

FINANCIAL SERVICES

UHNW wealth dropped in 2018 as priorities shifted to preservation

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The ultra-affluent are global. Image credit: Printemps

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While the population of ultra-high-net-worth individuals grew in 2018, their combined wealth fell for the first time in three years.

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Wealth-X's World Ultra Wealth Report 2019 finds that the ultra affluent were focused more wealth preservation rather than creation last year, as trade tensions and slowing equity markets made them more cautious. Despite slowed growth in 2018, Wealth-X projects that the population of UHNW individuals will rise at an almost 6 percent compound annual growth through 2023.

Wealth-X's **report** considers individuals ultra-high-net-worth if they have assets of \$30 million or more.

Wealth moves

In 2017, the number of UHNW individuals grew by double digits. Comparatively, last year saw more muted growth of 0.8 percent, reaching 265,490 individuals.

The collective net assets of this segment of the population declined 1.7 percent to \$32.3 trillion. Across all regions, the net worth held by residents fell.

However, some regions saw a dip in UHNW population, while others saw growth. The Middle East fared the best with a 6.8 percent rise in the number of UHNW individuals and only a 0.1 percent decline in total wealth.

Europe and North America also saw their UHNW populations rise by low single digits. North America continues to have the largest number of ultra-affluent residents, with 91,740 to Asia's 75,570 and Europe's 74,380.

By country, the United States leads with the most ultra-affluent with 31 percent of the total UHNW population, followed by China and Japan. New York is the city with the greatest number of UHNWs, followed by Hong Kong in close second.



New York is home to the greatest number of UHNW individuals. Image credit: Central Park Tower

Among the factors that slowed UHNW asset growth was political upheaval, from Brexit to protests in France.

Indicative of the impact that geopolitical volatility can have on net worth, Hong Kong's UHNW population fell 11 percent amid trade tensions and slowing growth in China. Asia on the whole lost 1.5 percent of its ultra-affluent population.

Even though global UHNW wealth fell from 2017 to 2018, it currently stands above where it was in 2016. Additionally, while the report focuses on those with \$30 million in assets or more, less affluent millionaires have fared better in the last year.

Both millionaires with between \$1 million and \$5 million and those with \$5 million to \$30 million saw their wealth and populations grow about 1 percent year-over-year to 2018. These individuals are also a greater in number, totaling almost 22.5 million.

Similarly, UHNW individuals with assets between \$30 million and \$500 million saw slight growth in their collective net worth. UHNW wealth declines were driven by the 7,000 individuals with assets of more than \$500 million, including billionaires who saw a 7 percent drop in collective net worth.

The global billionaire population fell more than 5 percent in 2018, as a worldwide economic slowdown and trade tensions impacted even the wealthiest.

After the billionaire population reached a record high in 2017 ([see story](#)), according to Wealth-X, only North America saw an increase in billionaires last year. Since the Great Recession a decade ago, 2016 and 2018 are the only years during which the billionaire population has declined ([see story](#)).



A small portion of UHNW wealth is tied to luxury assets. Image credit: Northrop & Johnson

The UHNW have a greater share of their wealth in liquid assets this year compared to 2017. Only 6.2 percent of their wealth is in real estate and luxury assets such as yachts, private jets and art.

Attracting attention

Increasingly, the ultra-affluent are self-made. As of 2018, 67.7 percent of UHNW individuals made their own wealth, while only 8.5 percent solely inherited their wealth.

Banking is the top industry for the ultra-affluent, followed by consumer and business services and real estate.

Entrepreneurship is also increasing the number of female UHNW individuals. Traditionally, women with fortunes were more apt to have inherited their wealth, but women are increasingly becoming self-made millionaires.

While women still only account for 14.6 percent of all UHNWIs, they make up 18.8 percent of those under the age of 50.

Values and a desire to be responsible with their wealth drive millennials' investment and spending decisions, enabling them to be activists with their assets.

During a fireside chat at LuxeCX/AMCX 2019 on Sept. 25, an executive from UBS explained how millennials are making choices about their finances as they inherit and earn significant wealth. More than other generations, these consumers let a company's sustainability or social impact guide them ([see story](#)).

Despite the attention that has been put on younger consumers' values, it is those ages 70 and up who rank philanthropy as their top interest. For consumers younger than 70, sports come first, with the under 50 crowd placing philanthropy third and the 50 to 70 group ranking charity second.

The over 70 group also has the strongest interest in luxury, with 42.9 percent saying they have an interest in luxury. In contrast, only 35.8 percent of those under 50 share the same affinity for luxury.

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