

The Wealth Report Series

# Wealth Populations

- The global population of UHNWIs fell by 3.8% in 2022 with the rapid departure from an era of ultra-loose interest rates and relatively benign geopolitics

The story at the heart of *The Wealth Report 2023*, released in March, was that of the legacy of the pandemic and the reverberations from the surge in interest rates.

The strong economic rebound in 2021 and then reversal in 2022 was echoed by the global ultra-high-net-worth individual (UHNWI) population, which fell by 3.8% after a record breaking 9.3% growth in 2021.

In our recent report we detailed how the total wealth held by UHNWIs in 2022 fell by 10% due in large part to two-fifths of portfolios being held in equities and bonds, which saw the traditional portfolio of 60/40 put in the worst performance since the 1930s in the US. On the flip side, supporting growth, we revealed how property was a bright spot with prices in 100 prime

residential markets globally growing on average by 5.2% in 2022 and luxury investment assets saw an inflation busting 16% growth.

However, the dip is just that. Taking the longer view, the global UHNWI population grew by 44% in the five years to 2022. While we forecast that this will slow to 28.5% over the next five years, the recent dip will prove short lived as we adapt to a new economic environment.

“Property was a bright spot with prices in 100 prime residential markets globally growing on average by 5.2% in 2022.”

## KEY TAKEAWAYS

### -3.8%

The global UHNWI population contracted by 3.8% in 2022 after a record climb in 2021

### 16.9%

The Middle East was a regional stand out with 16.9% UHNWI growth, buoyed by the UAE and Saudi Arabia who saw stellar economic and property market performance

### 3

Asia was home to three of the top 10 fastest-growing wealth hubs, with Malaysia, Indonesia, and Singapore seeing their wealthy populations expand by 7-9%, this comes despite the wider region experiencing a 6.5% decline

### 744,000

Over the next five years we forecast that the global UHNWI population will expand by 28.5% to almost three-quarters of a million from 579,625 in 2022

### US\$12.4m

The level of net wealth required to join the top 1% of the population in Monaco

# Breaking it down

## Despite an overall fall in the global UHNWI population in 2022, several growth hubs remained

Despite the overall global population of UHNWIs falling, there are nuances to the story – both at a regional and country level as well as across wealth bands.

While the world's UHNWI population contracted last year, the number of high-net-worth individuals (HNWIs) expanded by 2.9% to number almost 70 million worldwide, only Europe as a region saw HNWI numbers dwindle. The number of billionaires meanwhile declined by 5% to 2,629.

The Middle East was the standout region with 16.9% growth in UHNWIs through the year. This corroborates the findings from our Attitudes Survey where two-thirds of regional respondents cited that their client's wealth had either increased or remained the same in 2022, ahead of the global average of just over half.

The UAE was the fastest growing country with an 18.1% increase, bringing the number of UHNWIs to 1,116, with Saudi Arabia not far behind with 10.4% annual growth. This comes

as little surprise with both the Dubai and Riyadh prime residential markets occupying the number one and three spots in our Prime International Residential Index (see March edition) and both seeing real GDP growth in 2022 of 7.6% and 8.7% respectively.

Africa also proved resilient with 6.3% growth, while Australasia and the Americas remained largely static with 0.7% and 0.2% growth respectively. While Australia's UHNWI population grew by 2.1% in 2022, the US' population fell marginally, by 0.8%, to 203,338.

Asia's UHNWI population fell by 6.5% yet three of the top 10 highest growth spots were held by Asian countries. Malaysia, Indonesia, and Singapore saw their wealthy populations expand by 7-9%.

Echoing what we highlighted in March, Europe was the hardest hit region with a decline of 8.5%. Some four-fifths of the region's countries experienced a decline in their UHNWI population. A handful of markets saw their UHNW

population increase including Ireland, with a 3.9% rise, and the wealthy's safe haven of Monaco with 0.9% growth.

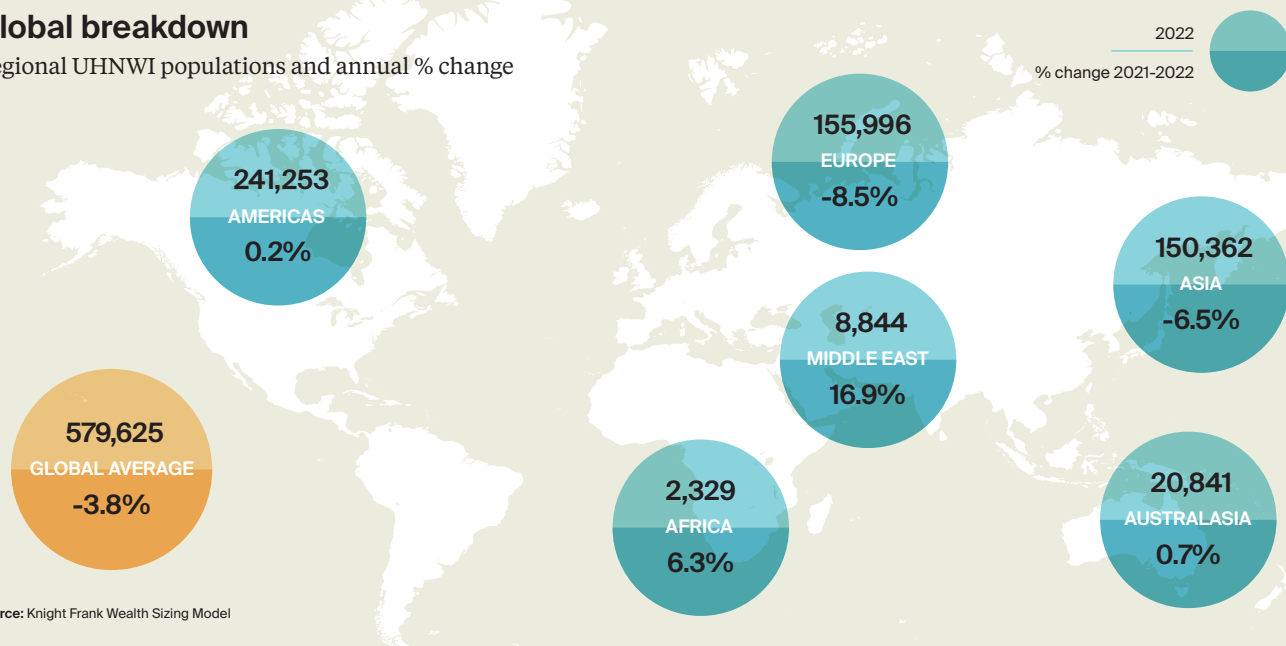
### A LOOK AHEAD

Over the next five years we forecast that the global UHNWI population will expand by 28.5% to almost three-quarters of a million from 579,625 in 2022. This expansion marks a slowdown from the 44% growth seen in the 2017 to 2022 period. The number of HNWIs will also surpass 100 million over the next five years, growing by 56.9%.

The first four months of 2023 have seen the mood shift to one of greater optimism. Economic data continues to surprise on the upside in many locations and the interest rate peak looks to be drawing ever closer. The reset that we noted in March, that underpins much of this year, is well underway and investor attitudes have already begun to shift. There may still be a great deal of

## Global breakdown

Regional UHNWI populations and annual % change



Source: Knight Frank Wealth Sizing Model

uncertainty on the horizon but UHNWIs are poised to capitalise which creates growth opportunities.

The top 10 locations for growth are dominated by European and Asian economies. Hungary, with 74.4% is followed by Turkey's at close to 70% and Poland at 66.9%. However, the US will retain its dominance with the largest global UHNWI population, which is forecast to grow by 24.6%. In

2022, the US was home to more than a third of global UHNWIs, and whilst the share will fall by 2027, it is only marginal from 35% in 2022 to 34% by 2027.

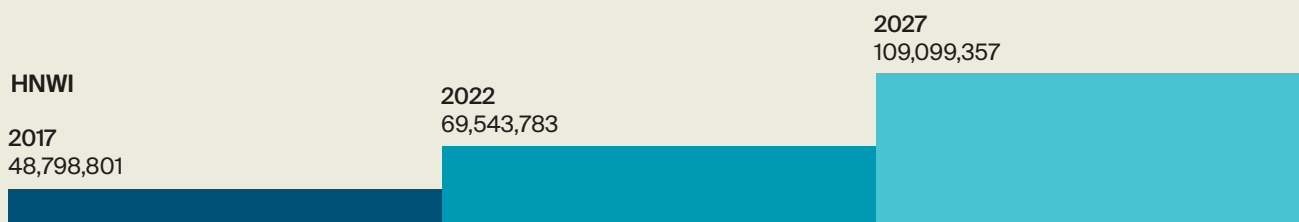
Among the top 10 are the world's two most populous countries, with India expected to see a 58.4% rise in its UHNWI population, a faster rate than in the previous five years. The Chinese mainland is forecast to see a 49.8% climb, a slowing from the 99.6%

growth experienced over the previous five years. India, is already estimated to have overtaken China in terms of population and forecast to be one of the fastest growing economies in 2023 according to the IMF.

As we move through 2023, there is plenty of optimism, as found in our Attitudes Survey. Our forecasts reflect this and the opportunities for wealth creation across the globe.

## Rising fortunes

Global wealth populations through the years and forecast 10-year (2017-2027) growth %



10-year growth 124%

### UHNWI



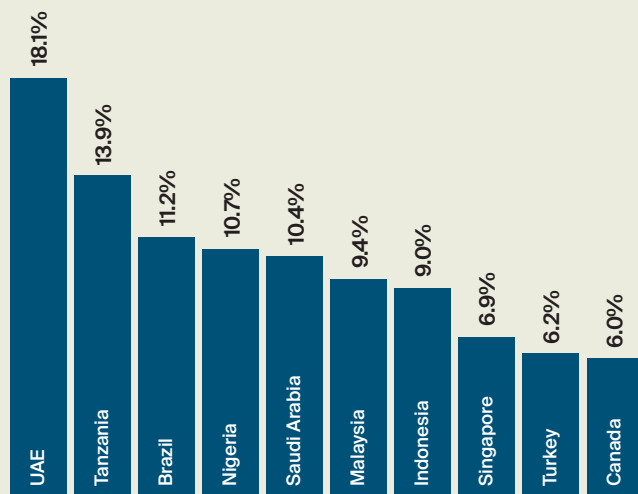
10-year growth 85%

### Billionaires

2017	2022	2027	10-year growth
2,087	2,629	3,372	62%

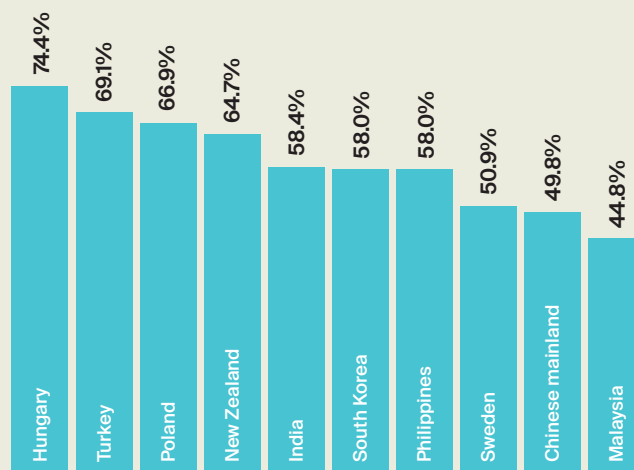
## Outperformance

Top 10 countries for UHNWI growth in 2021-22



## Ones to watch

Top 10 countries and territories for forecast UHNWI growth 2022-27



Source: Knight Frank Wealth Sizing Model

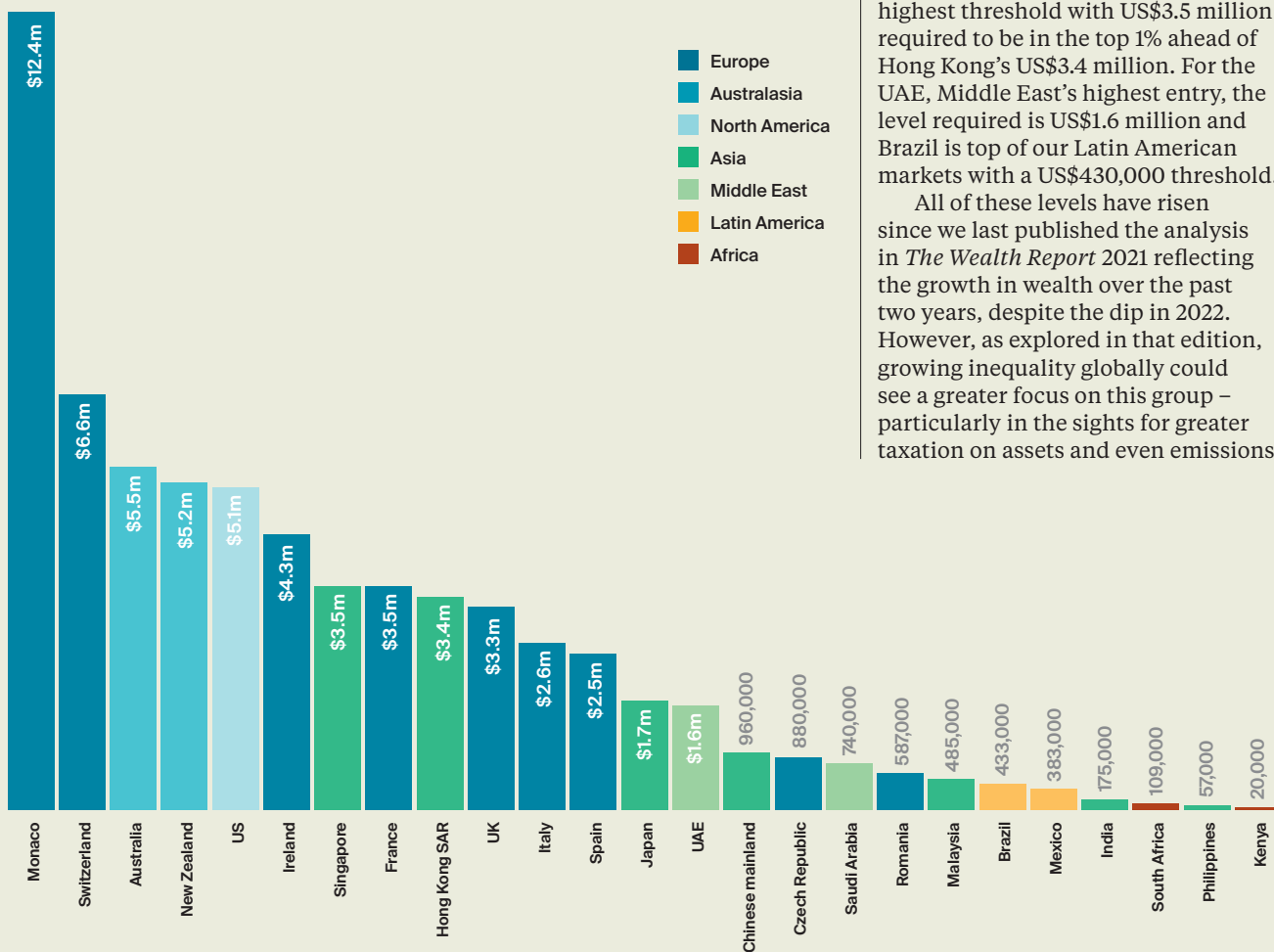
Note: ranked by % change for locations listed on page 6, excluding locations where UHNWI population is below 50

# What does it take to reach the top 1%?

We examine the level of net individual wealth required to reach the 1% threshold across the world

## The 1% club

The level of individual net wealth needed to join the top 1% in selected countries and territories (US\$)



Source: Knight Frank Wealth Sizing Model

“The 1%” rose to totemic status during the global financial crisis – however the wealth needed to join their ranks varies sharply from country to country.

While “the 1%” might be thought of as the epitome of excess, the price of access to the club falls well short of our definition of a UHNWI – somebody whose net wealth exceeds US\$30 million.

Even in Monaco, which has the world’s densest population of super-rich individuals, the entry point for the principality’s 1% is US\$12.4 million. The level is still almost double that of second place Switzerland at US\$6.6 million. Australasia rounds off the top three with US\$5.5 million with New Zealand and the US sitting in fourth and fifth place with US\$5.2 million and US\$5.1 million respectively required.

For Asia, Singapore has the highest threshold with US\$3.5 million required to be in the top 1% ahead of Hong Kong’s US\$3.4 million. For the UAE, Middle East’s highest entry, the level required is US\$1.6 million and Brazil is top of our Latin American markets with a US\$430,000 threshold.

All of these levels have risen since we last published the analysis in *The Wealth Report 2021* reflecting the growth in wealth over the past two years, despite the dip in 2022. However, as explored in that edition, growing inequality globally could see a greater focus on this group – particularly in the sights for greater taxation on assets and even emissions.



**THE WEALTH SIZING MODEL**
**JAMES CULLEY**

We have been generating our proprietary Wealth Sizing Model for half a decade now. Originally building upon established wealth estimation models, the model has evolved to incorporate advances in machine learning techniques and more extensive resources.

With each iteration we refine and optimise the model and data to produce accurate and robust forecasts structured to incorporate geopolitical circumstances that can affect the underlying economic relationships.

We are fortunate at Knight Frank to have a highly skilled Analytics team that can draw upon vast amounts of proprietary and external data, expertise and knowledge across the global network.

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