Friday, 21 September 2018

Australian wealth growing faster than debt

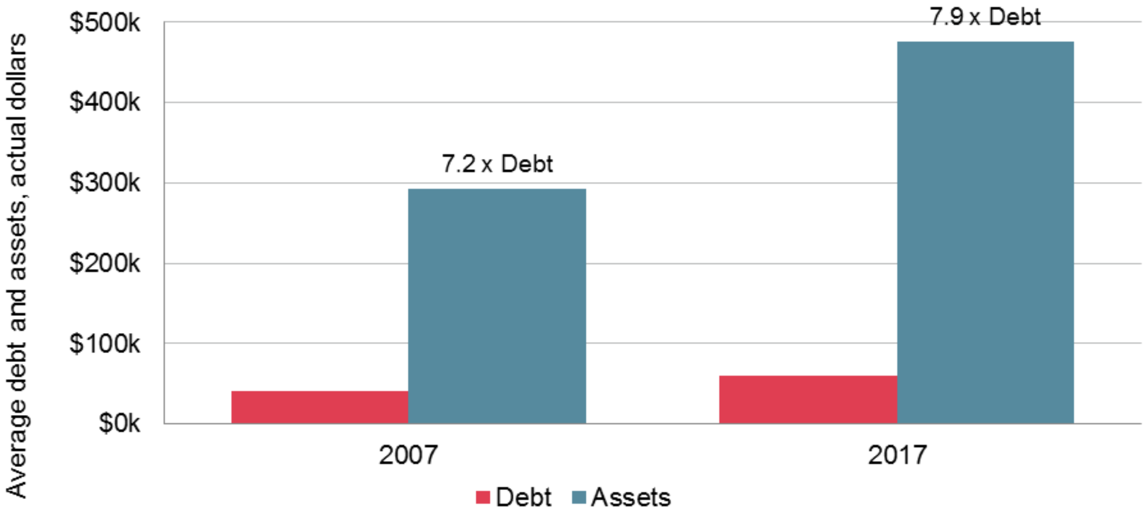
The value of assets held by Australians continues to grow faster than debts, resulting in average per capita net wealth being 30.5% higher in 2017 than it was in 2007 in inflation adjusted terms.

The first ever edition of the *Roy Morgan Wealth Report*, just released, finds that while debts have grown relative to incomes, over the last decade the value of personal assets have grown even faster. The report is drawn from over half a million in depth face-to-face interviews conducted over the decade since 2007.

Key findings of the report include:

- Average personal assets are now worth 7.9 times average debts, compared with 7.2 times debts a decade ago.
- The top 10% of Australians now have an average net wealth (assets minus debts) of $2 million.
- Average per capita net wealth, adjusted for inflation, is 30.5% higher than it was before the onset of the global financial crisis.
- Growth in wealth has not been evenly spread, with the richest 10 per cent of Australians holding 48.3% of net wealth in 2017 compared with 46.8% a decade ago, and the poorer half of the population holding just 3.7% of net wealth compared with 3.9% a decade ago.
- Women have improved their average net wealth position relative to men, with males now holding an average of 10.6% more than women compared to 26.5% a decade ago.
- Roughly half Australia's personal wealth is held in the form of housing (51.9%), down slightly from 52.4% in 2007, while superannuation assets make up a slightly higher portion, rising from 19.6% to 21.8% of our wealth since 2007.

Assets have grown more quickly than debt



Source: Roy Morgan Single Source (Australia) 12 months to December 2017, n = 50,139; 12 months to December 2007, n=54,212. Base: Australians 14+.

The first edition of the Wealth Index Report focuses particularly on how net wealth has changed since just before the onset of the global financial crisis. Australia performed very strongly over the past ten years compared with other OECD nations – particularly in Europe where many nations went backwards over the same period.

Michele Levine, CEO, Roy Morgan, commented:

"We see daily headlines about the risks posed by high levels of debt, but when we drill down into the data, a more balanced picture emerges.

"Housing debt has grown considerably over the past ten years, but not uniformly - Roy Morgan's data shows wealthier cohorts have shown a much greater propensity to take on debt and those investors have more ability to handle downturns than more marginal borrowers in lower-wealth segments.

"A more detailed understanding of how debt and personal wealth are distributed can help dispel some of the more simplistic fears over debt, and give a more balanced view of its relationship to wealth creation in Australia.

"Further detailed analysis can be found in the newly released Roy Morgan Wealth Report."

The suite of products available via the Roy Morgan Single Source and the psychographic segmentation tools provided by Roy Morgan Helix Personas allow businesses and government to drill down into the data to get the best picture of what is going on.

To learn more about Roy Morgan's products or to purchase a full copy of the *Roy Morgan Wealth Report* contact: askroymorgan@roymorgan.com.

Please click on this link to the Roy Morgan Online Store.

About Roy Morgan
Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	**Percentage Estimate**			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2