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The Family Office Insights Series - Global Edition
Defining the Family Office Landscape, 2024

Interactive navigation

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3 The family office archetypes

Portfolio management and direct investing take up the bulk of family offices' time, along with administration and compliance duties

The number one area in which family offices spend their time is portfolio management (accounting for 30% of their time), followed by direct investment (22%), administration and compliance (19%), supporting the operating business (15%), next-generation preparation (7%), and philanthropy (7%) (figure 14).

Notably, family offices supporting Gens 1-3 focus more of their time on direct investing than those supporting Gens 4+ (at 23% versus 13%), while those supporting older generations of wealth focus more of their time on portfolio management (35% versus 30%) and administration and compliance (24% versus 19%).

We suggest that family offices think carefully about their goals and ascertain whether there is harmony or dissonance between what they believe their goals are and what the family believes them to be, and if the time they are spending is being allocated in a way that could enable them to reach their goals effectively and efficiently. For example, it might be that a family office spends more time on direct investing and portfolio management; however, in practice, a family office ends up allocating much of its time to administration and compliance duties, causing dissonance and disruption. For this example, it is interesting to highlight that those in North America spend a considerable amount of time on administration and compliance duties (27% of their average day), which is more time than any other region (Europe 18%, Asia Pacific 12%, and ROW 11%).

As needed, family office executives can either manage expectations and realign their goals with the family or introduce new mechanisms/techniques that will allow them to alter how they spend their time to better serve the family's needs and wishes. For instance, they can implement new software to enable them to operate more efficiently, or they can outsource part of their work, thereby freeing up their time to work on more meaningful endeavors. As the average family office only has 15 members of staff, its leaders need to think creatively about their "build, buy, or partner" approach.

"People often assume that, as the head of a family office, I look after investing the family's money. While that is true, the family office is so much more than that. It involves handling the lives and structures of the principal and the entire family. It is more like concierge services and being in charge of the whole infrastructure as opposed to just handling the money. A family office is multi-faceted—and fascinating."

Head of family office, single family office, United Kingdom

Service Area	Percentage
Portfolio management	30%
Direct investment	26%
Administration and compliance	18%
Business focus	15%
Next-generation focus	9%
Philanthropy focus	5%

Figure 14: Proportion of time family offices dedicate to each of the following service areas

Click on each button to view the data

- Global
- North America
- Europe
- Asia Pacific
- ROW
- AUM <\$1B
- AUM \$1B+
- Gen 1-3
- Gen 4+

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Foreword

Welcome to *Defining the Family Office Landscape*, part of Deloitte Private's **Family Office Insights Series - Global Edition**. This is the second perspective in this new series which, in 2024, will include four reports covering the top 10 family office trends, this map of the family office landscape, cybersecurity, and digital transformation.

This edition delves into the world of family offices—what they are, how they are increasing in number, their future, approaches to hiring and board membership, and much more. It offers fresh insights into their growing presence, asset base, and impact, as well as what makes a family office successful.

To understand these emerging trends, 354 single family offices were surveyed from around the world between September and December 2023 (figure 1). These offices oversee an average assets under management (AUM) of US\$2.0 billion, while the associated families have an average wealth of US\$3.8 billion. Collectively, this totals an estimated US\$708 billion in AUM and US\$1.3 trillion in family wealth (figure 2). We also conducted in-depth interviews with 40 senior family office executives, with some representing the most prominent families in the world. These interviews offer invaluable peer-led insights and advice that can help family offices navigate the playing field and plan for long-term success.

To make the findings as useful and relevant as possible, this report is interactive, with the option to scroll through the findings by region, family office size (AUM above and below US\$1 billion), and generation of family wealth (generations 1-3 and 4+, representing the legacy families who have broken “the third-generation curse”).^{1,2} This will help enable family offices to compare themselves more directly to their peers and to understand how the longest surviving and wealthiest families operate.³

We hope these insights prove useful in shaping the future of your family office, and we would like to offer a heartfelt thank you to all participants who generously shared their time and perspectives.

Figure 1: Participating family office regional headquarters' locations

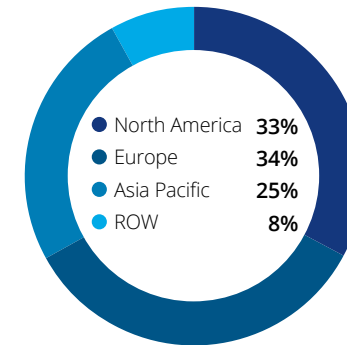


Figure 2: Respondents' family office AUM and family wealth

Click on each button to view the data

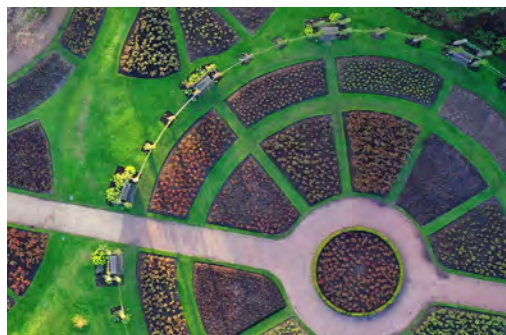
Key takeaways



1 Family office expansion explodes

There are an estimated 8,030 single family offices in the world today, up from 6,130 in 2019, a near third (31%) increase. This number is projected to grow by 12% to 9,030 family offices next year and by a third (33%) to 10,720 family offices by 2030. This marks a 75% increase over this roughly 10-year period (figures 3 and 4).

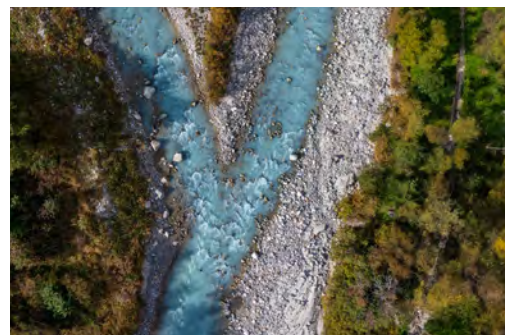
By region, today there are an estimated 3,180 single family offices in North America, 2,290 in Asia Pacific, 2,020 in Europe, 290 in the Middle East, 190 in South America, and 60 in Africa.



2 Family offices are becoming an economic powerhouse

Following the radical expansion within the arena, in 2019, the total estimated wealth for families with family offices was US\$3.3 trillion. Today it is US\$5.5 trillion, reflecting a 67% increase within five years. This wealth is expected to grow another 26% to US\$6.9 trillion by 2025 and by 73% to US\$9.5 trillion by 2030 (figures 5 and 7). This is a notable 189% rise between 2019 and 2030. Following a similar trajectory, family offices' total estimated AUM currently stands at US\$3.1 trillion and is expected to rise by 73% to US\$5.4 trillion by 2030 (figures 6 and 7).

The region that is expected to experience the greatest increase in family wealth and family office AUM is North America, with a projected average rise of 258% between 2019 and 2030, followed by Asia Pacific at 208%.



3 Establishing multiple family office branches is trending

More than one-quarter (28%) of family offices now have multiple branches (figure 10). When setting up their secondary branch, nine in 10 family offices in North America and Europe stuck to their own region. Conversely, most family offices in Asia Pacific (61%) went abroad, setting up secondary branches in North America (38%) and Europe (23%) (figure 11). Looking ahead, more than one in 10 family offices (12%) plan to set up another branch, with North America and Asia Pacific proving most attractive (34% each) (figure 12).



4 The face of wealth is being redefined by new money

The global surgency of new wealth in recent decades is redefining the face of wealth. Nine in 10 family offices serve first- (41%), second- (30%), or third- (19%) generation families, reflecting the recent rise in family offices worldwide, with 68% of all offices being established after the millennium (figures 8 and 9).

Meanwhile, echoes of “the third-generation curse” reverberate,⁴ as merely one in 10 family offices now represent legacy families (generations 4 or older), raising concern over families’ ability to retain their wealth long-term.

Key takeaways



5 Women are reaching the top

Women now serve as the principals of 15% of family offices worldwide, reflecting a drive to create their own wealth and to take on leadership roles within the family enterprise. In North America, women are the principals of 12% of family offices, in Europe 20%, Asia Pacific 18%, the Middle East 10%, South America 17%, and Africa 21% (figure 27).



6 Valuing governance, family offices strengthen their boards

Nearly three-quarters (73%) of family offices have established boards (figure 20). They average four members, with just over half (58%) being family members and the remainder outside professionals (figures 21 and 22). Board members most commonly possess a background in strategic planning (asserted by 64% of respondents) and finance, tax, and legal services (another 64%), followed by investment/asset management (58%) and family management (54%) (figure 23).



7 Portfolio management and direct investing take up the bulk of family offices' time, along with administration and compliance duties

On average, family offices spend roughly half their time on portfolio management (30%) and direct investing (22%), almost one-fifth on administration and compliance duties (19%), 15% on supporting the operating business, and 7% on each next-generation training and philanthropy (figure 14). Those in North America spend more than a quarter of each day (27%) on administration and compliance duties. This is more than any other region (Europe 18% and Asia Pacific 12%), thus perhaps reason for assessing a “build, buy, or partner” model when approaching such work.



8 The future of the family office arena: Expansion and greater sophistication

Most respondents (73%) predict that the number of family offices worldwide will continue to grow, that they will become more institutionalized and professionally managed (66%), and that their portfolios will become more diversified across asset classes and geographies (55%). Over one-third believe family offices will increasingly transition from being embedded in the family's operating business to become independent structures (38%), that they will expand the number and extent of services they offer (36%), and that there will be a widespread embrace of operations-based digital technology (33%) and sustainable investments/operations (32%) (figure 13).

1 Family office 101



1 Family office 101

1.1 What is a family office?

Family offices provide comprehensive services to manage the wealth and interests of ultra-high-net-worth individuals and families, typically across multiple generations. While each family office is as unique as the families themselves, most of them strive to achieve common objectives, including wealth and risk management, coordination of services, enrichment of the family's legacy, and privacy of the family's affairs.

In their approach to wealth management, family offices typically set and lead a family's wealth strategy, oversee members' investment portfolios, and manage operational costs and tax considerations. Among other things, they also support the education and involvement of family members, oversee relevant governance structures, and assist in the development and execution of succession plans.

While family offices have become an economic force, bolstering the business community with their skyrocketing number and AUM, they also play an important role in the global community. Family offices contribute to a family's legacy and will often invest sustainably or give philanthropically in an effort to leave a positive mark on society.⁵

1.2 What is the purpose of a family office?

While families may be at different points in their journey when they establish a family office, many share common goals for the office to:

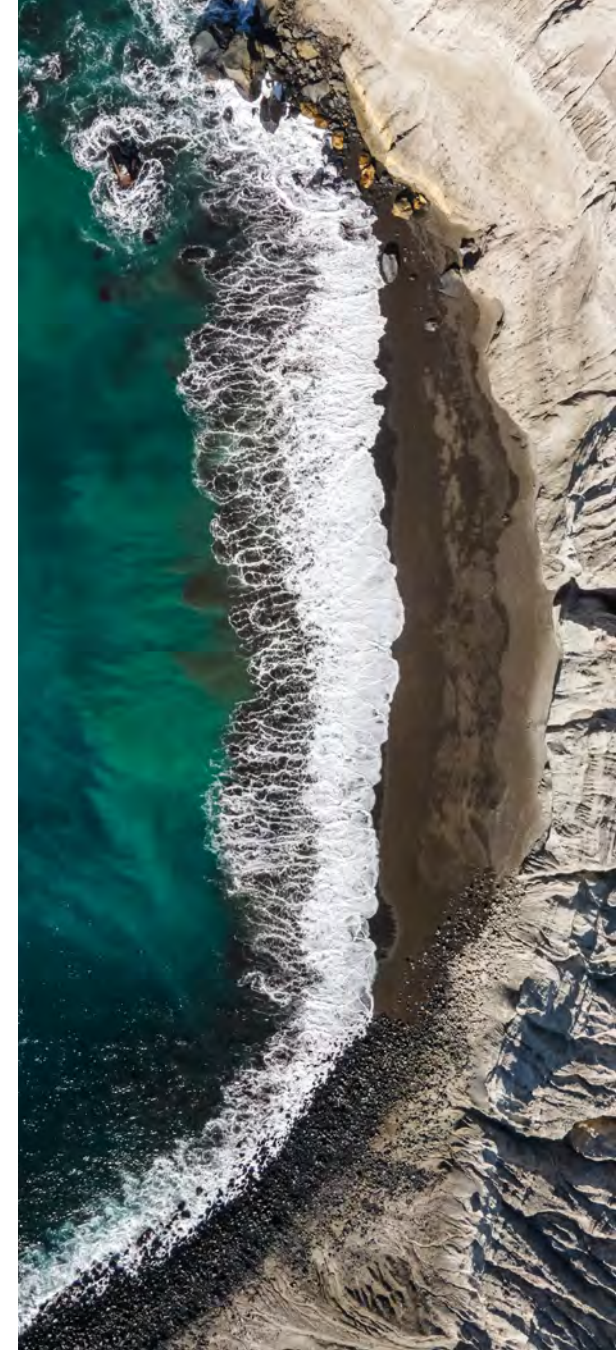
- Provide a formal structure for the management and governance of the family's wealth.
- Promote the family's vision, values, and legacy.
- Coordinate, integrate, and consolidate customized services for the family.
- Manage economic and personal risks for the family.
- Capitalize on economies of scale gained from consolidated family wealth accumulation, such as preferential investment access and lower fee rates.

- Maintain confidentiality and privacy of family affairs.
- Engage the next generation and help prepare them for succession.
- Manage the generational transition of wealth.

1.3 What prompts the establishment of a family office?

Family offices are typically established to preserve and grow a family's wealth for current and future generations. Within this broader aim, a growing number of wealth holders look to establish a family office to optimize their wealth management, increase their financial control, preserve the family's legacy, and access specialized services tailored to their needs. One of the following scenarios is often the impetus for families to take that step:

- **Separation from operating business:** Family offices are often born out of an entrepreneur's operating business. Initially, the financial affairs of a family can be managed internally by employees of the business. But as a family's assets grow, so does the complexity of its financial, tax, estate planning, and investment requirements, along with its desire for added privacy. This can prompt a family to establish an independent structure to manage its wealth and affairs, utilizing specialists in relevant areas.
- **Liquidity event:** Sudden liquidity from the sale of a business, an initial public offering (IPO), or other significant wealth transfer events may also trigger the desire to establish a family office. Fast-growth technology businesses, for example, can quickly generate mega-millionaires who often go on to invest their wealth through family offices.
- **Fund redemption:** When a hedge fund or private equity fund manager redeems out third-party investors of the fund, the fund manager can evolve into a family office that then serves the principal and family members.



1 Family office 101

“Our family office was founded in 2017 as an independent structure that was initially managed by a multi-family office provider. Over time, we began to move more services in-house including our investment management, and we will be staffing up over the next year or so to support this transition. We are also looking to bring our reporting and data analytics into the fold. Slow and steady has been a great approach for us, as we learned from our partners and identified which functions were most suitable to bring in-house.”

Chief operating officer, single family office, United States

“We are a small single family office of four board members with no additional staff. We work with a multi-family office provider on our investment activities and have other third-party partners including tax and legal advisers. The family sold the family business a few years ago, and we have focused on investing through the family office since then.”

Chief executive officer, single family office, Belgium

“I often say that I run two family offices, as we have two branches that represent two different sides of the family. They are in the second generation, and their motto is to put the family first and the business second. In turn, they decided to sell a lot of their assets to give the family flexibility, and they established two family office branches so they could invest autonomously.”

President, single family office, United States

1 Family office 101



1.4 What are the different types of family office structures?

While the family office landscape continues to evolve, wealthy families typically turn to either a single or multi-family office to assist with the management of their wealth, assets, and services.

Single family offices

Single family offices are private organizations that are most often established by the family and offer full-service, in-house capabilities to manage assets, investments, succession, and lifestyle needs. Single family offices are most commonly staffed by a small, hand-picked group of advisers who run the office like a business and provide many of the same services as top-tier banks and investment firms.

A single family office can either be **embedded in the family's operating business or operate independently from the business**. Single family offices can also operate **virtually**, not as a separate legal entity, housing few staff and preferring to outsource the bulk of its services.

Multi-family offices

Some wealthy families turn to a multi-family office model to reduce costs by sharing services and administrative overhead across multiple families. They can employ a commercial multi-family office provider, which is owned and operated by commercial third parties to look after the interests of multiple families. Another option is a private multi-family office, which is owned by families and operated for their benefit. These offices typically start with a founding family before widening their offerings to include multiple unrelated families.

It is also important to recognize that as families grow through the generations, their needs can change. Here, they may shift between family office structures or expand or reconfigure their structure to better support their evolution.

1.5 How much does it cost to run a family office?

The cost of running a family office varies significantly according to its structure, staff size, and the number and nature of the services it offers. As a general estimate, however, smaller family offices with AUM between US\$250 - US\$500 million cost an average of US\$2.1 million a year to run, while medium family offices with between US\$1 - US\$5 billion in AUM cost US\$6.8 million, and large family offices with AUM over US\$5 billion cost US\$20.8 million.⁶

1.6 Is a family office right for you?

Whatever the motivation, the decision to establish a family office should not be taken lightly. In turn, families should ask themselves: Does the cost justify the means? If not, one might instead prefer to join a commercial or private multi-family office, where the costs are shared between various families and there are opportunities to partner/co-invest with other families.

If the economics make sense, one should also consider a variety of questions, such as: What is the family's goal in setting up a family office? What level of control does the family want over its wealth management? What services does the family want to utilize? How many generations would the family office serve? How important is it to the family that their affairs are kept private? What type of family office structure suits the family the best? Is the family interested in not just preserving and growing its wealth, but in building a legacy? Who would be best suited to work in the family office—family members, outside professionals, or both?

For help in answering these questions and others, it can be useful to speak with a specialist in this area who has guided families before, so that you can factor in both the benefits and challenges of having a family office into your decision-making.

2 The evolution of the family office arena



2 The evolution of the family office arena

2.1 An evolutionary look: The global rise in family offices and family wealth

The number of family offices globally is expected to grow by one-third from 8,030 today to 10,720 in 2030

The family office arena has been growing rapidly, parroting the rise in family wealth globally—and this growth is expected to continue in the coming years. Family offices' surge in popularity is driven by a combination of factors, including increased wealth concentration,⁷ successful transfers of generational wealth,⁸ the large-scale sale of family owned businesses which created liquidity events, and the pursuit of more customized investment strategies and services.

The predicted transfer of trillions of US dollars of wealth between generations over the next 10 years⁹ is expected to have a notable impact on family offices and their AUM going forward. And new wealth sources from an increasing number of entrepreneurs exiting the companies they started¹⁰ will likely cause the number of family offices and their combined AUM to rise even higher.

Today, there are an estimated 8,030 single family offices worldwide. This proportion has increased by nearly one-third (31%) over the last five years from circa 6,130 offices. It is expected to rise another 12% to 9,030 family offices by next year and 33% to 10,720 family offices by 2030. In turn, over a circa 10-year period (2019 to 2030), the proportion of family offices globally is expected to jump by a notable 75% (figures 3 and 4).

Click on each button to view the data

2 The evolution of the family office arena

Until now, North America has been the fastest growing region; moving forward, it is expected to be outpaced by Asia Pacific

The most significant increases in family office expansion are expected to come out of North America and Asia Pacific. At present, there are an estimated 3,180 single family offices in North America, up 44% from 2019. This proportion is expected to grow to 4,190 by 2030, nearly doubling (90%) between 2019 and 2030.

In Asia Pacific, there are an estimated 2,290 single family offices today, up 28% from 2019. While North America has experienced the greatest rise in family offices to date, Asia Pacific is expected to outpace the region moving forward. The number of family offices in Asia Pacific is expected to grow 40% by 2030 to 3,200 offices, while North America is expected to rise 32%. In turn, North America is projected to experience the most growth between 2019 and 2030 (90% versus 79% for Asia Pacific). However, the pace at which the landscape in North America is expanding is slowing down given its relative maturity, while in Asia Pacific it is heating up given its more recent emergence in family offices.

The family office arena in Europe is also expected to experience considerable growth, but at a somewhat slower pace than North America and Asia Pacific. This is likely a sign of its maturity and weakened economic climate. Today, there are an estimated 2,020 single family offices in Europe, up 20% from 2019. This proportion is expected to grow 13% by 2025 (to 2,290 offices) and 58% between 2019 and 2030 (to 2,650 offices).

The family office space in the Middle East can best be described as nascent, as the region is estimated to hold a mere 290 fully functional single family offices. However, times are changing as the proportion of family offices is expected to increase 21% by 2030.

Click on each button to view the data

2 The evolution of the family office arena

Total estimated family wealth stands at US\$5.5 trillion and is expected to grow 73% by 2030 to US\$9.5 trillion

The families represented by family offices currently control an estimated US\$5.5 trillion in wealth globally, marking a substantial 67% increase from five years ago (US\$3.3 trillion). Projections indicate this amount will grow by 26% to reach US\$6.9 trillion by 2025 and by an impressive 73% to US\$9.5 trillion by 2030. This represents a remarkable 189% increase from 2019 to 2030 (figures 5 and 7).

Family wealth is projected to more than double between 2019 and 2030 in North America and Asia Pacific

Analyzing these figures by region reveals that families in North America and Asia Pacific have and will continue to experience the greatest gains. In North America, the total estimated wealth of families with family offices is US\$2.4 trillion, more than doubling since 2019 (+109%). It is expected to grow another 24% to US\$2.9 trillion by 2025 and by 71% to US\$4.0 trillion by 2030. This is a sizeable 258% increase between 2019 and 2030.

In Asia Pacific, families control an estimated US\$1.0 trillion in wealth, up 61% from 2019. Their wealth is projected to grow by 29% to US\$1.3 trillion by 2025 and to nearly double by 2030 to US\$2.0 trillion. This reflects a 208% increase between 2019 and 2030.

Wealth in Europe over this roughly 10-year period is expected to rise by 157% from US\$1.1 trillion in 2019 to US\$2.8 trillion in 2030, with families currently holding an estimated US\$1.7 trillion.

Click on each button to view the data

2 The evolution of the family office arena

Family offices hold US\$3.1 trillion in AUM globally; this is expected to rise 73% to US\$5.4 trillion by 2030

Family offices may continue to gain influence in financial markets as their AUM rises. While family offices currently manage an estimated US\$3.1 trillion in assets, this figure is expected to grow to US\$5.4 trillion by 2030, as they continue to establish themselves as a financial powerhouse (figure 6).

The family offices with the greatest investment power lay in North America, which has a total estimated AUM of \$1.3 trillion, followed by Europe (US\$949 billion), Asia Pacific (\$590 billion), and the Middle East (US\$159 billion). Given this expected growth, family office AUM is on track to surpass the current AUM of the global hedge fund industry, which is US\$5 trillion.¹⁵

Given the large-scale projected rise in wealth and family office AUM, this could have a considerable impact on the family office arena. For instance, the competition for highly skilled talent could further intensify, alongside greater demand for third-party service provision to support the growth in family office activity. The number and nature of family office services and structures could expand, heralding a need for further professionalization and dedicated financial, legal, tax, and regulatory offerings from family office hubs. For a projection of what the family office landscape might look like in the future, see page 20.

Click on each button to view the data

2 The evolution of the family office arena

Click on each button to view the data

2 The evolution of the family office arena

The face of wealth is redefined by new money, while echoes of the “third-generation curse” reverberate

With a fourfold increase in the number of global millionaires since the turn of the millennium,¹⁵ the global surgency in new wealth over the last two decades is redefining the face of wealth. The vast majority of family offices (90%) serve first- (41%), second- (30%), and third- (19%) generation families, reflecting the recent rise in family offices worldwide, with 68% of all offices being established after the millennium (figures 8 and 9).

Meanwhile, as the saying goes, “shirtsleeves to shirtsleeves in three generations,” the findings echo the warning from a well-known study by the Williams Group which found that nine in 10 families lose their wealth by the third generation, as merely one in 10 of the family offices examined today cater to those who have broken “the third-generation curse”.¹⁶ Similarly, the Williams Group found that seven in 10 families lose their wealth by the second

Figure 8: Year the family office was founded

Click on each button to view the data

generation, and this research reveals that just three in 10 family offices currently cater to those who have surpassed the second generation. Two factors could be at play—wealth holders might be losing their fortunes, and/or the rapid rise in new wealth could be overshadowing old wealth. Irrespective of which is the case, given the many challenges families face in retaining their wealth long term, it is fitting that so many are now turning to family offices to steward them through generational transitions.

Family offices are establishing branches globally

Family offices are typically headquartered in the country in which the family predominately resides. That said, while most family offices only have one branch (72%), more than a quarter (28%) now have multiple branches (figure 10). European family offices are the most likely of any region to have additional branches at 34%,

Figure 9: Generation of wealth of the family currently in charge

Click on each button to view the data

compared to 23% in North America and 25% in Asia Pacific. Larger family offices (with AUM over US\$1 billion) are also twice as likely to have additional branches than those with AUM under US\$1 billion, at 40% versus 19%.

It is evident that family offices are looking to broaden the family’s interests globally, especially as today’s first-generation entrepreneurs are more internationally minded than earlier generations and seek opportunities beyond their domestic borders.¹⁷

Figure 10: Number of family office branches

Click on each button to view the data



2 The evolution of the family office arena

Family offices in North America and Europe are leaning toward their own region when considering where to set up secondary branches, while those in Asia Pacific increasingly look abroad

With residences and business operations that often span across different geographies, wealth holders are commonly at the forefront of embracing globalization. That said, as we track the geographic evolution of the family office space, an interesting pattern emerges—one that somewhat bucks this trend.

When it comes to family offices' geographic expansion, there appears to be a move toward rising insularity among those in North America and Europe when it comes to establishing secondary branches to their family office.

To illustrate, in 2018, 72% of North American family offices set up their second branch in North America, while 22% did so in Europe and 6% in Asia Pacific.¹⁸ Today, a notable 88% of North American family offices are opting for their own region for secondary branches, which is a rise of 16 percentage points from 2018. Meanwhile, the proportion of those moving to Europe has declined by 16 percentage points to 6%, while it held in Asia Pacific at a steady 6% (figure 11). This could perhaps be a consequence of increasing geopolitical insularity in parts of North America, along with a challenging economic climate in Europe.

For Europe, the pattern of insularity continues, with 89% of European family offices opting to establish secondary branches within the region (up from 77% in 2018), and just 4% opting for North America (down from 13% in 2018) and 4% Asia Pacific (down from 8% in 2018).

Those in Asia Pacific are, however, bucking this trend and rapidly internationalizing. To illustrate, in 2018, two in five (40%) Asia Pacific-based family offices set up secondary branches in each North America (20%) and Europe (20%). Today, this number has grown significantly to roughly three in five (61%), with 38% setting up a secondary branch in North America and 23% in Europe (figure 11). This is a notable increase, but again shows a preference for North America over Europe.

Figure 11: Locations of additional branches

Click on each button to view the data

2 The evolution of the family office arena

When it comes to three or more branches, Europe gets overshadowed by Asia Pacific and is now on par with the Middle East

As we continue to track the expansion of family offices, considering those who have three or more branches, we can see the pattern start to diverge. North American family offices are more likely to house their third (or additional) branch in Asia Pacific than in Europe (at 21% versus 14%). And, illustrating a shift to other parts of the world, the Middle East is now on par with Europe in terms of attracting wealth holders to establish their third (or additional) branch in their region. Here, 14% of North Americans' additional branches are in the Middle East and 14% in Europe, while for those in Asia Pacific, 22% of their additional branches are in the Middle East and 22% in Europe.

Expansion is set to continue, as one in 10 family offices have plans to set up additional branches, with North America and Asia Pacific gaining the most traction

Looking to the future, roughly one in 10 family offices globally (12%) currently have plans to set up an additional branch. When asked where these branches are going to reside, 34% said in North America, 34% Asia Pacific, 24% Europe, 5% Africa, and 3% the Middle East (figure 12). (Bear in mind, these numbers differ from those in figure 11 because this includes all family offices, not just those which have multiple branches and are looking to expand further.)

Figure 12: Locations of future planned additional branches

Click on each button to view the data



2 The evolution of the family office arena



2.2 The future of the family office landscape

Given the rapid expansion of the family office arena, executives were asked what they believe the future landscape could look like. Most respondents said that they expect the number of family offices worldwide to continue to grow (as denoted by 73% of respondents), that family offices may become more institutionalized and professionally managed (66%), and that their portfolios will become more diversified across different asset classes and geographies (55%) (figure 13).

Roughly one-third of respondents also believe that family offices will: increasingly transition from being embedded in the family's operating business to becoming independent structures (38%); continue to expand the number and extent of services they offer (36%); increasingly embrace digital technology in their operations (33%); and that there will be a widespread embrace of sustainable investments and operations (32%).

Interestingly, what few family offices envisioned, but what is in fact happening in real time, is also a trend toward family offices establishing multiple branches both locally and overseas. Naturally, this is something that larger family offices (with AUM over US\$1 billion) were able to envision more than those with AUM under US\$1 billion, at 23% versus 15%.

It is also interesting to gain the wisdom of those serving legacy wealth holders, who have been around for four or more generations and have witnessed first-hand the landscape's rapid evolution, particularly over the last 20 years, as they are more readily able to envision most of these trends unfolding than their younger peers.

2 The evolution of the family office arena

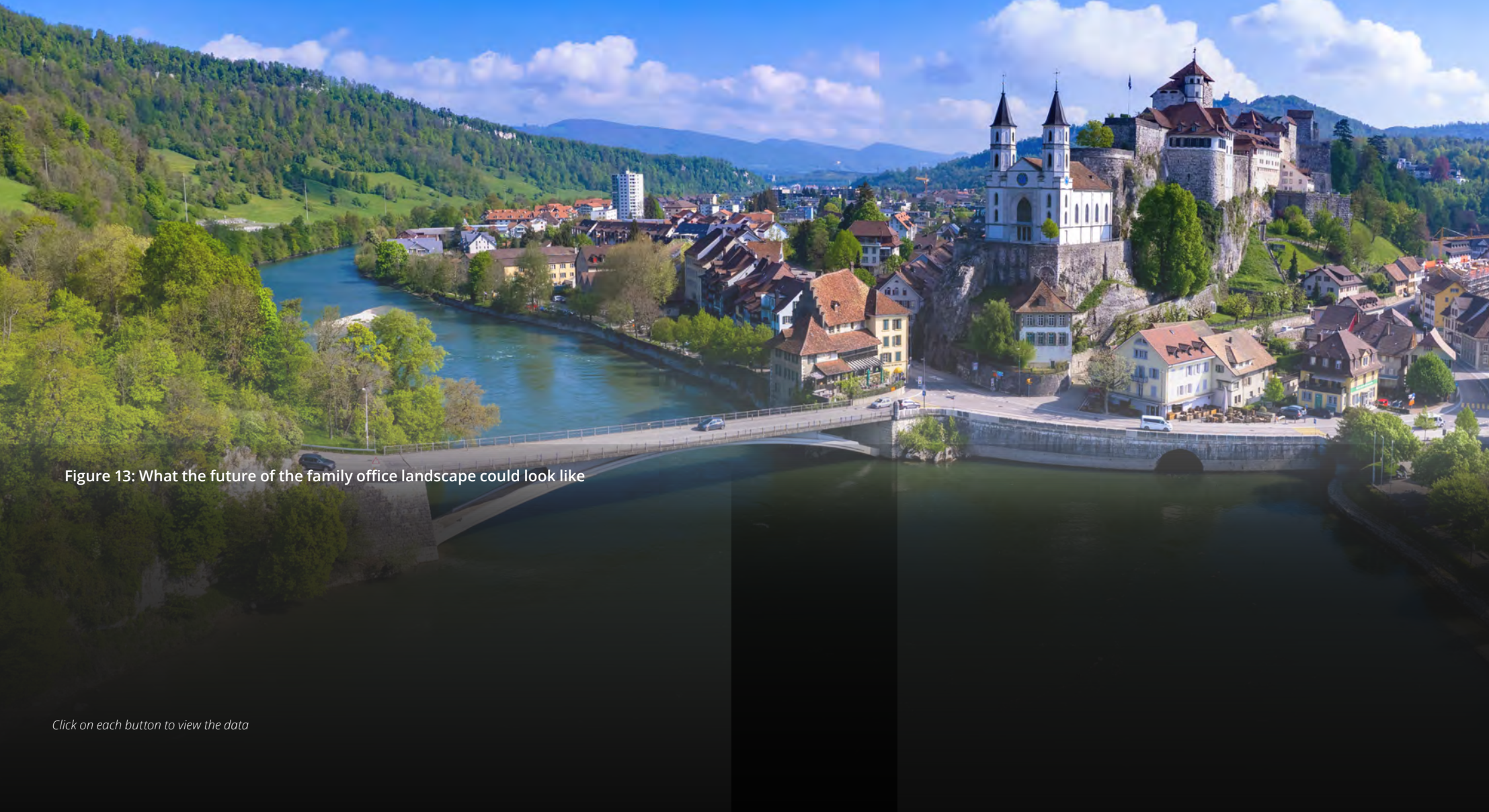


Figure 13: What the future of the family office landscape could look like

Click on each button to view the data

2 The evolution of the family office arena

"I have been in the family office business for over 35 years and have seen huge changes in the space over this time. Things are becoming more institutionalized. Family offices are hiring top-quality people. They are really focusing on their team, their investment in technology, and in getting outside consultants and top-quality managers. We have also seen surges in wealth creation, which I believe will lead to further growth in the space."

Keith Rook, president, Weiler Arnow Mgt Co, single family office, United States

"There is more wealth being created and more people who want to oversee their wealth being managed in a better way. In turn, I think the number of family offices will increase remarkably over the next 10 or 20 years. Also, the next generation of wealth is and will continue to be much more focused on sustainable investing and putting capital to work in a positive way. I think the biggest family offices in the world, where you have second or third generations, will say they want to separate and do it on their own. Lastly, my gut says too many of the big family offices will hire too many people. We know of family offices that have more lawyers than we have people, and we have 25 to 30 people."

Chief executive officer, single family office, United States and Asia

"Looking at the future of the family office space, I expect that the number of wealth holders and service providers will grow and thereby bring additional opportunities for growth among family offices. But there will be concerns over whether the space can ever standardize itself."

Matt Norman, chief investment officer, Kenjiro Private Office, single family office, United Kingdom/Japan

"I think family offices will be more client facing and responsive to whatever families' needs are in the future."

Chief financial officer, single family office, United States

Unity versus independence:

When harmony is in question, should a family office split up to cater to the family's different branches? Bucking traditional thinking, one COO says "yes."

"Several years back, we decided to split our family office into two branches to serve each of the family's third-generation siblings. It was a painful process, but in hindsight, it was the right decision. Families should feel empowered to do good in their respective ways," shares the chief operating officer (COO) of one of the world's most prominent family offices. In our conversation with the COO, we discussed the process of branching out globally and how, in this case, it brought harmony to the family and enabled the different family branches to achieve their own unique aspirations.

What was the family's journey like as you grew to multiple locations globally?

Like many other families, our family office was embedded in the operating business when we first started out. We then matured to a stage where it made more sense to separate the business from family matters, so we established family offices at the two key locations the business operated in—our headquarters in Africa and the United Kingdom, because family office staff members were initially recruited directly from the business. Over time, our family office expanded further, as we set up a third branch in a European offshore location for the purpose of global restructuring.

Then, about five years ago, we decided to split our family office into two branches to better cater to the family as it has two separate branches. It was a challenging process, but in hindsight, it was the right decision, as families should feel empowered to do good in their respective ways.

When it came to structuring the family office's branches, both sides kept their presence in Africa and the United Kingdom

because of personal connections and lifestyle choices. The split was more apparent in terms of offshore locations. For example, one of the family branches opened a new office outside of the United Kingdom and, later, in the Far East, where they were quite successful in setting up a new team in a short period of time.

In the family office world, there is often an instinct to keep families together. What are the benefits of having multiple family branches?

The general inclination in the family office space is to keep it all together for economies of scale and to avoid redundancies. But we have come to realize that embracing family dynamics and maintaining family harmony is more important to the well-being of this family. Establishing multiple branches and reducing the number of family principals eased tensions while enabling the distinct family offices to do a better job of meeting each member's needs. The third- and fourth-generation members are now more empowered to realize their own strategic priorities.

How do the different branches collectively operate?

The family office branches have negotiated agreements in place, setting the ground rules and detailing the protocols of collaboration among them, with representatives appointed from each branch to coordinate joint matters. One major collaboration effort is to manage joint family investments, which are overseen by representatives from both sides of the boards. Other matters include investment strategies, tax planning, and family affairs. Having these arrangements contributes to stable, long-term relationships among the branches.

What advice do you have for family offices going through transitions?

I recommend family offices have conversations with their principals early, instead of waiting until tensions build up and threaten to impact family relationships. Find out each family member's concerns and try to address them early. My other piece of advice for family office branches is to not let the transition process jeopardize working relationships between the branches. Do not sour the relationships just to get the best deal for each of the family branches. The family office staff should think long term, as the branches may ultimately need to work together for the long term.

Given your own family office's expansion working with what is now a fourth-generation family, what do you think the future of the global family office landscape will look like?

I think there will be many more family offices in the next 10 to 20 years, with a potentially big difference between the types of the services offered to older wealth versus newer wealth holders. Newer wealth holders tend to have smaller, agile, and more dynamic family offices. There will be an explosion of smaller family offices with potentially shorter investment horizons and a bigger focus on quick-moving, tech-enabled investments compared to older wealth.

You have highlighted the importance of family dynamics. Why is managing family dynamics so important?

Looking forward 20 years, it is just as important to consider things from a family dynamics perspective than, say, a tax planning or investment perspective. It is critical to think what the family might look like in the future and to start working toward that now. A big part of gaining that perspective and realizing the family's vision is to have long-established trust and transparency between family members and the family office. It is also important to understand what each family member wants to achieve so that you can help balance those priorities and build a plan to bring those goals to fruition.

3 The family office archetypes

3 The family office archetypes

3.1 The time spent on family offices' core priorities

Family offices broadly operate across six different archetypes with the level of focus on each influenced by the family's priorities and needs

To operate effectively, a family office should identify what the family's core priority, or priorities, are and develop a strategy to meet the corresponding objectives. Doing so enables family offices to provide services that are relevant to a family's needs, such as administrative and compliance services like accounting, reporting, and tax planning, or portfolio management or direct investment services.

We have grouped family offices' common core priorities into six archetypes. Family offices might believe that they have one core purpose, only to discover that, in practice, they end up spending considerable time on one or more other areas, and so it is important to ensure that families and family offices are aligned in their understanding of their core purpose(s) and allocating their time accordingly to ensure that they are operating effectively.

Family office archetypes

Administration and compliance:

Helps the family to stay compliant with tax and legal requirements and supports their personal needs. Services include: accounting and reporting; tax planning and filing; legal services; insurance; travel management and concierge services

Business-focused: Typically embedded within the family business, focuses on supporting the family's strategic and ownership objectives through their businesses. Services include: input on capital distribution; participation in management selection; business financial planning and analysis

Portfolio management: Management of family wealth, focused on financial planning, wealth protection, longevity, and continuity. Services include: financial planning; asset management; wealth reporting; property management

Direct investment: High-finance capabilities, similar to private equity/venture capital, with an aim to drive wealth growth. Services include: M&A due diligence; alternative investments; start-up funding

Next-generation focused: Trusted advisers and trustees who work on preparing the next generation to be stewards of the wealth. Services include: family education; development of family governance; Next Gen development; succession planning

Philanthropy focus: Delivering philanthropic efforts aligned with family principals' vision and ideology. Services include: philanthropic strategy; foundation creation and operations; tax planning



3 The family office archetypes

Portfolio management and direct investing take up the bulk of family offices' time, along with administration and compliance duties

The number one area in which family offices spend their time is portfolio management (accounting for 30% of their time), followed by direct investment (22%), administration and compliance (19%), supporting the operating business (15%), next-generation preparation (7%), and philanthropy (7%) (figure 14).

Notably, family offices supporting Gens 1-3 focus more of their time on direct investing than those supporting Gens 4+ (at 23% versus 13%), while those supporting older generations of wealth focus more of their time on portfolio management (35% versus 30%) and administration and compliance (24% versus 19%).

We suggest that family offices think carefully about their goals and ascertain whether there is harmony or dissonance between what they believe their goals are and what the family believes them to be, and if the time they are spending is being allocated in a way that could enable them to reach their

goals effectively and efficiently. For example, it might be that a family wants their family office to focus on direct investing and portfolio management; however, in practice, a family office ends up allocating much of its time to administration and compliance duties, causing dissonance and disruption. For this example, it is interesting to highlight that those in North America spend a considerable amount of time on administration and compliance duties (27% of their average day), which is more time than any other region (Europe 18%, Asia Pacific 12%, and ROW 11%).

As needed, family office executives can either manage expectations and realign their goals with the family or introduce new mechanisms/techniques that will allow them to alter how they spend their time to better serve the family's needs and wishes. For instance, they can implement new software to enable them to operate more efficiently, or they can outsource part of their work, thereby freeing up their time to work on more meaningful endeavors. As the average family office only has 15 members of staff, its leaders need to think creatively about their "build, buy, or partner" approach.

Figure 14: Proportion of time family offices dedicate to each of the following service areas

Click on each button to view the data

"People often assume that, as the head of a family office, I look after investing the family's money. While that is true, the family office is so much more than that. It involves handling the lives and structures of the principal and the entire family. It is more like concierge services and being in charge of the whole infrastructure as opposed to just handling the money. A family office is multi-faceted—and fascinating."

Head of family office, single family office, United Kingdom



Contesting the well-known saying, “When you have seen one family office, you have seen one family office,” is Matt Norman, chief investment officer at Kenjiro Private Office. Founded in 2017, under the guidance of Akira Ushioda, a third-generation member of a wealth-holding family from Japan, Kenjiro Private Office has built a globally diversified multi-asset portfolio with a long-term investment horizon. The family office is based in London and the family members now live mainly in Europe. In our conversation with Matt, we discussed the evolution of family offices in Asia Pacific, from local to global, and from informal to formal.

Transcending borders: Evolving from local to global

How are family offices in Asia Pacific evolving from a globalization perspective?

The challenge for every family office, regardless of where they are located, is the transition from local to global. Wherever the wealth is generated, once families start to grow beyond their local market, they must learn something new, deploy talents with international expertise, and create a plan for growing not only locally, but regionally and globally.

The globalization of wealth-holding families often involves undergoing several processes. First, it involves the global education of the younger generation; second, the establishment of a global holding structure; and third, the management of family wealth at a global level, hence the formation of an investment team with international expertise. The globalization process for many families in Asia Pacific is in its infancy, as a lot of them have just started learning how to put systems in place to enhance family resilience and longevity on an international scale.

What are the main considerations for family offices in Asia Pacific to become more professionalized?

I see three main factors. One is generational shifts. Sometimes Next Gens are not interested enough or suitably skilled to manage family wealth or the family business, so over time many businesses are either sold or take on external management. If businesses are sold, the next generation inherits a large pool of liquid assets, and the family office becomes geared up to manage that wealth. The second factor is a liquidity event that prompts the opening of a family office if one has not already been established. The third factor is the spirit of learning new concepts and new ways of doing things. There seems to be a genuine enthusiasm from the families to learn what a family office does and how to make one work. It is not necessarily because the wealth in Asia is newer than in other regions like Europe or North America. It is about families looking to move to newer structures.

“Most wealthy families in Asia Pacific are quite globalized in their outlook. They have local investments and local issues, and global investments and global issues, just like everyone else. The more family offices you look at and analyze, the more they look the same.”



You mentioned families in Asia excel at building relationships. What are the benefits of relationship building?

The family we serve, and our family office alongside it, focuses heavily on building relationships and partnerships with other families, their businesses and family offices. Family offices typically cannot compete with institutional investors in terms of scale, so when families group their wealth together, they get better access to top managers and investment opportunities. It is also important for family offices to align and cooperate with other families with similar values so they can learn from one another, share ideas and opportunities, and scale up together. The families in Asia form bonds and give trust with a long-term perspective, and once they give trust, it runs very deep.

As we are talking about the evolution of the family office space, what are your thoughts on family succession, as succession has a critical impact on the future mission and character of a family office?

Succession takes decades. There is no magical moment where the control of wealth changes hands. Ever since we set up the family office about seven years ago, our core purpose has been to aid the transition of wealth stewardship from generation two to generation three. In the process of doing this, our views and strategies are continually influenced by the experiences of family members—such as where they want to invest, what happens in their lives, if they have children—along with

other factors, such as what the markets are like and how regulations and tax regimes are changing. With these factors considered, the succession strategy constantly evolves over time.

What advice do you have for other families in Asia Pacific going through a generational transition?

I always say, it is an evolution, not a revolution. There is no one-hit solution. There is no one product that makes things magically happen. You must spend as long as it takes to get to the point where the family is comfortable. There has been a lot of focus around the concept of preparing the next generation. But focusing exclusively on the next generation can undermine the impact succession has on the exiting generation as part of the family's wider journey. For succession to take place smoothly, families and family offices should also consider the arrangements needed to ensure the comfort and confidence of the exiting generation. For example, they should prepare for the exiting generation's retirement. What will they do when they retire? How long should the existing patriarch and/or matriarch remain as chairman or chairwoman? How much oversight should they give away, and at what stages? How much control of the wealth should be transferred and when?

Looking at the picture holistically leads to greater confidence in one's succession strategy, happier family dynamics, and, ultimately, greater success.

4 Staff composition and hiring trends



4 Staff composition and hiring trends

4.1 Staff composition and hiring trends

Family offices' recruitment needs are evolving and expanding

As the family office arena expands, so does the size and sophistication of family offices themselves. More than one-third of family offices (36%) report that they are increasing the number of services they provide this year, or increasing the number of family members they provide services to (figure 15).

As a result of their expanding workload, 40% of family offices are presently focused on hiring. Emblematic of a wider trend, 29% also report that they are shifting more toward outside (non-family) talent to further professionalize, taking advantage of opportunities to work with specialists in investing, finance, tax planning, legal services, and other related disciplines. To accommodate workloads, 34% of family offices are also looking to outsource additional services this year.

Figure 15: Planned changes to the family office in 2024

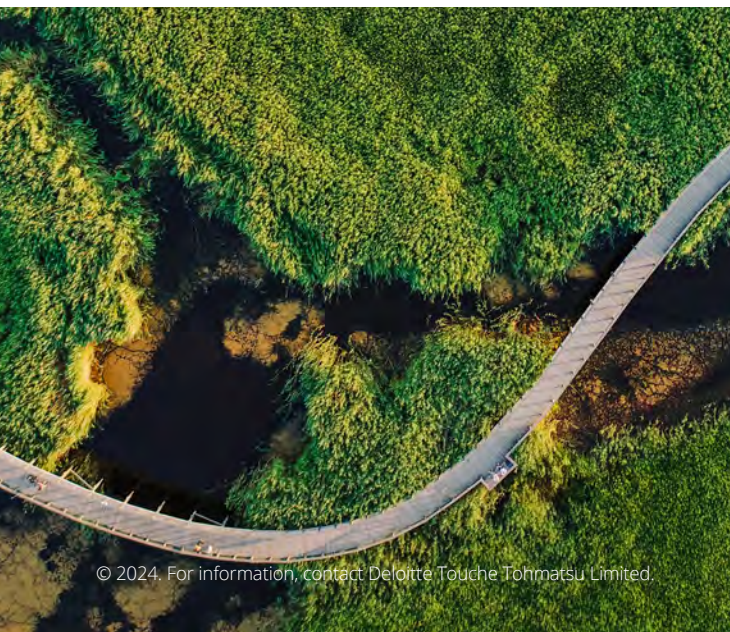
Click on each button to view the data

“Over time, family offices will become more institutionalized and hire more professionalized staff. Everything we do is run in an institutional way. We come from institutional backgrounds having worked in big banks, and we try to replicate what has worked for others.”

Chief executive officer, single family office, United States

“The family office has evolved. The asset base has grown, and the family’s focus has expanded, along with their personal needs. When I joined more than 10 years ago, we did not have a meaningful investment team in-house, and now we have a full-fledged investment team running our portfolio.”

Chief financial officer, single family office, United States



4 Staff composition and hiring trends

Family offices primarily source their staff from financial services, accounting, and consulting firms

When asked what sectors they most commonly recruit their staff from, the majority of family offices said from financial services firms (64%), followed by accounting firms (44%), consulting firms (25%), other family offices (22%), law firms (17%), and the family's operating business (17%) (figure 16). Here, however, it is important to appreciate that family offices typically offer an array of services. Their hiring needs can thus vary across investing, tax planning, trust and estate planning, insurance, legal services, and more—so a mix of skill sets is often needed.

Figure 16: The types of companies family offices typically recruit their professional staff from

Click on each button to view the data

The average family office has 15 members of staff

Looking more closely at the composition of their staff, the average family office surveyed has a mere 15 employees¹⁹ while managing a significant US\$2 billion in AUM—something that is no small feat (figure 17).²⁰ This proportion, of course, varies somewhat, with the larger (those with over US\$1 billion in AUM) and older (Gens 4+) family offices having an average of 23 and 24 staff, respectively, and the smaller offices (those with under US\$1 billion in AUM) having merely 10.

Among these staff, the majority are non-family professionals: an average of 13 out of 15 globally, as family offices tend to have just one or two family members working within the office, leaving the majority of the day-to-day responsibilities to non-family professionals.

Figure 17: Average number of family members and non-family members who work in the family office

Click on each button to view the data

“We like to hire professionals who come from other family offices, but that is difficult to find. It is a very small community and employees do not tend to move around that much. Other than that, we look for people primarily from financial institutions like private banks.”

Keith Rook, president, Weiler Arnov Mgt Co, single family office, United States

“Typically, we look for someone with five-plus years of public accounting experience, as we need people who can handle the accounting and financial reporting. Given that the operating business is in real estate, we also like candidates with real estate experience.”

Brett Treadwell, chief financial officer, RIDA Development Corporation, single family office, United States

“I prefer to only hire people who I have known that have worked with one of our service providers. For instance, if they come from the bank we know, that is fine. Having the right people and the right fit is extremely important. We run a small team, so we keep it tight. Everyone needs to get along well as we run an intense business.”

Chief investment officer, single family office, United States

“Younger families often staff their family offices primarily on the basis of trust. They bring in someone they have worked with in the past, say, the former chief financial officer of their company that was sold. In these cases, returns are not as strong as they could be due to the lack of insight and relevant experience of these professionals in investment roles.”

Paulo Bilezikjian, chief investment officer, Analytica Capital, single family office, Luxembourg

4 Staff composition and hiring trends

Most family offices are led by a family member, but a shift toward outside professionals is in play

It is common for family members to take on a leadership role within the family office. At present, 65% of all family offices are currently led by a family member, with 35% being led by a patriarch/matriarch and 26% by a Next Gen (figure 18).

That said, given families' desire to further professionalize, this balance is expected to shift after the current leader steps down, as family offices expect the proportion of non-family professionals who lead the family office to jump from roughly one-third to almost one-half post succession, from 35% to 49%.

Family office heads most often possess an investment/asset management background

When choosing a new head of the family office, it is important to consider the professional background of those currently in charge. At present, nearly all heads come from an investment/asset management background (81%), followed by strategy (73%), finance, tax, and legal (69%), and family management (69%) (figure 19).

Figure 18: Who is currently leading the family office, and who is likely to lead it post succession

Click on each button to view the data

Figure 19: The head of the family office's professional background

Click on each button to view the data

4 Staff composition and hiring trends

4.2 The family office board

Family office boards play an important oversight role

Another important aspect of a family office is its board of directors, which cultivates the strategic direction of a family office to align with the family's long-term vision. Here, a board can provide oversight of an array of areas, such as how to structure the family office and its relevant committees, advising senior leadership and ensuring that they are held accountable, facilitating communication between the family and family office, overseeing an office's financials, investment decisions, and risk register, planning for succession, legacy building, and more.

Both families and family offices place a high value on such governance and oversight, as almost three-quarters of the family offices surveyed globally (73%) have a formal board of directors (figure 20). Looking at how the longest-standing families operate, 87% of the family offices serving Gens 4+ have a board, compared to 71% of those serving Gens 1-3. This pattern is mimicked when looking at regional differences, as 86% of family offices in Europe (which typically serve the oldest wealth holders) have a board, compared to just 63% in North America and 66% in Asia Pacific.

Family office boards average four people, half of whom are outside professionals

When selecting board members, careful consideration needs to be paid to the composition, both from a familial/professional and skill set standpoint. It is common for most boards to include members of the family alongside outside professionals, who can offer an objective view and bring in a wealth of knowledge with contrasting perspectives. At present, the average family office board has four members, with just over half (58%) consisting of family members, which, broadly speaking, reflects a good mix of family members versus outside professionals (figures 21 and 22).

In some cases, families can be reluctant to include outside professionals in the board as they do not want to reveal private information to outsiders and give them say in the direction of the family office. However, it is possible to elect members with no voting power to strengthen the board through their added expertise and advice, but without giving away decision-making power.

Figure 20: Family offices with a formal board of directors

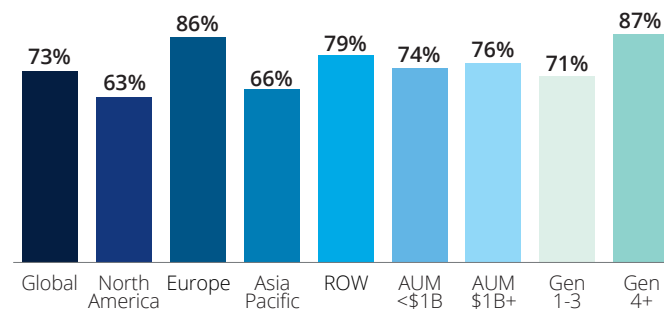


Figure 21: Number of people on the board of directors

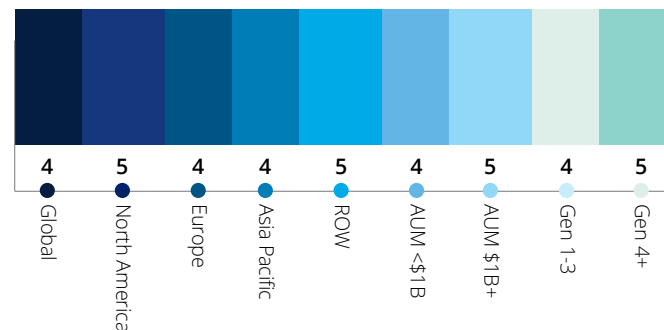
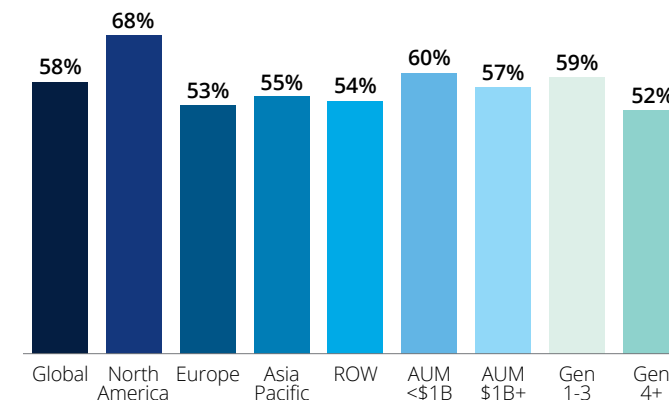


Figure 22: Percentage of board members who are family members (versus outside professionals)



“Our board is comprised solely of family members. For years I have been trying to get outside professionals onto the board and investment committee to instill best practice. I have not gotten anywhere, and I do not think I will until the patriarch passes away. At that point, I will try again. I believe that is the single biggest change we can make to upgrade our structure.”

Chief executive officer, single family office, United States

4 Staff composition and hiring trends

Family offices prioritize investment management skills for running the office, while a strategy background is preferred for board members

It is also important for board members to possess relevant skill sets which complement the purpose and functions of the family office. Here, the findings reveal that it is most common for members of a board to possess a background in strategic planning (asserted by 64% of respondents) and finance, tax, and legal (another 64%), followed by investment/asset management (58%), and family management (54%) (figure 23).

Figure 23: The board's professional background

Click on each button to view the data



Risk mitigation, governance, and the secret to gaining trust:

Thoughts from the CEO of one of the world's largest family offices

The CEO of a United States-based family office, which represents one of the world's wealthiest individuals, talks about the risks he faces and how he mitigates them. He offers advice on building an advisory board and on how to gain wealth holders' trust as an effective family office executive.

What is it like leading a family office of a prominent world figure?

It is a big responsibility. First and foremost, we are running a business. It happens to be a business with only one client, but it is a business, and we are serving his needs. It is important to bring that mindset into how you approach things.

How does your family office assess and manage risk?

We are big on risk management. We have a risk committee made up of four or five people, including outside experts, who are exclusively dedicated to assessing and managing risk. The committee ensures that we look at the various risks we face and rank them according to how probable and impactful they are, and which ones we need to get in front of. We maintain a constant, ongoing discussion.

Can you explain why you set up a parallel family office branch in Asia to mitigate risk?

We live in an unpredictable world and having resilience and redundancy is important, both in terms of the tasks we perform and the teams we represent. Increasingly, part of what we think about is what can potentially go wrong and

whether we are prepared if it does, even if it is the most extreme case. We believe that we live in a world where we need to be prepared.

In turn, we wanted to set up another branch. We wanted somewhere we felt comfortable, and when we looked around, we did not feel Europe was the best place given its long-term challenges with declining populations and wealth going in the wrong direction. Conversely, in Asia, populations are growing, and wealth is going in the right direction. In the end, we chose the region because we have an interest in Southeast Asia from a climate perspective.

How do your two family office branches collectively operate?

The Asia branch acts as an extension to the American team, as it is all about resiliency and redundancy. For instance, the investment and accounting professionals who sit in our Asia branch work with our professionals in the United States in unison, and our head of climate in Asia does philanthropy and sustainable investing alongside our American team.

Staff composition and hiring trends

What do you believe are the biggest risks to your family office in 2024?

The biggest risk is if we do something stupid. If someone screws up on either an interaction related to the principal's life or an interaction related to running the core business, such as treating someone improperly and causing reputational risk, it puts us in an untenable position. It is hard to control if someone suddenly goes outside the boundaries.

Another risk is what I call table stakes. Just because the principal is wealthy, it does not mean he is not like you and me. The same things that bother you are the same things that bother him. Years ago, the principal asked me why he had to be the guy who remembers the dog needs its flea oil. I thought to myself, my kids used to have a calendar that reminded them of their responsibilities, so I did not have to worry about them getting done. That is table stakes. It is just daily life, like paying the bills on time so that you do not get a call saying the principal's credit card has been rejected.

Our goal is to take care of the things that matter most to the principal to make his life as seamless as possible. Getting the table stakes right leads to gaining his trust. And gaining his trust allows us to manage his wealth in a way that we can do tremendous good for the world.

Trust is critical to wealth holders around the world. How do family office executives gain their trust so that they can perform their duties effectively?

There are several ways. First, just do your job and improve upon what you are doing over time. Second, be very rational in everything you do. Third, always put the family first, the team second, and the individual third. If you cannot do that, you cannot work in our family office and be

involved in all the good we do. Everybody here understands they have a role to play and playing their role—and maintaining the principal's trust—allows us to go on and do good for the world. Finally, sometimes you need to have uncomfortable conversations. When they happen, do not come from a standpoint of judgement. Instead, come from a standpoint of sharing your observations.

Establishing an effective governance structure is key to the long-term success of a family office. Can you outline the benefits you have found in establishing a family office advisory board?

I see value in having an advisory board. It gave us insight and support to do the things we needed to do to turn the family office into a business. For instance, when I arrived, staff bonuses were determined without a structure in place. This is a company, and there should be a structure so that staff know what their target is and how to get there. And there should be a long-term incentive plan.

The other benefit of the advisory board is that the principal can hear the perspectives of others, and they can push back in a way that is different than some of us can. For instance, one member of the advisory board comes from a wealthy, high-profile family. She can say to him, "Let me tell you what my mother and father did..." It is beneficial to hear from someone who came from wealth and can very thoughtfully share her experiences.

How did you go about selecting your board members?

The board is made up of five people who are very senior in their respective fields. We selected them as we would for the board of a publicly traded company. We asked ourselves what skill sets we needed. I need someone with a financial background to challenge us on the financial side, someone who is going to challenge us on the investment side, and a lawyer who works with wealth holders who can provide perspective there. Then I have someone who helps on our philanthropy efforts, and another member who helps with both philanthropy and family dynamics.

5 Profiling family office principals





5 Profiling family office principals

5.1 The origin of principals' wealth

Most of those who have a family office come from wealth, but also know how to create it

This chapter explores the demographic breakdown of the principals who have single family offices. Here, it is fascinating to see that roughly one-third (30%) of all those who have a family office are entirely self-made multi-millionaires or billionaires. For roughly half (51%) of family office principals, their wealth comes from a mix of inheritance and their own earnings while, countering traditional thinking, the wealth of less than one in five family office principals (18%) is entirely inherited (figure 24).

These figures differ significantly when compared to the general population of wealth holders (with or without a family office) with a minimum US\$100 million in wealth. Within this cohort, roughly two-thirds of wealth holders are self-made (66%), thus considered first-generation wealth creators, which is more than twice the proportion of self-made family office principals (30%). Rather, most family office principals (69%) have at least some degree of inherited wealth. This reveals that while we have seen a surgency in new wealth around the world that is spurring the creation of family offices, proportionally speaking, it is more often those from multi-generational wealth holding families that opt for their wealth to be managed by a family office. This difference is easily reconciled given that family offices, at their core, often exist to preserve and grow family wealth through generations.

Figure 24: Origin of wealth of those with family offices versus all persons with US\$100 million+ in wealth (irrespective of whether they have a family office)²¹

Click on each button to view the data

5 Profiling family office principals

The bulk of family wealth emanates from banking and finance and industrial conglomerates

Examining the top 10 industries family office principals gain their wealth from reveals that banking and finance rank number one (at 26% of respondents worldwide), followed by industrial conglomerates (17%), real estate (8%), food and beverages (8%), and business and consumer services (6%). Figure 25 details these statistics globally and by region.

Figure 25: Top 10 primary industries family office principals gained their wealth from²²

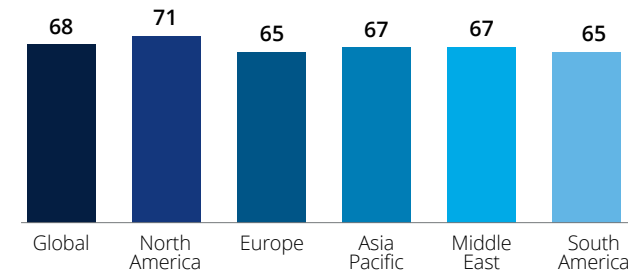
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5.2 Principals' age and gender

The average principal is 68 years old

Meanwhile, we are amid a major generational transition in which four in 10 families will undergo succession within the next decade.²³ In turn, it is unsurprising that the average age of principals globally is currently 68 years old, with those in different regions ranging from 65 years in Europe and South America to 71 in North America (figure 26).

Figure 26: Average age of family office principals²⁴



5 Profiling family office principals

Women control 15% of the world's family offices and constitute 10% of all wealth holders over US\$100 million

Women are playing an important role in helping to shape the future of business. While the gender representation gap is still highly prevalent across the business community worldwide, female entrepreneurs now run nearly one in three established businesses globally, and nearly one in four high-growth companies.²⁵ Companies with at least one woman on the board have raised an average of 16% more in cumulative funding than companies without women on the board.²⁶



Moreover, women now account for 10% of all individuals worldwide with US\$100 million or more in wealth (figure 27). That said, when we look solely at the proportion of women who serve as family office principals (and hold US\$100 million or more in wealth), this figure rises to 15%. Conversely, it drops for men, as they account for 90% of all wealth holders with US\$100 million or more in wealth, but just 85% of men are family office principals. Statistically speaking, this means that women with ultra-wealth are somewhat more likely than their male equivalents to opt for a family office to manage their wealth.

Women can face different circumstances in life than men, such as a longer average life expectancy, the gender pay gap, maternity leave, and the need for flexible working conditions. In turn, anecdotal evidence suggests that women can be particularly sensitive to planning for key stages in their lives and often want to invest to fund specific goals, such as retirement, leaving a legacy for their children, or making a positive social or environmental impact.²⁷ Research has also shown that women can be more averse to uncertainty than men and can take a cautious and calculated approach to investing, which can pay off as studies have shown that female investors often outperform their male counterparts.²⁸ Taken together, these characteristics suit family offices well, as they provide principals with a team of professionals dedicated to calculated investing and long-term, multi-generational planning, from both a wealth management and succession planning perspective.

Women lead one in five family offices in Europe and one in 10 in North America

It is also interesting to highlight the geographic differences in women's participation in the family office arena. For instance, women serve as principals for 12% of family offices in North

America, 20% in Europe, 18% in Asia Pacific (with 16% being for Asia and 22% for the Oceania-based countries, such as Australia and New Zealand), 10% for the Middle East, 17% for South America, and 21% for Africa (figure 27).

Figure 27: The gender of the principals of single family offices and of all persons with US\$100 million+ in wealth, irrespective of whether they have a family office²⁹

Click on each button to view the data

Gender of the principals of single family offices

Gender breakdown of those with US\$100 million+ in wealth, irrespective of whether they have a family office

6 Looking ahead: Emerging trends that could transform the future of the family office landscape



6 Looking ahead: Emerging trends that could transform the future of the family office landscape

This report has readily shown that the family office arena has and will likely continue to grow rapidly. While the family offices created today share similarities with those created generations before, there are various emerging trends that are reshaping how family offices will operate in the future.

A growing plethora of family office structures and services

As the family office arena grows, so does the variety of family office structures and services offered. Rather than having just one concept of a single family office, today there are single family offices that are independent of a family's operating business, those that are still embedded in the operating business, and virtual family offices. There are also commercial and private multi-family offices. Each of these structures offers the right fit for the right family and come with a variety of services that can help families on a multitude of fronts. And,

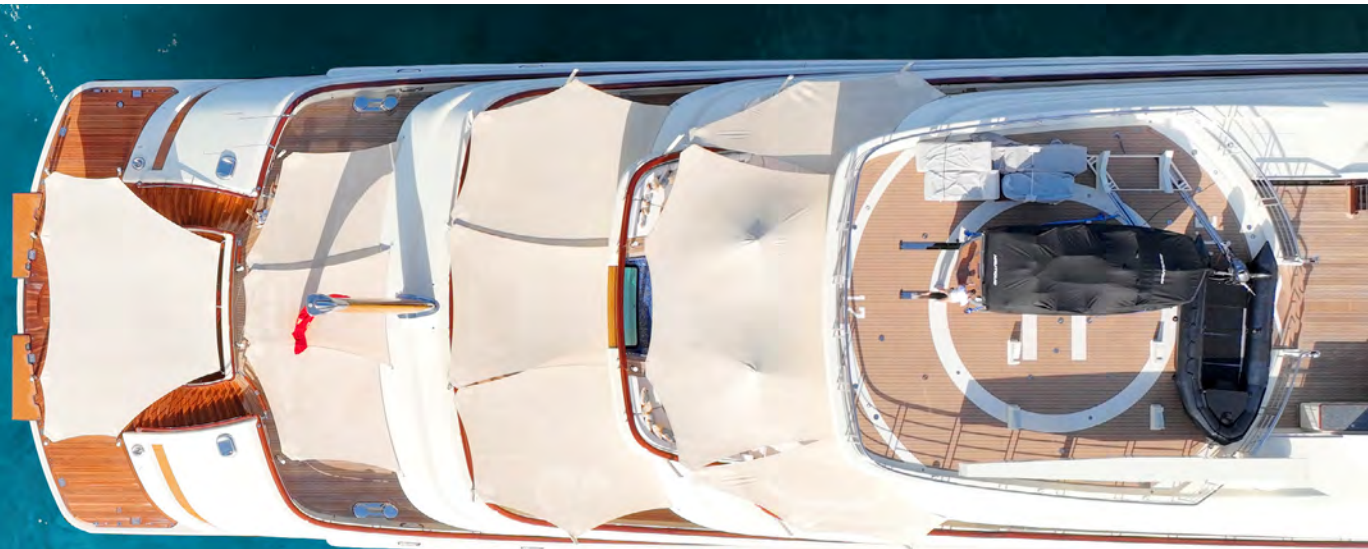
as the wealth management arena continues to evolve, family offices will continue to adapt by building new structures and service offerings that will enable them to better serve their clients in a tailor-made way.

Global expansion and mobility

As a family's business, investments, and affairs become more globalized, so do the requirements of their family office. This is and will continue to impact family offices in two ways: One, the need for personnel to sit in a stationary office is diminishing as professionals can work remotely, allowing family offices to tap the best available talent from around the world. Two, family offices can open multiple branches to enable them to follow the family as it relocates geographically, access promising investments and talent pools that exist elsewhere, and mitigate risk through operational redundancy and diversification.

A growing pool of talent, partnership, and outsourcing options

As the wealth management sector matures, so does the pool of talent family offices can hire from, partner with, and utilize to outsource their service provision. This will enable family offices to grow in both sophistication and reach, as they harness the added expertise and resources offered. For example, family offices are increasingly looking to diversify their portfolios across different asset classes and geographies to mitigate risk and capitalize on promising investments. Here, family offices will increasingly benefit from the rising sophistication found among family office talent, advisers, partners, and investment managers to ensure that they effectively identify, access, and manage their investments.





6 Looking ahead: Emerging trends that could transform the future of the family office landscape

The impact of emerging technology

New technologies are not only increasing the operational efficiencies of family offices by reducing manual, repetitive tasks, but they are also bringing rich, real-time data that improves transparency and enables better decision-making. The latest digital applications allow family offices to explore and access new investments, track and manage risks across their investment portfolios, and improve the speed and quality of reporting and investment analysis. Today's more advanced, yet easier-to-implement technologies can also protect a family office from cyberattacks, which have become more commonplace.³⁰

Enhanced governance brings stability

As family offices become more professional, they are implementing governance and management structures that introduce clear guidelines to help operations run smoothly while aligning interests and establishing accountability for all involved. These policies and procedures are becoming more sophisticated as family offices adopt more institutionalized practices. A strong governance model serves as a conduit between family office professionals and family stakeholders, providing channels for better communication and conflict resolution while helping to instill and preserve the family's culture and values.

Risk management becomes a top priority

Family offices face heightened risks as they grow and their operations become more complex. While many family offices are well-versed in tackling investment risk, not enough have formal processes in place to identify and mitigate the many other types of risk they need to consider, including cyber, succession, talent, and geopolitical risks. In turn, many family offices are raising their levels of oversight to help manage risk, prioritizing what they see as their biggest concerns, such as investment, cyber, and succession-related risks.³¹

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Endnotes

- 1 Roy Williams and Vic Preisser, *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values* (Robert D. Reed Publishers, 2010).
- 2 The sample size for generations 4+ is relatively small; therefore, the findings are only indicative of general trends.
- 3 In charts, percentages might not always sum to 100% due to rounding errors.
- 4 ANZ, [How to beat the three generation 'curse'](#), 26 May 2023.
- 5 Deloitte Private, *The Top 10 Family Office Trends, The Family Office Insights Series – Global Edition, 2024*, p. 20.
- 6 *Forge Cost of Single Family Office Benchmarking Study Report, Forge Community, 2021*.
- 7 Credit Suisse/UBS, *Global Wealth Report 2021*.
- 8 Wealth-X, an Altrata company, *Preservation and Succession: Family Wealth Transfer 2021*.
- 9 Knight Frank, *Wealth Report 2024*, p. 14.
- 10 HSBC Global Private Banking, *The Global Entrepreneur Wealth Report 2023*, p. 32.
- 11 The data in figure 3 was produced by Wealth-X, an Altrata company, and commissioned by Deloitte Private.
- 12 Wealth-X's methodology to estimate the number of single family offices employs a hybrid approach, combining top-down and bottom-up techniques. The top-down approach utilizes the proprietary Wealth & Investable Assets Model to estimate the total private wealth and population of wealthy individuals globally, predicting the number of wealthy families and their controlled wealth. The bottom-up approach involves analyzing Wealth-X's database to identify known single family offices. A correlation matrix is constructed to segment wealthy families into different brackets and calculate the correlation between wealth levels and single family offices. The final estimation is derived by adding the known single family offices to the extrapolated estimates using the correlation matrix, providing a robust figure while acknowledging limitations in data availability and assumptions about the correlation between wealth and single family office incidence.

Also note, these estimates have been rounded to the nearest tenth for purposes of simplicity.
- 13 The data in figure 5 was produced by Wealth-X, an Altrata company, and commissioned by Deloitte Private. Please note, the values displayed are rounded figures, while the calculations for percentage increases are based off exact figures.
- 14 To estimate family offices' AUM, a weighted average of the proportion of AUM to family wealth was calculated using a variety of key family office reports. This proportion was then applied to the family wealth figures across all years. In turn, the yearly proportionate increases across family wealth and family office AUM are the same and should be interpreted as estimates only.
- 15 Credit Suisse/UBS, *Global Wealth Report 2023*, p. 21.
- 16 ANZ, [How to beat the three generation 'curse'](#), 26 May 2023.
- 17 HSBC Global Private Banking, *The Global Entrepreneur Wealth Report 2023*.
- 18 Campden Wealth/UBS, *The Global Family Office Report, 2018*, p. 16.
- 19 These figures exclude families' household staff.
- 20 Deloitte Private, *The Top 10 Family Office Trends, The Family Office Insights Series – Global Edition, 2024*, p. 30.
- 21 The data in figure 24 was produced by Wealth-X, an Altrata company, and commissioned by Deloitte Private.
- 22 The data in figure 25 was produced by Wealth-X, an Altrata company, and commissioned by Deloitte Private.
- 23 Deloitte Private, *The Top 10 Family Office Trends, The Family Office Insights Series – Global Edition, 2024*, p. 47.
- 24 The data in figure 26 was produced by Wealth-X, an Altrata company, and commissioned by Deloitte Private.
- 25 [GEM 2022/23 Women's Entrepreneurship Report: Challenging Bias and Stereotypes](#), Global Entrepreneurial Monitor, 2023.
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- 29 The data in figure 27 was produced by Wealth-X, an Altrata company, and commissioned by Deloitte Private.
- 30 Deloitte Private, *The Top 10 Family Office Trends, The Family Office Insights Series – Global Edition, 2024*, p. 43.
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