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GENERAL INFORMATION

I - Unless indicated otherwise, figures have been computed by the Bank of Italy.

II - Symbols and Conventions:

— the phenomenon in question does not occur;

.... the phenomenon occurs but its value is not known;

.. the value is known but is nil or less than half the final digit shown.

Figures in parentheses in roman type () are provisional, those in parentheses in italics *()* are estimated.

III - The tables are identified both by a number and by an alphanumeric code that defines the content of the table in the database in the electronic archive in which information to be released to the public is held. A similar code identifies the different aggregates shown in each table.

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HOUSEHOLD WEALTH IN ITALY IN 2009

ABSTRCT – THE MAIN FINDINGS

- At the end of 2009 the gross wealth of Italian households was estimated at €9,448 billion and their net wealth at €8,600 billion, corresponding to about €350,000 per household. Real assets accounted for 62.3 per cent of gross wealth and financial assets for 37.7 per cent. Financial liabilities, which amounted to €860 billion, were equal to 9.1 per cent of total assets.

- Total net wealth grew by about 1.1 per cent in 2009, owing to an increase of 2.4 per cent in the value of financial assets, outstripping the 1.6 per cent rise in liabilities. Real assets increased more modestly, by 0.4 per cent. At constant prices, deflated by the consumption deflator, total wealth increased by 1.3 per cent.

- At the end of 2009 wealth in the form of housing was estimated at €4,800 billion, with an increase of 0.4 per cent in real terms since the end of 2008.

- According to preliminary estimates, household wealth diminished by 0.3 per cent in the first half of 2010 in nominal terms, owing to a decrease in financial assets and an increase in liabilities, more than offsetting the rise in the value of real assets.

- Recent studies put Italian households' share of global net wealth at 5.7 per cent, larger than the country's share of world GDP (3 per cent) or population (1.1 per cent).

- By international standards Italian households have relatively little debt. Household debt is equal to about 78 per cent of disposable income, compared with 100 per cent in France and Germany and 130 per cent in the United States and Japan.

HOUSEHOLD WEALTH IN ITALY IN 2009

1. Wealth

The net wealth of Italian households,[1] i.e. the sum of real assets (dwellings, land, etc.) and financial assets (accounts, bonds, shares, etc.), less financial liabilities (mortgages, personal loans and other debts) amounted to around €8,600 billion at the end of 2009 (Tables 1A and 3A).[2] [3]

Total net wealth increased by 1.1 per cent, or €93 billion, at current prices between the end of 2008 and the end of 2009. This was due to an increase in financial assets (2.4 per cent) that was larger than that in liabilities (1.6 per cent), in conjunction with a slight gain in real assets (0.4 per cent). At constant prices, total net wealth increased by 1.3 per cent in the course of 2009,[4] more than €100 billion at 2009 prices (Table 1A).

Preliminary estimates[5] indicate that net household wealth diminished very slightly (by 0.3 per cent) in nominal terms in the first half of 2010, as financial assets decreased and liabilities increased, more than offsetting the rise in real assets (Figure 1).

The variation in household wealth in real terms can be put down to two factors: capital gains*,* which reflect changes in the prices of real and financial assets, net of the part attributable to the consumption deflator, and the flow of savings net of amortization.[6] Capital gains were positive by about €36 billion in 2009, mainly owing to the rise in share prices in the course of the year.[7] Household savings were positive, amounting to around €70 billion.

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[1] This report examines the situation of consumer and producer households, not including social private institutions, i.e. private non-profit organizations producing non-marketable goods and services (trade unions, sports clubs, political parties, etc.). As a result the data may differ from that obtained from other sources employing different definitions, such as the Financial Accounts, which record the financial assets and liabilities of the household sector including social private institutions.

[2] The methodological note (Appendix A) describes the methods used for estimating the various components of wealth. For more detail, see the papers presented at the conference *Household Wealth in Italy*, held in Perugia on 16-17 October 2007. The papers are collected 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 quoted in previous publications are due to updates of the data used to build the aggregates or methodological changes. In particular, this year's report introduces a revision of the method for estimating the value of real estate assets, which affects that aggregate over the entire period considered.

[4] There are differences of opinion over which prices to use to deflate wealth (see, for instance, "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, real values are obtained by using the household consumption deflator from the national accounts, which shows a price decline of 0.16 per cent between 2008 and 2009. This is to be preferred to the consumer price index, as it incorporates some goods and services consumed by households that are not included in the CPI, such as imputed rents.

[5] The value of housing at the end of the first half of 2010 is estimated using property prices recorded by the property market observatory OMI (*Osservatorio del Mercato Immobiliare)* of the Territory Agency (*Agenzia del Territorio*) and projections of the average size and total number of homes. The latter is in line with forecasts prepared by the building industry's economic and market research organization, CRESME, according to which a total of 239,000 new homes were built in all of 2010. The value of the remaining real assets is estimated on the basis of the past ratio between the value of homes and total real assets, which has been fairly stable in recent years at around 82 per cent. In the case of the financial components, the values obtained from the Financial Accounts, not including the part relating to social private 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.

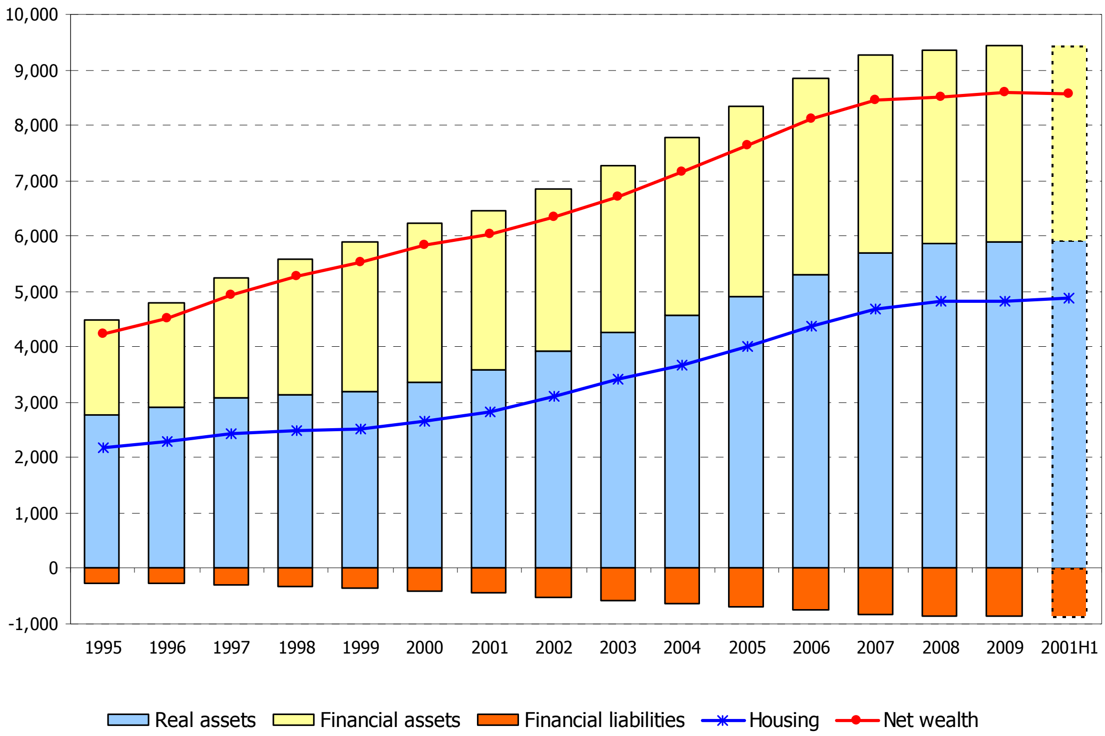
[6] Other factors can affect levels of household wealth, such as wars and earthquakes (counted as "Other changes on asset account"). As far as Italy is concerned, such factors have not played a significant role in recent years, allowing capital gains to be estimated as the balance between the increase in wealth and savings.

[7] The leading international stock market indices recorded substantial gains in 2009. Milan's FTSE MIB rose by 13 per cent.

Figure 1

Household wealth and its components in Italy, 1995-209

(*billions of euros at current prices; for 2010 H1, preliminary estimates*)



In the period 1995-2009, savings contributed about 60 per cent to the growth in net wealth; the remaining 40 per cent was due capital gains. In recent years, savings have represented around 1 per cent of net wealth and their contribution to its growth has been less variable than that of capital gains (Figure 2).

Net wealth was 8.2 times as great as disposable income in 2009. For some time this multiple has been on an upward trend: it was 6 in 1995, 7 in 1999, 8 in 2007 and 7.8 in 2008 (Table 2A).

At the end of 2009, households' average total net wealth was estimated at €350,000.[8] Net wealth is highly concentrated: many households have few or no assets, while a few hold substantial wealth. Data on the distribution of wealth – based on the Bank of Italy's Survey of Household Income and Wealth (SHIW)[9] [10] – indicate that in 2008 the bottom 50 per cent of

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[8] The number of households is calculated by dividing the resident population according to Istat data (i.e. not including people living in institutions) by the average number of household members in the Bank of Italy's Survey of Household Income and Wealth. The data for the years for which the Survey is not available are interpolated. For 2009, the average number of members was estimated at 2.48, slightly less than in 2008. As a result, the number of households is estimated to have risen by about 340,000. The estimates differ slightly from Istat's estimates based on the public records of municipal registry offices.

[9] The main findings of the Survey of Household Income and Wealth 2008 are published in *Supplements to the Statistical Bulletin* No. 8, 2010, "Household income and wealth in 2008", available at http://www.bancaditalia.it/statistiche/indcamp/bilfait/boll_stat/en_suppl_08_10.pdf.

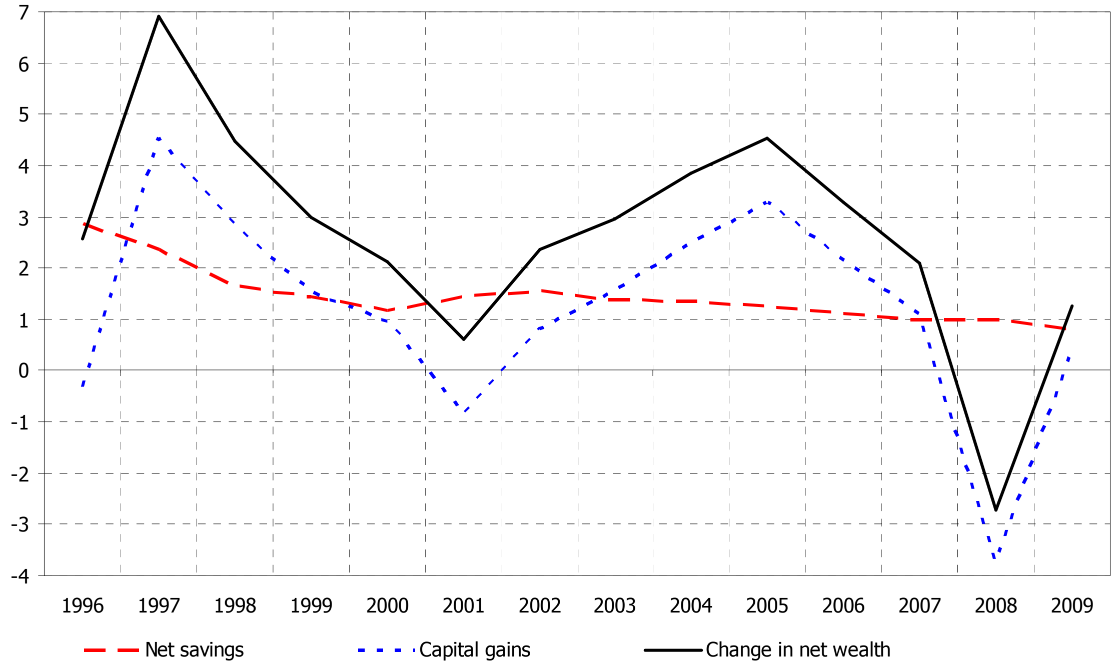
Italian households owned 10 per cent of total wealth, while the richest 10 per cent owned almost 45 per cent. The Gini index, which ranges from 0 (minimum inequality) to 1 (maximum inequality) was equal to 0.613, very much in line with the result for 2006. The share of households with negative net wealth, which had risen progressively since 2000, stood at 3.2 per cent in 2008 (Table 4A). Available estimates show that the inequality in household net wealth in Italy is fairly low by international standards, even with respect to the advanced countries only.[11]

Between 2008 and 2009 net wealth per household decreased by 0.3 per cent at current prices and by 0.2 per cent at constant prices (Table 2A); at constant prices, it was thus slightly below the level registered at the end of 2005 (Figure 3).

Figure 2

Savings, capital gains and changes in net wealth

(per cent of net wealth)



[10] The distribution of wealth can only be assessed using survey data, although these are not entirely consistent with the aggregate values. The main reasons for the discrepancy are the relative unwillingness of wealthier households to take part in sample surveys and the reticence of those who do, whose information may not be entirely truthful. Wealth estimates based on survey data therefore tend to underestimate the aggregate data: this occurs more often for the components of financial wealth, which well-off households are more likely to possess, than for the components of real wealth. See G. D'Alessio and I. Faiella, "Nonresponse behaviour in the Bank of Italy's Survey of Household Income and Wealth", *Temi di discussione*, 462, Banca d'Italia, 2002; R. Bonci, G. Marchese and A. Neri, "La ricchezza finanziaria nei conti finanziari e nell'indagine sui bilanci delle famiglie italiane", *Temi di discussione*, 565, Banca d'Italia, 2005; L. D'Aurizio, I. Faiella, S. Iezzi and A. Neri, "L'under-reporting della ricchezza finanziaria nell'indagine sui bilanci delle famiglie", *Temi di discussione*, 610, Banca d'Italia, 2006.

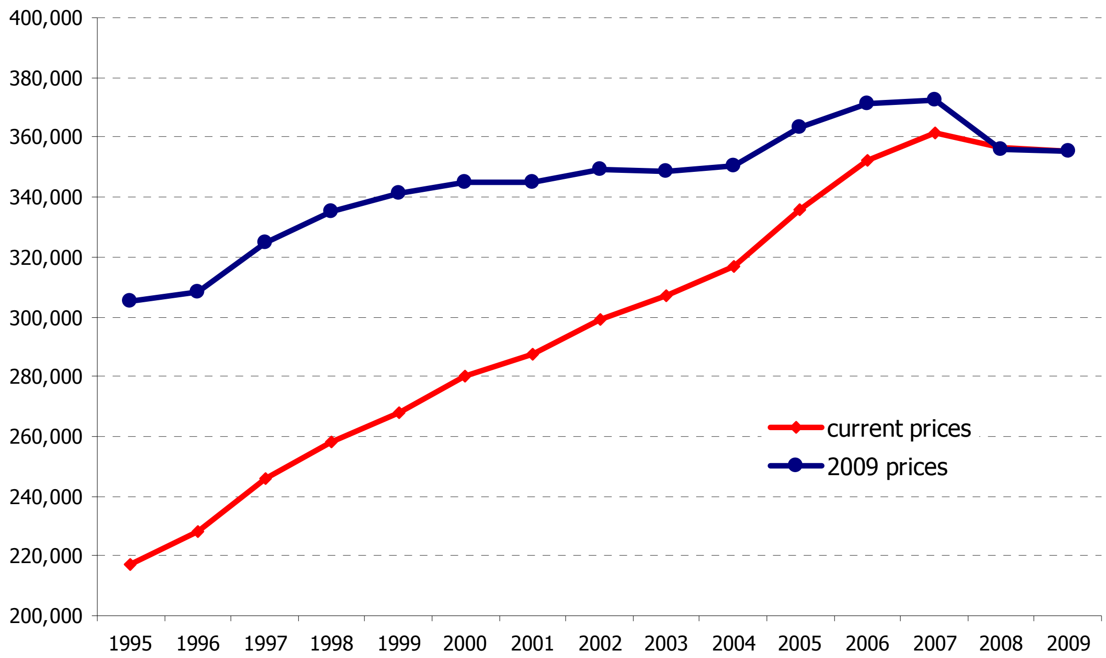
[11] International comparisons must be made with caution, given that the data are not always uniform. For financial assets, see L. Bartiloro, M. Coletta and R. De Bonis, "Italian households' wealth in a cross-country perspective", in *Household Wealth in Italy,* op. cit; for real assets see R. Bonci, L. Cannari, A. Karagregoriou, G. Marchese and A. Neri, "Defining Household Wealth in Business", *IFC Bulletin* No. 25, March 2007. For a reconstruction of global household wealth and for some aspects of its distribution, see Crédit Suisse Research Institute, *Global Wealth Report*, 2010.

At the end of 2009 real assets, at €5,883 billion, accounted for around 62.3 per cent of gross wealth and financial assets (€3,565 billion) for 37.7 cent, while financial liabilities (€860 billion) were equal to about 9.1 per cent of gross wealth (Table 1A). By comparison with the first few years of the decade the share of gross wealth consisting in real assets was larger, while the incidence of financial assets was lower. The proportion of financial liabilities has risen slowly but constantly.

Figure 3

Net wealth per household

(€ at current and constant prices)



2. Real assets

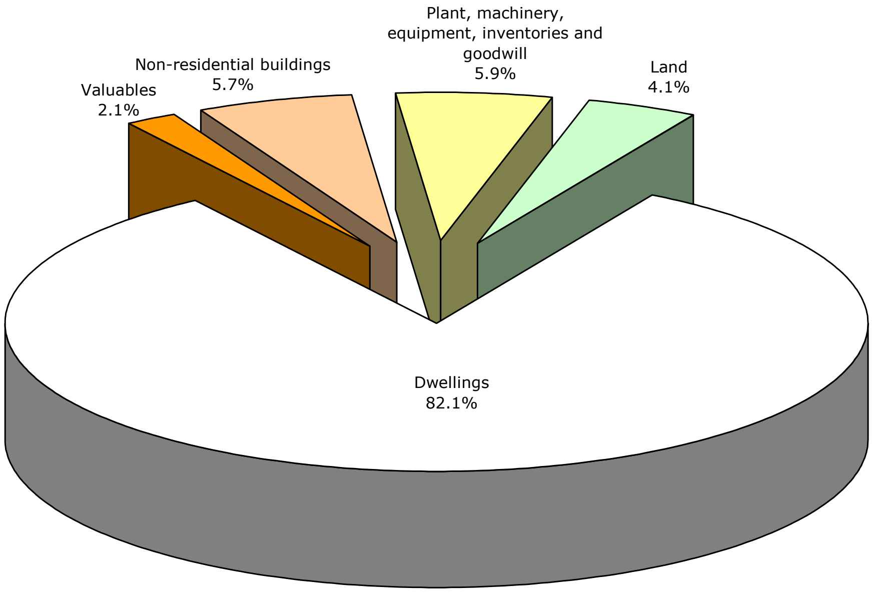
At the end of 2009, more than 82 per cent of households' real assets consisted in dwellings, less than 6 per cent in non-residential buildings. Plant, machinery, equipment, inventories and goodwill represented just under 6 per cent of the total, while land and valuables accounted for around 4 and 2 per cent respectively (Figure 4).

The composition of real assets has changed little change since 1995 (Table 3A). The incidence of dwellings increased by 3.6 percentage points between that year and 2009; that of land diminished by 1.7 points, while that of plant, machinery, inventories and goodwill declined by 1.4 points and that of valuables by 0.7 points. The share of non-residential buildings remained basically unchanged.

Figure 4

Composition of real assets, 2009

(percentage values)



At the end of 2009, Italian households' wealth consisting of dwellings amounted to about €4,800 billion, or roughly €200,000 per household.

The amount of household wealth invested in residential property rose by a scant 0.3 per cent at current prices between 2008 and 2009, that is by around €13 billion. This was much lower than the average for the period 1995-2008 (6.3 per cent), due to the halt in the property market (Figure 5).[12] At constant prices housing wealth rose by 0.4 per cent over the twelve months.

According to data from the Territory Agency's OMI (*Osservatorio del Mercato Immobiliare*), house prices held practically stable in the first half of 2010. On the basis of this and other data,[13] it is estimated that the value of housing wealth rose by less than 1 per cent during those six months (Figure 5).

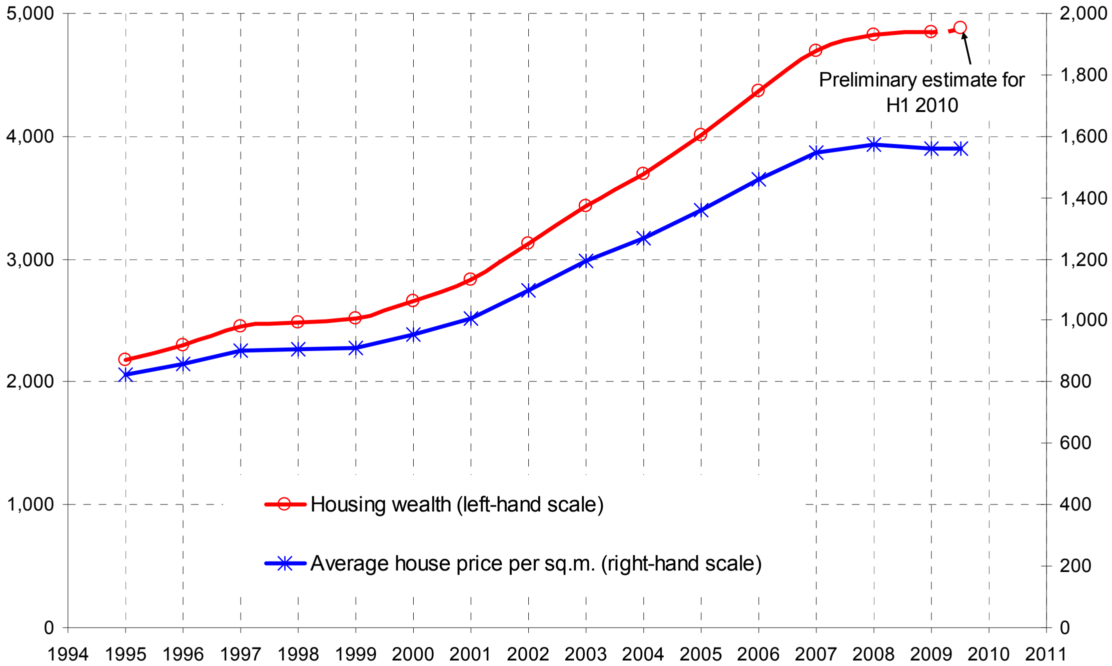
[12] The earthquake in Abruzzo in April 2009 had very little overall effect on total household wealth in Italy. The value of all residential dwellings located in the areas affected by the quake is estimated to be in the order of €6-7 billion, which is less than 0.1 per cent of total net wealth. See *Economie Regionali, L'Economia dell'Abruzzo nel 2008* (http://www.bancaditalia.it/pubblicazioni/econo/ecore/note/2008/abruzzo/abruzzo2008.pdf).

[13] See footnote 5.

Figure 5

Changes in housing wealth and property market trends

(€ billion, € per sq. m.(*)*)*



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

3. Financial assets

At the end of 2009, 44.2 per cent of households' financial assets consisted of corporate bonds, securities issued abroad, loans to cooperatives, shares and other equity in corporations and investment fund units. Cash, bank accounts and post office deposits accounted for less than a third of the total, while just over 5 per cent was invested directly by households in Italian government securities. Insurance technical reserves, i.e. sums set aside by insurance companies and pension funds to cover future payments to households, represented 17.7 per cent of total financial assets (Figure 6).

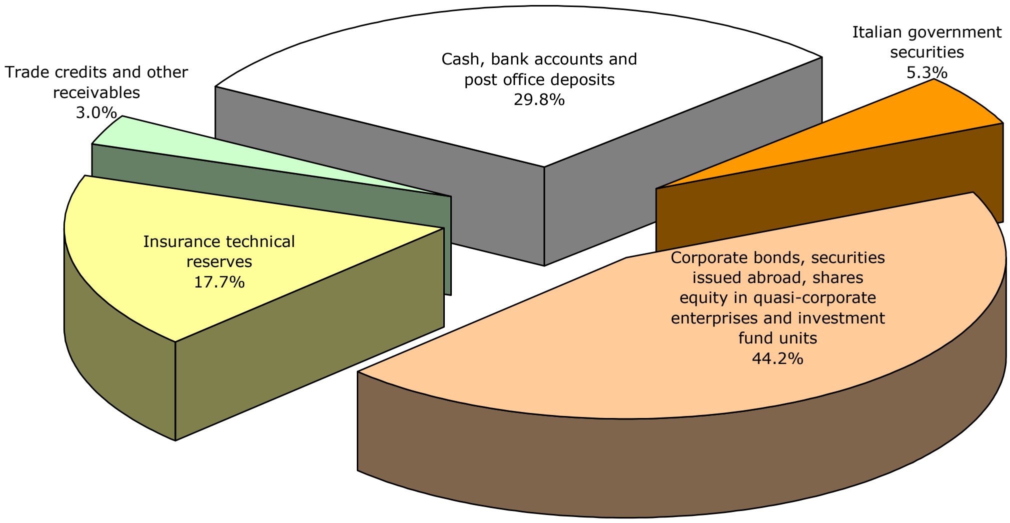
The shift in the composition of household portfolios towards more liquid forms of investment, such as bank and postal deposits, continued in 2009. The shares of financial wealth represented by bank accounts and post office deposits increased by 1.4 and 0.3 percentage points respectively. That consisting of Italian government securities fell by more than 2 points, while that of shares and other equity rose by more than 1 point. In particular, there was a shift towards foreign at the expense of Italian securities. The portion of financial wealth consisting in foreign bonds and equity rose by more than 1 percentage point, that of Italian bonds and shares declined by 1.8 points. There was a weak recovery in the wealth held in investment funds, following the sharp decline registered in 2008 (Table 3A).

The composition of financial assets has changed significantly since 1995, mainly reflecting an increase of 8.7 percentage points in the portion invested in Italian corporate bonds, from 2.3 to 11 per cent, and one of nearly 8 points in insurance technical reserves, from 10 to 18 per cent. On the other hand, the incidence of bank accounts decreased sharply, from 30 to 18 per cent, as did that of Italian government securities, from 19 to 5 per cent.

Figure 6

Composition of financial assets, 2009

(percentage values)



4. Financial liabilities

At the end of 2009, around 41 per cent of Italian households' financial liabilities consisted of home mortgage loans. Consumer credit represented around 12.5 per cent, while other personal loans amounted to 21.4 per cent.[14] Trade debts and other payables[15] accounted for 22 per cent of households' liabilities (Figure 7; Table 3A).

The value of mortgage loans rose by 2 per cent between the end of 2008 and the end of 2009. This represented a sharp slowdown from the rapid growth pattern of previous years; in 2008, for instance, it had risen by 5 per cent, and the average annual increase between 1995 and 2007 came to nearly 17 per cent. Consumer credit also slowed, from average growth of 23 per cent a year in 1995-2007 to 6 per cent in 2008 and 4.7 per cent in 2009. Trade debts contracted sharply, by 6.7 per cent, wiping out the 8.5 per cent expansion of 2008 to return to their end-2007 level; they had registered average annual growth of 4 per cent from 1995 to 2007.

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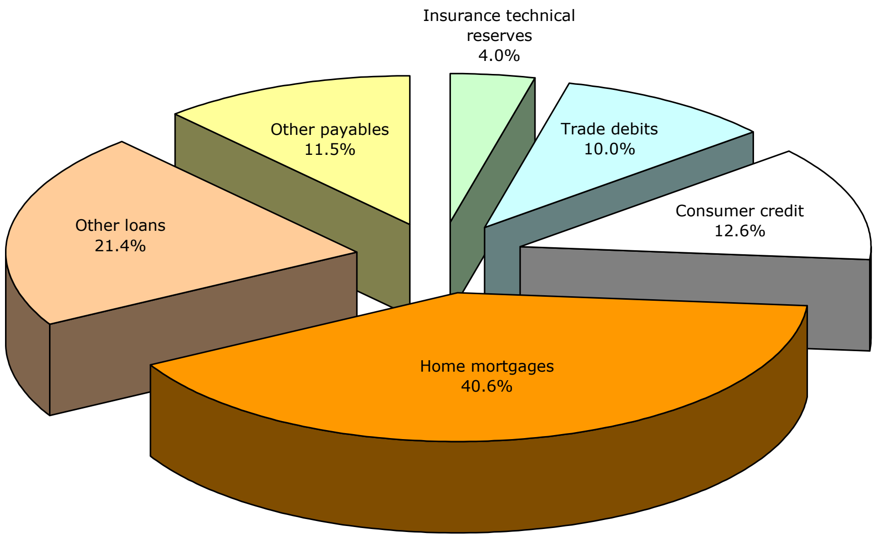
[14] Starting with this report, thanks to an extension of the database, it is possible to produce an estimate of the value of loans for house purchases and consumer credit that were originated by banks but then transferred to non-bank intermediaries via securitization. In previous publications these aggregates were lumped together under "other loans". The revision affects the data from 2000 on, as loan securitizations began pursuant to Law 130/1999.

[15] Other payables comprise taxes, social welfare services and other items that households pay to government departments after the year to which they refer.

Figure 7

Composition of financial liabilities, 2009

(percentage values)



5. International comparison

At the end of 2008 Italian households' net wealth was equal to 7.8 times their disposable income, a multiple comparable to that obtaining in France (7.5) and the United Kingdom (7.7), slightly higher than in Japan (7) and significantly higher than in Canada (5.4) and the United States (4.8). Their real assets were 5.4 times disposable income, slightly less than in France (5.7), in line with the United Kingdom (5.2), and higher than the United States (2.2), Canada (3.3) or Japan (3.4) (Table 1). Italy continued to show a greater propensity to invest in real estate, one factor in which is the large number of tiny family firms for which buildings also represent business capital.

Italian households' financial assets at the end of 2008 were more than 3 times their disposable income for the year, lower than in Japan, the United States, the United Kingdom or Canada, but higher than in Germany and France. It should be recalled that the relatively small size of the public pension system in the English-speaking countries implies larger investment in insurance technical reserves.

Italian households' liabilities at the end of 2008 amounted to 78 per cent of disposable income, the lowest figure among the countries considered here. The ratio was around 100 per cent in Germany and France, 130 per cent in the United States and Japan, 140 per cent in Canada and 180 per cent in Britain.

Recent studies estimate global net household wealth at €160,000 billion.[16] Italy's share would thus come to 5.7 per cent, which is particularly high by comparison with the country's share of world GDP (3 per cent) and population (1 per cent). Italy is one of the richest of the

[16] These findings must be treated cautiously, since the data on world wealth are derived from relatively scarce data – from countries, like Italy, that produce them – and from estimates. See note 11.

200 countries considered, ranking tenth in per capita net wealth. Some 60 per cent of Italian households hold more net wealth than 90 per cent of all the world's households. Nearly all Italian households have more net wealth than 60 per cent of all the world's households.

Table 1

Household net wealth: an international comparison

(ratio of households' assets to disposable income)[17]

	2000	2001	2002	2003	2004	2005	2006	2007	2008
					Real assets				
USA	2.28	2.40	2.49	2.59	2.77	3.06	3.00	2.70	2.21
Canada	2.62	2.68	2.81	2.92	3.03	3.18	3.28	3.38	3.34
Japan	4.08	3.99	3.79	3.67	3.51	3.42	3.43	3.49	3.41
Germany	3.85	3.81	3.88	3.90	3.94	4.01	4.17	4.30	..
France	3.47	3.64	3.88	4.32	4.87	5.48	5.82	5.91	5.66
United Kingdom	3.88	3.91	4.55	4.82	5.27	5.23	5.61	6.01	5.19
Italy	**4.11**	**4.14**	**4.36**	**4.61**	**4.76**	**4.97**	**5.20**	**5.39**	**5.41**
					Financial assets				
USA	4.56	4.21	3.77	4.21	4.42	4.67	4.85	4.88	3.86
Canada	3.53	3.50	3.49	3.45	3.39	3.46	3.50	3.49	3.52
Japan	4.70	4.77	4.74	4.95	5.01	5.29	5.32	5.14	4.84
Germany	2.66	2.62	2.58	2.69	2.77	2.87	2.95	3.01	2.85
France	2.83	2.66	2.59	2.69	2.79	2.91	3.07	3.11	2.86
United Kingdom	4.97	4.45	3.95	4.11	4.30	4.67	4.91	4.97	4.29
Italy	**3.50**	**3.31**	**3.25**	**3.24**	**3.34**	**3.47**	**3.48**	**3.42**	**3.21**
					Financial liabilities				
USA	1.01	1.05	1.10	1.18	1.24	1.31	1.35	1.38	1.31
Canada	1.13	1.14	1.17	1.21	1.24	1.29	1.32	1.38	1.42
Japan	1.35	1.36	1.34	1.34	1.31	1.32	1.30	1.27	1.27
Germany	1.14	1.12	1.12	1.11	1.10	1.07	1.05	1.02	0.98
France	0.77	0.78	0.76	0.80	0.84	0.91	0.96	1.00	1.00
United Kingdom	1.17	1.21	1.34	1.45	1.60	1.62	1.78	1.86	1.80
Italy	**0.50**	**0.49**	**0.57**	**0.61**	**0.65**	**0.70**	**0.74**	**0.78**	**0.78**
					Net wealth				
USA	5.83	5.55	5.16	5.62	5.95	6.42	6.50	6.20	4.76
Canada	5.02	5.03	5.13	5.16	5.18	5.34	5.46	5.50	5.44
Japan	7.44	7.40	7.19	7.28	7.20	7.39	7.45	7.35	6.97
Germany	5.37	5.31	5.34	5.48	5.61	5.81	6.06	6.29	..
France	5.52	5.52	5.71	6.21	6.82	7.48	7.92	8.03	7.52
United Kingdom	7.68	7.14	7.16	7.48	7.97	8.27	8.75	9.12	7.68
Italy	**7.11**	**6.96**	**7.04**	**7.23**	**7.46**	**7.74**	**7.93**	**8.03**	**7.84**

Note: With the exception of Italy, data refer to the entire set of households including social private institutions (SPIs). For the United States, data do not include unlisted companies and sole proprietorships but do include SPIs. For Canada, Germany and the United States, real assets include durable goods. For a more detailed description of the variables see *OECD Economic Outlook Sources and Methods* (http://www.oecd.org/eco/sources-and-methods).
Sources: OECD and, for Italy, Banca d'Italia, Istat.

[17] OECD data on the ratio of real assets to disposable income for Italy differ from those given in Table 1 because the aggregate is estimated using a different methodology and based on different data. 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 on the Bank's website at: www.bancaditalia.it/studiricerche/convegni/atti/ric_fam_it/Household_wealth_Italy.pdf.

METHODOLOGICAL NOTE

1. General features

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 corporate bonds, are instruments that give their holder, the creditor, a claim to receive, with no obligation on his part, payment from the debtor, who has taken on such obligation. Financial liabilities, i.e. debts, constitute the negative component of wealth; for the most part they take the form of home mortgages and personal loans.

Wealth estimates are obtained for all households resident in Italy. They do not include non-profit institutions (otherwise known as Non-Profit Institutions Serving Households, NPISH).[18] National accounts distinguish between households in their consumption function (Consumer Households) and in their production function (Producer Households, producers of goods, financial services and market financial services providing that in this case the household's economic behaviour is not such as to make it a quasi-corporate enterprise). In our breakdown of wealth items, we have made this distinction.[19]

The estimate of net wealth in this supplement follows the aggregation scheme set out in Table 1A. The procedures for estimating the real and financial components of household wealth are set out in the next two sections.

[18] For purposes of comparison or concordance, recall that the European System of Accounts (ESA95) aggregates SPIs together with households. That is the case, for instance, with the Financial Accounts.

[19] For a detailed account 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*, op. cit., October 2007.

Net wealth aggregation scheme

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

2. Real assets

2.1 Dwellings

The estimate of housing wealth is determined by three factors: i) the number of dwellings owned by households; ii) their average size in square metres of floor area; iii) the average price per square metre of residential property, representative of the stock of dwellings owned by households. The total housing wealth for each year is thus estimated as the product of these three components.

i) The number of dwellings owned by individuals is based on the 1991 and 2001 censuses. The figures for the years between censuses and since 2001 are calculated by using CRESME data on new buildings (those that can be ascribed to individuals).[20] The estimate does not include the value of houses owned by Italian households abroad; nor is it possible to isolate the value of houses located in Italy but owned by non-resident households.[21]

ii) The average floor area of houses is taken from the censuses of 1991 and 2001. For the years in between and after, it is extrapolated from those data. Since the census data are for net usable floor area, to make this consistent with the prices per square metre the average area is multiplied by a coefficient (1.22),

[20] The CRESME estimate of new buildings includes an estimate of unauthorized buildings.

[21] The estimates of the Bank of Italy indicate that the amount of Italian households' residential property investment outside Italy, net of such investment in Italy by non-residents, is negligible.

representing the ratio between the extrapolated census figure and the registry office figure from OMI, available starting in 2006.

iii) The benchmark for the price index is the average price per square metre in 2008, published by the Territory Agency.[22] Price changes for the years since 2002 are obtained by working out the basic data provided by OMI. For the years before 2002, the change in house prices is based on the trends taken from Consulente Immobiliare for provincial capitals and the trends estimated using data for the other municipalities drawn from the SHIW.[23]

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

The estimates here differ little from those in the previous reports, in that the changes to average floor area and value per square meter, though individually quite large (e.g., for 2008 +22 per cent and -15 per cent respectively) tend to be mutually offsetting.

2.2 Valuables and durable goods

Valuables are non-financial goods that are not subject to physical depreciation over time, such as jewels, antiques, artworks and collectibles. Their value is obtained by first estimating the stock of durable goods and multiplying it by the estimator of the ratio of valuables to the stock of durable goods of households, drawn from the SHIW.[24]

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

In the national accounts framework, although durable goods in some ways resemble real assets, they are not counted as wealth. Given their importance and the large number of households holding them, however, their value is given as a memorandum item.[26]

2.3 Non-residential buildings

Non-residential buildings, together with land and the other real wealth components described below, form part of the non-financial wealth that households possess for business purposes. The item includes the market value of the stock of

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[22] Agenzia del Territorio, "Gli immobili in Italia: distribuzione del patrimonio e dei redditi dei proprietari".

[23] See L. Cannari and I. Faiella, "House prices and housing wealth in Italy," paper presented at the conference *Household Wealth in Italy*, op. cit., October 2007.

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

[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, no. 169, June 1992.

[26] The inclusion of durable goods in real assets would be justified if the System of Accounts treated those goods as instruments used in the production of services. But the accounting framework actually classifies all spending for durable goods as part of final consumption. See, for instance, V. Siesto, *La contabilità nazionale italiana*, Il Mulino, Bologna, 1996.

buildings owned by households for business purposes as offices, stores, workshops or industrial sheds.[27]

The overall value of the stock was obtained by multiplying the estimates of the following components for each category of building (offices, stores 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 Agenzia delle Entrate's OMI data. Floor area was taken from SHIW data for the last three surveys (2004, 2006, 2008).

The value of non-residential buildings is increased by that of sales of public non-residential property to households.

Since the data permit the reconstruction of the series only from 2002 on, 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, proved to be stable in the period 2002-2009 and is comparable to that estimated using SHIW data.

2.4 Plant, machinery, equipment, inventories and goodwill

The stock of plant, machinery and equipment owned by households is reconstructed from investment data. First an initial value of households' net capital stock at current prices for 1990, the base year, is estimated. This is then increased successively by net investment as calculated by Istat, deflated using the impicit deflators of fixed investment and depreciation from the national accounts.[28] This produces an estimate of net capital stock at constant prices in each year. The series for net capital stock at substitution prices is reconstructed using the respective deflators as 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 for this 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 net capital stock for the entire economy as a whole (excluding construction). The estimate assumes that producer households' share

[27] The item "warehouses" from the OMI data was excluded from these estimates, since it mainly includes houses' basement cellars

[28] In 2006, Istat revised the methodology for the time series of fixed investment by ownership branch, of capital stock and depreciation. The new data are the product of the general revision of the national accounts pursuant to Community 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 indices at chain-linked volumes to replace fixed-base indices (base 1995). Given that chain-linked volume indices do not allow summation of volumes at constant prices (the additive property), here we use the price indices for the previous year, which do retain that property.

of total non-construction investment is a reasonable proxy for their share in 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. For each year, the change in inventories at constant prices from the national accounts is added.[30] The data at constant prices are then converted into current prices using the GDP deflator.

The share of inventories to attribute to households is calculated by using the ratio of producer households' output at base prices to the total output of non-financial undertakings (non-financial firms plus producer households) at base prices, assuming that the volume of inventories is proportional to the volume of output. In the 1990s, this ratio has 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 CERVED archive often lacks the latter data. For each year, the sales threshold is set on the basis of the average sales per worker taken from Istat data on companies' financial accounts (for enterprises 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 the national accounts data.

2.5 Land

The value of farmland is drawn from the annual survey of the property market by the Istituto Nazionale di Economia Agraria (INEA).[32] For non-agricultural land, the estimate for the value of farmland was multiplied by a coefficient equal to the ratio of the value of non-agricultural land to agricultural land, as estimated by the SHIW (for 1991-2008 the percentage averaged 11 per cent). The total value so obtained was used to estimate the share owned by households, applying the percentage of agricultural land area used by them according to the latest census of agriculture.[33]

[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, indices at chain-linked volumes lack the property of additivity, so the series of changes in inventories at constant prices, which before the methodological revision of 2006 were calculated as residuals, are no longer available. To deflate the current-price series, the GDP deflator is used.

[31] The estimation was performed in two steps. First, taking the data of the Company Accounts Data Service the incidence of goodwill on total intangible assets by type of investment in intangible assets was estimated. Second, the estimates so obtained were applied to the CERVED archives to get an estimate of the total value of goodwill.

[32] The results are available at www.inea.it/progetti/mercato_f.cfm.

[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.

3. Financial assets and liabilities

The data on the financial components of wealth are based on the Financial Accounts.[34] But the values given here differ from these because the reference set for our estimates does not include NPISHs, which are counted together with households (consumer and producer) in the sectoral classification of the European System of Accounts (ESA95) used in compiling the Financial Accounts.[35]

[34] See *Supplements to the Statistical Bulletin,* Monetary and financial indicators, Financial Accounts, no. 58, November 2010.

[35] For further details on the methodologies for estimating the financial components of household wealth, see the methodological appendix to the "Financial Accounts" *Supplements 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.

STATISTICAL TABLES

Table 1A

COMPOSITION OF NET WEALTH

(€ billion)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
								Current prices							
Total real assets (a)	2.770	2.914	3.085	3.137	3.187	3.370	3.584	3.925	4.271	4.566	4.907	5.305	5.682	5.860	5.883
Total financial assets (b)	1.726	1.894	2.173	2.458	2.698	2.867	2.862	2.926	3.001	3.204	3.426	3.553	3.600	3.482	3.565
Total financial liabilities (c)	255	280	308	329	362	407	426	511	564	624	693	756	818	847	860
Net wealth (d = a+b-c)	4.241	4.528	4.950	5.266	5.523	5.830	6.020	6.340	6.708	7.146	7.640	8.102	8.464	8.495	8.588
								2009 prices							
Total real assets (a)	3.895	3.936	4.076	4.070	4.060	4.153	4.303	4.581	4.851	5.054	5.311	5.592	5.853	5.850	5.883
Total financial assets (b)	2.427	2.558	2.870	3.188	3.438	3.533	3.436	3.414	3.408	3.547	3.708	3.745	3.708	3.477	3.565
Total financial liabilities (c)	359	378	407	426	462	502	511	596	641	690	750	797	843	845	860
Net wealth (d = a+b-c)	5.963	6.116	6.539	6.831	7.035	7.184	7.227	7.399	7.618	7.910	8.269	8.540	8.719	8.481	8.588

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

Table 2A

TYPICAL RATIOS

(€)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
								Current prices							
Net wealth per capita (1)..................	74.613	79.607	86.985	92.536	97.016	102.353	105.634	110.606	115.878	122.241	130.039	137.012	141.969	141.475	142.327
Net wealth per household (2)...........	216.866	228.296	246.085	258.203	268.025	279.940	287.308	299.146	306.885	316.883	335.586	352.037	361.349	356.683	355.453
								2009 prices (4)							
Net wealth per capita......................	104.908	107.530	114.905	120.041	123.595	126.123	126.811	129.081	131.592	135.303	140.750	144.432	146.243	141.251	142.327
Net wealth per household	304.918	308.373	325.071	334.950	341.453	344.953	344.905	349.113	348.500	350.746	363.228	371.101	372.227	356.116	355.453
Memorandum item :															
Net wealth / disposable income (3) ..	*6,0*	*6,1*	*6,5*	*6,9*	*7,0*	*7,1*	*7,0*	*7,0*	*7,2*	*7,5*	*7,7*	*7,9*	*8,0*	*7,8*	*8,2*

(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' 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)

Voci	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Dwellings	2.176,4	2.298,0	2.444,9	2.477,0	2.506,3	2.654,2	2.830,9	3.119,7	3.423,3	3.681,2	3.999,8	4.361,2	4.681,3	4.819,3	4.832,2
Valuables	78,9	82,4	84,7	87,9	95,5	104,3	111,1	117,9	124,4	130,0	122,9	115,0	119,5	122,8	125,2
Non-residential buildings	155,3	163,6	173,6	176,1	178,1	188,1	200,3	223,9	242,7	254,4	273,3	302,3	326,8	337,0	338,2
Plant, machinery, equipment, inventories and goodwill	199,6	207,0	214,6	223,1	232,4	246,5	259,0	275,5	285,4	299,3	310,0	323,5	336,9	348,9	344,5
Land	160,1	163,2	167,5	173,1	174,2	177,1	183,1	188,1	195,6	201,1	201,2	202,9	217,8	231,4	243,0
Total real assets (a)	**2.770,3**	**2.914,1**	**3.085,3**	**3.137,2**	**3.186,5**	**3.370,2**	**3.584,4**	**3.925,0**	**4.271,3**	**4.565,9**	**4.907,3**	**5.304,8**	**5.682,3**	**5.859,5**	**5.883,2**
Currency	41,2	42,0	45,0	48,3	54,1	57,1	47,2	45,9	55,0	64,1	73,1	80,7	85,5	95,6	102,4
Bank accounts	521,1	533,6	496,6	460,4	445,1	449,5	475,4	488,0	495,8	504,7	526,4	573,3	602,1	647,6	649,4
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	491,6
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
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
Securities other than shares	402,9	478,1	541,6	488,3	400,9	463,6	528,1	594,9	586,2	640,1	632,6	646,9	701,0	758,8	713,6
Italian government bonds	330,7	344,5	342,5	258,0	163,7	186,3	230,1	279,3	230,9	270,7	234,0	232,1	260,7	259,8	189,1
Italian corporate bonds	40,7	94,6	145,6	171,6	164,5	201,4	206,5	224,7	264,9	282,0	280,0	289,5	313,2	366,7	394,2
of which: issued by banks	36,5	88,3	139,8	165,1	162,4	195,7	202,9	221,6	247,5	269,7	265,4	276,6	304,4	357,9	384,4
Securities issued abroad	31,6	39,0	53,5	58,8	72,7	75,8	91,5	91,0	90,4	87,4	118,5	125,3	127,1	132,3	130,4
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	13,2	13,8	14,3	15,1
Shares and other equity in corporations	248,6	254,6	349,4	483,7	647,4	702,9	628,8	601,4	568,2	618,5	719,9	754,4	718,6	584,4	636,6
issued by residents	222,8	226,9	305,4	395,3	522,5	556,7	496,5	501,2	462,6	494,1	573,3	584,8	558,2	476,4	482,5
of which: listed shares	50,0	52,6	91,5	113,7	166,2	188,4	108,4	83,1	114,4	113,0	134,7	149,5	143,5	63,7	80,2
issued by non residents	25,8	27,7	44,0	88,4	125,0	146,1	132,3	100,3	105,7	124,4	146,6	169,6	160,5	108,1	154,1
of which: listed shares	18,2	19,5	31,0	42,3	58,1	70,8	60,3	41,6	45,9	48,6	58,9	65,6	64,6	42,2	48,0
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
Investment fund units	67,4	105,6	195,2	369,1	478,7	453,5	388,0	326,5	338,8	320,6	330,9	301,0	262,1	159,7	186,2
Insurance technical reserves (2)	171,8	191,2	217,1	246,4	289,0	329,6	369,8	412,5	467,8	521,1	577,6	610,7	606,6	586,5	632,3
of which: pension funds	101,6	107,8	114,4	120,6	129,7	138,8	148,1	157,1	166,8	177,7	191,0	201,6	205,7	209,8	212,8
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
Other accounts receivable	9,6	10,1	10,6	10,7	11,5	12,7	5,4	7,1	6,9	7,0	11,5	7,7	9,7	8,7	9,6
Trade credits	59,7	64,8	72,3	64,5	60,9	76,0	74,6	77,2	79,5	84,4	90,0	91,9	95,6	99,7	96,1
Total financial assets (b)	**1.726,0**	**1.893,6**	**2.172,6**	**2.457,7**	**2.698,4**	**2.867,0**	**2.862,2**	**2.925,7**	**3.000,8**	**3.204,4**	**3.426,1**	**3.552,9**	**3.600,1**	**3.482,1**	**3.564,8**
Total assets (a+b)	**4.496,3**	**4.807,7**	**5.257,8**	**5.594,9**	**5.885,0**	**6.237,2**	**6.446,6**	**6.850,7**	**7.272,2**	**7.770,3**	**8.333,4**	**8.857,7**	**9.282,4**	**9.341,6**	**9.448,0**
Loans	163,5	174,0	185,3	202,2	231,3	252,4	267,4	344,4	387,4	439,9	500,6	553,5	605,9	624,8	641,3
Consumer credit	8,4	9,4	9,2	24,5	28,7	33,4	37,9	45,1	52,1	59,6	71,2	84,5	97,2	103,1	107,9
Home mortgage loans	51,0	54,2	59,2	69,9	81,3	103,9	125,5	155,5	182,1	215,3	254,9	292,2	325,1	342,1	349,4
Other loans	104,2	110,4	116,8	107,8	121,2	115,0	104,0	143,8	153,3	165,1	174,5	176,8	183,5	179,5	183,9
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	33,8	34,1
Trade debts	52,8	57,8	65,2	57,1	53,3	68,6	67,0	68,6	70,7	75,2	80,8	82,6	84,6	91,8	85,7
Other accounts payable	23,5	31,8	39,7	50,3	57,3	63,9	67,7	71,8	78,2	78,7	79,6	86,9	94,3	96,3	98,8
Total financial liabilities (c)	**255,0**	**280,0**	**308,0**	**328,7**	**362,5**	**407,1**	**426,1**	**510,7**	**564,2**	**623,8**	**693,4**	**756,0**	**818,3**	**846,7**	**859,9**
Net wealth (a+b-c)	**4.241,3**	**4.527,8**	**4.949,8**	**5.266,1**	**5.522,5**	**5.830,1**	**6.020,5**	**6.340,1**	**6.708,0**	**7.146,5**	**7.640,0**	**8.101,7**	**8.464,1**	**8.494,9**	**8.588,1**
Memorandum item: durables	*404,8*	*428,3*	*445,8*	*469,0*	*485,7*	*506,2*	*526,5*	*545,6*	*565,1*	*579,7*	*598,1*	*616,0*	*632,7*	*642,8*	*647,9*

(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.

Table 4A

DISTRIBUTION OF NET WEALTH: 1998-2008

	1998	2000	2002	2004	2006	2008
Share of net wealth of wealthiest 10 per cent of households	46.5	47.5	44.9	42.9	44.7	44.5
Share of net wealth of poorest 50 per cent of households	9.3	9.6	9.6	10.1	9.7	9.8
Share of households with negative net wealth	2.3	1.8	2.1	2.6	2.7	3.2
Gini inequality index (1):						
net wealth	0.628	0.631	0.618	0.603	0.616	0.614
real assets	0.638	0.627	0.619	0.607	0.615	0.607
financial assets	0.743	0.809	0.767	0.733	0.769	0.763
financial liabilities	0.937	0.925	0.924	0.922	0.926	0.907
Memorandum item:						
Household income Gini inequality index	*0.375*	*0.362*	*0.357*	*0.353*	*0.348*	*0.353*

(1) The Gini index ranges from 0, minimum inequality, to 1, maximum inequality.

Sources: Based on data from the Survey of Household Income and Wealth. Yearly archives.

Registration with the Court of Rome No. 24/2008, 25 January 2008 - *Director*: dr. SALVATORE ROSSI -