

The UK national balance sheet estimates: 2018

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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Release date:
29 August 2018

Next release:
November 2019

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1 . Main points

- In 2017, the UK's net worth was estimated at £10.2 trillion; an average of £155,000 per person.
- Growth in the UK's net worth was estimated at 5.1% between 2016 and 2017, which was in line with average growth between 2009 and 2017 of 5.2%.
- UK net worth more than trebled between 1995 and 2017, but much of this was from growth in the value of land.
- Land accounts for 51% of the UK's net worth in 2016, higher than any other measured G7 country.
- General government's net worth rose by £74 billion from 2016 to 2017, the largest rise on record.
- In 2017, financial net worth dropped by £117 billion, the result of large changes in the liabilities of loans.

2 . Statistician's comment

"Today's figures give a new estimate of the total value of land, housing, machinery and financial assets held in the UK by individuals and companies.

"The increase in the net worth of the UK was driven by continued increases in the value of housing and land."

Daniel Groves, National Accounts and Economic Statistics, Office for National Statistics.

3 . Things you need to know about this release

This annual bulletin provides estimates of the market value of financial and non-financial assets in the UK for the period 1995 to 2017. 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, for example, loans and non-financial assets, for example, dwellings. Market value is an estimate of how much these assets would sell for, if sold on the market. The data are used to monitor economic performance, to inform monetary and fiscal policy decisions and for international comparisons.

All data referred to in this bulletin are annual estimates at current prices and include changes in prices as well as in the volume of assets.

These estimates are consistent with the [2018 UK National Accounts. The Blue Book](#). The [dataset](#) for this bulletin is available in the accompanying spreadsheet as well as in Chapter 9 of the Blue Book. The section on quality and methodology provides information on coverage, quality and how to use the data.

Revisions

There have been a number of changes in this year's publication:

- changes to estimates of net capital stock
- improvements to the methodology for the estimation of dwellings
- revisions to financial data

More information on these changes can be found in the “What’s changed in this publication” section.

As part of the continuous improvement process, there are revisions to the estimates for the period 1995 to 2016. This has resulted in revisions to the estimate of UK total net worth of between negative £65 billion and positive £50 billion across the time series.

Non-financial corporations

The institutional sector and asset breakdown of non-financial corporations, into public non-financial corporations and private non-financial corporations is not available from the net capital stocks dataset. As a result, these data and the totals that are derived from these data are not shown in the tables accompanying this bulletin.

4 . UK net worth rises by almost half a trillion pounds

The UK's net worth rose by £492 billion from 2016 to £10.2 trillion in 2017 (Figure 1), which is an average of £155,000 per person in the UK. The growth between 2016 and 2017, at 5.1%, was in line with the average growth between 2009 and 2017 of 5.2%. Whilst this was below the growth from 2015 to 2016 of 9.2%, growth in that year was strong, representing the highest growth since 2004.

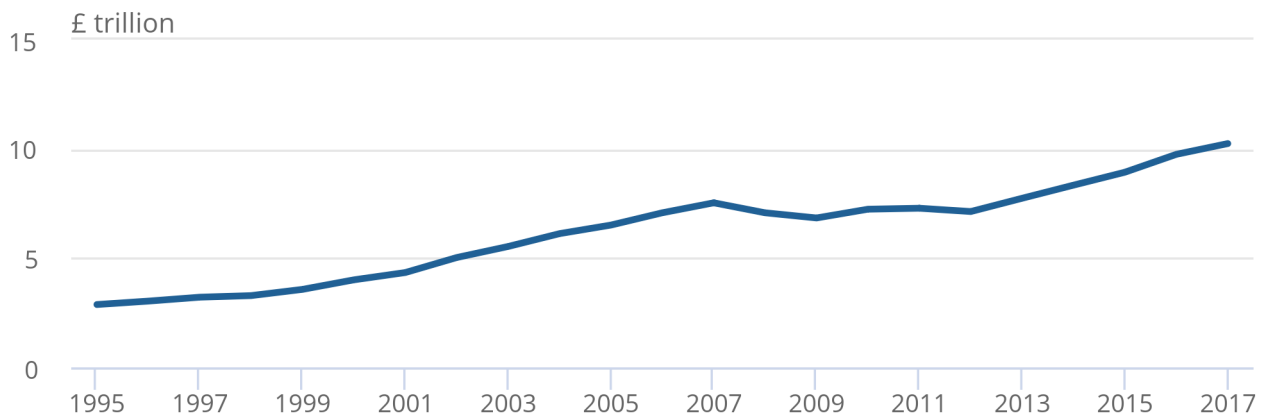
The rise in UK net worth in 2017 was mainly due to a £610 billion increase in the value of non-financial assets. Financial assets and liabilities had a negative effect on net worth, decreasing in value by £117 billion. Land was by far the largest contributor to the increase in net value, rising by £450 billion since 2016.

Figure 1: Estimated UK total net worth, 1995 to 2017

Coverage: UK

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Coverage: UK



Source: Office for National Statistics

Table 1 shows that the 2017 growth in non-financial assets was in line with previous years, increasing by 6.2%, compared with the annual compound growth rate of 6.1% between 1995 and 2017. Several assets, such as cultivated biological resources and contracts, leases and licences, showed a large increase in 2017, though the relatively low value of these assets compared with others meant that they had little impact on total value.

Despite this large increase in the value of cultivated biological resources, the [Capital stocks and consumption of fixed capital](#) release shows that chained volume measures (CVMs) of the asset decreased by 1.3% during this period. This means that while there was an increase in the value of cultivated biological resources between 2016 and 2017, the total value by volume of cultivated biological resources decreased. The decrease seen in intellectual property products is supported by changes seen in CVMs, which showed a decrease of 0.6% during this period. The other asset that showed a large increase was land, which had a large effect on growth since 53% of the value of non-financial assets is contributed by land.

Table 1: Compound annual growth rates of non-financial assets, by asset, UK

Coverage: UK, 1995 to 2017						%
Asset	1995 to 2007	2007 to 2008	2008 to 2009	2009 to 2017	1995 to 2017	2016 to 2017
Total non-financial assets	8.7	-9.6	2.3	4.9	6.1	6.2
Dwellings	7.9	7.4	0.7	2.8	5.6	2.2
Other buildings and structures	7	3.6	-0.7	3.6	5.2	4
Machinery, equipment and weapons systems	2.1	8.3	3.6	4	3.1	4
Cultivated biological resources	-0.5	25.9	15.1	4.9	3.2	16
Intellectual property products	3	4.1	-0.2	0.6	2	-0.3
Inventories	3.9	4.9	-4.1	3.5	3.4	1.6
Land	12.6	-23.6	4.8	6.8	8.1	9.1
Contracts, leases and licences	8.8	6.3	5.5	5.8	7.4	7.2

Source: Office for National Statistics

5 . Growth in the worth of household land accounts for much of the growth in UK net worth

In 2017, land in the household sector was worth £4.1 trillion, increasing by £302 billion from 2016 and representing 76% of the total value of UK land. This contrasts with the household sector being worth just 61% of the total value in 1995, showing that the growth of household land has outpaced all other sectors.

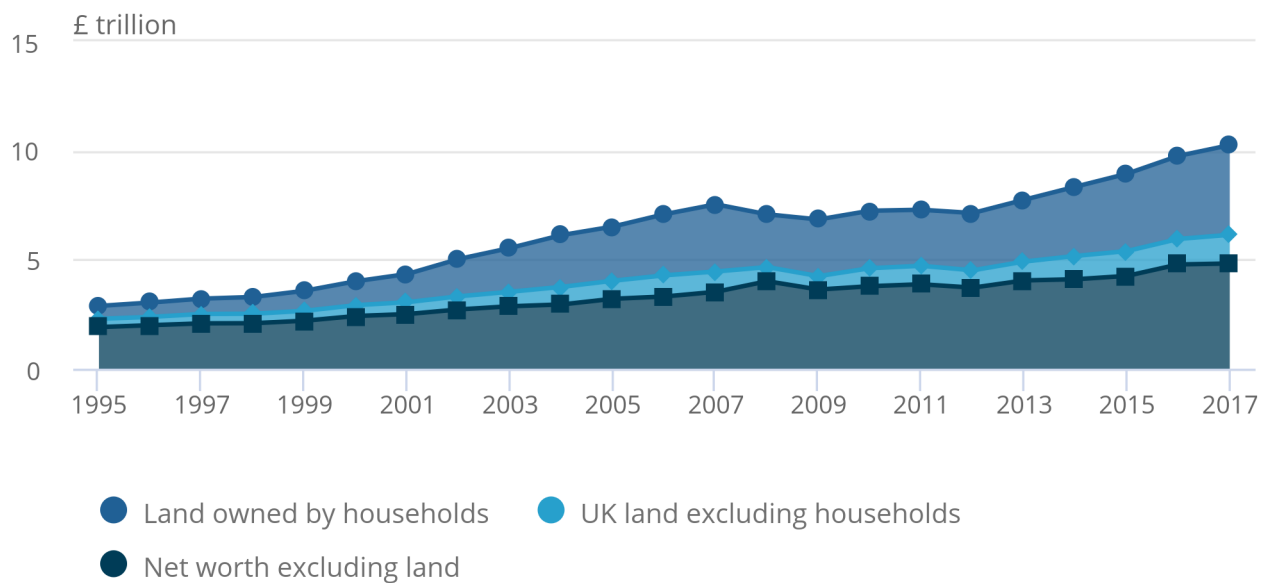
Figure 2 shows how the value of household land has grown from 21% of UK net worth in 1995, to a peak of 41% in 2007, then down to 40% in 2017. It also shows how the volatility in UK net worth is heavily influenced by changes in the value of land. When land is excluded from UK net worth, the time series shows a relatively stable growth. Much of this volatility can be linked to periods of rapid growth in house prices, supported by price increases seen in the [House Price Index](#).

Figure 2: Value of land within UK net worth, 1995 to 2017

Coverage: UK

Figure 2: Value of land within UK net worth, 1995 to 2017

Coverage: UK



Source: Office for National Statistics

Table 2 shows how the growth of land values has had a significant effect on growth in UK net worth since 1995. Before the economic downturn, there was a rapid increase in the value of land, principally in the household sector, between 1999 and 2007. This meant that annually, UK net worth rose by 8.4%, though when land is not included, UK net worth grew annually by 5.2%.

A similar growth in land can be seen between 2012 and 2017, resulting in annual net worth growth increasing to 5.2%. When land is not included it increased by 3.6% between 2009 to 2017. Between 2017 and 2016, the UK net worth rose by 5.1% but if the growth of land is excluded then this goes down to just 0.9%.

Table 2: Compound annual growth rates of land and UK net worth

Coverage: UK, 1995 to 2017						%
Asset	1995 to 2007	2007 to 2008	2008 to 2009	2009 to 2017	1995 to 2017	2016 to 2017
UK Land	12.6	-23.6	4.8	6.8	8.1	9.1
UK land excluding land held by households	7.8	-30.5	-4.9	9.9	5.8	12.7
Land held by households	14.8	-21.5	7.4	5.9	9.2	7.9
Net worth excluding UK land	5.2	13.9	-9.5	3.6	4.3	0.9
Net worth	8.4	-6.1	-3.3	5.2	5.9	5.1

Source: Office for National Statistics

6 . The UK's land is valued at 51% of net worth in 2016, compared with an average of 39% in measured G7 countries

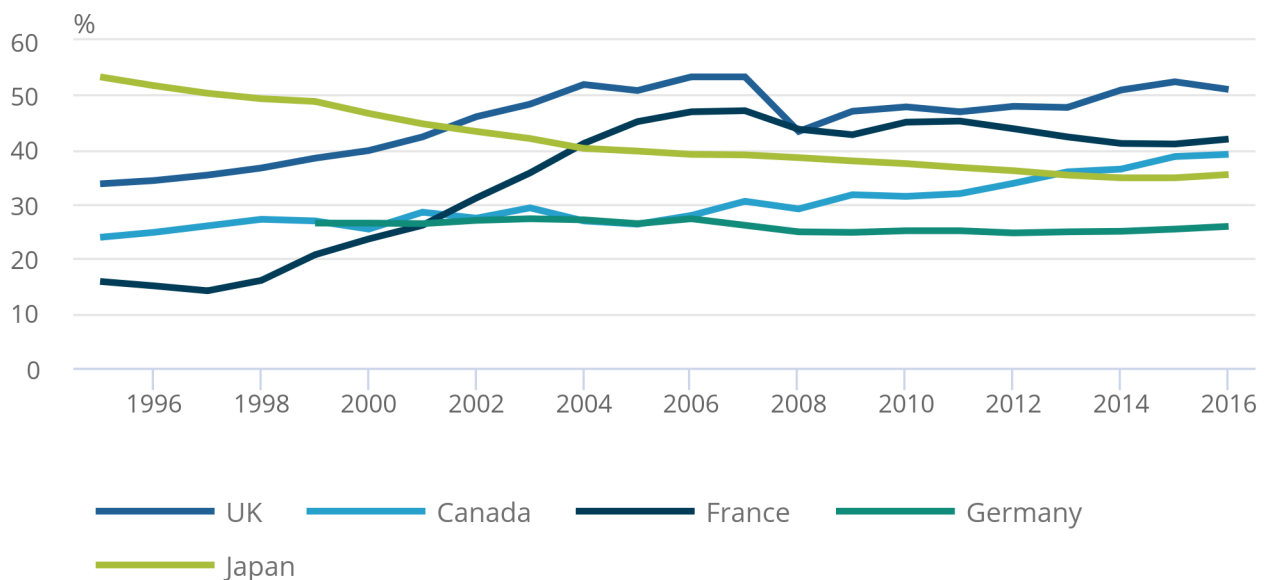
With land making up 51% of UK net worth in 2016, this puts it higher than any other G7 country measured and 12 percentage points above the average of 39%. Figure 3 shows that the UK is 9 percentage points above France (42%), which is the second-highest, and the UK total is also almost double that of Germany (26%).

Figure 3: Value of countries land as a percentage of net worth, 1995 to 2016

UK, Canada, France, Germany, Japan

Figure 3: Value of countries land as a percentage of net worth, 1995 to 2016

UK, Canada, France, Germany, Japan



Source: Office for National Statistics, Statistics Canada, National Institute of Statistics and Economic Studies, Federal Statistical Office of Germany, Organisation for Economic Co-operation and Development

Notes:

1. Data for Germany only available for the period 1999 to 2016.
2. Data not available for Italy or the United States.

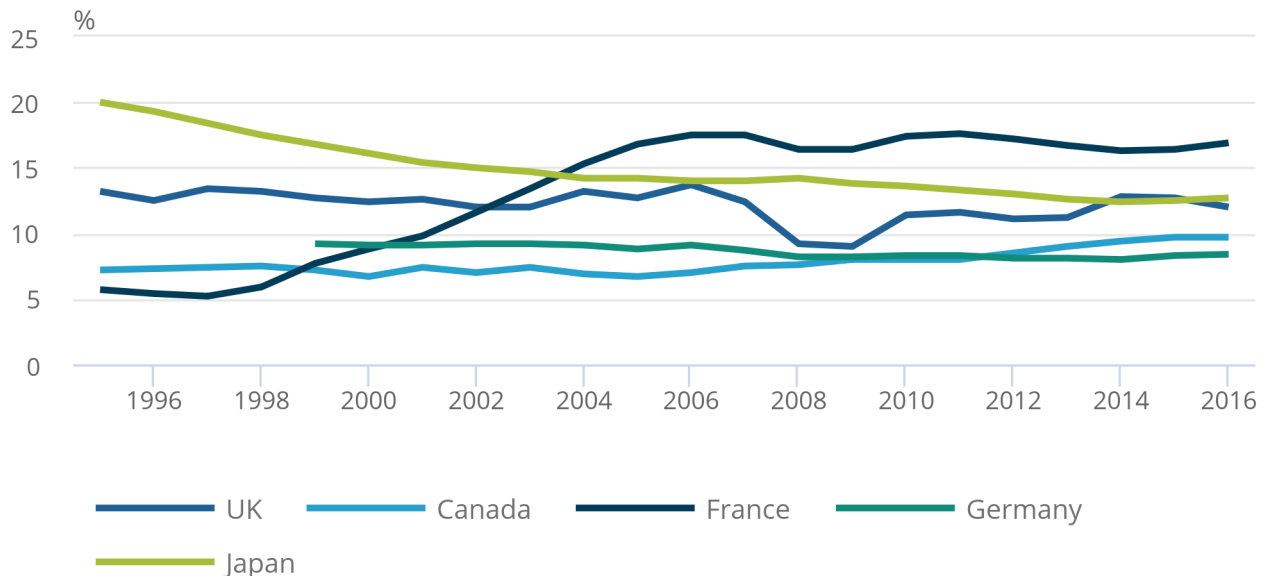
Figure 4 shows how changes in non-household land have had little effect on the net worth of land for the UK, Canada and Germany. France saw large increases in the value of non-household land that meant that it rose from the country with the lowest value of non-household land as a percentage of net worth in 1998, to the highest in 2004; from 5.9% to 15.5%.

Figure 4: Value of countries land excluding the household sector as a percentage of net worth, 1995 to 2016

UK, Canada, France, Germany, Japan

Figure 4: Value of countries land excluding the household sector as a percentage of net worth, 1995 to 2016

UK, Canada, France, Germany, Japan



Source: Office for National Statistics, Statistics Canada, National Institute of Statistics and Economic Studies, Federal Statistical Office of Germany, Organisation for Economic Co-operation and Development

Notes:

1. Data for Germany only available for the period 1999 to 2016.
2. Data for Germany and Japan excludes the non-profit institution serving households sector.

The main cause of the differences in total land values is the housing market cycles that each country went through during the period. Table 3 shows that the French land values in the household sector showed strong growth between 1995 and 2007, which was similar to growth in the French non-household sectors. This may be due to changes in financial conditions in France during this period, such as increased availability of mortgages and incentives for first time buyers. Even with this rapid growth, because of the lower value of land compared with the UK, it still did not reach the level of the UK.

Table 3: Compound annual growth rates of household land for G7 countries**Coverage: UK, France, Germany, Canada, Japan,
1995 to 2017****%**

Country	1995 to 2007	2007 to 2008	2008 to 2009	2009 to 2016	1995 to 2016
UK	14.7	-22.0	7.0	5.6	9.2
France	18.7	-11.0	-3.0	1.5	10.1
Germany ^{1,2}	2.3	1.0	2.0	5.0	3.4
Canada	9.1	1.0	10.0	8.9	8.6
Japan ²	-3.0	-1.0	-4.0	-0.6	-2.2

Source: Office for National Statistics

Notes:

1. Data for Germany only available for the period 1999 to 2016.
2. Data for Germany and Japan includes the non-profit institution serving households sector.

Germany's household land value on the other hand, grew steadily as the cost of building land increased despite house prices remaining relatively steady between 2000 and 2007. Land values showed little variation through the economic downturn as Germany recovered very quickly during this period compared with other European countries. Growth in the value of household land has increased at a faster rate in recent years, as rising population has put pressure on the stock of houses. Despite this, the value of all land in Germany has not increased as a percentage of net worth.

Canada's household land value followed a similar trend of steady growth to Germany, though it grew at a much faster rate. The fast recovery in land prices during the economic downturn may be due to its strong banking system and changes in government financial policies during the period to stimulate growth in real estate.

Japan showed a very different trend to the other measured G7 countries, with a pattern of continuous decline. This is due to real estate speculation in the 1980s and early 1990s increasing the value of land. This can be seen in 1995, where land was worth 53% of Japan's net worth. An economic collapse following this speculation caused a decline in land prices and a period of deflation and low economic growth following this meant that land values have only started to increase again in recent years. This speculation and subsequent decline in value also affected the non-household sectors; non-household land value dropped from 20% of total net worth in 1995 to just 12.7% in 2016.

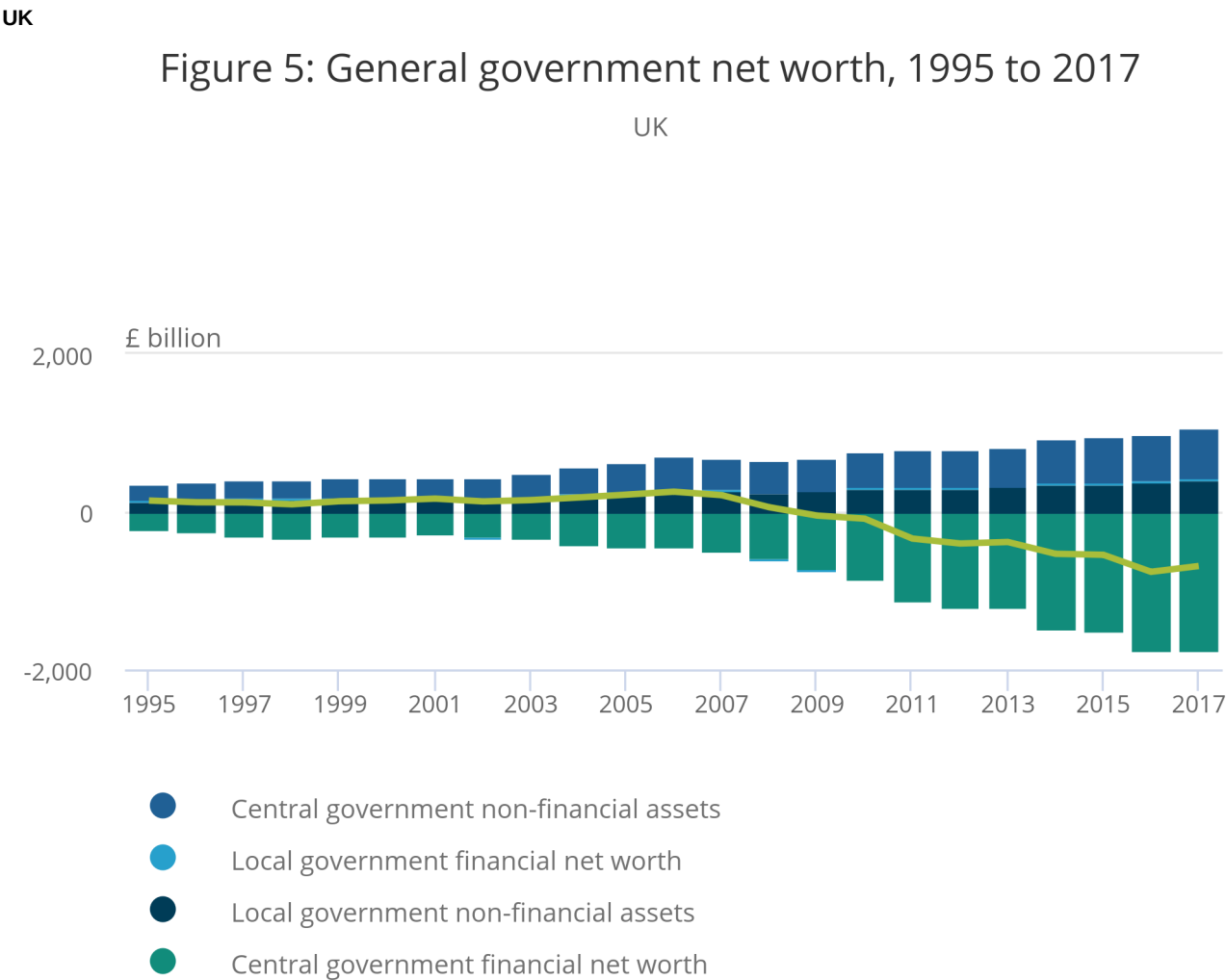
7 . The UK government sees largest rise in net worth on record

General government in the UK was valued at negative £689 billion in 2017, an increase of £74 billion from 2016 (Figure 5). This is the largest increase in general government's net worth since 1995 and one of only two years since the economic downturn where net worth rose, the other being 2013.

Central government's financial net worth dropped by £6 billion in 2017, compared with a drop of £240 billion in 2016. The large drop in 2016 was due to liabilities in debt securities, which decreased in 2017. The source of this was long-term central government securities, which indicates that a large amount of government-issued bonds were redeemed in 2017.

Overall, local government's assets had the effect of increasing the worth of government, with a net worth of £435 billion in 2017. This is an increase of £36 billion since 2016, as growth in the value of non-financial assets outpaced the decline in financial net worth. The main cause of this rise was the increase in value of buildings other than dwellings and land, which when combined, rose by £32 billion since 2016.

Figure 5: General government net worth, 1995 to 2017



Source: Office for National Statistics

8 . UK financial net worth drops after sharp rise last year

Table 4 shows the financial net worth of the UK decreased by £117 billion in 2017, dropping to negative £165 billion. This is the largest yearly decrease in financial net worth since 2012. The biggest contributor to this decrease was the net value of loans, declining by £112 billion. This contrasts with what was seen in 2016, where loans increased financial net worth by £197 billion.

Table 4: Value of UK financial assets and liabilities

Coverage: UK, 2017			£ billion	
Financial asset or liability	Asset value	Liability value	Net value	Net change from 2016
Monetary gold and special drawing rights	18	11	7	0
Currency and deposits	7,502	7,835	-333	-26
Debt Securities	3,586	4,450	-864	-59
Loans	5,347	4,839	508	-112
Equity and investment fund shares and units	5,922	5,444	478	70
Insurance, pension and standardised guarantee schemes	4,810	4,826	-16	2
Financial derivatives and employee stock options	4,116	4,070	46	4
Other accounts receivable or payable	538	529	9	5
Total	31,839	32,004	-165	-117

Source: Office for National Statistics

Notes:

1. Figures may not sum due to rounding.

The 2017 decrease in financial net worth was primarily seen in the private non-financial corporations sector, where net worth dropped by £348 billion. Equity and investment fund shares dropped by £220 billion due to increased liabilities.

9 . Links to related statistics

The national balance sheet dataset was published in Chapter 9 of the [UK National Accounts, The Blue Book: 2018](#). Data published in this release are consistent with the Blue Book 2018 publication.

Data for fixed assets are consistent with estimates published in the [Capital stocks, consumption of fixed capital: 2018](#) release.

Data sources

Population estimates are sourced from [Mid-2017 population estimates for the UK](#) for calculations of net worth average per person.

International comparisons made in Section 6 used countries estimates of net worth, total value of land and value of land held by the household sector from the following sources:

- Canada – Statistics Canada, [National Balance Sheet Accounts](#)
- France - National Institute of Statistics and Economic Studies, [Balance Sheet in 2016](#)
- Germany – Federal Statistical Office of Germany, [Balance sheets for institutional sectors and the total economy](#)
- Japan – OECD, [Table 9B](#), [Table 720](#)

House price index and price index for building land for Germany was sourced from the Federal Statistical Office of Germany in their [Residential property price indices](#) table.

10 . What's changed in this release?

A number of improvements and changes to the methodology for estimating the market value of assets have been implemented in this publication.

Revisions to estimates of net capital stock

Estimates for the values of fixed assets are sourced from estimates of net capital stock. More information on these data and their revisions can be found in the [Capital stocks, consumption of fixed capital: 2018](#) release.

Improvements to the methodology for the estimation of dwellings including underlying land

Improvements have been made to the methodology used to estimate the value of dwellings and its underlying land in Great Britain and Northern Ireland. This change has resulted in revisions to the value of land in all sectors, with revisions at the total economy level between negative £65 billion and positive £47 billion.

Due to the residual method used to calculate the value of land, this change did not affect the published value of dwellings. More information on how the value of land is calculated can be found in Section 3 of the [Changes to the national balance sheet for the Blue Book 2017](#) article.

Revisions to financial data

Since Blue Book 2017, there have been a number of revisions to the financial data used in this publication.

Insurance, pensions and standardised guarantee schemes

Improvements have been made to methodology for calculating pensions for public sector employees resulting in revisions to the data for private-non financial corporations, financial corporations, general government, central government, households and non-profit institutions serving households.

More information on this change can be found in the [National Accounts detailed assessment of changes to sector and financial accounts](#) article.

Other accounts receivable and payable

Improvements have been made to methodology to align Corporation Tax data with public sector finances. Changes were implemented to adjust cash receipts to more accurately reflect the time at which the economic activity relating to the tax receipts takes place.

More information can be found in the [Public sector finance Corporation Tax](#) article.

Loans

A number of revisions have been made to the value of liabilities of loans for the financial corporations sector. This is due to benchmarking of foreign direct investment (FDI) and pensions data, as well as enhanced data sourced from the Bank for International Settlements.

11 . Upcoming future changes to this bulletin

There are a number of improvements planned for net capital stock estimates, which will affect the value of fixed assets in the national balance sheet. We have listed them in this section, included these improvements in our future development plan for non-financial assets, and will keep you informed as this work progresses.

Redevelopment of the capital stocks system

The capital stocks system is in the process of being redeveloped to improve the flexibility and efficiency of the system. The perpetual inventory model (PIM), which is used to derive capital stocks estimates from gross fixed capital formation, will be reviewed in line with the [Organisation for Economic Co-operation and Development \(OECD\) Measuring Capital Manual \(PDF, 2MB\)](#). As part of the redevelopment the length of asset lives will be examined, following on from an [academic review of asset lives](#) that Office for National Statistics (ONS) commissioned.

Housing associations

The changes we have made for Housing associations in England will be replicated for Wales, Scotland and Northern Ireland. This involves reversing the reclassification from private non-financial corporations to public corporations that took place in Blue Book 2018. This change will not affect the total level of dwellings.

Further changes to capital stock estimates can be found in the [Capital stocks, consumption of fixed capital: 2018](#) release.

12 . Quality and methodology

The [UK national balance sheet estimates Quality and Methodology Information \(QMI\) report](#) contains important information on:

- the strengths and limitations of the data and how they compare with related data
- users and uses of the data
- how the output was created
- the quality of the output including the accuracy of the data