

MEDIA RELEASE

Bank Julius Baer & Co. Ltd.

Lifestyles, habits, and priorities in a world adapting to ‘the new normal’ **Julius Baer publishes Global Wealth and Lifestyle Report 2023**

Prices for all goods and services in the Julius Baer Lifestyle Index have increased on average by 13% in local currencies and by 6% in US Dollar over the past 12 months. The 2023 Index reconfirms Asia as the costliest region to live well for the 4th year in a row while the Lifestyle Survey results show that high-net-worth-individuals are taking steps to preserve their health and wealth on an ever-increasing level. Fitness and wellbeing practices, health insurance, and education, as well as family and financial resilience, are top priorities to help prepare for future disruptions.

Zurich, 20 June 2023 – According to the fourth edition of the Global Wealth and Lifestyle Report, the overall trend in the past 12 months is that prices are rising, and the cost of living is increasing for all consumers. The average price of Julius Baer’s Lifestyle Index has increased by 6% in US Dollar, but by 13% in local currencies. Broadly, this is due to persistent high rates of global inflation and the fact that raw materials, energy, fuel, and staffing have all become more expensive. Moreover, consumer demand, pent up over the pandemic, has increased dramatically.

The city ranking is based on the Julius Baer Lifestyle Index which analyses the cost of a basket of goods and services representative of ‘living well’ in 25 cities around the world. This provides an overview of the relative cost of maintaining a high-net-worth lifestyle in various major urban centres.

Regional findings

Asia reaffirms its dominance as a centre for wealth and lifestyle, as well as an essential driver of the global economy. Overall, six cities in Asia rose in the rankings, while four fell; seven Europe, the Middle East, and Africa (EMEA) cities fell in the ranking, with only one rising (Dubai); and in the Americas four cities rose and one fell. This is some of the most movement seen in the past three years but has left us with one of the most evenly spread top ten global city rankings in the report’s history. The secondary tale is not just an American resurgence – it is also Europe and the Americas jockeying for second place while Asia, which has a clean sweep of the top three, powers ahead.

For the first time, Singapore is the highest-ranking city in the Lifestyle Index, followed by Shanghai – last year’s leader – and Hong Kong in 2nd and 3rd respectively, making up a fully Asian podium. Taipei is the only other Asian city to feature in the top ten, taking the 8th spot.

For the first time since the report began, EMEA is the most affordable region in which to live well, with European cities in particular dropping down the rankings. London, last year’s 2nd place, falls to 4th, and, apart from Monaco holding firm in 6th, Britain’s capital is the only European city in the top 10. Dubai has enjoyed a rapid rise up the ranking to 7th place, helping to relegate Zurich to Dubai’s former position of 14th.

In the Americas, New York makes a significant climb to 5th place from 11th and Miami rises eight places to 10th, while the Brazilian metropolis of São Paulo breaks into the top ten for the first time in 9th place. Santiago de Chile, newly added to the Index this year, joins in 23rd place. This return to form of both North and South American urban centres results in the Americas overtaking EMEA as the second most expensive region in which to live well.

Julius Baer Lifestyle Index

The greatest price increases are in high-demand, premium consumables such as wine and whisky, as well as luxury cars and hospitality services. Hotel suites, business class flights, and fine dining all experienced significant price increases as the demand for travel and entertainment has surged. Across the board, price changes of both goods and services in the Index show the impact of increased energy, raw material, and staffing costs. Coupled with inflation, currency fluctuations, and ongoing supply chain disruption, these conditions mean that every industry, business, and consumer is feeling the effects on their purchasing power.

Christian Gattiker, Head of Research, Julius Baer, commented: “Price rises in premium goods and services underpin the case that wealthy consumers need to achieve a high single-digit investment return in US dollar terms to preserve their wealth. These findings also support the insight that solid currencies and, in particular, assets denominated in such currencies (e.g. the US dollar or Swiss Franc) can help to weather these storms and secure a healthier, wealthier future.”

Lifestyle survey findings

This year’s Lifestyle Survey has been expanded to include North America, Singapore, and Qatar, and asks more in-depth questions about health and wellbeing, sustainable practices, and financial situations.

Overall, it shows that wealth is no longer only about financial health, freedom, and security but also physical health, freedom, and security. Having come through the pandemic, respondents listed their and their families’ health as one of the top priorities. Improving nutrition, taking time to recuperate and relax, and raising fitness levels have all been highlighted.

This ‘future proofing’ of body and mind also extends to building better relationships with family and friends – a high priority in all regions – and creating a secure and efficient home environment in which to live and work, though how this manifests varies from region to region.

Taking care of family and health does not mean that HNWIs just want to stay at home. After several years of being constrained in what they can do and where they can go, they – like everyone else – are ready to enjoy themselves. This means increased demand for entertainment, hospitality, and social experiences which is backed by increasing prices via our Index.

With travel restrictions no longer an issue, HNWIs around the world are on the move again. Travel for both leisure and work is on the up and respondents are increasingly spending on flights.

Another key finding in this year’s Lifestyle Survey is a stronger consideration of sustainability and ESG matters in investment decisions, with the vast majority of HNWIs in all regions now considering them important.

Finally, in all regions, at least a quarter of respondents stated that they invested more during 2022 than in the previous year. A significant proportion have also spent more in the past 12 months. This indicates that even the wealthy are not cushioned from rising living costs, and that they are deploying recently accrued capital.

To download the Julius Baer Global Wealth and Lifestyle Report 2023, please visit:
www.juliusbaer.com/GWLR

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About Julius Baer

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Julius Baer is present in around 25 countries and over 60 locations. Headquartered in Zurich, we have offices in key locations including Bangkok, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Madrid, Mexico City, Milan, Monaco, Mumbai, Santiago de Chile, São Paulo, Shanghai, Singapore, Tel Aviv 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 wealth management.

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