

AfrAsia Bank
Africa Wealth Report 2017
FULL REPORT



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1 Introduction

1.1 What is this Report About?

- This report is the result of New World Wealth’s extensive research covering the wealth market in Africa.
- The report covers wealth, luxury, prime property, collectable and wealth management trends on the continent from 2006 to 2016, with projections to 2026.
- Figures mentioned in the report are from New World Wealth unless otherwise stated.

The following table breaks down the various wealth bands that we look at.

Table 1: Africa: HNWI wealth band and group definitions	
<u>Wealth band</u>	<u>Definition</u>
Billionaires	Billionaires are those HNWIs with net assets of US\$1 billion or more.
Centimillionaires	Centimillionaires are those HNWIs with net assets of between US\$100 million and US\$1 billion.
Affluent Millionaires	Affluent millionaires are those HNWIs with net assets of between US\$30 million and US\$100 million.
Mid-Tier Millionaires	Mid-tier millionaires are those HNWIs with net assets of between US\$5 million and US\$30 million.
Lower-Tier Millionaires	Lower-tier millionaires are those HNWIs with net assets of between US\$1 million and US\$5 million.
<u>Wealth group</u>	<u>Definition</u>
UHNWIs (Ultras)	Those individuals with net assets of US\$30 million or more.
Multi-millionaires	Those individuals with net assets of US\$10 million or more (i.e. double digit millionaires).
Millionaires (HNWIs)	Those individuals with net assets of US\$1 million or more.
Mass Affluent	Those individuals with net assets of between US\$100,000 and US\$1 million.
Source: New World Wealth	

1.2 Definitions

- “Wealth” refers to the net assets of a person. It includes all their assets (property, cash, equity, business interests) less any liabilities.
- For the purposes of this report, local HNWI include all individuals that are working or living in each country, including expats.
- The “review period” refers to the 10 years from the end of 2006 to the end of 2016.
- The “forecast period” refers to the 10 years from the end of 2016 to the end of 2026.
- “Wealth management” or “private banking” is defined as the provision of banking services to wealthy individuals and their families. It generally involves the management of trusts, inheritance and the allocation of client funds.
- “Wealth management companies” encompass private banks, wealth managers and family offices.
- A “family office” is defined as a wealth management company that focuses on a single or small group of selected HNWI clients.
- “Assets under Management” or “AuM” refers to the market value of all the funds being managed by a wealth management company on behalf of its clients.
- “Collectables” include any luxury item that holds its value reasonably well over time (examples: art, classic cars).

1.3 Sources

Sources include:

- The New World Wealth HNWI database, which includes detailed profiles on over 10,000 African HNWIs.
- Regular interviews with intermediaries (wealth managers, financial advisors, property agents and art & classic car dealers).
- Property registers and property sales statistics in each country.
- Income distribution stats in each country.
- Stock market statistics in each country.
- Tracking of HNWI movements in the media.
- Interviews with over 800 global HNWIs a year (mainly used for ratings and surveys).

2 Country statistics

2.1 Benchmarking Africa's Wealth in Context

2.1.1 World statistics

At the end of 2016:

- Worldwide wealth held by individuals amounted to approximately US\$192 trillion.
- The average individual had net assets of US\$27,000 (wealth per capita).
- There were 13.6 million HNWIs in the world and worldwide HNWI wealth stood at US\$69 trillion.
- There were 522,000 multi-millionaires in the world.

2.1.2 Africa statistics

At the end of 2016:

- The average African individual had net assets of approximately US\$2,000 (wealth per capita).
- Total individual wealth held on the continent amounted to US\$2.2 trillion.
- There were approximately 145,000 HNWIs living in Africa, with combined wealth holdings of approximately US\$800 billion.
- There were 7,010 multi-millionaires living in Africa.

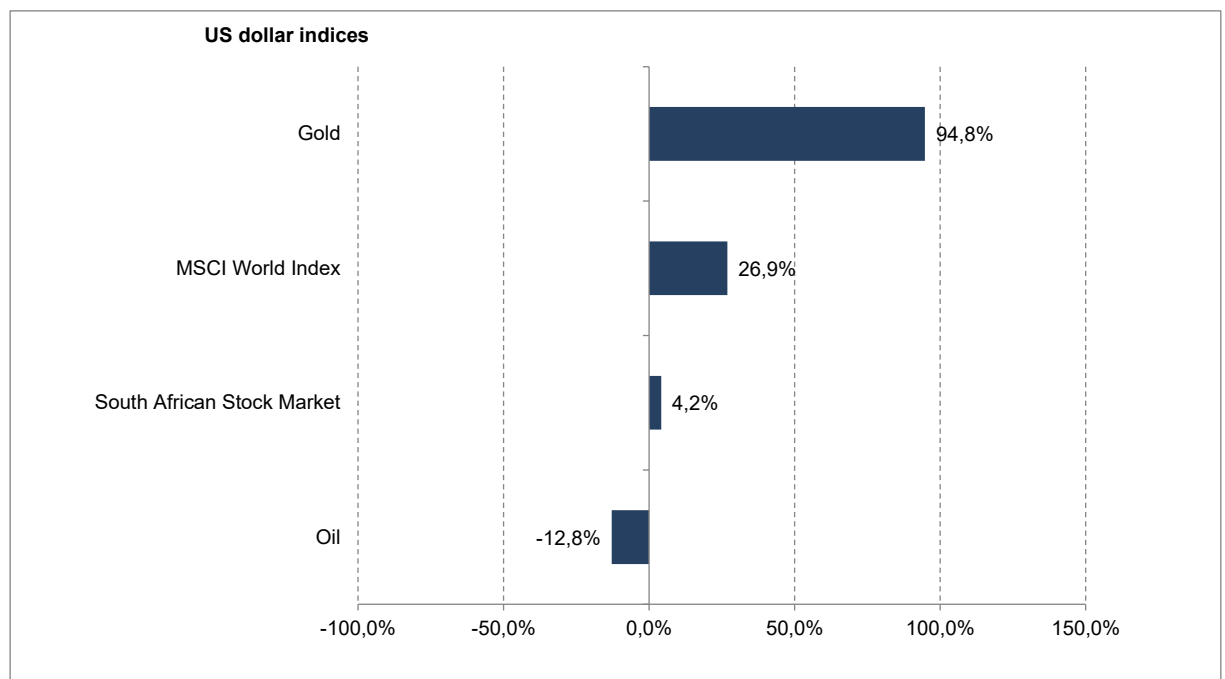
Growth rate trends:

- African HNWI numbers have increased by 19% during the review period (2006-2016).
- 2016 was a bad year for African HNWIs. Their numbers decreased by 2% during the year.
- HNWI numbers in Africa are expected to rise by 36% over next 10 years, reaching approximately 198,000 by 2026.

The following table summarizes how major HNWI asset classes have performed over the review period in US dollar terms.

As is evident, the South African stock market (which is the largest stock exchange in Africa) performed moderately over this period (in US\$ terms).

Figure 1: Africa: Asset Price Performance (US\$ terms), 2006–2016



Source: EIU, The Economist

2.2 Wealth per capita rankings

The following table ranks major African countries by average wealth per person (wealth per capita). As reflected, Mauritians are the wealthiest individuals in Africa with an average wealth of US\$25,700 per person, whilst people in living in Zimbabwe are the poorest with US\$200 per person. Interestingly, North African countries such as Algeria, Egypt and Morocco all rank high on the list despite recent instability.

Note: “wealth per capita” refers to the average wealth of a person living in each country. It excludes government held wealth.

It should be noted that all these figures are below the global average of US\$27,000. Top ranked worldwide countries such as Switzerland and Australia have wealth per capita's of over US\$200,000.

Table 2: Africa: Wealth per capita rankings, 2015 - 2016		
Ranked by wealth	Wealth per capita, 2015 (US\$)	Wealth per capita, 2016 (US\$)
Mauritius	21 400	25 700
South Africa	10 800	11 300
Namibia	10 200	10 800
Botswana	6 300	6 700
Egypt, Arab Rep.	4 000	3 700
Angola	3 800	3 600
Algeria	3 500	3 300
Morocco	3 500	3 300
Kenya	2 000	2 200
Ghana	2 000	2 200
Cote d'Ivoire	1 700	1 900
Nigeria	2 000	1 600
Tanzania	1 100	1 200
Zambia	1 200	1 200
Uganda	900	1 000
Mozambique	800	800
Ethiopia	500	600
Congo, Dem. Rep.	400	400
Zimbabwe	200	200

Note: Numbers rounded to nearest 100.

Source: New World Wealth

Notably, back in 2000, Zimbabwe was one of the wealthiest countries in Sub Saharan Africa on a wealth per capita basis, ranked ahead of the likes of Nigeria, Kenya, Angola, Zambia and Ghana. However, now it is ranked well behind these countries.

Contributing factors to Zimbabwe's poor performance since 2000 include:

- The erosion of ownership rights in the country. Ownership rights are key to facilitating wealth creation. In Zimbabwe, business owners are unsure as to whether their businesses or property will still belong to them a year down the line, which creates a situation where no one will take the chance of investing in the country.
- Ongoing political intimidation and the alleged fixing of elections in 2002, 2005, 2008 and 2013.
- The banning of the independent media in the early 2000's, which has created a situation where it is impossible for investors to tell what is happening there. Foreign journalists are also not allowed inside Zimbabwe. The only TV footage that comes out of Zimbabwe comes from state-owned TV stations.
- Around 20% of Zimbabweans have fled the country since 2000, taking their remaining wealth with them. This has also led to a brain drain.

Interesting note: GDP per capita vs. wealth per capita measures

Reasons why wealth per capita is a better measure of financial health than GDP per capita:

- GDP counts items multiple times (for instance, if someone is paid \$100 for a product/service and they then pay someone else that \$100 for another product/service, then that adds \$200 to a country's GDP even though only \$100 has been produced at the start). This is why some analysts prefer using export figures or GDP generated from primary sectors as a measure of financial health.
- GDP ignores the efficiency of the local banking sector and the local stock market at retaining wealth in a country.
- GDP disregards income levels in a country.
- In certain countries, a large portion of GDP flows to the government and therefore has little impact on private wealth creation (example: Zimbabwe, Bahrain).

Wealth statistics, on the other hand, take all of these factors into account, which makes 'per capita wealth' a far better measure of the financial health of an economy than 'per capita GDP'.

2.3 Total wealth rankings

The same countries are ranked by total wealth below.

Note: “Total wealth” refers to the private wealth held by all the individuals living in each country. It includes all their assets (property, cash, equities, business interests) less any liabilities. We exclude government funds from our figures.

Table 3: Africa: Total wealth rankings, 2016	
Ranked by wealth	Total Wealth, 2016 (US\$ billion)
South Africa	610
Egypt, Arab Rep.	313
Nigeria	270
Algeria	119
Morocco	109
Kenya	95
Angola	75
Tanzania	55
Ghana	55
Ethiopia	51
Cote d'Ivoire	46
Uganda	34
Mauritius	33
Congo, Dem. Rep.	29
Namibia	24
Mozambique	19
Zambia	16
Botswana	13
Zimbabwe	3

Source: New World Wealth

2.4 HNWI rankings

The following table ranks major African countries by number of HNWIs (millionaires). As reflected, South Africa is home to the most HNWIs on the continent. Despite recent turmoil, Egypt ranks second on the list.

Table 4: Africa: HNWIs by country, 2016

Ranked by HNWIs	Number of HNWIs, 2016	Number of multi-millionaires, 2016
South Africa	40 400	2 130
Egypt, Arab Rep.	18 100	950
Nigeria	12 300	620
Kenya	9 400	370
Angola	6 100	320
Morocco	4 600	210
Algeria	4 500	180
Mauritius	3 800	170
Namibia	3 300	120
Ethiopia	3 100	150
Ghana	2 900	120
Botswana	2 800	100
Cote d'Ivoire	2 500	100
Tanzania	2 400	90
Uganda	1 400	60
Mozambique	1 100	50
Zambia	1 000	40
Rwanda	600	30
Congo, Dem. Rep.	600	30

Note: Rounded to nearest 100 and nearest 10 respectively.

Source: New World Wealth

2.5 HNWI trends over the past 10 years

The following table details the performance of HNWIs in selected African countries between the end of 2006 and the end of 2016. As reflected, Mauritius was the top performing African country for HNWIs during this period, with growth of 230%. HNWIs in Ethiopia also performed well (although from a low HNWI per capita base).

Table 5: Africa: HNWI growth by country, 2006-2016	
Ranked by growth rate	HNWI growth %, 2006 - 2016
Mauritius	230%
Ethiopia	219%
Rwanda	107%
Uganda	97%
Kenya	93%
Congo, Dem. Rep.	85%
Angola	82%
Tanzania	82%
Ghana	49%
Cote d'Ivoire	45%
Nigeria	40%
Mozambique	37%
Zambia	27%
Namibia	21%
Botswana	19%
South Africa	8%
Morocco	-10%
Egypt, Arab Rep.	-15%
Algeria	-18%

Source: New World Wealth

The strong growth in millionaires in Mauritius has been assisted by:

- Strong economic growth.
- Migration – a large number of wealthy individuals have moved there over the past decade, especially from France and Southern Africa. We estimate that 280 millionaires have moved there from South Africa alone since 2006.

- A thriving and growing financial services sector, particularly in offshore banking, fund management and private banking.
- Automatic permanent residency if one buys a US\$500,000+ home in the country. This encourages wealthy people to move there.
- Secure ownership rights. This is the most critical component of successful wealth creation globally. Ownership rights are very strong in Mauritius, which encourages locals and foreigners to invest in property and businesses in the country. Neighboring Zimbabwe offers a case in point as to what happens when ownership rights are stripped – once assets are taken away they tend to lose value as no one is willing to buy anything.
- Low taxes which encourage business formation and appeal to retirees. Company and personal income tax rates are only 15%, with no inheritance or capital gains tax.
- Low level of government regulation in the business sector (when compared to nearby countries such as South Africa which has exchange controls, high taxes, big trade unions and BEE hiring requirements).
- Lifestyle - beaches, weather, golf courses and scenery.
- Low crime rate.
- Ease of doing business in the country (Mauritius ranked 1st in Africa in the World Bank's 2016 Doing Business Report).
- Low jobless rate and low inflation rate.
- It has a well-developed banking system and stock exchange. This encourages people to invest their money within the country and grow their wealth locally. It also ensures that any economic growth filters through to wealth creation.
- Individuals living in Mauritius are free to invest overseas (with no exchange controls) – this encourages wealthy people to use the country as a business and investment hub.
- It has a well-developed free media. This prevents government from getting away with wrong doing.
- It is a convenient base for investing and doing business in Southern and East Africa.
- Safety – Mauritius was recently rated by New World Wealth as the safest country in Africa.

Some additional factors that are encouraging wealthy people to move to the island include:

- Good schools such as Northfields and International Preparatory School (IPS).
- Access to first class food & produce – prime shopping centers, food lovers market.

2.6 HNWI trends over the past year

The following table details the performance of HNWIs in selected African countries over the past year (2016).

Table 6: Africa: HNWI growth by country, 2015-2016	
Ranked by growth rate	HNWI growth %, 2015 - 2016
Mauritius	20%
Kenya	10%
Ethiopia	10%
Uganda	10%
Rwanda	10%
Ghana	8%
Tanzania	8%
Cote d'Ivoire	7%
Namibia	6%
Botswana	6%
South Africa	5%
Congo, Dem. Rep.	5%
Mozambique	-2%
Zambia	-2%
Angola	-4%
Morocco	-5%
Algeria	-5%
Egypt, Arab Rep.	-8%
Nigeria	-20%

Source: New World Wealth

Nigeria's poor performance in 2016 is attributable to:

- Loss of local currency value vs US dollar.
- Drop in local real estate prices in US dollar terms.
- Outgoing migration of HNWIs (we estimate that over 800 HNWIs left Nigeria in 2016). Most went to the UK and Europe.

2.7 HNWI forecasts to 2026

The following table details our forecasts over the next 10 years.

Table 7: Africa: HNWI growth forecasts by country, 2016-2026	
Ranked by growth rate forecast	HNWI growth %, 2016 - 2026
Mauritius	130%
Ethiopia	100%
Rwanda	100%
Tanzania	100%
Kenya	80%
Uganda	80%
Ghana	80%
Mozambique	80%
Zambia	80%
Cote d'Ivoire	80%
Congo, Dem. Rep.	70%
Namibia	50%
Botswana	50%
Angola	40%
South Africa	30%
Morocco	0%
Algeria	0%
Egypt, Arab Rep.	0%
Nigeria	0%

Note: Forecasts rounded to nearest 10%.

Source: New World Wealth

Please note: HNWI forecasts in Nigeria constrained by ongoing violence between Muslims and Christians in the country and issues around woman safety. Many wealthy Nigerians are also expected to leave the country during the next decade.

3 City statistics

3.1 Top African cities for HNWIs

As evidenced in the below table, Johannesburg is the top African city for HNWIs. There are also sizable HNWI populations living in Cairo, Cape Town, Lagos and Nairobi.

Table 8: Africa: Top cities for HNWIs, 2016		
City	Number of HNWIs, 2016	Number of multi-millionaires, 2016
Johannesburg (incl. Sandton)	18 200	970
Cairo	8 900	480
Cape Town	8 200	440
Lagos	6 800	360
Nairobi	6 800	280
Luanda	4 100	240
Durban (incl. Umhlanga)	3 200	130
Pretoria	2 600	110
Casablanca	2 300	110
Accra	2 300	100
Abidjan	2 000	90
Algiers	1 900	90
Alexandria	1 800	110
Windhoek	1 400	60
Dar Es Salaam	1 300	50
Gaborone	1 300	50
Mombasa	900	40
Abuja	800	40
Addis Ababa	800	40
Kampala	800	40
Maputo	700	40
Lusaka	600	30
Marrakesh	500	30

Note: Rounded to nearest 100 and nearest 10 respectively.

Source: New World Wealth

3.2 HNWI city trends over the past year

The following table details the performance of HNWIs in major African cities over the past year (2016). As reflected, Nairobi in Kenya was the top performing African city for HNWIs during the year.

Table 9: Africa: HNWI growth rates by city, 2015-2016

City	HNWI growth %, 2015 - 2016
Nairobi	11%
Addis Ababa	10%
Kampala	10%
Dar Es Salaam	8%
Accra	8%
Mombasa	8%
Abidjan	7%
Windhoek	6%
Gaborone	6%
Cape Town	6%
Durban	6%
Johannesburg	5%
Pretoria	5%
Marrakesh	-1%
Maputo	-2%
Lusaka	-2%
Luanda	-4%
Casablanca	-5%
Algiers	-5%
Cairo	-8%
Alexandria	-9%
Abuja	-17%
Lagos	-20%

Source: New World Wealth

3.3 HNWI city forecasts to 2026

Addis Ababa, Dar Es Salaam, Nairobi and Kampala are all expected to grow strongly going forward. On the other hand, cities in Nigeria and North Africa are expected to struggle.

Table 10: Africa: HNWI growth rate forecasts by city, 2016-2026

City	HNWI growth %, 2016 - 2026
Addis Ababa	110%
Dar Es Salaam	100%
Nairobi	90%
Kampala	90%
Accra	80%
Maputo	80%
Lusaka	80%
Abidjan	80%
Mombasa	70%
Windhoek	50%
Gaborone	50%
Luanda	40%
Cape Town	30%
Durban	30%
Johannesburg	30%
Pretoria	30%
Marrakesh	10%
Abuja	10%
Casablanca	0%
Algiers	0%
Cairo	0%
Alexandria	0%
Lagos	0%

Note: Forecasts rounded to nearest 10%.

Source: New World Wealth

3.4 Spotlight on South African cities

South Africa dominates the Africa city wealth list, with four cities featuring in the top 10.

Top cities:

- **Johannesburg:** Total wealth held in the city amounts to US\$245 billion. Home to 18,200 millionaires and 2 billionaires. Our figures for Johannesburg include Sandton. Major sectors in the city include: financial services (banks, accountancies, insurance), professional services (law firms), construction, telecoms and basic materials.
- **Cape Town:** Total wealth held in the city amounts to US\$135 billion. Home to 8,200 millionaires and 2 billionaires. Major sectors in the city include: real estate, financial services (fund management), retail and tourism.
- **Durban:** Total wealth held in the city amounts to US\$46 billion. Home to 3,200 millionaires and 1 billionaire. Our figures for Durban include Umhlanga, Ballito, Zimbali and La Lucia. Major sectors in the city include: real estate, finance, healthcare, construction, retail and transport.
- **Pretoria:** Total wealth held in the city amounts to US\$42 billion. Home to 2,600 millionaires. Major sectors in the city include: basic materials, manufacturing and financial services.

There are also a number of emerging areas in South Africa. They include:

- **Paarl, Franschoek and Stellenbosch:** Total wealth held in the area amounts to US\$44 billion. Home to 3,000 millionaires. Fastest growing region in the country (in terms of private wealth creation over the past decade).
- **The Garden Route:** Stretches from Mossell Bay to Storms River on the South Coast of South Africa. Notable towns on the route include: George, Knysna, Plettenberg Bay and Wilderness. Total wealth held in the area amounts to US\$38 billion. Home to 2,900 millionaires. A large number of wealthy retirees live on the Garden Route. It is also a 2nd home hotspot for the wealthy and there are a number of exclusive golf & lifestyle estates in the area.

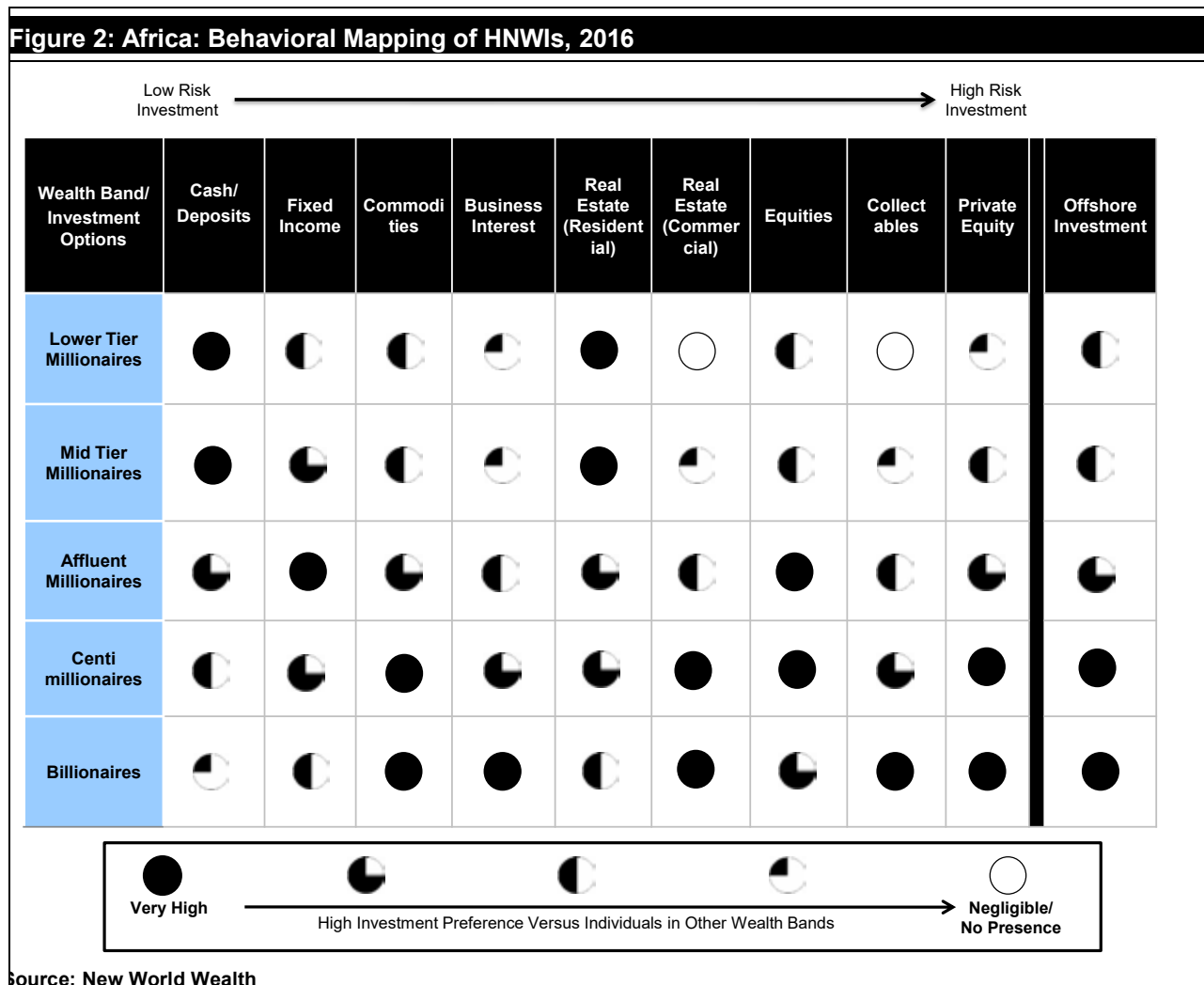
Affluent suburbs/towns in SA include:

- **Johannesburg:** Sandhurst, Hyde Park, Bryanston, Houghton, Westcliff, Parktown, Saxonwold and Atholl.
- **Cape Town:** Camps Bay, Bishopscourt, Constantia, Clifton, Bantry Bay, Fresnaye, St James and Llandudno.
- **Exclusive estates:** Zimbali, Fancourt, Pearl Valley, Val die Vie, Pezula (golf and pvt), Whalerock Ridge, Steenberg, Erinvale, De Zalze, Simola, Blair Atholl, Silverhurst, Dainfern, Waterfall Equestrian, Steyn City and Arabella.

4 Spending habits of African HNWIs

4.1 Behavioral mapping

The following figure highlights the inclination of different wealth bands in Africa to invest in the various asset classes. The preference rankings are based on the propensity of a particular wealth band to invest in each asset class when compared with members of the other wealth bands. As reflected, lower-tier millionaires in Africa have a high propensity to hold cash and residential real estate, while billionaires tend to invest in collectables, commodities and other alternatives assets such as private equity. Affluent millionaires in Africa are most likely to invest in fixed income products and equities.



4.2 Collectables

Collectables, especially art, wine and classic automobiles are an increasingly popular way for African HNWI's to store their wealth. Collectables accounted for 1.1% or US\$8.8 billion of the assets of African HNWI's in 2016, compared to only 0.6% in 2006.

Art in Africa

New World Wealth estimates that African HNWI's held US\$870 million worth of fine art at the end of 2016. Globally, fine art prices have risen by 3% over the past 10 years, whilst African fine art prices have risen by 22% (source: NW-Wealth US\$ collectables index).

South Africa is the largest fine art market in Africa. Leading artists in SA include Irma Stern, Thomas Baines, JH Pierneef, Alexis Preller, Pieter Wenning, Gerard Sekoto, Maggie Laubser, Hugo Naude, Portchie, Isabelle Roux and Dimitrov. The value of these artists has risen appreciably – an Irma Stern painting that sold for US\$20,000 in 1995 fetched over US\$2 million in 2011. The majority of major art galleries are located in Johannesburg and Cape Town and in second-home hotspots such as Stellenbosch. Major dealers include Stephan Welz and Strauss & Co.

Nigeria, Egypt, Kenya and Morocco also have significant fine art markets.

Fine wine

Prior to the review period, the global fine wine market recorded tremendous growth, with prices paid for certain vintages of Lafite Rothschild having increased more than tenfold in the 10 years from 1996 to 2006. Heavy buying by the Chinese in the Hong Kong market was the main driver of this growth. As a result of this boom, portfolio managers that specialized solely in fine wine investments began to crop up and offer unique wine-denominated investments.

During the review period, global fine wine price continued to rise (although not at the same rate) - they rose by 72% during the 2006 to 2016 period. 2016 was a particularly good year, with prices rising by over 20%.

Wheels

Over the review period, classic car prices rose by a strong 180%, making it the best performing investment class for HNWI's over this period.

However, it should be noted that the global classic car market is showing signs of slowing down. The most recent Pebble Beach Concours d'Elegance auction held in August 2016 recorded sales of US\$340 million, down from US\$396 million the year before.

Popular classic cars for African HNWIs are listed below.

Table 11: Africa: Popular classic cars for HNWIs, 2016		
Ranked by price	Years produced	Price US\$*
Ferrari 250 GTO	1960s	24 000 000
Ferrari 250 GT California Spider	1960s	20 000 000
Ferrari 250 Testa Rossa	1950s	18 000 000
Bugatti Type 41 Royale	1930s	16 000 000
McLaren F1	1990s	8 000 000
Porsche 550 Spyder	1950s	2 000 000
Mercedes Gullwing 300sl	1950s	1 700 000
Porsche 959	1980s	1 500 000
Aston Martin DB4	1950s	1 300 000
Aston Martin DB5	1960s	1 000 000
Lamborghini Miura	1970s	800 000
Lamborghini Countach	1980s	500 000
Jaguar E Type	1960s	300 000
Ferrari Dino	1970s	250 000
Porsche 911	1960s	120 000
Morgan Roadster	1960s	100 000

*US\$ price if car in good and working condition.

Source: New World Wealth

Other collectables

Collectables also include antiques, stamps and super-luxury watches (i.e. any luxury item that holds its value reasonably well over time). It should be noted that collectables do not include: yachts, private jets and new cars as these items are unlikely to hold their value.

Super luxury watches

Super-luxury watches is a particularly fast growing collectable segment in Africa. According to our estimates, US\$46 million was generated in African sales of these watches in 2016, up from US\$13 million in 2006.

Note: we only consider hand-made (non-battery operated) watches with a base price of over US\$10,000 per watch as 'super-luxury'.

Major players in this space include: Patek Philippe, Frank Muller, Breguet, Vacheron Constantin, Ulysse Nardin, Blancpain, Audemars Piguet, A Lange & Sohne and Richard Mille.

There are a number of possible reasons for the rapid growth in this segment in Africa over the past few years, including:

- Local stores did not used to stock these watches prior to 2010.
- Watch collecting has become a prominent pastime for many HNWI's in Africa and worldwide.
- Watches can be bought with cash without arousing suspicion, as a pose to cars, yachts and property purchases which may have tax implications.
- Top-end watches hold their value reasonably well over time, much like art or classic cars.
- Portability. For instance, a wealthy Nigerian can buy a watch in the UK and easily transport it back to Nigeria. This would not be the case for a car.

4.3 Prime real estate

Residential property normally constitutes between 25% and 30% of the net assets of an average African HNWI. Popular properties for them include beachfront villas and homes in residential estates.

The most expensive cities for property in Sub Saharan Africa are ranked below. As reflected, South African cities dominate the list.

Table 12: Africa: Major cities ranked by US\$ per square meter, 2016	
City	US\$ per square meter
Cape Town (Clifton, Bantry Bay)	5 800
Mauritius (Grand-Baie, Port Louis)	4 900
Johannesburg (Sandton)	2 800
Durban (Umhlanga)	2 200
Luanda	2 000
Nairobi	1 600
Lagos	1 200
Accra	1 100
Abidjan	1 000
Maputo	900
Kampala	800

Note: Refers to the price of a 200-400 square meter apartment/villa in prime part of each city. Rounded to nearest 100.

Source: New World Wealth

The most expensive specific suburbs for prime property in Africa are the Clifton and Bantry Bay. Both are in Cape Town, South Africa.

Notably, prices in Luanda are well above prices in Nairobi and Lagos. This is due the high number of expats that have come into the city over the past decade, combined with a shortage of top end property.

4.4 Second homes abroad

Our research shows that 34% of African HNWIs owned second homes in other countries at the end of 2016. Popular cities for such homes are listed below, ranked by price per square meter.

Table 13: World: Top second homes hotspots for African HNWIs (outside of Africa), 2016

City (ranked by price per square meter)	US\$ per square meter
London	41 500
New York	33 000
Geneva	29 500
Sydney	20 800
Paris	19 300
Melbourne	15 000
Tel Aviv	9 800
Dubai	8 200

Note: Prices refer to 200 square meter apartment in prime part of each city. Rounded to nearest 100.

Source: New World Wealth

Findings:

- London, New York, Sydney, Melbourne and Tel Aviv second homes are popular for South African HNWIs.
- London, Geneva and Paris second homes are popular among Nigerian HNWIs.
- Dubai is an especially popular second home destination for Egyptian, Nigerian, Algerian and Moroccan HNWIs.

A large number of African HNWIs also buy homes in other African countries, most notably South Africa. The following table gives an indication of the origin of foreign buyers (of R10 million homes) in South Africa in 2006 and 2016 with projections for 2026. As reflected, African citizens made up the largest share of the foreign market in 2016 and their share was up significantly from 2006.

The bulk of African HNWIs buying in SA come from Angola, Ghana and Nigeria.

Table 14: South Africa: Foreign investment in SA top-end real estate, 2006–2026

Origin	2006	2016	2026
UK	35%	22%	9%
Germany	27%	16%	8%
Rest of Africa	7%	28%	60%
Other*	31%	35%	23%
Total	100%	100%	100%

Note: only includes properties sold for over R10 million to foreigners.

**other buyers mainly from Switzerland, France, China, India, Russia, Israel and UAE.*

Source: New World Wealth

Wealthy Africans buying in SA are particularly interested in the Sandton area (Sandhurst, Hyde Park, Houghton), central Cape Town (Greenpoint, City Bowl) and the “big 5” Atlantic seaboard luxury hotspots in Cape Town (namely Fresnaye, Bantry Bay, Llandudno, Clifton and Camps Bay). Things that may be attracting them to SA include:

- Good private healthcare system.
- Top class private schools for their children.
- Over 50 luxury residential estates.
- Nature, weather and scenery.
- Exclusive shopping centers (examples: Sandton City, Gateway, Montecasino, V&A and Hyde Park).
- English speaking country.
- There is very little religious violence (when compared to countries like Nigeria).
- Good transport infrastructure.
- Fully developed luxury market, where most of the major luxury brands are available.
- Large number of luxury holiday destinations within country (examples: Cape Town, Sabi Sands, Plettenberg Bay and Umhlanga).
- High-end food stores such as Woolworths, which appeal to wealthy consumers.

4.5 Largest luxury markets

We estimate that the African luxury sector generated approximately US\$5.9 billion in revenue in 2016. The main components of this were: luxury cars, yachts, private jets, personal luxury goods (which includes watches, clothing, accessories and jewelry) and luxury hotels & lodges.

Breakdown of luxury sales by country below. As reflected, South Africa, Nigeria, Egypt and Angola all experienced drops in luxury sales in 2016, whilst luxury sales in Kenya were up.

Note: Kenya places above Nigeria mainly due to the large luxury tourism industry there.

Table 15: Africa: Largest luxury markets by revenue, 2016		
Country	2015 revenue (US\$ billion)	2016 revenue (US\$ billion)
South Africa	2,4	2,3
Kenya	0,4	0,5
Nigeria	0,6	0,4
Angola	0,3	0,2
Egypt	0,3	0,2
Morocco	0,2	0,2
Ghana	0,2	0,2
Algeria	0,1	0,1
Other countries	1,8	1,8
Africa total	6,3	5,9

Source: New World Wealth

4.6 Luxury clothing & accessory brands

The following luxury brands have brand stores in Africa. Most of these stores were put up between 2002 and 2007.

Table 16: Africa: Luxury brand stores, 2016		
Brand ranked by no. of stores	Specialty	Store locations
Zegna	Mens clothing	South Africa, Nigeria, Egypt
Louis Vuitton	Clothing & Accessories	South Africa, Morocco
Burberry	Clothing & Accessories	South Africa, Egypt
Gucci	Clothing & Accessories	South Africa, Morocco
Prada	Clothing & Accessories	South Africa, Morocco
Salvatore Ferragamo	Clothing & Accessories	South Africa, Egypt
Alfred Dunhill	Mens clothing	South Africa
Bally	Clothing & Accessories	South Africa
Dolce & Gabbana	Clothing & Accessories	South Africa
Paul & Shark	Mens clothing	South Africa
Paul Smith	Mens clothing	South Africa
Jimmy Choo	Womans shoes	South Africa
Thomas Pink	Clothing & Accessories	South Africa

Source: New World Wealth

Note: Premium (semi-luxury) brands such as Hugo Boss and Lacoste are excluded from the above list.

The following luxury brands are likely to open brand stores in Africa over the next decade.

Table 17: Africa: Upcoming luxury brand stores, 2016	
Brand (alphabetical)	Specialty
Canali	Mens clothing
Chanel	Clothing & Accessories
Christian Dior	Clothing & Accessories
Christian Louboutin	Womans Shoes
Hermes	Clothing & Accessories
LK Bennett	Womans accessories
Mulberry	Clothing & Accessories

Source: New World Wealth

4.7 Luxury cars

Luxury car brands with dealerships in Africa are listed below, ranked by African revenue.

Table 18: Africa: Top selling luxury cars, 2016	
Brand ranked by African revenue	Dealership locations
Porsche	South Africa, Kenya, Egypt, Nigeria, Angola, Mauritius
Ferrari	South Africa
Bentley	South Africa
Rolls Royce	South Africa
Maserati	South Africa
Aston Martin	South Africa
Lamborghini	South Africa
Mclaren	South Africa

Note: Excludes semi-luxury brands such as Mercedes, Jaguar and Land Rover.

Source: New World Wealth

Luxury SUVs are especially popular with Africa's super-rich. Reasons for their popularity include:

- High road clearance. SUVs handle potholes and bad roads better than luxury sedans and sports cars.
- Safety aspects.
- Space for children.
- Useful for holidays – off road, game reserves etc.

Popular models are listed below.

Table 19: Africa: Popular SUVs for HNWIs, 2016

Model	Price US\$
Porsche Cayenne Turbo	110 000
Range Rover 5.0L V8	100 000
BMW X6	70 000
Mercedes GLE Coupe	70 000

Source: New World Wealth

The following sports cars are also popular, especially in South Africa.

Table 20: Africa: Popular sports cars for HNWIs, 2016

Model	Price US\$
Rolls-Royce Phantom	420 000
Ferrari F12 Berlinetta	310 000
Rolls Royce Ghost	295 000
Ferrari 458 Italia	240 000
Ferrari California	205 000
Bentley Continental	200 000
Aston Martin DB9	198 000
Porsche 911 Turbo	160 000
Mercedes-Benz AMG SL	140 000
Porsche 911 Carrera 4	90 000

Source: New World Wealth

4.8 Luxury hotels & lodges

Africa received approximately 48,000 multi-millionaire visitors in 2016, up from 43,000 in 2015.

South Africa was the most popular African destination for the super-rich, with approximately 15,000 multi-millionaires visiting the country during the year. Major destinations for them within South Africa included: Cape Town, Johannesburg, the Garden Route, the Whale Coast, Umhlanga, Durban, Paarl, Franschoek, Stellenbosch and Kruger Park (mainly around Sabi Sands).

Major destinations for them in the rest of Africa included: Marrakech in Morocco, Casablanca in Morocco, Cairo in Egypt, Nairobi in Kenya, the Serengeti in Tanzania, Sharm El Sheikh in Egypt, the Masai Mara in Kenya, Livingstone in Zambia and the Okavango Swamps in Botswana. Gorilla safaris in the Virunga Mountains and the Bwindi Forest (Uganda) were also popular.

Table 21: Africa: Most visited countries by the super-rich, 2016	
Country	No. of multi-millionaire visitors in 2016
South Africa	15 000
Morocco	5 000
Botswana	4 000
Kenya	4 000
Mauritius	3 000
Seychelles	3 000
Tanzania	2 000
Egypt	2 000
Uganda	1 000
Zambia	1 000
Mozambique	1 000
Nigeria	1 000

Note: Figures rounded to nearest 1,000.

Source: New World Wealth

The top rated hotels and safari lodges in Africa are listed below, as based on a recent New World Wealth survey which focused on the preferences of the world's wealthy.

Criteria for ratings:

- Appeal to wealthy clients.
- Level of service.
- Reputation & history.
- Activities, facilities, views and scenery.

These ratings involved:

- Interviews with our panel of HNWI's.
- Visits by the New World Wealth team (where possible).

Table 22: Africa: Top rated hotels for HNWI's, 2016		
Rank	Hotel	Location
1	12 Apostles Hotel & Spa	Cape Town, SA
2	Four Seasons Seychelles	Seychelles
3	Lost City and Sun City	Sun City, SA
4	La Mamounia	Marrakesh, Morocco
5	The Beverley Hills	Umhlanga, SA

Source: New World Wealth

Table 23: Africa: Top rated safari lodges for HNWI's, 2016		
Rank	Lodge	Location
1	Ngorongoro Crater Lodge	Serengeti, Tanzania
2	Ngala Tented Camp	Kruger Park, SA
3	Savanna	Kruger Park, SA
4	Royal Livingstone	Livingstone, Zambia
5	Cottar's 1920s Safari Camp	Masai Mara, Kenya

Source: New World Wealth

Table 24: Africa: Top rated small hotels for HNWI, 2016

Rank	Hotel	Location
1	North Island	Seychelles
2	La Petite Dauphine	Franschoek, South Africa
3	Cleopatra	Drakensburg, South Africa
4	Royal Mansour	Marrakesh, Morocco
5	Emily Moon	Plettenberg Bay, South Africa

Source: New World Wealth

4.9 Exclusive liquor

African HNWI are increasingly buying luxury liquor products such as Cognac and Single Malt Whisky. Popular drinks for HNWI in Africa are listed below.

Table 25: Africa: Popular drinks for HNWI, 2016

Drink	Type	Minimum price US\$
Johnnie Walker Blue Label Whisky	Blended whisky	180
Dom Perignon Champagne	Champagne	120
Hennessy Cognac	Cognac	40
Glenmorangie Whisky	Single malt whisky	40
Moet & Chandon Champagne	Champagne	30
Veuve Clicquot Champagne	Champagne	25
Johnnie Walker Black Label Whisky	Blended whisky	25
Jameson Whisky	Blended whisky	22
Jack Daniels	Bourbon	20

Source: New World Wealth

4.10 HNWI wardrobe

Items commonly found in the wardrobe of an African HNWI are listed below, ranked by price.

Table 26: Africa: Items commonly found in the wardrobe of a HNWI, 2016		
Ranked by price	For	Average price US\$
Patek Philippe watch	Woman	25 000
Breguet watch	Men	20 000
Vacheron Constantin watch	Men	15 000
Ulysse Nardin watch	Men	13 000
Franck Muller watch	Men	11 000
Rolex watch	Woman	10 000
Breitling watch	Men	6 000
Tag watch	Men	5 000
Louis Vuitton handbag	Woman	3 000
Prada handbag	Woman	2 200
Gucci handbag	Woman	2 200
Dolce & Gabbana dress	Woman	2 000
Christian Louboutin shoes	Woman	1 300
Zegna suit	Men	1 200
Canali suit	Men	1 200
Giorgio Armani suit	Men	1 200
Burberry handbag	Woman	1 000
Paul Smith suit	Men	900
Jimmy Choo shoes	Woman	700
Hugo Boss suit	Men	700
Ferragamo shoes	Men	600
Prada shoes	Woman	500
Gucci shoes	Woman	500
Paul Smith shoes	Men	400
Gucci sunglasses	Woman	300
Prada sunglasses	Woman	300
Ray-Ban sunglasses	Men	200

Source: New World Wealth

4.11 Private jets

The top private jet markets in Africa are listed below.

Table 27: Africa: Private jet usage by country, 2016

Country	No. of multi-millionaires that own private jets	No. of multi-millionaires that use private jets
South Africa	160	420
Nigeria	90	310
Egypt, Arab Rep.	50	140
Kenya	30	110

Note: Numbers rounded to nearest 10.

Source: New World Wealth

5 Wealth management in Africa

5.1 Top wealth management companies in Africa

The following table lists the main players in the African wealth management space, ranked by Africa sourced AuM. As reflected, South African based banks dominate the list.

Table 28: Africa: Wealth management companies by AuM, 2016		
Rank by Africa sourced AuM	Base	African AuM (US\$ billion)
Investec	SA / UK	24,0
RMB	SA	11,0
UBS	Swiss	8,0
PSG	SA	7,0
Nedbank	SA	6,0
Sanlam	SA	5,0
Credit Suisse	Swiss	4,0
Standard Bank	SA	3,0
ABSA (Barclays)	SA / UK	3,0
Old Mutual	SA	2,0
Momentum Group	SA	2,0
Citadel	SA	2,0

Note: Ranked by AuM at the end of Dec 2016. Rounded to nearest billion.

Source: Annual Reports, Investor presentations

Key findings:

- Approximately US\$132 billion of African HNWI wealth is tied up with wealth management companies.
- South Africa (mainly Johannesburg) is the hub for African private banking with US\$76 billion in AuM.
- Several African based banks have their wealth divisions offshore, in places such as the Channel Islands.
- We estimate the African private banking market will grow by 7% per annum over the next 10 years.
- The most promising emerging African markets for private banking are Mauritius, Angola and Kenya.

5.2 Family offices

Family offices are a fast growing wealth management segment in Africa and throughout the world.

Family offices traditionally provide a more customized offering than wealth managers and private banks. Services they offer include: managing household staff, property management, philanthropy coordination, managing family education, intergenerational transfer and legal and tax services, on top of the usual investment services.

Typically family offices are exclusively for family members and their related trusts, foundations, charities, non-profit organizations and family-related investment vehicles.

Single-family offices (SFO)

Single-family offices generally take the form of a private company that manages the investments and trusts of ultra-wealthy individuals (normally with net assets of more than US\$100 million) and their extended family. Typically, an SFO has a small team consisting of a lawyer, an investment specialist and an accountant.

Multi-family offices (MFO)

There are a significant number of families with between US\$30 million and US\$100 million in assets that do not have the economies of scale to establish stand-alone family offices. MFOs cater to these families and allow them to share administrative costs. Stonehage Fleming is a notable MFO with a presence in Africa.

5.3 Foundations and venture capital companies linked to HNWIs

In Africa, around US\$32 billion is tied up in venture capital companies and foundations that are linked to the wealthy. These companies are often run by the children of the HNWIs, who normally draw a salary and control investment decisions.

Many HNWIs use these vehicles as a way to transfer money to the next generation.

5.4 Best ways of getting to HNWI's

Brokers are considered to be the best route of getting to HNWI's in Africa. Therefore, any wealth manager or private bank needs to build strong relationships with individual brokers in order to get exposure. One problem here is that many of these brokers work for companies that themselves offer wealth management services – in these cases brokers may be pressured to only mention/recommend their company's in-house offerings to clients.

Strong relationships with local equity funds is also important as many of these funds deal directly with HNWI's.

The top rated brokers and equity funds for HNWI's in Africa are listed below, as based on a recent New World Wealth survey which focused on the preferences of Africa's wealthy.

Table 29: Africa: Top rated brokers for HNWI's, 2016		
Rank	Broker	Head Office
1	Alexander Forbes	Johannesburg, SA
2	Investec	Johannesburg, SA
3	Old Mutual	Cape Town, SA
4	Liberty Life	Johannesburg, SA
5	PSG	Cape Town, SA

Source: New World Wealth

Table 30: Africa: Top rated equity funds for HNWI's, 2016		
Rank	Fund	Head Office
1	Allan Gray / Orbis	Cape Town, SA
2	Foord	Cape Town, SA
3	Coronation	Cape Town, SA
4	Prudential	Cape Town, SA
5	PSG	Cape Town, SA

Source: New World Wealth

These ratings involved:

- Interviews with our panel of HNWI's.
- Interviews with wealth managers and financial intermediaries.

6 About the author

New World Wealth is a global market research group, based in Johannesburg, South Africa. We provide customized services to: wealth managers, family offices, real estate professionals, migration platforms and fund managers.

Services on offer include:

- Wealth statistics on 120 countries and 180 cities worldwide.
- Country & regional wealth reports.
- Political & economic analysis.
- Ratings and surveys.
- Migration statistics.
- Custom research.
- HNWI surveys*

*We interview over 800 HNWIs every year in order to determine their preferences.

Our wealth statistics leverage off our in-house HNWI database, which comprises dossiers on over 150,000 HNWIs from around the world.

For more information on New World Wealth please visit www.nw-wealth.com.

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