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HOUSEHOLD WEALTH IN ITALY – 2012

THE MAIN FINDINGS

- At the end 2012 Italian households' net wealth amounted to €8,542 billion, corresponding to €143,000 per person and €357,000 per household. Real assets accounted for 61.1 per cent of total gross wealth and financial assets for the remaining 38.9 per cent. Liabilities amounting to just under €900 billion were equal to almost 10 per cent of gross assets.
- Total net wealth at the end of 2012 was down by 0.6 per cent at current prices from a year earlier; the 3.5 per cent decline in the value of real assets, due the 5.2 fall in house prices, was only partially offset by an increase of 4.5 per cent in financial assets and a reduction of 0.4 per cent in liabilities. In real terms (using the consumption deflator), net wealth fell by 2.9 per cent. The cumulative decline at constant prices since the end of 2007 came to 9 per cent.
- According to preliminary estimates, in the first half of 2013 Italian households' net wealth diminished by a further 1 per cent in nominal terms with respect to December 2012.
- At the end of 2012 Italian household wealth in the form of housing exceeded €4,800 billion, down by 3.9 per cent from a year earlier (-6 per cent in real terms).
- Notwithstanding the decline in recent years, Italian households' net wealth is high by international standards. In 2011 it was equal to 7.9 times gross disposable income, comparable to the ratio in France, the United Kingdom or Japan and higher than in the United States, Germany or Canada. Real assets were equal to 5.5 times gross disposable income, a ratio second only to that for French households. Although it has increased in recent years, the level of household debt in Italy (82 per cent of disposable income) is relatively low.

HOUSEHOLD WEALTH IN ITALY IN 2012

1. Wealth

At the end of 2012 the net wealth of Italian households,[1] i.e. the sum of real assets (dwellings, land, etc.) and financial assets (deposits, securities, shares, etc.) minus financial liabilities (mortgages, personal loans, etc.), was equal to €8,542 billion (Tables 1A and 3A).[2] [3] Real assets (€5,768 billion; Table 1A) accounted for 61.1 per cent of total assets and financial assets (€3,670 billion) for 38.9 per cent; financial liabilities (€895 billion) were equal to 9.5 per cent of gross wealth.

Total net wealth at current prices diminished by €51 billion, or by 0.6 per cent, between the end of 2011 and that of 2012. The 3.5 per cent fall in real assets was only partially offset by a 4.5 per cent increase in financial assets and a decrease of 0.4 per cent in liabilities (Table 1A). In real terms,[4] total wealth decreased by 2.9 per cent with respect to the end of 2011 (Table 1A). Compared with the end of 2007, when the aggregate had reached €9,385 billion at 2012 prices, the cumulative decrease was equal to 9 per cent.

According to preliminary estimates,[5] in the first half of 2013 net household wealth declined by a further 1 per cent in nominal terms from the end of 2012. The decrease came from a further fall of 1.8 per cent in real assets, not offset by the slight increase in financial assets (0.1 per cent) and by the 1.2 reduction in liabilities (Figure 1).

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1 This report considers consumer and producer households but does not include non-profit institutions, i.e. non-profit organizations producing non-marketable goods and services (trade unions, sports clubs, political parties, etc.). The data provided therefore differ from of those of other sources, for example the Financial Accounts, which record the financial assets and liabilities of the household sector including private non-profit institutions.

2 The methodological note (Appendix A) describes the methods used to estimate the various components of wealth; for more details see the papers presented at the conference, “Household Wealth in Italy”, held in Perugia on 16-17 October 2007, published in the volume *Household Wealth in Italy*, Banca d’Italia, 2008 (http://www.bancaditalia.it/studiricerche/convegni/atti/ric_fam_it/Household_wealth_Italy.pdf).

3 This report contains data from 1995 onwards. Any differences with respect to the figures reported in previous publications are due to revisions of the data used to construct the aggregates or of the methodology used for the estimates. The present edition does not yet take into account the results of Istat’s 15th Population and Housing Census because the results have only been released in preliminary form.

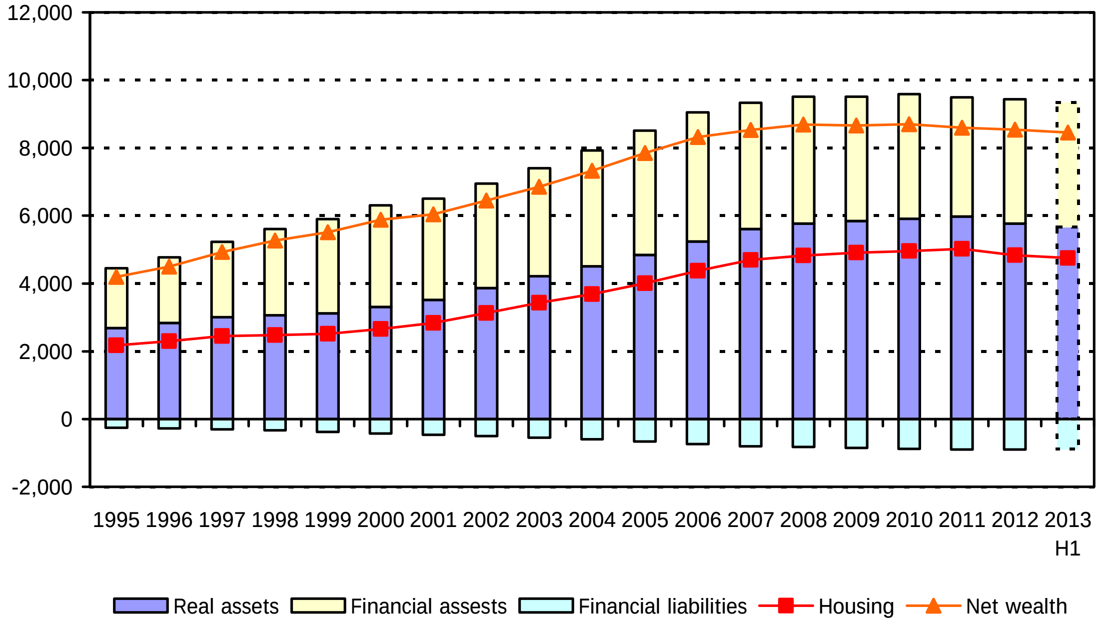
4 There are differences of opinion over which prices to use to deflate wealth (see for example “Household Wealth in Italy”, Banca d’Italia, 2008, and M. Reiter, “Asset Prices and the Measurement of Wealth and Saving”, Department of Economics and Business, Universitat Pompeu Fabra, Barcelona, Economics Working Papers, No. 396, 1999). In this report, the real values are obtained using the national accounts household consumption deflator, which shows a 2.3 per cent increase in prices between 2011 and 2012. The household consumption deflator is preferable to the consumer price index in that it contains data on some goods and services consumed by households that are not included in the CPI (for example imputed rents).

5 The value of housing at the end of the first half of 2013 is estimated based on Istat’s house price index applied to the end-2012 price and on projections of the average size and total number of new dwellings added to the pre-existing stock. The number of new dwellings (77,000) is in line with forecasts prepared by the building industry’s economic and market research organization, CRESME, which put new house construction in 2013 as a whole at 154,000. The value of the remaining real assets is estimated on the basis of the past ratio between the value of houses and total real assets, which in recent years has held fairly steady at around 84 per cent. In the case of the financial components, the values obtained from the Financial Accounts, shorn of the part relating to private non-profit institutions, have been supplemented with additional estimates of the items “other accounts receivable” and “other accounts payable”, which are only available for the end of the year.

Figure 1

Household wealth and its components, 1995-2012

(billions of euros at current prices; for 2013 H1, preliminary estimates)



The variation in total wealth in real terms can be put down to two factors: the flow of saving (including capital transfers)[6] and capital gains/losses, which reflect changes in the prices of real and financial assets, net of the change in the consumption deflator. In 2012 saving diminished for the seventh successive year, reaching €36 billion, against an average level of €100 billion at current prices at the end of the 1990s. In 2012 there were net capital losses of €287 billion due to the fall in house prices, which was not completely offset by the gains on financial assets.[7]

Over the period 1995 to 2012 saving contributed more than capital gains to the growth in net wealth (about three quarters and one quarter respectively): all the capital gains for the period were on houses and other real assets, which more than made up for the losses on financial assets (Figure 2). Saving trended downward during the period, more sharply in recent years. Between 1996 and 2002 average annual saving was equal to 1.7 per cent of net wealth; the proportion fell to 1.3 per cent between 2003 and 2006, 0.9 per cent between 2007 and 2009 and 0.5 per cent in the period 2010-11. Net capital gains/losses on financial assets were positive between 1997 and 2000 and negative thereafter except in the two years 2004-05 and in 2012; by contrast, net capital gains/losses on real assets, measured at constant prices, were always positive between 2000 and 2007, reflecting rising house prices; in recent years, with the persistent recession, the balance has turned negative.

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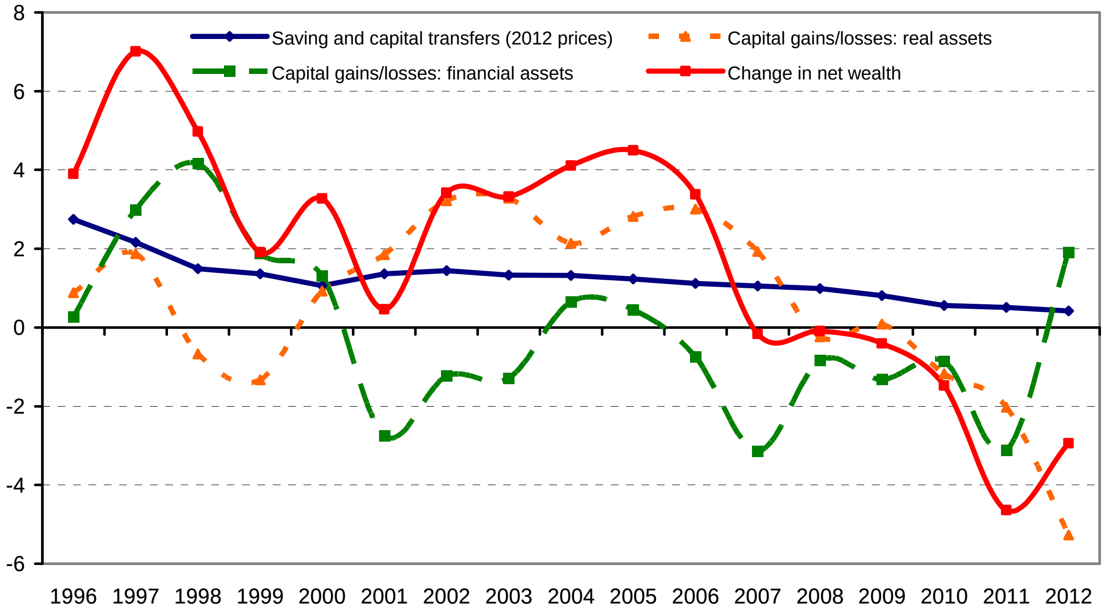
6 In this publication saving is defined to include the change in net worth due to capital transfers, which accounted for about 5 per cent of this aggregate between 1995 and 2012.Capital transfers consist in unrequited transfers of the ownership of a good or money. They comprise capital taxes (for example, inheritance or gift taxes and, more generally, wealth taxes), investment grants and other capital transfers (for example, compensation payments from general government entities to the owners of goods destroyed or damaged by natural disasters).

7 In 2012 the indices of the main international stock exchanges rose; for example, the FTSE MIB index of the Milan stock exchange gained about 8 per cent.

Figure 2

Saving, capital gains/losses and changes in net wealth
(as a percentage of net wealth; constant prices)



Net wealth at the end of 2012 was equal to 8 times gross disposable income, about the same as in recent years (the multiple ranged between 7.9 and 8.2 in the period 2005-11; Table 2A).

Net wealth per household[8] exceeded €350,000, corresponding to about €140,000 per person.

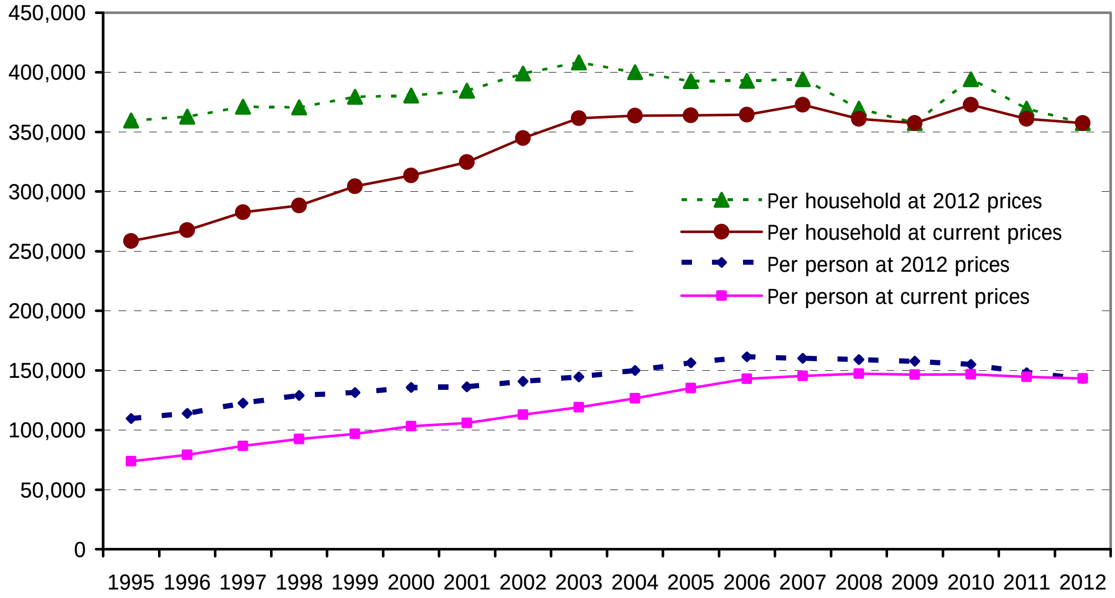
Between the end of 2011 and the end of 2012 net wealth per person diminished by 1.1 per cent at current prices and 3.3 per cent at constant prices (Table 2A); at constant prices, its level was comparable to that recorded in the first half of the last decade (Figure 3). The trend in average wealth per household was barely more negative. In 2012 the average household's wealth at constant prices was close to the level of the end of the 1990s.[9]

8 The number of households is calculated by dividing the resident population according to Istat data (i.e. excluding people living in institutions) by the average number of household members in the Bank of Italy's Survey on Household Income and Wealth. The data for the years for which the survey is not available are interpolated. For 2012, the survey estimated the average number of household members at 2.48, unchanged from 2011. With the increase in population in 2012, the number of households rose by more than 90,000. These estimates differ slightly from Istat's, which are based on public records held in municipal registry offices.

9 Between 1995 and 2012 the number of Italian households rose by more than 4.3 million as a result of the increase in the resident population (from 56.8 to 59.7 million persons) and the reduction in the size of the average household (from 2.89 to 2.48 members).

Figure 3

Net wealth per household and per capita
(euros at current and constant prices)



2. Real assets

At the end of 2012 Italian households held real assets amounting to €5,768 billion. Dwellings made up 84 per cent of the total and non-residential buildings nearly 6 per cent. Plant, machinery, equipment, inventories and goodwill accounted for 4 per cent, land for another 4 per cent and valuables for just over 2 per cent (Figure 4).

Compared with 2000, the share of gross wealth consisting in real assets rose by 8.7 percentage points. The composition of real assets also showed changes (Table 3A): the share consisting in land diminished by 2.4 percentage points, while the shares consisting in non-residential buildings and in plant, machinery, equipment, inventories and goodwill remained stable.

At the end of 2012 households' wealth in the form of dwellings amounted to more than €4,800 billion, corresponding to a little more €200,000 per household.

Between the end of 2011 and the end of 2012 housing wealth at current prices decreased by 3.9 per cent (€194 billion), or by 6 per cent in real terms. The average annual rate of increase fell from 6.6 per cent in the period 1995-2007 to 1.7 per cent in 2007-2011 (Figure 5).

According to Istat data,[10] house prices came down by 2.1 per cent in the first half of 2013 from the end of 2012. On the basis of these data together with others,[11] Italian households' housing wealth is estimated to have contracted by 1.8 per cent at current prices in the first half of 2013.

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10 Indice IPAB, www.istat.it/it/files/2013/10/CS-abitazioni-provv-Q22013.pdf

11 See note 5.

The value of dwellings given in this publication comprises both the value of the construction (reproducible capital) and that of the land on which it stands (non-reproducible capital). According to some calculations (estimates reported in the review *Il Consulente Immobiliare*), in most of Italy's provincial capitals the land accounts for between 20 and 35 per cent of the total value of newly built dwellings; this share is larger in metropolitan cities than in other municipalities.

Figure 4

Composition of real assets, 2012

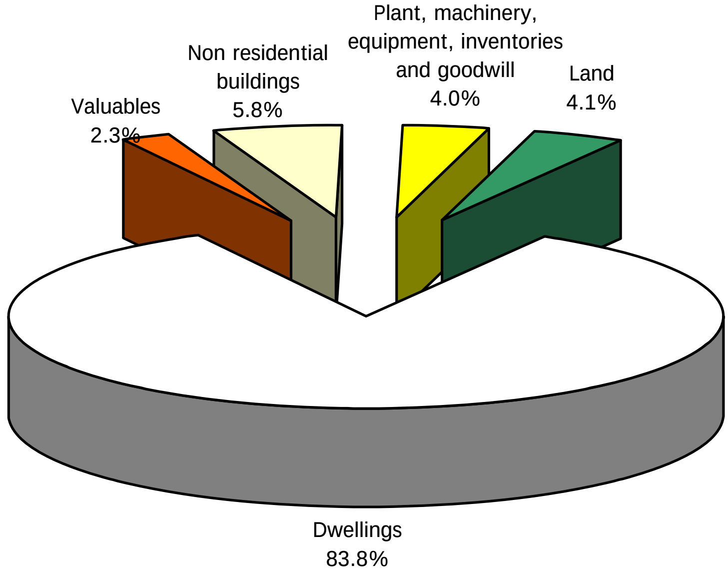
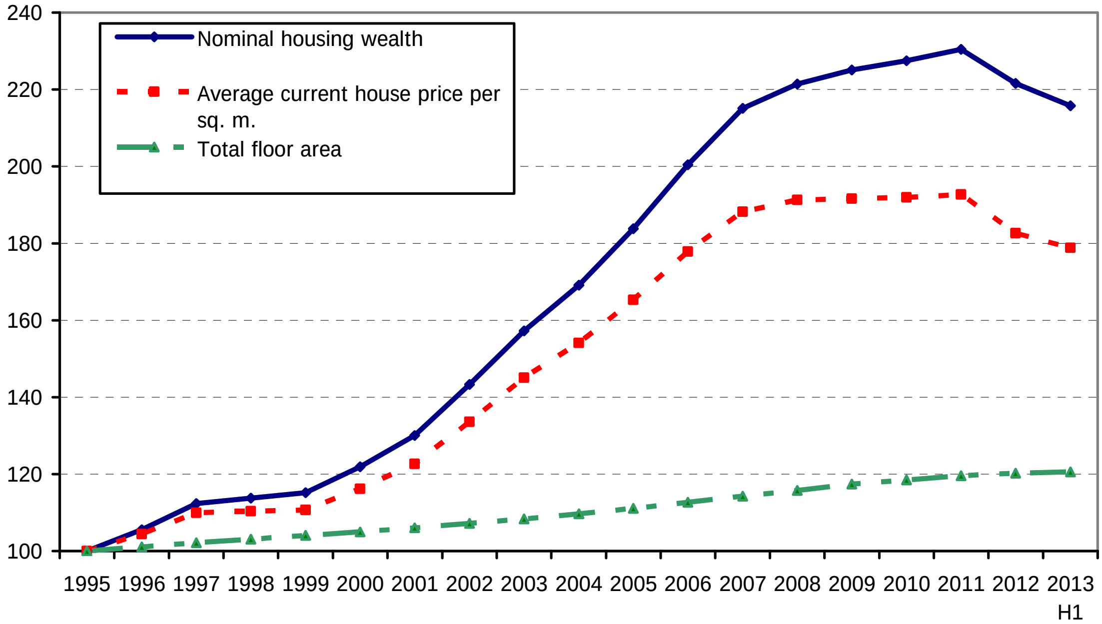


Figure 5

Housing wealth, prices and floor area of dwellings (*)
(indices, 1995=100)



(*) The price index takes account of changes in the quality of dwellings.

3. Financial assets

At the end of 2012 financial assets amounted to €3,670 billion, up by 4.5 per cent at current prices from the end of 2011. Some 42 per cent of the total consisted of shares and other equity in corporations, private-sector bonds, investment fund units, equity in quasi-corporations, foreign securities and loans to cooperatives. Bank deposits, post office savings and cash made up just over 31 per cent of the total and Italian government securities 5 per cent. Insurance technical reserves, i.e. the sums set aside by insurance companies and pension funds to cover future payments to households, amounted to 19 per cent of total financial assets (Figure 6).

In 2012 the composition of households' portfolios continued to shift towards bank deposits other than current accounts. The share of wealth consisting of directly held Italian government securities edged downwards to 5 per cent, from 5.2 per cent at the end of 2011, significantly lower than in the second half of the 1990s, when it averaged 21 per cent. The portion held in the form of shares and other equity in corporations (€550 billion, or 15 per cent of total financial wealth) rose by 1.4 percentage points from the end of 2011 thanks to the growth in the share of unlisted Italian securities; in 2000 it had been equal to about one quarter of total financial assets. The portion of wealth consisting of investment fund units expanded by 0.6 percentage points between the end of 2011 and the end of 2012 (Table 3A).

Available statistics indicate that Italian households held nearly €320 billion worth of financial assets abroad at the end of 2012, about 5 per cent more than a year earlier.[12]

The composition of financial assets underwent significant changes between 1995 and 2012. There were increases of 8 percentage points in the portions held in the form of Italian private-sector bonds (from 2.2 to 10.2 per cent), and insurance technical reserves (from almost 10 to almost 19 per cent), set against a contraction in those of bank deposits (from 29 to 19 per cent) and Italian government securities (from 19 to 5 per cent).

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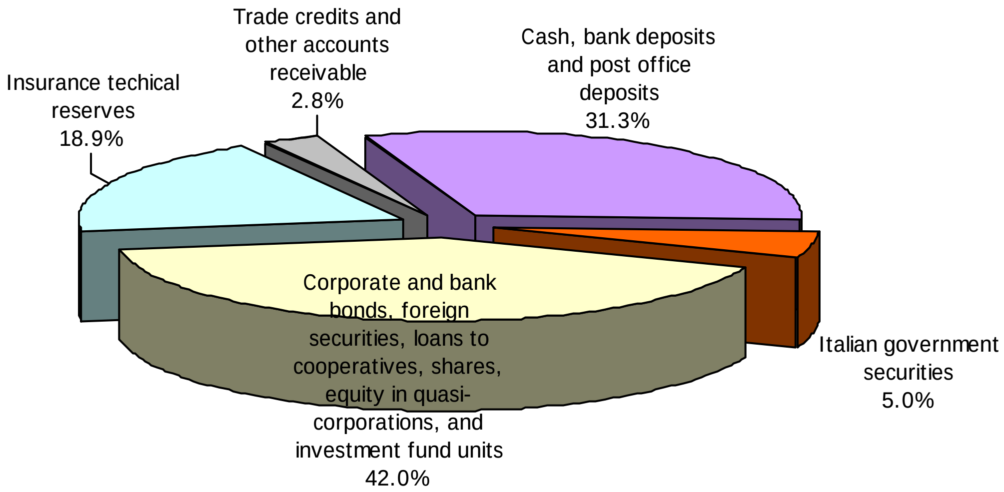
[12] These figures do not include undeclared portfolio holdings abroad, which recent studies conducted at the Bank of Italy, based on data of the IMF's Coordinated Portfolio Investment Survey, estimated at €100 billion as of the end of 2010. See V. Pellegrini and E. Tosti, "In search of lost capital: an estimation of undeclared portfolio assets", Banca d'Italia Occasional Papers, 2012, available at http://www.bancaditalia.it/pubblicazioni/econo/quest_ecofin_2/QF_131/QEF_131

Figure 6

Composition of financial assets, 2012



4. Financial liabilities

At the end of 2012 Italian households had €895 billion of financial liabilities. Loans for house purchase amounted to more than €380 billion (about 43 per cent of the total) and were down by 0.4 per cent from a year earlier; consumer credit came to €120 billion (13 per cent of the total), decreasing by 2.4 per cent from the end of 2011, while other loans amounted to €175 billion (19 per cent), down by 1.6 per cent. Trade debts and other accounts payable[13] amounted to €185 billion at the end of 2012, up by 1.6 per cent, and made up about a 20 per cent of households' liabilities. Insurance technical reserves accounted for the remaining 4 per cent of total liabilities and amounted to €36 billion, 1.8 per cent more than at the end of 2011 (Figure 7; Table 3A).

The last three years saw a slowdown in the growth of home mortgage loans, consumer credit and insurance technical reserves, which increased at average annual rates of 1.8, 1.3 and 1.6 per cent respectively compared with 13.9, 19 and 5.6 per cent in the period 1995-2009. By contrast, there was a relatively even pace of growth in other loans in the two periods 1995-2009 and 2009-12 (2.8 and 3.2 per cent respectively).

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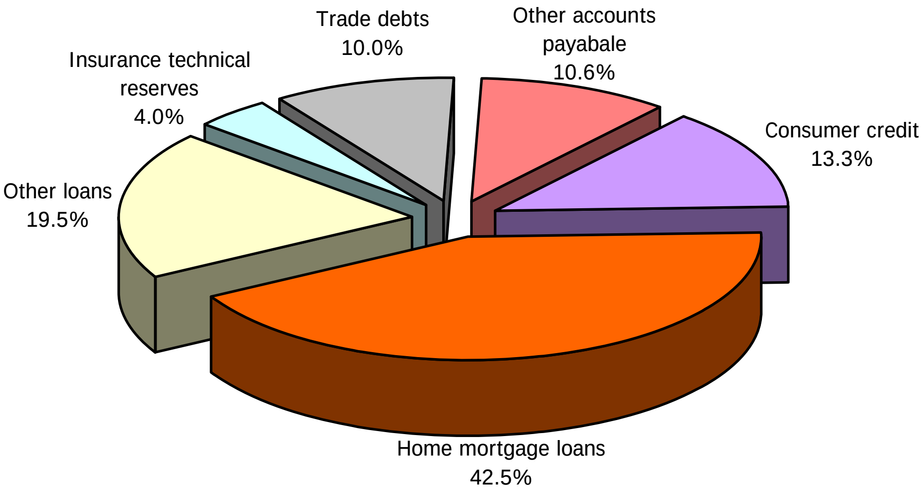
13 Other accounts payable include taxes, social benefits and other transfers that households pay to general government in years following those to which they refer.

Figure 7

Composition of financial liabilities, 2012



5. International comparison

The OECD reports that at the end of 2011 Italian households' net wealth was equal to 7.9 times their gross disposable income, comparable to the multiple in the United Kingdom (8.3 in 2011), France (8.1) and Japan (7.7) and significantly higher than in Canada (5.8), the United States (5.3) and Germany (6.3; Table 1).

The ratio of households' real assets to gross disposable income in Italy was similar in 2011 to that of households in France and the United Kingdom and appreciably higher than in Germany, Japan, Canada and the United States, confirming the importance of real estate investment in Italy. For financial assets and liabilities the ratio to gross disposable income is lower in Italy than in the Anglo-Saxon countries, possibly reflecting the relatively lesser importance of the public pension system and greater development of regulated markets and pension funds in the those countries.[14]

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[14] Estimates of household wealth in over 200 countries are available in the Credit Suisse Research Institute's *Global Wealth Report, 2013* (https://www.credit-suisse.com/ch/en/news-and-expertise/research/credit-suisse-research-institute/publications.html), which estimates global net household wealth at $240 trillion dollars as of the middle of 2013. Italian households hold 4.9 per cent of the total, similar to the previous year's estimate. To put this in perspective, Italy accounts for less than 3 per cent of global GDP and less than 1 per cent of world population. While the aggregate values for Italy given in the Credit Suisse Research Institute's report are basically in line with those given in this supplement, the report's estimates must be treated with caution since they are based on methods which are not harmonized and not completely detailed.

Table 1

Household wealth: an international comparison (*) (**)

(ratios to disposable income)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
						Real assets						
United States	2.30	2.41	2.49	2.61	2.80	3.07	2.98	2.71	2.25	2.22	2.11	2.03
Canada	2.77	2.84	2.96	3.07	3.20	3.34	3.44	3.56	3.53	3.55	3.60	3.64
Japan	4.06	4.38	4.20	4.08	3.95	3.88	3.93	4.00	3.95	3.83	3.73	3.64
Germany	3.87	3.85	3.92	3.93	3.97	3.97	4.00	4.15	4.18	4.30	4.27	4.33
France	3.43	3.60	3.85	4.26	4.78	5.38	5.72	5.87	5.64	5.46	5.83	6.01
United Kingdom	3.90	3.94	4.58	4.87	5.29	5.29	5.62	5.99	5.18	5.21	5.27	..
Italy	**4.01**	**4.05**	**4.27**	**4.50**	**4.65**	**4.85**	**5.07**	**5.25**	**5.30**	**5.52**	**5.52**	**5.47**
						Financial assets						
United States	4.61	4.28	3.86	4.30	4.61	4.84	4.99	5.01	3.90	4.27	4.48	4.38
Canada	3.73	3.71	3.67	3.62	3.57	3.64	3.67	3.66	3.64	3.77	3.77	3.78
Japan	4.68	4.77	4.91	5.13	5.19	5.51	5.54	5.38	5.10	5.25	5.27	5.27
Germany	2.70	2.68	2.62	2.73	2.80	2.90	2.85	2.97	2.79	2.92	2.95	2.89
France	2.88	2.67	2.59	2.70	2.77	2.92	3.08	3.09	2.83	3.05	3.17	3.11
United Kingdom	4.98	4.45	3.94	4.11	4.28	4.67	4.87	4.90	4.20	4.57	4.65	4.50
Italy	**3.65**	**3.44**	**3.42**	**3.41**	**3.53**	**3.67**	**3.69**	**3.49**	**3.45**	**3.46**	**3.44**	**3.22**
						Financial liabilities						
United States	1.00	1.04	1.09	1.17	1.24	1.31	1.35	1.37	1.28	1.30	1.23	1.16
Canada	1.19	1.21	1.23	1.27	1.31	1.36	1.38	1.44	1.49	1.56	1.59	1.63
Japan	1.34	1.36	1.34	1.34	1.34	1.34	1.35	1.29	1.29	1.28	1.27	1.26
Germany	1.16	1.14	1.14	1.13	1.11	1.08	1.06	1.03	0.99	1.00	0.97	0.95
France	0.69	0.70	0.71	0.74	0.77	0.83	0.88	0.92	0.92	0.97	1.02	1.03
United Kingdom	1.18	1.22	1.35	1.46	1.60	1.64	1.78	1.85	1.80	1.73	1.66	1.60
Italy	**0.51**	**0.53**	**0.55**	**0.58**	**0.62**	**0.66**	**0.71**	**0.75**	**0.75**	**0.80**	**0.82**	**0.82**
						Net wealth						
United States	5.91	5.64	5.26	5.73	6.17	6.60	6.62	6.34	4.87	5.20	5.36	5.25
Canada	5.31	5.33	5.40	5.42	5.46	5.62	5.72	5.77	5.68	5.77	5.78	5.79
Japan	7.40	7.79	7.78	7.87	7.80	8.06	8.13	8.09	7.77	7.79	7.72	7.66
Germany	5.41	5.39	5.40	5.54	5.65	5.79	5.80	6.09	5.98	6.21	6.25	6.27
France	5.61	5.57	5.72	6.23	6.79	7.48	7.92	8.05	7.55	7.53	7.98	8.09
United Kingdom	7.71	7.16	7.17	7.52	7.97	8.32	8.71	9.04	7.58	8.06	8.26	-
Italy	**7.15**	**6.96**	**7.13**	**7.33**	**7.56**	**7.87**	**8.05**	**7.98**	**7.99**	**8.18**	**8.14**	**7.87**

Source**:** OECD.

(*) Except for Italy, Japan and France, the data refer to the aggregate of households including non-profit institutions serving households. For the United States, the data exclude unlisted companies and sole proprietorships but include non-profit institutions serving households. For Canada, Germany and the United States, real assets include durable goods. For Italy, the United States and the United Kingdom, real assets include the value of the land on which dwellings are built. For a more detailed description of the variables, see "OECD Economic Outlook Sources and Methods" (http://www.oecd.org/eco/outlook/notestotheeconomicoutlookannextables.htm).

(**) The OECD's figures for the ratio of real assets to gross disposable income for Italy differs from those shown in Table 1 because the aggregate is estimated using a different methodology and different datasets. See L. Cannari, G. D'Alessio and G. Marchese, "Italian household wealth: background, main results, outlook", in *Household Wealth in Italy*, Banca d'Italia, 2008, available at: www.bancaditalia.it/studiricerche/convegni/atti/ric_fam_it/Household_wealth_Italy.pdf.

6. Distribution of households' financial assets and liabilities held at Italian banks

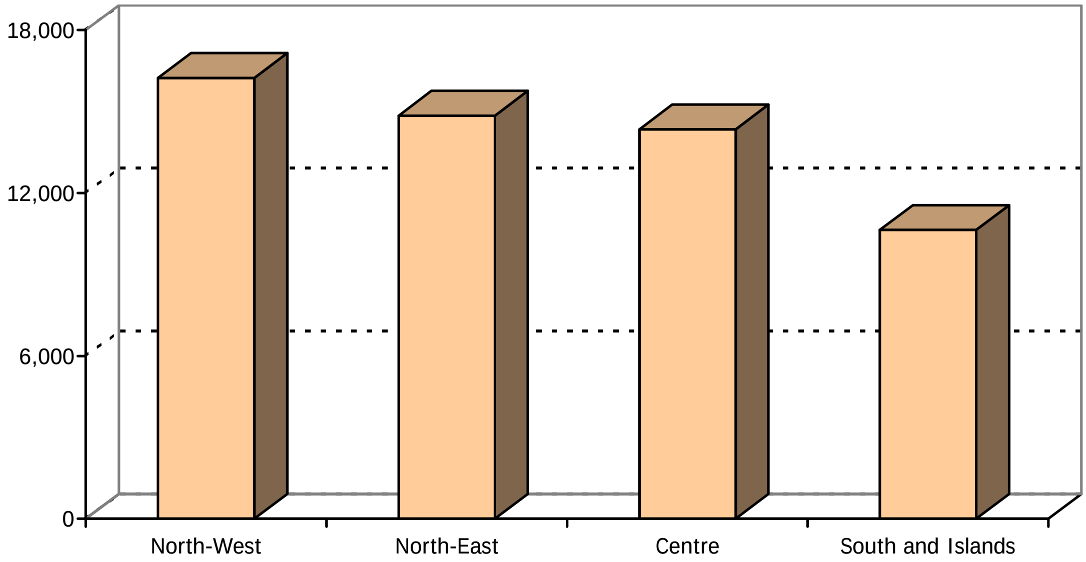
This section describes the distribution of selected financial assets and liabilities on the basis of banks' supervisory reports to the Bank of Italy.

With regard to bank deposits, in 2012 more than 47 million accounts were counted with a total value exceeding €660 billion.[15]

Of the wealth held in bank deposits at the end of 2012, 93.6 per cent was owned by consumer households and 6.4 per cent by households in an entrepreneurial capacity, i.e. sole proprietorships and partnerships not recognized as legal entities[16] that act as producers of marketable goods and services. The average amount per customer was more than €14,000, with wide differences among the macro-regions: the average figure for the North-West was more than 50 per cent higher than that recorded in the South and Islands.

Figure 8

Average amount of bank deposits according to customer's area of residence, 2012
(euros at 2012 prices)



Households with deposits of up to €50,000 held 42 per cent of the total amount at the end of 2012, households with deposits of between €50,000 and €250,000 held 40 per cent and those with deposits of more than €250,000 held 18 per cent (Figure 9).

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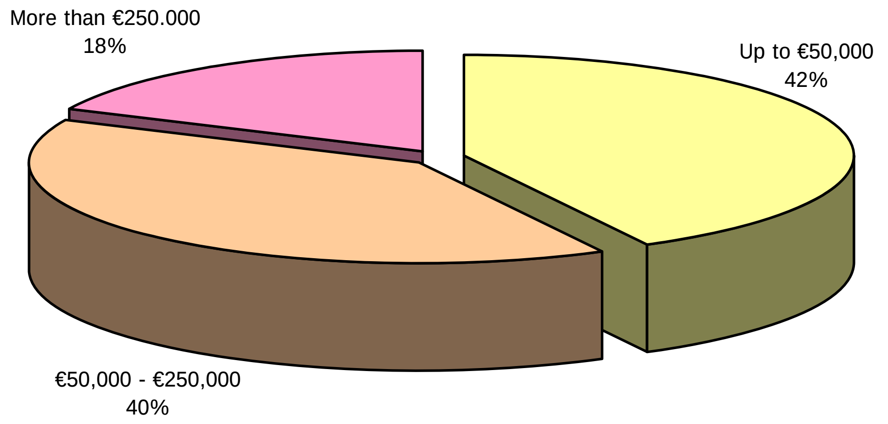
15 The amount of deposits recorded in accounting supervisory reports is lower than the one taken from the financial accounts of the household sector and reported in Table 3A because the latter includes both resident households' foreign deposits and accrued interest (deemed to be reinvested in the underlying financial instrument and therefore included in the amount of deposits).

16 Partnerships considered to be "quasi-corporations" (i.e. entities having a complete set of accounts but lacking legal personality) are not included in the household sector but constitute a subsector of the non-financial corporations sector.

Figure 9

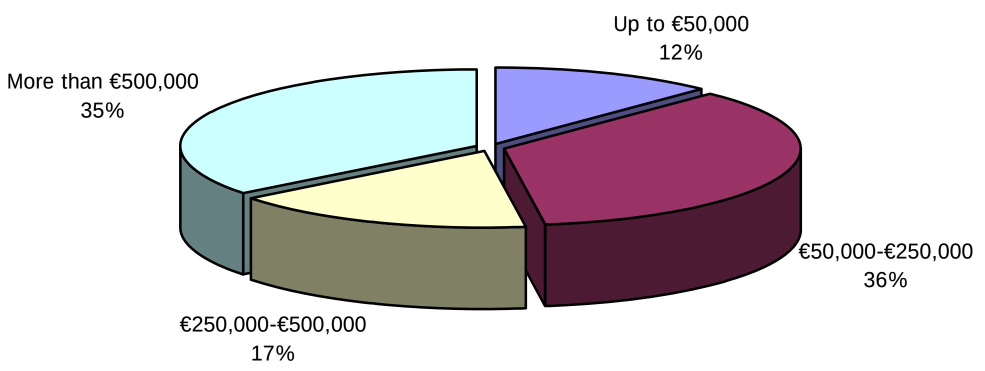
Distribution of bank deposits by deposit amount, 2012



Consumer households owned 96 per cent of Italian households' securities held for custody or safekeeping by Italian banks at the end of 2012 and producer households the remaining 4 per cent. The average amount of the securities held for custody or safekeeping was €85,000 per customer (€52,000 per account), up by comparison with 2000 at current prices (€52,000 per customer and €25,000 per account).

Figure 10

Securities deposited by resident households: distribution of total by deposit amount, 2012



Reports to the Bank of Italy are recorded in the Central Credit Register for all loans by banks or financial companies for amounts greater than €30,000. At the end of 2012 more than 6 million loans were in the Central Credit Register database, with an average loan amount of

€90,000. The average amount of loans to producer households was €114,000, one third greater than the average loan to consumer households. The data show geographical differences: loans to residents of the North are a third larger than those to residents of the South and Islands (Figure 11). More than half of the loans in existence at the end of 2012 were for amounts between €75,000 and €250,000, 20 per cent were smaller than €75,000, 16 per cent were for amounts between €250,000 and €1 million, and the remaining 7 per cent were larger than €1 million (Figure 12).

Figure 11

Average size of loans to households according to customer's area of residence, 2012
(euros)

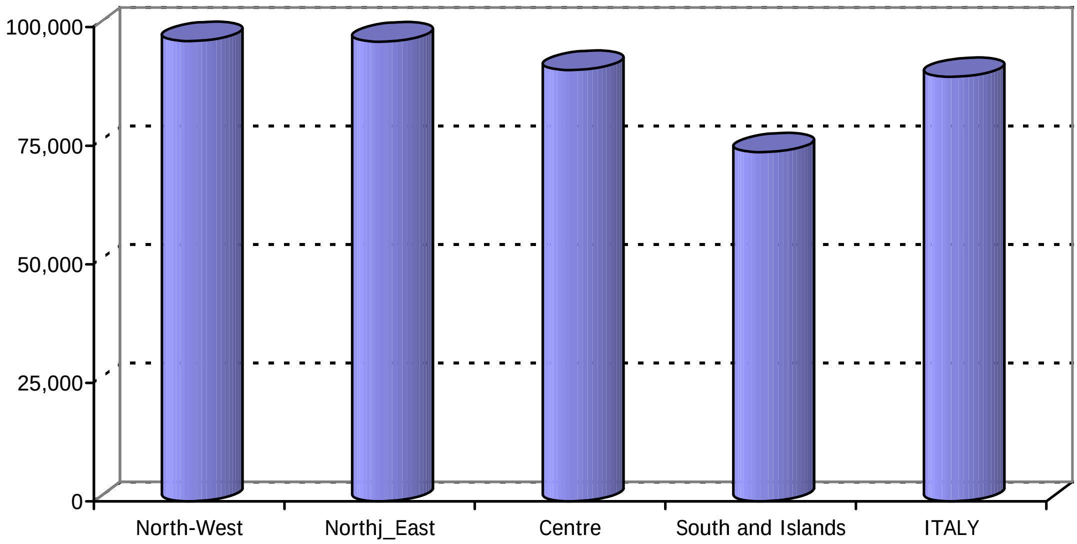
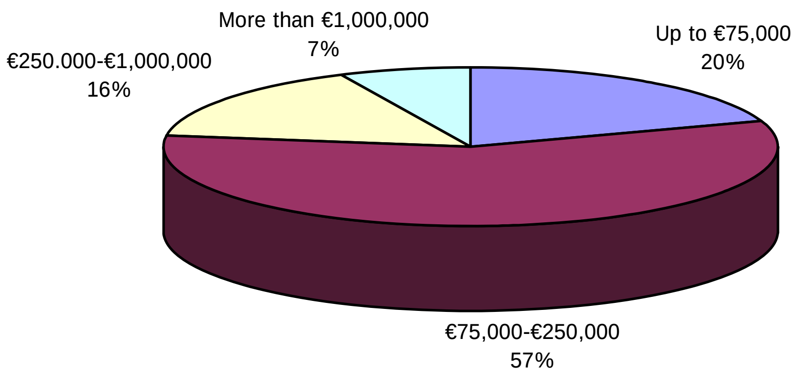


Figure 12

Distribution of loans to household by loan amount, 2012



METHODOLOGICAL NOTE

General matters

Net wealth is the sum of real and financial assets net of liabilities. The real (or non-financial) components consist mainly of tangible goods, such as houses, land and valuables, but they also include intangibles, such as the value of patents or goodwill in a business activity.

Financial assets, such as deposits, government securities and private-sector bonds, are instruments that give their holder, the creditor, a claim to receive, with no obligation on his part, one or more payments from the debtor, who has taken on the corresponding obligation. Financial liabilities, i.e. debts, represent the negative component of wealth; for the most part they take the form of home mortgages and personal loans.

The estimates of wealth are made for all households resident in Italy. The reference aggregate for the estimates does not include non-profit institutions serving households.[17]

The national accounts formats distinguish between households in their consumption function (consumer households) and in their production function (producer households: producers of marketable goods and financial and non-financial services, providing that in this case the household's economic and financial behaviour is not such as to make it a quasi-corporation). This distinction is taken into account in our breakdown of wealth.[18] The estimate of net wealth in this supplement follows the aggregation scheme set out in Table 2.

Table 2

Net wealth aggregation scheme

A. Real assets	**C. Financial liabilities**
A1 Houses	C1 Loans
A2 Valuables	C2 Insurance technical reserves
A3 Non-residential buildings	C3 Trade debts
A4 Plant, machinery, equipment, inventories and goodwill	C4 Other accounts payable
A5 Land	
B. Financial assets	**Net wealth = A + B – C**
B1. Cash	
B2. Bank deposits	
B3. Post office deposits	
B4. Bonds	
B5. Loans to cooperatives by members	
B6. Shares and other equity in corporations	
B7. Equity in quasi-corporations	
B8. Investment fund units	
B9. Insurance technical reserves	
B10. Other accounts receivable	
B11. Trade credits	

17 For purposes of comparison or concordance, recall that the European System of Accounts (ESA95) aggregates non-profit institutions serving households together with households, as, for example, in the Financial Accounts.

18 For a detailed discussion of the definition of producer households and how it affects the classification of wealth components, see L. Cannari, I. Faiella, G. Marchese and A. Neri, "The real assets of Italian households," paper presented at the conference "Household Wealth in Italy", Banca d'Italia, Perugia, October 2007.

The methods used to estimate the real and financial components of household wealth are set out in the next two sections.

Real assets

Dwellings

Housing wealth for each year is estimated as the product of three factors: a) the number of dwellings owned by households; b) the average floor area in square metres of dwellings; c) the average price per square metre of the dwellings owned by households.

a) The number of dwellings owned by individuals is based on the 1991 and 2001 census data. The figures for the years between censuses (1992-2000 and 2002-11) are calculated using CRESME data on new buildings (those that can be ascribed to individuals).[19] The 2011 census data were not used because they were still provisional when this note was being prepared. The estimate does not include the value of the houses that Italian households own abroad. On the other hand, it is not possible to strip out the value of the dwellings owned in Italy by households residing abroad.[20]

b) For the years 2006-11 the average floor area of houses is derived from the registry office statistics of the OMI, the Property Market Observatory of the Territory Agency.[21] For earlier years, for which OMI data are not available, it is estimated for the inter-census years of the period 1992-2005 by extrapolation from the 1991 and 2001 census data. For the years 1995-2010 the census figure refers to net usable floor area; to make this consistent with the figure for average prices per square metre (which refers to retail floor area) the average area is multiplied by a coefficient equal to the ratio between the extrapolated census figure and the registry office figure from the OMI, available from 2006 on.

c) For 2012, the average price per square metre is calculated by applying the changes in Istat's house price index to the average price published by the Territory Agency for 2011. For the years 2008-11, it is that published by the Territory Agency.[22] For earlier years, the benchmark of the price index is the average price per square metre in 2008, published by the Territory Agency. The price changes for the years 2002-07 are based on elementary OMI data; those for the years before 2002 are based on the trends derived, for provincial capitals, from *Il Consulente Immobiliare* and estimated, for other municipalities, on data from the Bank of Italy's Survey on Household Income and Wealth.[23]

The value of housing wealth is then increased by the value of public residential properties sold to households.

Valuables and durable goods

Valuables are non-financial goods that are not subject to physical deterioration over time, such as jewels, antiques, artworks and collector's items. Their value is obtained by multiplying an estimate of the stock of durable goods by an estimator consisting in the ratio of

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19 The CRESME estimate of new buildings includes an estimate of unauthorized buildings..

20 The Bank of Italy estimates that the amount of Italian households' investment in residential property abroad, net of such investment in Italy by foreign residents, is negligible.

21 http://www.agenziaterritorio.it/sites/territorio/files/osservatorio/Tabelle%20statistiche/Statistiche_Catastali_2011.pdf

22 http://www.agenziaterritorio.it/sites/territorio/files/osservatorio/RI_2012_Residenziale_Quadro_generale.pdf

23 See L. Cannari and I. Faiella, "House prices and housing wealth in Italy", paper presented at the conference "Household Wealth in Italy", Banca d'Italia, Perugia, October 2007.

valuables to the stock of durable goods owned by households, derived from the Survey on Household Income and Wealth.[24]

The stock of durables is estimated by the permanent inventory method, applied to the data on spending flows for the different categories of goods under different assumptions concerning the depreciation period.[25]

Although durable goods resemble real assets in some respects, in the national accounts framework they are excluded from the computation of wealth. That convention is also adopted in the present publication. However, given their importance and the large number of households that own them, their value is stated as a memorandum item.[26]

Non-residential buildings

Non-residential buildings, together with land and the other real wealth components described below, form part of the non-financial assets that households possess for business purposes. The item includes the market value of the stock of buildings owned by households for use as offices, shops, workshops and industrial sheds.[27]

The total value of the stock was obtained as the product of the estimates of the following components for each category of building (offices, shops and workshops, sheds):

a) total number of non-residential buildings;

b) average floor area of the buildings;

c) average price per square metre, calculated as the average of the minimum and maximum prices recorded in each municipality for each category of building.

The number of buildings and the price per square metre were estimated using the Territory Agency's OMI data. Floor area was calculated using the data from the last four editions (2004, 2006, 2008, and 2010) of the Survey on Household Income and Wealth.

The value of non-residential buildings is increased by that of the sales of public non-residential properties to the household sector.

Since the data available only permit the series to be reconstructed starting from 2002, for earlier years the value of non-residential buildings is estimated based on the ratio of their value to the total value of houses and land. This ratio, equal to about 7 per cent, proves to be stable in the period 2002-2010 and is comparable to that estimated using data from the Survey on Household Income and Wealth.

Plant, machinery, equipment, inventories and goodwill

The stock of plant, machinery and equipment owned by households is reconstructed from investment data. First an initial estimated is made of the value of households' net capital stock at current prices for 1990, the base year. The value so estimated is then increased successively by net investment as calculated by Istat, deflated using the implicit deflators of

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24 The ratio is calculated after "winsorizing" the numerator and denominator, with the 1st and 99th percentiles of their distributions as cut-offs.

25 The method was developed in P. Pagliano and N. Rossi, "The Italian saving rate: 1951 to 1990 estimates" in G. Marotta, P. Pagliano and N. Rossi, "Income and saving in Italy: a reconstruction," Temi di discussione del Servizio Studi, Banca d'Italia, 169, June 1992.

26 The inclusion of durable goods in real assets would be justified if the System of Accounts treated such goods as instruments used in the production of services. Instead, the accounting framework classifies all spending on durable goods under final consumption. See, forexample, V. Siesto, *La contabilità nazionale italiana*, Il Mulino, Bologna, 1996.

27 The item "storerooms" from the OMI data was excluded from these estimates, since it mainly consists of houses' cellars.

fixed investment and depreciation from the national accounts.[28] This produces an estimate of the net capital stock at constant prices in each of the years considered. The series of net capital stock at replacement prices is then reconstructed using the respective deflators calculated by Istat for the entire economy.

To calculate the initial net capital stock in 1990, we proceed as follows. First, the ratio of producer household investment to total investment, both net of construction, is computed. The average ratio, calculated for the decade of the 1980s, gives an indication of producer households' share of total non-construction investment in the economy. This weight is applied to Istat's calculation of the net capital stock for the entire economy (excluding the stock of construction). The estimate is based on the assumption that producer households' share of total non-construction investment is a reasonable proxy for their share of the total non-construction capital stock.[29]

The value of inventories for the entire economy is derived starting from a benchmark provided by Istat for 1989, to which the change in inventories at constant prices calculated from the national accounts is added for each year.[30] The data at constant prices are then converted into current prices using the GDP deflator.

The share of inventories ascribable to households is calculated using the ratio of producer households' output at base prices to the total output at base prices of non-financial enterprises (non-financial corporations plus producer households), assuming that the volume of inventories is proportionate to the volume of output. In the 1990s this ratio averaged 21 per cent.

To estimate goodwill we use the Cerved data for small companies, defined as those with sales below a given threshold. Sales were chosen instead of staff size because the latter data are often missing in the Cerved database.

For each year, the sales threshold is set on the basis of average sales per worker taken from Istat data on the profit-and-loss statements of companies with up to 9 workers. Using this subset of the Cerved sample, the average ratio of goodwill to fixed capital for the period 1995-2002 is estimated.[31] This coefficient, equal to 9 per cent, was then applied to the stock of capital goods (non-residential buildings plus plant, machinery and equipment) reconstructed from national accounts data.

Land

The value of farmland is taken from the annual survey of the property market by the Istituto Nazionale di Economia Agraria (INEA).[32] The value of non-agricultural land is calculated by applying to the previous estimate a coefficient equal to the percentage ratio of the value of non-agricultural land to that of agricultural land as estimated by the Survey on

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28 In 2006, Istat revised the methodology of the time series of fixed investment by ownership branch, of capital stock and of depreciation. The new data are the product of the general revision of the national accounts pursuant to EU rules (see the box "Revisione delle metodologie di calcolo dei conti nazionali nell'Unione europea" in *Bollettino Economico* 46, March 2006, and "La revisione delle serie degli investimenti fissi per branca proprietaria, dello stock di capitale e degli ammortamenti", Nota Metodologica, Istat). One consequence of the revision was the introduction of chained price indices in lieu of fixed-base indices (base 1995). Since chained price indices do not allow summation of volumes at constant prices (the additive property), the price indices for the previous year, which do retain that property, are used in this publication.

29 For a discussion of the grounds for this assumption, see L. Cannari, I. Faiella, G. Marchese and A. Neri, "The real assets of Italian households," op. cit.

30 As noted, chained price indices lack the property of additivity, so the series of changes in inventories at constant prices, which before the 2006 methodological revision were calculated as a residual, are no longer available. The series at current prices was deflated using the GDP deflator.

31 The estimation was performed in two steps. First, using the Company Accounts Data Service database, the incidence of goodwill on total intangible assets by type of investment in intangible assets was estimated. The resulting estimates were then applied to the Cerved database to get an estimate of the total value of goodwill.

32 A description of the survey and its results are available at http://www.inea.it/prog/bdfond/it/index/php

Household Income and Wealth (for 1991-2010 the coefficient averaged 12 per cent). Finally, households' imputed share of the total value so obtained is estimated by applying the percentage of agricultural land area used by them according to the latest census of agriculture.[33]

Financial assets and liabilities

The Financial Accounts provide the basis of the data on the financial components of wealth.[34] The values presented here differ from those of the Financial Accounts because the reference set for our estimates does not include non-profit institutions serving households, which are considered together with consumer and producer households in the sectoral classification of the European System of Accounts (ESA95) used in compiling the Financial Accounts.[35]

Calculation of capital gains

Total capital gains are obtained by subtracting from the change in net wealth at constant prices the variation in net wealth at constant prices due to saving and capital transfers at constant prices.[36] Capital gains on houses are calculated by multiplying the difference between the average prices of houses in two successive years by the value of the housing stock in the base year. The movement in house prices is also used as a proxy of the prices changes of other real assets. Capital gains on financial assets are then obtained as a residual.

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33 The general census of agriculture gives data on area of farmland utilized according to legal form of ownership. The sector of producer households is proxied by sole proprietorships, lands owned or rented in common, and a part of informal partnerships.

34 See Supplement to the *Statistical Bulletin*, Monetary and financial indicators, "Financial Accounts", no. 58, November 2011.

35 For further details on the methodologies for estimating the financial components of household wealth, see the methodological appendix to the "Financial Accounts" Supplement to the *Statistical Bulletin* (various issues), and Banca d'Italia, "The Italian Financial Accounts handbook", 2003, available at www.bancaditalia.it under Publications/Institutional issues.

36 The series of the variation in net wealth due to saving and capital transfers is preferable to that of net saving because it includes capital transfers to households.

STATISTICAL TABLES

Table 1A

COMPOSITION OF NET WEALTH

(*€ billion*)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
									Current prices									
Total real assets (a)	2,683	2,833	3,009	3,066	3,117	3,304	3,520	3,861	4,210	4,504	4,846	5,241	5,606	5,764	5,840	5,906	5,980	5,768
of which: housing wealth	2,181	2,303	2,450	2,482	2,512	2,660	2,837	3,126	3,431	3,689	4,008	4,371	4,691	4,830	4,908	4,962	5,027	4,833
Total financial assets (b)	1,767	1,940	2,226	2,539	2,779	3,004	2,983	3,090	3,188	3,421	3,668	3,811	3,725	3,751	3,668	3,677	3,513	3,670
Total financial liabilities (c)	257	279	303	334	379	423	460	502	546	600	661	732	798	821	847	881	899	895
Net wealth (d = a+b-c)	4,194	4,494	4,932	5,271	5,517	5,886	6,042	6,449	6,852	7,326	7,852	8,320	8,532	8,693	8,662	8,702	8,593	8,542
									2012 prices (1)									
Total real assets (a)	3,971	4,074	4,240	4,262	4,209	4,334	4,503	4,796	5,096	5,326	5,594	5,914	6,140	6,240	6,286	6,224	6,107	5,768
of which: housing wealth	3,228	3,312	3,452	3,451	3,391	3,489	3,630	3,883	4,153	4,362	4,627	4,932	5,139	5,228	5,283	5,229	5,133	4,833
Total financial assets (b)	2,616	2,790	3,137	3,529	3,753	3,941	3,818	3,837	3,860	4,045	4,234	4,300	4,080	4,060	3,949	3,875	3,587	3,670
Total financial liabilities (c)	380	401	427	464	512	554	589	623	661	709	763	826	875	889	911	928	918	895
Net wealth (d = a+b-c)	6,207	6,463	6,950	7,327	7,450	7,721	7,732	8,010	8,295	8,662	9,064	9,389	9,346	9,411	9,324	9,171	8,776	8,542

(1) Values calculated using the national accounts' consumption deflator.

Table 2A

TYPICAL RATIOS

(€)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
									Current prices									
Net wealth per capita (1)	73,786	79,006	86,679	92,622	96,924	103,330	106,031	112,885	119,171	126,583	135,236	142,896	145,463	147,340	146,339	146,583	144,679	143,124
Net wealth per household (2)	214,461	226,573	245,220	258,445	267,769	282,614	288,356	304,294	313,465	324,842	344,914	361,521	364,241	365,006	365,509	366,676	357,738	357,476
2011 prices (4)									*2012 prices (4)*									
Net wealth per capita	109,193	113,630	122,127	128,752	130,870	135,541	135,675	140,201	144,266	149,669	156,096	161,250	159,340	159,502	157,518	154,478	147,754	143,124
Net wealth per household	317,374	325,868	345,502	359,257	361,552	370,712	368,973	377,928	379,477	384,085	398,117	407,956	398,988	395,137	393,432	386,425	365,341	357,476
Memorandum item:																		
Net wealth gross disposable income (3)	6.0	6.0	6.5	6.9	6.9	7.1	7.0	7.1	7.3	7.6	7.9	8.0	8.0	8.0	8.2	8.1	7.9	8.0

(1) Resident population according to Istat.

(2) The number of households is calculated by dividing the resident population (excluding people living in institutions) by the average number of household members according to the Bank of Italy Survey of Household Income and Wealth. Data referring to years when the survey was not conducted are interpolated. People living in institutions are people not linked by marriage, kinship, friendship or other who live together in a religious community, in hospitals, rest homes and the like, in barracks, in prison, or in similar institutionalized situations.

(3) Households' gross disposable income is drawn from national accounts.

(4) Values calculated using the national accounts' consumption deflator.

Table 3A

ITALIAN HOUSEHOLD NET WEALTH

(€ billion at current prices)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dwellings	2,181.0	2,302.9	2,450.1	2,482.3	2,511.7	2,659.9	2,836.9	3,126.3	3,430.6	3,689.0	4,008.4	4,370.5	4,691.3	4,829.6	4,908.4	4,961.9	5,026.6	4,832.9
Valuables	79.4	82.7	84.9	88.0	95.8	104.4	110.9	117.6	124.0	129.6	122.3	114.5	119.2	122.4	123.9	125.1	129.4	133.8
Non-residential buildings	152.5	160.6	170.4	172.9	174.8	184.5	196.3	217.9	235.9	246.9	265.7	293.8	317.9	326.6	328.0	334.0	341.5	335.4
Plant, machinery, equip., inventor. and goodwill	74.3	86.3	98.9	111.0	122.1	139.9	152.8	171.1	181.8	195.0	205.3	215.7	226.3	232.5	227.4	230.7	235.7	228.1
Land	196.2	200.2	205.2	211.8	212.5	215.3	222.6	228.4	237.5	244.0	244.3	246.5	250.9	252.8	252.5	253.9	246.6	237.6
Total real assets (a)	**2,683.4**	**2,832.7**	**3,009.5**	**3,065.9**	**3,116.9**	**3,304.0**	**3,519.5**	**3,861.3**	**4,209.8**	**4,504.5**	**4,846.0**	**5,241.0**	**5,605.6**	**5,763.9**	**5,840.2**	**5,905.6**	**5,979.8**	**5,767.8**
Currency	41.2	42.0	45.0	48.3	54.1	57.1	47.2	45.9	55.0	64.1	73.1	80.6	85.5	95.6	102.4	107.5	113.6	115.3
Bank accounts	521.1	533.6	496.6	460.4	444.7	456.3	489.5	508.0	521.6	532.8	557.9	606.7	632.9	682.3	675.5	657.6	650.6	692.5
of which: current accounts	193.8	206.7	224.1	235.6	245.9	256.4	284.2	315.6	338.5	355.2	375.8	396.7	399.5	432.0	491.5	494.4	477.7	469.7
Post office deposits	106.9	118.1	128.3	137.9	155.3	165.1	189.1	202.4	222.1	242.6	258.6	271.8	283.5	293.0	310.7	322.5	326.9	340.8
of which: current accounts	3.9	3.3	3.0	2.9	2.7	2.8	7.5	8.6	13.1	17.6	20.5	22.1	21.9	23.3	24.7	24.9	24.5	27.1
Securities	400.2	482.0	550.4	505.6	431.6	496.0	558.6	628.2	633.5	708.2	725.7	717.2	745.2	791.5	750.0	697.7	704.3	687.2
Italian government securities	329.8	352.4	356.2	279.2	171.8	196.3	243.5	300.4	250.2	299.3	270.4	253.3	268.1	267.5	193.0	155.3	183.1	184.7
Italian corporate and bank bonds	38.8	90.6	140.7	167.6	159.1	200.9	204.8	222.1	276.3	293.8	300.0	307.8	320.7	365.6	393.8	377.3	375.0	372.8
of which: bank bonds	34.6	84.2	134.9	158.4	152.8	191.5	197.8	215.1	244.5	267.1	271.6	282.0	299.6	351.7	376.7	368.3	372.0	371.7
Securities issued abroad	31.6	39.0	53.5	58.8	100.7	98.8	110.3	105.6	107.0	115.2	155.3	156.1	156.3	158.4	163.2	165.1	146.2	129.6
Loans to cooperatives	5.5	6.1	6.7	7.3	8.2	8.2	9.2	9.9	10.9	11.7	12.6	13.0	13.2	13.5	13.7	14.0	14.2	14.8
Shares and other equity in corporations	252.9	259.7	360.8	504.3	655.0	740.0	640.8	620.3	587.7	635.6	737.8	796.7	666.2	715.8	605.1	617.8	480.6	553.4
issued by residents	227.1	232.0	316.7	444.3	590.9	664.9	576.8	572.2	541.9	592.2	693.5	752.8	628.4	682.9	578.1	579.2	443.0	516.1
of which: listed shares	50.0	52.6	91.5	147.4	149.0	162.7	84.9	59.1	83.7	74.7	91.9	98.9	81.8	63.6	81.0	71.2	58.3	57.9
issued by non residents	25.8	27.7	44.0	60.0	64.1	75.1	64.0	48.1	45.7	43.3	44.3	43.9	37.8	32.9	27.0	38.5	37.6	37.3
of which: listed shares	18.2	19.5	31.0	18.7	32.3	44.0	35.0	22.8	22.5	21.9	23.5	24.3	19.5	11.8	12.5	14.3	14.7	13.2
Equity in quasi-corporations (1)	91.2	89.4	109.6	141.2	147.4	149.0	146.5	159.7	169.6	189.6	193.0	201.3	221.6	233.9	212.7	212.0	204.6	204.1
Investment fund units	102.9	141.1	230.6	404.6	506.0	510.9	444.3	408.7	420.2	412.9	421.4	402.5	355.2	221.4	252.8	264.8	233.4	266.2
Insurance technical reserves (2)	171.8	191.2	217.1	246.4	289.0	329.6	369.8	412.5	471.6	524.7	581.3	614.1	609.7	593.8	640.0	677.9	680.2	693.5
Of which: pension funds	101.6	107.8	114.4	120.6	129.7	138.8	148.1	157.1	170.7	181.3	194.7	205.0	208.7	213.5	217.5	221.2	224.3	227.7
Of which: life insurance reserves	55.7	66.9	84.5	105.1	136.4	165.4	194.5	226.4	270.1	310.8	352.5	373.4	364.3	342.3	383.8	417.8	417.5	427.3
Other accounts receivable	12.3	12.8	13.3	13.4	14.2	15.4	8.1	9.8	9.6	9.7	14.2	10.4	12.3	10.7	8.8	5.8	3.9	2.7
Trade credits	61.4	63.8	67.6	69.7	73.8	76.8	80.3	84.1	86.6	89.4	92.2	96.6	99.4	99.3	96.7	99.8	100.4	99.5
Total financial assets (b)	**1,767.5**	**1,939.8**	**2,226.1**	**2,538.9**	**2,779.2**	**3,004.3**	**2,983.4**	**3,089.6**	**3,188.4**	**3,421.3**	**3,667.8**	**3,811.0**	**3,724.7**	**3,750.7**	**3,668.4**	**3,677.3**	**3,512.6**	**3,670.0**
Total assets (a+b)	**4,450.9**	**4,772.5**	**5,235.6**	**5,604.9**	**5,896.1**	**6,308.3**	**6,503.0**	**6,950.9**	**7,398.2**	**7,925.8**	**8,513.8**	**9,052.0**	**9,330.3**	**9,514.6**	**9,508.6**	**9,582.9**	**9,492.4**	**9,437.8**
Loans	163.5	174.0	185.3	202.2	235.0	267.1	296.3	328.7	362.6	411.0	466.5	526.0	583.9	606.1	634.8	665.1	682.1	674.7
Consumer credit	8.4	9.4	9.2	24.5	31.3	35.9	40.0	45.2	52.1	61.3	73.1	86.6	98.9	106.9	114.9	120.3	122.5	119.5
Home mortgage loans	51.0	54.2	59.2	69.5	81.5	98.0	108.3	166.1	195.2	229.1	271.1	311.8	347.1	353.2	361.0	367.6	382.3	380.8
Other loans	104.2	110.4	116.8	108.2	122.1	133.3	148.0	117.3	115.3	120.6	122.2	127.6	138.0	146.0	158.9	177.1	177.3	174.5
Insurance technical reserves(2)	15.2	16.4	17.8	19.2	20.6	22.2	23.9	25.8	27.8	30.0	32.4	33.1	33.5	34.0	34.4	34.9	35.5	36.1
Trade debts	54.5	56.9	60.4	62.2	66.1	69.4	72.6	75.6	77.8	80.2	83.0	86.2	89.6	89.5	87.5	89.6	90.4	89.6
Other accounts payable	23.4	31.7	39.6	50.2	57.2	63.8	67.6	71.7	78.1	78.6	79.5	86.8	91.5	91.9	90.1	91.4	91.2	95.0
Total financial liabilities (c)	**256.6**	**279.0**	**303.2**	**333.8**	**378.9**	**422.5**	**460.5**	**501.7**	**546.4**	**599.8**	**661.5**	**732.0**	**798.5**	**821.5**	**846.8**	**881.0**	**899.3**	**895.4**
Net wealth (a+b-c)	**4,194.3**	**4,493.6**	**4,932.4**	**5,271.1**	**5,517.2**	**5,885.8**	**6,042.5**	**6,449.2**	**6,851.8**	**7,326.0**	**7,852.4**	**8,320.0**	**8,531.8**	**8,693.1**	**8,661.8**	**8,701.9**	**8,593.1**	**8,542.4**
Memorandum item: durable goods	407.2	429.8	447.0	469.8	486.9	506.9	525.7	544.1	563.4	577.8	595.5	613.7	631.0	640.7	646.6	650.8	651.7	652.5

(1) Quasi-corporations are entities without legal personality that draw up full financial statements and whose economic and financial operations are distinct from those of their owners. Non-financial quasi-corporations include general partnerships, limited partnerships, informal associations, de facto companies, sole proprietorships (artisans, farmers, small employers, members of professions and own-account workers) with more than five employees (in the case of five workers or fewer the business falls within the category "producer households").

(2) Technical reserves are the sums set aside by insurance companies and pension funds (independent or otherwise) for future payments to beneficiaries. Severance pay funds are included because they are deemed equivalent to pension funds. Reserves entered on the liability side include households' payments into severance pay funds for their employees.