

FINANCIAL SERVICES

Wealth of world's richest takes hit amid pandemic: Wealth-X

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The rich of Europe are enduring a COVID-19 battering Image credit: Pexels

By ELLEN KELLEHER

The economic impact of the coronavirus pandemic has dramatically thinned the ranks of the world's ultra wealthy, despite a rebound triggered by government financial aid, according to this year's [Wealth-X Ultra Wealth report](#).

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The annual report measures wealth distribution across 75 countries. COVID-19 has contributed to the growing economic disparity around the world and the immediate hit to millionaires' pockets, particularly in the United States and Canada, from the pandemic was severe.

"[The] main channel of wealth loss was via the stock market as investors made a huge flight to safety," said the report. "At the end of March, the MSCI World Equity Index was down by 21 percent, in dollar terms, from its end-2019 level, with a number of major stock markets booking losses of more than 30 percent."

This year's Wealth-X report relies on a model which estimates private wealth based in part on data from the World Bank, International Monetary Fund and government statistics.

Widening gap

By the close of March, the number in the ultra-wealthy class those with more than \$30 million in assets fell to 238,060 individuals, a drop of almost 53,000 from 2019's end.

The hit to this rich cabal's collective wealth was even more damaging as their net worth plunged by 28 percent over this period to \$25.4 trillion from \$35.4 trillion at the end of 2019.

Government stimulus programs contributed somewhat to a recent bounce-back in wealth despite the continuing pandemic.



North American multi-millionaires have weathered the pandemic better than their European counterparts. Image credit: PropertyShark

At the end of August, the ultra-wealthy population amounted to 280,670 individuals, a jump of 18 percent from its low at the close of March.

North American multimillionaires fared relatively well, with the number of ultra wealthy individuals rebounding to 104,440 in August from the height of the downturn in March, not far off the level seen in 2019.

In a similar fashion, the recovery in equities seen between June and August plus commodity demand and spending by consumers pushed the combined net worth of this rich class up by 27 percent to \$32.2 trillion at the end of August.

However, it is nearly impossible to predict the path of the coronavirus and forecast its knock-on effects.

This uncertainty is likely to encourage wealthy people to shore up their businesses and review their holdings while casting an eye on new opportunities, the study's authors predict.

According to Wealth-X, the wealthy of Denmark, China, Taiwan and South Korea have done a better job than most at holding onto their assets during the pandemic.

The structure of the Danish economy triggered a "less severe" economic hit during the pandemic, while in China, Taiwan and South Korea, lockdown measures went further in stamping out the virus's impact.

The pandemic hit after the number of millionaires worth more than \$30 million and their collective assets climbed at a rapid clip last year.

Indeed, robust returns across nearly all asset classes in 2019 led to the number of the world's individuals with more than \$30 million to their names jumping by 9.5 percent to 290,720 people and their combined wealth growing by 9.7 percent to a total of \$35.4 trillion.

Multimillionaires in North America and Asia, where the focus remains on China, reaped the most significant gains while their African counterparts came in third place.

Growth in the collective assets and number of multimillionaires in Europe and the Pacific region, meanwhile, was "below average." Middle Easterners were deemed the "weakest regional performers" by the study's authors.

This uneven pattern of wealth creation stems from the "elevated" uncertainty pervading the world's economy in 2019, per the report.

"Policy easing by the world's major central banks was undoubtedly the dominant market mover- particularly late in the year but constantly fluctuating narratives over U.S.-China trade tensions and a possible no-deal' Brexit, an escalation in Middle East hostilities, heightened social unrest in many countries, volatile commodity and currency markets, and fears of a global manufacturing downturn were also key factors influencing wealth creation at a regional level," the report said.



The coronavirus paralyzed China, but the government's lockdown measures were effective. Image credit: China Luxury Advisors

Wealth also remains in the hands of older people.

More than half of the population of people with more than \$30 million in assets falls between the ages of 50 and 70. Only 12 percent are younger than 50 and a scant 1.2 percent are under thirty-five.

The wealthy in the Middle East and Asia tend to skew younger while the rich of North America and Latin America are among the oldest.

Billionaires in focus

The number of global billionaires also grew last year, and luxury marketers should be looking to understand this audience since these wealth leaders influence the consumption patterns of all affluent consumers.

In 2019, there were 2,143 billionaires in the top 15 countries, up 201 individuals as compared to 2018, with combined net worth up by an annual \$796 billion to \$7.6 trillion, according to Wealth-X's Billionaire Census 2020 ([see story](#)).

Billionaires have also been impacted by the repercussions of the pandemic, according to a new report from UBS and PricewaterhouseCoopers, which tracks their impact on business and philanthropy .

By the end of July 2020, however, total billionaire wealth reached \$10.2 trillion, surpassing the previous peak of \$8.9 trillion in late 2017. The number of billionaires is also up, from 2,158 in 2017 to 2,189 ([see story](#)).

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