REGIONAL WEALTH INEQUALITY IN SPAIN: EVIDENCE FROM THE SPAIN WEALTH ATLAS

GUSTAVO A. MARRERO
CLARA MARTÍNEZ-TOLEDANO
JUAN CÉSAR PALOMINO
DMITRY PETROV

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Evidence from the Spain Wealth Atlas[1]

Gustavo A. Marrero (1), Clara Martínez-Toledano (2),

Juan César Palomino (3), Dmitry Petrov (4)

(1) Universidad de La Laguna (Dpto. of Economics & CEDESOG), EQUALITAS & SMN.

(2) Imperial College London, World Inequality Lab & ESADEEcPol.

(3) Universidad Complutense de Madrid (Dpto. of Economic Analysis & ICAE), EQUALITAS & INET Oxford.

(4) Universidad de Alcalá & EQUALITAS

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Abstract

This paper presents the first systematic analysis of regional wealth inequality in Spain. We do so by combining administrative fiscal data with household surveys and national accounts between 2016 and 2022. We document substantial regional disparities in both average household wealth and its concentration. Madrid stands out as the region with the highest average wealth and top 1% wealth share. Our findings are relevant in the Spanish institutional context, where autonomous communities exercise considerable control over wealth taxation and public expenditure.

Keywords: Wealth Inequality; Assets Composition; Regional Inequalities; Administrative Data.

JEL-classification: D31; G51; R1.

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1. Introduction

Spain is one of the most unequal countries in Europe in terms of income, according to Eurostat data based on the Living Conditions Survey (Eurostat, 2024). Recent studies have shown that the distribution of wealth in developed countries is becoming increasingly unequal (Saez and Zucman, 2016; Blanchet and Martínez-Toledano, 2023, among others). Spain is no exception; the concentration of wealth, as measured by the Gini coefficient, currently reaches levels twice as high as those of income.

Understanding the levels and dynamics of wealth inequality is important because of the implications it can have for equity, efficiency, and a country's or region's potential economic growth. Crucially, wealth provides a vital safety net for household consumption during periods of high uncertainty and unexpected drops in income. Studies show that safeguarding wealth provides families with security and well-being, regardless of their income level (Headey and Wooden, 2004; Hochman and Skopek, 2013; D'Ambrosio et al., 2020; Petrov and Romaguera-de-la-Cruz, 2025). Greater wealth inequality, on the other hand, leads to greater macroeconomic instability, making it more likely that economic uncertainty in a region will lead to a recession, since households with low wealth tend to reduce their consumption more (Chikhale, 2023). Furthermore, wealth inequality can prevent families at the bottom of the distribution from coping with an unexpected drop in income, as was seen during the recent shock of the global pandemic (Kuypers et al., 2022).

Wealth inequality indicators are more closely linked to factors beyond an individual's control, such as parental socioeconomic status, inherited wealth, place of birth or gender, than indicators of income inequality (Palomino et al., 2022; Salas-Rojo & Rodríguez, 2022). This situation is perceived by society as unfair and indirectly affects the efficiency and economic growth of regions. Lower equality of opportunity may result in lower economic growth (Marrero and Rodríguez, 2013), as opposed to an economy that allocates available resources perfectly based on individuals' talent or effort. High levels of wealth concentration, in particular, can lead to suboptimal resource allocation due to its implications for the selection of entrepreneurial projects (Galor and Zeira, 1993). Specifically, if the capital market is imperfect, the initial distribution of wealth affects investment in the short and long term.

Likewise, high levels of wealth concentration can affect institutional functioning, favouring the emergence of powerful groups with incentives to block measures that benefit the middle and lower classes (Gethin, Martínez-Toledano and Piketty, 2022), and pushing their own preferences further up the political agenda (Elkjær and Klitgaard, 2023). This can hinder national agreements involving significant reforms for society as a whole and encourage the emergence of more radical political positions.

While income refers to the flow of earnings received over a period of time (e.g. wages, business dividends or rental income), wealth refers to the total value of an individual's or household's assets minus their debts at a given point in time (e.g. bank balances, stocks, real estate or the value of a self-employed person's business). Accurately measuring wealth and its distribution therefore requires information on individuals' or families' total net assets (financial and non-financial) at market value. This information can be obtained through surveys or anonymised samples of administrative records, which are usually collected for tax purposes. However, obtaining this type of information is complex. Designing such surveys is costly, and respondents are sometimes unwilling or unable to provide detailed information about their assets. On the other hand, administrative records often lack information about individuals' or families' assets and debts.

In Spain, national wealth inequality has been estimated using survey data, such as the Household Finance Survey (EFF) (e.g. Anghel et al., 2018; Palomino et al., 2022; Rodríguez and Salas-Rojo, 2022, among others), as well as administrative data (Martinez-Toledano, 2023).[2] Adopting the methodology of Piketty and Zucman (2014) and Saez and Zucman (2016), Martínez-Toledano (2023) employs capitalisation techniques using administrative data from the Personal Income Tax (IRPF). It also uses alternative sources, such as the Land Registry (*Catastro*) and National Accounts, to align the estimates with national aggregates. Furthermore, it uses the EFF to estimate assets whose returns are not subject to income tax. As administrative data covers a larger sample than surveys, studies using this type of data provide more detailed insights into wealth concentration at the top of the distribution. Nevertheless, both data sources indicate that levels of wealth inequality are significantly higher than levels of income inequality and that wealth concentration has increased in Spain in recent decades.

However, to date, no study has estimated differences in the distribution of wealth across Spain’s autonomous communities. The EFF is the only survey with highly detailed information on household wealth in Spain, but it does not provide representative regional data. Similarly, the administrative data available until now have lacked detailed wealth information for the entire population.

Properly evaluating and designing policies that take wealth inequality into account relies on measuring wealth accurately at the regional level. These measures must be comparable across regions and allow analysis of how different types of net assets have evolved and are composed. This is particularly important in countries such as Spain, where a high degree of

[2] The Bank of Spain conducts the EFF in collaboration with the National Statistics Institute (INE) and the State Tax Administration Agency (AEAT), on a triennial basis since 2002 and biennially since 2020.

administrative decentralisation means that a significant proportion of public spending and revenue — including taxes on wealth ownership and transfer — is managed by the regions.

This study builds upon previous research into wealth inequality in Spain by providing consistent and comparable measures of wealth inequality across different Spanish regions (those under the General Tax Regime) for the first time, covering the period from 2016 to 2022. To achieve this, we have used the new Household Panel (HP), which was compiled by the State Tax Administration Agency (AEAT) in collaboration with the National Statistics Institute (INE) and the Institute for Fiscal Studies (IEF). This panel includes a nationally and regionally representative sample of 2.9 million individuals (one million households). Our unit of analysis is the household. The sample was constructed by linking administrative records from the Personal Income Tax (IRPF) and the Wealth Tax (IP), as well as other administrative sources, such as informational returns from the AEAT. This allowed us to analyse the full distribution of net wealth. Unfortunately, the panel does not include data from regions with separate tax regimes (Navarre and the Basque Country), meaning our analysis necessarily excludes these regions.

The scope of this study is pioneering not only for Spain, but also internationally. To the best of our knowledge, regional wealth inequality measures based on comparable administrative data, which detail the full range of assets held by each household, have not been produced in any country. Suss et al. (2024) provide estimates of regional inequality in the United States between 1960 and 2020; however, their estimates are based on imputations using national wealth surveys combined with regional population and income surveys.[3]

At the national level, the average net household wealth grew from around €335,000 to €380,000 between 2016 and 2022. However, when adjusted for inflation using the GDP deflator, the average remained stable at around €380,000 in equivalent 2022 euros throughout this period. Housing assets accounted for over 50% of total wealth in 2022, making it the asset contributing most to wealth. Of these, nearly 30 percentage points corresponded to ownership of the main residence, almost 9 points to ownership of second homes for personal use and the total wealth tied to investment real estate properties increased from 11.5% in 2016 to almost 14% in 2022 — the largest increase of all categories. Current accounts represent just over 16% of the total, followed by business assets of the self-employed and stocks (11% each), as well as pension plans, life insurance and investment funds (approximately 5% each). The Gini coefficient, which reflects inequality in the middle of the distribution, shows remarkable stability, although it rises by

[3] The results are available on the website https://spainwealthatlas.world/, publicly and openly accessible, and here we present an initial analysis.

almost one point between 2016 (70.4) and 2022 (71.3). Complementing this measure, the percentages of wealth accumulated by different population groups categorised by their position in the distribution offer a more detailed view of the high levels of inequality. The top 1% of wealth holders accumulate 26%-27% of total wealth, while the top 10% (the sum of the top 1% and the next 9%) hold almost 60% of the Spanish's wealth. The (upper) middle class, represented by the next 40% (between the median and the top 10%), accumulates around 35%–36% of the total, while the bottom 50% of the population holds only around 7%.

At the regional level, Madrid stands out for having the highest average wealth levels (€687,000 per household in 2022), which is approximately 80% higher than the national average. This is followed by the Balearic Islands (€477,000) and Catalonia (€434,000). Above the national average (€383,000) are Cantabria, Aragon and La Rioja (around €400,000). The Canary Islands and Andalusia are at the lower end, with average levels of around €250,000 per household, while Extremadura has the lowest average wealth (€229,000). The rest of the regions fall between €285,000 and €345,000. The regions with the highest levels of wealth inequality are the Canary Islands, the Balearic Islands, Madrid and Catalonia, with Gini indices ranging from 75.2 to 72.7 in 2022, which is above the national figure of 71.3. Conversely, the regions with the lowest inequality (Gini coefficient between 62.4 and 63.8) are Castilla-La Mancha, Castile and León, and Extremadura. These are followed by Asturias, Cantabria, Aragon, Andalusia, Murcia and La Rioja, with values between 64.9 and 68.2. Finally, the Valencian Community and Galicia have a Gini coefficient of 69.8, which is very close to the national level.

The rest of the paper is structured as follows. Section 2 presents the database used in this study (the Household Panel) and briefly describes the procedure used to estimate wealth and its distribution. Section 3 shows the aggregate results at the national level, while Section 4 summarises the results at the regional level. Finally, Section 5 presents the main conclusions of the paper.

2. Data & Methodology

The Household Panel

We used data from the Household Panel (PH), which is produced by the State Tax Administration Agency (AEAT) in collaboration with the National Statistics Institute (INE) and the Institute of Fiscal Studies (IEF). The PH includes a large, representative sample of individuals and households from all regions under the common tax regime, except for Navarre and the Basque Country. Our unit of analysis is the household. Unlike other data sources that measure income and wealth, such as the Financial Survey of Families (EFF),

the HP collects income, wealth and demographic information based on administrative records from the reference year. The latest version of the HP covers seven years, from 2016 to 2022.

The HP has two key design features. Firstly, it combines high-quality administrative information from the Personal Income Tax (IRPF) and the Wealth Tax (*Impuesto de Patrimonio*) to provide detailed data on income and wealth at individual and household levels. Secondly, the Spanish Tax Agency uses informative tax returns, i.e. returns for which the taxable event is exempt from taxation but must be declared for information purposes. The HP is a unique database for distributional analysis because it allows the inclusion of information on the income and wealth of non-filers of the IRPF and Wealth Tax.[4]

The concept of wealth and calculation of the distribution

The concept of aggregated wealth follows the definition from the 2009 System of National Accounts: total assets (financial and non-financial) minus the market value of all household liabilities (debts). Financial assets include cash, deposits, fixed-income assets such as bonds and bills, stocks and shares in investment funds, life insurance and pension funds. Non-financial assets refer to real estate (including the main residence and other properties), garages, land, commercial premises and the value of self-employed businesses. Liabilities mainly comprise mortgages linked to the main residence and other properties, as well as other types of debt, such as consumer loans or credit card debt. Inequalities in these assets reflect differential accumulation and are not necessarily related to the functionality of each asset category, an aspect that is beyond the scope of this paper.

The HP includes most of the asset and debt concepts required for the net wealth definition outlined above. However, certain adjustments are necessary to enable the net wealth of all households to be measured across the distribution.

Firstly, the HP reports the value of real estate assets based on their official tax value (*valor catastral*). This poses limitations when measuring wealth, since the official tax value generally does not reflect market value for at least two reasons. On the one hand, the government does not update the official tax value of housing annually. On the other hand, discrepancies exist between administrative valuations and market prices, with the former typically being lower. Thus, in order to convert the official tax value to market value, we require a ratio that reflects the differences between market prices and official tax values. To

[4] Informative returns are documents that the AEAT compiles in order to have information on economic flows generated by entities, companies or individuals, with the aim of carrying out an effective tax control and cross-checking data with other returns. The HP is built by aggregating this information with other tax return data. All these data are anonymized.

estimate market prices, we use price-per-square-metre data from property registrars for each locality and year. For the official tax value per square metre, we use data on the area of urban land and its official tax value for each locality. We then weight this ratio (market price divided by official tax value) by the number of housing transactions in each area to obtain a national average, which we use to update the real estate assets in the HP. For instance, this ratio stood at 3.1 in 2016. However, due to the subsequent increase in housing prices, it reached 4.1 in 2022. It is important to note that this adjustment to official tax values does not alter the original distribution of real estate assets in the HP.[5]

Secondly, only those who file the Wealth Tax have their business assets from self-employment recorded in the HP.[6] To estimate the value of business assets for self-employed individuals who do not file the Wealth Tax, we use the income capitalisation method developed by Martínez-Toledano (2023). This method involves applying a capitalisation factor to each household's self-employment income, as reported in the HP and based on anonymised income tax return (IRPF) and informative tax filing data. This is possible because the HP includes this income information for the entire population, including both IRPF filers and non-filers. We use the annual ratio between the aggregate value of self-employed businesses and total mixed income in the national accounts (excluding rental income) as estimated by Martínez-Toledano (2023) as the capitalisation factor.[7]

Thirdly, the HP only includes unlisted shares in companies (which are not negotiable on national organised markets) for Wealth Tax filers. In this case, we only use data for this group (those who file the Wealth Tax) because we cannot reconstruct the value of unlisted shares for those who do not file the Wealth Tax. However, this is not a major issue, as the

[5] Future updates to this study will adjust the cadastral value of homes to reflect market prices, taking into account regional variations in housing price trends. This would result in a change to the original distribution, as the same constant would no longer be applied to all properties. Furthermore, the aggregate weight of real estate assets in total wealth in our series is determined by the Financial Accounts of the Household Sector, so it is unaffected by this process of updating prices.

[6] Wealth Tax filers must report information in two categories: (1) assets subject to Wealth Tax, and (2) tax-exempt assets. Business assets are exempt from the Wealth Tax if the economic activity related to these assets is not solely property rental, is conducted regularly and constitutes the filer's main source of income.

[7] Following Saez and Zucman (2016) and Blanchet and Martínez-Toledano (2023), we capitalize 30% of self-employment income, with the remaining 70% coming from autonomous labour. For instance, if a self-employed report an annual income of €6,000, we assume that 30%, €1,800, is income derived from capital, and the remaining 70%, €4,200, by their labour. If we assume, for example, that the capital of these self-employed individuals yields an annual return of 4%, then a capital income of €1,800 would imply capital of €45,000 (€1,800/0.04).

Household Finance Survey (EFF) indicates that the value of unlisted shares is relatively low (averaging around €2,000) for households below the top 10%.[8]

Finally, debts are grouped into a single variable that encompasses various types, including those linked to real estate assets, such as mortgages, as well as those secured by personal guarantees, such as loans and credit. Mortgage debts and loans related to real estate wealth represent the bulk of this variable. This is because the Spanish Tax Agency's reporting form (Form 181) was originally designed to collect data on mortgages in order to monitor housing deductions in the Personal Income Tax (IRPF), although it was later expanded to include other types of debt.

To disaggregate the debt variable into mortgages and consumer loans (or other debt categories), we use data from the EFF. We divide the entire gross wealth distribution in the EFF into 20 equal parts. For each part, we calculate the ratio of the value of each debt type relative to the value of the associated assets. These ratios are calculated specifically for debts linked to the primary residence, debts associated with other real estate properties and debts related to consumer loans and other debts (in which case, the associated assets are financial assets). We then apply these ratios to households with debts in the HP, considering their position in each part of the gross wealth distribution. This enables us to break down the debts reported in the HP into their different components.

Having measured all components of net wealth (at market prices) using HP data, we finally rescale each asset in our administrative database to align with the total value of each asset type reported in the Financial Accounts of the Household Sector. To achieve this, we utilise the series on net aggregate household wealth produced by Martínez-Toledano (2023), which excludes aggregate values for the Basque Country and Navarre. The resulting measures of wealth inequality are therefore consistent with National Accounts aggregates and comparable across regions.

3. Aggregate household wealth and its distribution in Spain

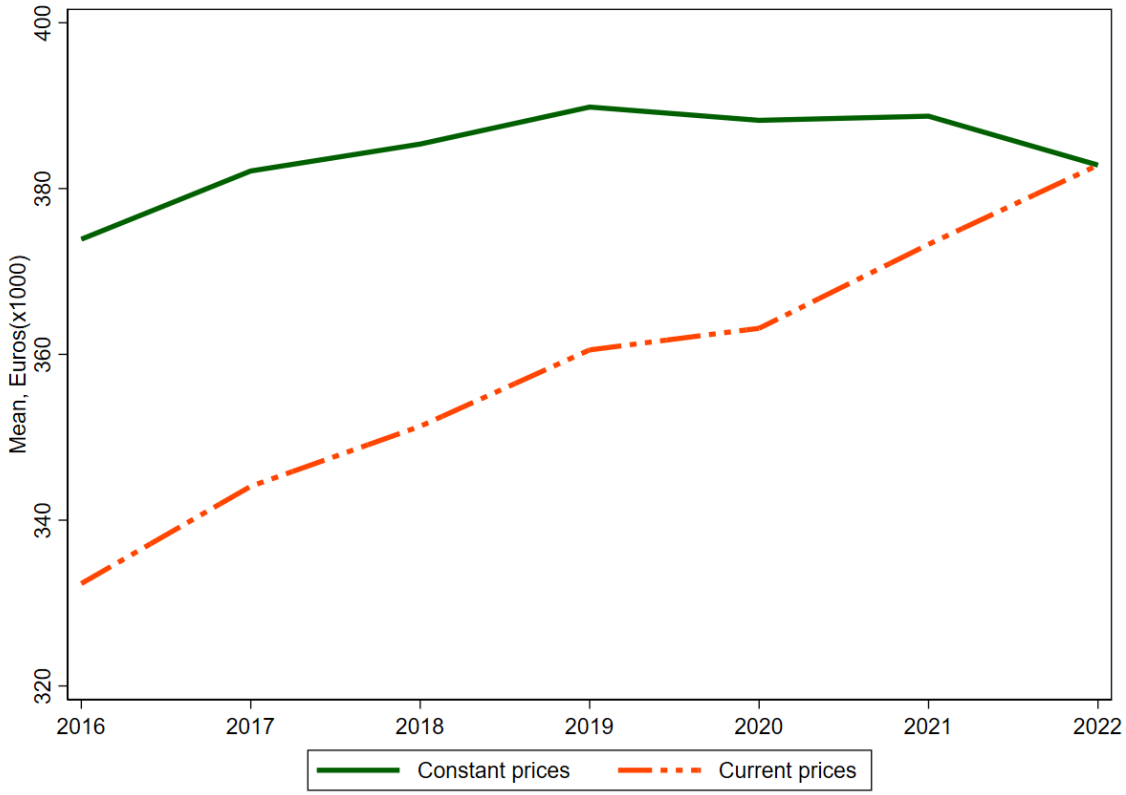
In this section, we analyse the evolution of aggregate household wealth and its distribution across Spain as a whole, excluding the Basque Country and Navarre. Figure 1 illustrates the changes in average net household wealth in current and constant prices between 2016 and 2022. Average net household wealth in current prices increased during the analysed period. However, when adjusted for inflation using the GDP deflator, it remained at

[8] In 2022, the average value of unlisted shares held by households in the 75th to 90th percentile of net wealth was €2,000. Among households below the 75th percentile, meanwhile, this figure was less than €300.

approximately €380,000 per household, exhibiting a slight inverted U-shaped variation over the analysed period.[9]

The year 2020 marked a halt in the slight continuous growth of real average wealth between 2016 and 2019 due to the pandemic crisis. Similarly, the real value of wealth was reduced in 2022 due to inflation levels affected by the supply and energy crisis following the start of the conflict in Ukraine.

Figure 1: Evolution of mean net wealth in Spain

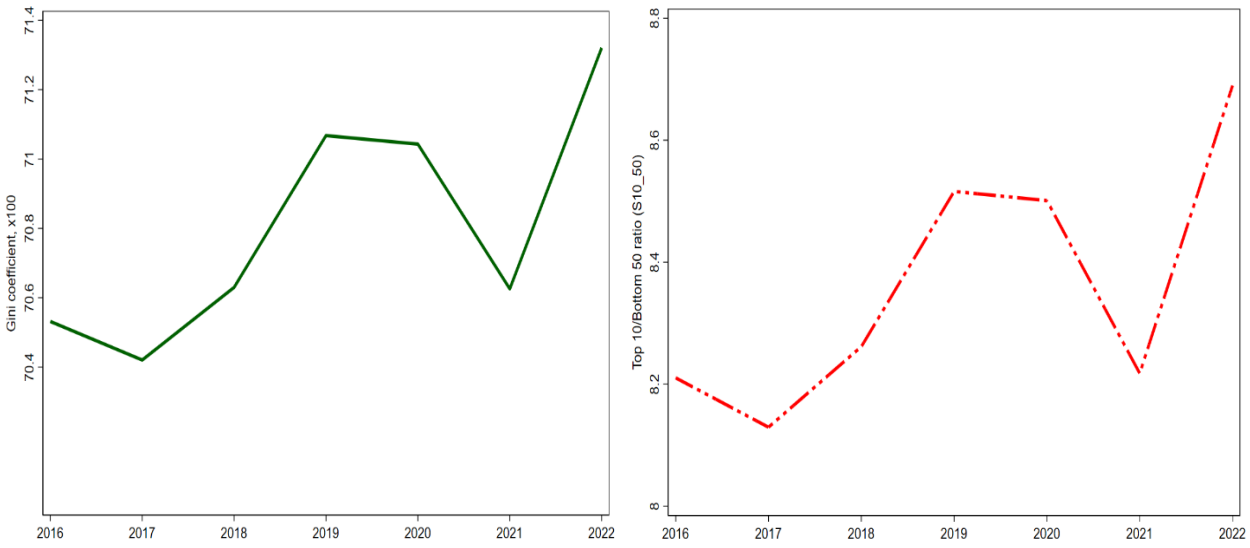


Source: Authors' calculations based on the *Panel de Hogares*. Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database.

[9] These results may differ from the wealth distribution and inequality estimates provided by the EFF due to three main factors: how the wealthiest households are represented, potential underreporting in surveys and how real estate assets are valued. While the EFF oversamples wealthy households to ensure high representativeness of the richest households, the PH sample includes administrative records of 17% of the universe of Wealth Tax filers. In principle, this allows for an even more accurate representation of this group. Furthermore, using administrative data reduces the underreporting commonly found in surveys, particularly with regard to financial assets. Consequently, the aggregate value of financial assets in the PH is 18% higher than in the EFF. With regard to real estate assets, the EFF relies on self-reported values with a clear subjective element, whereas the PH uses official tax values (*valoraciones catastrales*) which we then adjust to market prices. Still, the full nature of the differences between the EFF and the HP results remains uncertain. Other factors that could influence the results include the exclusion of the Basque Country and Navarre, and the methodological adjustments applied.

Figure 2 illustrates the development of two inequality indicators: the Gini coefficient and the ratio of wealth held by the top 10% compared to the bottom 50% (Top 10/Bottom 50 (S10_50)). Both indicators have followed virtually identical trajectories. The Gini coefficient reflects inequality in the middle part of the distribution and shows remarkable stability, although it rises by nearly one point between 2017 and 2022 (from 70.4 to 71.3). The S10_50 ratio, which captures inequality at the extremes of the distribution more accurately, ranges from 8.2 in 2016 to 8.7 in 2022. In other words, in 2022, the top 10% of the wealthiest households held almost 8.7 times more wealth than the bottom 50%.

Figure 2: Evolution of wealth inequality in Spain



Source: Authors' calculations based on the *Panel de Hogares*. Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database.

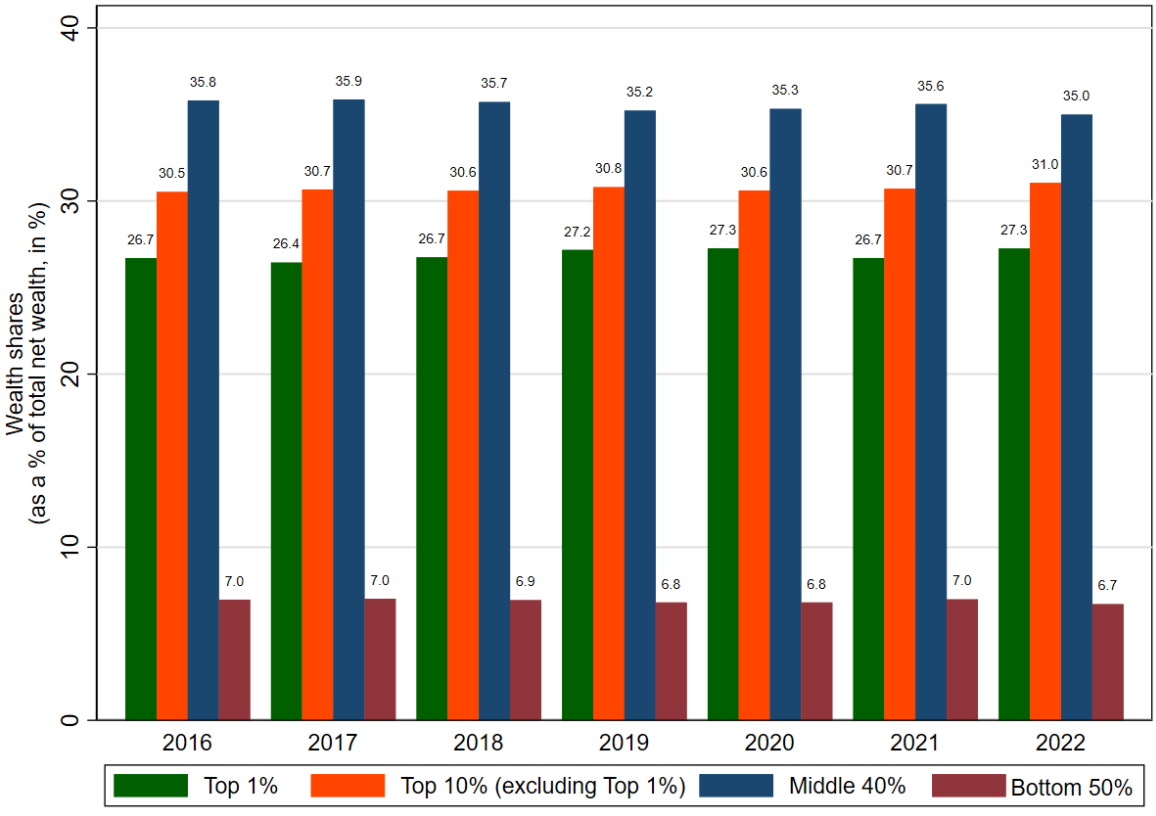
Figure 3 breaks down the distribution of wealth into four groups: the top 1%, the next 9% (i.e. those in the top 10%, excluding the top 1%), the next 40% (i.e. the middle 40%), and the bottom 50%. The four columns add up to 100%. As with the overall inequality indicators, it is noteworthy that these ratios remained stable throughout the entire period considered.

Generally, the top 1% accumulates 26%-27% of total wealth, while the top 10% (the sum of the top 1% and the next 9%) accumulates nearly 60% of the country's wealth. The upper middle class, represented by the next 40% (between the median and the top 10%), accumulates around 35%-36% of the total, while the bottom 50% of the population accumulates only around 7%.

All of these levels remain very stable throughout the years covered by the analysis. Within this overall stability, changes in inequality are reflected in changes to these proportions. For example, in 2022, the proportion of the bottom 50% falls by 0.3 percentage points (p.p.) compared to the previous year (down to 6.7%), while the proportion of the middle 40% falls by 0.6 p.p. Meanwhile, the top 1% increases their share of total wealth by 0.6 p.p., and the other members of the top 10% by 0.3 p.p. These changes explain the rise in inequality observed in Figure 2 in 2022, in both the Gini coefficient and the top 10%/bottom 50% ratio.

Figure 4 shows how the total net wealth aggregates have evolved, broken down by the main type of assets: real estate assets (including primary residence, other owner- or tenant-occupied housing), self-employed business assets (including unlisted shares), current accounts and debt assets, equities and investment funds, and life insurance and pension plans.

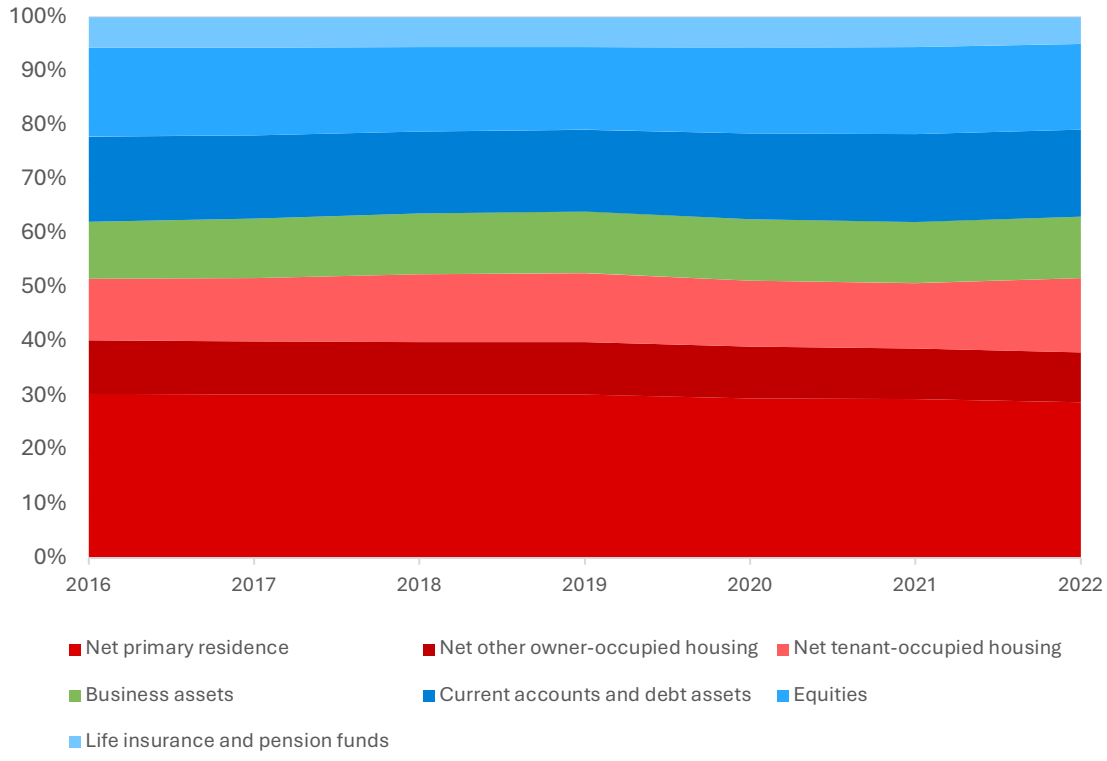
Figure 3: Wealth distribution in Spain



Source: Authors' calculations based on the *Panel de Hogares*. Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database.

In line with the other results, these proportions demonstrate remarkable stability, with only slight changes towards the end of the period. Overall, real estate assets contribute the most to wealth, accounting for just over 50% of the total. Within this category, the primary residence accounts for almost 30 p.p., showing a slight downward trend. Ownership of second homes for personal use accounts for nearly 9 p.p., also showing a downward trend. Meanwhile, investment real estate (tenant-occupied housing wealth) increased from 11.5% in 2016 to almost 14% in 2022, marking the largest increase among all wealth components. Self-employment business assets make up 11% of the total and have remained stable. Current accounts represent slightly more than 16% of the total in 2022, having shown a gentle upward trend since 2016. Equities and investment funds account for almost 16%, though their share has fallen slightly from 16.3% in 2016 to 15.8% in 2022. Life insurance and pension plans account for around 5%, showing a slight decline from 5.7% in 2016 to 5% in 2022.

Figure 4: Aggregate wealth composition by asset type in Spain



Source: Authors' calculations based on the *Panel de Hogares*. Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database.

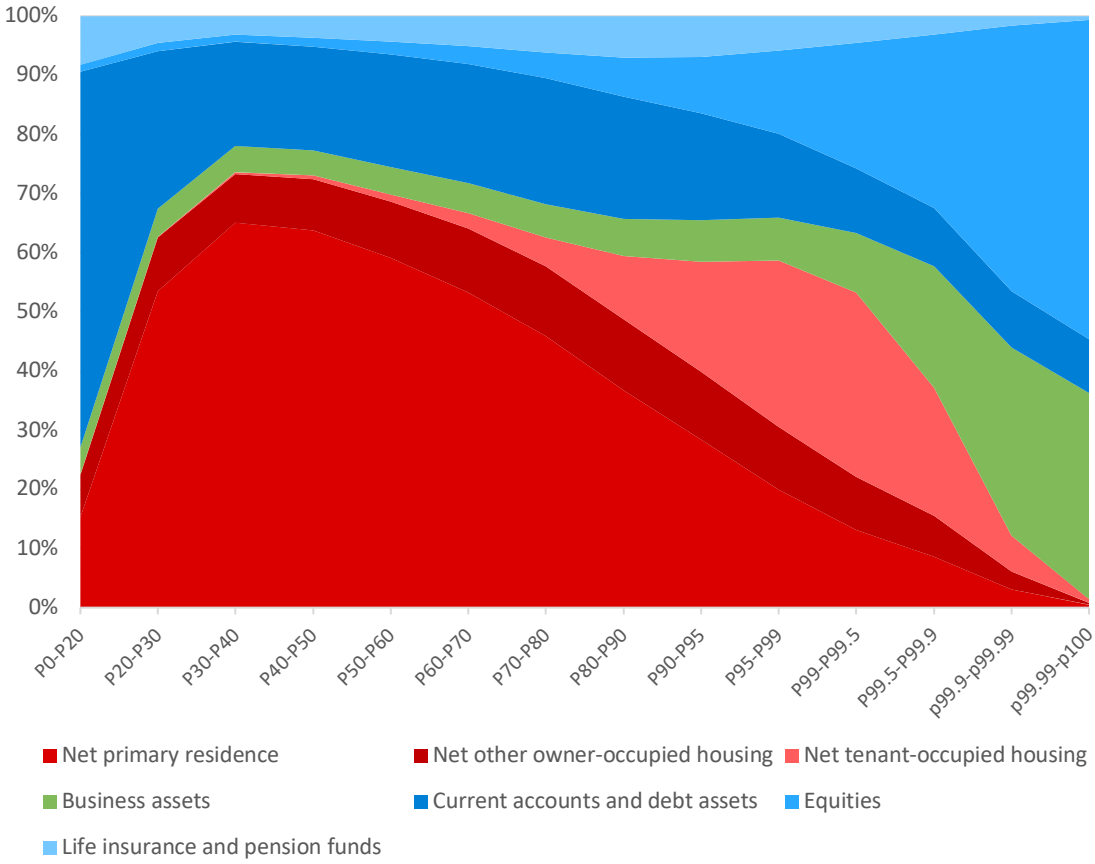
If we relate the composition of wealth to the slight drop in average wealth in 2022 (at constant prices) observed in Figure 1, we can attribute it mainly to the real value decline of the primary residence and second homes component (which grew nominally less than the GDP deflator), current accounts, equities, and to a lesser extent life insurance and pension

plans. The only asset whose value rose sharply in 2022 is investment real estate (tenant-occupied housing), which increased by nearly 14 p.p. between 2021 and 2022. This increase is mainly concentrated in the top 10%, as it barely grows in the other groups.

Finally, Figure 5 illustrates the composition of net wealth by asset type across the distribution, ranging from the poorest 20% to the richest 0.01%, encompassing the lower-middle, middle and upper-middle classes. The asset portfolio changes significantly depending on the wealth level of households. For the poorest 20%, current accounts are the most relevant asset, making up 63% of their portfolio. Real estate accounts for 22.5%, while self-employed business assets, equities, life insurance and pension plans make up the remaining 14%. This does not mean that they hold large balances in current accounts — the average wealth for the poorest 20% in 2022 was just €3,714 per household — but rather that, on average, they hold almost no other type of asset besides current accounts. These households are characterised by either not owning housing or owning housings with very low value.

The proportion of real estate assets that are not investment properties (i.e. primary residences and second homes occupied by their owners) follows an inverted U-shaped curve, with a smaller proportion of total wealth at the extremes of the distribution and a higher proportion in the lower middle class (i.e. between the 30th and 40th percentiles). Within this group, 73% of total wealth is held in this type of asset. It is important to note that this does not necessarily mean that homeownership is concentrated solely within this group, but rather that given their total wealth is relatively low (€82,393 on average in 2022, which is well below the overall average), a large proportion of it consists of non-investment real estate, primarily the primary residence and, to a lesser extent, second homes or other properties.

Figure 5: Wealth composition by asset type along the wealth distribution in Spain in 2022



Source: Authors' calculations based on the *Panel de Hogares*. Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database.

As we move towards the middle of the distribution, the importance of real estate remains significant. Between the 40th and 50th percentiles, 63.8% of wealth is held in the primary residence and a further 9.4% in second homes for personal use. Very little wealth is accumulated in investment funds, equities or homes for investment purposes. The remaining 25% or so is spread across current accounts (which still carry significant weight), life insurance and pension plans, and business assets. However, it is important to remember that Figure 5 always shows wealth in relative terms and that the absolute value of each type of asset owned by the lower and middle parts of the distribution is much lower than that owned by the upper part (the bottom 50% holds around 7% of total wealth).

In households with mid-to-high wealth levels (between the 50th and 90th percentiles), residential real estate assets are less important but remain the most significant asset category for this group. Equities and investment funds continue to represent only a small

proportion of their wealth. Meanwhile, current accounts lose importance, while pension plans, life insurance and self-employed business assets gain prominence. Meanwhile, investment properties are gradually becoming more important in the portfolio, although they are still far from reaching the level of importance held by those in the top 10%.

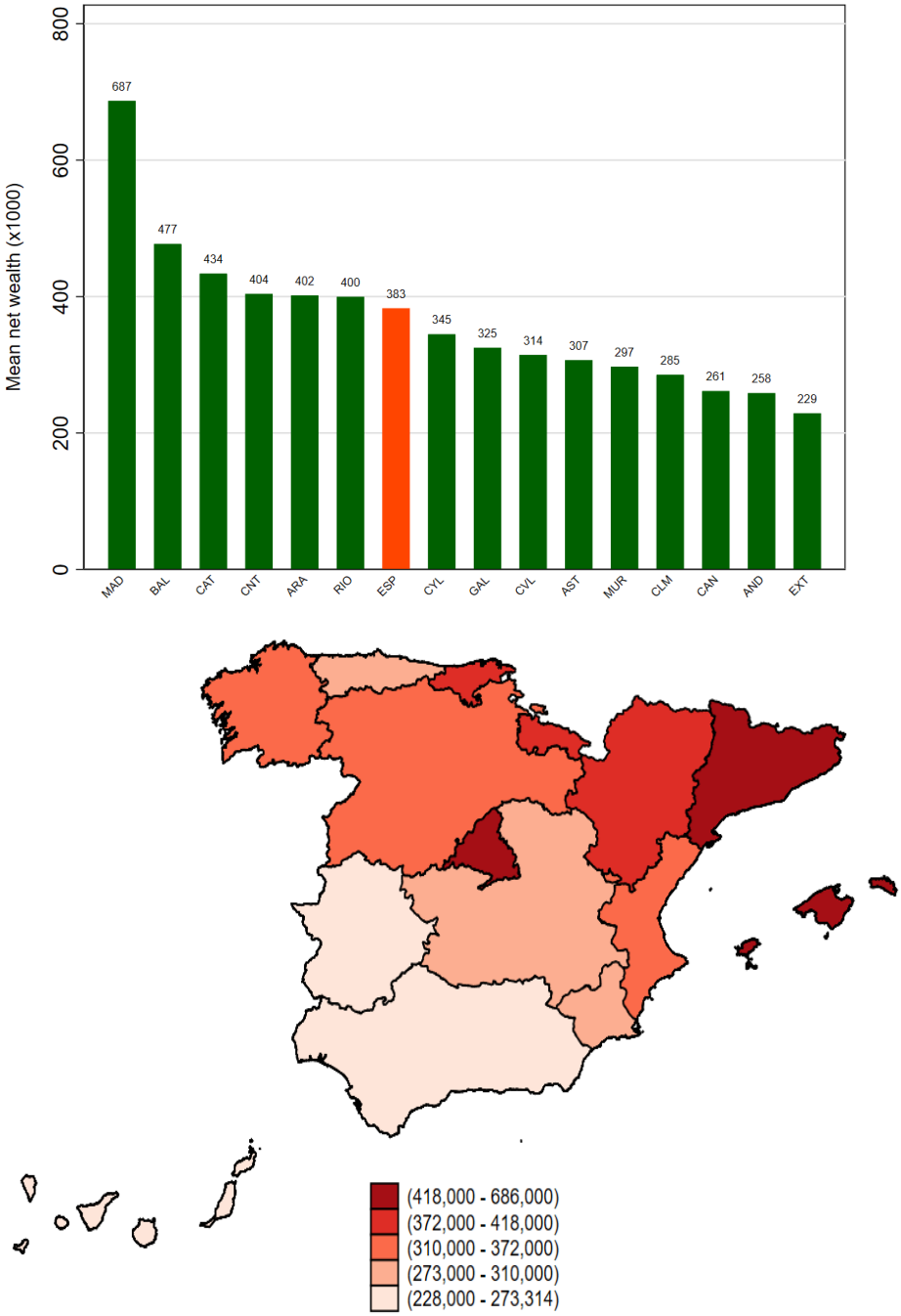
A major shift in the composition of wealth is observed among wealthier households. Starting from the top 10% of the wealth distribution, the importance of residential real estate (primary and secondary housing) drops significantly, while that of current accounts, pension plans, and life insurance decreases. Investment properties, business assets, and especially equities and investment funds become more important. The latter become the main asset among the wealthiest households (the top 1%, who held an average of about €10,4 millions in 2022). Overall, the top 1%'s portfolio is composed by about 25% of real estate wealth and 62% in investment funds, equities and business assets.

When we focus on the importance of investment real estate properties for the wealthiest households, notable variations emerge. Real estate investment accounts for 18.7% of total wealth among those in the 90th to 95th wealth percentile, but this rises to 28% among those in the 95th to 99th wealth percentile and reaches 31% among those in the 99th to 99.5th wealth percentile. The relative importance of this asset is only reduced for the top 0.5% of the wealthiest population, as for this group the value of business assets and publicly traded securities grows strongly.

4. Household wealth and its distribution at the regional level

In this section, we analyse the evolution of aggregate household wealth and its distribution across regions (excluding the Basque Country, Navarre, Ceuta and Melilla). Figure 6 compares average household wealth levels in the autonomous regions, revealing significant disparities. Madrid stands out with the highest average wealth levels (€687,000 per household in 2022), which are approximately 80% higher than the national average. The Balearic Islands (€477,000) and Catalonia (€434,000) follow behind. Above the national average of 383,000 euros are Cantabria, Aragon, and La Rioja, with levels around 400,000 euros per household. The Canary Islands and Andalusia are at the lower end, with average household wealth of around 250,000 euros, while Extremadura has the lowest average wealth (229,000 euros per household). The rest fall between €285,000 and €345,000.

Figure 6: Average net wealth by regions in Spain, 2022



Source: Authors' calculations based on the *Panel de Hogares*.

Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database. The abbreviations are: AND (Andalusia), ARA (Aragon), AST (Asturias), BAL (Balearic Islands), CNT (Cantabria), CAN (Canary Islands), CYL (Castile-Leon), CLM (Castile-La Mancha), CAT (Catalonia), VAL (Valencian Community), EXT (Extremadura), GAL (Galicia), MAD (Community of Madrid), MUR (Murcia), RIO (La Rioja), and ESP (Spain).

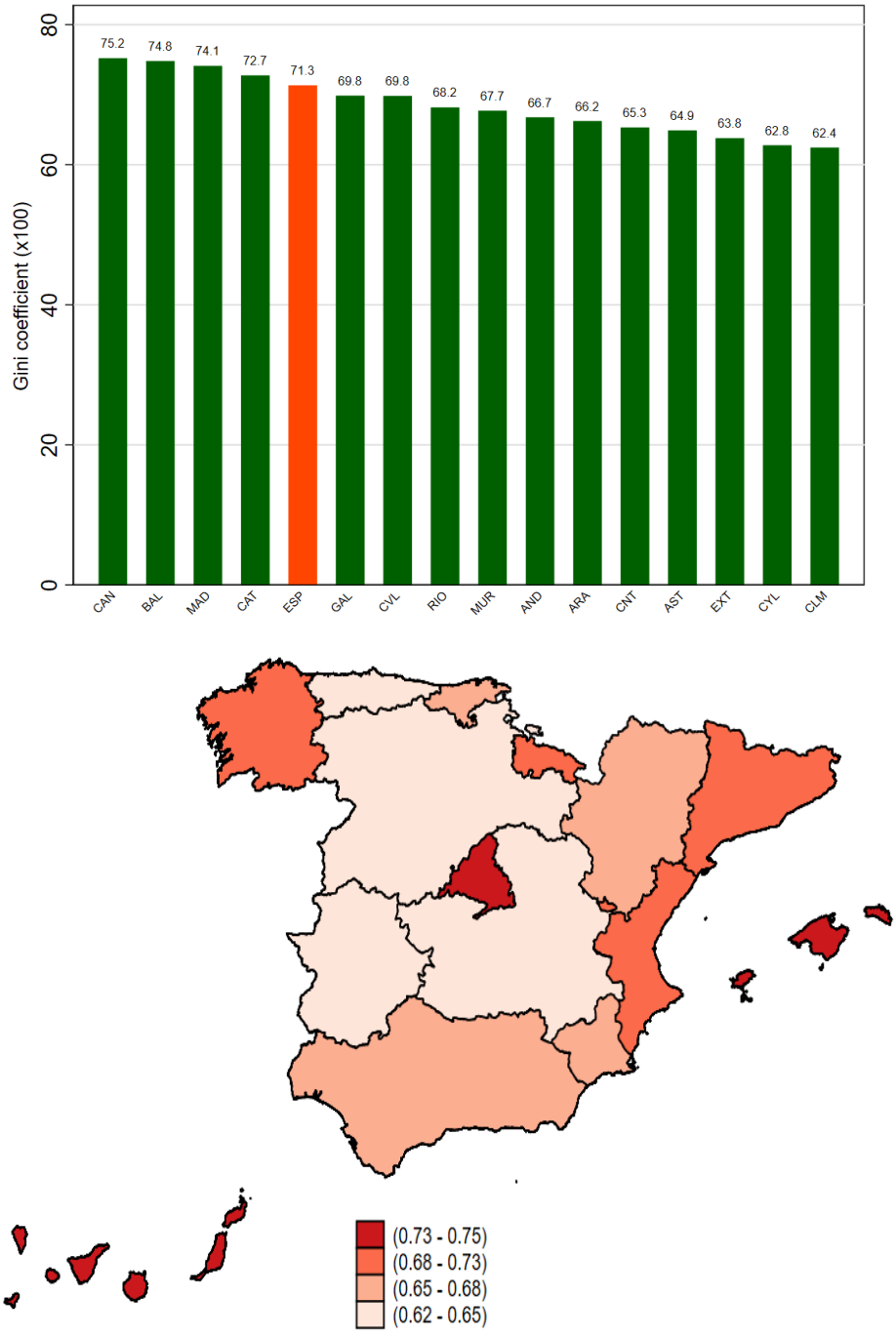
Figure 6 (bottom graph) shows also a clear difference in average wealth between northern and southern Spain; a pattern also found in studies focused on average income. We show results for 2022, the most recent year in our sample, but the average wealth ranking among Spanish regions has changed little in the last seven years. Wealth aggregates tend to change more slowly and have more inertia than income aggregates.

Figure 7 shows the ranking of regions according to their level of wealth inequality. We use the Gini coefficient, which ranges from 0 to 100, where higher values represent greater inequality. Although we only present the most recent data (2022) here, again the results are similar for the seven-year sample period, with inequality rankings and values changing slowly.

The group of regions with the highest levels of inequality includes Madrid, Catalonia and the two archipelagos of the Canary and Balearic Islands. These regions had Gini indices ranging from 72.7 to 75.2 in 2022, which is above the national average of 71.3. Meanwhile, the regions with the least inequality (Gini coefficient between 62.4 and 63.8) are Castilla-La Mancha, Castilla y León and Extremadura. These are followed by Asturias, Cantabria, Aragon, Andalusia, Murcia and La Rioja, with values ranging from 64.9 to 68.2. Finally, Valencia and Galicia have an index of 69.8, which is very close to the national value.

Are regions with a higher average wealth also the most unequal? There is generally a positive relationship between the two variables. Madrid, Catalonia and the Balearic Islands are among the richest and most unequal regions, while Extremadura, Castilla-La Mancha, Castilla y León, Asturias and, to a lesser extent, Andalusia and Murcia, have low levels of both inequality and average wealth. However, the Canary Islands, and to a lesser extent Galicia and Valencia, are in a particularly unfavourable situation in terms of both wealth level and distribution, as they have below-average wealth and high levels of inequality. The opposite situation is seen in Cantabria and Aragon (and La Rioja to a lesser extent), which have high levels of average wealth and low wealth inequality.

Figure 7. Regional wealth inequality in Spain measured by the Gini index, 2022

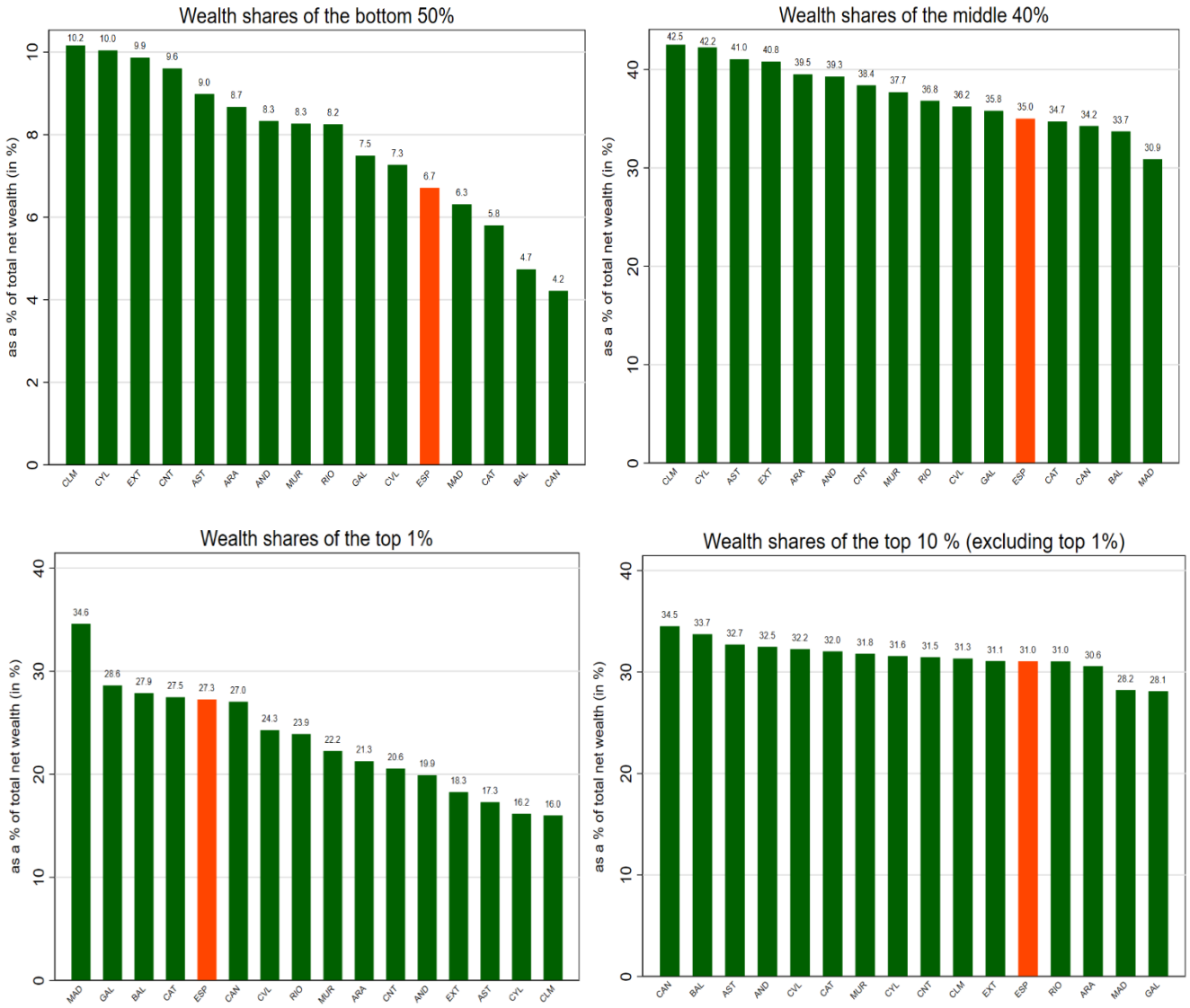


Source: Authors' calculations based on the *Panel de Hogares*. Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database. The abbreviations are: AND (Andalusia), ARA (Aragon), AST (Asturias), BAL (Balearic Islands), CNT (Cantabria), CAN (Canary

Islands), CYL (Castile-Leon), CLM (Castile-La Mancha), CAT (Catalonia), VAL (Valencian Community), EXT (Extremadura), GAL (Galicia), MAD (Community of Madrid), MUR (Murcia), RIO (La Rioja), and ESP (Spain).

Figure 8 shows the proportion of wealth held by each of the following groups: the top 1%, the next 9%, the next 40%, and the bottom 50%. As with the Gini index, the top 1% is led by Madrid: regions where the top 1% hold a higher share of total wealth tend to show higher levels of inequality, as measured by the Gini index, and a lower share of wealth for the bottom 50% (4.2% in the Canary Islands and 4.7% in the Balearic Islands). By contrast, regions with lower wealth inequality, such as Castilla-La Mancha, Castilla y León, Asturias, Extremadura and Aragon, have higher wealth concentration in both the lower segment (the bottom 50%) and the upper-middle group (between the 50th and 90th percentiles).

Figure 8. Regional wealth distribution in Spain, 2022



Source: Authors' calculations based on the *Panel de Hogares*. Notes: Since the Basque Country and Navarre have their own tax regime, data from these regions are not included in the database. The abbreviations are: AND (Andalusia), ARA (Aragon), AST (Asturias), BAL (Balearic Islands), CNT (Cantabria), CAN (Canary Islands), CYL (Castile-Leon), CLM (Castile-La Mancha), CAT (Catalonia), VAL (Valencian Community), EXT (Extremadura), GAL (Galicia), MAD (Community of Madrid), MUR (Murcia), RIO (La Rioja), and ESP (Spain).

Wealth inequality has remained fairly stable across all regions during the analysed period, which is why we focus only on the most recent year. That said, a few mild trends stand out: inequality has been rising, especially in recent years, in Aragon, Extremadura, Madrid and the Balearic Islands, while it has been declining in the Canary Islands and Cantabria. [10]

Figure 9 illustrates the proportion of total wealth held by each asset type in each Spanish region in 2022, ordered from the regions with the highest to the regions with the lowest inequality based on the proportion of wealth held by the top 1%. As this composition has remained stable, the 2022 analysis can also be applied to previous years and the period average. The most and least important assets remain consistent across all regions. Primary residences are the largest asset, exceeding 20% everywhere and approaching 40% in some areas. Following these are current accounts, investment properties, second homes and self-employed business assets. Finally, the rest is made up of investment funds, equities, life insurance and pension plans.

There is a clear correlation between wealth inequality and the composition of assets. Regions where primary and secondary residences account for a smaller proportion of wealth tend to be less unequal, whereas areas with a greater proportion of rental or commercial real estate (investment properties) tend to be more unequal. Similarly, greater holdings in self-employed business assets and equities are positively linked to wealth inequality, as these asset types are predominantly accumulated by households with the greatest wealth. On the other hand, wealth held in current accounts correlates negatively with inequality, whereas investment funds, pension plans, and life insurance show little to no correlation.

Finally, Figure 10 shows the same chart of wealth composition by asset type (as in Figure 5), but for the entire distribution across all regions. In every region, the poorest 20% of households hold a large proportion of their wealth in current accounts, while the middle classes have a significant proportion in real estate assets, mainly in the form of their primary residence. This creates the inverted U-shape in home ownership across the distribution that we saw earlier in Figure 5. Business assets owned by self-employed individuals, investment real estate, equities and investment fund shares become more important for the top 10% of the wealthiest individuals and steadily grow within that group.

While the overall asset composition by wealth group is similar across regions, there are some notable differences that are worth highlighting. In less unequal regions (La Rioja, Castilla y León and Cantabria), the least wealthy 20% of households hold a larger share of

[10] Trends and across-regions comparisons over the whole sampled period can be produced on-demand for all our indicators at https://spainwealthatlas.world/

their wealth in primary residences, whereas in the more unequal regions (the Canary Islands, the Balearic Islands, Catalonia and Madrid), this group mainly holds current accounts. The asset composition of the top 1% differs too, with regions where wealth is most concentrated in this group (such as Madrid, the Balearic Islands, Catalonia and Galicia) showing a higher proportion of wealth held in traded securities (equities and investment funds).

Figure 9: Regional wealth composition by asset type in Spain, 2022

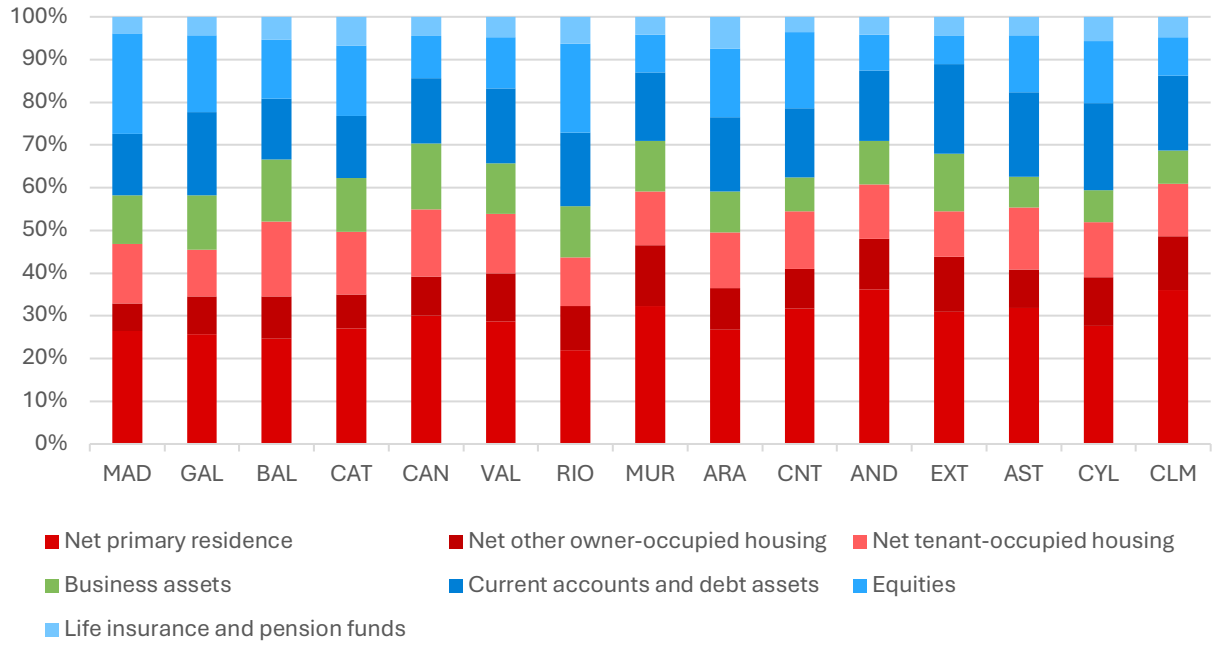


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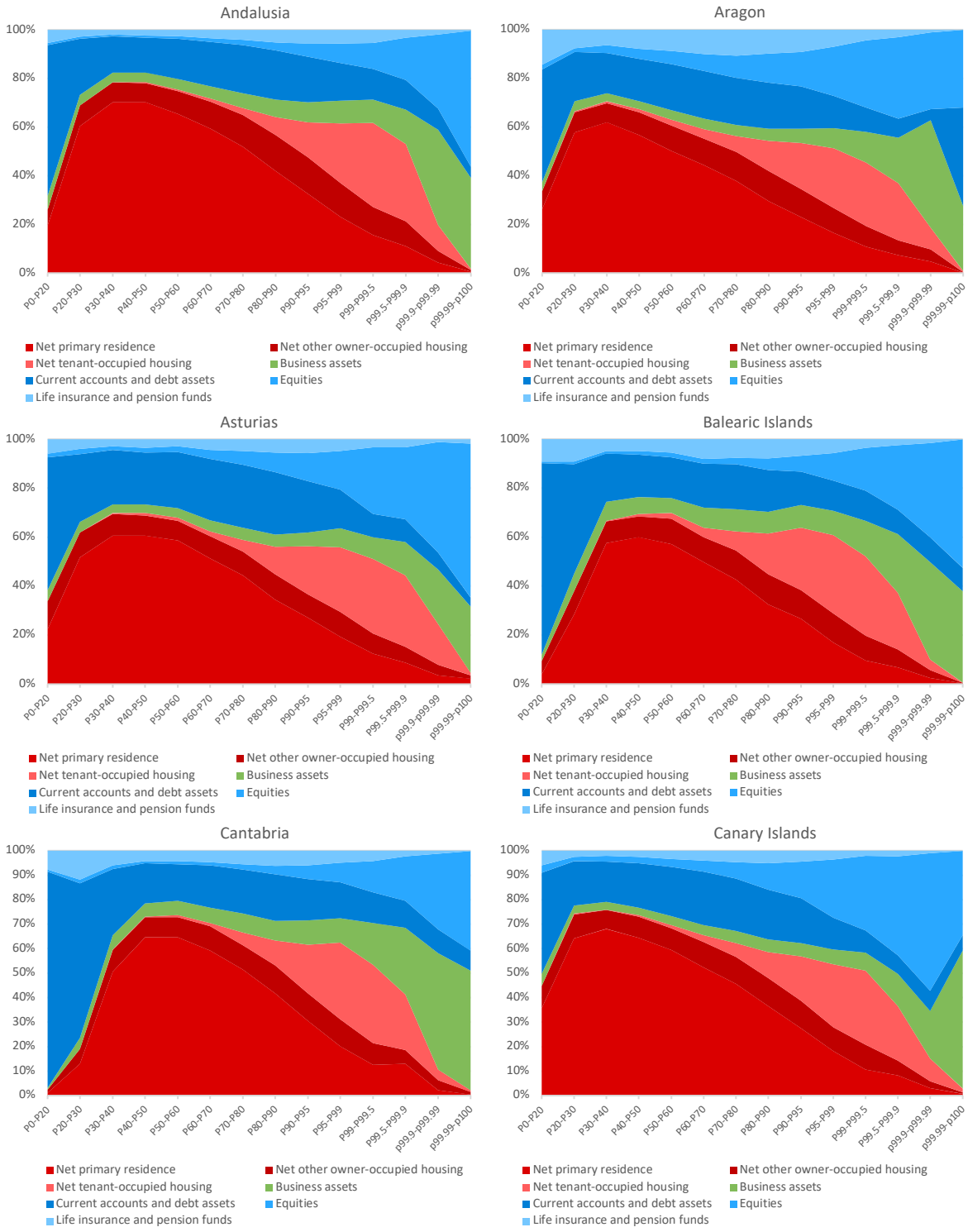
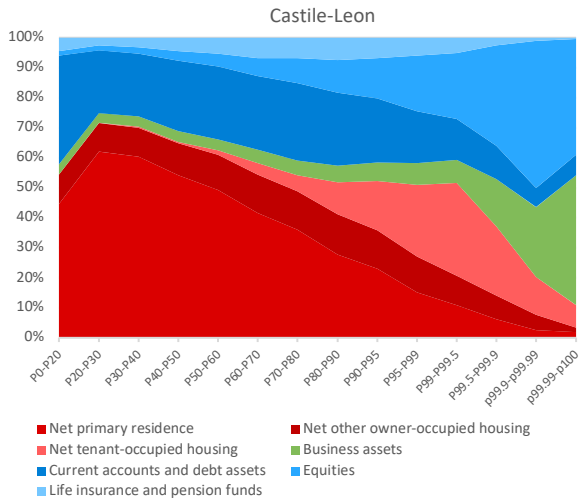
Figure 10: Wealth composition by asset type along the wealth distribution in each region in Spain, 2022




Castile-Leon
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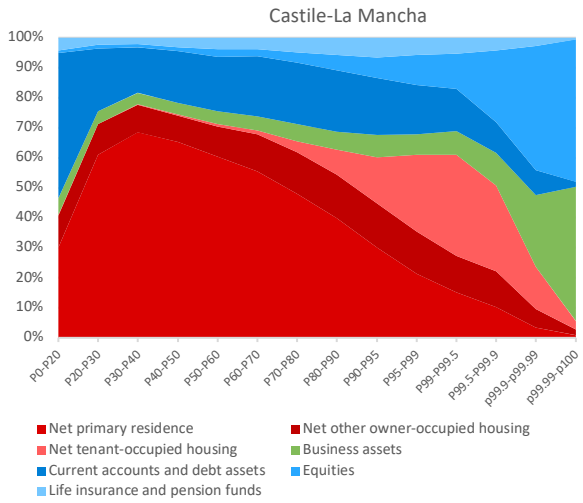
P30-P40
P40-P50
P50-P60
P60-P70
P70-P80
P80-P90
P90-P95
P95-P99
P99-P99.5
P99.5-P99.9
p99.9-p99.99
p99.99-p100
Net primary residence
Net other owner-occupied housing
Net tenant-occupied housing
Business assets
Current accounts and debt assets
Equities
Life insurance and pension funds


Castile-La Mancha
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P50-P60
P60-P70
P70-P80
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P90-P95
P95-P99
P99-P99.5
P99.5-P99.9
p99.9-p99.99
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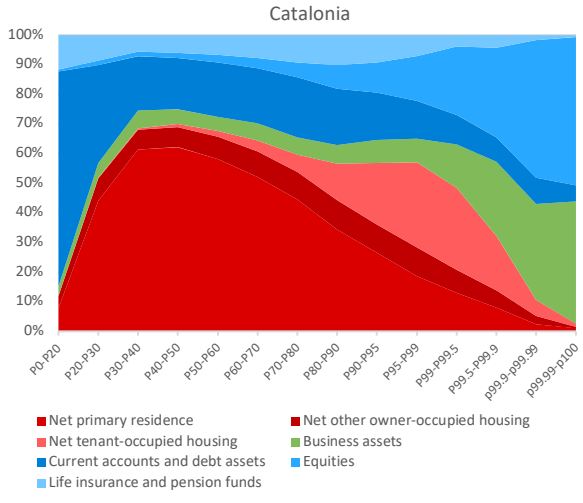
Net tenant-occupied housing
Business assets
Current accounts and debt assets
Equities
Life insurance and pension funds


Catalonia
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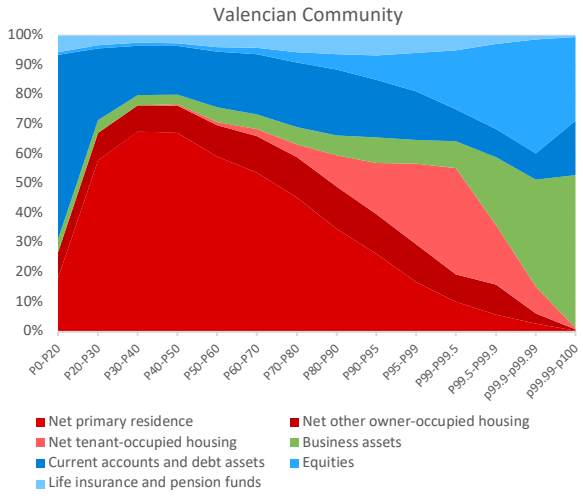
Net tenant-occupied housing
Business assets
Current accounts and debt assets
Equities
Life insurance and pension funds


Valencian Community
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P90-P95
P95-P99
P99-P99.5
P99.5-P99.9
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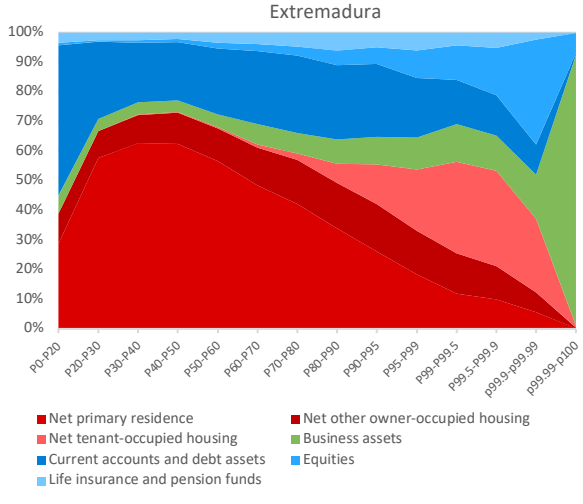
Net primary residence
Net other owner-occupied housing
Net tenant-occupied housing
Business assets
Current accounts and debt assets
Equities
Life insurance and pension funds


Extremadura
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P99.5-P99.9
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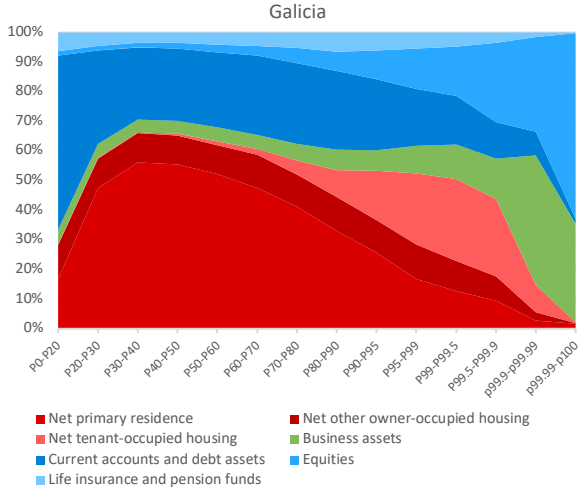
Net primary residence
Net other owner-occupied housing
Net tenant-occupied housing
Business assets
Current accounts and debt assets
Equities
Life insurance and pension funds


Galicia
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P99.5-P99.9
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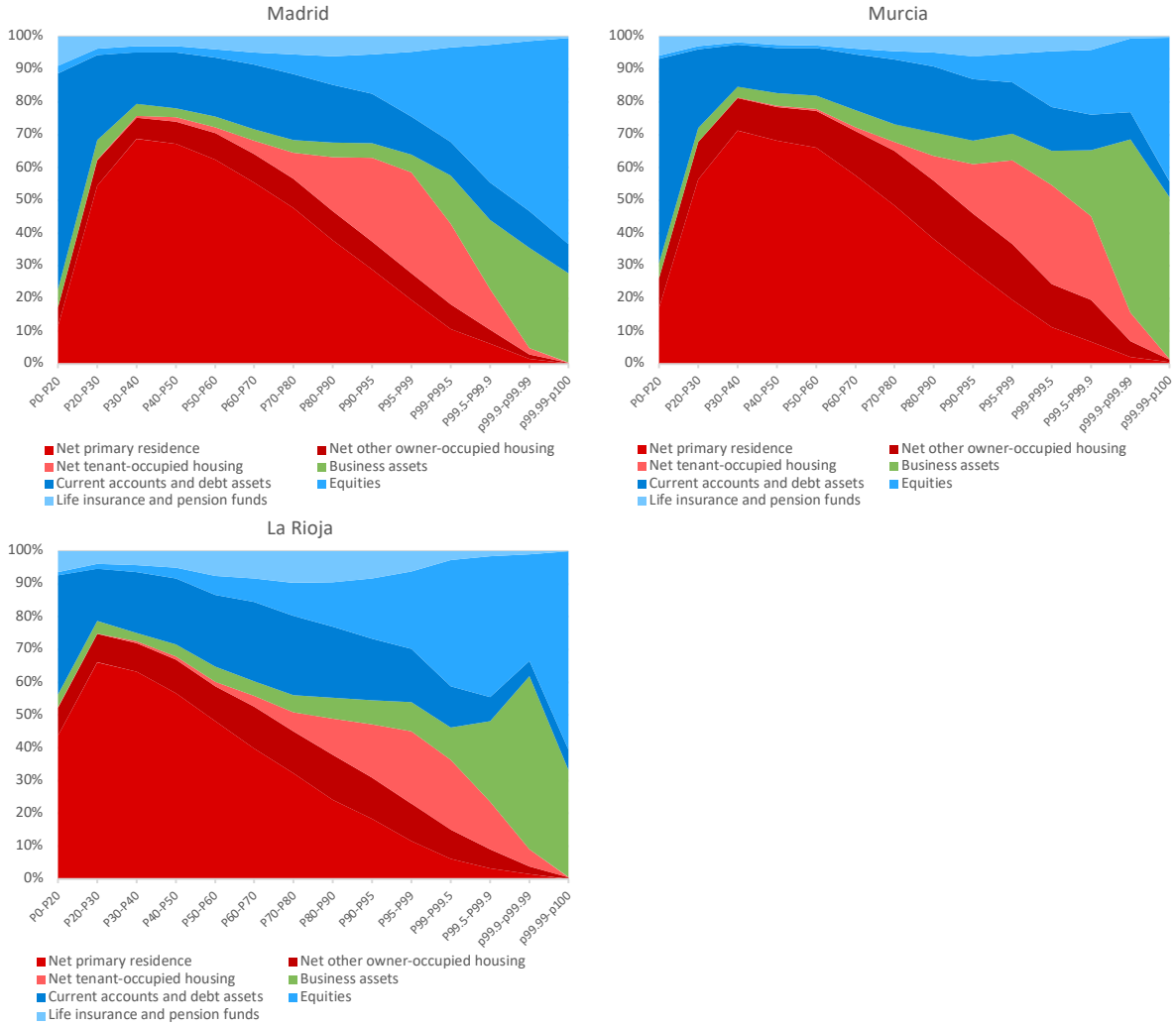
Net primary residence
Net other owner-occupied housing
Net tenant-occupied housing
Business assets
Current accounts and debt assets
Equities
Life insurance and pension funds



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5. Conclusions

This study offers the first comprehensive analysis of wealth inequality at the regional level in Spain, a novel contribution to research on regional inequalities. Unlike previous research, which focused solely on national data, this study draws on administrative information from the new Household Panel (HP), which was developed by the Tax Agency, the National Statistics Institute (INE) and the Institute of Fiscal Studies. This dataset includes detailed records for 2.9 million individuals and 1 million households, which are representative of the regional level. This enables the distribution of net wealth to be accurately and comparably measured across the autonomous regions within the common tax system (excluding the Basque Country and Navarre) from 2016 to 2022.

At the national level, the estimated average net wealth per household remained around €380,000 in real terms between 2016 and 2022. Although there was a nominal increase (from €335,000 in 2016), this was largely offset by inflation. Housing and real estate wealth constitute almost half of this wealth, with primary residences accounting for 30%, second homes for almost 9%, and investment real estate, which saw the highest growth, increasing from 11.5% in 2016 to almost 14% in 2022. The remaining half is distributed among current accounts, self-employed business assets and equities (each 11%, with high stability), and pension plans, life insurance, and investment funds (approximately 5% each).

The study confirms that wealth distribution is much more unequal than income distribution. At the national level, the top 1% of the wealthiest households hold almost 27% of total wealth, the top 10% accumulate almost 60%, whereas the bottom half of households have only 7%.

Madrid stands out as the region with the highest average wealth, although it also has a high inequality index. The Balearic Islands and Catalonia follow Madrid in terms of average wealth and also show a pattern of high wealth and high inequality. Conversely, some regions with lower average wealth exhibit lower levels of inequality. The factors determining these differences are beyond the scope of this study, but they are likely to stem from a variety of elements, possibly related to structural issues as well as economic dynamics.

Real estate assets dominate household wealth across most of the country, with primary residences alone accounting for over 30%. Among the wealthiest individuals, however, the most significant assets are tradable equities, investment funds and privately owned businesses. At the regional level, the most unequal areas tend to have a larger proportion of investment real estate and financial assets among the top 10% of wealth holders and a smaller proportion of wealth tied to primary residences among the middle and lower-middle segments of the distribution.

We hope that the evidence on regional wealth inequality presented in this study will inform the design of public policies aimed at promoting both intra- and interregional equity in Spain.

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