

Australia's middle class no longer the world's wealthiest

Date October 13, 2015 Sydney Morning Herald



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The falling dollar means Australia is no longer the world's wealthiest middle class. *Photo: Jim Rice*

Australia's middle class is no longer the world's wealthiest after being knocked out of the top position by Switzerland as well as our geographic and cultural neighbour New Zealand.

Australian total household wealth fell 12 per cent over the past year due to falling exchange rates, an annual report by investment bank Credit Suisse found.

The report uses a wide variety of factors, including wages data and property prices, to assess the growth of the world's middle class.

"The composition of household wealth in Australia is heavily skewed towards real assets, which form 60 per cent of gross assets," the analysts said.

"This average level of real assets is the third highest in the world after Iceland and Norway, largely due to the large endowment of land and natural resources relative to population but also a result of high urban real estate prices."

Credit Suisse analysts found the average wealth per Australian adult was \$US364,900, just below New Zealand's \$US400,800 and significantly less than \$US567,100 in Switzerland. Australia was followed by the United States with \$US353,000, Norway with \$US321,000 and the United Kingdom with \$US320,400.

If \$US364,900 sounds a little high, it is an average and therefore distorted by fewer considerably higher figures. The median wealth is \$US168,300, which is the second highest in the world after New Zealand.

Credit Suisse said all three nations had relatively low levels of wealth inequality, which helped contribute to a higher average in their growing middle classes.

Australia has the highest percentage of its population, 66 per cent, classified as middle class, which was defined by Credit Suisse as having more than \$US100,000 in wealth, followed by Belgium and Singapore, both on 60 per cent.

Australia failed to make the top 20 when it came to the overall number of millionaires in a list topped by the United States (15,656), United Kingdom, Japan, France and Germany. It did however rank 12th for so-called ultra-high net worth individuals, coming in ahead of Russia, Brazil or Spain in the number of people (2021) boasting a fortune larger than \$US50 million.

Over the next five years, it is increasingly likely the world's millionaires list will be topped by Asia-Pacific nations, as the number of millionaires in this region is forecast to grow by 66 per cent.

The global cohort has doubled its net worth in the past 15 years, powered by a rising Chinese middle class, which has five times as many individuals as the entire Australian continent.

The Credit Suisse middle-class wealth report comes amid regular news of lowered world growth forecasts, led by a slowing China. Credit Suisse analysts have lowered their forecasts for global wealth growth to 6.6 per cent, down from 7.1 per cent last year.

"Monetary policy is beginning to diverge, with the Fed [US Federal Reserve] likely entering a gradual [interest rate] tightening path, while elsewhere central banks are easing or staying put," chief investment officer for the UK region Michael O'Sullivan said.

"This explains to some extent the relative changes in wealth over the last year. Going forward, we expect the global economy to accelerate slightly, with the Chinese economy stabilising as it makes a transition towards consumption and services. Against this backdrop, wealth is set to continue its upward trajectory."