June 2011

LEDBURY
RESEARCH

HIGH NET WORTH

The only resource for professionals who need to know about the Wealthy

Opinion

News

Ledbury Latest Research

Country Profile

A difficult future for Russian wealth?

Continued wealth growth may become harder with an unengaged second generation

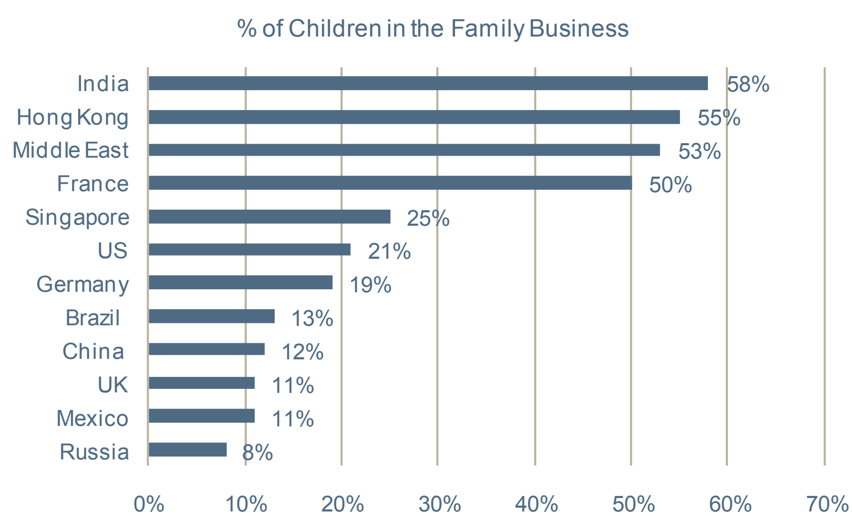
An analysis of the Forbes' billionaires list carried out by Societe Generale this month looked at the attitudes and traits that best characterise the ultra wealthy today. Various aspects were assessed including source of wealth, risk appetite and philanthropic involvement. While many of the findings show common trends among most of the 12 countries, Russia emerges as an exception in several respects.

Firstly, at 49 years, the average age of billionaires in Russia is younger than anywhere else in the world. The equivalent in France is 74 years and 68 years in Brazil. Secondly, all wealth of the ultra-wealthy in Russia is self-made. This compares to four in five (80%) in the UK and just over two-thirds (68%) in the US, which is traditionally characterised by its level of self-made wealth.

Most pertinently however, Russia has the lowest level of family involvement in business. Less than one in ten (8%) ultra high net worth individuals' (UHNWIs) children are engaged in the family business, as are just 17% of other family members. This compares to more than half (53%) of both children and broader family in the Middle East and 55% of UHNWI children in Hong Kong.

The implications of this low involvement amongst wealthy Russian children are even greater given that most wealth in Russia stands to be inherited. Of the just over 100 Russian billionaires in 2010, the number due to inherit billions grew to 85, up from 54 the previous year (Forbes). Further, their accumulated wealth more than doubled to an overall value of $250bn (see *High Net Worth Sept 2010*).

This low level of family involvement could undermine the ability of the next generation to sustain the current wealth levels. This finding is consistent with Ledbury's upcoming *Wealth Segment* reports on Russia. One of the Segments covered (the *Capital Heirs*) represents this troubled next generation: children of the ultra-wealthy, aged under 40, who are very well-educated and sociable, however lack initiative, confidence and business acumen.



Global Footprints

A rapidly changing wealth landscape means brands need to be more selective about international presence

HSBC Private Bank's decision to dramatically scale back in Russia and be much more selective in the countries that it focuses on in future, mark an important departure for "the world's local bank". It will now focus on wealth management in 18 of the most relevant economies as a part of a strategic overhaul.

Retreats from countries are, of course, not new to private banks nor luxury goods; neither is it even confined to emerging markets. For example, both Versace and Citibank have had to leave the Japanese market recently. However, these retreats do tend to be associated with tougher economic periods or structural changes.

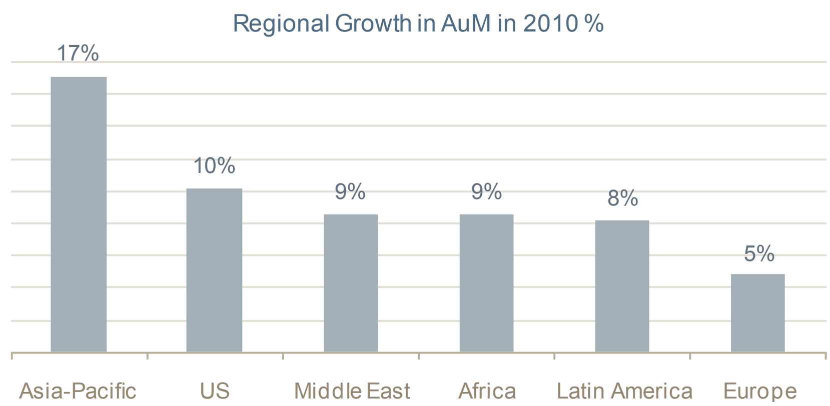
Each year, Ledbury monitors the number of branches/outlets operated by the biggest names in private banking and luxury retail around the world, and in 2010 there were significant changes. In Switzerland, for example, the number of wealth management branches fell 56% as offshore business was impacted, while in Japan, the number of luxury outlets fell by 20% as its luxury market continued to stagnate.

But this new strategy by HSBC comes as the global economy is beginning to pick up and may well be indicative of a more enduring approach to country selection by all brands. Certainly, with more transparent marketplaces and sophisticated consumers, there is the need to ensure that all foreign operations can, and do perform well. Selecting the right markets in which to operate is critically important in success. In wealth management, BCG has found that return on assets (ROA) differs across regions, based on market maturity, the amount of competition and the split between onshore and offshore banking, with ROA being higher in centres that do more offshore banking. This more rigorous, analytical approach to market entry strategies should be applied across all sectors targeting the fast growing wealthy population.

Wealth

Wealth Managers Lag Behind on Mobile Technology
Recent research shows that only half (50%) of the world's 30 leading banks provide mobile applications for their clients (MyPrivate Banking). For most (80%) banks, the functionality of their mobile applications is limited to that already on their website. Further reflecting how basic these applications are, only one in ten (10%) go beyond facilitating online banking and related services, to offer smart, location-based services. None of the banks surveyed provide a comprehensive mobile application with, for example, real time access to the client's portfolio or financial research. Standard Chartered Singapore has the best range of services available on its mobile application, offering location based maps, access to account and credit cards details and, funds transfer facilities for example.

2010 Growth in Global Wealth
Global wealth, as measured by assets under management, increased by 8% last year, bringing the total to a record $121.8tn (BCG). This represents a rise of $9tn for the year. In regional terms, North America posted the highest absolute gain, up $3.6tn to a total of $38.2tn. This makes it the world's wealthiest region. North America also recorded the second fastest wealth growth at 10.2%, behind Asia-Pacific which expanded at a rate of 17.1%. Europe lagged behind, with below-average growth despite an overall gain of $1.7tn in AuM. Wealth in the Middle East, Africa and Latin America all showed above-average increases, and cumulatively, their wealth now accounts for close to one-quarter (24.4%) of global wealth, up from 20.9% in 2008. Wealth in Japan declined by 0.2%. The largest absolute gains were in the US, China, the UK and India.



Source: BCG

Largest Billionaire Leisure Properties in Moscow
At an average size of 21,530 sq ft, Moscow has the largest billionaire leisure properties globally (Savills Research). This is followed by London, where similar properties have an average size of 13,000 sq ft. London was also found to have the largest city properties for billionaires, at 7,900 sq ft. In terms of wealth generation per capita, New York and the US lead with $73,300 and $47,100 respectively. Moscow and Russia scored lowest and wealth generation per capita is $30,700 and $10,500 respectively, reflecting the concentrated nature of wealth there.

Wealthy Clients Favour UBS
UBS came out as the first choice of wealth manager among wealthy clients around the world (AsiaMoney). This was across all three wealth brackets surveyed, $1m-$5m, $5m-$25m and $25m-plus. However, the results varied in different countries and while UBS led in Singapore and Taiwan, EFG Bank came out first in the $1m-$5m category in Hong Kong. Citibank was the favourite in South Korea, and CIMB Private Banking achieved its first top ranking in Malaysia. BNP Paribas and UBS were the most favoured wealth managers in China, which is seen to carry the most promise in terms of investment potential.

Indian UHNWIs to Treble
The number of wealthy Indians with more than £3m in net assets is expected to increase three-fold over the coming four years (Crisil/Kotak Mahindra Bank). This will bring the total number to 220,000 by 2015. In addition, total assets of the wealthy will increase by a factor of five during this period, to more than £3tn. As a result, the luxury market has significant potential. The luxury jewellery segment alone will grow to Rs. 229bn (approximately £3bn), while the luxury car segment will reach Rs. 140-150bn (approximately £2bn). The number of billionaires in India grew to 55 this year, up from 49 last year.

Wealth

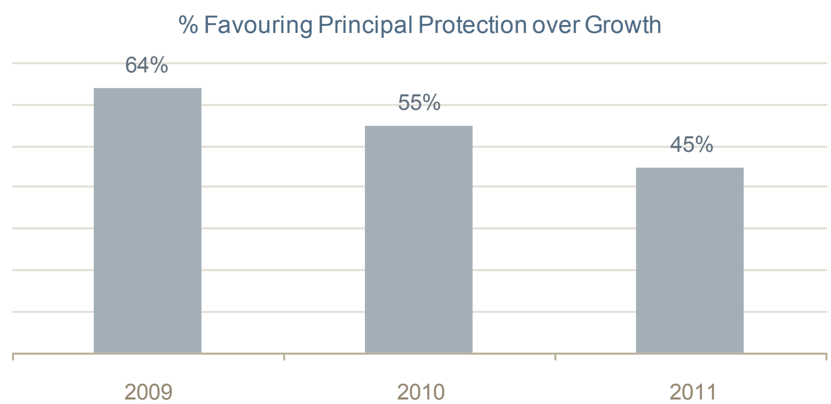
Asia Second to US in UHNW Assets

Asia is second only to the US in terms of total assets held by Ultra High Net Worth Individuals (UHNWIs) (Wealth-X). The sum of assets held by the region's wealthiest amounts to more than $6.2tn, not far behind the US where the ultra-wealthy hold a collective $6.4tn in assets. More than 43,000 of the wealthiest in Asia are worth more than $30m, with the highest number of millionaires (13,000) concentrated in Japan. Their combined assets exceed $2.15tn. China ranks second, boasting 11,475 UHNWIs, followed by India (8,200) and Hong Kong (3,200). Separately, Swiss private bank Julius Baer Group forecasts that assets held by wealthy Asians will more than triple to $16tn by 2015.

Risk Appetite Grows Among US Mass Affluent

The proportion of mass affluent investors (net worth $100k-$1m) in the US who are focused on protecting rather than growing their wealth has fallen to 45% (Spectrem). This is the lowest level in two years and shows an increasing level of confidence among the mass affluent in the US. This bullish attitude is particularly prevalent among those under 55 years, of whom close to one-third (31%) are prepared to take a considerable risk in the hope of a high return. This compares to 14% of those aged 65 years and over, the most conservative group. Of most concern to younger investors is their level of household debt.

Investors with a net worth of $500k-$749k are the least optimistic about meeting their financial objectives in 2012.



Source: Spectrem

Women favour Female Advisors

One quarter (25%) of high net worth (assets exceeding $500k) women in the US opt for female advisors, compared to one in ten (10%) men (Brinker Capital). The survey involved more than 300 HNW male and female participants working with advisors in 78 different financial institutions in the US. Furthermore, the results showed that this tendency is even more pronounced among single women, of whom more than one-third (34%) favour female advisors. This compares to 22% for married women. Female clients working with female advisors are almost twice as tolerant (40%) of disappointing returns relative to their male counterparts (22%). Female clients are also more inclined (84%) to feel that their advisor listens and understands their financial needs than male clients (74%).

Moscow the Highest Concentration of Billionaires

Moscow has emerged as home to the highest number of billionaires in the world, currently standing at 79 (*Forbes*). This is up 21 on last year, and puts the Russian capital ahead of traditional wealth centres New York (59) and London (41). Other cities in the top 15 include Sao Paulo and Istanbul. The aggregated wealth of Moscow's billionaires comes to $375bn, which is the highest level of privately generated wealth in any city in the world. Other emerging nation cities to feature as having among the highest billionaires globally include Hong Kong, which came in 4th place (40 billionaires) and Beijing, which ranked as number 10 (19 billionaires).

Turkish Millionaires will Almost Double by 2014

The number of millionaires in Turkey will increase by 80% by 2014 (ING Bank). This will bring the number of millionaires to 45,000, up from the current 25,000. The forecast is based on data from the International Monetary Fund (IMF) and the World Bank. Higher income individuals in the country have seen their wealth grow by more than 11% on average over the past five years (2006-2010). In a separate analysis, State Street Global Advisors noted that Turkey, among many other emerging economies including Chile, Colombia, Egypt and the Czech Republic, had outperformed the BRIC nations by 39% between 1997 and 2011.

Wealth

Ultra-Wealthy Give Regularly to Charity

More than three-quarters (78%) of Ultra High Net Worth Individuals (UHNWIs) donate regularly to charity (J.P. Morgan Private Bank). A further 21% give irregularly, and only 1% do not give to charity at all. Caring deeply about the cause is the most cited reason this group donates to particular charities (48%), followed by being impressed by the organisation's effectiveness (32%). Further results reveal that while the majority do currently give, this figure could be even higher. Close to one-third (30%) would be encouraged to give more if there was clearer information about how donations were spent and if there were better tax incentives (also 30%). Presently, 9% give more than 10% of their wealth to charity and over one-quarter (27%) give less than 1%. Almost half (44%) would donate more if they became wealthier.

Quality of Life Low for Wealthy in the UK

Many of the wealthy are downbeat about the quality of life on offer in the UK (LloydsTSB International Wealth). Only one in ten believe that the quality of life is higher there than in other first world countries, while even fewer (9%) think they are better off financially. More than half (53%) think that people are less happy in the UK than elsewhere and a similar proportion (49%) believe there is too much emphasis on financial matters, to the detriment of other aspects which could improve quality of life. More than one-third (36%) of high earners would like to move abroad, and 14% plan to do so in the next two years, in the hope of a better lifestyle elsewhere.

Luxury

BMW the Strongest Presence on Facebook

Luxury German automaker BMW has the 'strongest and most effective' presence on Facebook (L2). Think tank L2 performed the annual analysis, which assesses luxury brands according to various criteria such as number and growth rate of Facebook Likes, quality of communications content, ecommerce integration and creativity and, overall co-ordination across the digital space. BMW scored highest at 175 points, followed by Clinique at 165 points. Features such a multi-lingual outreach, and a tab which encourages consumer interaction through videos, photos and clips were major factors driving its success in the ranking. Two other luxury carmakers Audi and Lexus appeared in the top four brands. Only 12 brands were awarded the 'genius' ranking and 26 the 'gifted' ranking. All others were classified as 'average', 'challenged', and 'feeble'. Other findings from the report show brands that allowed for the posting of comments on their Facebook walls scored higher (average score 107) than those who did not (average score 82). Watch/jewellery, fashion and champagne/spirits brands provided the highest number of consumer engagements overall, followed by auto brands.

Chinese Luxury Consumers Favour Heritage

Chinese luxury consumers continue to look to certain countries for different brand characteristics when it comes to luxury (KPMG/TNS). France comes out as favourite overall (all categories except for watches), scoring highest in clothes, bags and shoes for example. Italy in the next most important, highlighting the strong association with heritage for both countries.

Brand recognition rose again this year, up to 57% from 45% in 2010. Chinese luxury consumers still place considerable importance on researching the product prior to purchase and almost three-quarters (70%) search for brands online on a monthly basis, while close to one-third (30%) do this once a week.

Source: KPMG

Luxury

Record Breaking Watch Auction in Hong Kong

Record sales were achieved at Christie's Important Watches last month, making it the biggest watch sale in Asia (Luxury Insider). Total sales amounted to HKD 164,707,500 ($21,164,914). It achieved a 92% lots sales rate, while 95% sold by value. The sale of the Singing Birds Pistols was the highlight of the auction, and achieved HKD 45,460,000 ($5,841,610), making it the highest amount paid for a single lot sold at auction in Asia, as well as the most paid for an horological item sold at an Asian auction. Patek Philippe was singled out in the wrist-watch category, occupying eight out of the top ten watches being sold. The marque's Skymoon Toubillon model achieved HKD 9,020,000 ($1,159,070).

Luxury Demand Growing in China

The luxury market in China expanded from $9.4bn in 2009 to $10.7bn last year, a 30% increase for the period (World Luxury Association). This does not include sales of large luxury items such as private jets, yachts and cars, demand for which is growing rapidly. Currently however, a large portion of luxury purchases by Chinese consumers are still made abroad due to high taxes on the mainland, and last year this accounted for more than half (56%). Reflecting the potential for luxury brands in China, luxury consumers there are younger than their international counterparts, with almost three-quarters (73%) under the age of 45 years. Close to half (45%) fall into the 18-34 age category. This compares to Japan where 37% are aged 18-34 years.

Luxury Car Sales on the Up in Emerging Economies

British luxury auto brand Bentley has sold 396 cars in Mainland China in the four months to the end of April this year (Just Luxe). This represents an upswing of two-thirds (66%) relative to the same period last year. China now accounts for one in every four (25%) sales of Bentleys worldwide, and is second only to the US in terms of sales for the 2011 year to date. Confident of a sustained momentum in China, Bentley has recently opened a Bentley Training Academy and has plans to grow its network of dealerships by one-third over the year.

Elsewhere, in Poland, luxury car sales increased in the year to April 2011 (Samar). Jaguar registered the highest increase, up 34%, followed by Porsche (21%) and Land Rover (10%).

Sales Down but Luxury Execs Upbeat about Japan

Close to two-thirds (65%) of luxury executives in Japan reported a sales contraction of at least 10% in March (McKinsey). In terms of shoppers, close to half (49%) view flaunting luxury goods to be 'in bad taste', a considerable increase on last year. Further, 15% feel they should save due to the current economic conditions and 4% believe that they should not purchase premium offerings at this point in time. On a more positive note, nearly four in ten (38%) are of the view that they should continue with their previous spending habits in order to support the economy. Many luxury executives believe the outlook is bright and three in five (60%) expect overall performance in 2011 either to match or improve on last year, compared to only 10% who predict the situation getting 'significantly worse'. The majority (85%) are upbeat about the longer term.

Australians Buy Superyachts

Sales of superyachts in Australia have more than tripled over the past five years, due to various factors including a mining boom and an oversupply of yachts following the recession (Bloomberg). 110 Australians own yachts larger than 98 feet (30 meters) in length, up from around 30 five years ago. A mining boom in the country has helped to drive a 42% appreciation in the currency, thereby increasing spending power among the Australian wealthy. Lagging demand from the US has also worked in their favour, bringing prices down by about 70%. Australia is now in its 20th year of growth, attributable to sustained demand for resources from China and India. In a further sign of its prosperity, the cumulative wealth of Australia's 200 wealthiest people climbed 23% over the past year and Gina Rinehart became the first Australian with assets in excess of AUD 10bn ($10.6bn). Rinehart is also the first female to hold the position as wealthiest in the country.

Luxury

Luxury Spending Returns in the US

US affluent consumers are returning to luxury following more than two years of cut-backs (American Express). 15% of affluent households (annual discretionary expenditure of $100,000) plan to increase their spend on high-end goods in 2011. This does not include expenditure on cars or holidays. This represents an increase of one-quarter (25%) on last year and is double the spend recorded in 2008. Overall, affluent households will spend $359bn. The numbers cutting back will halve relative to last year, amounting to 9%. Attitudes to spending have changed however and this is expected to be reflected in consumption patterns. Approximately three-quarters (75%) feel that the recession has taught them to be more resourceful. As such, pricing is still expected to play an important role in purchase decisions together with service, quality and craftsmanship.

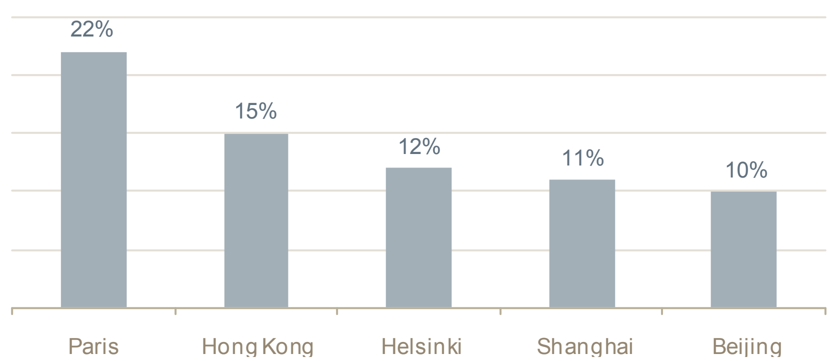
Record Price for Tiara

A diamond and emerald tiara achieved a record price at auction last month, when it sold for CHF 11.3m (Asia One Plush). It was estimated to sell for CHF 4.6m-CHF 9.2m and it also represented a record for a piece of emerald jewellery. The tiara was the top lot at the Sotheby's sale in Geneva, which netted CHF 78.9m, the third highest for a jewellery sale. 90% of the 479 lots sold on the evening. Altogether, jewels of royal provenance accounted for CHF 19.6m of the evening's sales, far more than had been anticipated prior to the auction. Many other items exceeded their pre-sale estimates including a Kashmir sapphire and diamond flower brooch which sold for US$1.6m, three times the estimate, showing that there is strong demand for such rare pieces.

Paris Luxury Property Rises

Prime properties in Paris showed the highest year-on-year gains in the 12 months to March (Knight Frank). Prices of houses and apartments in the French capital, costing in excess of €2m ($2.9) grew by 22%. Similar to London, this is being driven by demand from wealthy buyers from the BRIC nations of Brazil, Russia, India and China looking for a 'safe haven' for their investments. In another parallel to the UK capital, prime properties are in short supply, putting further upward pressure on prices in Paris. Hong Kong saw the next largest increase (15%) followed by Helsinki (12%). In a sign that initiatives by several Asian governments to ease the level of property speculation by wealthy Asian investors are working, prices in the region grew at a more modest rate than last year.

% Growth in Values of Prime Property in Global Cities (Y-o-Y)



Source: Knight Frank

Collectively, prices in Hong Kong, Beijing, Shanghai and Singapore grew by 11% for the first quarter, compared with 55% for Q1 2010. LA and Moscow posted declines of 2% and 8% respectively.

Wealthy International Buyers Buoy London Market

Prices of luxury properties in the UK capital continue to rise as driven by wealthy international buyers (CBRE). Prime properties in central London commanded on average 6% more in the first quarter of 2011, compared with the same period last year. While domestic demand in this segment is growing, demand is primarily being driven by wealthy individuals from overseas, particularly the Far East. Close to half (45%) of all off-plan sales from here are from Hong Kong and just over one-third (35%) from Singapore. Luxury development The Lancasters has sold 46 of its 74 apartments, driven by wealthy individuals from Asia, Russia and the Middle East.

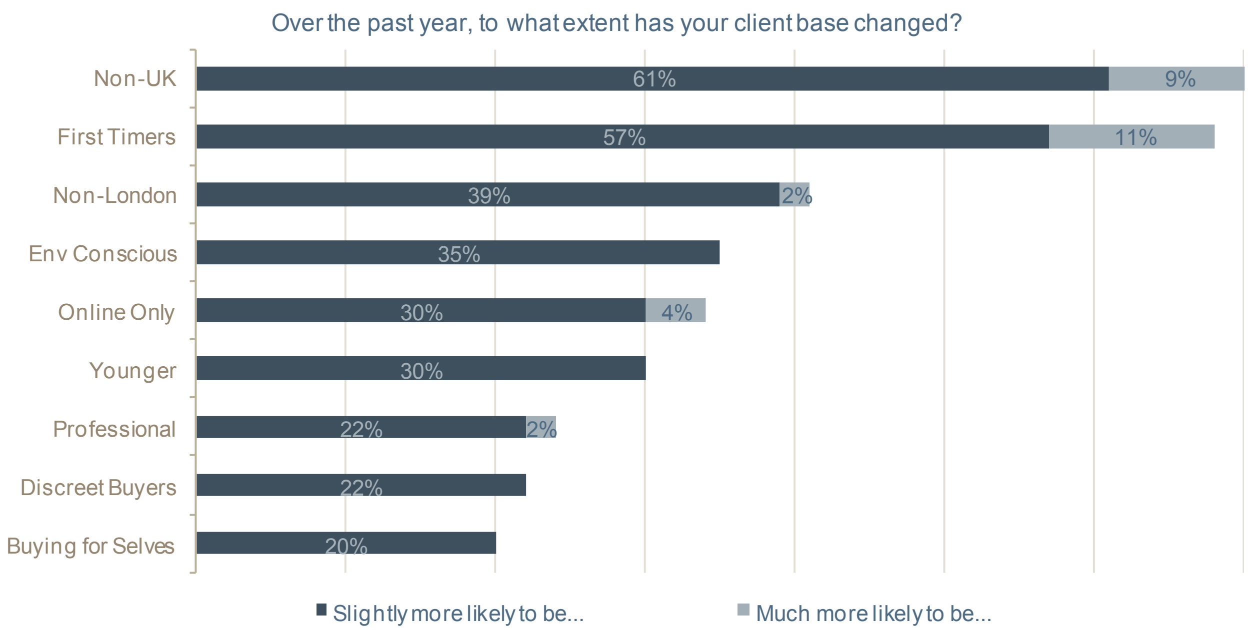
The Changing Luxury Consumer

The UK luxury market has regained its momentum, following difficult times during the financial crisis. However, the luxury consumer has changed, with 'first-timers' and international consumers exerting an increasing amount of influence. Discretion among luxury shoppers in the UK has also slipped off the agenda.

The Luxury Benchmark is an annual report (https://www.ledburyresearch.com/files/lr_uk_luxury_benchmark_report_2011.pdf) by Ledbury Research and the UK luxury industry body, Walpole. It involves feedback from senior management and decision-makers from many of the UK's leading luxury brands. Among other aspects, it assesses the most pervasive trends in the industry over the past year, and what to expect going forward.

New Luxury Shoppers
High-end brands highlighted the changing face of the luxury consumer in the UK, as manifested in various trends. The most notable is an increasingly international clientele. A majority (70%) of retailers noticed that more of their customers now come from outside the UK, including close to one in ten (9%) who believe that this is much more likely to be the case (see chart below).

Another key trend is the emergence of first-time luxury shoppers, as distinct from established luxury shoppers returning after cutting back during the recession. Indeed more than two-thirds (68%) of luxury retailers observed an increased number of first-time luxury consumers, with 11% saying the impact was dramatic.



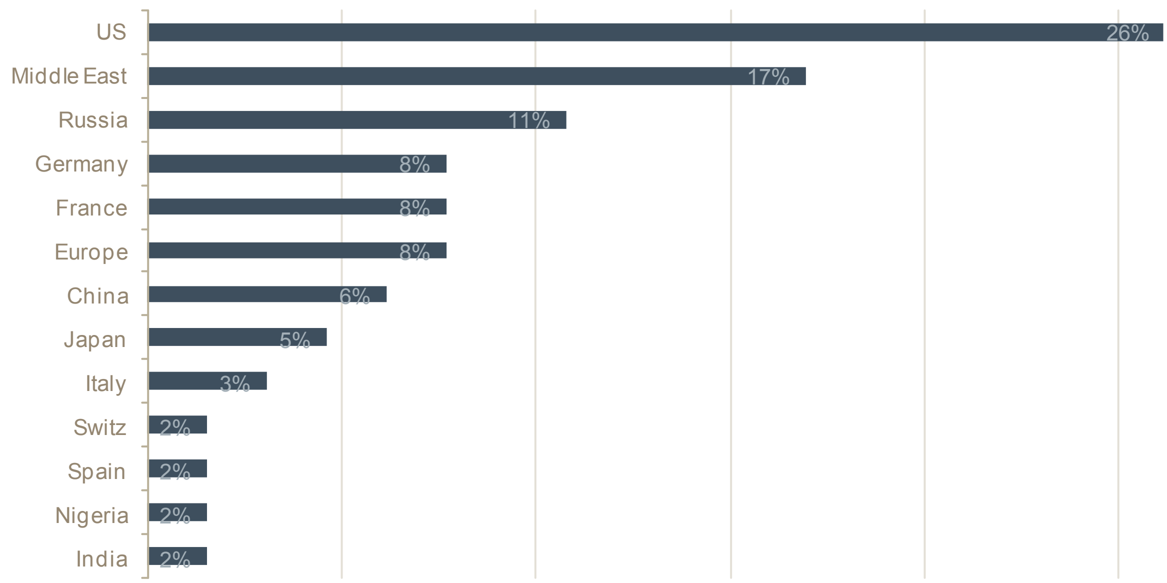
Source: Ledbury Research/Walpole

Significantly, luxury shame has dissipated. The 'net' score, which is the proportion of luxury brands who noticed an increasing trend of discreet buyers minus the proportion who did not witness this trend, is only 14%, making it among the least important trends this year. This is in contrast to 2009, when discretion was the third biggest trend, with a net score of more than half (53%). This can be linked to the growing importance of 'first-timers' who are likely to be new to wealth.

The Changing Luxury Consumer

Americans Important Luxury Shoppers
US shoppers came out as the most significant international group for luxury brands in the UK. More than one-quarter (26%) of luxury retailers found American shoppers to be among the three biggest spenders in 2010, no doubt buoyed by the favourable exchange rates of the past two years. The Middle East was the next most important tourist group, with almost one in five (17%) luxury brands placing them among their top spenders. New wealth in Russia means that they account for a considerable proportion of luxury sales in the UK, as do those from the traditionally wealthy economies of Western Europe (such as France and Germany). China and Japan follow close behind.

Countries of Top Three Most Important Consumers



Source: Ledbury Research/Walpole

American Shoppers Will Continue to Spend
Over the coming years, the American luxury consumer looks set to continue influencing the UK luxury market. Close to one-third (29%) of luxury retailers found American shoppers to be the fastest growing nationality, followed by Chinese buyers, who were the fastest growing segment for 21% of luxury brands. Tourists from these two economies will far outstrip those from small emerging economies over the next few years.

Wealth & Irrational Decisions

HNWIs frequently let emotions influence their investment decisions, with the result that they veer from their planned strategy and they don't achieve their financial goals. However decision-making strategies can be applied to finance and help to mitigate against this.

The subjects of behavioural finance and financial self-control have come to the fore over the past two years, as wealth managers try to understand better their clients and what drives their investment decisions. Barclays Wealth recently published a report on the topic, Risk and Rules, focusing on strategies employed to help remedy failures in self-control. The research, carried out by Ledbury Research, involves feedback from over 2,000 high net worth individuals (HNWIs) across 20 countries around the world.

Wealth & Irrational Decisions

The research from Barclays Wealth shows that this prevails among high net worth investors. Two in every five (40%) believe that in order to maximise gains, they must trade actively and a similar proportion (32%) of high net worth individuals (HNWIs) adopt this approach. However of these who do trade frequently, almost half (46%) feel that they trade too much. This indicates that they are being lead by their emotions, and lack the control necessary when making financial decisions.

Classical Finance Theory and the Trading Paradox

Classical finance theory assumes that investors are rational, and once they choose a portfolio, they stick with it. However, in reality, many allow their financial decisions to be influenced by emotion. The trading paradox, highlights how many investors trade more frequently than they should, which negatively impacts their returns and leads to a sense of regret.

Source: Ledbury Research/Barclays Wealth

Decision-Making Strategies

Decision-making strategies can help to minimise the role of emotion in financial decisions and ultimately lead to higher satisfaction among HNW investors.

These strategies fall into three broad categories (see table) which involve limiting options and avoiding unnecessary information; imposing rules such as deadlines and cooling-off periods and; using others (such as professionals or spouses) to help achieve financial goals.

The findings show that at least two-thirds (66%) of HNWIs use strategies to help their financial decision-making, and in many cases this proportion is significantly higher. Rules (92%), deadlines (90%), cooling-off periods (89%) and, using other people (87%) are the most commonly used.

Decision-Making Strategies	
Limiting Options & Avoidance	Purposefully limiting your options
	Avoiding people or situations that tempt you to do things that you may later regret
Rules, Deadlines & Cooling-Off Periods	The use of rules to help you make better financial decisions
	Setting deadlines for yourself in order to overcome procrastination
	Using cooling-off periods
Delegation and Using Other People	Delegating financial decisions to others
	Using other people to help you reach your financial goals

Source: Ledbury Research/Barclays Wealth

Most likely to benefit from decision-making strategies are those who desire discipline the most. These tend to be HNWIs in the lowest wealth category (net worth of £1m-£1.9m) (42%) and those with sole financial decision-making responsibility (41%). They also tend to be younger investors (aged under 45 years) (53%), are more likely to be female (45%) and regionally, to come from Asia-Pacific (57%).

Germany

	Germany	G8 Average
Population	81m	109m
Population Aged 15-64 (% Of Total)	66%	67%
Tourist Arrivals	24m	36m
Tourist Expenditures	$93bn	$59bn
Income Held By Top 10%	22%	26%
Income Held By Top 20%	37%	41%
Exchange Rate	€1 = $1.41 = £0.87	

Background

- The wealthy have prospered in Germany, with incomes derived from business profits and wealth rising steadily to reach 32% of the total national income
- Many of Germany's wealthy population inherited their fortunes and are scions of large conglomerates such as BMW and Allianz
- The country has a relatively meritocratic wealth distribution, yet the wealthy prefer to keep a low profile in comparison to other European nations
- HNWIs in Germany hold an estimated $500bn offshore, mainly in Luxembourg and Switzerland

Current Wealth Issues

- Wealth transfer is expected to accelerate, as family-owned companies in the Mittelstandsector either sell out to corporate or financial buyers, or hand over to the next generation
- Discretion is important to the wealthy, not least after the tax authorities purchased a list of German clients from a Liechtenstein bank and Credit Suisse, investigating them for tax evasion
- In addition, the banking landscape is facing uncertainty with turmoil at larger universal banks as well as some niche private banks. Commerzbank's acquisition of 60% of Dresdner, and Deutsche Bank's takeover of Sal Oppenheim has left the German private banking sector with only two players of any importance, with speculation that Commerzbank will become stronger in Germany, while Deutsche grows on a more international scale
- Wealthy Germans are generally characterised by a great degree of conservatism and risk aversion across all wealth segments. This is evidenced by the fact that Germany holds 11% of the world's 950m ounces of gold–only the US holds more
- German consumers are focused on cars: among the top ten luxury brands German luxury consumers listed as the ones they would most like to own, seven were automobile brands

WEALTH IN GERMANY

Rank	Name	Assets	Age	Source of Wealth
1	Karl Allbrecht	$23.5bn	90	Retail
2	Michael Otto	$18.7bn	66	Retail
3	Susanne Klatten	$11.1bn	47	Pharmaceuticals/Automobile
4	Stefan Quandt	$5.7bn	43	Automobile
5	Reinhold Wurth	$5.7bn	74	Manufacturing
6	Hasso Plattner	$5.0bn	66	IT
7	Johanna Quandt	$5.0bn	83	Automobile
8	Erivan Haub	$4.5bn	77	Retail
9	Elizabeth Mohn & family	$4.4bn	69	Media
10	Heinz-Horst Deichmann	$4.3bn	83	Shoes

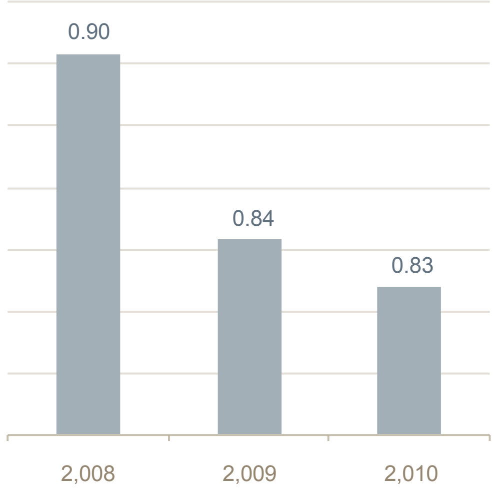
Source: Forbes

The data from the above country profile is taken from **Ledbury Research's Wealth Profile: Germany.** This report contains over 30 charts and tables, with more than 400 data points. It also includes Ledbury's forecasts of the wealthy populations (those with $1m, $10m, $100m and $1bn) and luxury markets. To access this report or those covering other countries, please email us at highnetworth@ledburyresearch.com or call +44 (0) 20 7078

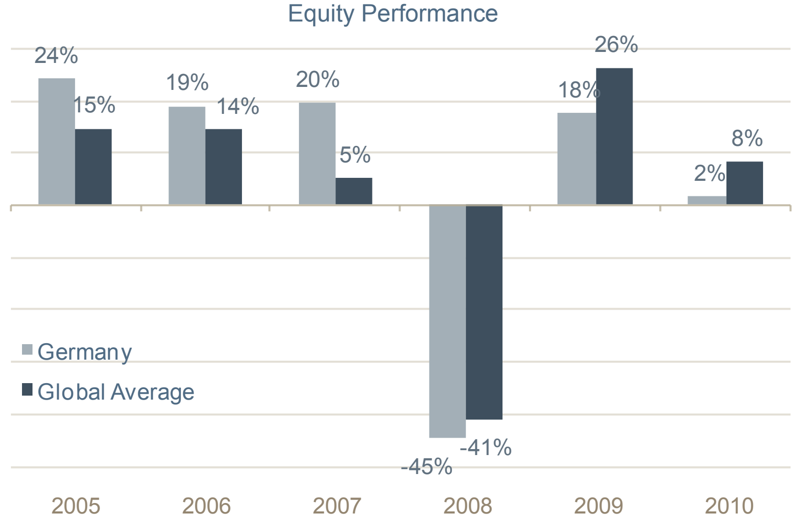
Germany

	Germany	G8 Average
GDP Growth Rate	4%	5%
Inflation	1%	3%
Unemployment Rate	7%	5%
Savings Ratio (Savings as a % of GDP)	26%	23%
Household Consumption Per Capita	$14,000	$15,000
% Early Stage Entrepreneurial Activity	4%	5%
% Established Business Owners	5%	5%

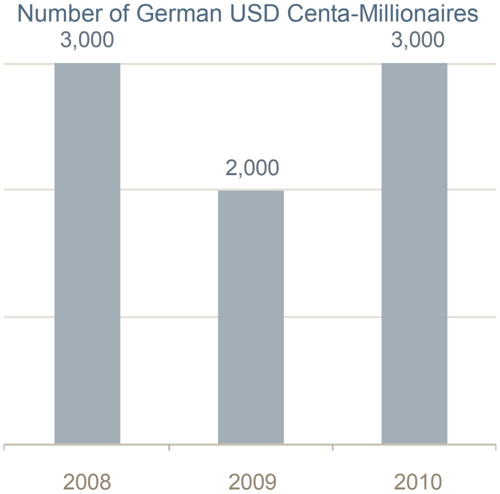
Number of German USD Millionaires (m)



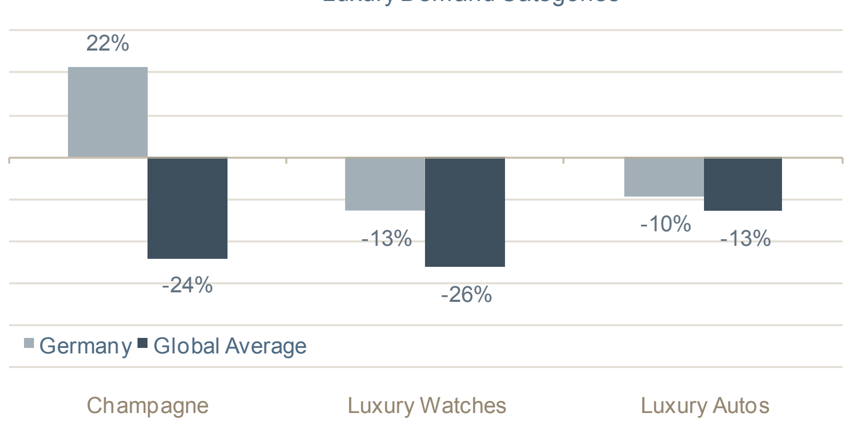
Equity Performance



Number of German USD Centa-Millionaires



Luxury Demand Categories



The data from the above country profile is taken from **Ledbury Research's Wealth Profile: Germany.** This report contains over 30 charts and tables, with more than 400 data points. It also includes Ledbury's forecasts of the wealthy populations (those with $1m, $10m, $100m and $1bn) and luxury markets. To access this report or those covering other countries, please email us at highnetworth@ledburyresearch.com or call +44 (0) 20 7078

LEDBURY
RESEARCH

HIGH NET WORTH

High Net Worth is a unique monthly publication that provides a digest of data, trends, insights and opinions about the wealthy and the industries that serve them.

High Net Worth is produced by Ledbury Research, the leading research agency that specialises in helping brands who market and sell to wealthy consumers around the world.

Ledbury's bespoke consumer work spans all forms of quantitative and qualitative research, typically conducted on a multi-country basis, in wealth hubs around the world.

Our analyst team delivers market information, trends and analysis through regular reports on the luxury and wealth markets.

High Net Worth
Ledbury Research
1 Albemarle Street
London W1S 4HA
United Kingdom

T +44 (0)20 7078 1900
F +44 (0)20 7499 8689

highnetworth@ledburyresearch.com

ledburyresearch.com

The information contained in this document has been compiled on a best efforts basis, and any opinions reflect the opinion of Ledbury Research Ltd at the time and are subject to change. Ledbury Research Ltd does not warrant the accuracy, completeness, or exactitude, nor the merchantability or fitness of the product for a particular purpose, of the document, and can not accept liability in that regard.

Copying or reproduction in whole or in part without permission from Ledbury Research Ltd is strictly prohibited.