

# Julius Bär

## MEDIA RELEASE

Bank Julius Baer & Co. Ltd.

### **Julius Baer Wealth Report: Hong Kong tops Asia's most expensive cities for luxury living**

**Julius Baer has released its seventh annual Wealth Report: Asia, which tracks luxury expenditure trends of Asia's High Net Worth Individuals (HNWIs) and the opportunities ahead for the wealth management industry. According to this year's report, Hong Kong displaces Shanghai as the most expensive city, while Kuala Lumpur is the most competitive.**

Hong Kong/Singapore/Zurich, 17 October 2017 – The report shows that the cost of luxury living, as measured by the Julius Baer Lifestyle Index, rose by 1.42% on an aggregate basis in USD terms, compared to a 1.68% contraction in 2016. This upward trajectory of the index points to sustained demand for luxury goods and services in Asia. More specifically, 13 out of the 22 items measured in 11 Asian cities saw price increases.

Hong Kong has jumped two places to become the most expensive city on a price-weighted basis for the first time since the report started to publish city rankings in 2015. While the overall basket of goods and services in Hong Kong rose by 1.0% only, the city's ranking was pushed up by soaring residential property prices with property being the biggest ticket item in the index. At USD 51,594 per square meter, Hong Kong prime real estate is 2.69 times more expensive than the Asian average at USD 19,150 in this year's report. Hong Kong is also the most expensive city for fine dining and business class flights.

Boris F.J. Collardi, Chief Executive Officer of Julius Baer Group Ltd., said: "Wealthier Asian consumers and their increasing discretionary spending play an ever more important role in driving global consumer demand. Our report has provided valuable insights into these developments for the last seven years with a view to helping investors look beyond short-term markets."

"Getting the right, responsible and forward-looking advice out to clients to manage these ups and downs as well as preserving and growing their wealth is our core mission, both for the near and longer term," Boris F.J. Collardi added.

The 2017 report also attempts to examine what matters most for millennials in a HNWI context. In Asia and around the world, millennial consumers are increasingly pivoting away from goods and towards experiences. According to a Boston Consulting Group research, the market for experiential luxury is expected to record a compound annual growth rate of 5–6% between 2016 and 2023, surpassing the one for the overall personal luxury market (CAGR of 2–3%). To reflect the evolving consumer landscape, Julius Baer has incorporated a new item – fine dining – to the index and replaced tooth implants with Lasik procedures.

Jimmy Lee, Head Asia Pacific, said: "The population growth of millennials is a global trend, with 83% of them located in emerging market countries. The demographic shift is significant and should not be overlooked as millennials will enter their prime earnings capacity and consumption age in

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the coming years. Companies have to identify the millennials' traits and model their businesses according to their tastes and preferences.”

### **Key findings**

A number of trends underpin this year's price movements. The first is the return of consumer confidence in China, the largest consumer of luxury goods in the world. The Julius Baer Lifestyle Index in Shanghai rose by 1.9% in local currency terms, reversing last year's 7% drop. Secondly, Chinese consumers make more of their luxury purchases locally than overseas. This 'reshoring' trend has been spurred by a weaker Chinese yuan, 'harmonisation' of global prices by luxury brands and reduction of import taxes on some goods.

In local currency terms, the Lifestyle Index rose by 2.07%, keeping pace with regional inflation trends. This suggests that luxury retailers were able to retain pricing power. However, on average the currencies for the 11 Asian cities surveyed weakened by 0.9% versus the US dollar. As a result, the Lifestyle Index registered a mere 1.42% increase when reported in US dollars.

The biggest price increases were found in cigars, men's suits and legal fees, while the largest declines came from hotel suites, ladies' handbags and botox.

On an equal-weighted basis, Shanghai remains, for the third consecutive year, the most expensive city in terms of numbers of items in the Lifestyle Index, namely Lasik, wine, jewellery, botox, cigars, and high-end skin cream. Shanghai and Singapore, which both fell one notch from their 2016 rankings, are the second and third most expensive cities in price-weighted terms. A weaker Chinese yuan and a moderation in property prices in Singapore were cited as reasons for the move.

Kuala Lumpur has displaced Mumbai as the least expensive city in Asia in price-weighted terms. It is the most competitive city to rent a hotel suite and to buy property, watches, wines and pianos among the 22 items in the index. This rank change is largely due to the continued depreciation of the ringgit against a strengthening rupee.

The 2017 report has added fine dining to the index for the first time to reflect the growing propensity for HNWI's to spend on experiences. The benchmark for fine dining is based on the prices for a degustation menu at top-rated restaurants in each of the 11 cities. Hong Kong is the most expensive city in Asia to have a fine dining experience, followed by Singapore and Shanghai. On the other hand, the best-priced degustation dinner can be found in Mumbai.

For a copy of the Julius Baer Wealth Report: Asia in English as well as related videos, please visit: [www.juliusbaer.com/wealth-report-asia](http://www.juliusbaer.com/wealth-report-asia)

### **Notes to editors**

- HNWI's are defined as people with net investable wealth of USD 1 million or more, excluding property that is their main residence.
- 2017 data for the Julius Baer Lifestyle Index were collected during the period of June 2016 to June 2017.

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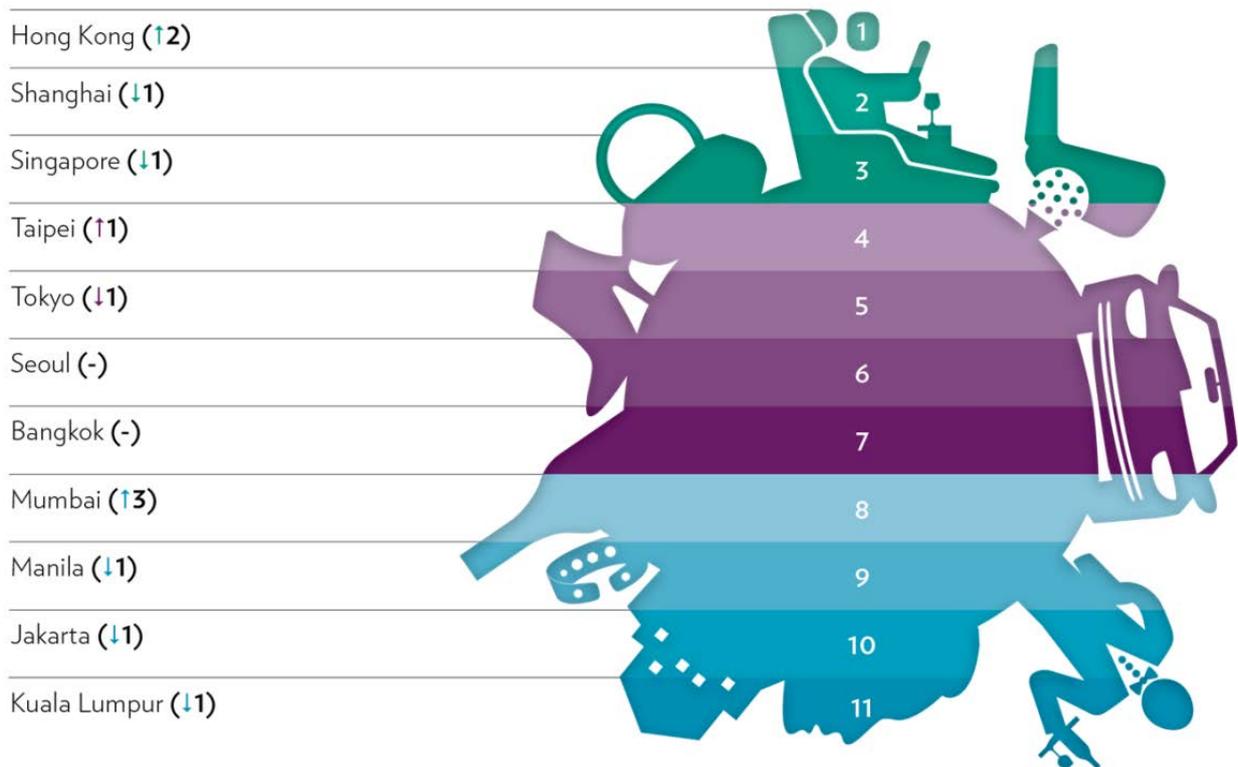
### About Julius Baer

Julius Baer is the leading Swiss private banking group, with a focus on servicing and advising sophisticated private clients and a premium brand in global wealth management. At the end of June 2017, assets under management amounted to CHF 355 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Market Index (SMI), comprising the 20 largest and most liquid Swiss stocks.

Julius Baer employs a staff of over 6,000, including close to 1,400 relationship managers, and is present in over 25 countries and more than 50 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Milan, Monaco, Montevideo, Moscow, Mumbai, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in private banking.

For more information visit our website at [www.juliusbaer.asia](http://www.juliusbaer.asia)

### Julius Baer Lifestyle Index City Ranking



( ) Change from 2016 ranking

## Julius Baer Lifestyle Index City Ranking by Items in USD

USD	Hong Kong	Singapore	Shanghai	Mumbai	Taipei	Jakarta	Manila	Seoul	Kuala Lumpur	Bangkok	Tokyo
 Business class flight	1	4	3	6	5	8	7	9	10	11	2
 Residential property	1	3	5	7	4	9	10	6	11	8	2
 Wedding banquet	3	5	2	6	7	8	9	4	10	11	1
 Hotel suite	2	7	9	8	4	3	10	5	11	6	1
 Lasik	5	3	2	9	10	8	7	11	4	1	6
 Hospital room	3	4	1	6	10	11	9	5	8	2	7
 Golf club membership	2	4	7	8	5	11	1	6	9	10	3
 Lawyer	6	1	10	8	11	9	7	4	3	2	5
 Watch	9	8	2	6	3	5	7	1	11	4	10
 Ladies handbag	9	6	4	11	7	1	8	2	10	3	5
 Wine	10	4	1	8	5	7	2	9	11	3	6
 Jewellery	11	9	1	3	7	6	5	2	8	4	10
 Men's suit	3	7	2	10	6	8	11	1	9	5	4
 Botox	2	6	1	10	4	8	11	7	5	3	9
 Piano	5	9	4	1	2	7	6	8	11	3	10
 Car	3	1	2	4	6	10	5	9	8	7	11
 Cigar	5	2	1	10	6	9	3	7	8	4	11
 Ladies shoes	10	7	8	6	4	5	11	1	9	2	3
 Skin cream	10	5	1	2	4	8	11	7	6	3	9
 Degustation dinner	1	2	3	11	4	8	10	5	9	7	6