Statistical bulletin

National balance sheet estimates for the UK: 1995 to 2021

Annual estimates of the market value of financial and non-financial assets for the UK, providing a measure of the nation's wealth.

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1 . Main points

- The UK’s net worth increased by £1.0 trillion to £11.8 trillion in 2021; the largest annual increase on record, with land accounting for over 60% of net worth.
- The UK's net worth grew by 9.2% in 2021, revised up by 3.1 percentage points since the preliminary estimate, surpassing the pre-2008 financial crisis average growth rate of 8.3%.
- Households’ net worth grew to £12.3 trillion in 2021, 7.6% up on the previous year, the strongest growth since 2016; land continues to be the largest asset driving more than half of the sector’s growth.
- Revisions to households’ net worth were mainly due to methodological improvements in measuring "insurance, pensions and standardised guarantee schemes".
- General government net worth increased in 2021 for the first time since 2018, however, it remains at negative £1.4 trillion with financial liabilities exceeding total assets.

This bulletin updates and replaces the preliminary estimates for 2021, published in May 2022.

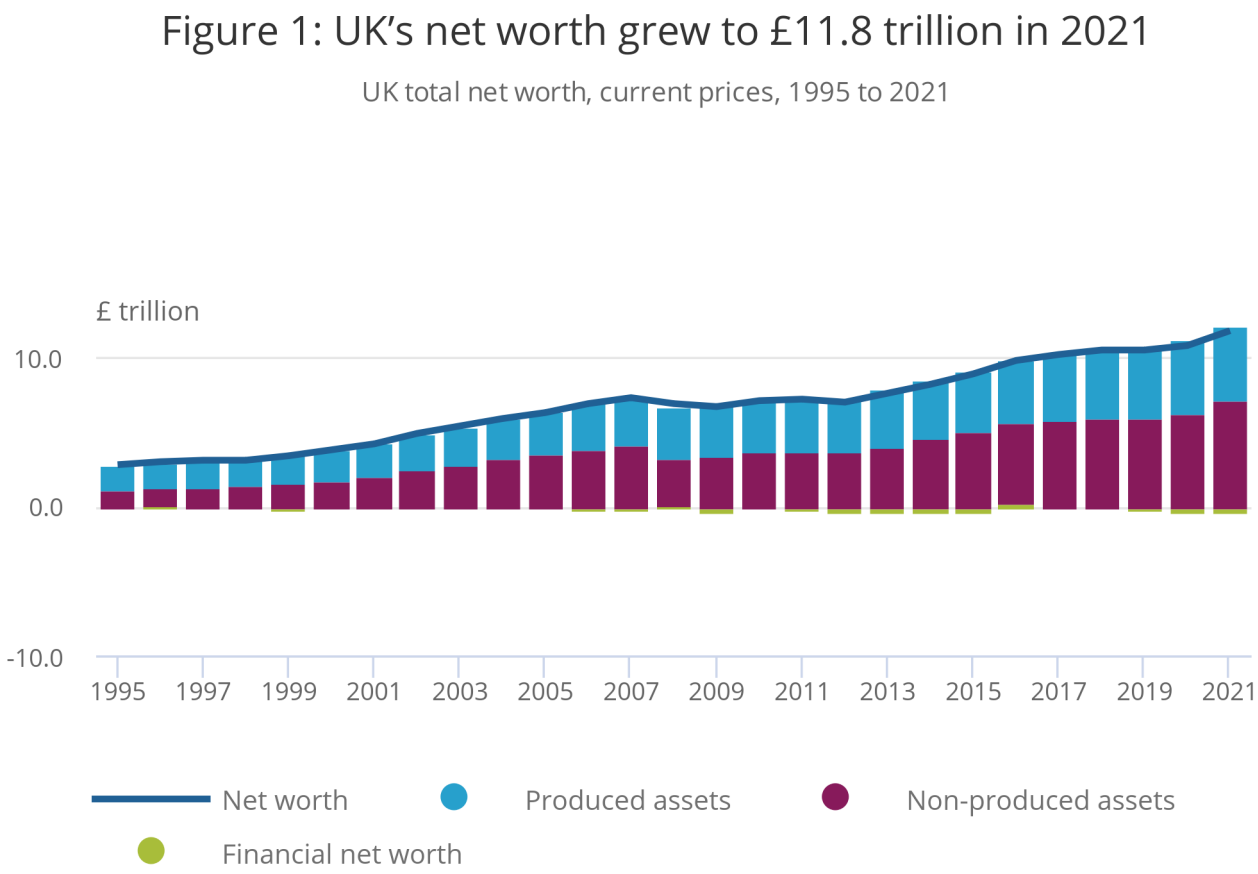
2 . UK net worth

Net worth shows the value of all assets in the UK at current market prices. It is the sum of net financial assets, which include loans, deposits, debt securities and non-financial assets such as buildings, other machinery and equipment, intellectual property products, and land.

The UK’s net worth increased by £1.0 trillion to £11.8 trillion, in 2021; a £0.4 trillion upward revision since the preliminary estimate. This was the largest annual increase on record, with land accounting for over 60% of the UK’ s net worth.

Figure 1: UK’s net worth grew to £11.8 trillion in 2021

UK total net worth, current prices, 1995 to 2021



Source: Office for National Statistics – National balance sheet

Notes:

1. The components of net worth may not always add to the total because of rounding.

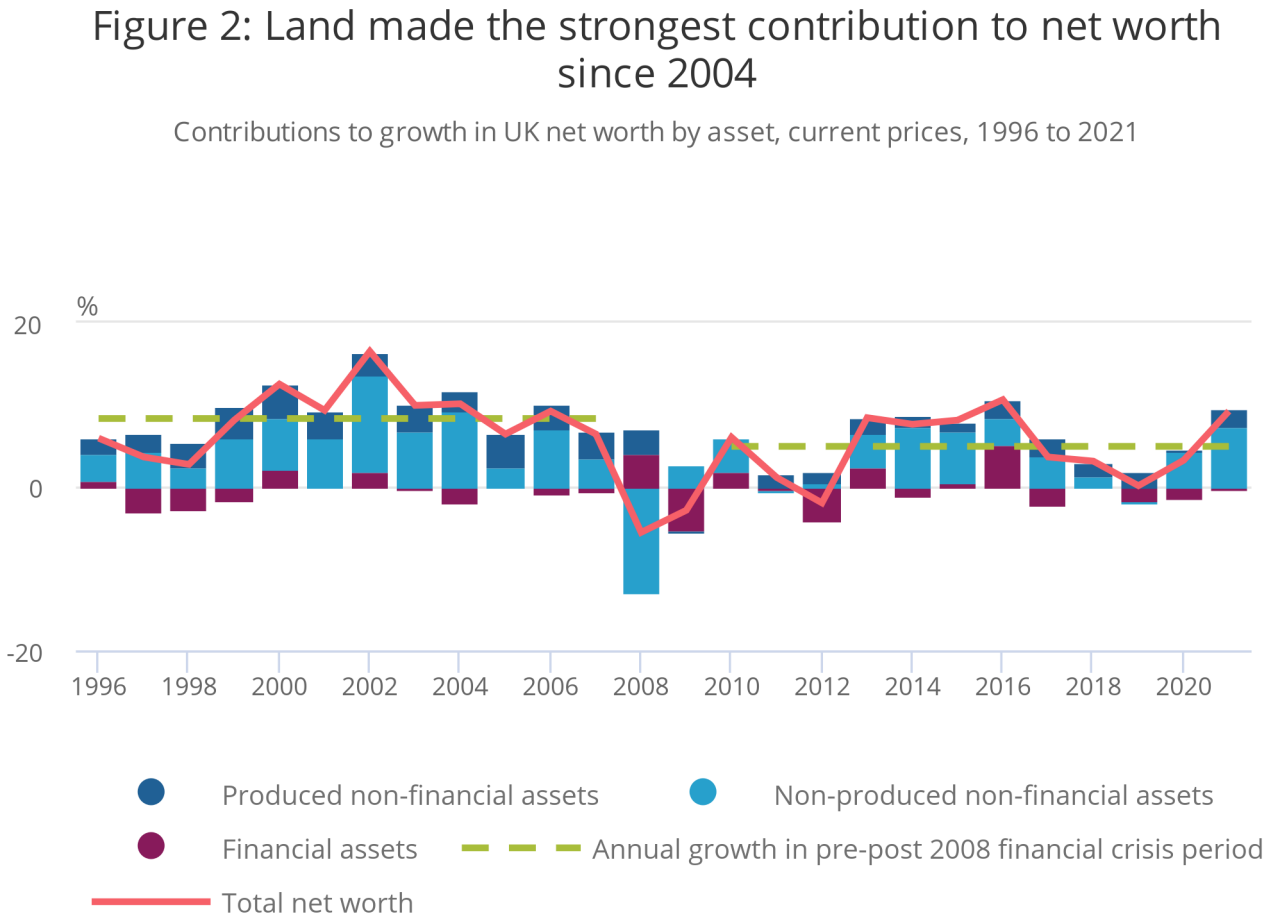
The UK’s net worth grew by 9.2% in 2021; 4.3 percentage points above the average growth of 4.9% during the post-2008 financial crisis period, making it the highest annual increase since 2016. Non-produced assets made the largest contributions driven by strong annual growth in the value of land of over 12.8%. This was the largest growth since 2014 and accounted for more than 80% of growth in the UK's net worth during 2021.

Net financial assets made a negative contribution of 0.4 percentage points of growth to the UK’s net worth in 2021. Financial net worth has consistently been negative since 2017, this is the third consecutive year it has made a negative contribution to growth in net worth.

Produced assets grew by 4.6% in 2021, compared with a weak growth of 0.2% in the previous year and accounted for 22.4% of growth in the UK's net worth, driven mainly by growth in "buildings and structures", which includes "dwellings" and "other buildings and structures".

Figure 2: Land made the strongest contribution to net worth since 2004

Contributions to growth in UK net worth by asset, current prices, 1996 to 2021



Source: Office for National Statistics – National balance sheet

Notes:

1. The components of net worth may not always add to the total because of rounding.

2. Annual growth rates are calculated as compound annual growth rates. References to the pre-2008 financial crisis period refer to growth in the years 1996 to 2007, while the post-2008 financial crisis period refer to growth during the years 2010 to 2021.

3 . Household net worth

Household net worth increased by 7.6% in 2021, compared with the previous year. This was the largest growth since 2016 and was 2.5 percentage points above the sector’s average growth during the post-2008 financial crisis period.

Land contributed to over half of the sector's growth in net worth or 4.3 percentage points, up from a 3.4 percentage point contribution in the previous year. The value of land owned by households rose by 11.2% in 2021, compared with the previous year. This is the largest growth since 2015 and was driven by a rise of 8.3% in average house prices, shown in our UK House Price Index, 2022 bulletin.

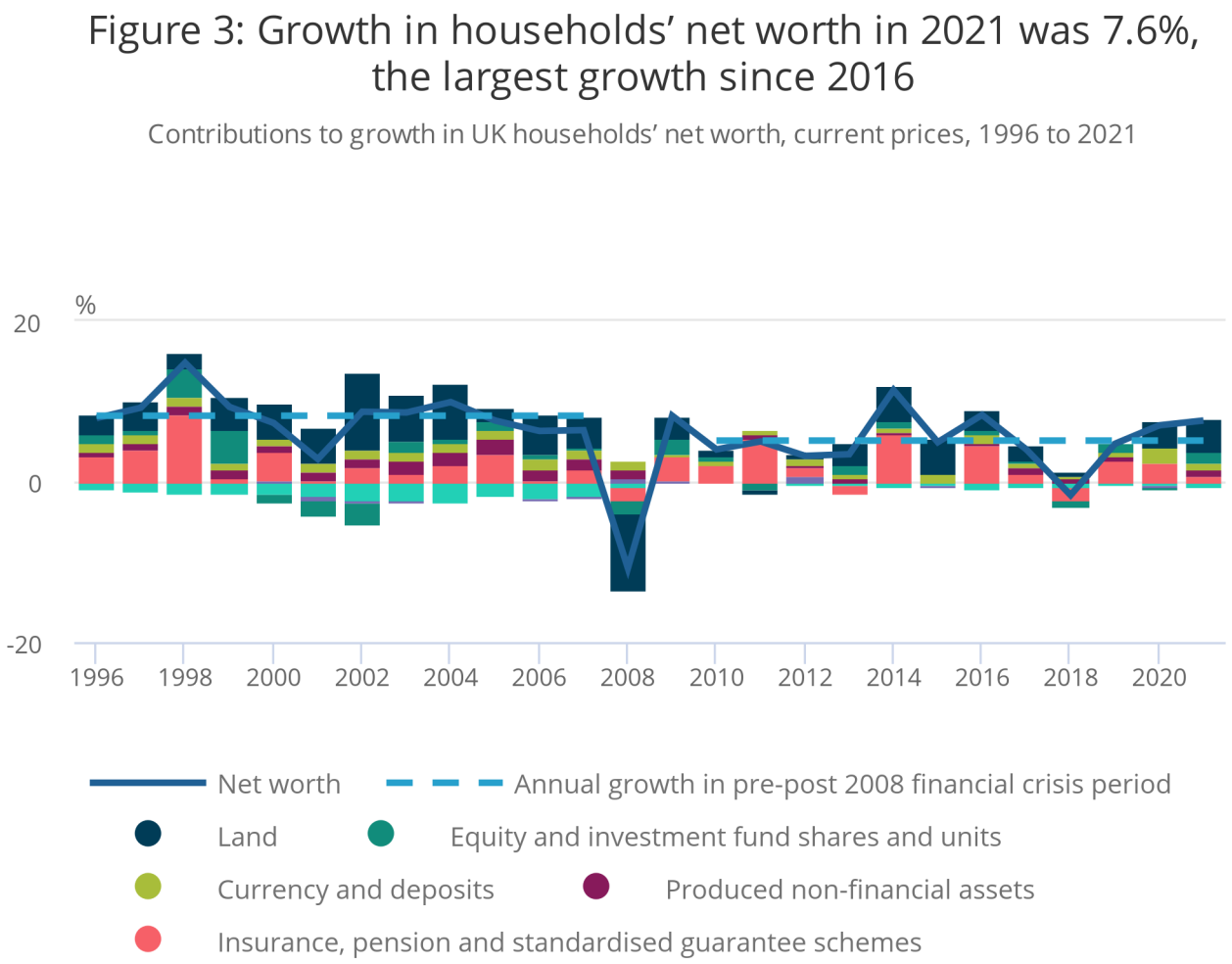
"Equity and investment fund shares" contributed 14.5% to the growth in the sector's net worth or 1.1 percentage points in 2021. This growth was consistent with better performance in the stock market compared with the previous year.

Households' "currency and deposits" contributed 13.8% of growth in the sector's net worth in 2021 and grew at a slower rate of 6.4% compared with the 10.9% growth in the previous year. This was consistent with a fall in the households' saving ratio.

"Insurance, pensions and standardised guarantee schemes" in the households' sector showed slower growth of 1.9% in 2021, compared with stronger growth in 2020 and 2019 of 6.7% and 7.4%, respectively. The value of defined benefit pensions is inversely related to gilt yields, so with higher UK gilt yields, growth in insurance, pensions and standardised guarantee schemes fell (PDF 371KB).

Figure 3: Growth in households' net worth in 2021 was 7.6%, the largest growth since 2016

Contributions to growth in UK households' net worth, current prices, 1996 to 2021



Source: Office for National Statistics – National balance sheet

Notes:

1. The components of household net worth may not always add to the total due to rounding.

2. Annual growth rates are calculated as compound annual growth rates. References to the pre-2008 financial crisis period refer to growth in the years 1996 to 2007, while the post-2008 financial crisis period refer to growth during the years 2010 to 2021.

Household net worth was revised up by £0.5 trillion to £12.3 trillion in 2021, mainly because of household pension entitlements being revised up by the same amount. We recently introduced two new data sources covering the financial balance sheets, as described in our Insurance and pensions methods changes: 1997 to 2020 methodology. These new sources have allowed for greater quality, coverage and granularity of data when compared with previous sources, enabling us to capture national accounts requirements more accurately.

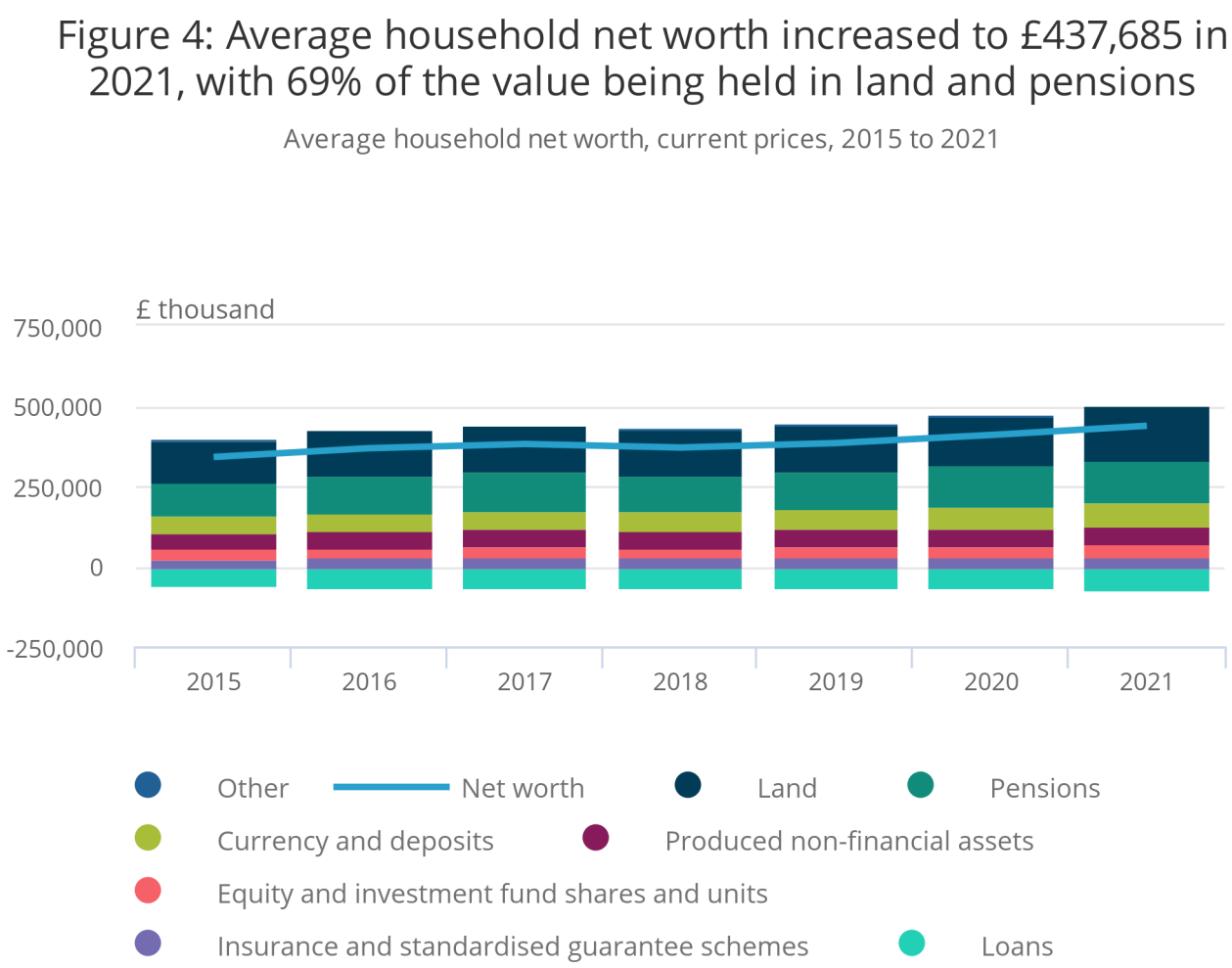
In addition, we have used more recent Pension Protection Fund (PPF) data to improve estimates of private defined benefit scheme entitlements, mainly based on a better understanding of the schemes' price indexation approaches. The improvements also included estimates of scheme entitlements where members had been transferred into the PPF as a result of sponsor bankruptcy, which were previously not recorded.

In 2021, the average UK household's net worth was £437,685, with land and pensions making the largest contributions to the sector's net worth of 39.5% and 29.7%, respectively. This was also the first time since 1987 when net currencies and deposits have exceeded loans in this sector.

Households' net worth will differ greatly across households. Information on wealth distribution can be found in our Household total wealth in Great Britain: April 2018 to March 2020 bulletin. Please note these estimates will differ from those presented in the national balance sheet because of differences in the definition of wealth and source coverage.

Figure 4: Average household net worth increased to £437,685 in 2021, with 69% of the value being held in land and pensions

Average household net worth, current prices, 2015 to 2021



Source: Office for National Statistics – National balance sheet

Notes:

1. The components of average household net worth may not always add to the total because of rounding.
2. The arithmetic mean is used to calculate average household net worth.

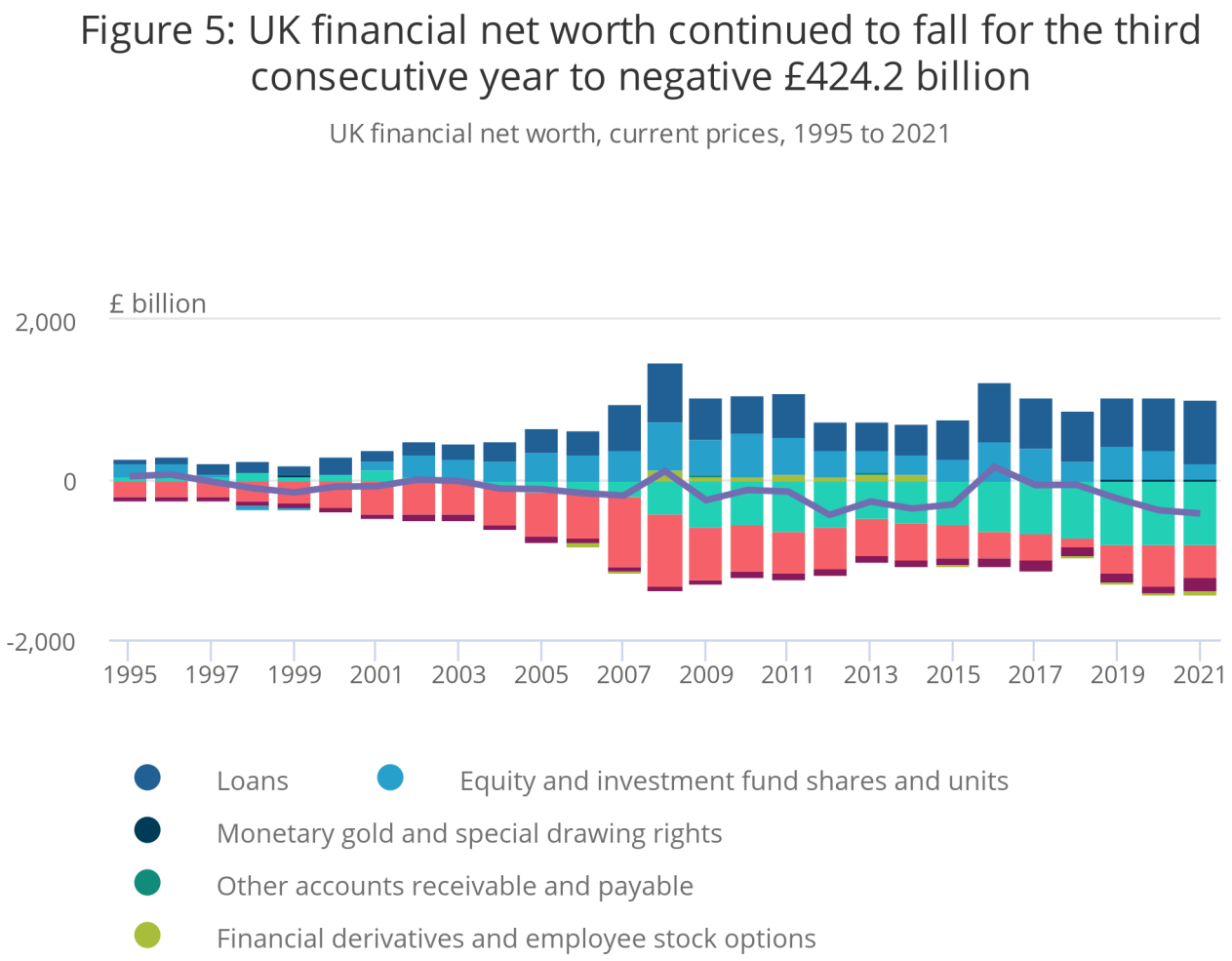
4 . Financial net worth

The UK's financial net worth has been revised up by £317.4 billion from our preliminary estimates, though the UK still had net liabilities of £424.2 billion in 2021. Methodological improvements in the calculation of bonds, as described in our Detailed assessment of changes to institutional sector accounts: 1997 to 2020 article, revised liabilities down by £215.7 billion in 2021, with new data sources for insurance and pensions also contributing to upward revisions of UK net financial worth.

A fall of £162.2 billion in net assets of "equity and investment fund shares", contributed to a fall in net financial worth in 2021.

Figure 5: UK financial net worth continued to fall for the third consecutive year to negative £424.2 billion

UK financial net worth, current prices, 1995 to 2021



Source: Office for National Statistics – National balance sheet

Notes:

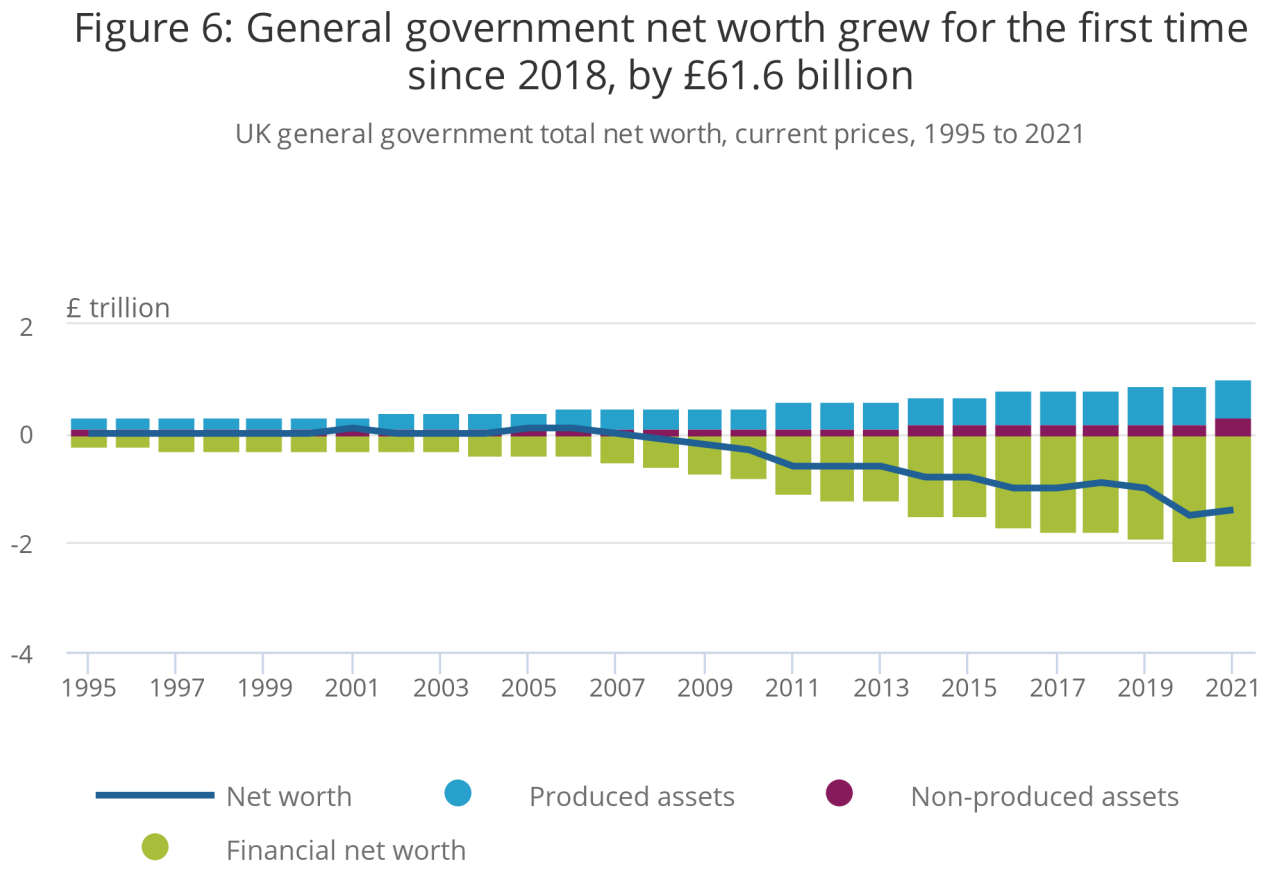
1. The components of financial net worth may not always add to the total because of rounding.

5 . General government net worth

General government net worth remains negative at £1.4 trillion in 2021, though this was the first time it has grown since 2018. The £61.6 billion increase in general government net worth was caused by an increase in non-financial assets exceeding the fall in financial net worth.

Figure 6: General government net worth grew for the first time since 2018, by £61.6 billion

UK general government total net worth, current prices, 1995 to 2021



Source: Office for National Statistics – National balance sheet

Notes:

1. The components of net worth may not always add to the total because of rounding.

6 . UK national balance sheet estimates data

The UK national balance sheet estimates
Dataset | Released 23 January 2023
Annual estimates of the market value of financial and non-financial assets for the UK, including by sector and asset.

The UK national balance sheet time series
Dataset | Released 23 January 2023
Annual estimates of the market value of financial and non-financial assets for the UK, providing a measure of the nation's wealth.

7 . Glossary

Balance sheet

This is a statement, drawn up for a particular point in time, of the values of assets economically owned and of liabilities owed by an institutional unit or group of units.

A balance sheet is drawn up for resident institutional sectors and subsectors, the total national economy and the rest of the world.

The balance sheet completes the sequence of accounts, showing the ultimate effect of the entries in the production, distribution and use of income, and accumulation accounts on the stock of wealth of an economy.

Net worth

This is the balancing item of a balance sheet and shows the value of assets owned, less the value of all outstanding liabilities. It shows the value of all assets in the UK at current market prices. It is the sum of net financial assets which include loans, deposits, debt securities and non-financial assets such as buildings, other machinery and equipment, intellectual property products, and land.

Financial net worth

The balancing item of financial assets and liabilities is called financial net worth.

Produced non-financial assets

These are outputs from production processes with a lifespan of more than a year (for example, buildings and machinery), which contribute to the production of goods and services, without being completely used up or transformed in the process.

Non-produced non-financial assets

These are economic assets that come into existence other than through processes of production.

Financial assets and liabilities

These are economic assets, comprising all financial claims, equity and the gold bullion component of monetary gold. Liabilities are established when debtors are obliged to provide a payment or a series of payments to creditors.

General government

General government consists of central and local government.

8 . Measuring the data

National balance sheet

The national balance sheet is a measure of the wealth, or total net worth, of the UK. It shows the estimated market value of financial assets and non-financial assets. The data are used to monitor economic performance, to inform monetary and fiscal policy decisions and for international comparisons.

The components of net worth can be roughly categorised as produced assets, non-produced assets and net financial assets. Non-produced assets are land. Produced assets are either inventories or net capital stocks in current prices, which include:

- dwellings
- other buildings and structures
- machinery, equipment and weapons
- intellectual property products
- cultivated assets

Net financial assets include:

- monetary gold and special drawing rights
- currency and deposits
- debt securities
- loans
- equity and investment shares
- insurance, pension and standardised guarantee schemes
- financial derivatives and employee stock options
- other accounts receivable or payable

The national balance sheet is compiled following European and international guidance from the UN's system of national accounts (SNA) 2008 (PDF 9.1MB). The SNA defines an asset as a product with a store of value representing a benefit or series of benefits, which accrue to the economic owner by holding or using the entity over a period of time. Assets are also a means of carrying economic value from one period to another. All assets are "economic" assets, they must have an owner and there needs to be risks associated with producing and holding these assets. Therefore, they exclude human capital, natural capital and household durables.

All data referring to net worth in this bulletin are annual estimates at current prices and include changes in prices, as well as in the volume of assets. These data use market value, which is an estimate of how much these assets would sell for if sold on the market today.

Annual growth rates are calculated as compound annual growth rates.

References to the pre-2008 financial crisis period refer to growth in the years 1996 to 2007, while the post-2008 financial crisis period refers to growth during the years 2010 to 2021. This is because net worth continued to show strong growth post 2019.

9 . Strengths and limitations

Data in this publication have been revised since the preliminary estimate given in our national balance sheet and capital stocks, preliminary estimates, UK: 2022 bulletin, as new data sources were available at the time of this publication. Revisions to non-produced assets are because of revised estimates from the House Price Index, the Valuation Office Agency and new company annual reports. Revisions to produced assets are mainly because of revisions to gross fixed capital formation, described in our Business investment in the UK: April to June 2022 revised results bulletin. Revisions to net financial assets estimates are mainly caused by methodology changes described in our Detailed assessment of changes to institutional sector accounts: 1997 to 2020 article.

These estimates are consistent with Blue Book 2022 and do not reflect any subsequent revisions.

More information on the strengths and limitations of the data can be found in the National balance sheet Quality and Methodology Information (QMI) paper.

10 . Related links

The national balance sheet and capital stocks, preliminary estimates, UK: 2022
Bulletin | Released 5 May 2022
Preliminary annual estimates of the nation's net worth, by type of financial and non-financial asset for the UK. Includes estimates of produced assets used in the production process and their loss of value over time.

Capital stocks and fixed capital consumption, UK: 2021
Bulletin | Released 25 November 2021
Annual estimates of the value and types of non-financial assets used in the production of goods or services within the UK economy and their loss in value over time.

UK National Accounts, The Blue Book: 2022
Compendium | Released 31 October 2022
National accounts statistics including national and sector accounts, industrial analyses and environmental accounts.

Quarterly sector accounts, UK: July to September 2022
Bulletin | Released 22 December 2022
Detailed estimates of quarterly sector accounts that can be found in the UK Economic Accounts (UKEA).

11 . Cite this statistical bulletin

Office for National Statistics (ONS), released 23 January 2023, ONS website, statistical bulletin, National balance sheet estimates for the UK: 1995 to 2021