

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

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.

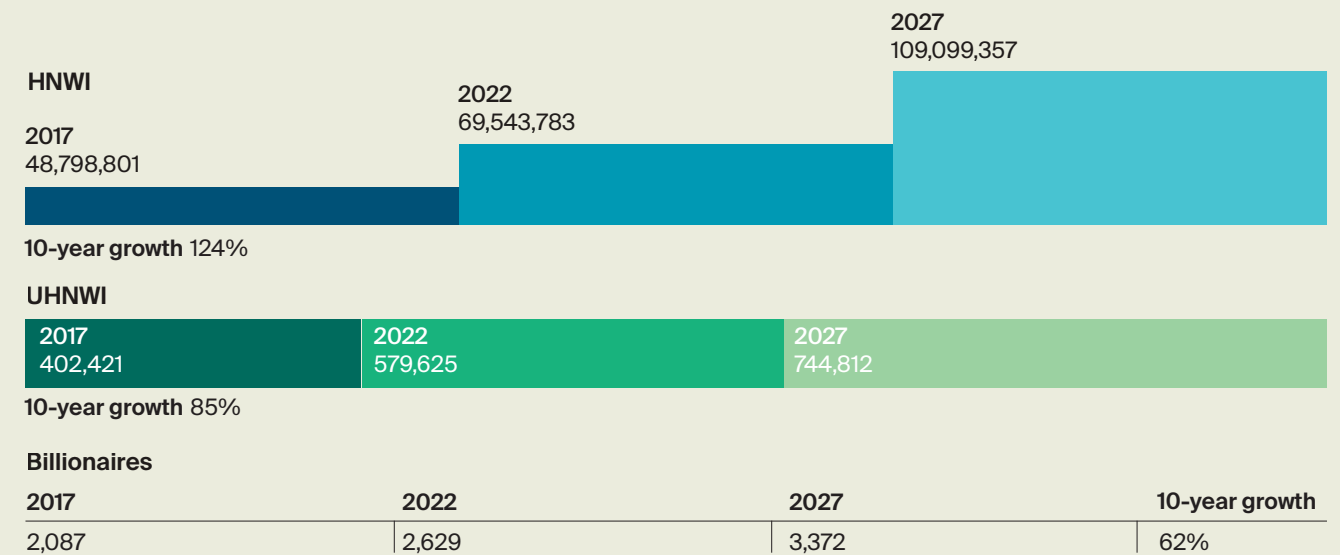
Among the top 10 are the world's two most populous countries, with India expected to see a 58.4% rise in its UHNWI population, a faster rate than in the previous five years. The Chinese mainland is forecast to see a 49.8% climb, a slowing from the 99.6%

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.

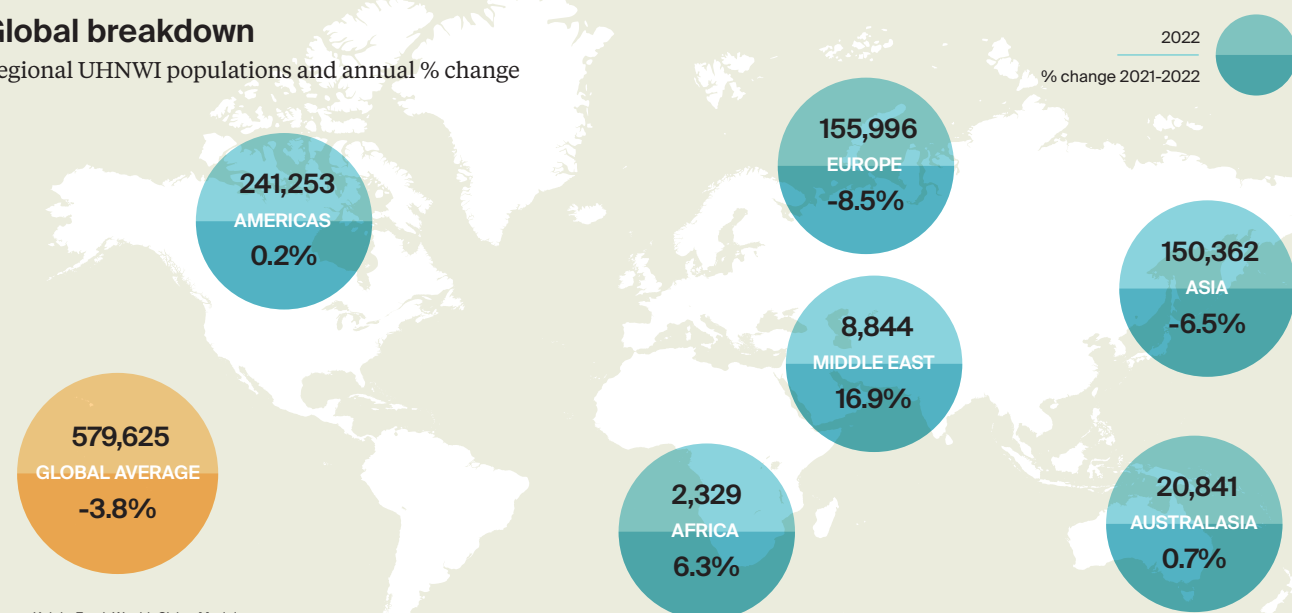
Rising fortunes

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



Global breakdown

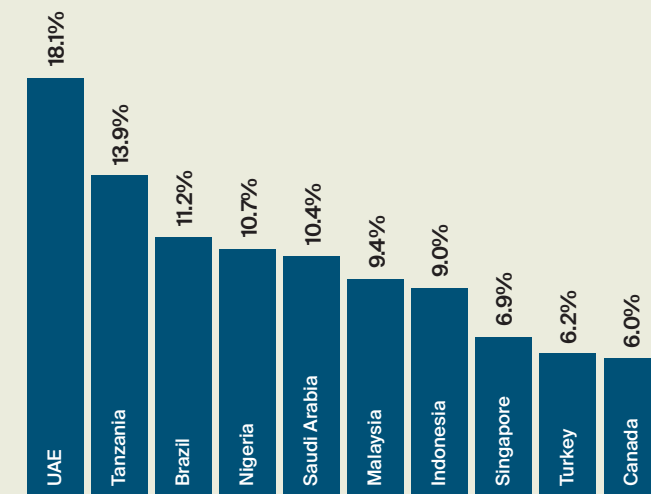
Regional UHNWI populations and annual % change



Source: Knight Frank Wealth Sizing Model

Outperformance

Top 10 countries for UHNWI growth in 2021-22

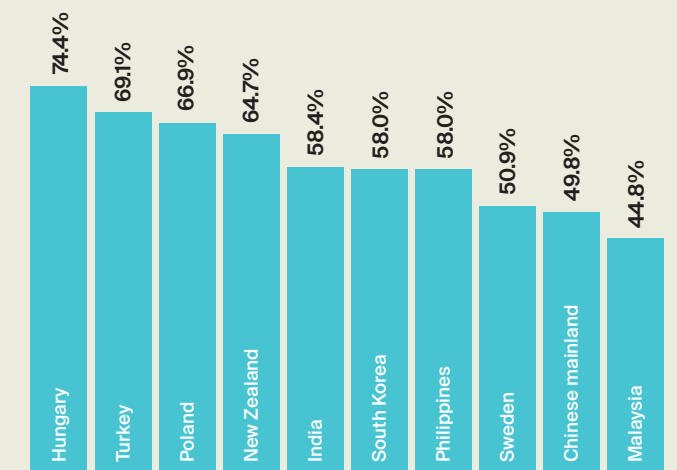


Source: Knight Frank Wealth Sizing Model

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

Ones to watch

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

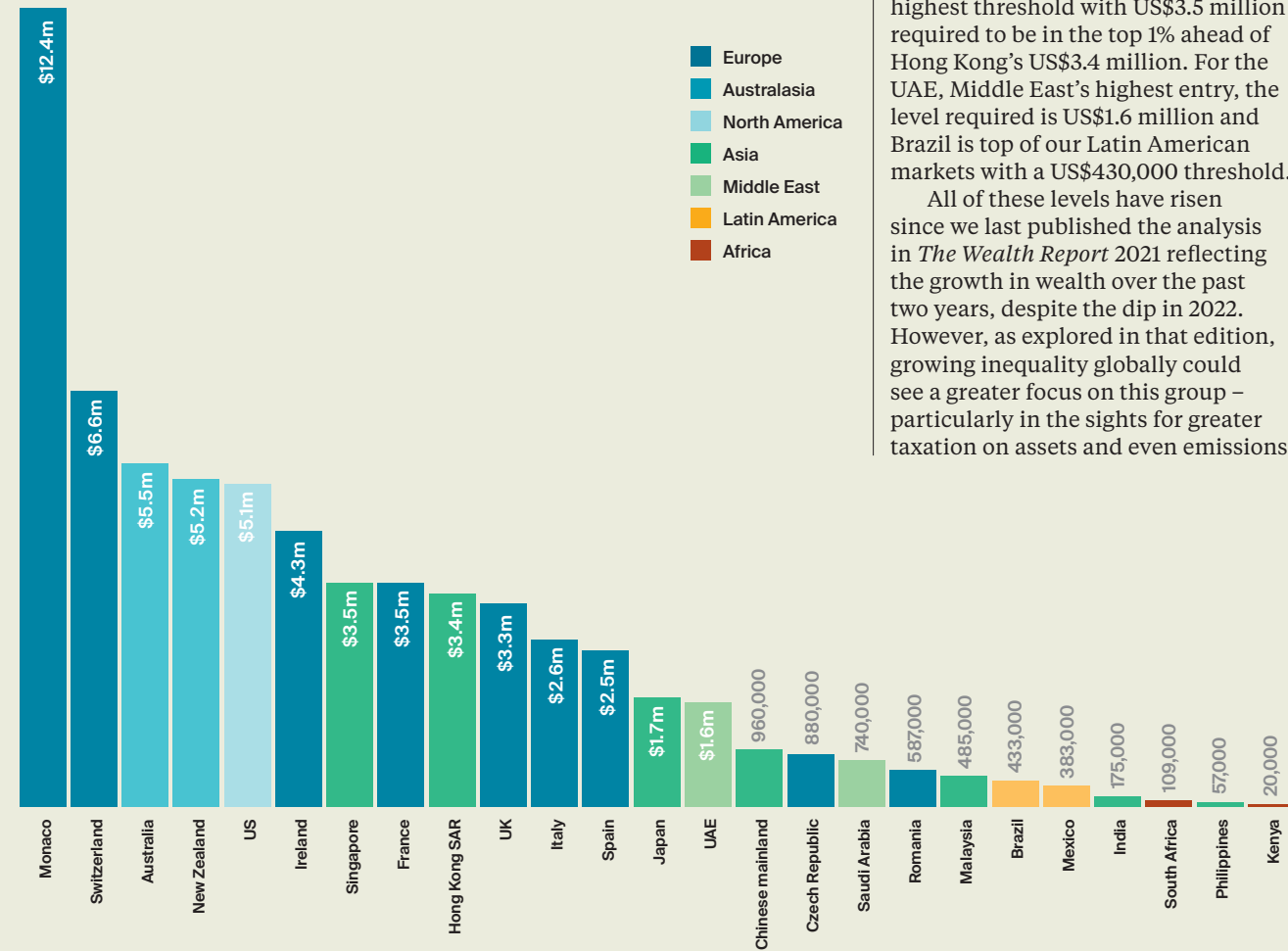


What does it take to reach the top 1%?

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.

Databank

THE KNIGHT FRANK WEALTH SIZING MODEL

Country/territory	HNWI POPULATIONS (US\$1M+)				% CHANGE			UHNWI POPULATIONS (US\$30M+)				% CHANGE		
	2017	2021	2022	2027	2017-22	2021-22	2022-27	2017	2021	2022	2027	2017-22	2021-22	2022-27
World	48,798,801	67,589,931	69,543,783	109,099,357	42.5%	2.9%	56.9%	402,421	602,553	579,625	744,812	44.0%	-3.8%	28.5%
Africa	114,052	131,572	133,902	164,821	17.4%	1.8%	23.1%	2,062	2,192	2,329	2,624	12.9%	6.3%	12.7%
Americas	19,233,157	27,568,554	29,364,747	43,386,833	52.7%	6.5%	47.8%	158,997	240,777	241,253	302,972	51.7%	0.2%	25.6%
Asia	11,465,346	16,684,827	17,466,418	31,351,642	52.3%	4.7%	79.5%	98,394	160,890	150,362	210,175	52.8%	-6.5%	39.8%
Australasia	1,979,142	2,554,181	2,642,781	4,635,123	33.5%	3.5%	75.4%	15,239	20,686	20,841	30,080	36.8%	0.7%	44.3%
Europe	15,516,396	19,792,054	18,929,626	27,725,035	22.0%	-4.4%	46.5%	123,870	170,443	155,996	187,178	25.9%	-8.5%	20.0%
Middle East	490,709	858,743	1,006,310	1,835,903	105.1%	17.2%	82.4%	3,859	7,565	8,844	11,784	129.2%	16.9%	33.2%
Argentina	99,342	67,144	68,089	101,846	-31.5%	1.4%	49.6%	1,172	892	907	1,027	-22.6%	1.7%	13.2%
Australia	1,730,179	2,112,811	2,214,326	3,789,629	28.0%	4.8%	71.1%	13,319	17,105	17,456	24,589	31.1%	2.1%	40.9%
Austria	213,910	314,472	289,656	343,922	35.4%	-7.9%	18.7%	1,559	2,475	2,163	2,138	38.8%	-12.6%	-1.2%
Brazil	515,131	422,703	525,055	793,275	1.9%	24.2%	51.1%	6,078	5,616	6,246	8,002	2.8%	11.2%	28.1%
Canada	1,642,718	2,724,838	3,072,771	4,783,509	87.1%	12.8%	55.7%	13,245	23,420	24,821	32,857	87.4%	6.0%	32.4%
Chinese mainland	5,575,220	9,460,024	10,388,510	20,813,570	86.3%	9.8%	100.4%	46,849	93,500	88,024	131,855	87.9%	-5.9%	49.8%
Czech Republic	46,416	68,015	70,603	117,522	52.1%	3.8%	66.5%	338	535	527	731	55.8%	-1.5%	38.7%
Egypt	8,586	15,887	15,123	16,575	76.1%	-4.8%	9.6%	153	266	249	247	62.8%	-6.4%	-0.8%
France	2,668,266	3,445,938	3,182,601	4,500,618	19.3%	-7.6%	41.4%	19,445	27,120	23,768	27,985	22.2%	-12.4%	17.7%
Germany	2,737,844	3,611,536	3,379,431	4,970,620	23.4%	-6.4%	47.1%	19,952	28,423	25,238	30,907	26.5%	-11.2%	22.5%
Greece	58,861	67,209	67,315	92,045	14.4%	0.2%	36.7%	429	529	503	572	17.3%	-4.9%	13.7%
Hong Kong SAR	444,785	757,086	730,675	1,136,796	64.3%	-3.5%	55.6%	3,380	6,050	5,686	7,280	68.2%	-6.0%	28.0%
Hungary	21,499	33,403	31,884	66,690	48.3%	-4.5%	109.2%	157	263	238	415	51.9%	-9.5%	74.4%
India	809,666	763,674	797,714	1,657,272	-1.5%	4.5%	107.8%	11,529	13,048	12,069	19,119	4.7%	-7.5%	58.4%
Indonesia	24,598	30,000	36,742	56,436	49.4%	22.5%	53.6%	350	510	556	651	58.7%	9.0%	17.1%
Ireland	167,162	281,516	308,205	519,094	84.4%	9.5%	68.4%	1,218	2,216	2,302	3,228	89.0%	3.9%	40.2%
Italy	2,101,406	2,167,723	2,040,284	2,878,861	-2.9%	-5.9%	41.1%	15,314	17,060	16,490	17,901	7.7%	-3.3%	8.6%
Japan	2,604,384	3,024,969	2,916,202	3,368,951	12.0%	-3.6%	15.5%	20,049	24,489	22,259	21,859	11.0%	-9.1%	-1.8%
Kenya	1,870	2,437	2,471	3,214	32.1%	1.4%	30.1%	<50	<50	<50	<50	23.1%	0.0%	17.1%
Malaysia	58,395	66,682	85,126	164,839	45.8%	27.7%	93.6%	491	659	721	1,044	46.9%	9.4%	44.8%
Mexico	191,026	217,652	245,575	374,437	28.6%	12.8%	52.5%	2,254	2,892	2,921	3,777	29.6%	1.0%	29.3%
Monaco	9,752	14,116	14,936	22,554	53.2%	5.8%	51.0%	71	111	112	140	57.6%	0.9%	25.0%
New Zealand	229,883	417,727	403,461	807,610	75.5%	-3.4%	100.2%	1,770	3,382	3,181	5,240	79.8%	-5.9%	64.7%
Nigeria	14,673	18,977	21,393	24,604	45.8%	12.7%	15.0%	261	318	352	367	34.7%	10.7%	4.3%
Philippines	14,544	18,697	20,632	42,715	41.9%	10.3%	107.0%	207	319	312	493	50.7%	-2.2%	58.0%
Poland	97,767	142,583	138,162	276,858	41.3%	-3.1%	100.4%	712	1,122	1,032	1,722	44.8%	-8.0%	66.9%
Romania	59,797	80,812	79,989	107,221	33.8%	-1.0%	34.0%	1,114	1,679	1,462	1,617	31.2%	-12.9%	10.6%
Saudi Arabia	75,162	122,784	134,539	185,325	79.0%	9.6%	37.7%	579	994	1,097	1,202	89.6%	10.4%	9.6%
Singapore	387,200	519,619	570,548	815,699	47.4%	9.8%	43.0%	2,981	4,206	4,498	5,293	50.9%	6.9%	17.7%
South Africa	26,220	36,288	28,749	34,006	9.6%	-20.8%	18.3%	481	592	542	603	12.8%	-8.4%	11.3%
South Korea	722,147	859,733	798,466	1,532,995	10.6%	-7.1%	92.0%	5,559	6,960	6,295	9,947	13.2%	-9.6%	58.0%
Spain	1,133,847	1,536,329	1,433,549	2,004,907	26.4%	-6.7%	39.9%	8,263	12,091	10,706	12,466	29.6%	-11.5%	16.4%
Sweden	352,349	527,804	460,173	834,368	30.6%	-12.8%	81.3%	2,568	4,154	3,437	5,188	33.9%	-17.3%	50.9%
Switzerland	801,284	1,042,111	1,061,830	1,520,687	32.5%	1.9%	43.2%	11,679	16,404	15,860	18,912	35.8%	-3.3%	19.2%
Taiwan	608,005	904,634	839,488	1,297,652	38.1%	-7.2%	54.6%	4,680	7,324	6,618	8,420	41.4%	-9.6%	27.2%
Tanzania	1,900	2,133	2,467	3,406	29.8%	15.7%	38.1%	<50	<50	<50	51	21.1%	13.9%	24.4%
Thailand	85,939	95,497	104,790	158,977	21.9%	9.7%	51.7%	722	944	888	1,007	23.0%	-5.9%	13.4%
Turkey	99,322	95,828	104,665	268,511	5.4%	9.2%	156.5%	835	947	1,006	1,701	20.5%	6.2%	69.1%
Uganda	1,028	1,265	1,510	1,871	46.8%	19.4%	23.9%	<50	<50	<50	<50	36.5%	19.0%	12.0%
UAE	106,774	116,723	134,239	198,690	25.7%	15.0%	48.0%	822	945	1,116	1,289	35.8%	18.1%	15.5%
UK	2,427,283	2,966,507	2,857,827	4,243,040	17.7%	-3.7%	48.5%	17,689	23,347	21,342	26,383	20.7%	-8.6%	23.6%
US	16,493,510	23,848,120	25,172,580	36,885,040	52.6%	5.6%	46.5%	132,987	204,971	203,338	253,354	52.9%	-0.8%	24.6%
Vietnam	40,971	70,027	69,994	112,252	70.8%	0.0%	60.4%	583	1,196	1,059	1,295	81.5%	-11.5%	22.3%
Zambia	<500	<500	<500	<500	-10.9%	29.6%	-15.3%	<50	<50	<50	<50	-19.3%	20.0%	-16.7%

Note: Our model is dynamic and these numbers are subject to change and may not be identical to previous editions

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.

Meet the author


FLORA HARLEY
Partner, Research
+44 20 7861 1436
flora.harley@knightfrank.com

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Your Wealth Report team


DR JAMES CULLEY
Partner, Data Science Lead
+44 20 7861 1340
james.culley@knightfrank.com



LIAM BAILEY
Global Head of Research
+44 20 7861 5133
liam.bailey@knightfrank.com

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