



WEALTH-X

APPLIED WEALTH INTELLIGENCE

VERY HIGH NET WORTH
HANDBOOK 2020

VERY HIGH NET WORTH HANDBOOK 2020



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EXECUTIVE SUMMARY

THE VERY HIGH NET WORTH (VHNW) POPULATION - THOSE WITH A NET WORTH OF \$5M TO \$30M - EXPANDED STRONGLY IN 2019, RISING BY OVER 10% TO 2.7M INDIVIDUALS. This was a sharp acceleration in growth from just 1% in 2018. The combined net worth of VHNW individuals also increased by over 10%, to \$26.6trn.

THE VHNW POPULATION AND THEIR COMBINED NET WORTH INCREASED IN MOST MAJOR REGIONS. However, these gains were not evenly distributed. The world's largest wealth hub, North America, led the way, with both the number of VHNW individuals and their collective net worth rising by around 15%. Double-digit growth was also recorded in Asia and Africa. There was below-average growth of the VHNW population and collective net worth in Europe and the Pacific, although both regions performed considerably better than the Middle East, which saw negligible increases, and Latin America and the Caribbean, where wealth creation stagnated.

THE VHNW POPULATION IN THE US HAD A HIGHLY PROSPEROUS YEAR AND THE COUNTRY REMAINS BY FAR THE LARGEST WEALTH MARKET WORLDWIDE. The US VHNW population (which grew by almost 16%) and their combined wealth accounted for approximately 36% of the global total in 2019. China and Japan also saw strong performances – combined VHNW wealth in the two countries accounts for over 60% of total net worth in the Asia region. Meanwhile, Hong Kong, Luxembourg and Singapore have the highest density of VHNW individuals.

NEW YORK REMAINS FAR AND AWAY THE LEADING VHNW CITY, WITH 110,170 SUCH INDIVIDUALS IN 2019. In second place, with 73,845, Tokyo lags New York substantially, but is nevertheless well ahead of third-placed Hong Kong, by almost 9,000 individuals. Interestingly, no mainland Chinese or German cities feature in the top 10, despite having the second- and fourth-largest VHNW populations, respectively, at country level, reflecting a more even distribution of wealth in those two than in some other leading VHNW countries. Excluding those in China and the US, Istanbul and Ankara (the capital) in Turkey are expected to be the fastest-growing VHNW cities over the next five years, with average annual growth rates of around 17%.

EIGHTY-FIVE PERCENT OF THE VHNW POPULATION HAVE CREATED THEIR WEALTH ENTIRELY THROUGH THEIR OWN EFFORTS. The remainder comprises those whose net worth stems from a combination of inherited and self-created wealth, and those whose wealth derives solely from inheritance. Still, there is substantial divergence among countries. Leading in the self-made category, 96% of Chinese VHNW individuals have created their own wealth, while Middle Eastern and South Asian countries have the highest proportion of VHNW individuals whose fortunes stem from inheritance or a combination of inheritance and self-created wealth.

THE TRAITS OF VHNW INDIVIDUALS DIFFER IN ACCORDANCE WITH GENDER AND AGE. From a gender perspective, the proportion of women who have either inherited their wealth or inherited and then created additional wealth is considerably higher than that of men (although the majority of both female and male VHNW individuals are self-made). Moreover, non-profit and social organizations are the primary focus of a significant 20% of all VHNW women, in contrast with just 6% among their male counterparts. When it comes to hobbies by age, sports is the most popular interest or passion, but technology and public speaking are of greater interest to those aged under 50 and those in the 50-70 age range than the more elderly demographic, for whom philanthropy comes first.

INTRODUCTION

As the newest addition to our annual flagship report series¹, the *Very High Net Worth Handbook 2020* focuses on an important and relatively large group of wealthy individuals: those with a net worth of \$5m to \$30m.

Historically, Wealth-X has focused solely on tracking Ultra High Net Worth individuals (those with a net worth of \$30m or more). However, in recent years, our global database of the wealthy has expanded significantly, providing unrivaled data and insight on a substantially wider group of individuals.

While Very High Net Worth (VHNW) individuals share many characteristics with their (even) wealthier counterparts, they are nevertheless a unique cohort, with distinctive traits relating to everything from the origins of their wealth and how they allocate their assets to their hobbies, non-financial interests and passions.

This report examines the global VHNW population and their wealth in 2019, including regional trends, an analysis of wealth distribution and a ranking of leading countries and cities in terms of their VHNW populations. Our proprietary data assets position Wealth-X to produce a uniquely accurate profile of this group of individuals by examining their sources of wealth, industry focus and asset allocation, as well as their interests and hobbies, with many of these categories filtered by age and gender.

The *Very High Net Worth Handbook 2020* provides exclusive insights into this group of individuals and the ever-changing landscape of wealth creation, making it an essential read for any provider looking to prospect for and engage with individuals in this distinctive tier of wealth.

KEY DEFINITIONS

Very High Net Worth (VHNW) individuals

Those with a net worth of \$5m-\$30m

Ultra High Net Worth (UHNW) individuals

Those with a net worth of \$30m+ (also referred to as the 'ultra wealthy')

¹ We publish the *World Ultra Wealth Report* and *Billionaire Census* on an annual basis.

GLOBAL MAP OF THE VERY HIGH NET WORTH

2019
VHNW population
and total wealth

↑ 10.2% % change in population
from 2018

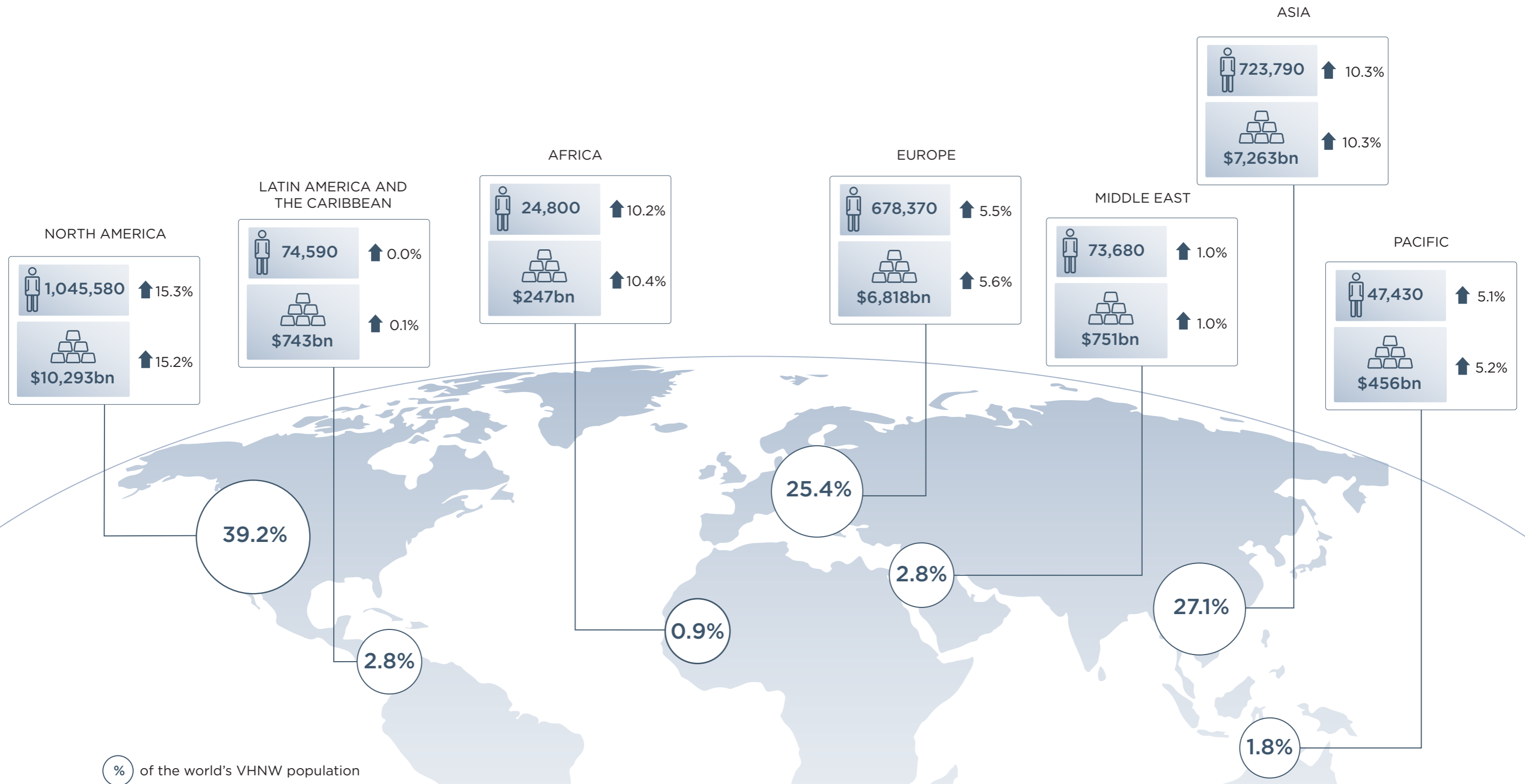
2,668,240

Number of VHNW
individuals

↑ 10.2% % change in wealth
from 2018

\$26,570

Total wealth
(\$bn)



○ % of the world's VHNW population

Note: VHNW stands for Very High Net Worth; those individuals with \$5m-\$30m in net worth. Data on % of the world's VHNW population may not total 100% owing to rounding. Source: Wealth-X

2019: BULLISH MARKETS, BEARISH ECONOMY

The VHNW population expanded strongly in 2019, rising by over 10% to 2.7m individuals, a sharp acceleration from growth of just 1% in 2018. This reflects a strong bounce-back across most asset classes, despite the turbulent geopolitical environment, ongoing trade disputes and a slowing global economy. An important driver of this recovery was the reorientation of policy by major central banks towards monetary stimulus, which delivered a boost to investor sentiment and world equity markets, as did an easing of trade tensions towards the end of the year. With many traditional 'risk-off' assets also recording solid returns in 2019, the combined net worth of VHNW individuals increased by over 10%, to \$26.6trn.

GLOBAL IMBALANCES

Such gains were not evenly distributed, however, with growth of the VHNW population and levels of wealth varying significantly by region. The world's largest wealth hub, North America, led the way, with rises in both the number of VHNW individuals and their collective net worth of around 15%. Double-digit growth was also recorded in Asia and Africa – a strong rebound following declines in 2018. There was below-average growth of the VHNW populations and collective net worth in Europe and the Pacific, although both regions performed considerably better than the Middle East, which saw negligible increases, and Latin America and the Caribbean, where wealth creation stagnated.

This diverse regional performances were a symptom of the elevated uncertainty that afflicted markets throughout 2019, amid threats of trade tariffs; the possibility of a 'no-deal' Brexit; impeachment of the US president, Donald Trump; an escalation in Middle East tensions; and a possible global recession. On an annual basis, world real GDP expanded at its slowest rate since the financial crisis a decade ago, with manufacturing output contracting over the second half of the year. Social unrest remained to the fore, with large-scale protests over climate change and against political establishments around the world, including in Hong Kong, Chile, Iraq, Algeria, Lebanon, Bolivia and the UK. Central bank intervention may have bolstered world equities – the Dow Jones Global Index ended the year up 24% in dollar terms – but fluctuating currencies, contrasting economic growth prospects and country-specific events were also critical factors influencing wealth creation at regional level.

The VHNW population rose by over 10% to 2.7m individuals in 2019, following a muted 2018

TRIPLE PLAY

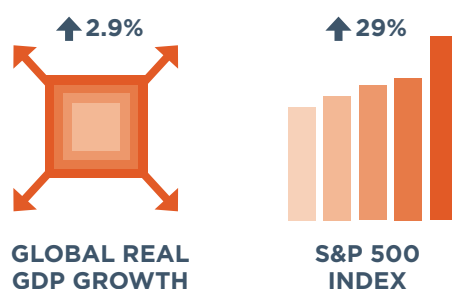
There were three distinct periods in the development of capital markets during 2019. The first four months of the year saw a strong rebound in global equities from the sharp sell-off in late 2018, as leading central banks pivoted away from a moderately hawkish stance to one that signaled additional policy stimulus. Between May and September, rising investor concern over the tense nature of US-China trading relations, the lack of progress on Brexit and the broadening downturn of global manufacturing and trade prompted more bearish views to develop. This strengthened demand for risk-off assets, triggering a slump in bond yields and a spike in gold prices, as equities traded sideways.

More bullish sentiment returned to the markets in the final quarter, however, as monetary-loosening measures took effect; industrial sentiment indicators began to stabilize; the threat of US tariffs on EU automotive exports failed to materialize; and the US and China agreed a limited trade deal. Equity markets ended the year strongly, led by technology and financial-sector stocks, alongside a rallying of global commodities.

EASY DOES IT

The VHNW population of **NORTH AMERICA** expanded strongly in 2019, by 15.3% to 1.05m individuals, equivalent to a global share of almost 40%. The region reinforced its status as the world's leading VHNW location by also recording the most dynamic wealth gains, with total net worth rising by 15.2% to \$10.3trn. Wealth creation was underpinned by reasonably stable macroeconomic conditions, solid consumer spending and rising employment in both the US and Canada. There was also support from the US dollar, which appreciated against most major currencies. However, the main fillip to wealth portfolios came from booming equities, buoyed by an early-year shift in the US Federal Reserve's (the Fed, the US central bank) policy stance towards monetary easing, which resulted in three interest-rate cuts between June and October.

This influx of liquidity propelled North American stock markets to record highs, with the S&P 500 closing the year up by 29%; the tech-heavy NASDAQ Composite Index up by 36%; and Canada's TSX Composite Index 19% higher (in local-currency terms). The year's gains were bookended by a strong first-quarter rebound and a robust final-quarter surge, when tentative signs of stabilizing global industrial demand, balance-sheet expansion by the Fed, and a provisional agreement between the US and China on a 'phase one' trade deal lifted sentiment across the board. Throughout 2019 investors were, for the most part, willing to overlook a weakening trend in US corporate earnings estimates, a marked slowdown in business investment and persistent uncertainty over aspects of US trade policy under President Trump. The launch of a formal impeachment enquiry against the president in September had a muted impact on financial markets, while further inflaming partisan tensions in the US.



Sources: International Monetary Fund *World Economic Outlook, January 2020*; MarketWatch

TRADING BLOWS

ASIA strengthened its position as the second largest VHNW region, with its population expanding by 10.3%, to 723,790 individuals. This robust turnaround, from a 1% fall a year earlier, was driven by double-digit growth in the VHNW populations in China, Japan and Hong Kong, which lifted the region's global market share to 27%. Cumulative net worth in Asia also rose strongly, increasing to \$7.3trn, buoyed by a recovery in equity markets after a poor performance in 2018. The scale of gains lagged those in the US, but were still healthy, with the Shanghai Composite Index ending the year up 22% and Japan's Nikkei Index 18% higher.

Investors welcomed the stock market returns, against a backdrop of positive but slowing economic growth; trade disruption from US-China tensions; currency depreciation against the dollar; and a downturn in the global consumer electronics cycle. Increasing signs of slowing growth momentum in China prompted the implementation of monetary stimulus and other policy-support measures, but their impact was blunted to some extent by the trade hostilities with the US. Ultra-loose monetary policy and higher investment spending ahead of the 2020 Tokyo Olympics underpinned a modest economic expansion in Japan, although an increase in consumption tax tempered market gains deriving from the late-year US-China 'mini' trade deal. VHNW wealth grew by around 10% in the financial services-dominated economy of Hong Kong, buoyed by a December recovery in the Hang Seng Index. This was despite its economy being shaken by a series of large-scale street protests over the second half of 2019, in response to government efforts to amend the territory's extradition law with mainland China.

Major wealth drivers in 2019

Region	Local currency against the US dollar		
	GDP	Equities	
Africa	↑↑	↑↑↑	↓
Asia	↑↑↑	↑↑↑	↓
Europe	↑	↑↑	↓↓↓
Middle East	↓	↑↑	↓↓↓
North America	↑↑	↑↑↑	↓
Pacific	↑↑	↑↑↑	↓↓↓
Latin America and the Caribbean	↑	↑↑	↓↓↓
World	↑↑	↑↑↑	↓↓

Note: GDP represents the sum of each country's real GDP (constant 2010 \$ prices) within each region and equities the sum of stock market values. Currency movements were aggregated based on each country's proportion of GDP within its region.

Sources: Wealth-X; International Monetary Fund; World Bank; national stock market exchanges

Wealth creation among the VHNW class in **EUROPE** lagged that in North America and Asia, as the effects of more challenging economic conditions in the region and currency depreciation against the US dollar partially eroded strong equity-market gains. The VHNW population rose by 5.5%, to 678,370 individuals, with their combined net worth expanding at a similar rate, to \$6.8trn. Real GDP growth in the euro zone fell to a six-year low, as a less supportive external environment weighed on investment and export activity. Economic weakness in major trading partners such as the UK and Turkey, a slowdown in China and heightened uncertainty arising from the US-China trade war and Brexit were the main drivers of the deceleration in growth, amplified by disruption of the region's large automotive sector by new emissions regulations.

LOSING GROUND

The region's three largest economies had differing fortunes, with below-average growth of 2.8% in the VHNW populations of Germany and the UK contrasting with a 10.2% expansion in France. Across the region, low interest rates and rising house prices contributed positive wealth effects, but the export-oriented German economy and its large industrial sector were hit hard, only narrowly avoiding a recession. Political instability, policy paralysis and the economically damaging implications of Brexit pulled down UK growth to a seven-year low. The French economy was more resilient, expanding at a modest but steady rate, with the gradual implementation of liberalizing reforms opening up new wealth-creation opportunities. As a result, France leapfrogged the UK into second place in the regional rankings of VHNW populations and combined net worth.

Wealth creation among the VHNW class in Europe lagged that in North America and Asia in 2019

Under pressure to respond to the euro zone's sluggish growth performance and below-target inflation, the European Central Bank (ECB) played its part in the global shift to more accommodative monetary policy. A new stimulus package in September, which included a rate cut, a relaunched quantitative easing program and cheap loans to the financial sector, delivered a late-year boost to capital markets, accompanying the broader uplift from the easing of US-China tensions. Equity markets in Germany, France and Italy all closed the year with gains of at least 20% in local-currency terms. The UK stock market was a lagging performer, reflecting a more neutral policy stance from the Bank of England and investor caution over the risk of a 'no deal' Brexit, but the FTSE 100 Index still ended the year up 12%.

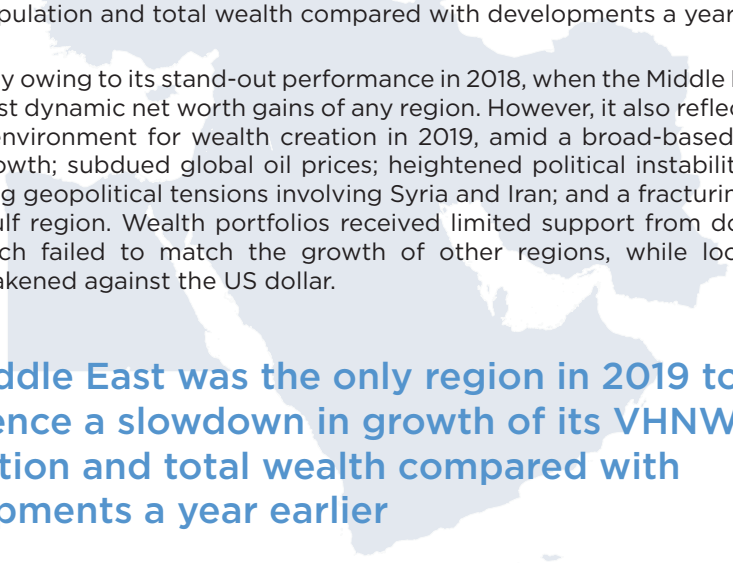
TESTING TIMES

The VHNW population in **LATIN AMERICA AND THE CARIBBEAN** held steady in 2019, with a marginal 0.1% rise in combined net worth. This was the weakest performance of any region, although it marked a stabilization following a sharp decline in 2018. The easing of global liquidity conditions was a broadly supportive factor for emerging-market assets, which was reflected in local-currency gains in most equity markets, although average returns trailed their developed-market peers. However, the combination of elevated political instability in Bolivia, Chile, Colombia and Ecuador; new anti-establishment governments in Brazil and Mexico; a precarious economic climate in Argentina; and a

deepening socioeconomic crisis in Venezuela—set alongside weaker Asian demand, the fallout from the US-China trade war and subdued commodity markets—contributed to a generalized economic malaise and limited wealth-creation opportunities in the region. Asset holdings also came under strain from the depreciation of most local currencies against the US dollar (the Brazilian real, for example, weakened by 7%), although the Mexican peso held its value.

The **MIDDLE EAST** remained the fifth largest VHNW region in 2019, with lackluster population growth of 1% - to 73,680 individuals - leaving it just behind Latin America and the Caribbean. Combined net worth edged higher, to \$751bn, equivalent to a 2.8% global share. The Middle East was the only region in 2019 to experience a slowdown in growth of its VHNW population and total wealth compared with developments a year earlier.

This was partly owing to its stand-out performance in 2018, when the Middle East recorded by far the most dynamic net worth gains of any region. However, it also reflected the more challenging environment for wealth creation in 2019, amid a broad-based slowdown in economic growth; subdued global oil prices; heightened political instability in Lebanon and Iraq; rising geopolitical tensions involving Syria and Iran; and a fracturing of relations within the Gulf region. Wealth portfolios received limited support from domestic stock markets, which failed to match the growth of other regions, while local currencies generally weakened against the US dollar.



The Middle East was the only region in 2019 to experience a slowdown in growth of its VHNW population and total wealth compared with developments a year earlier

BOUNCING BACK

Growth rates of the VHNW population and combined wealth in the **PACIFIC** region were similar to those in Europe, with the number of individuals rising by 5.1%, to 47,430, and total net worth increasing by 5.2%, to \$456bn. The regional total primarily reflects developments in Australia, where asset portfolios were supported by strong equity-market gains on the back of three interest-rate cuts by the country's central bank, as well as a recovery in house prices after a two-year decline. These drivers more than offset downward pressure on wealth holdings from softer emerging-market demand, lower prices for key commodity exports and a weakening Australian dollar (which tends to be viewed by financial markets as a proxy for the economic performance of China).

The smallest VHNW region, **AFRICA**, recorded a strong expansion of its wealthy population, which rose by just over 10%, to around 24,800 individuals. This was an impressive rebound from a decline of 3% in 2018, supported by the looser global monetary policy stance that bolstered domestic equity markets (although gains lagged the global average) and eased financing pressures. Growth of the two largest economies, Nigeria and South Africa, remained below potential, but the performance of the region as a whole was respectable amid slowing world growth and soft commodity prices. Average currency depreciation against the US dollar was more limited than in most other regions, with the result that the combined wealth of Africa's VHNW population expanded by 10.4%, to \$247bn.

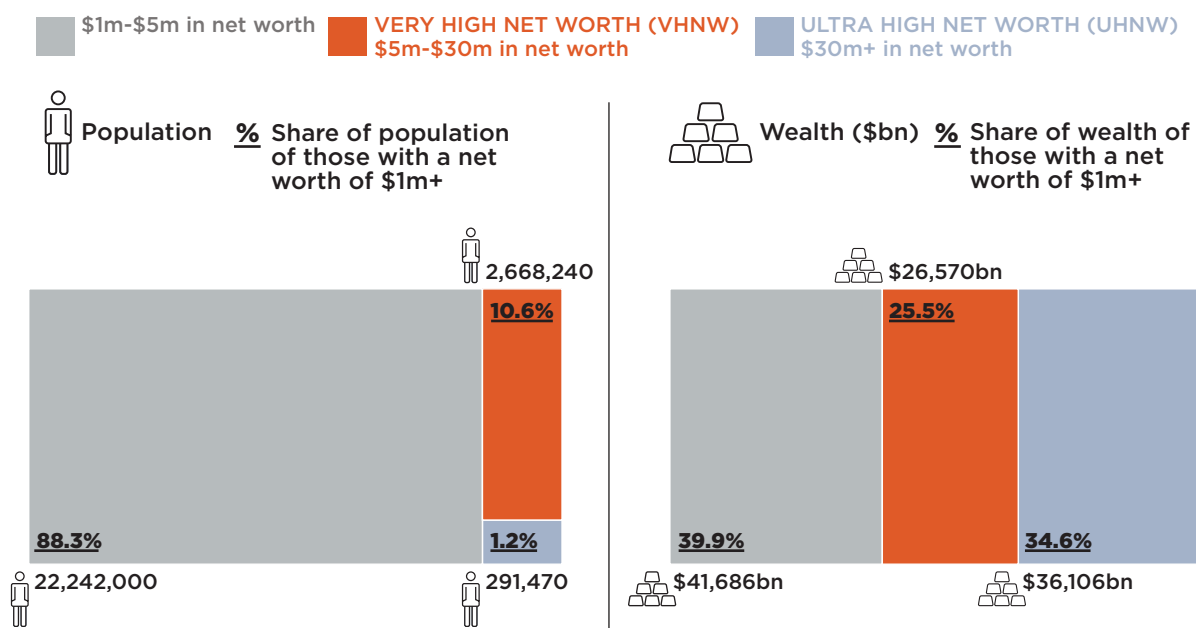
WEALTH BY TIER

In 2019 there were a total of 25.2m people with a net worth of more than \$1m (i.e. millionaires), with their combined assets totaling more than \$104trn. A breakdown by Wealth-X's demarcated 'major' wealth tiers highlights the extent to which the distribution of wealth is spread unevenly among the wealthy.

Almost 90% of these millionaires have a net worth of \$1m to \$5m. Entering this club at 'just' \$1m, such individuals are often corporate executives, those who have inherited a significant sum or even those who own an expensive asset, such as a large home or luxury apartment in one of the many cities that have seen dramatic property price rises over the last decade. With average wealth of \$1.9m per individual, this large cohort accounts for just 40% of millionaires' global net worth, highlighting the wealth commanded by those in the upper tiers.

Exclusivity rises quickly above the \$5m threshold. One in every ten of the world's millionaires falls into the VHNW cohort. With \$26.6trn in combined wealth, VHNW individuals account for just over 25% of all millionaires' wealth. At the upper end of the scale, the ultra wealthy represent just 1.2% of the global millionaire population, yet their combined net worth accounts for a weighty 35% - highlighting the enormous share of global wealth held by this relatively small group of individuals.

Population and wealth by major wealth tier 2019



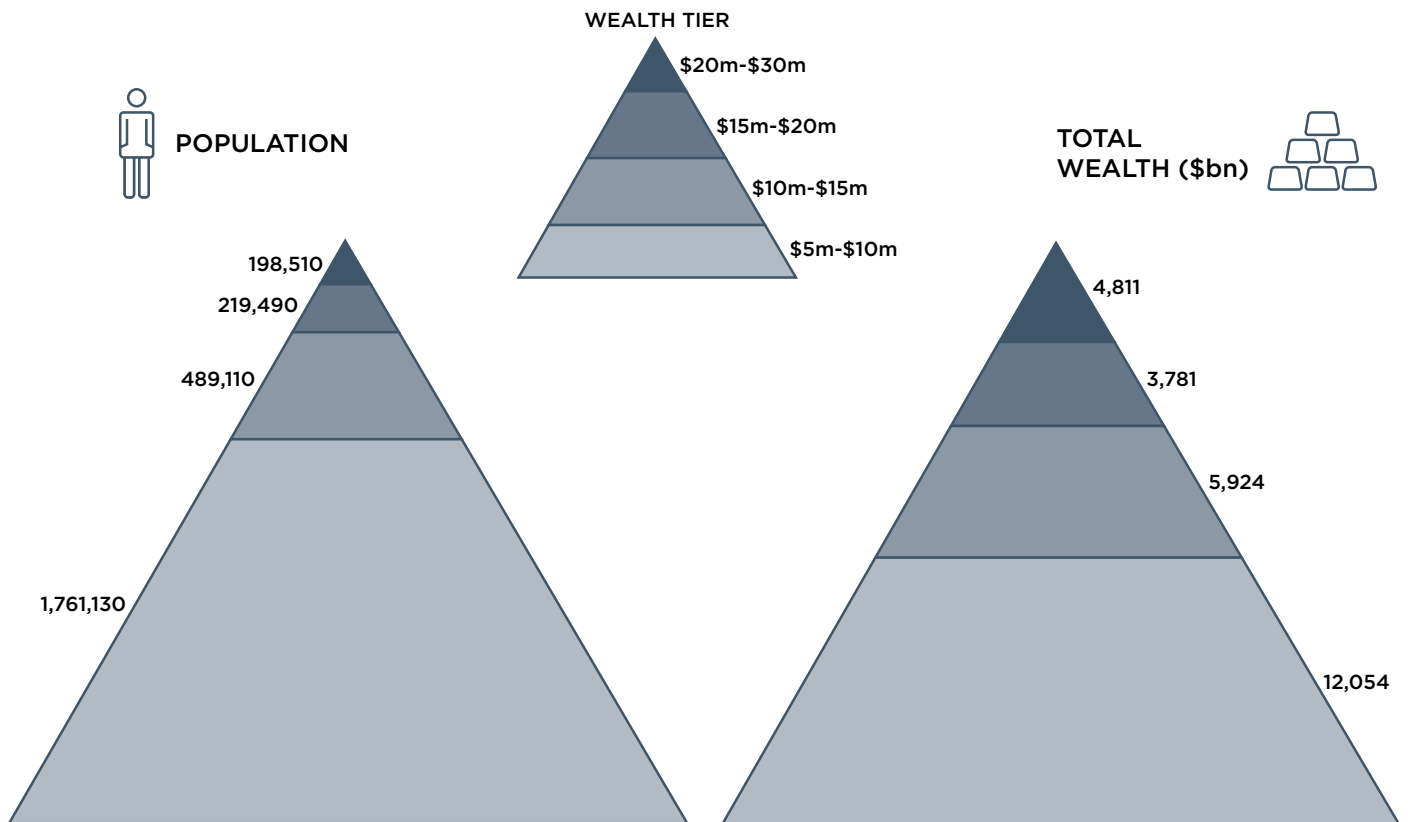
Note: The shares may not add up to 100% owing to rounding.
Source: Wealth-X

This uneven distribution of wealth is also evident among the VHNW population itself. With average net worth per individual at \$10m, this again shows the propensity for a large share of a cohort’s population to fall within the lower wealth tiers. Two-thirds of all VHNW individuals have net worth that places them in the lowest of the cohort’s four wealth tiers (\$5m to \$10m), commanding under half of total VHNW wealth. Meanwhile, those in the cohort’s two higher wealth tiers (\$15m to \$20m and \$20m to \$30m) represent just 16% of the VHNW population, but their share of the group’s total wealth is virtually double (32%).

Growth of the VHNW population and their combined net worth across the different wealth tiers was similar in 2019, at around the 10% mark. The absence of any real variance shows that, despite differing levels, wealth is impacted by its drivers (such as economic growth and the performance of the stock market) in much the same way.

Very High Net Worth population and wealth by wealth tier

2019 **2,668,240** Population **\$26,570bn** Total wealth



Source: Wealth-X

TOP 10 VHNW COUNTRIES

Rank	Country	Population		Wealth	
		2019 population	Year-on-year change (%)	2019 wealth (\$bn)	Year-on-year change (%)
1	United States	969,075	▲ 15.9	9,497	▲ 15.8
2	China	259,830	▲ 11.8	2,588	▲ 11.8
3	Japan	186,250	▲ 11.4	1,849	▲ 11.3
4	Germany	129,875	▲ 2.8	1,319	▲ 2.8
5	France	103,380	▲ 10.2	1,032	▲ 10.2
6	United Kingdom	97,010	▲ 2.8	959	▲ 2.8
7	Canada	76,510	▲ 9.4	795	▲ 9.4
8	Hong Kong*	63,530	▲ 10.5	663	▲ 10.5
9	South Korea	51,980	▲ 4.6	516	▲ 4.6
10	Italy	51,295	▲ 1.1	520	▲ 1.1

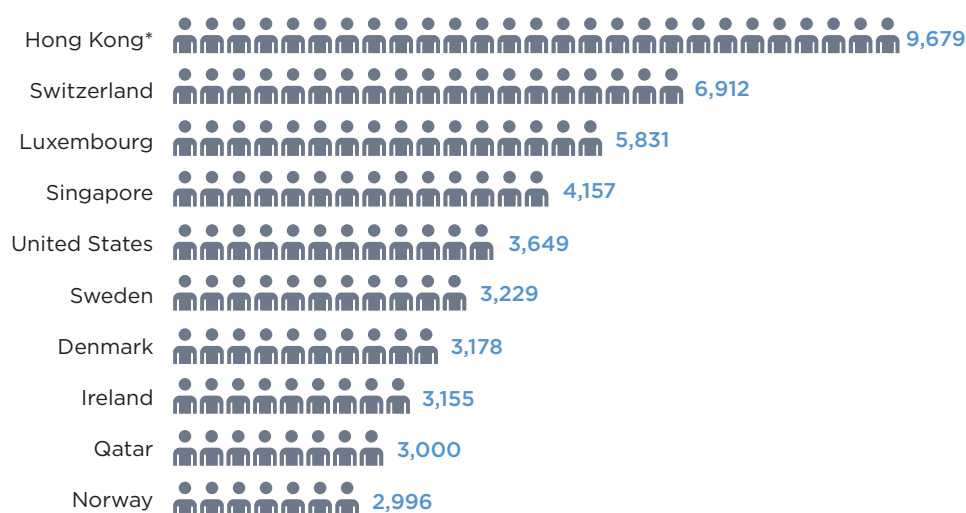
Note: Population numbers are rounded to the nearest 5. Annual changes are measured based on model inputs updated retrospectively and not on previously published figures. For further information about our Wealth and Investable Assets Model, please see the Methodology section.

*Hong Kong is a semi-autonomous, special administrative region of China.

Source: Wealth-X

Top 10 VHNW countries by density

(Number of VHNW individuals per million adults)



*Hong Kong is a semi-autonomous, special administrative region of China.

Sources: Wealth-X 2020; World Bank

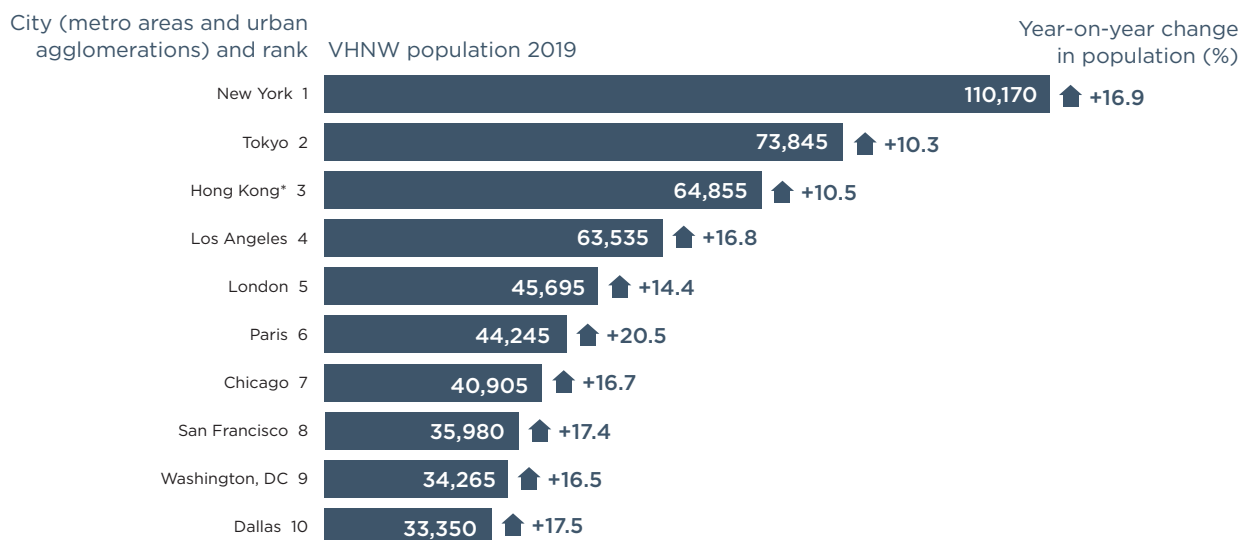
BELOW WE HIGHLIGHT THE MOST NOTABLE COUNTRY FINDINGS:

- **The top 10 countries accounted for three-quarters of the global VHNW population and their combined wealth – a rise in share of around 1% from a year earlier, on both counts.** The dominant share of the top 10 reveals that the largest pockets of opportunity for providers that target or cater to the wealthy tend to be found among a select group of wealth markets. Reflecting the overall global picture, all top 10 countries saw a rise in both their VHNW populations and combined wealth in 2019.
- **The US VHNW had a highly prosperous year and the country remains by far the largest wealth market in the world.** The US VHNW population and their combined wealth accounted for approximately 36% of the global total – considerably higher shares than those of the next country, China, which accounted for less than 10% on both measures. The US cohort grew by almost 16% in 2019, faster than any other country in the top 10. Owing in large part to the exuberant performance of the stock market in 2019, total net worth of the VHNW class in the US exceeded the combined wealth of the next seven highest-ranked countries. Asset portfolios were buoyed by monetary stimulus from the US Fed, a broadly stable US economy, and a high-profile (if limited) easing of protracted trade tensions with China, which delivered a late-year boost to market sentiment.
- **In second and third positions, respectively, China and Japan also enjoyed strong performances in 2019.** These wealth markets are significant on both regional and global scales, and important to a wide range of industries catering to the wealthy – from luxury goods to wealth management and more. Combined VHNW wealth in the two countries accounted for over 60% of total net worth in the Asia region. The Chinese economy was knocked by the ongoing trade war with the US and weaker global demand for consumer electronics but, as in most wealth markets, an influx of liquidity by policymakers drove robust equity-market gains. This was the case in Japan, with VHNW portfolios also supported by the yen’s safe-haven status and new wealth opportunities linked to the 2020 Olympics in Tokyo.

Demonstrating the enormous expansion of the wealthy population in China over the past decade, in alignment with its rapid economic growth, the number of VHNW individuals in China as a share of the global population has almost doubled, from approximately 5% in 2010 to just below 10% in 2019. In absolute terms, the Chinese VHNW population overtook that of Japan in 2014. Deflation, sluggish economic growth and currency effects have dragged down Japan’s share of the global VHNW population by nearly two percentage points over the last decade, from almost 9% in 2010 to 7% in 2019, with the country’s wealthy population growing markedly slower than the global average.

- **The VHNW population in France saw stellar growth, in contrast with very modest growth in Germany, the UK and Italy.** With its VHNW cohort growing by almost 11% in 2019, France was the exception among the largest European wealth markets, the rest of which saw population growth of just 1-3%. Regional equities were lifted across the board by global monetary stimulus and a mild easing of world trade tensions in late 2019, which helped to offset the challenges posed by a slowing euro zone economy and Brexit disruption. Investor sentiment in France was buoyed by signs of reform momentum and structural resilience in the country’s economy, whereas Germany’s industrial heartlands were hit hard by the downturn in global trade and the automotive sector. Acute political instability contributed to policy paralysis and sluggish economic growth in the UK and Italy, with Brexit-related uncertainty dampening UK capital-market returns.
- **Hong Kong, Luxembourg and Singapore have the highest density of VHNW individuals.** All three countries are well established financial services hubs, attracting capital from, and trading with, their close neighbors. At 9,679 VHNW individuals per million adults, Hong Kong leads by a significant margin, reflecting – notwithstanding the current political crisis – the economic benefits of a stronger relationship with China over the past two decades. Perhaps unexpectedly, given their tendency towards more equal wealth distribution as a result of high taxation and strong social-welfare models, the Nordic countries of Sweden, Denmark and Norway feature among the top 10. Like Qatar in ninth position, this is likely explained by a very high level of GDP per capita, and so wealthy individuals are more likely to tip into the VHNW bracket than those in other countries.

TOP 10 VHNW CITIES

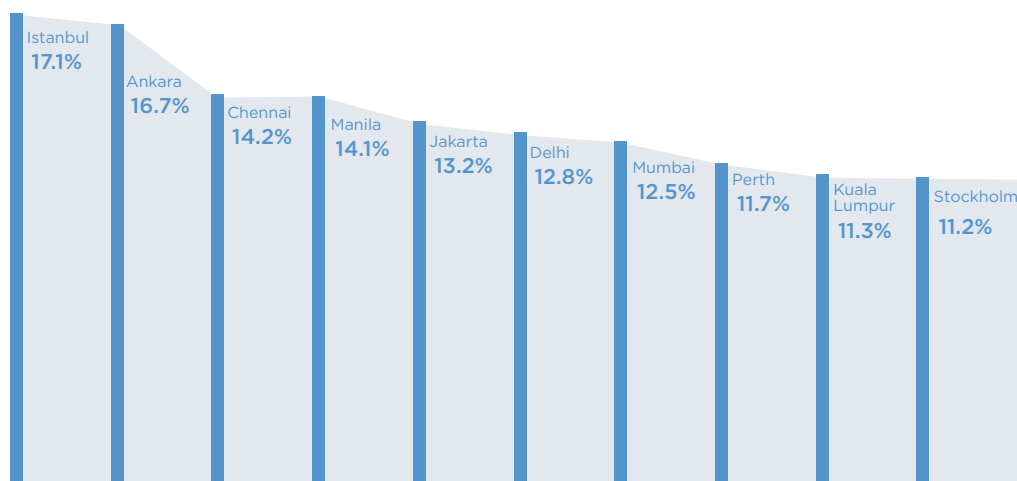


Note: Population numbers are rounded to the nearest 5. Cities are defined on the basis of urban agglomerations and metropolitan (metro) areas, which include the built-up areas outside the administrative core. For example, New York includes New York City, Newark and Jersey City. Globally comparable city-level data is not available; as such, to ensure comparability is as precise as possible, we have sourced consistent metro- and urban-level population and GDP data. City definitions are from Oxford Economics. Major cities are determined on a nominal GDP basis in \$. Annual changes are measured based on model inputs updated retrospectively and not on previously published figures. For further information about our Wealth and Investable Assets Model, please see the Methodology section.

*Hong Kong is a semi-autonomous, special administrative region of China.

Sources: Wealth-X; Oxford Economics

Fastest-growing VHNW cities, excluding those in China and the US, 2019-2024F (Average annual growth rate)



Note: The ranking refers to the largest 100 cities by nominal GDP in \$. F stands for forecast.

Sources: Wealth-X; Oxford Economics

BELOW WE SUMMARIZE THE MOST NOTEWORTHY FINDINGS:

- **The top 10 VHNW cities accounted for 20.5% of the global VHNW population in 2019.** This was slightly up on the 19.6% share in 2018, with a net increase of 72,615. Highlighting the levels of VHNW wealth in US metropolitan (metro) areas, six US cities feature in the top 10, while Asia and Europe account for two cities each. Average growth in the VHNW populations of these 10 cities (15.3%) outpaced global growth in 2019 (at 10.2%) – largely reflecting the bumper year for US wealth holdings, which were distributed across the country’s leading wealth cities.
- **New York is the leading VHNW city, by a distance.** Whether at the billionaire, UHNW or VHNW level, New York is the pre-eminent global city of the wealthy, reflecting its status as a global financial center, and home to the largest regional economy in the US. Commercial opportunities abound in finance, business and consumer services, and real estate, among many others.
- **Tokyo is home to the second-largest population of VHNW individuals.** At 73,845 in total, the city lags New York substantially, but is placed well ahead of third-placed Hong Kong, by almost 9,000 individuals. Tokyo is the most populous metropolitan economy in the world and accounts for just under 40% of Japan’s total VHNW population (New York, in contrast, accounts for only 11% of the US total). In fact, throughout the first decade of the 2000s, Tokyo alternated with New York as the world’s largest VHNW city but, since 2012, the gap has steadily widened as the two countries’ economies have diverged. The US has recovered strongly from the global financial crisis, with Japan continuing a long-term trend of sluggish growth and weak consumer demand.
- **No Chinese or German cities feature in the top 10, despite having the second- and fourth-largest VHNW populations, respectively, at country level.** Shanghai is the largest VHNW city in China, yet occupies 21st place in the overall list, with Beijing in 29th. This disparity is explained by the nation’s private wealth being dispersed across highly populated and economically dynamic cities all over the country. In Germany, the same circumstances apply, with a more even distribution of wealth across the country; the largest VHNW city, Munich, is ranked in relatively lowly 34th position.
- **Excluding those in China and the US, Istanbul and Ankara are expected to be the fastest-growing VHNW cities over the next five years.** There will continue to be great opportunities in the large number of Chinese cities – in fact, 17 out of the 20 fastest-growing VHNW cities are in China. Moreover, many US cities will remain major VHNW wealth hotspots. However, this focus on the wealthiest nations can crowd out other, less high-profile, growth stories. The VHNW population in Turkey’s two largest cities is expected to grow at average annual rates of near 17%, driven by the country’s dynamic and diversified private sector, rising investment and tourism, and government policy that strongly prioritizes economic growth. Meanwhile, three of India’s cities – Chennai, Delhi and Mumbai – feature in the ex-China/US top 10 ranking, highlighting the emerging opportunity for wealth creation.

The VHNW population in Turkey’s two largest cities is expected to grow at average annual rates of near 17% over the next five years

PROFILING TODAY'S VHNW INDIVIDUALS

What are the defining features of VHNW individuals as a group and how do they differ from their (even) wealthier counterparts? In this section, we examine a variety of VHNW characteristics: wealth source, gender, industry focus, asset holdings, as well as main interests and hobbies.

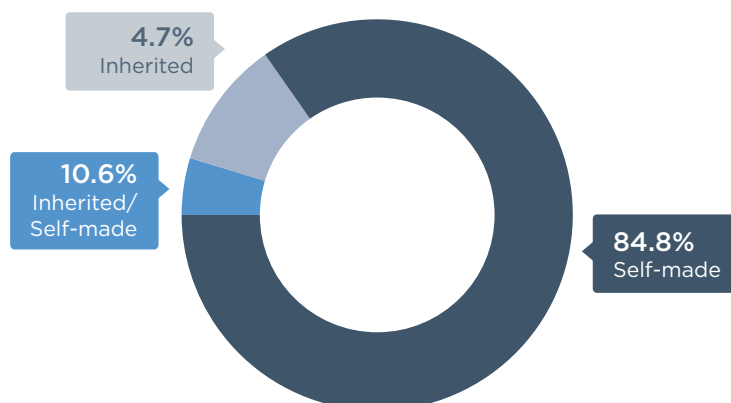
What we find is that the VHNW population, while having some common characteristics with UHNW individuals, also shows traits that are distinct from those of the wealthier cohort. We also find that there is substantial divergence among VHNW individuals at country level, as well as by gender and age. The theme that emerges is that when prospecting for, targeting and engaging with this wealthy population, it is essential to understand them in the context of their own group, but also as individuals.

SOURCE OF WEALTH

Self-made wealth dominates, although the role of inheritance rises as wealth increases

A commonality among high net worth individuals across all wealth tiers is the prevalence of self-created wealth, and this is particularly the case for the VHNW population. The wealth holdings of more than eight in every ten VHNW individuals are self-made, with the remainder comprising those whose net worth stems from a combination of inherited and self-created wealth, or has come solely through inheritance.

Source of wealth



Note: The total may not add up to 100% owing to rounding.
Source: Wealth-X 2020

The high proportion of self-made wealthy individuals also reflects changes in the global economic landscape over the past few decades, including the substantial expansion of opportunities for private enterprise across emerging markets; large increases in female labor force participation and entrepreneurship; and advances in technology that have allowed for a new generation of wealth gains (particularly at this lower tier of wealth) to be made relatively quickly.

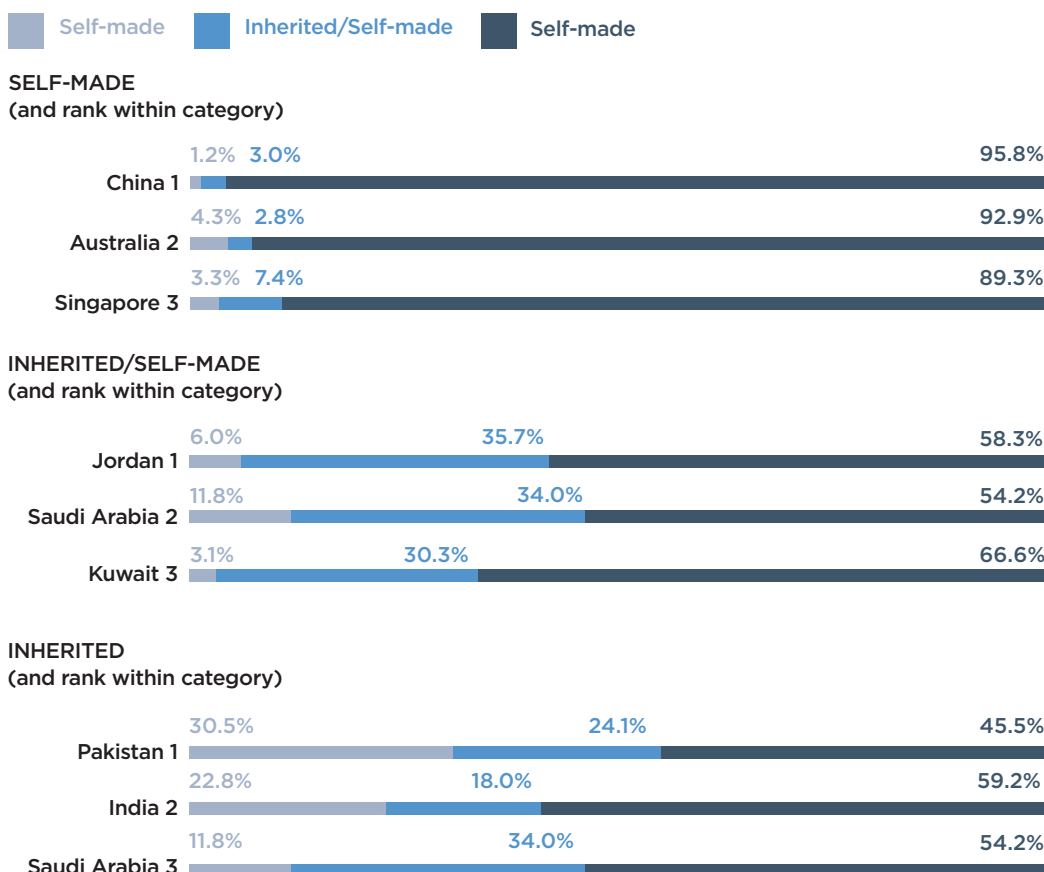
We find that, as personal net worth increases, so too does the role of inheritance as a source of wealth. Among the VHNW population, a combination of inheritance and self-created wealth accounted for 11% of these individuals' sources of wealth. Yet, among the ultra wealthy and billionaire populations, this share rises to almost 28% and 31%, respectively – an indication that, for those eyeing the more exclusive wealth tiers, an initial injection of capital can make a significant difference to wealth later on.

There is also significant divergence among countries

While self-made wealth predominates among the VHNW population, there are nevertheless substantial differences between countries, reflecting their unique histories, cultures, legal structures and institutions, among other factors.

When examining the top three countries by category of wealth source, most marked is the proportion of self-made VHNW individuals in China (at almost 96%) and, in the same region, Singapore (89%). Economic history can help to explain this phenomenon. Private ownership – and family-owned businesses – are only a fairly recent development in China, where economic liberalization has had just 40 years to run, whereas, in Singapore, structural changes, industrialization and investment in the market economy began only in the mid-1960s. Australia is, to some extent, a surprise among western developed countries, but this reflects its history as a country founded by immigrants, a cultural emphasis on market enterprise and a relatively limited timeframe in which family-run businesses have been able to establish themselves.

Top three countries by source of wealth category



Note: The total may not add up to 100% owing to rounding.
Source: Wealth-X 2020

Middle Eastern and South Asian countries have the highest proportion of VHNW individuals whose fortunes stem from inheritance or a combination of inheritance and self-created wealth. Family-run businesses are particularly important to the economies of these countries³ and play a substantial role in the transfer of wealth across generations.

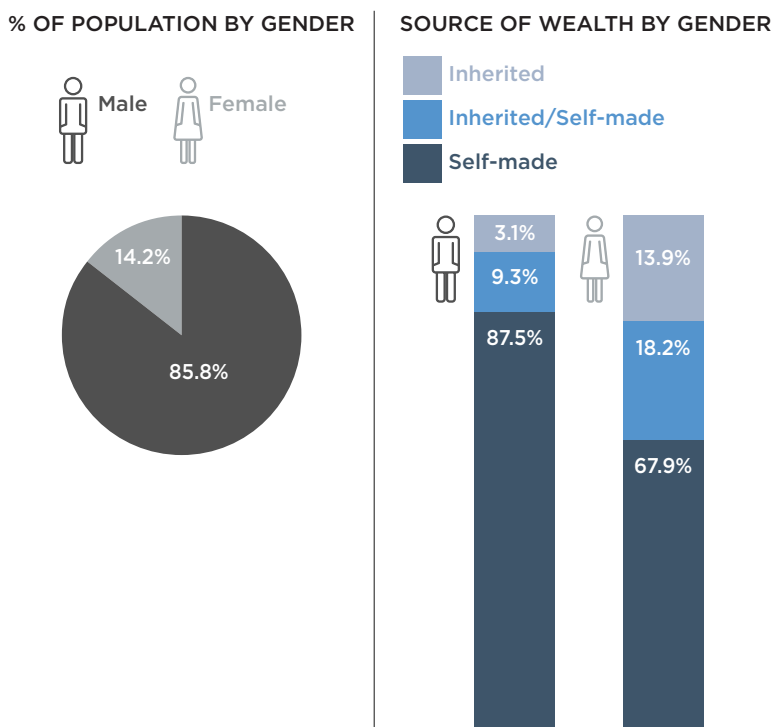
DEMOGRAPHICS

The population is largely male, with inheritance playing a slightly larger role as a source of wealth among women

The VHNW population is heavily male dominated, with men accounting for 86% of all individuals. This is very similar to the share among UHNW individuals, and slightly more equitable than the billionaire cohort.

Examining gender by wealth source, a large majority of male and female VHNW individuals have created their own fortunes. However, the proportion of women who have either inherited their wealth or inherited and then created additional wealth is considerably higher than that of men.

With female labor participation and women entrepreneurs on the rise across a large number of countries, and with substantial inter-generational wealth transfer likely over the next decade, we expect female representation in the VHNW population to rise gradually. However, given that the average VHNW individual is aged 59, it is likely to be some time before a significant shift is discernible.



Note: The total may not add up to 100% owing to rounding.
Source: Wealth-X 2020

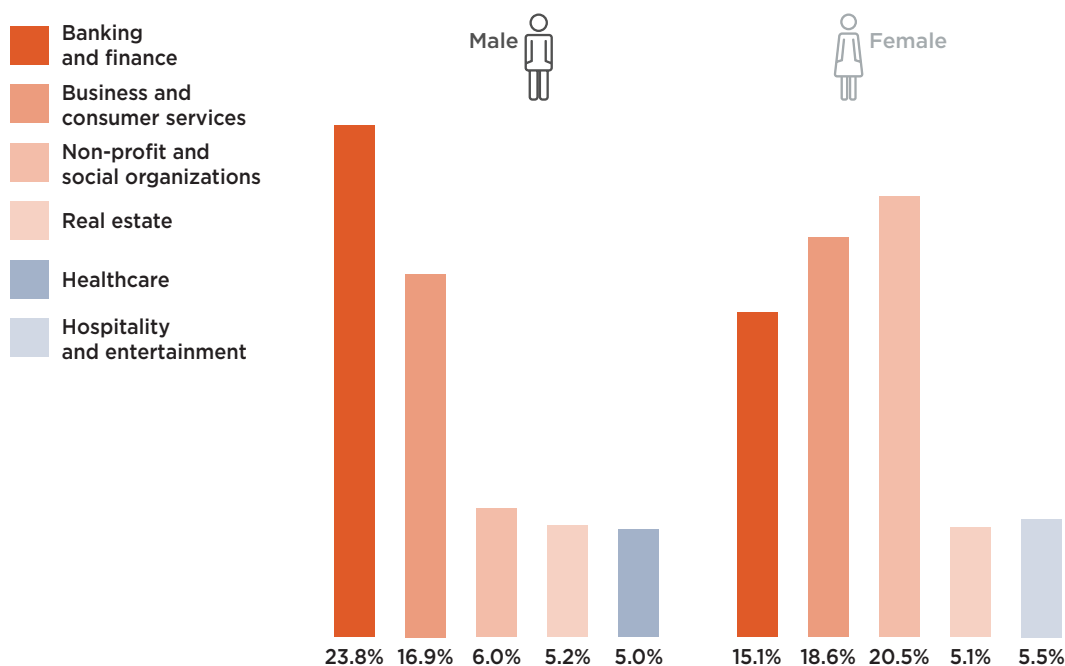
³ PwC Middle East Family Business Survey 2019 (<https://www.pwc.com/m1/en/publications/documents/family-business-survey-2019.pdf>)

PRIMARY INDUSTRY

VHNW men and women have four of the top five industries in common, although this masks important differences

There are a large number of industries to which VHNW individuals currently devote their time⁴, yet a few tend to dominate. Banking and finance is the leading industry, underlining the dominant role of financial services in generating wealth over recent decades, the natural corollary of which is a surplus of wealth and, by extension, of VHNW. High salaries and large bonuses can suffice to bring VHNW status, in contrast to UNHW status, which often requires some form of business ownership or affiliation. Business and consumer services ranks in second place, pointing to the continued increase in commercial opportunities from a growing middle class in emerging markets, as well as from urbanization and digitization.

Top five primary industries by gender



Source: Wealth-X 2020

From a gender perspective, the four industries rank among the top five for both VHNW men and women. Yet this commonality masks clear differences in weighting. For one, non-profit and social organizations are the primary industry focus for a significant 20% of all VHNW women, in contrast with just 6% of their male counterparts. This is largely explained by the fact that inheritance tends to play a larger role as a source of wealth among VHNW women, and these individuals often commit to substantial philanthropic activities from a younger age than those still working to create or grow their own businesses or advance their careers. The hospitality and entertainment industry also plays a more important role among VHNW women, while healthcare is the fifth-most common industry among VHNW men.

⁴ Primary industry refers to the industry to which VHNW individuals devote most of their time, not necessarily the industry by which they created their wealth, although they are often one and the same.

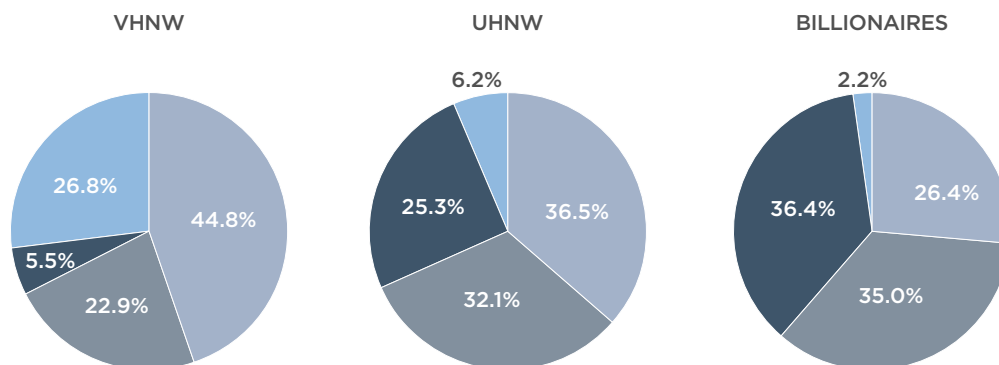
ASSET ALLOCATION

Liquid assets and real estate and luxury assets account for the majority of VHNW individuals' wealth

The manner in which one's assets are distributed is heavily influenced by one's wealth – and this is the case for the VHNW population and those with much higher net worth. Liquid assets (that is, cash, income and dividends) account for the largest share of combined VHNW wealth, at 45%. With two-thirds of individuals occupying the lowest VHNW wealth bracket of \$5m to \$10m, salaries, bonuses and shares in the companies they work in or own account for a large slice of their wealth. This proportion declines as wealth rises, for one of two reasons: either as a result of the ability to free up assets and diversify towards investments in public companies; or the tendency of the wealthiest individuals to be business owners, with private holdings rising among the ultra wealthy and billionaires.

Real estate and luxury assets account for just over one-quarter of total VHNW wealth – the value of a luxury main residence, and perhaps a holiday home and luxury cars or soft luxury goods, can account for a considerable proportion of total net worth among the lower wealth tiers. This share declines sharply, to around 6%, among the ultra wealthy class and lower still among billionaires.

Asset allocation



Note: The total may not add up to 100% as a result of rounding. Our UHNW and billionaire data comes from our *World Ultra Wealth Report 2019* and *Billionaire Census 2019* publications, respectively.
Source: Wealth-X 2020

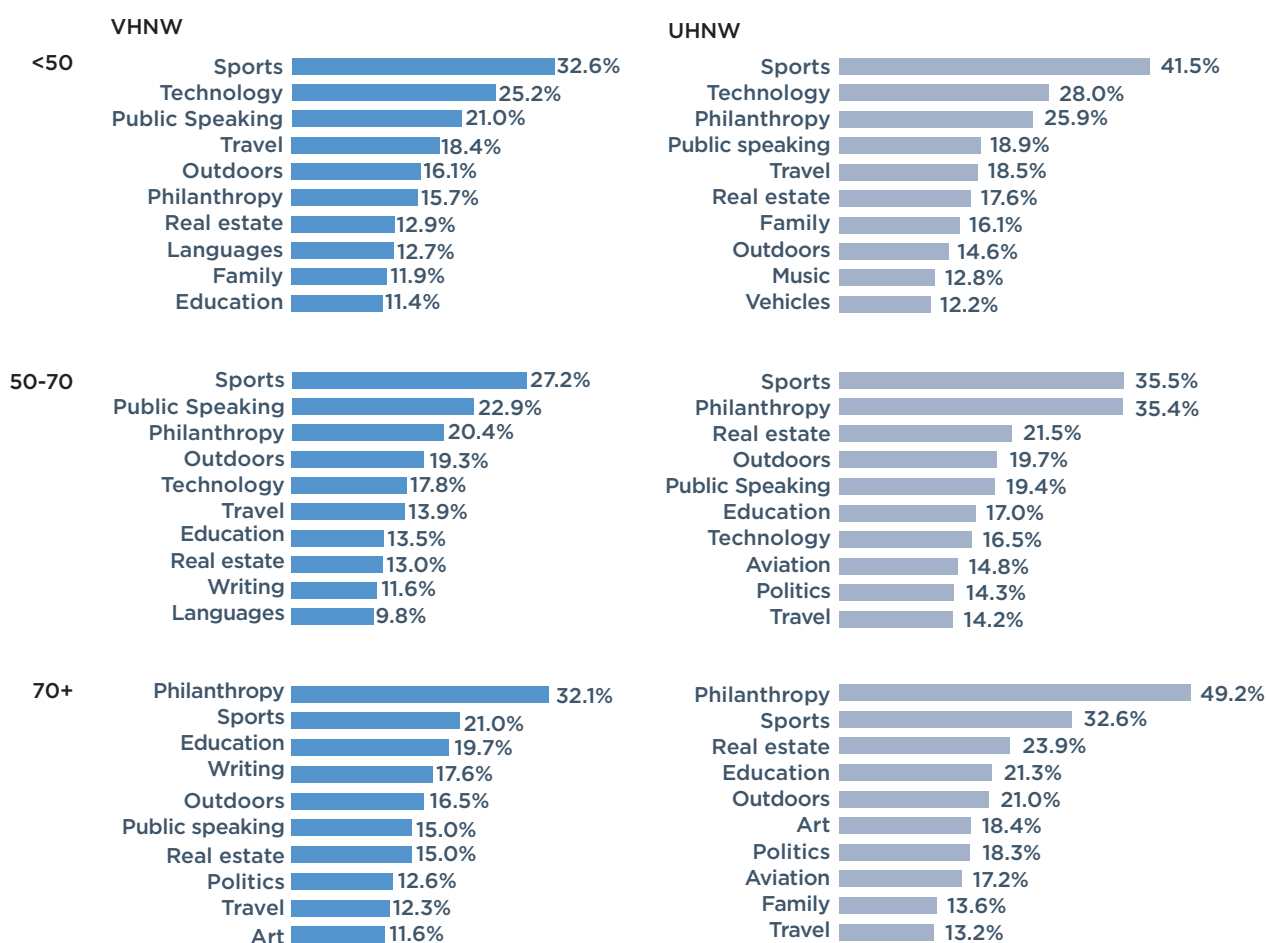
INTERESTS, PASSIONS AND HOBBIES

Sports is the most popular interest among VHNW, but age and level of wealth matter

Sports is the most popular interest or passion among the VHNW population, with at least one-fifth regularly engaged in sports as an active leisure pursuit or as a means of relaxation. Hobbies do vary by age, however. After sports, technology and public speaking are of greater interest to those aged under 50 and 50-70 than to the more elderly demographic – these individuals are more likely to be speaking at business events and engaging with tech innovation for commercial purposes or in their leisure time. Philanthropy is the leading interest among those aged 70 and above; this is partly explained by life-cycle progression, in that they are likely to have moved on from new wealth generation towards personal activities such as creating a legacy.

As it turns out, there are also differences by level of wealth. Although sports is the main interest among the overall VHNW and UHNW populations, philanthropy is among the top three interests across all age groups among the UHNW cohort. As individuals become wealthier, they may feel a greater obligation to engage with benevolent causes, particularly as expectations around ‘giving back’ have risen, within the context of increased discourse around wealth inequality and high-profile initiatives such as the Giving Pledge. Interestingly, art is not a particularly strong passion among individuals in either of these wealth groups, with only those aged over 70 showing a keen interest.

Top interests, passions and hobbies by age and wealth tier



Note: More than one interest, passion or hobby is possible, so the numbers do not add up to 100%. Our UHNW data comes from our *World Ultra Wealth Report 2019* publication. Source: Wealth-X 2020

METHODOLOGY

To size and forecast the VHNW population and its combined wealth, we use our proprietary **Wealth and Investable Assets Model**. This model produces statistically significant estimates for total private wealth and estimates the size of the population by level of wealth and investable assets for the world and each of the top 75 economies, which account for 98% of world GDP.

We use a two-step process. First, to estimate total private wealth, we use econometric techniques that incorporate a large number of national variables such as stock market values, GDP, tax rates, income levels and savings from sources such as the World Bank, International Monetary Fund, Organization for Economic Cooperation and Development (OECD) and national statistics authorities. Second, we estimate wealth distribution across each country's population. Owing to a lack of wealth distribution data, most wealth models estimate wealth distribution patterns using income distribution data. However, Wealth-X's proprietary database of hundreds of thousands of records on the world's wealthiest individuals enables us to construct wealth distribution patterns using real, rather than implied, wealth distributions, making the model more reliable. We then use the resulting Lorenz curves to distribute the net wealth of a country across its population. The database is also used to construct investable asset distribution patterns across each country's population. The model uses residency as the determinant of an individual's location.

Our model also estimates population, wealth and investable assets for the world's major cities as ranked by nominal GDP in \$. These cities are defined on the basis of urban agglomerations (UAs) and metropolitan (metro) areas, which include the built-up areas outside the administrative core. We find that metro and urban areas are closer to self-contained entities compared with city administrative cores (city proper) because more residents are likely to work and spend within the metro/UA boundaries. Globally comparable city-level data is not available, so, to ensure comparability is as precise as possible, we have sourced all metro- and urban-level population and GDP data from Oxford Economics.

To profile the VHNW in greater depth, this report leverages the unique and proprietary **Wealth-X Database**, the world's most extensive collection of curated research and intelligence on wealthy individuals. Our database provides insights into their financial profile, career history, known associates, affiliations, family background, education, philanthropic endeavors, passions, hobbies, interests and much more. Our proprietary valuation model (as defined by net worth) assesses all asset holdings, including privately and publicly held businesses and investable assets. The database uses the primary business address as the determinant of a wealthy individual's location. References to \$ or dollars refer to US dollars.

Analysis of the data and additional insights were provided by the **Wealth-X Analytics** team. Leveraging the Wealth-X Database and its own data models, Wealth-X Analytics provides customizable data assets tailored to your organization's needs. Wealth-X Analytics is uniquely positioned to provide market-level data and analysis to inform strategies across the financial services, luxury, not-for-profit and education industries.

The Wealth-X Analytics team is composed of experienced analysts, economists and thought leaders, armed with deep sector knowledge and unique skills. The team regularly collaborates with clients across industries to provide:

- Market sizing
- Forecasting
- Profiling/archetyping

To learn how Wealth-X Analytics complements our full suite of data-driven products and services, email us at contact@wealthx.com.

ABOUT WEALTH-X

The global leader in wealth information and insight, Wealth-X partners with leading prestige brands across the financial services, luxury, not-for-profit and higher-education industries to fuel strategic decision-making in sales, marketing and compliance. Wealth-X boasts the world's most extensive collection of records on wealthy individuals and produces unparalleled data analysis to help organizations uncover, understand, and engage their target audience, as well as mitigate risk. Founded in 2010, with staff across North America, Europe and Asia, Wealth-X provides unique data, analysis, and counsel to a growing roster of more than 500 clients worldwide.



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