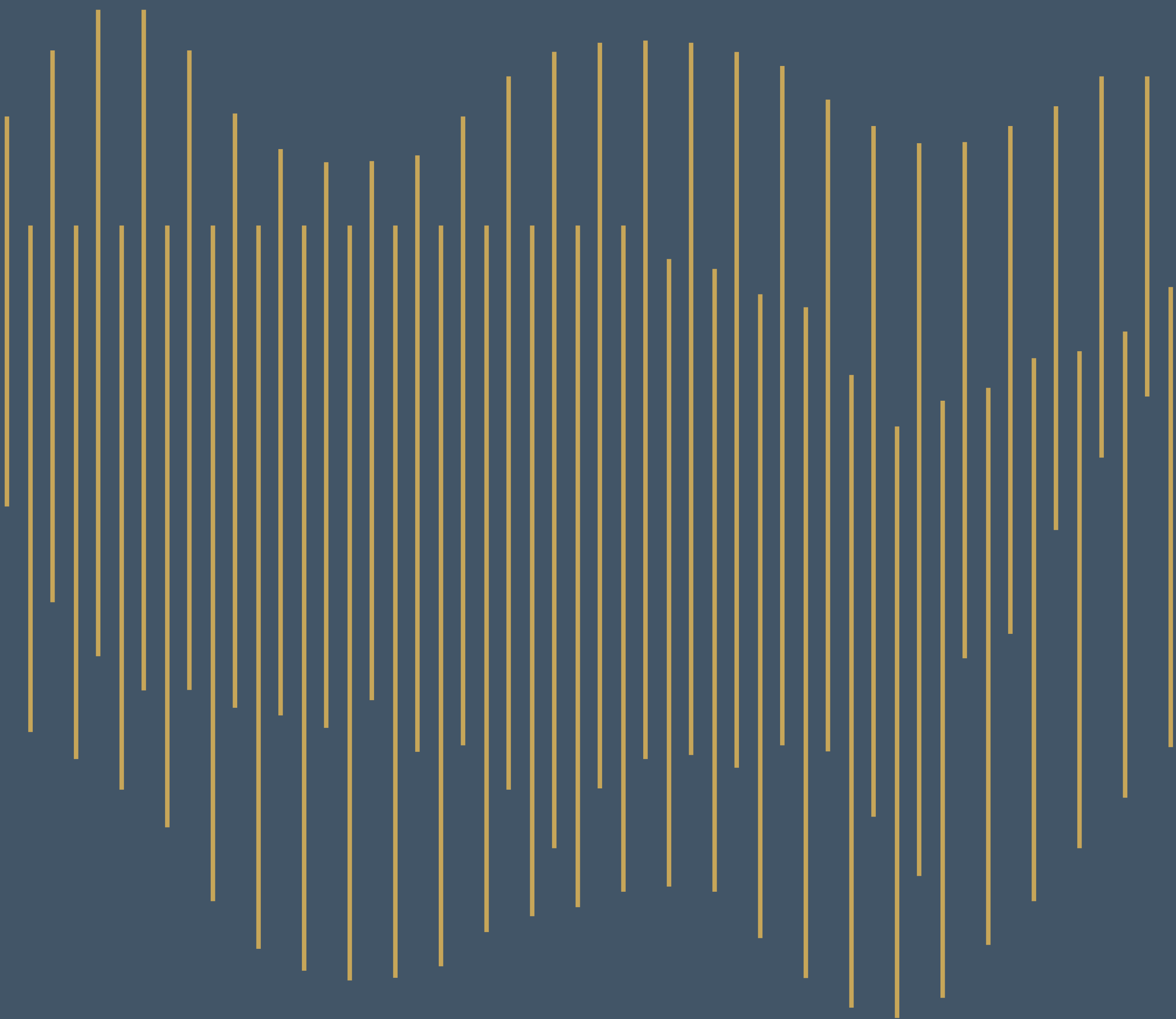
USA Wealth Report 2023



Henley & Partners

Published by

H&P *Henley & Partners*

1st Edition

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Introduction

The *USA Wealth Report* is published by *Henley & Partners*, the global leader in residence and citizenship by investment, in partnership with wealth intelligence firm New World Wealth. The report provides a comprehensive overview of the private wealth sector in the USA, including trends among high-net-worth individuals, city wealth trends, private wealth migration and investment migration insights, and a full review of the key drivers of wealth.

Born in the USA: The Millionaire Migration of a Nation of Immigrants

The tide is turning in the USA, a country largely built on the energy of disparate groups of immigrants whose descendants created the largest wealth market in the world. But today, wealthy Americans are seeking new pastures abroad at an unprecedented rate.

Mehdi Kadiri

Managing Partner and Head of North America at *Henley & Partners*

Migrants have been flocking to the USA for centuries in search of their 'American dreams' of living and working in a free, democratic, and safe country — but change is in the air.

Looking back at America's history, the nation benefitted greatly from the influx of migrants in its founding years. Their arduous work, entrepreneurship, and ingenuity laid some of the building blocks of the world's wealthiest and most influential country. Many immigrants put down roots, established businesses, and raised families that today make up a significant part of America's top tier of society.

Today, the USA accounts for 32% of total global wealth and 36% of the world's millionaires (high-net-worth-individuals). The total private wealth held in the country currently amounts to USD 65.4 trillion, compared to its nearest rival China with just USD 21.7 trillion.

However, economists will tell you that an excellent barometer for the health of a country and its economy is to scrutinize what its millionaire class is up to, and in the USA, we can clearly see that a growing number of wealthy individuals are on the move. In particular, there is a notable internal 'semigration' of high-net-worth individuals currently underway. Cities such as Austin, Greenwich, Miami, and Scottsdale are gaining millionaires, while the big cities of Chicago, Los Angeles, and New York City are losing them.

At the same time, affluent Americans are increasingly buying into investment migration programs. But what is motivating them to migrate away from the world's largest private wealth hub and wealthiest cities to pursue new dreams and opportunities elsewhere?

A key driver behind this migration surge is the political polarization caused by partisan conflicts between Democrats and Republicans. Added to that, over the past decade other societal issues have bubbled to the surface including the widening wealth divide and mounting pressure to increase taxes on the rich, as well as rising crime rates and the polemical debate around gun control laws. Gender inequality and endemic racial discrimination issues have also taken center stage and fueled movements such as 'me too' and 'Black Lives Matter'. Financial markets have suffered greatly as a result of the pandemic, unprecedented inflation, and the ongoing war in Ukraine that has impacted supply chains and energy prices. As a result, Americans are currently experiencing their own bleak 'winter of discontent'.

This sense of disillusionment is leading many to pursue domicile diversification strategies that broaden their investment opportunities and safeguard their capital and interests. The most sought-after investment migration options they are considering in Europe are the Portugal Golden Residence Permit Program, which has received the highest number of applications by US citizens at *Henley & Partners*, followed by Malta's Granting of Citizenship for Exceptional Services by Direct Investment Regulations (S.L. 188.05), which allows for the granting of citizenship by a certificate of naturalization to foreign individuals and their families who contribute to the country's economic development.

Other programs that are gaining traction among American investors include the Spain Residence by Investment Program, the St. Kitts and Nevis Citizenship by Investment Program, the Greece Golden Visa Program, and the Italy Residence by Investment Program.

Yet regardless of the evident and increasing outflow of wealthy Americans abroad, it is unlikely that the USA — a tech and financial powerhouse — will ever entirely lose its luster as a coveted jurisdiction for entrepreneurs and investors from across the world.

Net migration is calculated as the difference between high-net-worth individuals moving to the USA versus those emigrating abroad. The Henley Private Wealth Migration Dashboard data reveals a notable drop in net inflows of millionaires to America in 2022 when the figure fell to just 1,500, when compared with the period from 2013 to 2019 when net inflows of millionaires fluctuated between 6,400 to 10,800 annually.[1]

Henley & Partners received the most enquiries from US citizens on record in 2022 (a 447% increase from 2019) when, for the first time, Americans ranked highest of all nationalities. This growing demand from Americans for mobility and risk mitigation solutions is in line with the forecast surge in global millionaire migration that we anticipate over the next 12 months. It is projected that 2023 will be a record-breaking year, with 125,000 millionaires migrating internationally — practically doubling in number the 64,000 high-net-worth individuals who migrated in 2015.

As we watch the US millionaire migration phenomenon unfold, it will be interesting to see the variations in the economies and societies where these high-net-worth individuals relocate both to and from. The next generation of migrant families in the USA may well now choose to emigrate back to their ancestors' countries of origin if given enough reason to leave home, and enough incentive to invest in new domiciles of their choice.

Benchmarking the USA's Wealth in Context

For our purposes, 'wealth' refers to an individual's net investable assets, namely, all their investable assets (property, cash, and listed company holdings) less any liabilities.

USA statistics (for December 2022)

USD 65 trillion

Total private wealth held in the USA, which is the largest wealth market in the world by some margin.

USD 198,000

The average wealth of an individual living in the USA. This is the fifth highest average wealth level in the world after Monaco, Switzerland, Luxembourg, and Australia.

5.3 million

High-net-worth individuals living in the USA, each with wealth of USD 1 million or more.

9,630

Centi-millionaires living in the USA, each with wealth of USD 100 million or more.

770

Billionaires living in the USA, each with wealth of USD 1 billion or more.

Source: New World Wealth

The 'Big 5' Wealthiest Cities in the USA

New York City

New York City tops the list of America's Big 5 wealthiest cities. The Big Apple is the financial center of the USA and the wealthiest city in the world by several measures. Comprising the five boroughs of the Bronx, Brooklyn, Manhattan, Queens, and Staten Island, the city features some of the world's most exclusive residential streets, including 5th Avenue in Manhattan, where prime apartment prices can exceed USD 30,000 per square meter. New York City is also home to the world's two largest stock exchanges by market cap (the NYSE and Nasdaq). Perhaps most notably, total wealth held by the city's residents exceeds USD 3 trillion — higher than the total wealth held in most major G20 countries.

The Bay Area

In 2nd place is the Bay Area, which includes San Francisco and Silicon Valley — where numerous tech companies are headquartered. Silicon Valley includes affluent towns such as Atherton, Los Altos Hills, and Palo Alto.

Los Angeles

Our wealth figures for the world's entertainment hub Los Angeles, which ranks 3rd, include wealth held in the city of Los Angeles as well as nearby Beverly Hills and Malibu. In addition to entertainment, key industries here include media, retail, tech, and transport.

Chicago

America's largest inland city Chicago ranks 4th and has a highly diversified economy that is strong in multiple key sectors. Chicago is also the base city for over 30 Fortune 500 companies.

Houston

Rounding up the Big 5 is Houston, one of the fastest growing big cities in the world, with strong wealth growth over the past 20 years in particular. Houston is also the leading US city in a number of major sectors including aeronautics, biotech, energy, and engineering.

THE BIG 5	MILLIONAIRES (USD1M+)	CENTI-MILLIONAIRES (USD100M+)	BILLIONAIRES (USD1BN+)	MILLIONAIRE GROWTH RATE (2012 TO 2022)
New York City	340,000	724	58	40%
The Bay Area	285,000	629	63	68%
Los Angeles	205,400	480	42	35%
Chicago	124,000	295	24	24%
Houston	98,500	280	20	65%
USA Total	**5,270,000**	**9,630**	**770**	**48%**

Notes: Includes only high-net-worth individuals living in each city (residents). Figures for December 2022. Millionaire numbers rounded to nearest 100. The San Francisco Bay Area includes San Francisco and Silicon Valley. Los Angeles includes the city of Los Angeles as well as Beverly Hills and Malibu.
Source: New World Wealth

America's Fastest Growing Cities

The fastest growing US cities for millionaires are reflected here. All experienced 70%+ millionaire growth over the past decade (2012 to 2022).

FASTEST GROWING CITIES	MILLIONAIRES (USD1M+)	CENTI-MILLIONAIRES (USD100M+)	BILLIONAIRES (USD1BN+)	MILLIONAIRE GROWTH RATE (2012 TO 2022)
Austin	30,500	86	9	102%
West Palm Beach	9,400	64	6	90%
Scottsdale	13,900	60	5	88%
Miami	38,000	160	12	75%
Greenwich & Darien	11,900	112	8	72%

Notes: Includes only individuals living in each city (residents). Figures for December 2022. Millionaire numbers rounded to nearest 100. West Palm Beach includes Palm Beach (island) and the City of West Palm Beach. Miami includes Miami Beach (island) and the City of Miami. Greenwich & Darien (combined in the table) are neighboring towns on Connecticut's Gold Coast.
Source: New World Wealth

Freedom to Move: Chasing the Elusive American Dream

Soaring inflation, social and political unrest, and a rapidly declining middle class are seeing record numbers of US citizens looking elsewhere in the world for the promised prosperity of the so-called 'American Dream'.

Jeff D. Opdyke

Global investment expert for *International Living* who has been investing overseas for 30 years and is the author of 10 books on investment and personal finance

Many Americans grew up swaddled in the American Dream. We could be anything and, with effort, build wealth, allowing us to live 'the good life' — vacations, cars, a suburban home. We Americans felt we were special — for a time. But that's changing …

Since the end of World War II, the West — and especially America — has defined 'consumerism'. It was America, after all, that planted the consumer flag when, across the 1950s and 1960s, our economy boomed, and our wealth exploded as our industries helped rebuild war-torn Europe and Japan.

That wealth fashioned the modern middle-class and what the world has come to know as the 'American Dream' — the chance to attain the prosperity and success that affords life's many niceties. A comfortable living.

By the 1970s and 1980s, post-war Western Europe and Japan had fully emerged as consumer nations too, and had begun pursuing their versions of the American Dream. The dream might have looked and sounded a little different — Russell Hobbs dishwashers in the UK instead of Maytag and Kenmore in America — but the same trend was at play.

The flood of cash and the emergence of consumer credit afforded Western consumers anything and everything as our economies spawned legions of businesses and services to give us everything our hearts desired, at any time of day. Fast food around the clock. Hundreds of cable TV channels. Mini mansions in manicured suburbs. Cineplexes showing 10, 12, 20 movies. Department stores selling a little of everything, and supersized specialty stores selling lots of one thing — toys, electronics, home-repair supplies.

For more than half a century, Americans defined, lived, and exemplified the American Dream that so much of the emerging world looked to and thought, "One day … that'll be me!"

But today, for many, the American Dream is on life support.

And in that, investors, C-suite execs looking for growth, and high-net-worth individuals intent on future-proofing their American lives are hunting for opportunities to go back in time metaphorically and replay the greatest investment trend history has ever known: the rise of the American Dream — elsewhere.

As the Pew Research Center[2] reports, the American middle class is shrinking, now down to about 50% of the population, as both upper and lower classes expand due to wealth inequality. Little wonder, then, that increasing numbers of Americans are searching elsewhere on the planet for the American Dream we grew up with. Which helps explain the record numbers of US citizens expatriating or renouncing their citizenship.

An often-uninformed media like to play that off as an attempt to avoid taxes. To a small degree, maybe. But far more prevalent are investors and entrepreneurs seeking greener pastures for investment and business growth, safer destinations to raise their families, or second passport and alternate residence opportunities that afford everything from entrepreneurial advantages to wealth preservation strategies to better healthcare options.

At its core, then, this pursuit of the American Dream in new places — in diverse destinations such as Portugal, Malta, and both St. Kitts and St. Lucia — is a strategy focused simultaneously on risk-mitigation and opportunity enhancement. Create multiple bases of operation globally and you inoculate your family, your business, and your lifestyle against the black swans inherent in tying your world to a single set of national borders.

The data says this approach makes a lot of sense.

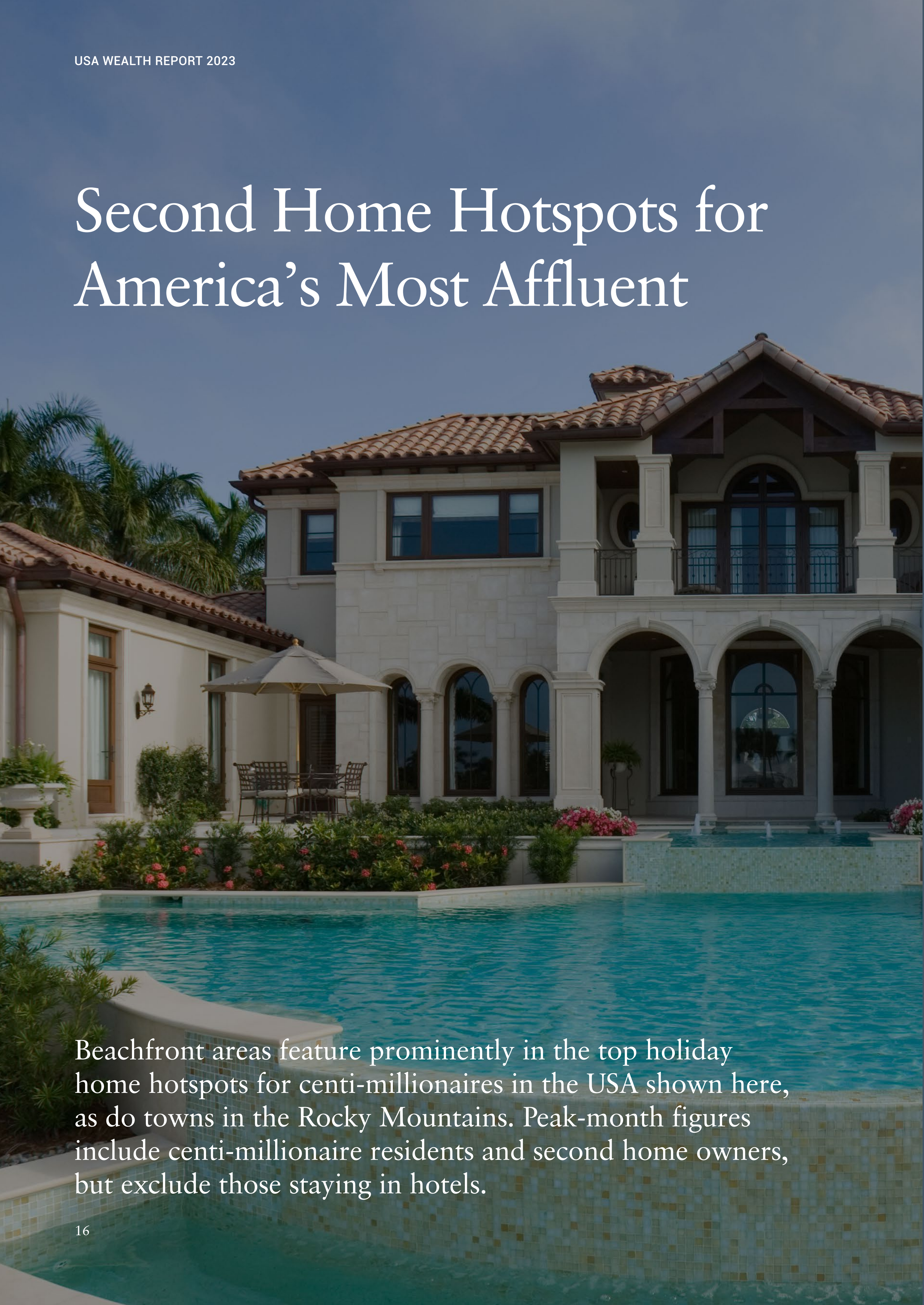
The global middle class today amounts to more than three billion people,[3] over half of whom live in developing nations. Where once America and the West controlled 75% of global consumption, they now control roughly 60%. By 2030, estimates are they'll control just 30%. From here on out, more than 90% of all population growth globally will happen outside Western borders.[4]

We've already topped out in terms of the number of Western consumers who will ever exist. Europe and Japan are aging, and their demographics point to a declining consumer base. America will grow because of immigration, but that growth will never outpace population growth in the developing world.

Indeed, every day nearly 430,000 new consumers join the middle class across the developing word — three million a week, 155 million a year, every year through at least 2030. For perspective, that's like adding nearly 20 New York Cities to the American economy, every single year.

This all means that the new consumer class rising up in non-Western countries will ultimately outnumber Western consumers by three billion or more. The American Dream that is floundering in its birthplace is being reconceptualized by the developing consumer class.

Reaching that base — rediscovering a semblance of the American Dream today — might well mean stepping outside of America's borders and establishing yourself and your family elsewhere in the world.



Second Home Hotspots for America's Most Affluent

Beachfront areas feature prominently in the top holiday home hotspots for centi-millionaires in the USA shown here, as do towns in the Rocky Mountains. Peak-month figures include centi-millionaire residents and second home owners, but exclude those staying in hotels.

NUMBER OF CENTI-MILLIONAIRES (USD100M+)

	PEAK HOLIDAY MONTH	RESIDENTS
Miami	800+	160
The Hamptons	700+	25
West Palm Beach	400+	64
Napa	200+	28
Aspen	200+	6
Santa Barbara & Montecito	200+	82
San Diego	200+	70
Jackson Hole	150+	10
Carmel-by-the-Sea	150+	40
Boca Raton	150+	38
Vail	100+	3
Naples	100+	24
Park City	100+	8

Notes: Figures for December 2022. Miami includes Miami Beach (island) and the City of Miami. West Palm Beach includes Palm Beach (island) and the City of West Palm Beach. Santa Barbara & Montecito (combined in the table) are neighboring towns in California.

Source: New World Wealth

Ups and Downs: The US Luxury Real Estate Rollercoaster

With rising interest rates, a fluctuating stock market, crashing cryptocurrencies, mass tech layoffs, a looming recession, and remote work entrenched, the 2023 outlook for prime residential real estate in the USA is precarious and unpredictable.

Nikki Greenberg

Architect, futurist, and innovation strategist. Founder and Chief Innovation Officer of Real Estate of the Future

There is significant instability in the US luxury real estate market, which has seen record highs and dips, particularly in California, New York, and Miami.[5] After a two-year growth period when affluent Americans flocked to purchase premium properties and prices increased 20% or more for the top 10% of markets,[6] recent months have seen a significant slowdown in the quantity of homes for sale and prices paid for prime real estate in the USA.

However, although a continuation of the current price correction is probable, it is unlikely that the expansion of the luxury residential sector will come to a complete standstill thanks to the growing appeal and positive lifestyle and taxation attributes of non-traditional locations.

To understand where the prime residential market may be heading, we need to unpack the key influences driving the current shifts — the rise of remote work has contributed to a general migration from major cities and the rapid ascendence of attractive secondary markets, while the strength of the US dollar is making the purchase of homes in Europe more enticing to wealthy American buyers.

The pandemic prompted many Americans to turn their second homes into primary residences, which had both lifestyle and taxation benefits. While the most expensive home markets remain concentrated in the 'Big 5' wealthiest cities of New York, San Francisco, Los Angeles, Chicago, and Houston, there has been expansion in other locations as remote working luxury home buyers extended their horizons and took advantage of the newfound flexibility.

The trend of hybrid living was evident in vacation home hotspots in naturally beautiful settings such as Aspen, the Hamptons, and Jackson Hole. It also arose in emerging tech hubs such as Austin and Miami, which attracted wealthy buyers working in tech. The cities' business-friendly environments and the influx of superior talent attracted major corporates and they reinvented themselves as new tech industry capitals.

With no state income tax and abundant space, Austin has been a growth market for luxury real estate, with the metro in particular gaining from internal migration due to tech firms such as Amazon, Google, Meta, SpaceX, and Tesla expanding their presences, and Apple investing USD 1 billion in a new campus. Crypto-friendly Miami has attracted cryptocurrency businesses and has also seen a spate of technology and real estate headquarters opening. These developments appeared to signal a new era for the two cities.

Unfortunately, it may be a case of easy come, easy go, as both Southern cities have experienced tech layoffs and office space contractions, with Meta in Austin a case in point. The crypto crash has negatively impacted Miami, a hotspot for cryptocurrency firms that is now experiencing a pinch due to the recent scarcity of crypto high rollers who once proliferated.

However, for the year ahead, despite shifts in the tech and crypto sectors taking effect on top of rising interest rates, Miami is expected to rebound from 2022's contraction due to factors that have traditionally made it a preferred location for buyers, such as its relaxed lifestyle and warm climate.

Interest rate hikes and a strong US dollar are seeing many wealthy Americans looking to diversify and purchase homes offshore. With the value of the pound and dollar more closely aligned, and property prices in the GBP 10 million+ range expected to drop in cities such as London, the UK has been the top choice, but the surging US dollar has also seen Barcelona, Mallorca, Paris, Sardinia, St. Tropez, Tuscany, and Venice become popular destinations for American buyers.[7]

As prime real estate in the USA heads for a likely slump, the appetite for high-net-worth individuals to purchase properties overseas where they can get more value is expected to continue throughout 2023 as Americans take advantage of their strong currency. In countries where there are attractive residence rights and perks linked with acquiring a property overseas, there is an additional advantage for investors and their families.

Top US Hotels for Centi-Millionaires

The hotels below are especially popular among centi-millionaires in the USA.

1 The Breakers
Palm Beach
Florida

2 Bellagio
Las Vegas
Nevada

3 The Plaza Hotel
New York City

4 The Beverley Hills Hotel
California

5 Fisher Island Club
Miami Beach
Florida

6 Disney's Grand Floridian
Resort & Spa
Florida

7 El Encanto
Santa Barbara
California

8 Rancho Valencia
Resort & Spa
Rancho Santa Fe
California

9 The Mansion at
MGM Grand
Las Vegas
Nevada

10 The Little Nell
Aspen
Colorado

Source: New World Wealth

Top US Colleges Producing Centi-Millionaires

There are currently 9,630 centi-millionaires living in the USA. The chart provides a breakdown of the top universities for producing these individuals.

UNIVERSITY	% OF CENTI-MILLIONAIRES
Harvard University	7%
Massachusetts Institute of Technology	5%
Stanford University	5%
University of Pennsylvania	4%
Columbia University	4%
Yale University	4%
Cornell University	3%
Princeton University	3%
Other	65%

Notes: Refers to the most recent university attended by the centi-millionaire. Figures for December 2022.
Source: New World Wealth

Made in America: Educating Tomorrow's Centi-Millionaires

Access to top-tier education is a premise of the world's wealthiest, who maximize their children's prospects to build greater inter-generational success and affluence. But which American schools do they go to, and how are they making their fortunes?

John Milne

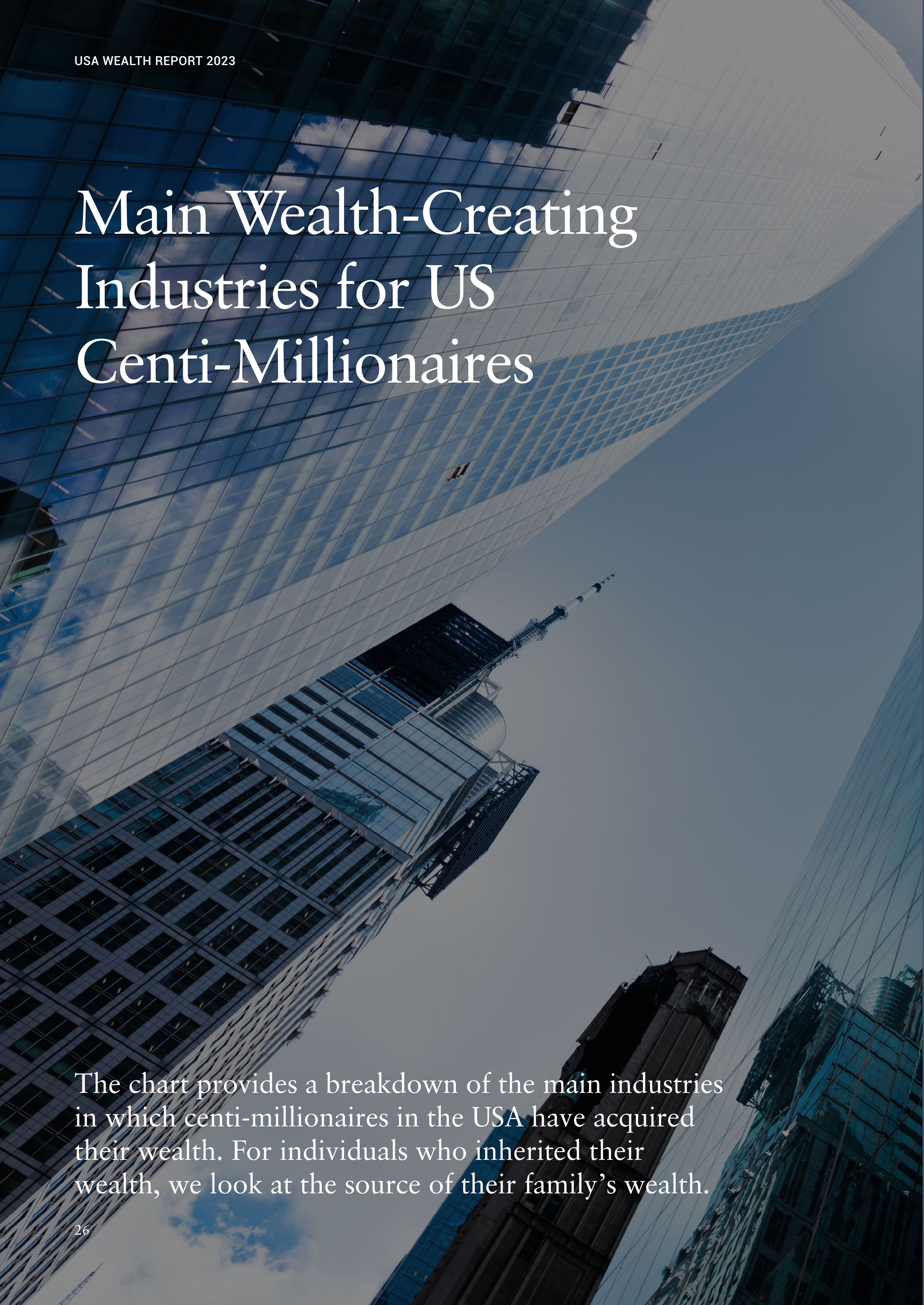
Group Head of Education Services at *Henley & Partners*

Many of the world's most renowned educational institutions are on American soil, from Ivy League universities such as Harvard and Yale to notable non-'Ivies' such as Stanford and Massachusetts Institute of Technology (MIT), to name just a few. Keen to safeguard the next generations' prospects, families with the required means are ensuring they give their children access to the best possible education to protect them against the effects of country-specific risks and global volatility.

For decades, wealthy individuals around the world have avidly secured their progeny places in leading American universities, so much so that a considerable proportion of US college enrollments are international students. These graduates often remain in the USA to launch their careers and even go on to head billion-dollar companies. Based on our research, the majority (28%) of centi-millionaires in America work in financial and professional services, followed by tech (14%) — a sector which we anticipate will produce even more centi-millionaires in the coming decade.

Education is not the only route to phenomenal financial success though, with two notable examples being Bill Gates, who left Harvard to start Microsoft, and Mark Zuckerberg, a fellow Harvard drop-out and the poster boy of Facebook, now Meta, both of whom went on to become billionaires. Nonetheless, a premium education undeniably improves the chances of achieving success, influence, and wealth.

We found that 35% of the centi-millionaires in the USA today are graduates of just eight schools, namely Harvard, MIT, Stanford, the University of Pennsylvania, Columbia, Yale, Cornell, and Princeton. Interesting to note is that a considerable number of America's centi-millionaires were once international students. In fact, according to the National Foundation for American Policy, a not-for-profit think tank, just under 25% of billion-dollar companies in America were founded by international students,[8] which is ever more reason to earnestly consider securing your children's access to world-class education.



Main Wealth-Creating Industries for US Centi-Millionaires

The chart provides a breakdown of the main industries in which centi-millionaires in the USA have acquired their wealth. For individuals who inherited their wealth, we look at the source of their family's wealth.

SECTOR	% OF CENTI-MILLIONAIRES
Financial and professional services	28%
Tech	14%
Real estate	8%
Media and entertainment	8%
Energy and basic materials	7%
Retail	7%
Healthcare	6%
Hotel and leisure	5%
Manufacturing	4%
Transport	3%
Other	10%

Notes: Financial and professional services includes asset managers, banks, hedge funds, investors, and law firms. Figures for December 2022.
Source: New World Wealth

Key Drivers of Wealth

Based on our research, the top factors that encourage wealth growth in a country include:

1

High levels of safety and security
The safety levels in a country and the efficiency of the local police force are among the most critical factors in encouraging long-term wealth growth. High crime in its big cities is arguably one of the biggest problems America currently faces. As World Bank data reveals, the USA is significantly less safe than most European countries, especially when it comes to its murder rate.[9]

2

Growth in key sectors
Most industries boost GDP, but very few boost wealth. Generally, only industries that bring new money into a country help to build its wealth. Notable examples include export sectors such as tech and manufacturing, and tourism sectors such as luxury hotels and lodges. The USA performs very well in this aspect as almost all of the world's main tech companies are based in the country including the likes of Microsoft, Apple, Google, and Amazon. Steady investment on the NYSE and Nasdaq also brings large amounts of new money into the country, as does the US entertainment sector, which consistently generates large amounts of forex revenue every year.

3

A well-developed and neutral news media
It is vital that major news outlets in a country are neutral and objective. A well-developed financial media is especially important as it helps to disseminate information to investors. The USA excels here — most of the world's largest independent news outlets are based in the country.

4

Robust ownership rights
The USA accounts for over 50% of the world's USD 5 million homes, demonstrating the strength of ownership rights in the country.

5

A highly developed banking system and stock market
The USA certainly delivers here. Its currency, the US dollar, is the main store of wealth globally and its major stock markets (the NYSE and Nasdaq) are the most heavily traded exchanges in the world. Perhaps most notably, nine out of the top ten largest companies in the world by market cap are based in America (as at December 2022).

6

Tax rates
Tax rates are currently fairly competitive in the USA, with relatively low corporate tax and capital gains tax rates when compared to most other high-income countries globally. Furthermore, estate duty in the USA is applicable only to estates worth over USD 12 million, which means lower-tier millionaires are not required to pay it. This is significant as in many other high-income markets (including France and the UK) the threshold for estate duty is under USD 1 million.

Washington and Beijing: An Uneasy Co-Dependence

The relationship between economic giants China and the USA will be the single most important factor in determining the world's future.

Misha Glenny

Award-winning journalist, author, and keynote speaker with a background in cyber security, geopolitics, and broadcasting

The economies of the two countries far outstrip those of any rivals. China has the largest dollar reserves outside the USA and a monopoly on raw materials essential for hi-tech production and the green transition. For this reason, they prop each other up — one falls, and the other comes tumbling down with it — but more recently, their relationship has morphed from one of 'strategic co-operation' to 'strategic competition'.

A potential flashpoint is heightened tension around sovereignty in the South China Sea and Taiwan. There have also been major interests at stake elsewhere, such as Myanmar, where Chinese commercial interests are thwarting American strategic plans.

It would be a mistake, however, to think of this as a new Cold War — an era when trade between capitalist and socialist countries was limited, and conflict was fought out in proxy wars. China today presents both a serious ideological and an economic threat to the USA because they are so deeply entangled — yet increasingly competitive.

For now, they remain warily mutually dependent, with Beijing and Washington quietly cooperating to ensure the Russo–Ukrainian war does not escalate into a nuclear conflict. But for wealthy individuals, China's increasing authoritarianism has already had consequences, with over 110,000 Hong Kong citizens emigrating between mid-2021 and mid-2022,[10] including many affluent families and financial professionals. This, together with its curbing of entrepreneurs such as Jack Ma, is making China a hostile place to do business.

The world can only meet its existential challenges if Beijing and Washington cooperate on big-ticket issues, most notably, the climate emergency. And while not a lost cause, there is no guarantee they will find sufficient political will to do so in future.

USA versus China: The Wealth of Two Superpowers

China ranks only marginally behind the USA in nominal GDP terms but when it comes to wealth and high-net-worth population data, America is in a league of its own, with three times the total wealth of China and seven times as many dollar millionaires (as at December 2022). Perhaps most importantly, wealth per capita levels in the USA are 12 times higher than in China. Wealth per capita (average wealth per person) is arguably the best indicator of the financial health of an economy.

	USA	CHINA
GDP (USD trillion)	23	18
Total private wealth (USD trillion)	65	22
Wealth per capita (USD)	198,000	15,400
Millionaires	5,270,000	780,000
Centi-millionaires	9,630	2,250
Billionaires	770	285

Notes: Includes only individuals living in each country (residents). Figures for December 2022. Millionaire numbers rounded to nearest 1,000.
Source: New World Wealth

Keeping It in the Family: US Family Office Trends

As wealth soars, so will the demand for family offices, especially in the USA — home to the world's largest populations of centi-millionaires and billionaires. But they will also need to adapt as their founders transfer power and wealth to the next generation.

Marc J. Sharpe
Chairman and Founder of The Family Office Association

Family offices are not an American phenomenon, but they first emerged in the USA in the late 1800s after the Industrial Revolution generated a huge surge in wealth. In 1838, J.P. Morgan set up one of the first family offices, and in 1882 the Rockefellers founded theirs. Of course, both pre-eminent American families have migrant origins — the Morgans hailing from Wales and the Rockefellers from Germany.

While the number of family offices worldwide has risen over the years, the highest concentration remains in the USA. Emerging wealth will likely generate demand for newly affluent families to establish family offices as a means of managing their assets and future-proofing them against financial, climatic, societal, and political risks.

But as we enter the largest wealth transfer period in history as baby boomers cede their capital to the next generation of location-independent heirs, it will be more important than ever for family offices to carry out diligent estate planning.

Over the past century we have experienced a technological revolution that has intrinsically transformed every layer of society. We now invest in digital assets, work with remote teams located globally, travel cross-continentally, and pursue a myriad of interests at a time.

As the patriarchs and matriarchs of these legacy families strategize their exits, they should ensure that they have a robust succession plan to ensure the longevity of their businesses and family fortunes. Family offices will need to accommodate NextGen leaders who have grown up experiencing the power of collaborative groups, whether online or in person, and adapt to their typically more conscientious approach to investing. As the Great Wealth Transfer ensues, we can expect to see the face of family offices transforming to this new reality, especially in America, the world's largest wealth hub, by adopting a less siloed approach, working together as a community, and sharing best practices.

Going Green: The Rise of Eco-Friendly Estate Living

Estate living is gaining in popularity, especially among the wealthy. New World Wealth estimates that by 2050 over 50% of America's centi-millionaire population will own homes on estates, whether they are primary or secondary residences.

Andrew Amoils

Head of Research at wealth intelligence firm New World Wealth who writes about wealth and real estate

Notable top-end estates in the USA currently include the Estancia Club, a private, gated community in Scottsdale, Arizona that is owned and operated by its members, Bighorn Golf Club in the Palm Desert, California, the Yellowstone Club, a private ski and golf community in Big Sky, Montana, the Madison Club, a sophisticated residential community in La Quinta, California, and Kūkiʻo Golf and Beach Club, a private, residential equity club on the Big Island of Hawaii.

Estate living is growing in appeal for a range of reasons, including a desire for larger indoor and outdoor spaces, increased security and privacy, limited and controlled traffic, which makes them safer for children, and a sense of community that is increasingly difficult to find in urban settings. Many offer communal parks and playgrounds as well as amenities such as gyms, jogging paths, shops, and restaurants, and activities such as fishing, golf, skiing, and tennis.

Sustainability is a growing concern among affluent individuals, and to cater to this, estates that are eco-friendly offer additional benefits such as sustainable energy and water recycling. Many estates protect river systems that flow through them and favor indigenous plants and trees that provide wildlife benefits and habitat biodiversity. Others conserve large, old trees with cavities that are vital to nesting birds, especially birds of prey such as America's Great Grey Owl. Some also feature bio-corridors and wilderness zones that preserve dead and dying trees on which many rare birds, including woodpeckers and kingfishers, depend for nesting as they struggle to bore into live trees.

Going forward, these environmental benefits could become increasingly important to high-net-worth individuals, especially as issues such as sustainability, species loss, and deforestation come into sharper focus.

Research and Methodology

Henley & Partners has collaborated with wealth intelligence firm New World Wealth to produce the *USA Wealth Report*.

New World Wealth is currently the only known independent wealth research firm systematically tracking global wealth migration trends between countries and cities. The firm was established in 2013 and has been tracking the movements and spending habits of the world's wealthiest people for almost a decade.

New World Wealth has an impressive track record in providing robust, reliable wealth data and insights for key publications, such as Knight Frank's Wealth Report, AfrAsia Bank's *Global Wealth Migration Review* and *Henley & Partners' Centi-Millionaire Report* and *Africa Wealth Report* as well as the Henley Wealth Migration Dashboard. The firm's reports and findings have been referenced by the Australian and UK governments, as well as by global news outlets such as the BBC, CNN, Forbes, and the New York Times.

New World Wealth tracks the movements and spending habits of over 150,000 high-net-worth individuals in its in-house database, with a special focus on individuals with over USD 10 million in investable assets. The database is focused on affluent individuals with the following work titles: founder, chairperson, president, CEO, and director. This data is used as a base in all New World Wealth's country and city modeling.

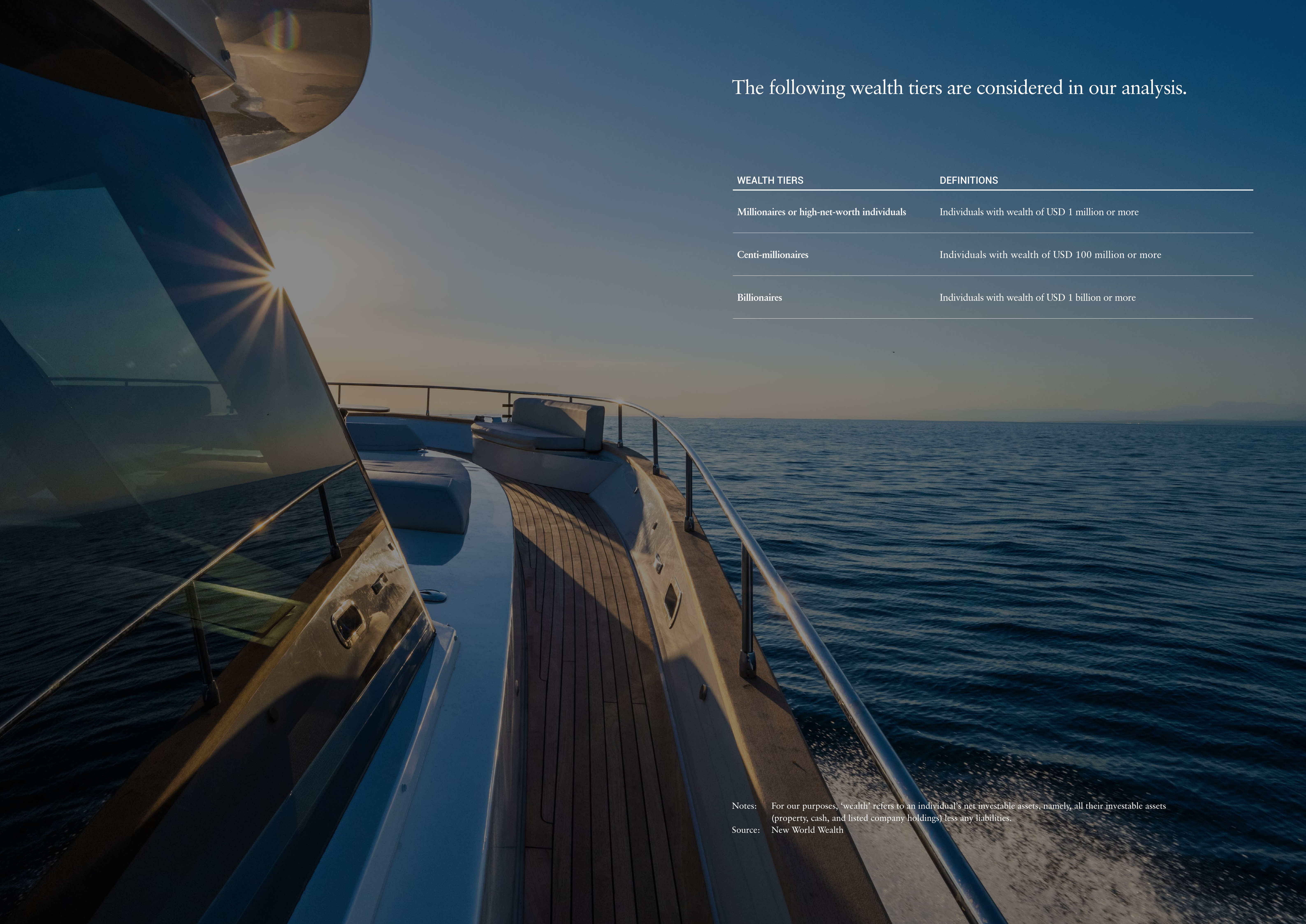
For more information on New World Wealth, please visit newworldwealth.com

Wealth versus GDP

We consider wealth to be a far better measure of the financial health of an economy than GDP. The 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 USD 100 for a product or service, and they use the USD 100 to pay for another product or service, the two transactions add USD 200 to the country's GDP despite the fact that only USD 100 were initially produced.
- GDP does not take into account the efficiency of a country's local banking sector and stock market in retaining wealth.
- GDP largely ignores the impact of property and stock market moves, yet these two factors clearly have a significant impact on wealth creation.
- GDP is a relatively static measure that tends to move only slightly year on year. As a result, it is not a true reflection of how an economy is performing.

Wealth figures, on the other hand, have none of these limitations, making them a far more accurate gauge of the financial health of an economy than its GDP figures.



The following wealth tiers are considered in our analysis.

WEALTH TIERS	DEFINITIONS
Millionaires or high-net-worth individuals	Individuals with wealth of USD 1 million or more
Centi-millionaires	Individuals with wealth of USD 100 million or more
Billionaires	Individuals with wealth of USD 1 billion or more

Notes: For our purposes, 'wealth' refers to an individual's net investable assets, namely, all their investable assets (property, cash, and listed company holdings) less any liabilities.
Source: New World Wealth

About *Henley & Partners*

Henley & Partners is the global leader in residence and citizenship by investment. Each year, hundreds of wealthy individuals and their advisors rely on our expertise and experience in this area. The firm's highly qualified professionals work together as one team in over 35 offices worldwide.

The concept of residence and citizenship by investment was created by *Henley & Partners* in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors whom we proudly serve every day. The firm also runs a leading government advisory practice that has raised more than USD 10 billion in foreign direct investment. Trusted by governments, the firm has been involved in strategic consulting and in the design, set-up, and operation of the world's most successful residence and citizenship programs.

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