

Compilation and Measurement of Household Wealth and its Distribution

Katrine S e
Statistics Denmark

Kristina St ehr Vest
Statistics Denmark

Paper Abstract: Unprecedented access to a newly developed and comprehensive family distributed dataset on household wealth for Danish households paves the way for distributional analysis on the net wealth and its underlying components. This study focuses on net wealth by combining macro data from National Accounts on household's financial assets and liabilities and the family distributed dataset on household wealth in order to analyse the development and distribution of net wealth. The Danish households took a hit during the financial crisis but have experienced a substantial increase in both their financial and real wealth which by 2015 exceeded pre-crisis levels. We present an overview of the development in the level of net wealth of the Danish household using data from the National accounts, and by adjusting the family distributed wealth statistic, we analyse the distribution of household net wealth with emphasis on the role of housing, using counterfactual analysis and inequality decomposition techniques. We find net wealth is much more unevenly distributed than income, also by international comparison. The findings reveal substantial differences between homeowners and renters highlighting the unique role that household characteristics of homeowners, such as high income, age, higher education and unobserved factors, play in shaping the extensive gap in net wealth between the two groups.