

Statistical bulletin

# The UK national balance sheet estimates: 2017

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 total net worth of the UK at the end of 2016 is estimated at £9.8 trillion, an increase of £803 billion from 2015 and the largest annual rise on record.
- Following its split from other assets, land has shown to be the most valuable asset in the UK, accounting for just over half of the total net worth of the UK.
- The value of land has grown rapidly from 1995, increasing by 412% compared with an average increase of 211% in the assets overlying the land.
- Financial net worth has risen by £326 billion, with loans providing the largest net increase.

## 2 . Statistician's comment

“Since 1995 the value of land has increased more than fivefold, making it our most valuable asset. At £5 trillion, it accounts for just over half of the total net worth of the UK at end-2016. At over £800 billion, the rise in the nation's total net worth is the largest annual increase on record.”

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 2016. 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, such as loans and non-financial assets, such as 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.

The estimates in this release cover the period 1995 to 2016. 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 [2017 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.

There have been a number of large changes in this year's publication with the introduction of the following:

- estimates on the value of the non-produced asset of land
- the households and non-profit institutions serving households (NPISH) split
- the new Housing Price Index (HPI)
- new security dealers survey data for financial assets

New series have been created due to these changes and have replaced some previously published series. A full list of the series changes can be found in the [annex](#) for this bulletin.

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 2015. This has resulted in revisions to the estimate of UK total net worth of between negative £99 billion and £621 billion.

## **4 . UK net worth shows largest percentage increase since 2004**

In 2016, the UK’s net worth rose by £803 billion from 2015, an increase of 8.9%. This is the largest recorded annual increase and the largest percentage increase since 2004. Figure 1 shows that this increase continues the trend seen since 2012 of a steady rise in net worth. This current trend matches the trend seen prior to the economic downturn in 2008.

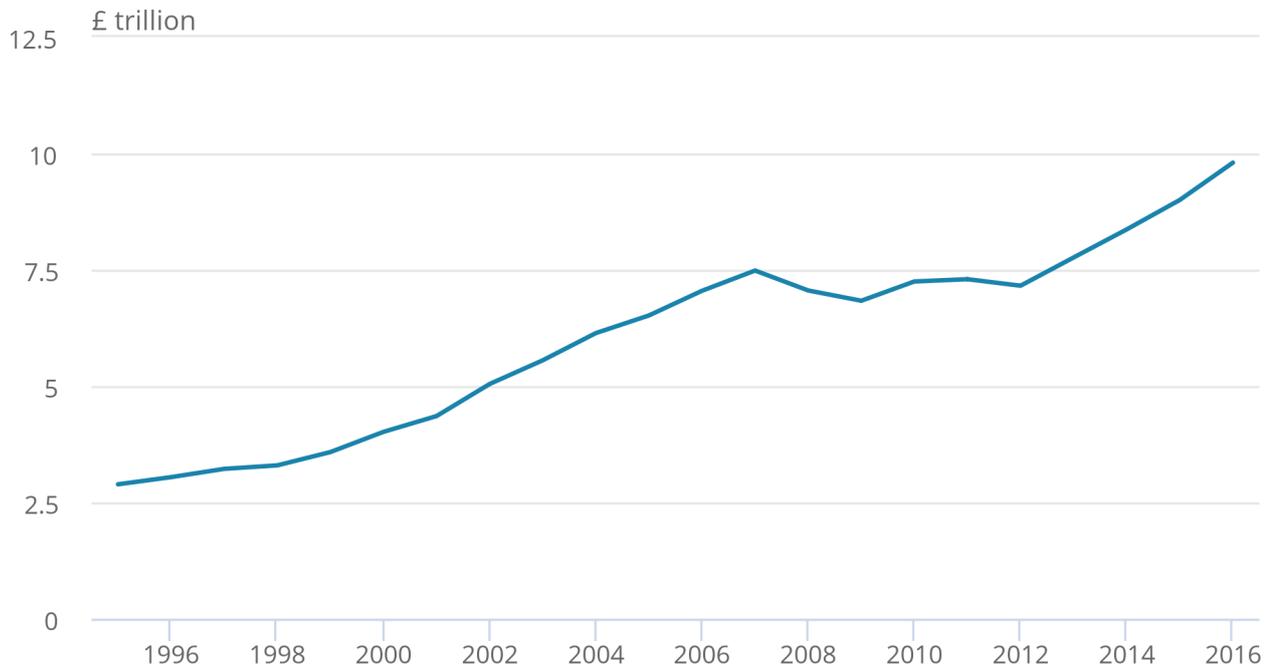
The increase in net worth has primarily been due to the increase of £477 billion in non-financial assets in 2016. The largest single contributor to this is the value of land, which increased by £280 billion from 2015. Other significant contributors included loans (£170 billion) and equity and investment fund shares and units (£109 billion).

**Figure 1: Estimated UK net worth, 1995 to 2016**

UK

Figure 1: Estimated UK net worth, 1995 to 2016

UK



Source: Office for National Statistics

## 5 . Land is the UK's most valuable non-financial asset

Figure 2 shows the value of land in 2016 is estimated to be £5.0 trillion, which is 51% of the total net worth of the UK. Land increased in value by £280 billion from 2015, a 5.9% increase. This is a notably smaller increase than in 2014 and 2015, when it increased by 15% and 10% respectively. Since the land underlying dwellings is a major contributor to the value of land, the House Price Index reflects this with house prices rising at a lower rate compared with 2014 and 2015.

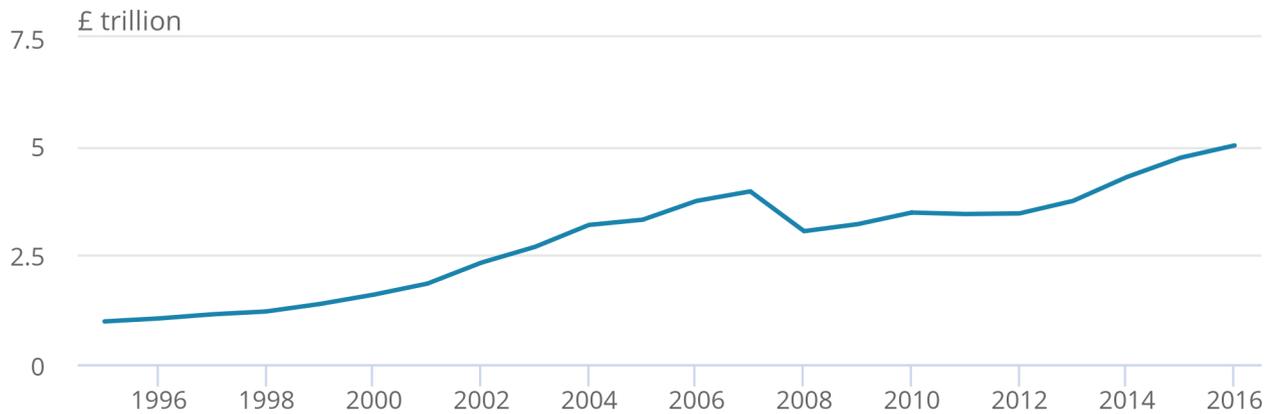
As this is the first time that we have published figures for land, it is worth reflecting that in 2008, the value of land dropped by £913 billion, a fall of 23%. The main cause of this was a rapid decline in house prices during the year. As the cost of buildings remained almost constant in this period, this meant that the value of land was hit disproportionately hard. As house prices recovered, land began to increase in value in 2009 in contrast with many other assets, which began to suffer from the effects of the downturn.

**Figure 2: Estimated value of UK land, 1995 to 2016**

UK

Figure 2: Estimated value of UK land, 1995 to 2016

UK



**Source: Office for National Statistics**

While land has seen strong growth in the latest years, this is still lower than growth prior to the economic downturn. During 1999 to 2004, land value increased at an average rate of 18.3%, compared with an average of 8.1% in 2014 to 2016.

Table 1 shows that non-financial assets have grown across the time series. Produced non-financial assets have generally grown at a steady rate and during the economic downturn, did not suffer large drops in value. Inventories was an exception to this, showing a change in value of negative 4.1% in 2009. However, in the years following 2009, there has been slower growth in these assets. In 2016, this growth remained unchanged for most produced non-financial assets.

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

UK, 1995 to 2016					%
Asset	1995 to 2007	2007 to 2008	2008 to 2009	2009 to 2016	1995 to 2016
Total produced non-financial assets	5.9	5.7	0.3	3.2	4.7
Dwellings	7.9	7.5	0.7	2.8	5.8
Other buildings and structures	7.0	3.6	-0.7	3.6	5.3
Machinery, equipment and weapons systems	2.0	7.2	3.6	3.4	2.8
Cultivated biological resources	-0.5	25.9	15.1	2.6	2.4
Intellectual property products	3.2	4.1	-0.1	0.8	2.3
Inventories	3.8	5.1	-4.1	3.9	3.5
Land	12.4	-23	5.3	6.6	8.1

Source: Office for National Statistics

## 6 . Households sector continues to have the greatest effect on UK net worth

The value of the households sector increased by £750 billion in 2016, making it the greatest contributor to the change in UK net worth. Insurance, pension and standardised guarantee schemes rose by £348 billion, with £319 billion of this coming from pension schemes. Much of this increase is due to revaluations of insurance and pensions, which has a significant effect because of the size of the asset in the households sector.

Another large driver in households growth is the value of underlying land, which has risen by £266 billion in 2016. In comparison, the value of dwellings excluding land has risen by £51 billion. From 1995, the rate of growth of land value has far outstripped the growth of dwellings value.

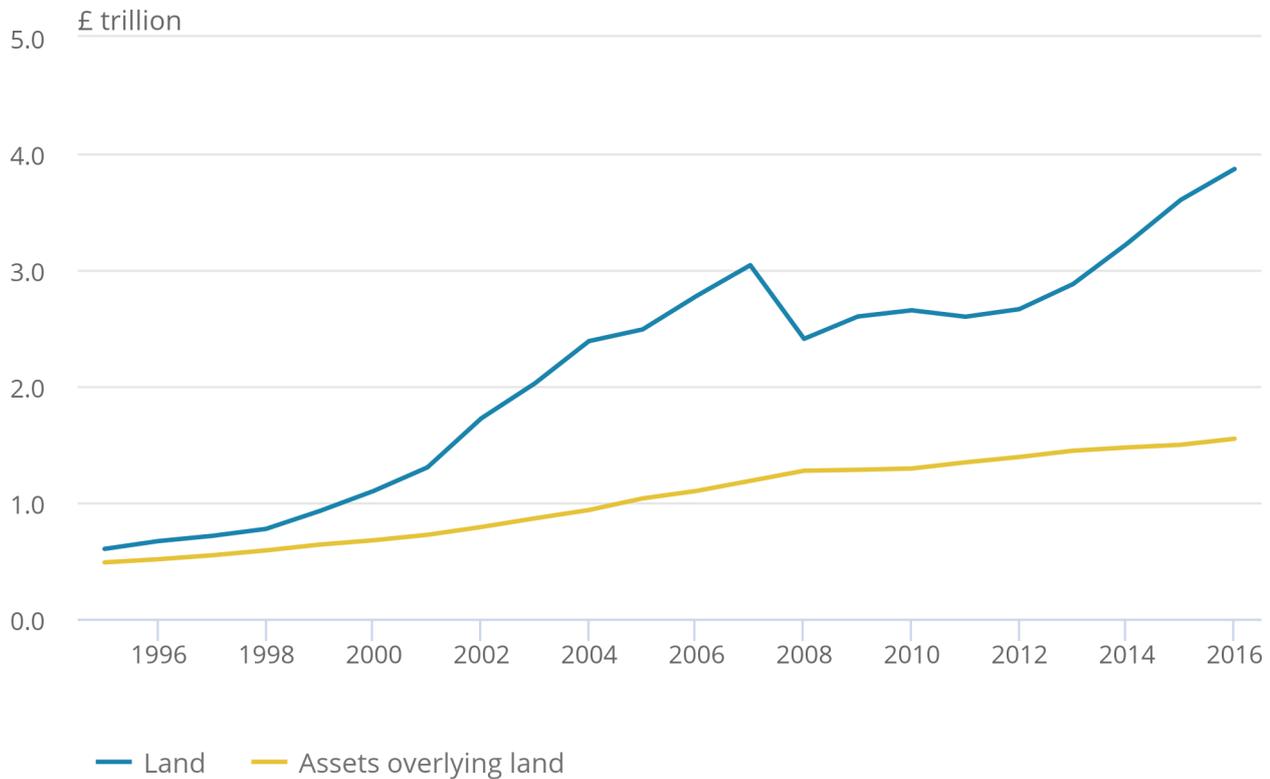
Figure 3 shows that since 1995, the value of land in the households sector has risen by 544%, while the combined value of assets overlying land has risen by only 219%. This means that in 1995, the price paid for a dwelling was almost evenly split between the value of the land and the building. In 2016, the cost of the land has risen to over 70% of the price paid for a dwelling.

**Figure 3: Households sector value of land and its overlying assets, 1995 to 2016**

UK

Figure 3: Households sector value of land and its overlying assets, 1995 to 2016

UK



Source: Office for National Statistics

Notes:

1. Assets overlying land consist of dwellings, cultivated biological resources and other buildings and structures.

## 7 . Government net worth drops as financial liabilities increase

General government was valued at negative £845 billion in 2016, making it the sector with the lowest net worth. Central government net worth reached negative £1.2 trillion and had the largest effect on the government's figures. This continues the trend seen since the economic downturn in 2008.

While central governments non-financial assets rose by £9.8 billion, its financial net worth decreased by £246 billion. This is due to an increase in debt securities liabilities of £263 billion, which indicates the government was raising liquidity through government bonds.

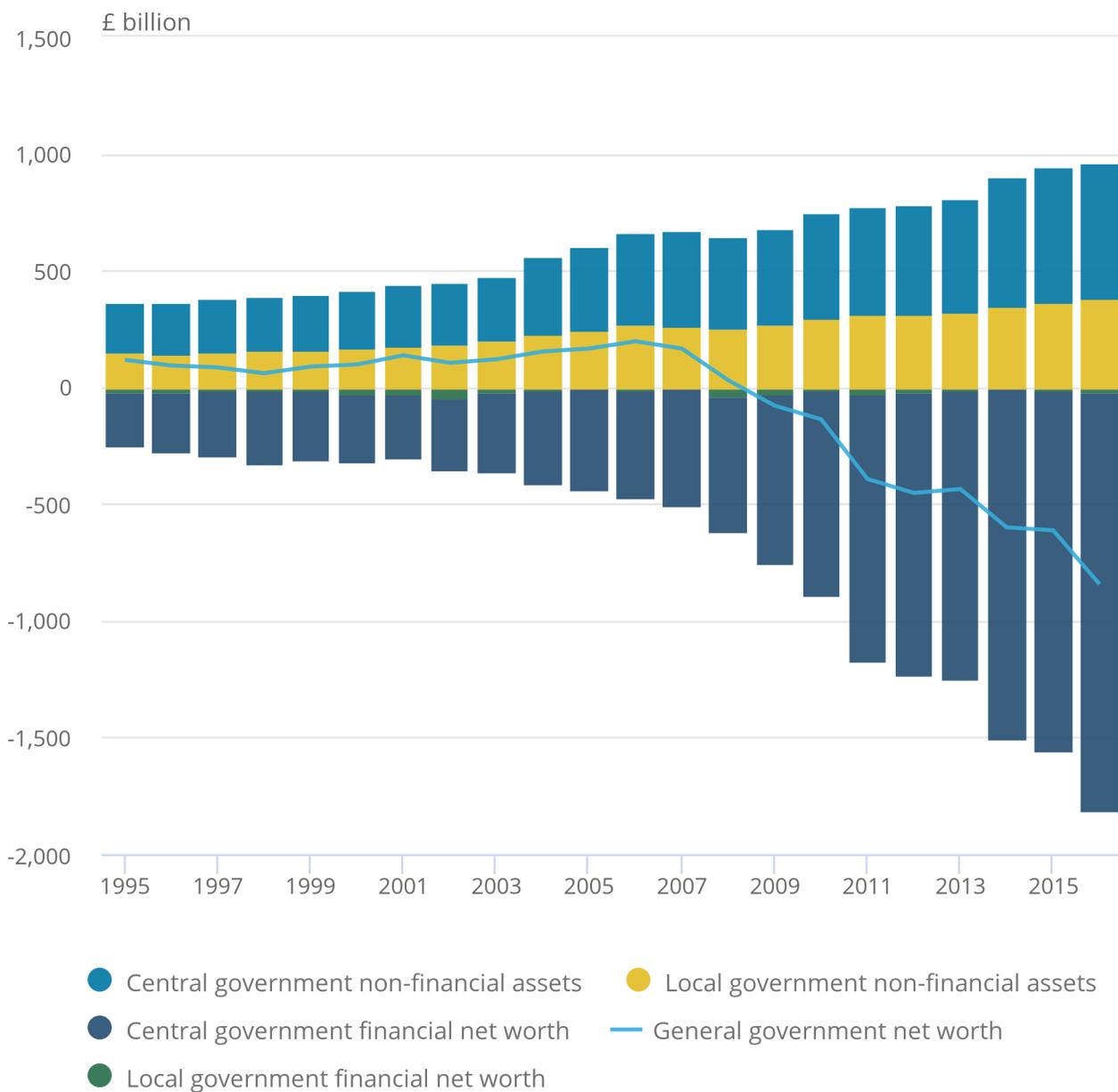
Local government's assets helped to offset this decline with an estimated net worth of £356 billion in 2016. This is primarily made up of other buildings and structures, which accounts for 63% of the sector's net worth.

**Figure 4: General government net worth, 1995 to 2016**

UK

Figure 4: General government net worth, 1995 to 2016

UK



Source: Office for National Statistics

## 8 . Financial net worth at its highest since 2008

Table 2 shows the financial net worth of the UK rose by £326 billion in 2016, putting financial net worth at negative £21 billion. This is the largest yearly increase since the general downward trend began in 2008.

In 2016, there was an increase in all financial assets and liabilities at the total economy level. Loans contributed the most to the increase in the value of net worth, providing a net increase of £170 billion.

**Table 2: Value of UK financial assets and liabilities**

UK, 2016	£ billion			
Financial asset or liability	Asset value	Liability value	Net value	Net change from 2015
Monetary gold and special drawing rights	18	11	7	0
Currency and deposits	7,006	7,311	-305	+94
Debt Securities	3,633	4,407	-774	-78
Loans	5,081	4,478	603	+170
Equity and investment fund shares and units	5,404	4,991	413	+109
Insurance, pension and standardised guarantee schemes	4,493	4,511	-18	+3
Financial derivatives and employee stock options	5,405	5,362	43	+24
Other accounts receivable or payable	495	485	10	+4
Total	31,535	31,557	-21	+326

Source: Office for National Statistics

Notes:

1. Figures may not sum to totals due to rounding

While the households sector experienced the largest increase in financial net worth, the financial sector saw an increase of £328 billion, which was the largest yearly increase in the sector since 1995. This was primarily due to increases in debt securities and loans, which showed a net increase of £200 billion and £290 billion respectively. However, these were offset by a large drop in the value of insurance, pension and standardised guarantee schemes, which decreased in net value by £282 billion in 2016.

## 9 . Links to related statistics

The national balance sheet dataset was published in Chapter 9 of the [UK National Accounts, The Blue Book: 2017](#). Data published in this release are consistent with the Blue Book 2017 publication.

Data for fixed assets are consistent with estimates published in the [Capital stocks, consumption of fixed capital in the UK: 2017](#) release.

## 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.

Estimates for the values of dwellings, other buildings and structures, transport equipment and cultivated biological resources are now 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 in the UK: 2017](#) release.

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.

### Introduction of the non-produced asset of land

Previous publications have included land underlying an asset in the value of the asset. This underlying land value has now been split out and is published separately. This has resulted in changes to the values of many non-financial assets across the period 1995 to 2015. More information on this can be found in the "Quality and methodology" section.

### Introduction of the households and NPISH split

The households and non-profit institutions serving households (NPISH) sector has now been separated into its two component sectors, households and NPISH for all assets in the national balance sheet.

### Introduction of the new House Price Index

In June 2016, the [UK House Price Index \(HPI\)](#) replaced the previous house price indices separately published by the Land Registry and Office for National Statistics. The HPI has been incorporated into our estimates of the value of dwellings and land.

Further information on the introduction of land, the households and NPISH split, and HPI and their effects on the national balance sheet can be found in the article [Changes to the national balance sheet for the Blue Book 2017](#).

### Introduction of new security dealers survey data for financial assets

Financial assets are now estimated based on results from the new security dealers survey. This has resulted in revisions to the financial assets in all sectors back across the period 1987 to 2015. Further information on this change can be found in the article [The UK Enhanced Financial Accounts: the introduction of the new securities dealers survey data and expansion of financial sub-sector detail](#).

## 11 . Upcoming changes to this bulletin

There are a number of improvements planned for net capital stock estimates, which will affect 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. Further changes to capital stock estimates can be found in the [Capital stocks, consumption of fixed capital in the UK: 2017](#) release.

## Rail for London

In line with national accounts standards, Rail for London will be reclassified from local government to public corporations at the next Blue Book in 2018.

## Housing associations

The changes we have made for housing associations in England will be replicated for Wales, Scotland and Northern Ireland. This involves reclassifying them from private non-financial corporations to public corporations. This change will not affect the total level of dwellings.

## 12 . Quality and methodology

The [Non-financial balance sheet 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