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News Release

Global Wealth Report 2023 – global wealth set to rise by 38% over the next five years

The latest Global Wealth Report predicts global wealth to reach USD 629 trillion by 2027, despite 2022 being the first year of wealth decline since 2008.

Zurich, 15 August 2023 – The fourteenth edition of the Global Wealth Report was launched today jointly by Credit Suisse and UBS. It shows that measured in current nominal USD, total net private wealth fell by USD 11.3 trillion (–2.4%) to USD 454.4 trillion at the end of 2022. Wealth per adult also declined by USD 3,198 (–3.6%) to reach USD 84,718 per adult. Much of this decline comes from the appreciation of the US dollar against many other currencies. Financial assets contributed most to wealth declines in 2022 while non-financial assets (mostly real estate) stayed resilient, despite rapidly rising interest rates.

Regional and demographic themes:

- Regionally, the report shows the loss of global wealth was heavily concentrated in wealthier regions such as North America and Europe, which together shed USD 10.9 trillion.
- Asia Pacific recorded losses of USD 2.1 trillion.
- Latin America is the outlier with a total wealth increase of USD 2.4 trillion, helped by an average 6% currency appreciation against the US dollar.
- Heading the list of losses in market terms in 2022 is the United States, followed by Japan, China, Canada and Australia.
- The largest wealth increases at the other end were recorded for Russia, Mexico, India and Brazil.
- In terms of wealth per adult, Switzerland continues to top the list followed by the USA, Hong Kong SAR, Australia and Denmark despite sizeable reductions in mean wealth versus 2021.
- Ranking markets by median wealth puts Belgium in the lead followed by Australia, Hong Kong SAR, New Zealand and Denmark.

When looked at in demographic terms, Generation X and Millennials continued to do relatively well in 2022 in the USA and Canada but were not immune to the overall wealth reduction. Broken down by race, non-Hispanic Caucasians in the USA saw their wealth decrease in 2022, while African-Americans were left almost unscathed by the downturn. In contrast, Hispanics achieved 9.5% growth in 2022, owing to their greater holdings of housing assets compared to financial assets.

Reduction in wealth inequalities

Along with the decline in aggregate wealth, overall wealth inequality also fell in 2022, with the wealth share of the global top 1% falling to 44.5%. The number of USD millionaires worldwide fell by 3.5 million during 2022 to 59.4 million. This figure does not, however, take into account 4.4 million “inflation millionaires” who would no longer qualify if the millionaire threshold were adjusted for inflation in 2022.

Global median wealth, arguably a more meaningful indicator of how the typical person is faring, did in fact increase by 3% in 2022 in contrast to the 3.6% fall in wealth per adult. For the world as a whole, median wealth has increased five-fold this century at roughly double the pace of wealth per adult, largely due to the rapid wealth growth in China.

A brighter outlook

According to the report's projections, global wealth will rise by 38% over the next five years, reaching USD 629 trillion by 2027. Growth by middle-income markets will be the primary driver of global trends. The report estimates wealth per adult to reach USD 110,270 in 2027 and the number of millionaires to reach 86 million while the number of ultra-high-net-worth individuals (UHNWIs) is likely to rise to 372,000 individuals.

Iqbal Khan, President Global Wealth Management at UBS, said: "As the world's largest truly global wealth manager, we are uniquely positioned to draw on knowledge and insights from across our wealth management business. This year's Global Wealth Report reveals valuable insights about the state of our economy and society, as well as the shifting meaning and potential of prosperity. This sweeping analysis of household wealth covers the estimated wealth holdings of 5.4 billion adults around the world and across the wealth spectrum. It looks to future trends, helping us to frame expectations, understand the ever-changing nature of wealth creation, and better conceive of the power of wealth to broadly benefit our society."

Anthony Shorrocks, economist and report author, said: "Much of the decline in wealth in 2022 was driven by high inflation and the appreciation of the US dollar against many other currencies. If exchange rates were held constant at 2021 rates, then total wealth would have increased by 3.4% and wealth per adult by 2.2% during 2022. This is still the slowest increase of wealth at constant exchange rates since 2008. Keeping exchange rates constant but counting the effects of inflation results in a real wealth loss of -2.6% in 2022. Similarly, financial assets contributed most to wealth declines while non-financial assets (mostly real estate) stayed resilient, despite rapidly rising interest rates. But the relative contributions of financial and non-financial assets may reverse in 2023 if house prices decline in response to higher interest rates."

Nannette Hechler-Fayd'herbe, Chief Investment Officer for the EMEA region and Global Head of Economics & Research at Credit Suisse, said: "Wealth evolution proved resilient during the COVID-19 era and grew at a record pace during 2021. But inflation, rising interest rates and currency depreciation caused a reversal in 2022. Over the next five years, we expect global wealth will rise by 38% reaching USD 629 trillion by 2027, with wealth per adult looking set to increase by 30% to reach USD 110,270. We also expect the number of millionaires to grow markedly over the next five years to reach 86 million, while the number of UHNWIs will rise to 372,000."

Link

The Global Wealth Report 2023 is available at: <https://www.ubs.com/global/en/family-office-uhnw/reports/global-wealth-report-2023.html>

About the Global Wealth Report

The Global Wealth Report is one of the most comprehensive analyses of global household wealth available. The report has been issued by the Credit Suisse Research Institute, the bank's in-house think tank, underpinned by the unique insights of the leading academics in the field, Prof. Anthony Shorrocks, Prof. James Davies, Prof. Rodrigo Lluberas and Prof. Daniel Waldenström.

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