

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 44 631 31 11
communications@snb.ch

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Household wealth in 2011

Marked increase in wealth due to rising real estate prices

In 2011, the net worth¹ of households rose by CHF 128 billion, or 4.7%, to CHF 2,822 billion. The rise was due to increased real estate prices, with the market value of real estate owned by households growing by CHF 130 billion to CHF 1,547 billion (9.2%). Financial assets held by households climbed by CHF 24 billion to CHF 1,982 billion (1.2%), with the increase dampened by the decline in share prices in Switzerland and abroad. Overall, assets were up by CHF 153 billion to CHF 3,528 billion (4.5%). Liabilities – mainly mortgage loans – grew by CHF 26 billion to CHF 706 billion (3.8%). As a result, net worth per capita increased by around CHF 12,000 to CHF 354,000 (3.6%).

The higher market value of real estate was essentially attributable to increased prices in all three types of residential property (single-family homes, owner-occupied apartments and apartment buildings with rental apartments). The market value of real estate less mortgage loans reached CHF 890 billion in 2011, thereby constituting 31.5% of the net worth of households. At the end of 2006, this ratio was just 24.5%. There are two reasons for the increase in the past few years: first, the sustained rise in real estate prices, and second, the capital losses on financial assets incurred by households due to movements in market prices and exchange rates.

Regarding financial assets, the shift from securities to deposits continued in 2011. Deposits with banks and PostFinance grew by CHF 45 billion to CHF 631 billion. Stocks of debt securities declined by CHF 9 billion to CHF 108 billion. Units in collective investment schemes were reduced by CHF 11 billion; since there were capital losses of CHF 5 billion due to stock exchange movements, collective investments declined overall by CHF 16 billion to CHF 167 billion. Structured products decreased by CHF 4 billion to CHF 24 billion, with half of the decrease attributable to sales and half to capital losses. The value of

¹ Net worth corresponds to financial assets and real estate assets less liabilities.

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shares held by households remained stable, at CHF 214 billion, despite lower share prices. This, however, was due to a one-off effect: The stock market flotation of a company led to a value gain, which almost offset the stock market-related decline in the price of shares, which amounted to CHF 22 billion.

Insurance technical reserves grew by CHF 8 billion to CHF 838 billion. The main reason for this growth was that as usual, contributions to occupational pension schemes greatly exceeded the benefits drawn. By contrast, the decline in share prices held back pension fund investments, which reduced insurance technical reserves.

Household liabilities rose overall by CHF 26 billion to CHF 706 billion. Mortgage loans, which account for some 90% of this total, increased by CHF 25 billion to CHF 657 billion. Consumer loans and other loans together climbed by CHF 1 billion to CHF 48 billion.

The data on the financial assets and liabilities of households form part of the Swiss financial accounts. Data on real estate assets are estimated by the Swiss National Bank (SNB). More detailed information on the data sources and estimation methods can be found in appendix 2 of this press release. The report titled *Swiss Financial Accounts* (with data up to 2010) is available on the SNB website at www.snb.ch, *Statistics, Statistical publications, Swiss Financial Accounts*.

For further information, please contact Jürg Bärlocher, Swiss National Bank, telephone +41 44 631 39 59.

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Appendix 1: Charts and tables

Chart 1: Balance sheet of households

Chart 2: Stocks of household assets

Chart 3: Breakdown of household assets

Chart 4: Transactions in financial assets

Chart 5: Capital gains and losses in financial assets

Table 1: Balance sheet of households

Table 2: Transactions in financial assets and liabilities

Table 3: Capital gains and losses in financial assets and liabilities

Table 4: Statistical changes and reclassifications

Note on the charts and tables:

The assets side of the balance sheet comprises financial assets and real estate assets. The liabilities side contains liabilities and net worth. The net worth per capita is calculated on the basis of the average population of Switzerland as provided by the Swiss Federal Statistical Office.

Changes in these stocks of financial assets and liabilities correspond to the sum of the transactions (chart 4 and table 2), the capital gains and losses (chart 5 and table 3) and the statistical changes and reclassifications (table 4). A breakdown of the changes in stocks of real estate assets is not yet included.

Data on website:

The tables in this press release cover the years 2007 to 2011. On the SNB website (www.snb.ch, *Statistics, Statistical publications, Household Wealth*) data may be found covering the period from 1999 (for financial assets and liabilities), and from 2000 (for real estate assets).

Explanation of symbols:

0 Value negligible

— Absolute zero

.. Data not yet available

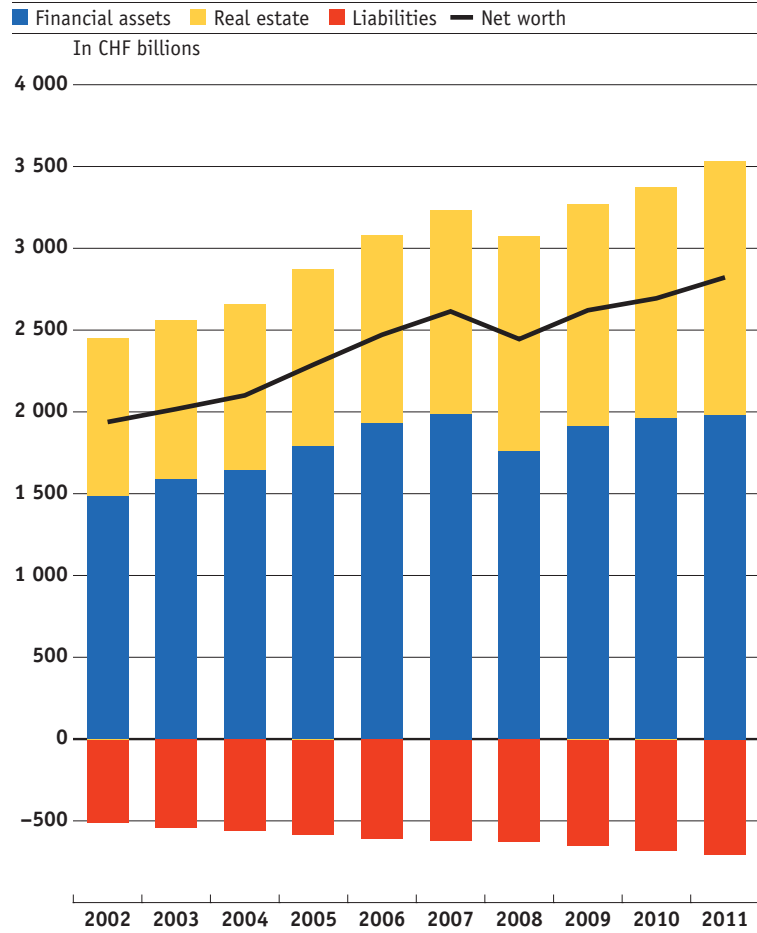


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Chart 1

Balance sheet of households



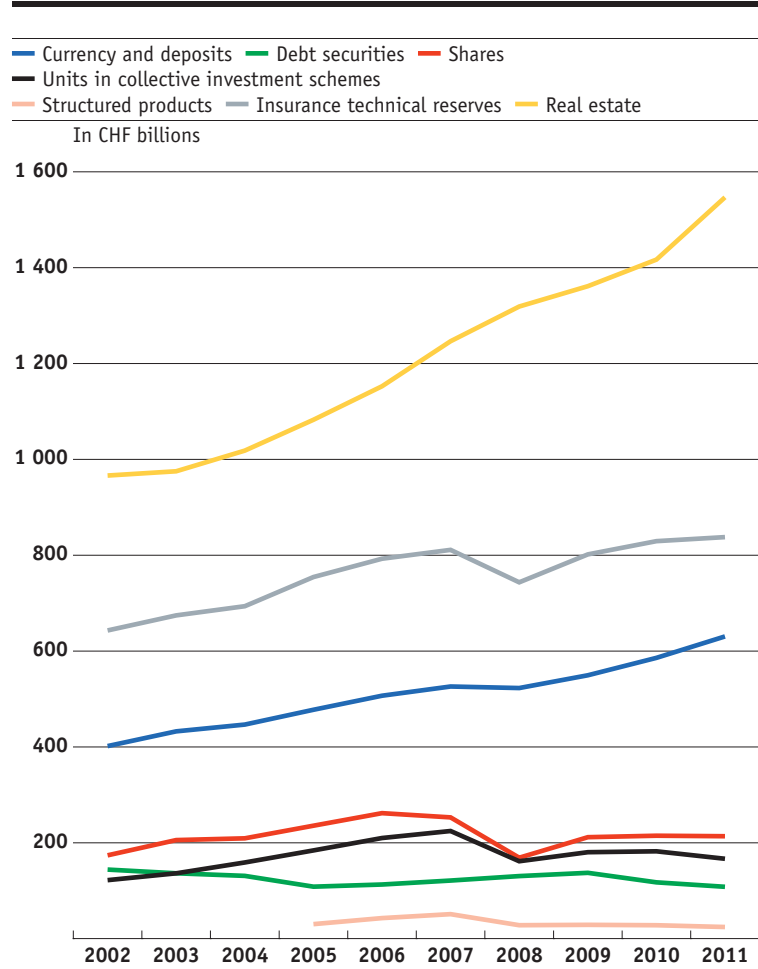


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Chart 2

Stocks of household assets

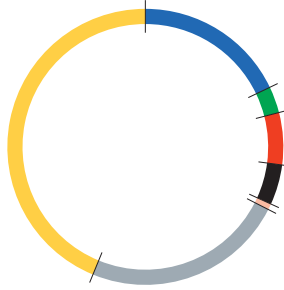




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Chart 3



Breakdown of household assets

At year-end 2011, in %

Currency and deposits, 17.9
Debt securities, 3.1
Shares, 6.1
Units in collective investment schemes, 4.7
Structured products, 0.7
Insurance technical reserves, 23.7
Real estate, 43.8

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Chart 4

Transactions in financial assets

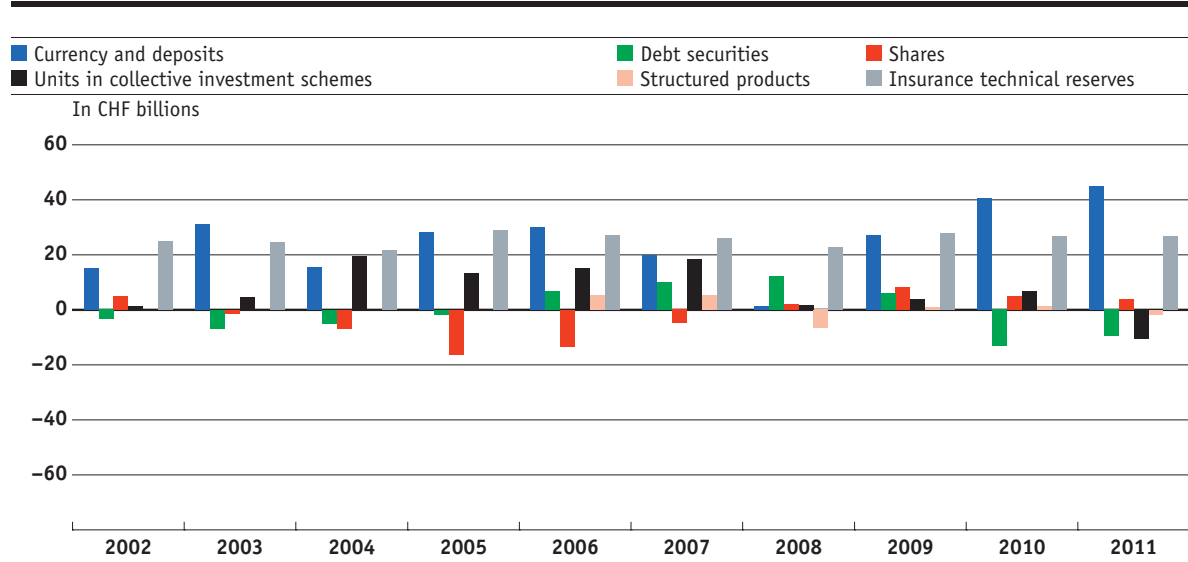
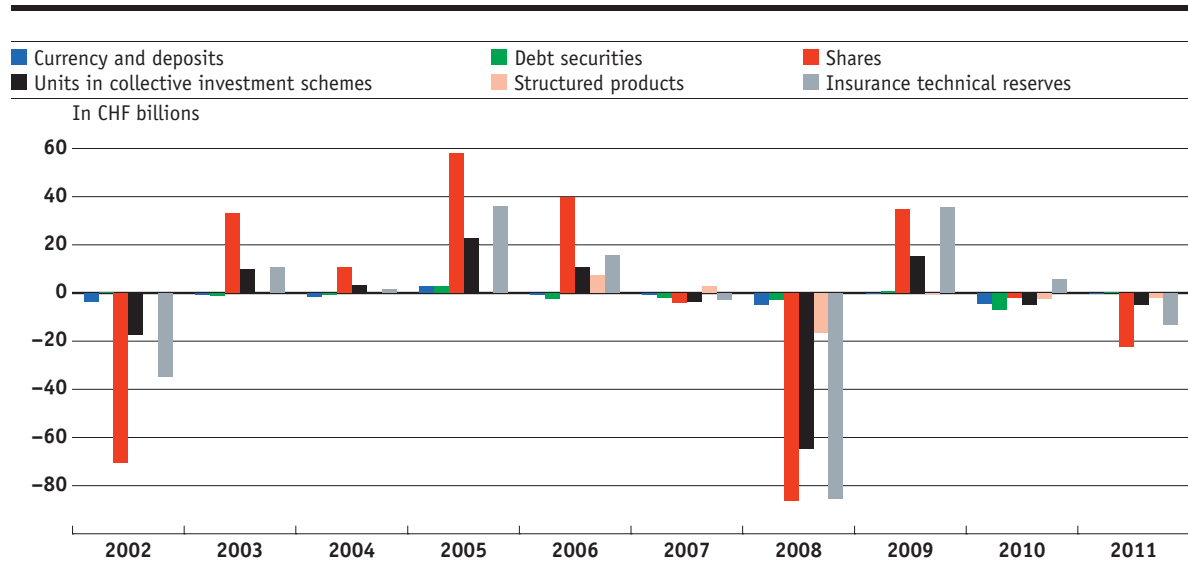


Chart 5

Capital gains and losses in financial assets



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Balance sheet of households

In CHF millions

Table 1

Item	2007	2008	2009	2010	2011
Assets					
Financial assets	1 987 470	1 755 592	1 909 793	1 957 972	1 981 502
Currency and deposits	526 144	522 931	549 577	585 904	630 594
Debt securities	121 265	130 581	137 378	117 521	108 250
Shares	253 059	168 913	211 740	214 816	213 753
Units in collective investment schemes	224 645	161 547	180 425	182 287	166 718
Structured products	51 155	28 099	28 872	28 042	24 341
Insurance technical reserves	811 201	743 522	801 802	829 404	837 846
Real estate	1 246 520	1 318 939	1 361 387	1 416 853	1 546 806
Total	3 233 990	3 074 531	3 271 180	3 374 825	3 528 308
Liabilities and net worth					
Liabilities	619 830	629 616	649 983	680 456	706 018
Loans	615 258	626 649	649 100	679 611	705 173
Mortgages	564 609	579 981	604 436	632 259	657 085
Consumer loans	14 803	15 183	15 388	15 303	15 598
Other loans	35 847	31 485	29 277	32 048	32 489
Other accounts payable	4 571	2 967	883	846	846
Net worth	2 614 160	2 444 915	2 621 197	2 694 369	2 822 290
Total	3 233 990	3 074 531	3 271 180	3 374 825	3 528 308
<i>Net worth per capita (in CHF)</i>	343 129	317 066	335 996	342 030	354 446

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Transactions in financial assets and liabilities

In CHF millions

Table 2

Item	2007	2008	2009	2010	2011
Financial assets	74 865	33 294	73 642	67 342	53 321
Currency and deposits	19 921	1 367	26 975	40 585	44 985
Debt securities	9 986	12 128	6 054	- 13 161	- 9 526
Shares	- 4 794	2 063	8 200	4 988	3 691
Units in collective investment schemes	18 366	1 654	3 685	6 651	- 10 633
Structured products	5 434	- 6 636	1 026	1 451	- 1 766
Insurance technical reserves	25 952	22 718	27 702	26 828	26 571
Liabilities	13 296	9 786	20 367	30 473	25 562
Loans	16 675	11 391	22 451	30 510	25 562
Mortgages	16 711	15 372	24 455	27 823	24 826
Consumer loans	655	381	204	- 85	295
Other loans	- 690	- 4 362	- 2 208	2 771	441
Other accounts payable	- 3 379	- 1 604	- 2 084	- 37	0

Capital gains and losses in financial assets and liabilities

In CHF millions

Table 3

Item	2007	2008	2009	2010	2011
Financial assets	- 9 983	- 259 996	85 694	- 14 253	- 42 157
Currency and deposits	- 697	- 4 579	- 330	- 4 258	- 294
Debt securities	- 1 720	- 2 813	743	- 6 697	255
Shares	- 4 042	- 86 208	34 628	- 1 913	- 22 188
Units in collective investment schemes	- 3 721	- 64 753	15 193	- 4 790	- 4 936
Structured products	2 791	- 16 421	- 253	- 2 281	- 1 935
Insurance technical reserves	- 2 592	- 85 222	35 712	5 685	- 13 060
Liabilities	0	0	0	0	0
Loans	0	0	0	0	0
Mortgages	0	0	0	0	0
Consumer loans	0	0	0	0	0
Other loans	0	0	0	0	0
Other accounts payable	0	0	0	0	0

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Statistical changes and reclassifications

In CHF millions

Table 4

Item	2007	2008	2009	2010	2011
Financial assets	- 4 893	- 5 175	- 5 135	- 4 911	12 365
Currency and deposits	—	—	—	—	—
Debt securities ¹	—	—	—	—	—
Shares ^{1,2}	—	—	—	—	17 435
Units in collective investment schemes ¹	—	—	—	—	—
Structured products ¹	—	—	—	—	—
Insurance technical reserves ³	- 4 893	- 5 175	- 5 135	- 4 911	- 5 069
Liabilities	- 2 169	—	—	—	—
Loans ⁴	—	—	—	—	—
Mortgages	—	—	—	—	—
Consumer loans	—	—	—	—	—
Other loans	—	—	—	—	—
Other accounts payable ⁵	- 2 169	—	—	—	—

1 2005 (data on SNB website): Revisions to securities survey statistics.

2 2011: One-off effect in connection with the stock market flotation of a company.

3 Reclassification of claims against occupational pension schemes from the domestic households sector to the rest of the world due to employees and pensioners whose domicile has transferred to the rest of the world.

4 2005 (data on SNB website): New source of data for consumer loans.

5 2007: Change in a statistical source for the financial accounts.

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Appendix 2: Notes on methodology and data sources

Household assets can be broken down into two parts – financial assets and real estate assets.

Financial assets

The data on the financial assets and liabilities of households are derived from the Swiss financial accounts. The Swiss financial accounts form part of the national accounts for Switzerland and are drawn up, commented on and published by the Swiss National Bank (SNB) (www.snb.ch, *Statistics, Statistical publications, Swiss Financial Accounts*).

The financial assets of households consist of currency and deposits, investment in securities and insurance technical reserves. The deposits consist mainly of deposits with banks and PostFinance in the form of savings and transaction accounts as well as time deposits. Investment in securities comprises debt securities (medium-term bank-issued notes, short-term securities, long-term securities), shares, units in collective investment schemes and structured products. Insurance technical reserves are essentially made up of net equity in life insurance contracts and claims against occupational pension schemes, where the occupational pension schemes include not only individual claims of insured persons, but also any excesses or shortfalls in the cover ratios of pension funds. Alongside the financial assets, liabilities are held in the form of loans. Most of these are bank loans (e.g. mortgages, Lombard loans, consumer loans, leasing liabilities) as well as mortgages granted by insurance corporations and pension funds. The other accounts payable item is a technical parameter for which there is no economic interpretation.

In addition to stocks, the two most important components explaining changes in asset holdings are also reported. These are transactions as well as capital gains and losses. Transactions comprise effective payment flows and certain imputed transactions. For instance, in the case of insurance technical reserves, investment income is taken into account in addition to paid premiums and pension fund contributions as well as policyholders' pension payments and capital withdrawn. Capital gains and losses are valuation changes arising from movements in market prices and exchange rates.

The data used to calculate the financial assets and liabilities are mainly taken from bank balance sheets, the survey on securities holdings in bank custody accounts and insurance company and pension fund balance sheets. Some individual items, such as currency holdings, are estimated.

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Real estate assets

Data on real estate assets are estimated by the SNB. This estimate is based on an evaluation of the dwellings recorded in the National Register of Buildings and Dwellings (RBD) issued by the Swiss Federal Statistical Office.

The real estate assets reported comprise single-family homes, owner-occupied apartments and apartment buildings with rental apartments located in Switzerland – including the land belonging to the buildings. Commercial real estate, undeveloped land and real estate in the rest of the world are not covered.

The estimate is based on a standard property for each of the three property types – a single-family home, an owner-occupied apartment and an apartment building with rental apartments. These three standard properties are evaluated by real estate consulting companies using hedonic pricing models. This is done for each municipality in Switzerland. The prices obtained in this manner are multiplied by the number of properties in each municipality. Adding the totals for all municipalities provides an estimate of the market value of all single-family homes, all owner-occupied apartments and all apartment buildings with rental apartments in Switzerland. Finally, the share of the households sector in the overall stock of each of the three property types is estimated, using a reference value taken from the Swiss Housing Census of 2000. The same data source is used to divide up the residential stock into owner-occupied and rental dwellings. The Housing Census has to be used because the requisite information is not available in the RBD.