local sports teams.

Per the report, more than 140 of the world's top sports clubs are owned by 109 billionaires.

Of the 89 U.S. billionaires to own sports teams, 46 individuals invested in football and baseball, while Europe's 20 billionaires opt for soccer clubs. Interestingly, the 32 Asian billionaires in sports have invested mainly in soccer, ice hockey and cricket teams.

The involvement of billionaires is beneficial for the larger community, as the influx of funds helps the team itself become more sustainable while also organizing programs for local residents, such as sports camps for children and a bevy of fundraisers.

For example, NFL team the Houston Texans is owned by Robert C. McNair, estimated by [Forbes](#) to have a net worth of \$3.8 billion.

In the aftermath of Hurricane Harvey ([see story](#)), which devastated much of the team's hometown just as the 2017 NFL season kicked off, an effort fronted by defensive end J.J. Watt raised more than \$37 million for disaster relief, surpassing the original \$10 million goal.

"It's not enough anymore to just preserve and grow wealth," said Michael Spellacy, global wealth leader at [PwC](#), New York. "Today's billionaires also feel a responsibility to drive social and economic impact - whether that means creating a private museum to promote the arts of buying a professional sports team to promote a passion.

"This will be even more important when an estimated \$2.4 trillion of billionaire wealth is expected to be transferred in the next two decades," he said. "Technology, the creation of social networks and high-profile examples of philanthropic peers have all had an impact on this exclusive group."

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