Tracking the "Super-Rich"

2014 saw a record high 9% growth of the world's wealth, upping the global tally to $263 trillion, as reported in research by Credit Suisse. But in the culture of the super-wealthy, who is considered the "richer than rich", more rarefied than the elusive "one-percent"?

How about the UHNWI?

What's a UHNWI? An **ultra-high-net-worth-individual**, net worth in this case being in excess of $30 million or more in assets. According to Knight Frank's Wealth Report 2015, there are nearly 173,000 UHNWIs world-wide, accounting for more than $20 trillion of the planet's wealth.

Who are these 0.002-percenters? Where do they live and how are they spending and investing their money?

According to Knight Frank's, London boasts the highest number of UHNWIs, with 4,364. Following suit in the rankings are Tokyo, Singapore, New York and Hong Kong to round out the top five (Frankfurt is ranked #6 in number of UHNWIs with 1,909). Interestingly, when the parameters change from population to per capita, the rankings shift to highlight smaller cities with a higher number of UHNWIs per 100,000 residents. Geneva, Singapore, Zurich, Frankfort and Hong Kong comprise the top five (with Munich and Hamburg ranking 9th and 10th).

Simon Kuper of *The Financial Times,* worried in 2013 that "The great cities are becoming elite citadels." Super cities like New York, Paris and Hong Kong have evolved to what he called "plutocratisation" or "vast gated communities where the one percent reproduces itself." The diversity and vibrant creativity that bolstered these cities in the first place has fallen into the gap created by super-wealth.

Interestingly, according to Knight Frank's chief economist James Roberts, "In a constantly changing world UHNWIs are finding value by investing ambitiously in commercial real estate." Though Europe's tent pole economies of France and Germany were largely stagnant in 2014, Roberts notes that in particular "Berlin has a vibrant technology scene and a relatively low cost of living for young workers. I see more incubators for start-ups being developed."

Indeed, Knight Frank notes that today's UHNWIs are as sophisticated as many institutional investors, as many have long established real estate portfolios and the demand for property as an investment is rapidly on the rise. For UK-based UHNWIs, property investment in Germany is at the top of their list, and a popular second choice for other European UHNWIs.

If both commercial and residential real estate are enjoying top spots in the UHNWIs investment portfolio, where else is this elite group spending its wealth?
The ***Big Spenders Index 2015****,* a new report compiled by Ledbury Research's Luxury Analyst team reported that almost a third of the respondents expect their clients to spend more on luxury goods in 2015. The index indicates locations most likely to see growth in spending on luxury items by both its own and visiting UHNWIs.

Not surprisingly UHNWIs in the UK top the Big Spenders index, which rates a location based on categories including luxury store footprint, premium travel and spending, spending on luxury imported items, and big ticket luxury spending. Following the UK is China, already the largest luxury goods consumers in the world with an estimated 29% of the luxury good market. Qatar, Canada and India round out the top five.

Notable developments in *what* UHNWIs are buying include the overlap of high fashion integrated with wearable technology, such as Ralph Lauren's line of smart clothes Polo Tech. Sales of pre-owned luxury items continue to boom for accessories, luxury apparel, and leather goods, as do sales for women's larger watches and jewelry. The Chinese government's austerity campaign is being blamed for a 7.3% drop in French wine exports and a 12% drop in Cognac, though Scottish whisky sales are enjoying up sales in other Asian markets, where the spirit is prized for its status. And though India has not followed suit after China in sales of luxury cars, (only 250 "supercars" were sold in 2014 in India), shipbuilders at the 2014 Monaco Yacht Show said 35% more yachts were sold in the first half of 2014 than the same time period in 2013.