

The number of ultrawealthy individuals is growing dramatically on a world scale

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A report published on Wednesday by the UK-based Knight Frank consulting agency shows that the number of individuals worth more than \$30 million grew internationally by six percent in 2019 to 513,244 and is expected to expand by another 27 percent by 2024 to nearly 650,000 people.

Boasting about the increasing fortunes of the world's ultrawealthiest people, Knight Frank says *The Wealth Report 2020* "takes an in-depth look at the most exciting opportunities in investment and luxury lifestyle, from the move towards sustainability in property and transport to the world's top cities, medical advances and designer handbags."

The bumper year for the so-called ultrahigh net-worth individuals (UHNWI)—people with assets of \$30 million or more—is a focus of the 108-page Knight Frank report. The country with the largest number of UHNWI is the United States with a total of 240,575, which is an increase of 13,443 from the previous year.

In the top 10 UHNWI countries of the world after the US are China (61,587), Germany (23,078), France (18,776), Japan (17,013), UK (14,367), Italy (10,701), Canada (9,325), Russia (8,924) and Switzerland (8,395).

While the total number of ultrawealthy individuals is concentrated in the imperialist centers of North America (249,900) and Europe (110,846), the Knight Frank data shows that the areas of the world with the fastest growth of UHNWI are in Asia, Africa and Australasia.

As the report states, "Asia is quickly closing the gap on Europe, and our figures predict that by 2024 it will be the world's second largest wealth hub, with forecast five-year growth of 44 percent. However, even following this heady rise Asia's UHNWI cohort will still only be half the size of North America's, which is

forecast to grow by 22 percent over the same period."

Among the countries with the most rapid projected growth of the superrich over the next five years are India (77 percent), Egypt (66 percent), Vietnam (64 percent), China (58 percent), Indonesia (57 percent), Tanzania (54 percent), Sweden (47 percent), Romania (42 percent), New Zealand (37 percent) and Malaysia (35 percent).

Liam Bailey, Knight Frank's global head of research, was giddy about the expanding number of superrich in the former colonial world. "It's exciting to see how wealth is developing across Asia, and with the number of ultrawealthy in India, Vietnam, China and Malaysia outpacing many other markets over the next five years," he said. "It will be interesting to see how this impacts the global property market."

According to World Bank data, the percentage of the populations of India, Vietnam, China and Malaysia living on less than \$5.50 per day is 87 percent, 29 percent, 27 percent and 2.7 percent respectively.

Although the Knight Frank report studiously avoids the question of just exactly how much wealth the global UHNWI control—as well as the skyrocketing wealth inequality on a world scale—Investopia reports that the ultrawealthy "constitute only .003 percent of the world's total population, they hold approximately 13 percent of the world's total wealth."

With total global wealth in 2019 estimated at \$360.6 trillion, this means that the total wealth of the UHNWI is \$46.9 trillion, or an average of \$91.3 million per UHNWI. In other words, the average wealth of a UHNWI is 1,289 times that of the global average net worth of \$70,845 (Credit Suisse, October 2019).

The Knight Frank report points out that the wealth of the superrich has continued to climb even though the economic and political environments have been

unstable. The report says, “Economically, 2019 was outwardly a tumultuous year, with the International Monetary Fund reducing its forecast for global GDP growth from 3.5 percent in January 2019 to just 2.9 percent in January 2020—a ten-year low.”

The report explains that the UHNWI have partially managed by moving their assets around, “Heightened global geopolitical uncertainty contributed to a rise in the value of ‘safe haven’ assets: gold hit a six-year high in September and, by the end of 2019, prices were some 16 percent higher than they had been 12 months previously.”

Clearly, growth in real estate and stock market values over the past year has played a significant role in the increased number of superrich. As the report says, “According to our Attitudes Survey, on average 23 percent of UHNWI investment portfolios are made up of equities [company shares], meaning that their performance makes a large contribution to rising wealth. Residential property also accounts for a large proportion of total UHNWI wealth—almost a third, according to the Attitudes Survey.

The investment allocation of the UHNWI for 2019 is spread across property investment (27 percent), equities (23 percent), bonds (17 percent), cash (11 percent), private equity (eight percent), collectibles (five percent), gold and precious metals (three percent) and cryptocurrencies (one percent), such as Bitcoin.

More than half of the Knight Frank report deals the lifestyles and attitudes of the superrich. Among these are where they like to live, through the Prime International Residential Index, where they invest in real estate, where they give money and the types of things that they collect.

The last of these sheds light on the priorities of and luxurious lifestyles of the superrich. In a section of the report called “Objects of Desire,” Knight Frank reviews that the UHNWI like to collect classic cars, wine, art, whiskey and colored diamonds. Here the report provides photos of the items purchased and for how much, although the names of the buyers are not mentioned.

In one instance, a collection of Hanyu Ichiru Malt Full Card Series whiskey was sold by Bonhams Auction Company in London for \$7.2 million. In another example, a 1994 McLaren F1 LM supercar was auctioned by Sotheby’s at the Monterey sales in

August 2019 for \$19.8 million. And in December, a series of original drawings by John James Audubon published between 1827 and 1838 entitled, “The Birds of America,” was sold by Sotheby’s for \$6.4 million.

A section of the report called, “It’s in the bag,” is devoted to the subject of handbag collecting by the superwealthy. The report says, “Handbags are increasingly being seen as an investment class in their own right, as well as highly desirable fashion accessories.” Among the handbags featured are Hermès styles The Kelly (auctioned for \$241,000), The Constance (auctioned for \$89,000) and The Birkin (auctioned for \$386,000), all made of Himalaya Niloticus Crocodile with gold hardware.



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