USA Wealth Report 2020
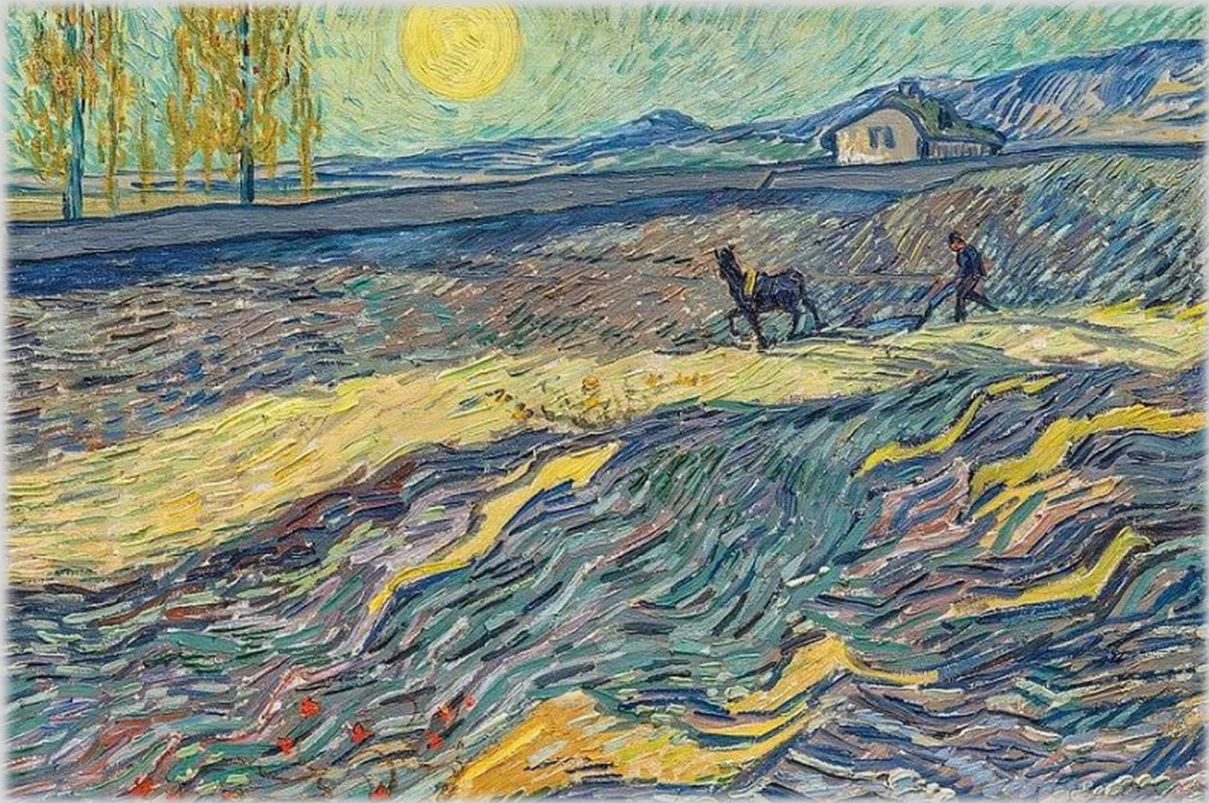
Wealth trends and insights

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1. Introduction

This report is compiled by location analytics specialists Webster Pacific (www.websterpacific.com) and wealth intelligence firm New World Wealth (www.newworldwealth.com). The wealth and HNWI figures in the report are for June 2020 and they therefore take into account the impact of the recent coronavirus outbreak. The following wealth bands are considered in our analysis.

Wealth Tier	Definition
Billionaires	Those individuals with wealth of US$1 billion or more.
Centi-millionaires	Those individuals with wealth of US$100 million or more.
Multi-millionaires	Those individuals with wealth of US$10 million or more.
Millionaires (HNWIs)	Those individuals with wealth of US$1 million or more.
Mass Affluent	Those individuals with wealth of over US$100,000.

Source: New World Wealth

Note: "Wealth" refers to the net assets of a person. It includes all their assets (property, cash, equities, business interests) less any liabilities.

2. Benchmarking US wealth in context

US wealth stats (for June 2020):

- *The US is the largest wealth market in the world by some margin - people living in the United States together hold US$58 trillion in wealth. This equates to around 30% of total worldwide wealth of US$184 trillion.*

- *The average US individual has net assets of approximately US$178,000 (wealth per capita). This is the 5th highest average wealth level in the world after Monaco, Switzerland, Luxembourg and Australia.*

- *There are around 4.7 million HNWIs living in the US, each with net assets of US$1 million or more.*

- *There are approximately 206,000 multi-millionaires living in the US, each with net assets of US$10 million or more.*

- *There are approximately 8,600 centi-millionaires living in the US, each with net assets of US$100 million or more.*

- *There are 690 billionaires living in the US, each with net assets of US$1 billion or more.*

Note: "Total wealth" refers to the private wealth held by all the individuals living in the country. It includes all their assets (property, cash, equities, business interests) less any liabilities. We exclude government funds from our figures.

3. The wealthiest cities in the US

The following table ranks major US cities by total wealth. Note: "Total wealth" refers to the private wealth held by all the individuals living in each city. It includes all their assets (property, cash, equities, business interests) less any liabilities.

The Big 5:

- **New York City:** *Total wealth held in the city amounts to US$2.7 trillion. The financial center of the US and the wealthiest city in the world. Home to the two largest stock exchanges in the world (Dow Jones and NASDAQ). Areas around New York City such as Greenwich and the North Shore also contain a large amount of wealth that is not included in this figure.*

- **San Francisco Bay area:** *Total wealth held in the area amounts to US$2.3 trillion. The San Francisco Bay area includes San Francisco and the area known as 'Silicon Valley'. Silicon Valley includes affluent towns such as Palo Alto, Los Altos Hills and Atherton.*

- **Los Angeles:** *Total wealth held in the city amounts to US$1.2 trillion. Our figures for Los Angeles include wealth held in Los Angeles, Malibu, Laguna Beach, Newport Beach and Beverly Hills.*

- **Chicago:** *Total wealth held in the city amounts to US$0.9 trillion. Highly diversified economy. Strong in a large number of key sectors.*

- **Houston:** *Total wealth held in the city amounts to US$0.8 trillion. One of the fastest growing cities in the US, with strong wealth growth over the past 10 years in particular. Also, the leading US city in a number of key sectors including: basic materials (oil & gas), biotech, engineering and aeronautics.*

City	Total wealth (US$bn)	HNWIs ($1m+)	Multi-millionaires ($10m+)	Billionaires ($1bn+)
New York City	2 664	347 600	15 560	60
San Francisco Bay area*	2 295	217 800	10 150	43
Los Angeles*	1 232	177 900	7 940	32
Chicago	929	141 300	6 540	24
Houston	843	102 500	5 100	20
Dallas & Fort Worth	694	74 000	3 480	14
Atlanta	492	52 900	2 460	10
Washington DC	319	33 200	1 620	7
Seattle*	289	24 500	1 240	5
Boston	215	20 500	1 010	5

Note: HNWI numbers rounded to nearest 100. Only includes people living in each city (residents). Figures for June 2020.

**San Francisco Bay area includes: San Francisco and Silicon Valley.*
*Los Angeles includes: Los Angeles, Malibu, Laguna Beach, Newport Beach and Beverly Hills.
*Seattle includes: Seattle, Medina, Mercer Island, Bellevue, Kirkland and Redmond.

Source: New World Wealth

4. USA luxury vacation index

The majority of America's wealthiest individuals live in major metropolitan areas, however, most own second, third, or even fourth homes in luxury vacation spots around the US. Think beautiful beach communities and charming mountain towns. We ranked these top luxury vacation destinations using data on 1) the most expensive home listings, 2) the presence of luxury retail, and 3) the number of luxury clubs and resorts. Our ranking finds that the Hamptons, Aspen, and Palm Beach are the top 3 most luxurious US vacation spots.

USA: Top 50 Most Luxurious Vacation Spots, 2020
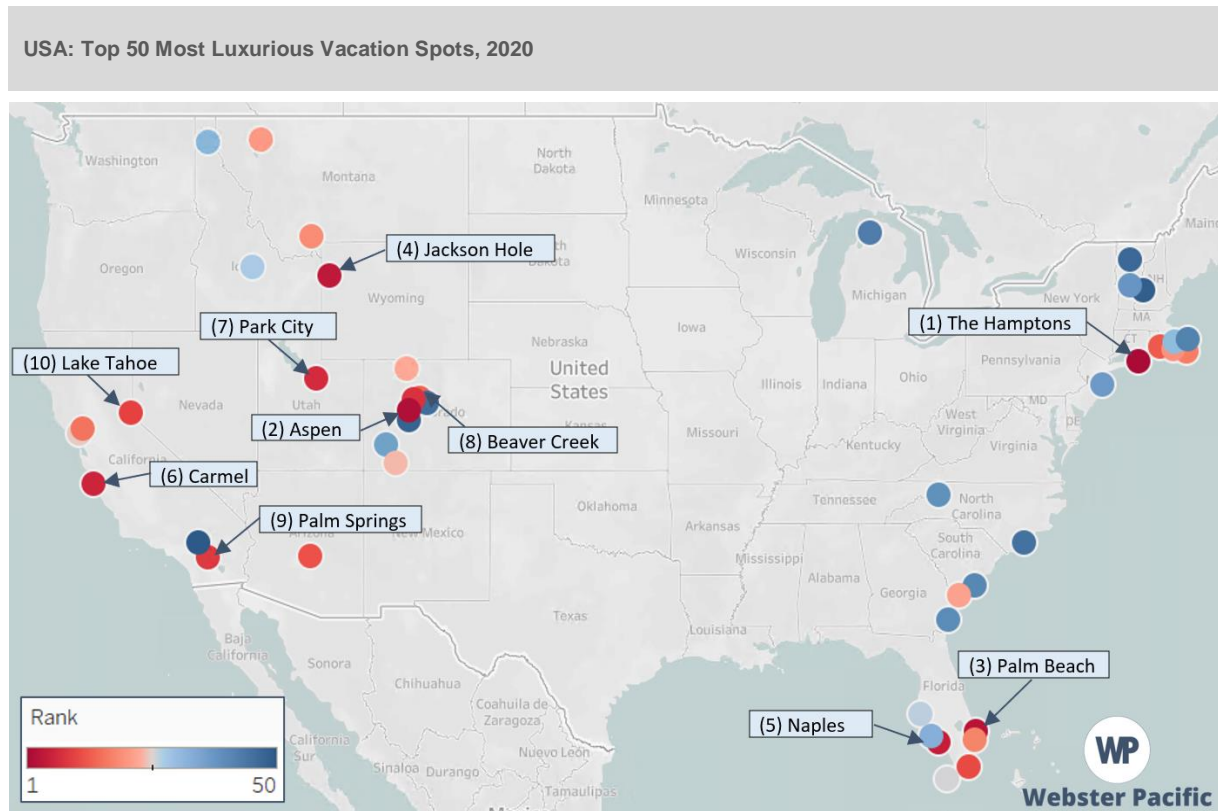
Link to interactive map: *USA luxury vacation index*.

Town / Area	$5m+ Homes Rank	Luxury Clubs and Resorts	Luxury Retail Rank	Final Rank
The Hamptons, NY	1	2	3	1
Aspen, CO	2	6	3	2
Palm Beach, FL	7	3	2	3
Jackson Hole, WY	3	5	10	4
Naples, FL	4	7	6	5
Carmel-by-the-Sea, CA	11	7	8	6
Park City, UT	5	13	15	7
Beaver Creek, CO	9	14	20	8
Palm Springs, CA	22	1	8	9
Lake Tahoe, CA	16	7	15	10
Key Largo, FL	6	16	29	11
Desert Mountain, AZ	12	7	29	12
Vail, CO	13	26	11	13
Newport, RI	14	7	29	14
Nantucket, MA	8	35	15	15
Napa, CA	9	35	13	16
Maui, HI	14	35	6	17
Boca Raton, FL	33	7	5	18
Martha's Vineyard, MA	26	16	15	19
Hilton Head Island, SC	33	3	15	20
Flathead Lake/Whitefish, MT	19	23	25	21
Big Sky, MT	22	14	29	22
Steamboat Springs, CO	18	23	29	23
Florida Keys, FL	19	35	20	24
Durango, CO	19	26	29	25

Source: Webster Pacific

Town / Area	$5m+ Homes Rank	Luxury Clubs and Resorts	Luxury Retail Rank	Final Rank
Sonoma, CA	17	35	25	26
Longboat Key/Anna Maria Island, FL	33	16	14	27
Sun Valley, ID	26	26	20	28
Lake Pend Oreille, ID	26	26	29	29
Captiva, FL	31	16	29	30
Osterville, MA	22	35	29	31
Falmouth, MA	22	35	29	32
Honolulu, HI	47	16	1	33
Kailua-Kona, HI	26	35	25	34
Telluride, CO	31	26	25	35
Spring Lake, NJ	26	35	29	36
Killington, VT	33	22	29	37
Sugar Mountain & Boone, NC	33	23	29	38
Key West, FL	33	35	20	39
Sea Island, GA	33	35	20	40
Chatham, MA	33	35	29	41
Bay Harbor, MI	33	35	29	42
Kauai, HI	33	35	29	43
Kiawah Island, SC	43	16	29	44
Wrightsville Beach, NC	43	35	11	45
Breckenridge, CO	43	26	29	46
Stowe, VT	43	26	29	47
Crested Butte, CO	47	26	29	48
Sunapee, NH	47	26	29	49
Big Bear, CA	47	35	29	50

Source: Webster Pacific

5. Spotlight on luxury residential estates

Residential estate living is rising in popularity in the United States, especially among the more affluent. Reasons for this include:

- *Security - access gate, private security personnel.*
- *Activities - gym, swimming pool, golf, horse riding, skiing, tennis.*
- *Lifestyle and community - parks, gathering places, children playgrounds, schools.*
- *Limited and controlled traffic - safer for children.*

Notable examples of luxury residential estates in the United States include:

- *Yellowstone Club - Big Sky, Montana.*
- *Royal Palm Yacht and Country Club - Boca Raton, Florida.*
- *Bighorn Golf Estate - Palm Desert, California.*
- *Kukio - Hawaii.*

6. The Coronavirus impact 1H 2020

Total wealth held in the United States was down by 9% in the 1H 2020 (in US$ terms). This drop was driven by:

- *Declining income levels and job losses.*
- *The property market weakened, especially the prime (top-end) market.*
- *Declining stock market returns.*
- *Rising household debt. Debt is subtracted when calculating net assets so this has a negative impact on private wealth.*

It should be noted that most global stock indices dropped significantly in the 1Q 2020 but then recovered in the 2Q 2020. Over the full six month period (1H 2020):

- *The MSCI World Index was down 6%.*
- *S&P 500 was down by 4%.*
- *DJIA was down by 10%.*
- *The NASDAQ bucked the trend and showed positive returns. The NASDAQ composite index was up by 13% over the six month period.*

Note: 1H 2020 refers to period from 1 January 2020 to 30 June 2020.

The Covid-19 pandemic has also caused many people to flee the city for the suburbs and rural parts of the US where they have more space and access to the outdoors. For the ultra-wealthy this escape from urban life, enabled by a transition towards telecommuting, has simply meant an extended stay at their vacation homes. As cases increase throughout the US, WP & NWW predict that these vacation destinations will see a sustained level of high population over the next few months.

7. Wealth vs. GDP

We consider wealth to be a far better measure of the financial health of an economy than GDP. Reasons for this include:

- In many developing countries, a large portion of GDP flows to the government and therefore has little impact on private wealth creation.

- GDP counts items multiple times (for instance, if someone is paid $100 for a product/service and they then pay someone else that $100 for another product/service, then that adds $200 to a country's GDP, even though only $100 has been produced at the start).

- GDP ignores the efficiency of the local banking sector and the local stock market at retaining wealth in a country.

- GDP largely ignores the impact of property and stock market moves. These two factors obviously have a massive impact on wealth.

- GDP is quite a static measure - it tends to only move slightly year on year. As a result, it is not a great gauge of the performance of an economy.

Wealth figures, on the other hand, do not have any of these limitations, making them a far better gauge of the financial health of an economy than GDP figures.

8.   Research and methodology

Luxury vacation index:

To identify luxury vacation destinations, we looked for communities with a confluence of wealth and a high percentage of second homes, using American Community Survey (ACS) data. This data identified 50 vacation destinations for the ultra-wealthy in America. We then ranked these 50 destinations using the following metrics:

- $5+ Million Homes - measure of the size of the luxury home market in each destination. We studied the quantity of homes for sale asking over $5 million.

- Luxury Retail - measure of the size of the luxury retail market. We generated a luxury retail score for each destination based on the quantity of stores selling designer fashion, contemporary fashion, and high-end jewelry.

- Luxury Clubs and Resorts - measure of the quantity of luxury golf clubs, yacht clubs, and ski resorts.

- Each of the 50 vacation destinations were ranked for each of the above metrics. These rankings were then combined and weighted to produce the Final Rank.

General wealth stats:

We use a model to calculate wealth breakdowns for each country, with key inputs including:

- Stock market stats in each market.

- Property stats in each market.

- Income stats in each market.

- Wealth data from our in-house HNWI database.

These metrics are combined together in our model to calculate the total wealth held in each country and to calculate the number of people in each wealth tier. For the top wealth tiers (such as billionaires and centi-millionaires) we mainly rely on our in-house HNWI database.

Our model also maps historical wealth growth trends in each country by considering:

- *Currency movements vs. the US$ (note: all our stats are in US$ terms).*

- *Stock market movements (in US$ terms).*

- *Property price movements (in US$ terms).*

- *GDP per capita movements (in US$ terms).*

The average person worldwide has around 50% of their wealth tied up in residential property and equities so large residential property market and stock market moves heavily impact on the total private wealth held in a country.

We then use our HNWI database for the demographic splits within each country (i.e. city, sector, age, university and suburb wealth breakdowns). We have a sample of around 150,000 HNWIs worldwide in our database. Most of the individuals in our database have the following work titles: Directors, Chairman, CEOs, Founders and Partners. We do not give out the names of these individuals to anyone. We purely use this database for in-house statistical studies.

We also use public prime property stats (property registers and property sales stats) as a sanity check on all our city and suburb wealth breakdowns. Specifically, we look at the number of highly-priced homes in each area.

Our wealth intelligence research covers 90 countries and 150 cities worldwide.

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