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RESEARCH

# 65pc of HNWIs expect wealth growth in 2024: Knight Frank

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*Five trends are set to dominate the high-end real estate market. Image credit: Knight Frank*

By ZACH JAMES

New findings showcase shifting tides among the global affluent community.

Global real estate consultancy Knight Frank's The Wealth Report 2024 delves into the spending attitudes and financial well-being of high-net-worth (HNWIs) and ultra-high-net-worth individuals (UHNWIs) around the world. Spanning global wealth growth, real estate, sustainability, luxury collectibles and more, the report highlights a tentatively positive outlook for the coming year and beyond.

For the 18th edition of The Wealth Report, Knight Frank draws upon internal and external data, as well as "The Attitudes Survey," which garnered responses from 600 "private bankers, wealth advisors, intermediaries and family offices" who manage $3 trillion or more of capital for UHNWI clientele. Conducted in December 2023, respondents are based in seven global regions: Africa, Asia, "Australasia," Europe, Latin America, the Middle East and North America.

**Affluent optimism**

The report's authors identified five key trends.

GDP growth will slow slightly, interest rates will fall narrowly. Inflation will likely mitigate the effects of the decrease, and liquidation will be key to a rebound in the real estate market.

AI will further its integration into the corporate real estate sector. Additionally, climate change will impact property values.

*Knight Frank presents The Wealth Report 2024*

The overall property market is in the midst of a down period due to the aforementioned interest rates and inflation (see story). As a result, strategies have arisen for HNWIs to get around these financial hurdles (see story).

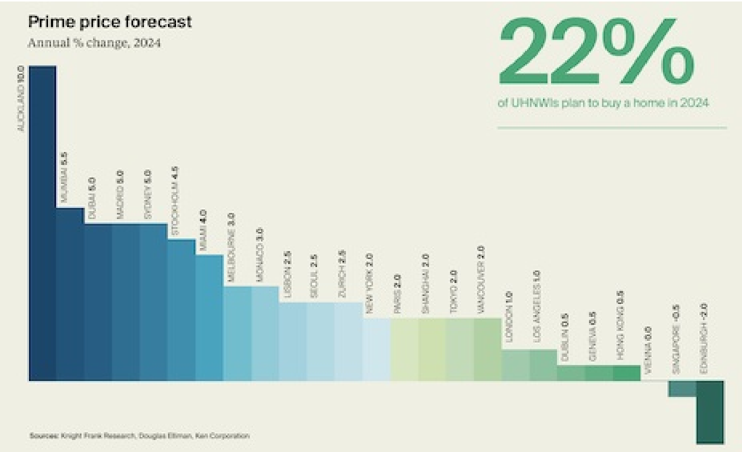
Now, it is a matter of affluent individuals piloting through the storm and finding success on the other side.

According to the report, geopolitical factors such as the upcoming U.S. presidential election and European Parliament activities will have a large effect on the wealthy in the coming year and beyond.

Despite this, predictions from the publication and attitudes expressed in the survey showcase a hopeful outcome for the top global earners.

Sixty-five percent of UHNWIs are expecting their personal wealth to grow in 2024. This marks a slight decrease from their feelings in 2023 (see story), but likely a better omen than the effects of 2022's economic climate (see story).

The percentage of those hopeful for a portfolio expansion this year grows as the respondents decrease in age, with 81 percent of Gen Z women and 75 percent of millennial males having an upbeat tone toward their financial future. For comparison, just over half of baby boomer men and women are on the same page.



*More than a fifth of respondents plan to buy a home this year. Image credit: Knight Frank*

With this positive outlook, disruption in the real estate sector is expected.

Though more HNWIs are buying homes, this behavior is not predicted to expand to the commercial sector, since businesses are still relying on work-from-home programs post-pandemic.

Asia is continually gaining exposure within the greater affluent landscape, touted as the current frontier among high-end businesses and clientele, despite projected slowdowns (see story).

"In the next decade, trillions of dollars are expected to shift to the next generation in Asia, reshaping the investment and wealth management landscape," said Christine Li, head of research in Asia Pacific at Knight Frank, in a statement

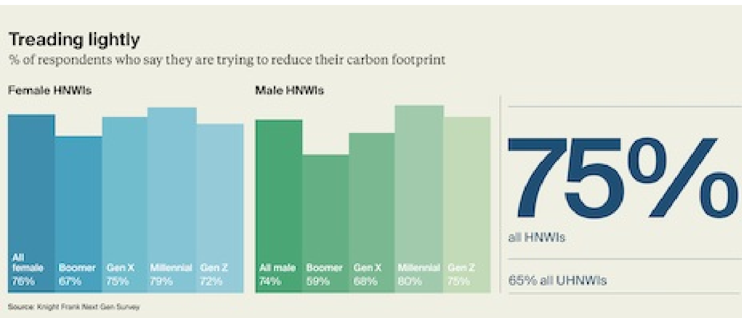
"Around 70,000 HNWIs from Asia are poised to pass on approximately $2.5 trillion in the next 10 years, surpassing the combined GDPs of South Korea and Taiwan, according to Euromoney People Intelligence," Ms. Li said. "This shift is already transforming the investing landscape, fuelled by a growing emphasis on sustainable investing and ESG considerations.

"Traditional investments like art, wine or jewelry may give way to a preference for those with a more positive impact on society, such as contributing to food security, mitigating climate risk and healthcare."

**High-end struggles**

While real estate and wealth are the dual cores of the report, luxury goods are also spotlighted, but not in a particularly positive light.

Rare whiskeys, cars and handbags are losing the most steam among collectors, according to Knight Frank's internal metrics. Prices are falling by 9 percent, 6 percent and 4 percent, respectively.



*Sustainability is still of great importance to HNWIs. Image credit: Knight Frank*

On the other side, the art (see story), jewelry and watch markets are on the upswing, rising by 11 percent, 8 percent and 5 percent, respectively.

Among those surveyed, an average of 20 percent of their entire portfolio is invested in luxury goods. This is a strong marker, especially as businesses seek to bounce back post-slowdown.

With a significant stake in the industry's success, the affluent are also optimistic about a comeback in the near future (see story).

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