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PwC's Global Family Office Deals Study 2024

From wealth to purpose: How family offices are transforming to balance growth and sustainability

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Contents

Foreword

The changing landscape of family offices – and their deals

For decades, and in some cases centuries, family offices have been entrusted with the preservation and maintenance of generational wealth. But they're now undergoing a metamorphosis, as they become increasingly prominent players in an expanding array of investment deals across a wide range of asset classes. In navigating this change of role and remit, they're also becoming increasingly professionalised and specialised in terms of their investment strategies and processes, often evolving into fully-fledge family investment funds.

This annual analysis, in which we provide a detailed examination of the transactional behaviour of family offices in deals of all types, underlines their growing importance and influence in the global economy and investment environment. In the following pages, we explore and drill down into family offices' involvement in transactions across different asset classes, markets and industries; their preferences for "club deals" and/or "sole deals"; the sizes of the cheques they're willing to write for different types of investment; and the underlying trends that our research reveals in all of these areas.

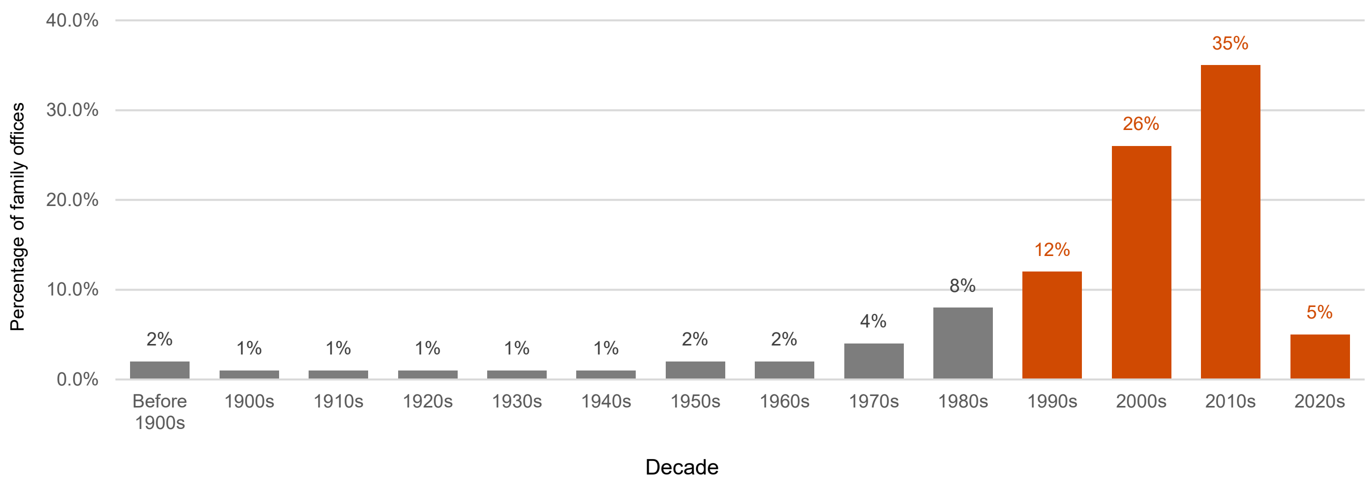
Cracking the family office code

As family offices evolve, the meaning of the term "family office" itself is also changing. In the past, academics have generally categorised family offices into four groups: single family offices (SFOs), multi-family offices (MFOs), embedded family offices (EFOs), and virtual family offices (VFOs). However, for the purposes of this report our definition of family offices reflects real-world practice, which has given rise to numerous other categories over time – including principal/family investment offices, principal/family investment funds, family investment holdings, and family business venture arms. In each case, the defining characteristic is that family wealth is the ultimate source of the capital being invested – which is why we include all of these types of entity in our definition of family offices.

Aside from the misconception that family offices are a single, homogeneous grouping of organisations, another common myth about them is that they are mostly created through a "cash event" such as a company sale. In fact, this applies to only 20% of family offices. For the other 80%, the original family business is still active as a source of wealth. Also, in terms of ownership, the vast majority of family office owners have an entrepreneurial background in their own right, and just 5% are owned by heirs. There's also a growing proportion of family offices that are owned by tech pioneers or hedge fund managers – the so-called "Wall Street billionaires". This background or heritage can influence where and how they invest.

Finally, looking across the universe of more than 11,000 family offices that we've analysed (see the information panel on our research methodology), we find that more than 75% of them have been established in the three decades since 1993, and some 50% since around 2006. So they're mostly quite young entities, as shown in the bar chart below.

Distribution of the years when the family offices in our study were established



Our research methodology and database

Sources: PwC analysis

PwC's analysis of family offices' direct/M&A, real estate, start-up and funds investments over the past decade is based on information on more than 11,000 family offices worldwide that we have been able to identify. In compiling this report, we researched acquisitions, disposals and fundraisings between January 2014 and June 2024 by family offices based in North America, Latin America & the Caribbean, Europe, Middle East & Africa, and Asia-Pacific.

As the map below shows, most of the family offices in our database are located in North and Latin America, followed by Europe and Asia-Pacific. Family offices in the Americas have the highest average assts under management (AuM), followed by Europe, with those in the Middle East ranking third in terms of AuM ahead of Africa and Asia-Pacific. However, the size of the AuM controlled by family offices is significant in every region – with 30% of the family offices we analysed worldwide managing assets of at least US$1.0 billion.

Global distribution of family offices in our study

Sources: Based on information on more than 11,000 family offices worldwide. Deals databases used: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ.

The 10 key highlights from our 2024 research

1. A two-year decline in family office investments that began in the first half of 2022 now appears to have bottomed out, with both their deal volume and value now having stabilised. The number of investments was hardly changed between the second half of 2023 and the first half of 2024, rising by just 0.2%.
2. Exits by family offices have predominantly exceeded investments during the past decade. However, the aggregate deal value of these exits has generally surpassed their expenditure on new investments, sometimes significantly – indicating healthy returns.
3. A comparison with private equity investors shows that PE firms consistently record higher investment inflows than outflows, both in terms of deal volume and value. This reflects the constant pressure on PE firms to invest, whereas family offices have greater leeway to park their capital and await the best opportunities.
4. Family offices are major players in the global investment landscape, accounting for 31% of start-up investments, 15% of property investments, and 14% of fund investments.
5. Since 2014, family offices have generally shifted their investment focus away from real estate and funds and towards direct investments (i.e. start-ups and M&A). However, over the past two years real estate deals have regained some ground as a proportion of family offices' overall investments, recording their highest share since 2019. Meanwhile, family offices' investments in funds have declined significantly since the end of 2020, falling by 9 percentage points.
6. Family offices generally prefer relatively small deals up to US$25 million, although their interest in medium and large ticket sizes is gradually growing – with the number of deals in each of these categories rising by one percentage point between the second half of 2023 and the first half of 2024.
7. Family offices also favour "club deals", where they co-invest alongside other investors. These deals have recently accounted for 60% of their investments by volume.
8. In terms of regional focus, the United States remains the most important target market for family office investments worldwide, with a deal share of 47%. Europe has lost ground recently – with its share falling by 3 percentage points between late 2023 and early 2024 – but remains in second place globally with 32% of all deals.
9. Family offices have steadily been increasing their impact investments over the past ten years. In the first half of 2022, impact investments accounted for more than 50% of their total investments for the first time.
10. Education and renewable energy – with 29% and 24%, respectively, of their total impact investments in the year to June 2024 – are family offices' key areas of interest for impact investments. By contrast, affordable housing remains underrepresented, with just 4% of total impact investments.

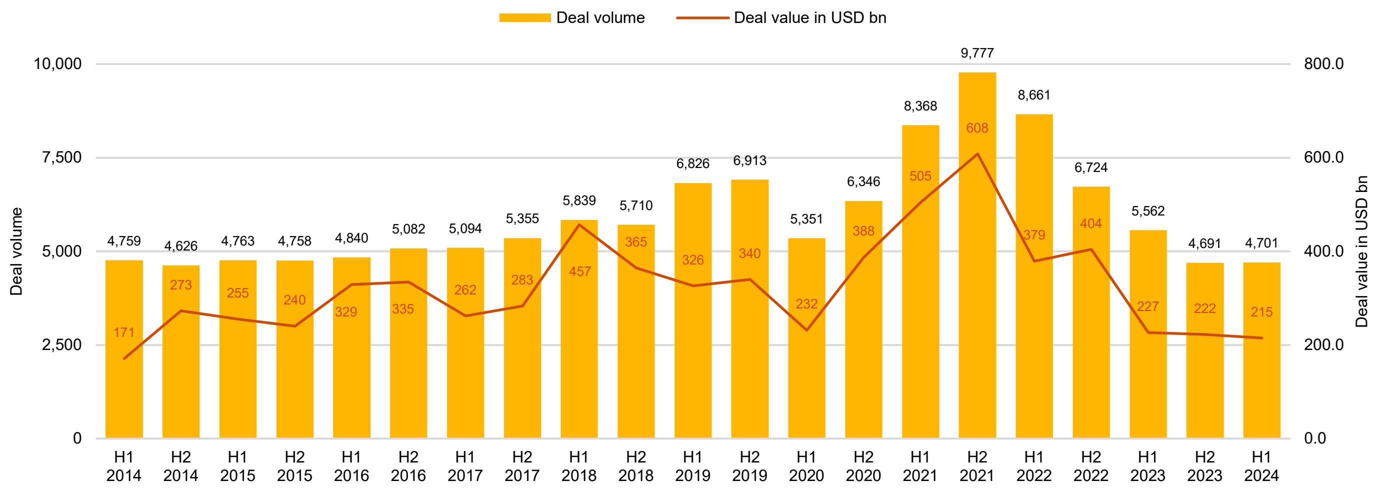
Global family office investment strategies: A comprehensive analysis

Overall trends and developments

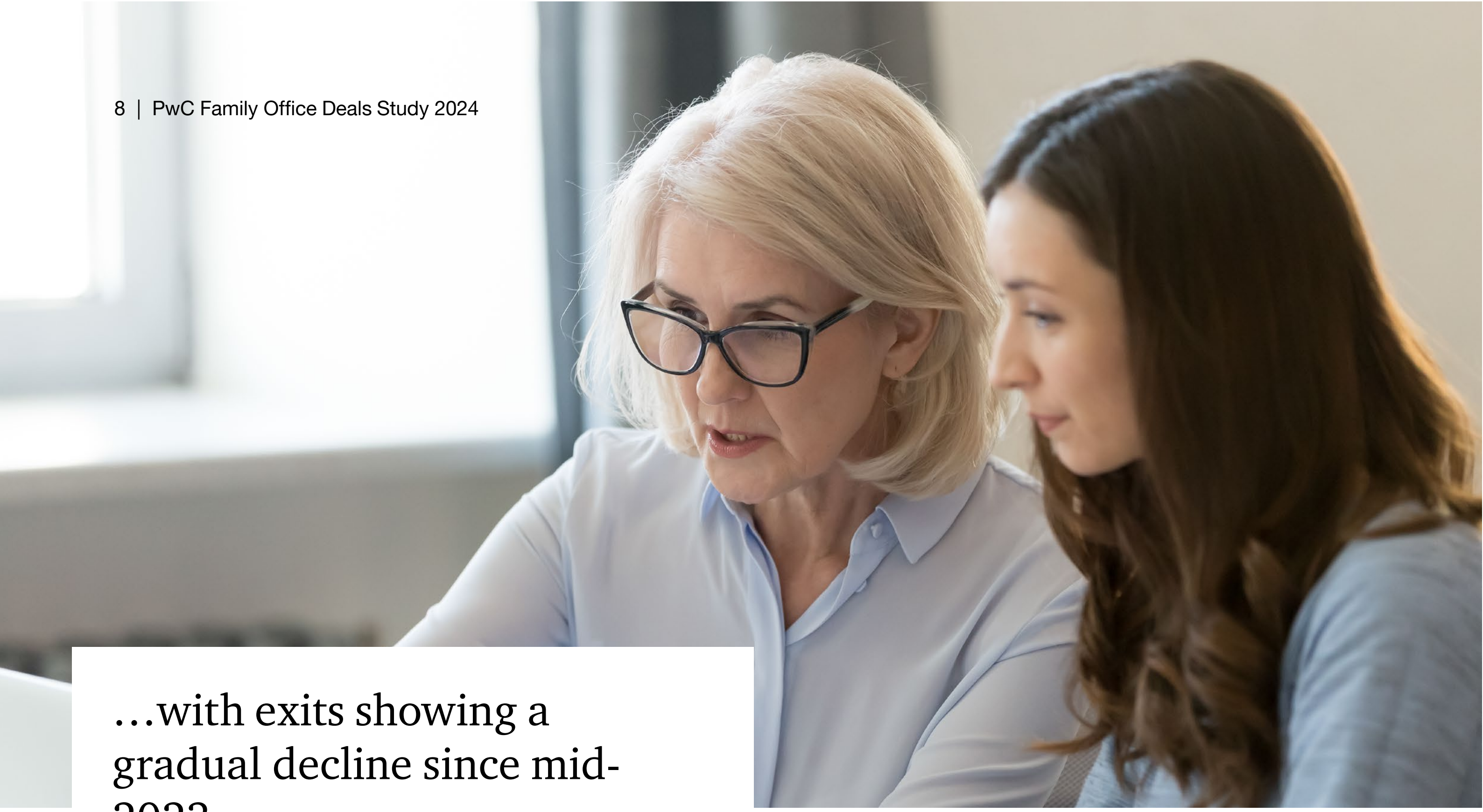
The recent decline in global family office investments seems to have bottomed out…

Since reaching a peak in the second half of 2021, both the volume and value of family office deals have fallen back significantly in the following years. However, the first half of 2024 saw the decline in deal volume come to an end, with a small rise compared to the second half of 2023. And with deal volume remaining almost flat for the second successive half-year, the signs are that the downward trend may have bottomed out.

Family office investments globally by volume and value, January 2014 to June 2024



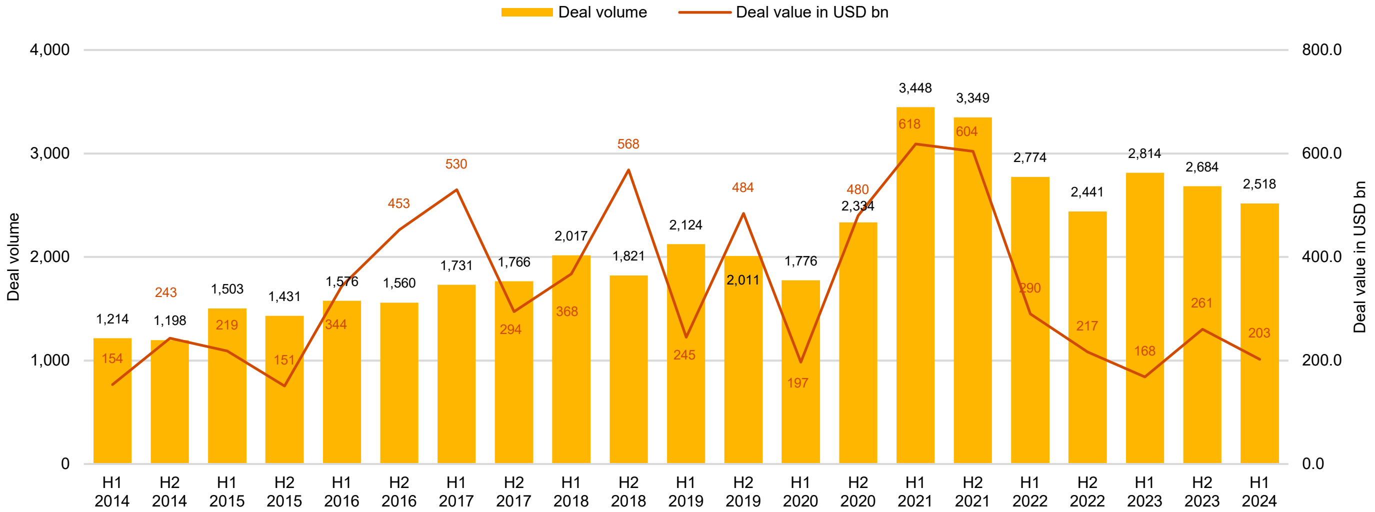
Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ



…with exits showing a gradual decline since mid-2023

The number of exits by family offices saw a brief upswing in the first half of 2023. Since then it has been in gradual decline, falling by just 5.4% in the first half of 2024. However, the total value of exits has fallen much faster this year, dropping by over 22%.

Family office exits globally by volume and value, January 2014 to June 2024



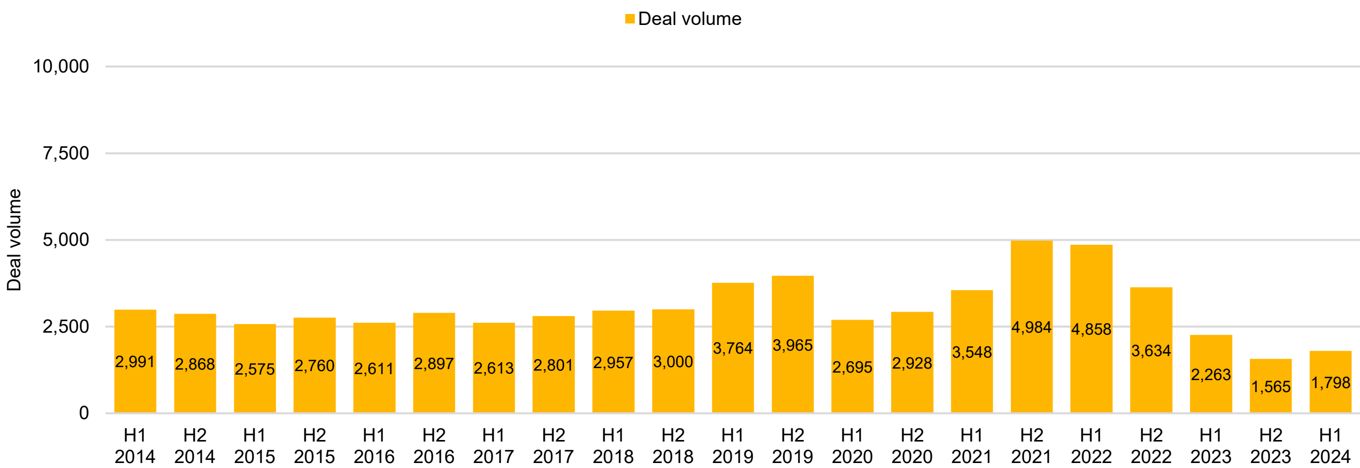
Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

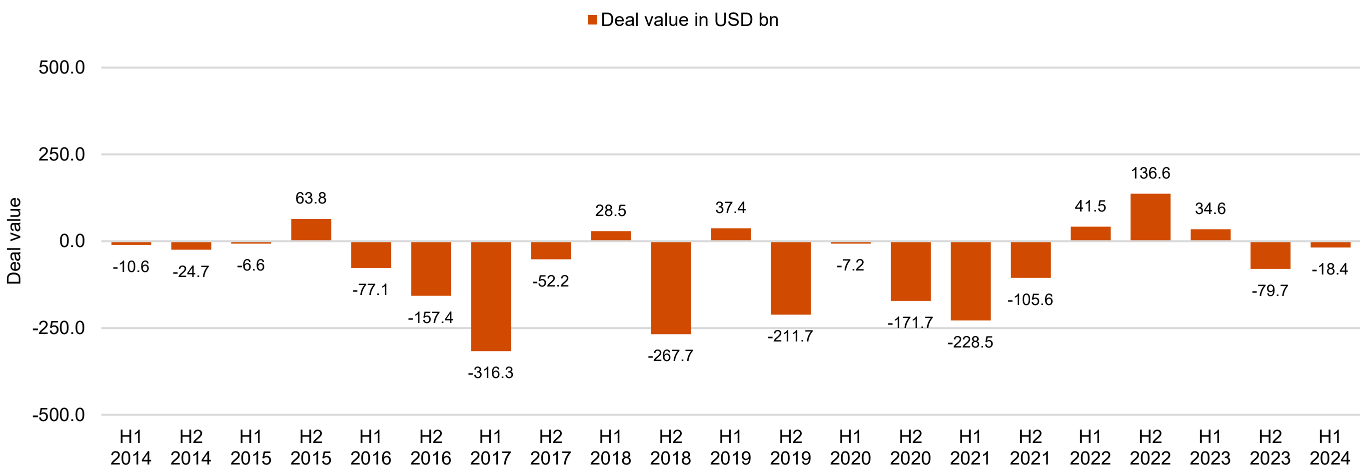
Net comparison: The value of exits by family offices largely has mainly exceeded their investment costs – pointing to healthy returns…

An analysis of the balance between family offices' investments and exits over the past decade shows that their net deal volume fell by around 69% between its all-time high in late 2021 and all-time low in late 2023. However, their net transaction volume has risen again since then, rebounding by 15% in the first half of 2024.

Meanwhile, an analysis of net deal values reveals that income from exits exceeded investment expenditure in 15 out of 21 half-year periods – indicating that family offices have been generating healthy returns, and not rushing into recycling the proceeds from exits into new investments.

Net family office investments and exits globally by volume and value, January 2014 to June 2024



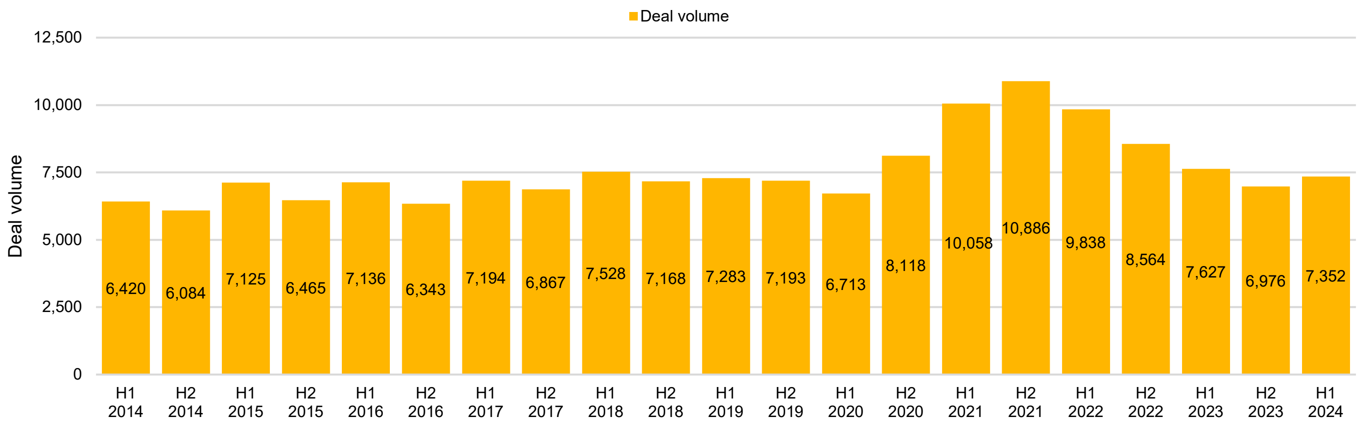


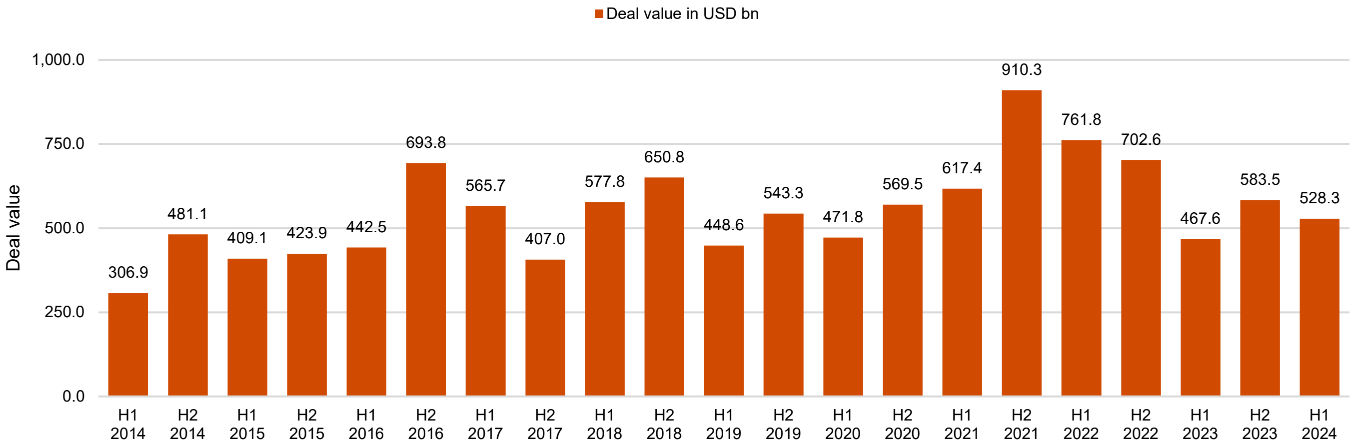
Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

…while, by contrast, private equity firms' consistent inflows reflect the constant pressure on them to invest

A comparison with the private equity sector's investments and exits over the past decade shows that – as with family offices – the number of investments outweighs the number of exits. However, the balance of investments and exits for PE firms is on average twice as high as for family offices, and has recently risen to four times as high. Also, looking at deal values, private equity firms consistently invest more capital than they realise from exits. These trends appear to reflects the way in which PE firms' business model puts them under constant pressure to invest. By contrast, family offices have more leeway to park the proceeds from exits and take their time in assessing and selecting future investment opportunities.

Net private equity investments and exits globally by volume and value, January 2014 to June 2024



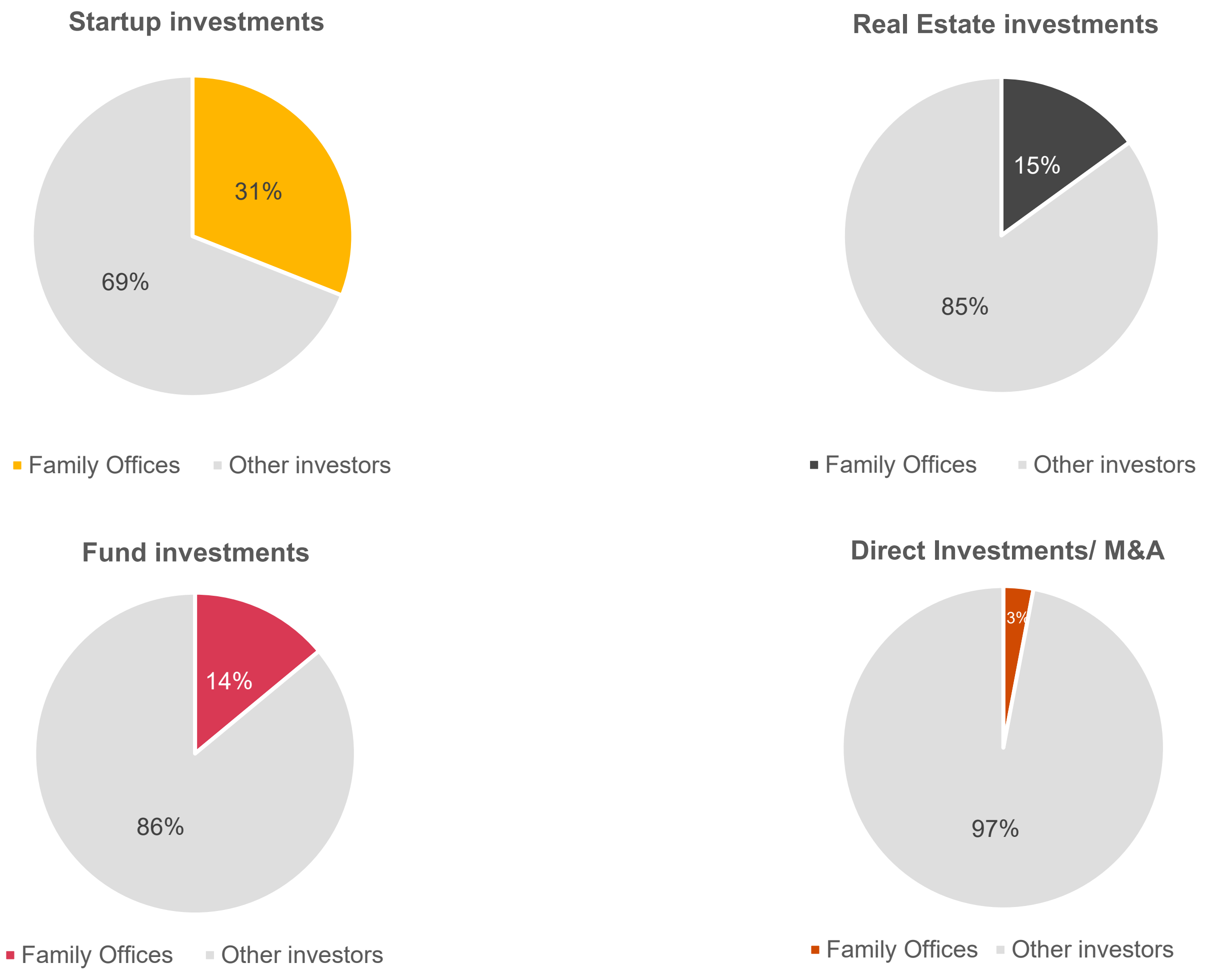


Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

Family offices remain important players in various asset classes…

Our findings on family offices' share of investments in different asset classes underline their influence and importance in the investment landscape. On average, 31% of the capital that start-ups raised from investors worldwide in the period from July 2023 to June 2024 has come from family offices. In the real estate sector, the proportion of investments by family offices during this period is 15%, and for funds 14%. However, family offices' share of direct investments/M&A is just 3%, reflecting the differing dynamics of that asset class.

Family offices' share of global investment in different asset classes, July 2023 to June 2024

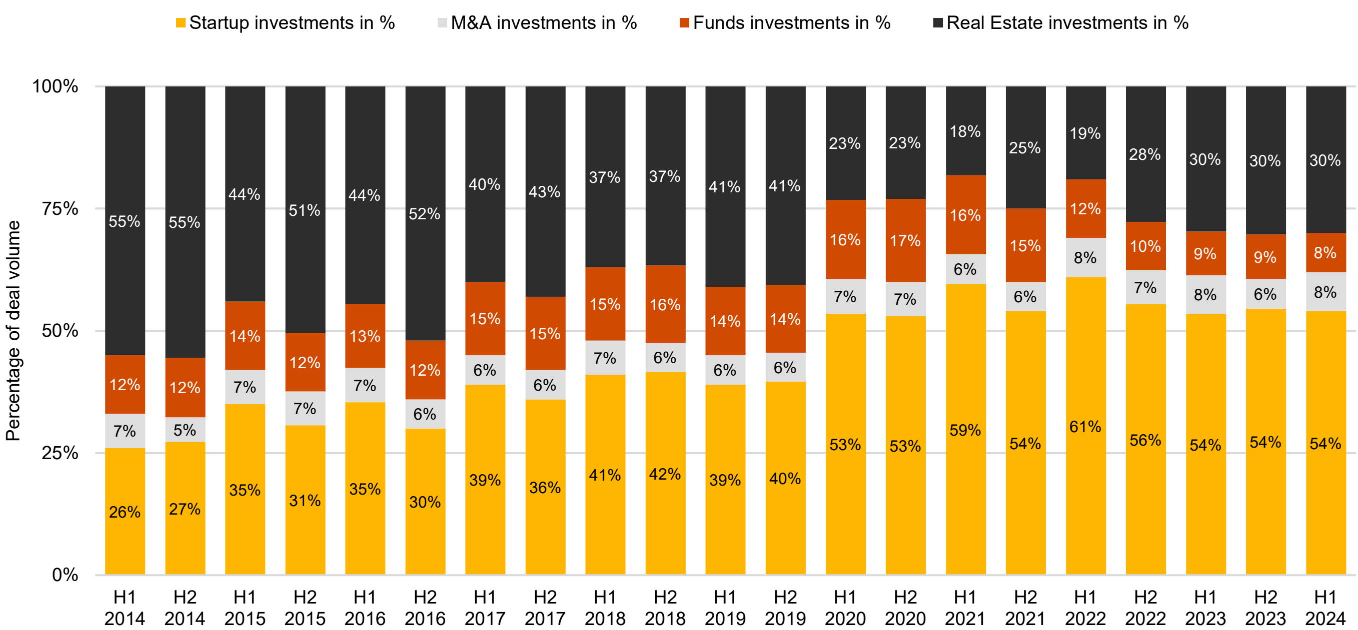


Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

…and have generally shifted their focus from real estate and funds to direct investments in companies (start-ups and M&A) during the past decade

Since the beginning of the period under review, family offices have broadly shifted their investment focus and deal flow away from real estate and funds towards direct investments in companies (consisting of start-ups and M&A). This change is clearly reflected in family offices' investment numbers. While real estate and funds accounted for 67% of family office investments at the beginning of 2014, this figure had fallen to just 38% by the beginning of 2024. And while 33% of family office investments were made in direct investments in companies at the start of 2014, this figure had risen to 62% by the start of 2024 – meaning the ratio has effectively reversed. However, the proportion of family offices' investments going into real estate has recovered significantly since mid-2022, with real estate deals claiming a share of around 30% in each of the past three half-year periods – their highest levels since late 2019. Meanwhile, the share of family office investments going into funds has declined significantly since the end of 2020, slipping to a low-point for the decade of 8% in the first half of 2024.

Breakdown of family offices' global investments by asset class, January 2014 to June 2024



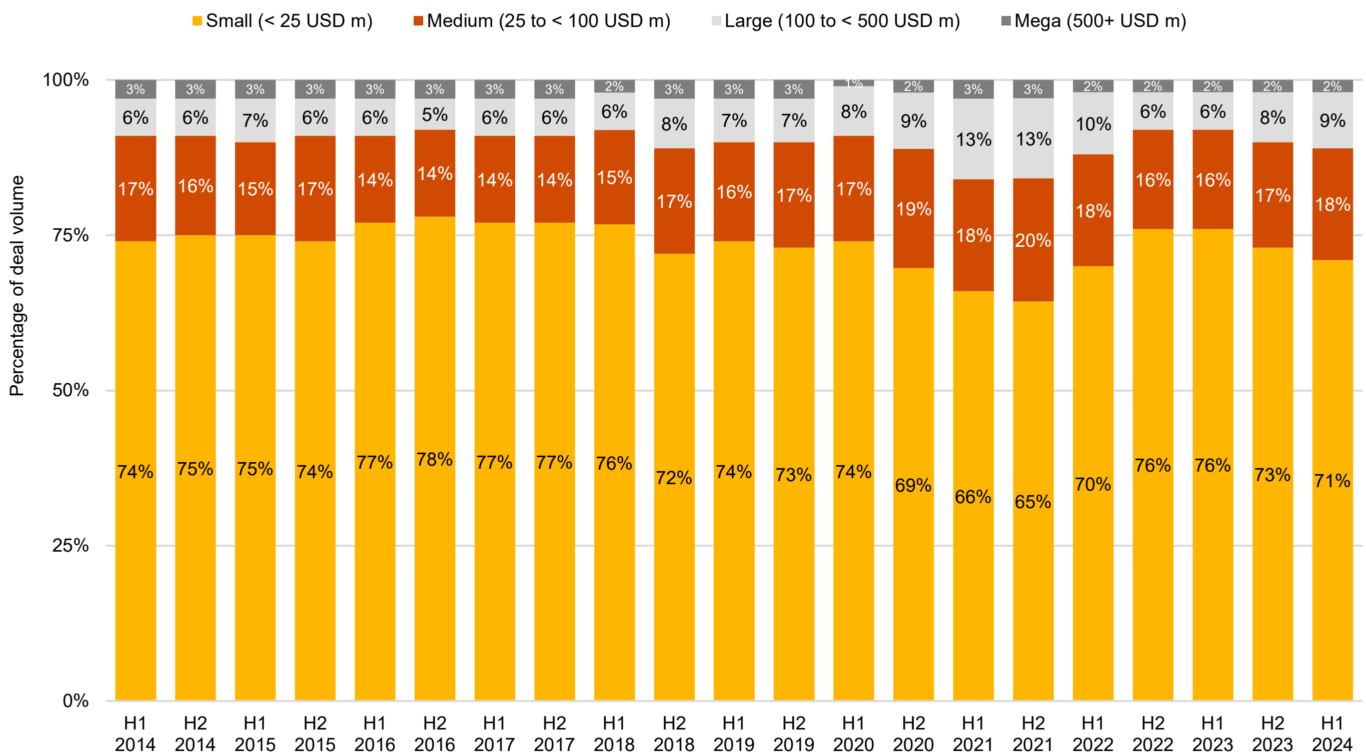
Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

Family offices still favour small deals up to US$ 25 million – although their interest in medium-sized and large deals is edging upwards…

In the first half of 2024, more than two out of three family offices investments (71%) were small deals of US$25 million or below, although this share was down by two percentage points from the previous half-year.

Meanwhile, family offices' involvement in medium-sized and large deals has increased by one percentage point each since the end of 2023, and these are both now at their highest since the first half of 2022.

Breakdown of family offices' global investments by deal size, January 2014 to June 2024

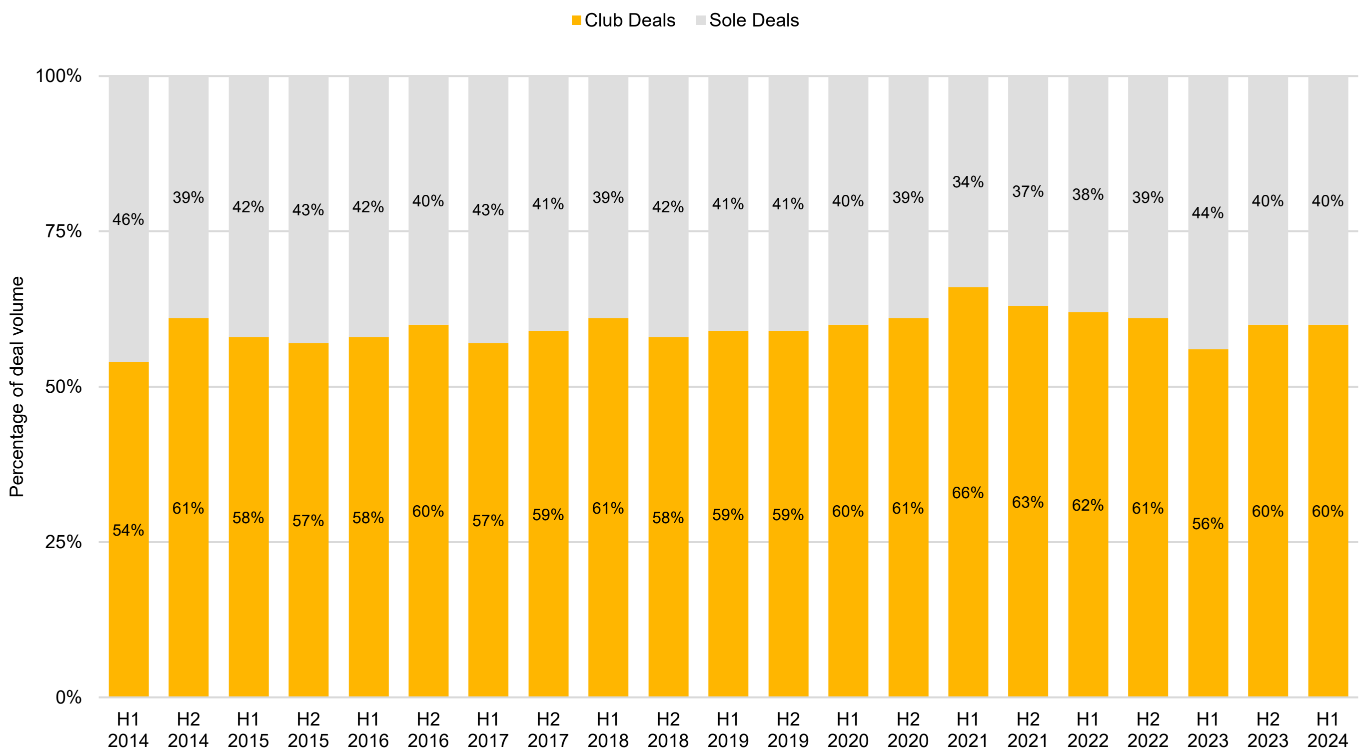


Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

…and they predominantly favour "club deals" as a way to share investment risk

Since the beginning of 2014, the share of “club deals” as opposed to “sole deals” undertaken by family offices has increased steadily, reaching a peak of 66% in the first half of 2021. Notably, the last two half-year periods have seen the share of “club deals” remain consistent at 60%, reflecting the continued dominance of this approach – and its important role in enabling family offices to manage and share investment risk.

Breakdown of family offices’ investments globally between ‘sole deals’ versus ‘club deals’, January 2014 to June 2024

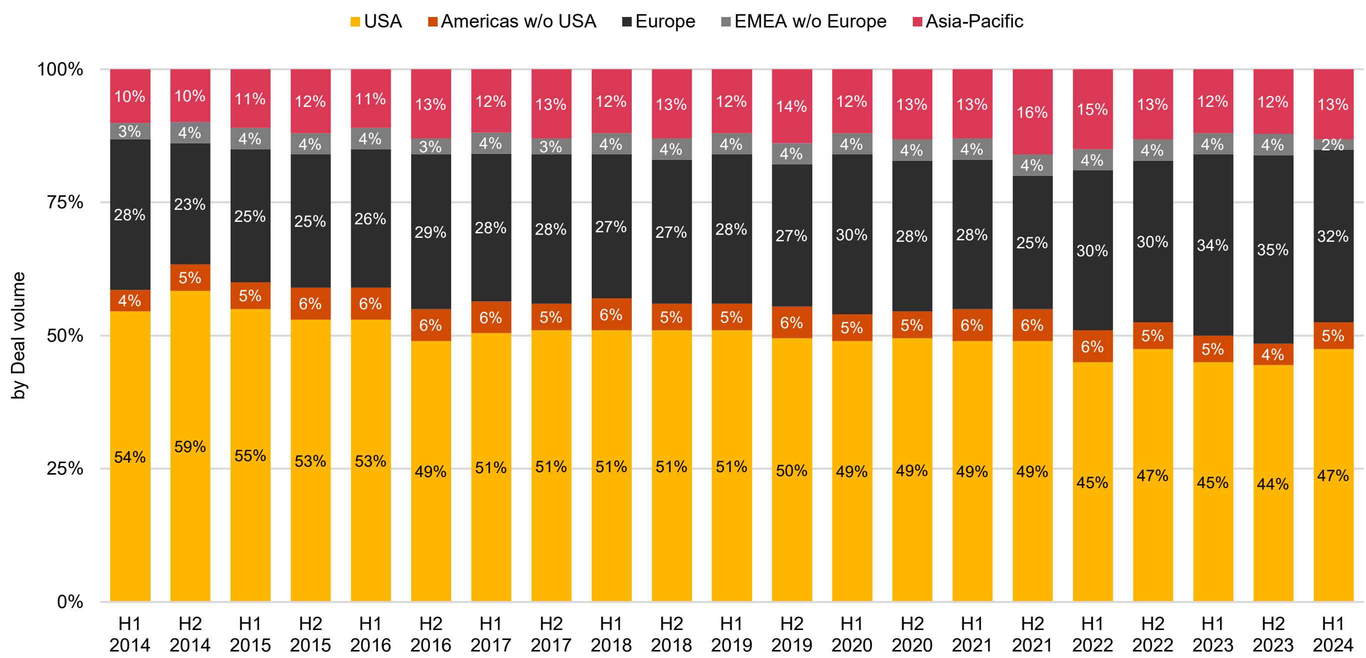


Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

America – and the US in particular – remain family offices' number one target market for investments worldwide

Between the second half of 2014 and second half of 2023, the proportion of family offices' investments going into Europe increased by 13 percentage points to 35%. This was an all-time high, and only 9 percentage points behind the United States' 44% share. However, the first half of 2024 saw the gap widen again, with a 3 percentage point decline in investments into Europe mirrored by a 3 percentage point rise in investments into the US, as family offices in Europe shifted their focus towards US-based opportunities.

Regional breakdown of family offices' investments by deal volume, January 2014 to June 2024



Sources: Pitchbook, Mergermarket, Infralogic, Real Capital Analytics and S&P Capital IQ

Deep dive 1: Family offices and impact investments

Impact investments: What they are – and what sectors do they cover?

According to the Global Impact Investing Network (GIIN), impact investments "… are investments made with the intention to generate positive, measurable social and/or environmental impact alongside a financial return." They can be made across several asset classes, including – but not limited to – venture capital, direct investments/M&A, real estate and funds.

The GIIN adds: "The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, microfinance, and affordable and accessible basic services including housing, healthcare and education." For the purposes of this report, these six sectors form the basis of our definition of impact investments.

Affordable housing	Education	Healthcare
Microfinance	Renewable energy	Sustainable agriculture

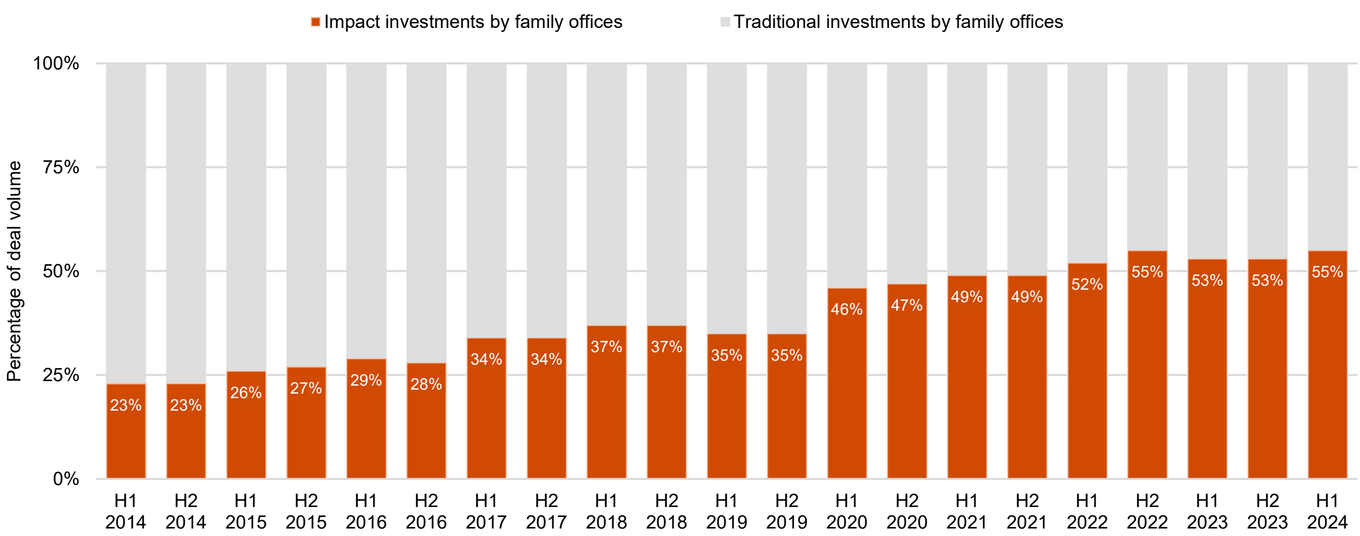
To help us compile and analyse the data on impact investing by family offices, we created a keyword index specifically for this purpose containing more than 600 terms. This index included numerous synonyms for the six relevant sectors of affordable housing, education, healthcare, renewable energy, microfinance, and sustainable agriculture. We then compared these terms with the deal descriptions provided in deal databases including Pitchbook, Mergermarket, Infralogic and S&P Capital IQ, in order to verify whether a transaction should actually be classified as an "impact investment".

Sustainable wealth: Impact investments make up a growing proportion of family office deals globally…

Over the past ten years, family offices have steadily increased their impact investments across all of the asset classes analysed in our research – start-ups, direct investments/M&A, funds and real estate. A significant tipping-point was passed in the first half of 2022, as "sustainable" investments surpassed "traditional" investments for the first time. From our frequent conversation with family offices, it's clear that a significant driver of this shift towards impact investment is the "NextGen effect", as the influence of next-generation family members on their family offices continues to grow, and their deeper awareness of social and environmental issues increasingly starts to shape family offices' investment strategies. We take a closer look at the "NextGen effect" in the conclusion to this report.

However, the arrival of the next generation in leadership positions is not the only factor behind the rising proportion of impact investments in family offices' portfolio. A further important consideration is that the business imperative for investments that generate positive outcomes is becoming ever more prominent in their thinking when potential investments are being considered.

Impact investments' share of global family office deals by volume, January 2014 to June 2024

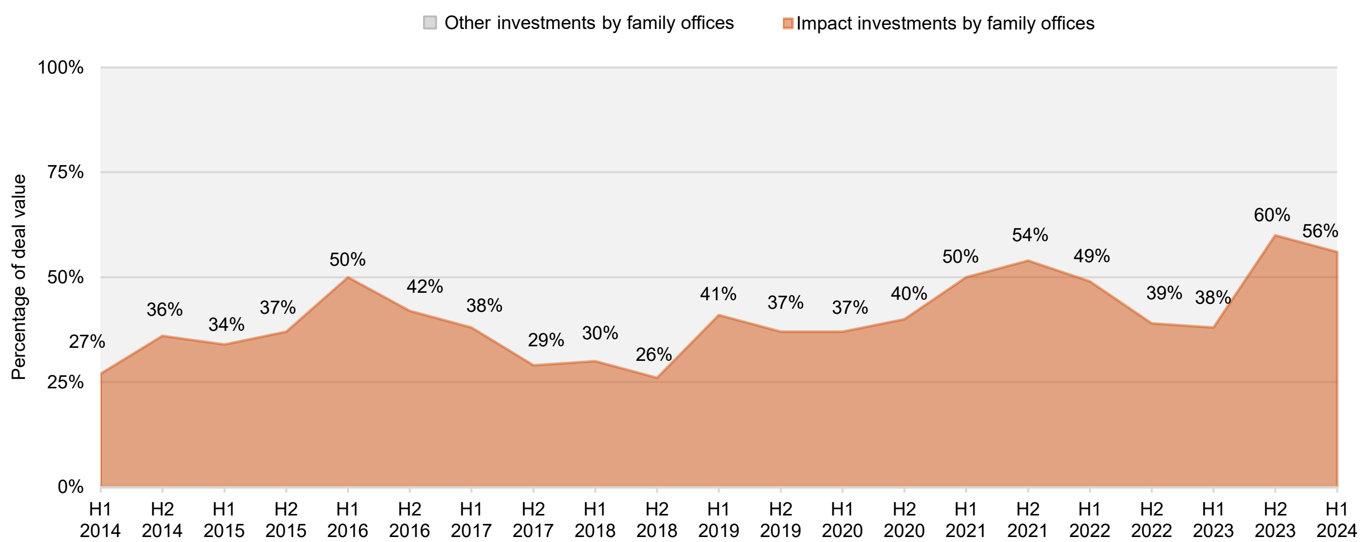


Sources: Pitchbook, Mergermarket, Infralogic, S&P Capital IQ

…and now account for well over half of family offices' total deal value

Hand-in-hand with impact investments' rising share of family office deals by volume, there has also been a steady – yet somewhat more volatile – increase during the past decade in the proportion of family offices' capital going into impact investments. A breakdown of deal value shows that by mid-2023, family offices worldwide were allocating 60% of their invested capital to impact investments. In the first half of 2024, the share of deal value going into impact investments was 56% – consistent with the 55% of deal volume categorised as impact investments.

Impact investments' share of global family office deals by value, January 2014 to June 2024



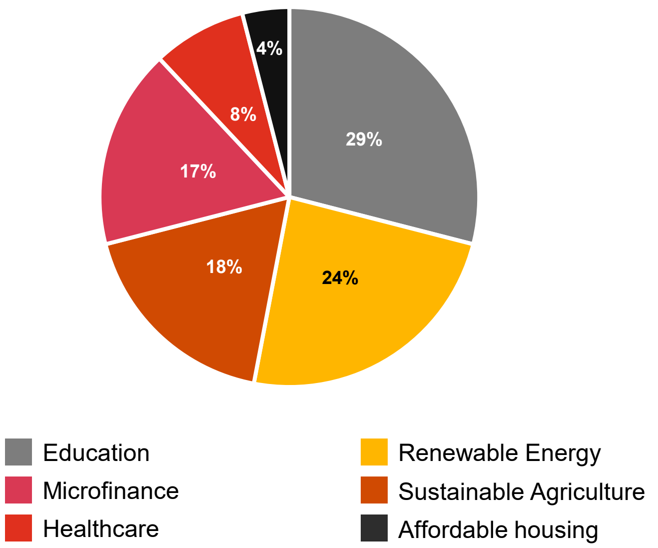
Sources: Pitchbook, Mergermarket, Infralogic, S&P Capital IQ

Education and clean energy lead as sustainable and impact investments…

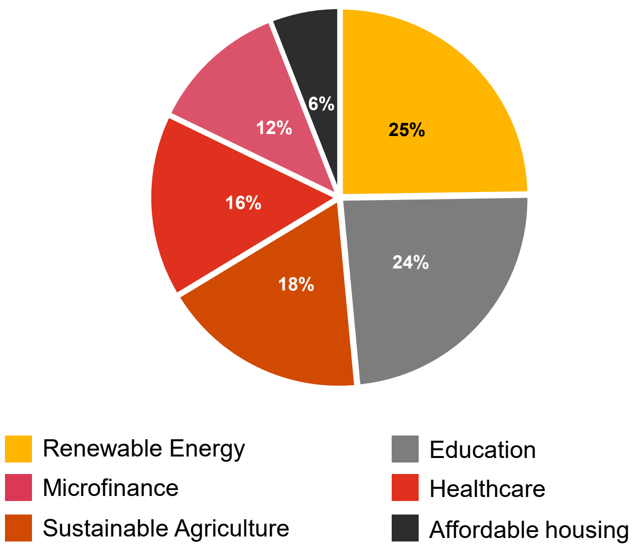
A closer look at the sectors for family offices' impact investments shows that they are particularly keen on education and renewable energy, which were the biggest recipients of their impact investments both by deal volume and value in the year from July 2023 to June 2024. This focus is reflected in our own ongoing work with family offices, where we're seeing especially strong deal flow in areas like wind and solar power generation. The same trend is evident in PwC's State of Climate Tech 2024 report, which finds that the share of overall climate tech funding going into energy-related start-ups has risen to almost 35% compared to 30% the previous year. The report also shows that industrials is the biggest sector where climate tech start-ups remain underfunded relative to total sector emissions, followed by food and agriculture. Additionally, our analysis of family offices' deal flow over the year to June 2024 reveals that affordable housing was relatively underrepresented among their impact investments during the period, perhaps reflecting the relatively low yields on offer in that sector recently.

Leading sectors for global family office impact investments by volume and value, July 2023 to June 2024

by Deal volume



by Deal value

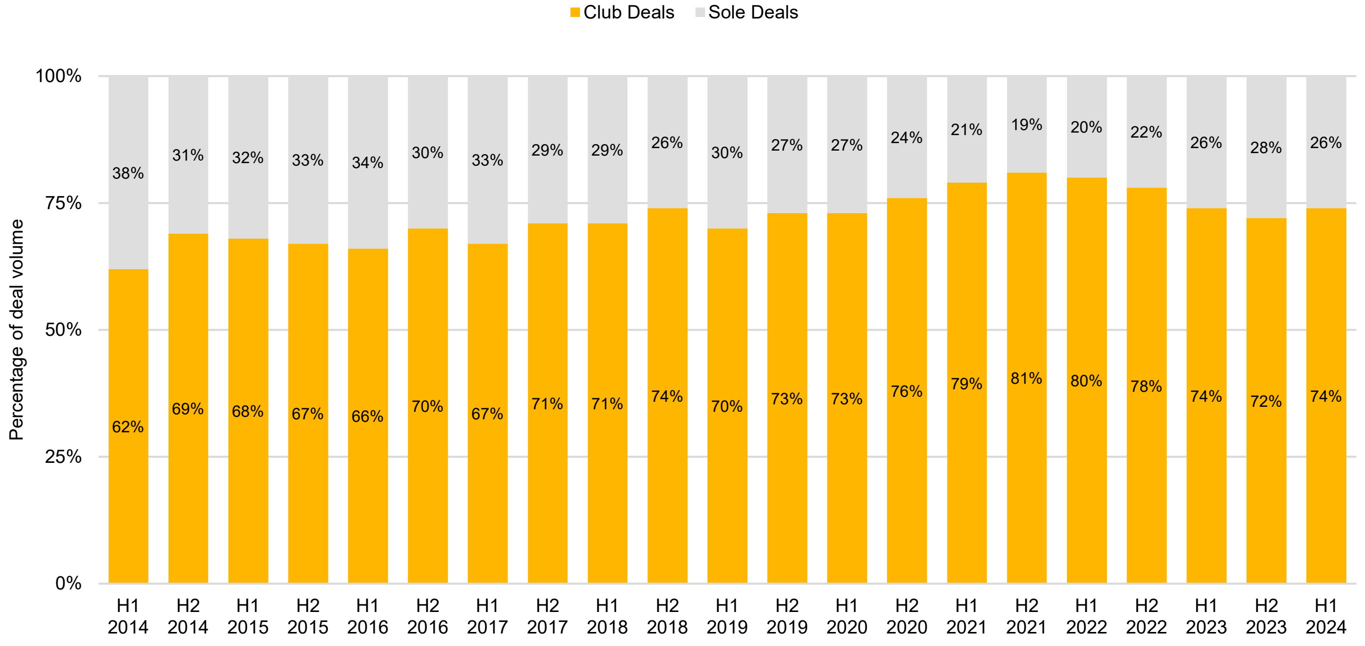


Sources: Pitchbook, Mergermarket, Infralogic, S&P Capital IQ

…and family offices favour "club deals" even more strongly for impact investments than for most other types of investment

Family offices' general preference for investing alongside other investors via "club deals" – a finding noted earlier in this report – is even more pronounced in the impact investing space. With the exception of the first half of 2014, at least two out of every three impact investments by family offices were "club deals" throughout the whole of the past decade. In the second half of 2021 and the first half of 2022, the share of impact investments classified as "club deals" or "co-investments" rose to four out of five.

Breakdown of family office impact investments globally between 'solo deals' versus 'club deals', January 2014 to June 2024

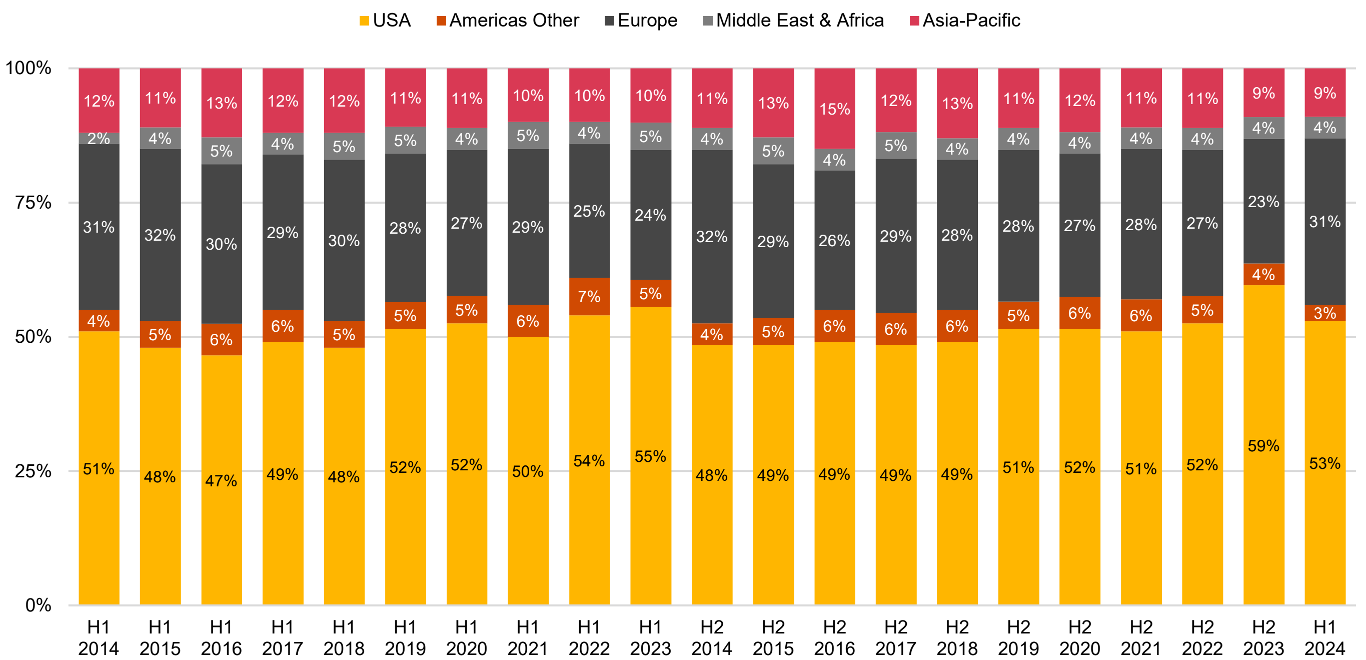


Sources: Pitchbook, Mergermarket, Infralogic, S&P Capital IQ

Impact investments by family offices have increased significantly in Europe and fallen back in the US – though the US still leads

Turning to a regional breakdown of family offices' impact investments, just over half of these currently go to the US, but its share of 53% in the first half of 2024 is down by 6 percentage points compared to the previous six months. In contrast, impact investments in Europe have increased significantly in the same period, up 8 percentage points to 31%. The share of impact investments in the Asia-Pacific region has held steady at 9%.

Breakdown of family office impact investments by region, January 2014 to June 2024



Sources: Pitchbook, Mergermarket, Infralogic, S&P Capital IQ

"Business models across all industries will be disrupted by the impacts of climate change, increasing the cost of goods and services delivered, while heavy weather events will affect the value of current assets, all accelerated by the effects of a rapidly evolving regulatory framework. Understanding and navigating this landscape will offer great opportunities for family offices to drive value creation across their investment portfolios, as they reset for a sustainable future."

Renate de Lange, Partner, Global Sustainability Markets Leader and Sustainability Leader for EMEA, PwC Netherlands

"While generational change is a significant driver, other factors are also influencing the shift towards impact investments. The 'NextGen effect' may be a major catalyst today, but it's evident that the business case for sustainable investments is becoming increasingly critical when evaluating potential opportunities. For family businesses, adopting a proactive approach to this evolving investment landscape and taking steps to realign their portfolios will be key to creating long-term value."

Megan Harris-Ngae, Partner, Global ESG Private Business Leader as well as Canadian ESG Transformation Leader, PwC Canada

"Sustainable natural capital investments represent a growing asset class amongst both institutional and private wealth investors. A great example is sustainable forestry, which offers the prospect of leaving the next generation with a liveable and thriving planet. Carbon dioxide removal from the atmosphere is most efficiently performed by trees. And sustainably managed forests offer solid, stable, long-term returns with minimal correlation to traditional asset classes, while also providing an inherent hedge against inflation. Additionally, carbon credit markets present further return opportunities as the world strives to reach net zero. All of this presents a unique opportunity to align ecological responsibility with economic investment strategies."

Sebastian Seidel, Founder of Waldholz, Climate Forest and 44moles (Germany)

"At Norrsken, we've seen a big increase in interest from family offices, both in investing in impact companies in our ecosystem and also in investing in our venture capital funds. We can clearly see a "NextGen effect" where the next generation family members actively want to learn about potential solutions that can help humanity stay within the planetary boundaries – of which we currently overshoot six out of nine – and to invest in the impact tech startups that can deliver these solutions."

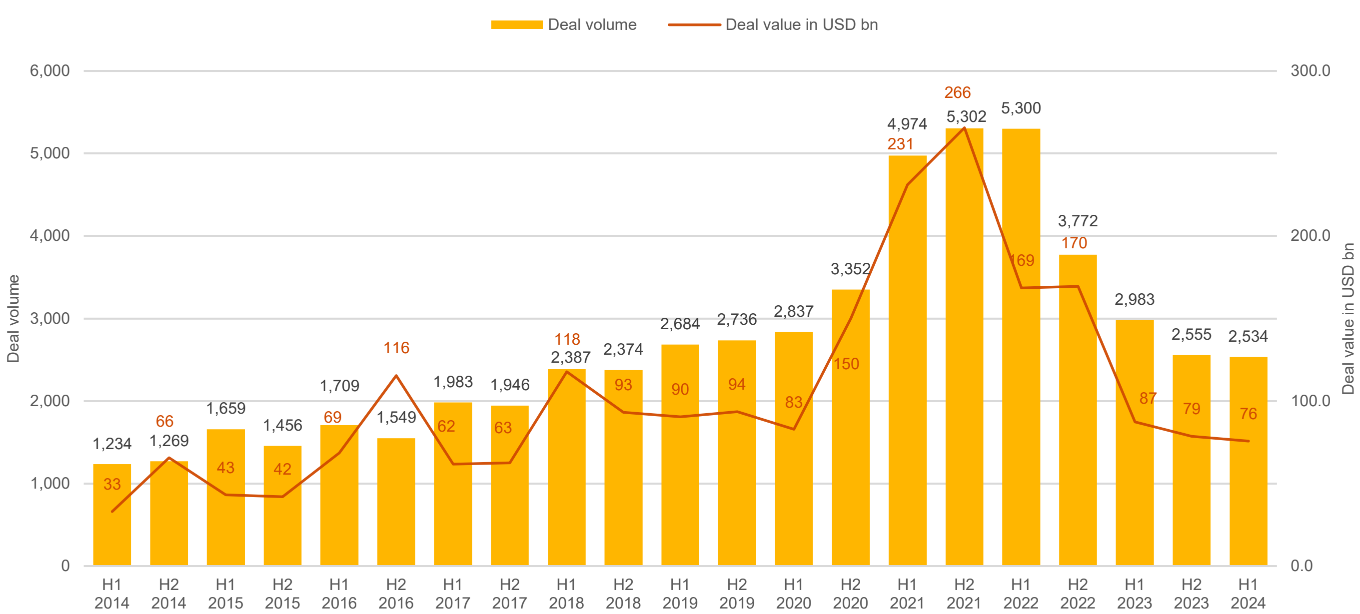
Johan Attby, General Partner, Norrsken Accelerate Fund (Sweden)

Deep dive 2: Start-up investments

Global family office investments in start-ups are stabilising after their recent decline…

After reaching an all-time high in the second half of 2021, both the volume and the value of family office investments in start-ups have fallen significantly, with deal value slumping by over 71%. However, the rate of decline in both volume and value has slowed sharply, with deal volume remaining at almost the same level over the past two half-year periods. So it appears that the fall seen in recent year may be reaching a plateau.

Global family office investments in start-ups by volume and value, January 2014 to June 2024

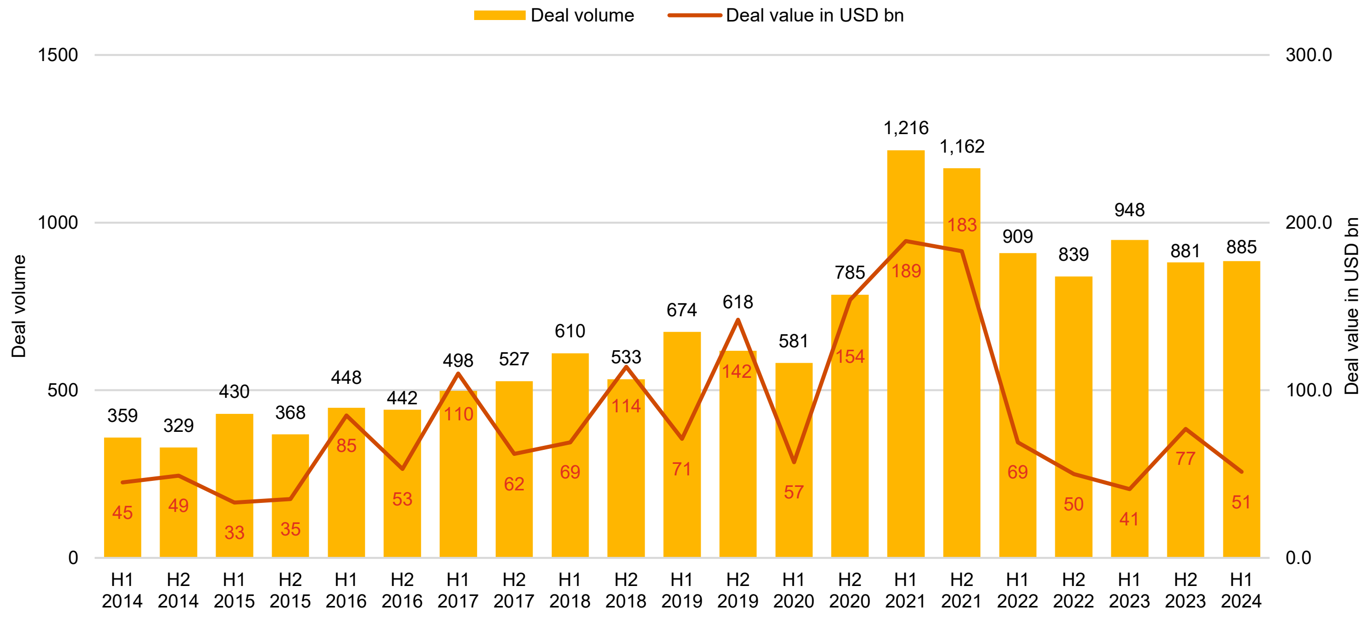


Source: Pitchbook

…with exits from start-ups also falling back after a high-point in 2021

The value of family office exits from start-up investments reached an all-time high in the first half of 2021. But it then plunged by 78% over the following two years, before recovering slightly only to decline again in the first half of 2024. By contrast, the deal volume of family office exits from start-ups has remained at a fairly consistent level since early 2022, holding firm in early 2024 even as the aggregate value of exits fell back.

Exits from start-ups by family offices globally by volume and value, January 2014 to June 2024

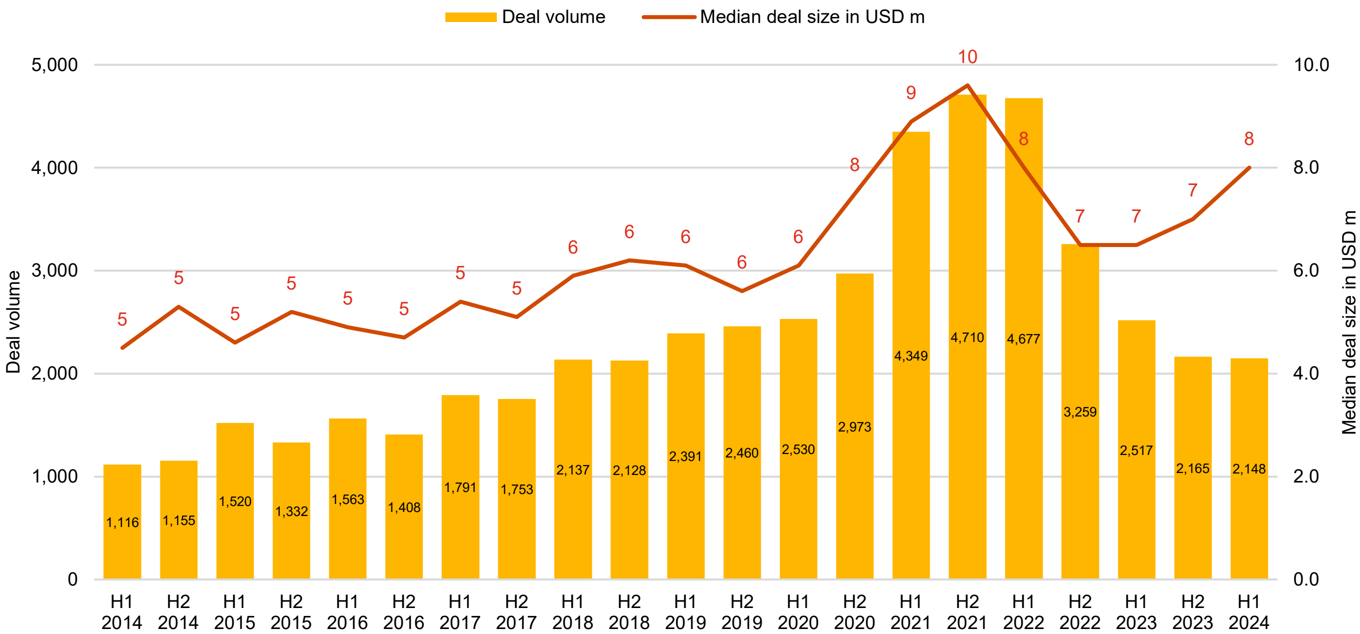


Source: Pitchbook

The average “ticket size” for family offices’ start-up investments is rising again

While the number of start-up investments by family offices has fallen marginally in the past two half-year periods, the average cheque size handed over to start-ups has increased significantly, marking a rebound that started in the first half of 2023. As a result, the average “ticket size” for start-up investments in the first half of 2024 was 23% higher than in both late 2022 and early 2023.

Median deal size and volume of family office start-up deals globally by volume and value, January 2014 to June 2024

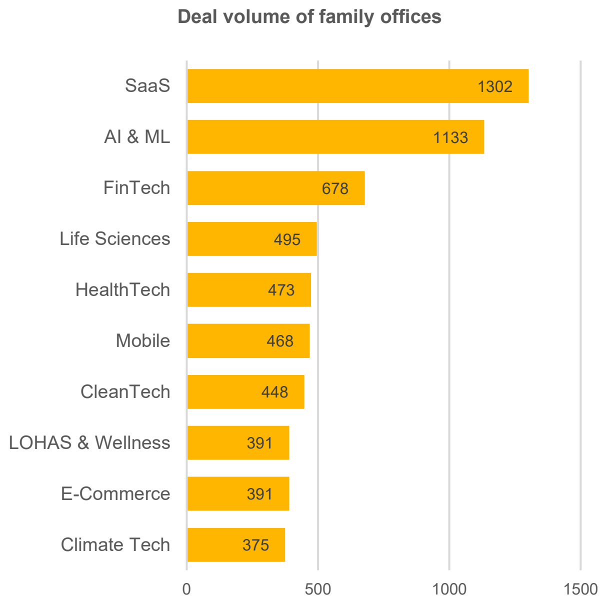


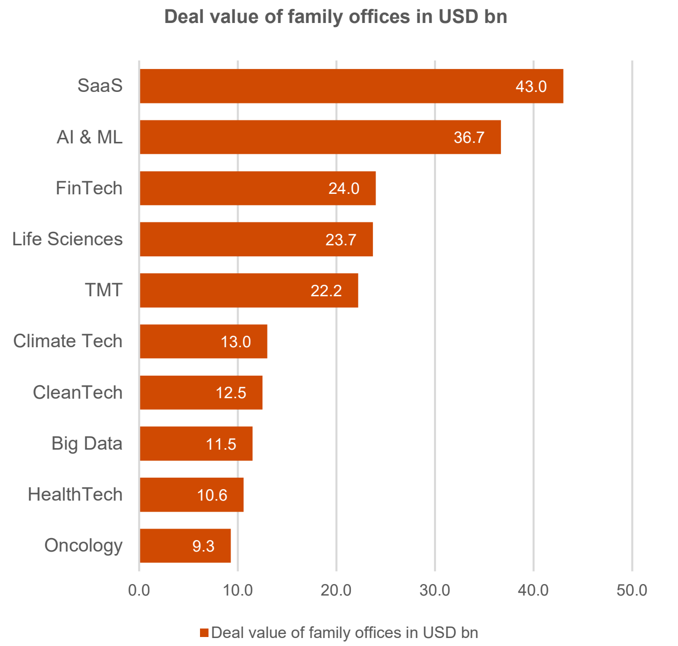
Source: Pitchbook

SaaS and AI & ML are family offices' top two start-up verticals…

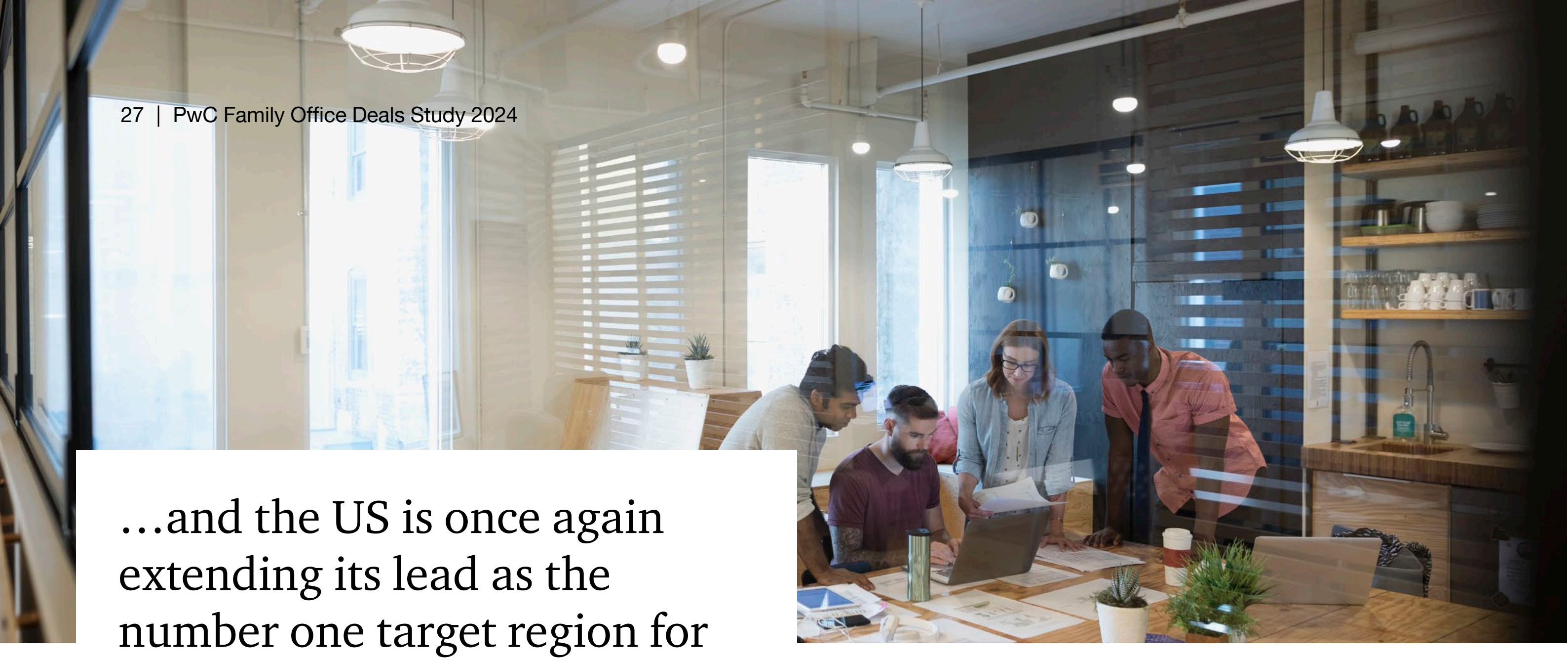
An analysis of family offices' start-up investments by sector over the past year reveals that software-as-a-service (SaaS) and artificial intelligence and machine learning (AI & ML) were the industry verticals in which family offices invested the most often, and also the most value, worldwide. These sectors were followed by FinTech and life sciences in terms of both deal volume and value.

Vertical sector breakdown of family offices' start-up investment by volume and value, July 2023 to June 2024





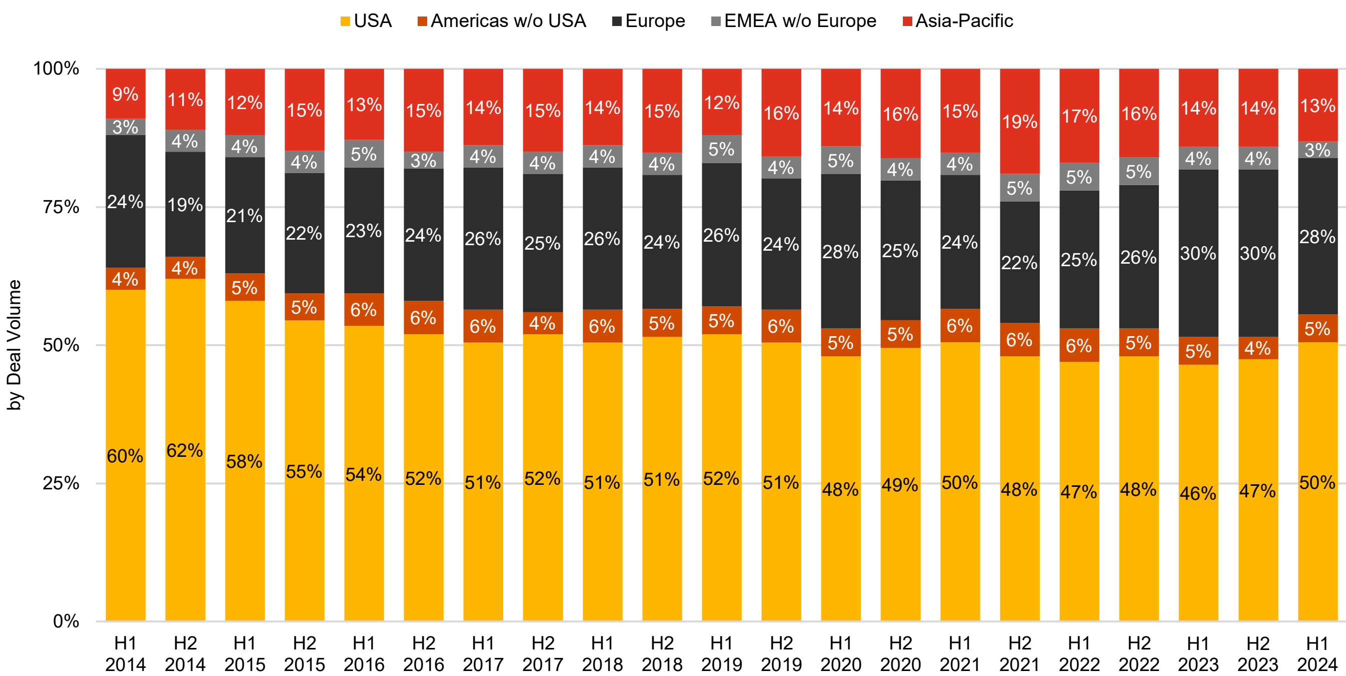
Source: Pitchbook



…and the US is once again extending its lead as the number one target region for start-up investments…

The proportion of family offices' start-up investments going to the United States was generally in decline over the period from 2014 up to the beginning of 2023, when it slipped to a decade-long low of 46%. However, since that point the US's share has begun rising again, accounting for 50% of start-up investments in early 2024. While one in every two family office start-ups investments are currently in the US, only just over one in four are in Europe.

Breakdown of family offices' start-up investment by region, January 2014 to June 2024

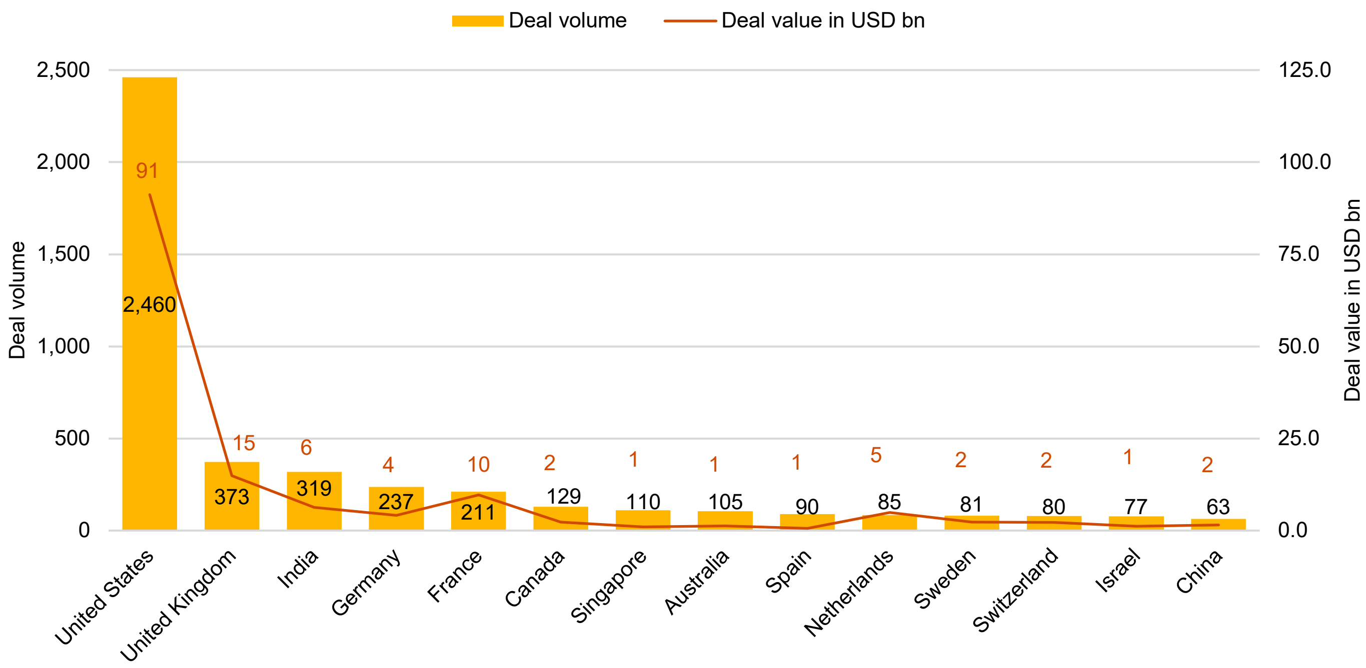


Source: Pitchbook

…while the US is also by far the leading country for family offices' start-up deals

Over the year from July 2023 to June 2024, an analysis of family offices' investments in start-ups by country confirms that the US is the leading country by a wide margin both in terms of deal volume and deal value. The UK ranks second on both measures, while India is third in terms of deal volume and France third on deal value.

Breakdown of family offices' start-up investment by country, July 2023 to June 2024

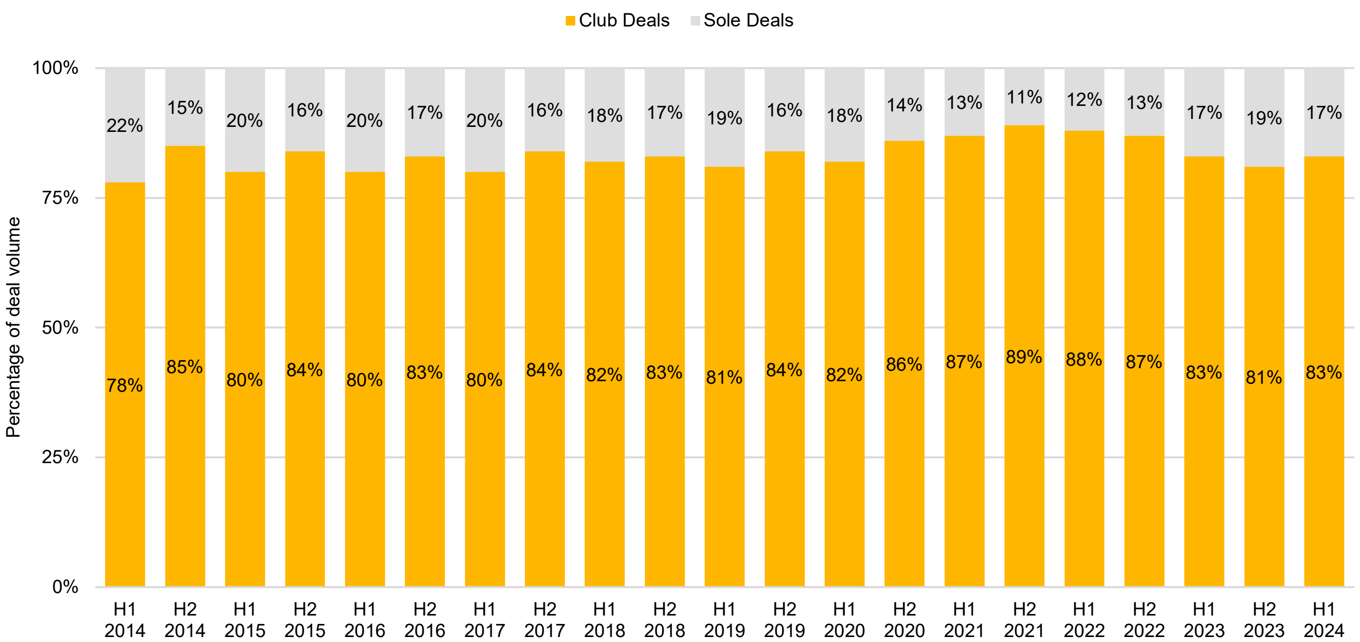


Source: Pitchbook

Family office investors favour "club deals" for start-up investments

Family offices' preference for "club deals" is especially strong in start-up investments – a finding that's hardly surprising given the relatively high levels of risk involved in investing in this asset class. "Club deals" were at their lowest level in the decade at the beginning of 2014 and their highest at the end of 2021. In the first half of 2024, the proportion of "club deals" in family offices start-up investments edged up by 2 percentage points from late 2023, to 83%.

Breakdown of family offices' start-up investments globally by volume between 'sole deals' versus 'club deals', January 2014 to June 2024



Source: Pitchbook

"Representing around 31% of all start-up investments in the second half of 2023 and first half of 2024, family offices are playing an increasingly important role in the venture capital ecosystem, driven by a combination of professionalisation, the influence of the NextGens, and a focus on sustainable and impact investments.“

Enrico Reiche, Partner, Venture Deals Leader, PwC Germany

“Collectively, family offices are a key player in the innovation ecosystem, accounting for 31% of start-up investments globally. After a significant decline since mid-2022, the number of investments by family offices has stabilised again since mid-2023. Since then, we are also seeing a significant increase in the average cheque sizes they are willing to invest. This trend is particularly noticeable for start-ups in the seed and early stages, while cheque sizes in the later stages are still declining slightly.”

Florian Nöll, Partner, Global Venturing & EMEA Startups/Scaleups Leader, PwC Germany

“We focus primarily on larger direct investments – and opportunities in our “sweet spot” certainly declined post-2021, and then remained episodic for a few years. Throughout 2024, however, we have seen investment activity build, and we are now as busy as we’ve been for some time. We certainly expect this level of activity to continue in 2025.”

Kevin Loden, Partner, Redwood Holdings, LLC (USA)

“Making direct investments in venture, growth and buy-out stage companies caters perfectly to the entrepreneurial spirit and legacy of the Tengelmann Group. Investing directly allows us to actively participate in growth and value-creation, while ensuring that we invest only in businesses and people that align with our values and purpose.”

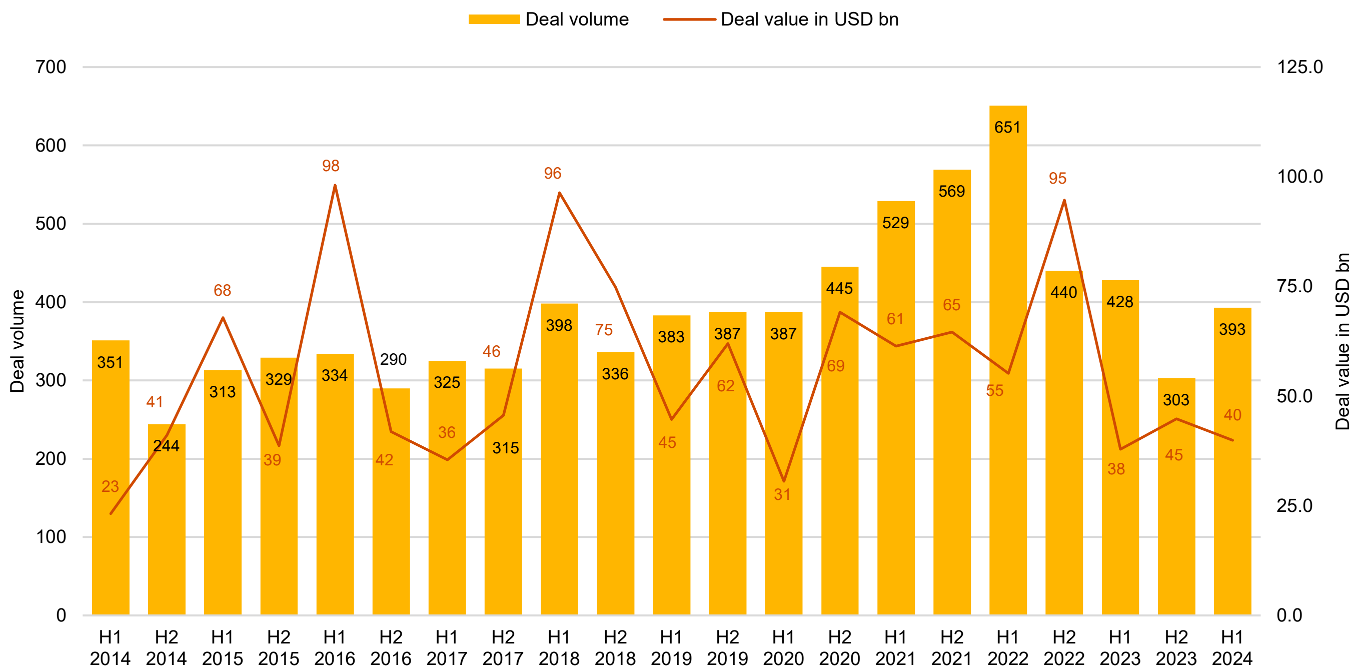
Patrick M. Schaich, Investment Partner / Managing Director, Tengelmann Twenty-One KG (Germany)

Deep dive 3: Direct investments/M&A

Global family office investments in M&A are picking up again…

The number of direct/M&A investments by family offices fell sharply from an all-time high at the beginning of 2022 to its third-lowest level of the decade in the latter half of 2023, after plunging by 53% in just 18 months. However, in the first half of 2024 the volume of direct investment/M&A deals rebounded strongly by 30%. That said, total deal value fell back by 11% after a brief upturn in the previous six months – indicating that while there were more deals being done in early 2024, they tended to be smaller on average.

Global family office investments in M&A by volume and value, January 2014 to June 2024



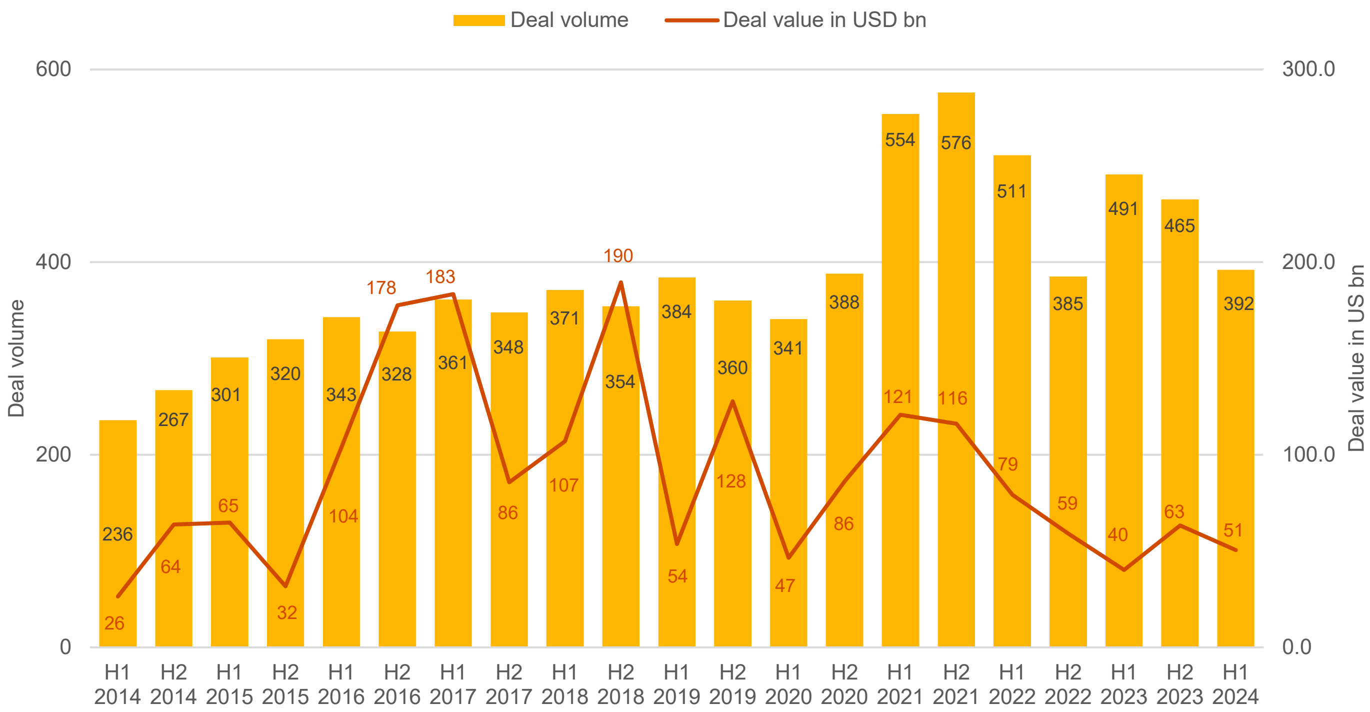
Source: Pitchbook and Mergermarket

…and global M&A exits by family offices are once again on the decline

Family offices are not only active buyers in terms of direct investments and M&A, but also active sellers. However, their number of exits have decreased significantly in the past two half-year periods, with the total value of those exits also declining in the first half of 2024.

Interestingly, the highest number of M&A exits during the past decade by family offices were recorded during the global investment boom in 2021. However, the peak in aggregate deal value in connection with M&A exits by family offices occurred in late 2018.

Global family office M&A exits by volume and value, January 2014 to June 2024

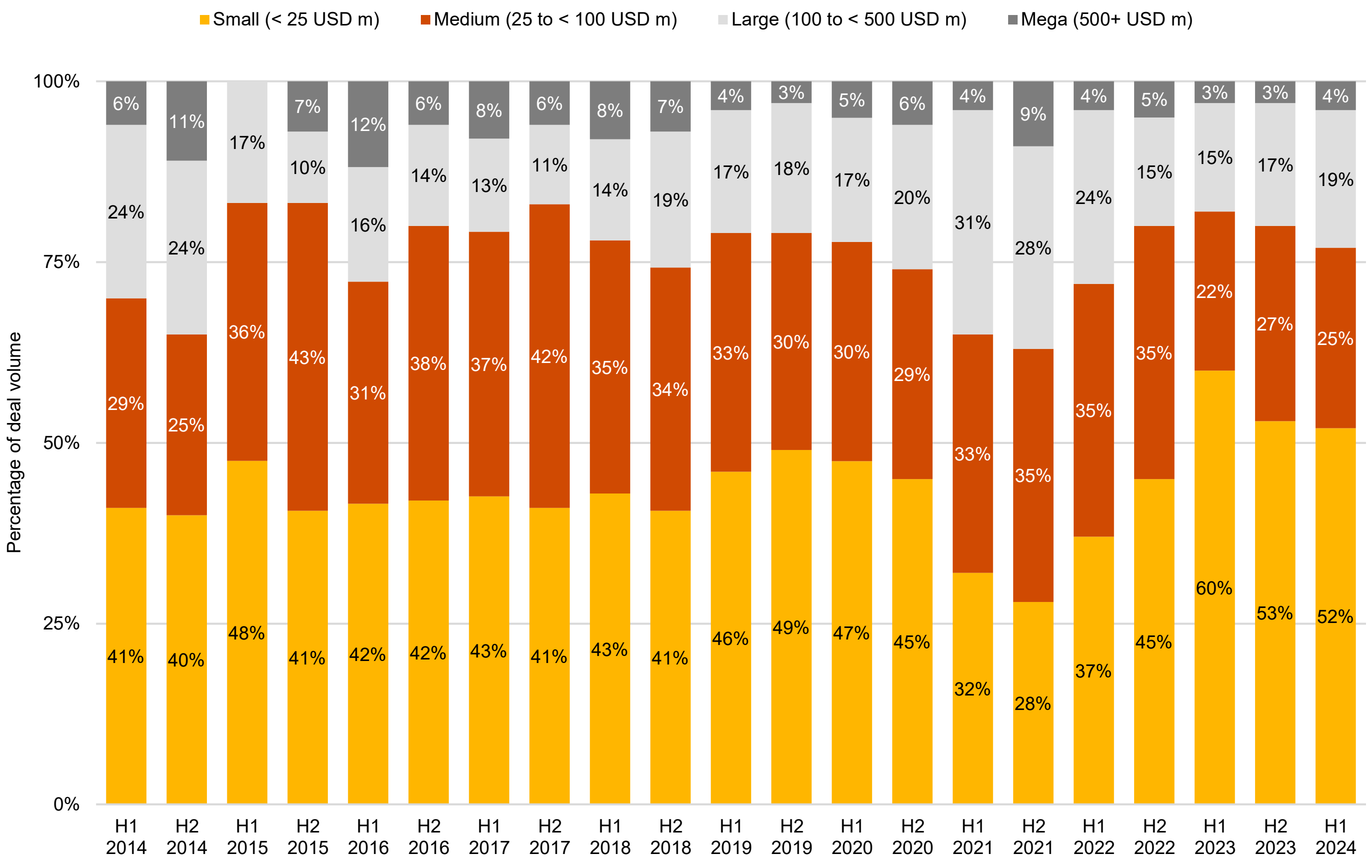


Source: Pitchbook and Mergermarket

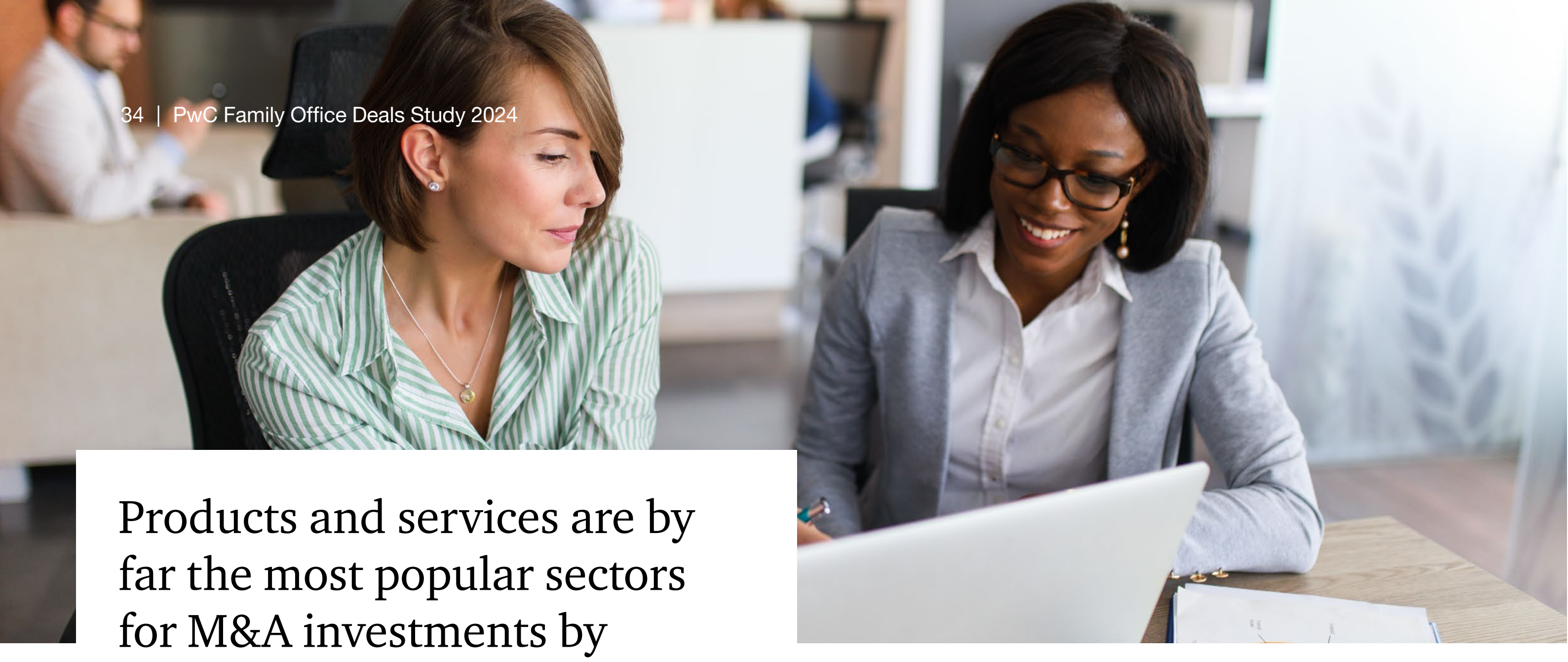
Family offices still favour relatively small direct investments/M&A – but their involvement in large and mega-deals is rising

While large and mega-deals became very popular with family offices in 2021, their interest in them had tailed off significantly by the beginning of 2023. However, since then the proportion of large and mega-deals undertaken by family offices has recovered to a share of 23% in the first half of 2024. Currently, every second family office direct investment/M&A deal involves a relatively small investment of US$25 million or less, and every fourth deal is a medium-sized investment of between US$25 and US$100 million.

Global family office M&A investments broken down by deal size, January 2014 to June 2024



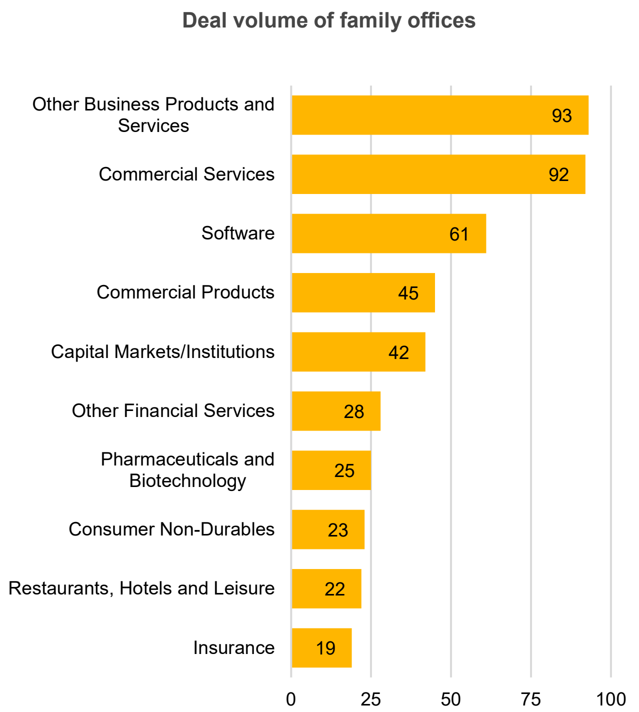
Source: Pitchbook and Mergermarket

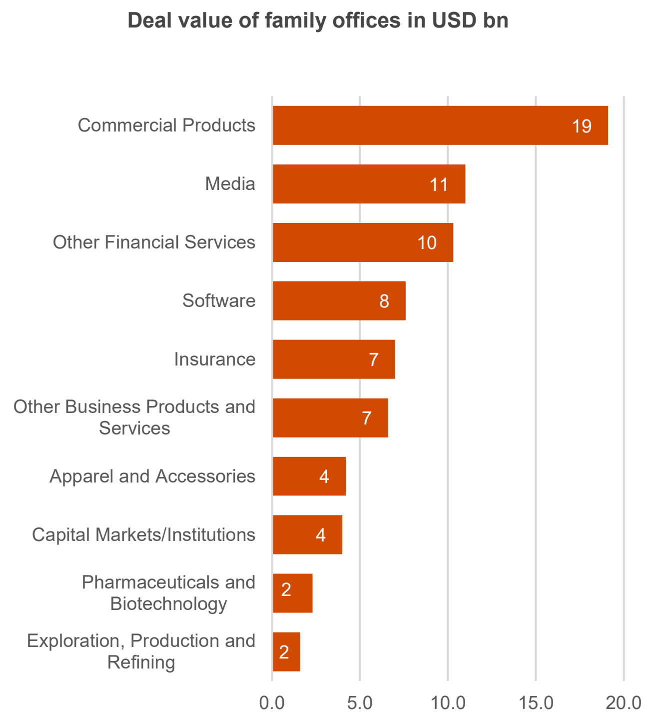


Products and services are by far the most popular sectors for M&A investments by family offices

An analysis by sector of family offices' direct investments/M&A worldwide over the year from July 2023 to June 2024 shows that business products, commercial services, and software were the industries in which they transacted their highest numbers of deals. In terms of M&A deal value, commercial products, media, and financial services led the way.

Vertical sector breakdown of global family office M&A investments by volume and value, July 2023 to June 2024



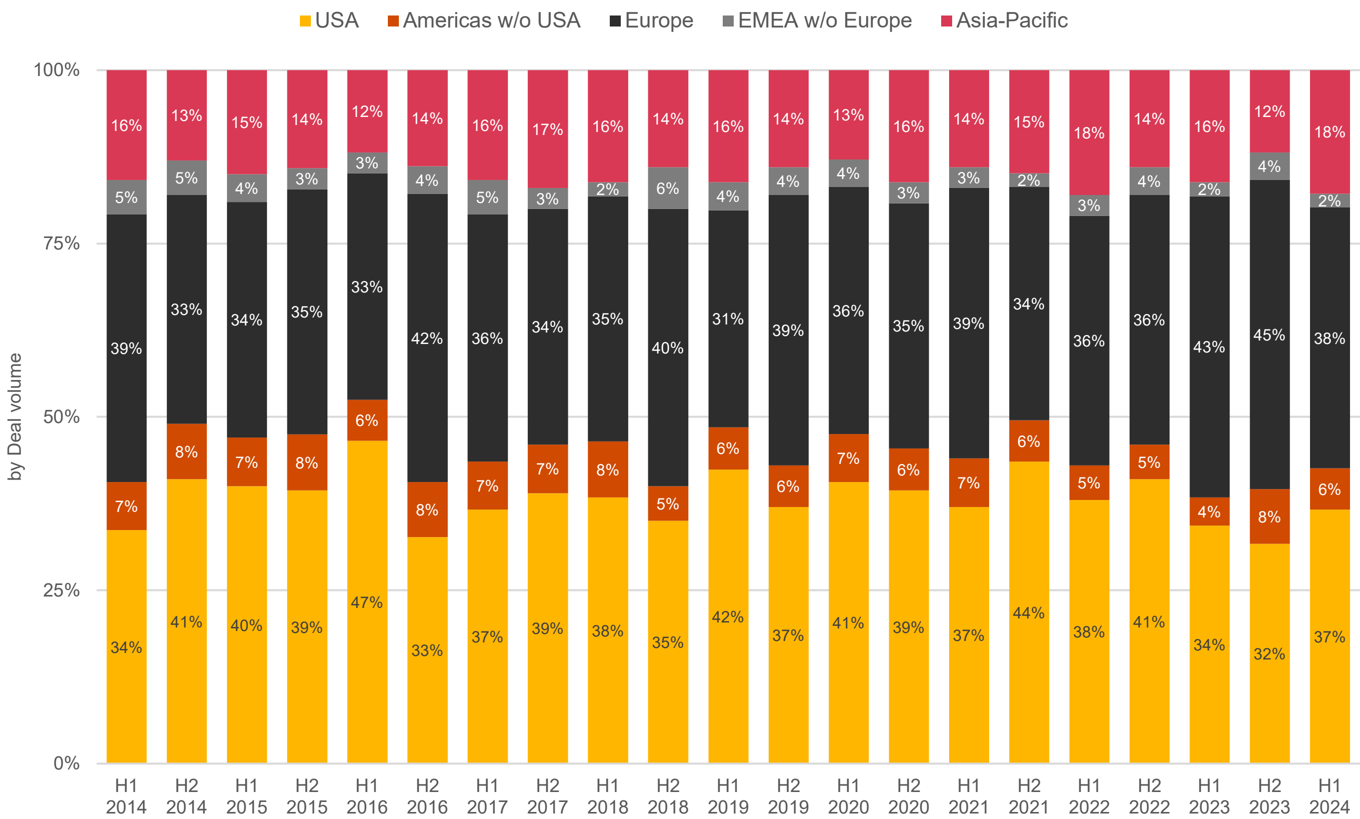


Source: Pitchbook and Mergermarket

Europe remains family offices' biggest target region for direct investments/M&A, just ahead of the US…

After recording a sharp increase in 2023 from their level in 2022, family offices' M&A transactions in Europe are once again declining as a proportion of their overall M&A deal flow, falling by 7 percentage points in the first half of 2024 to 38%. Meanwhile, the United States in second place is closing the gap, rising by 5 percentage points to 37% – as is Asia-Pacific, with an increase of 6 percentage points to 18%.

Global family office M&A investments broken down by region, January 2014 to June 2024



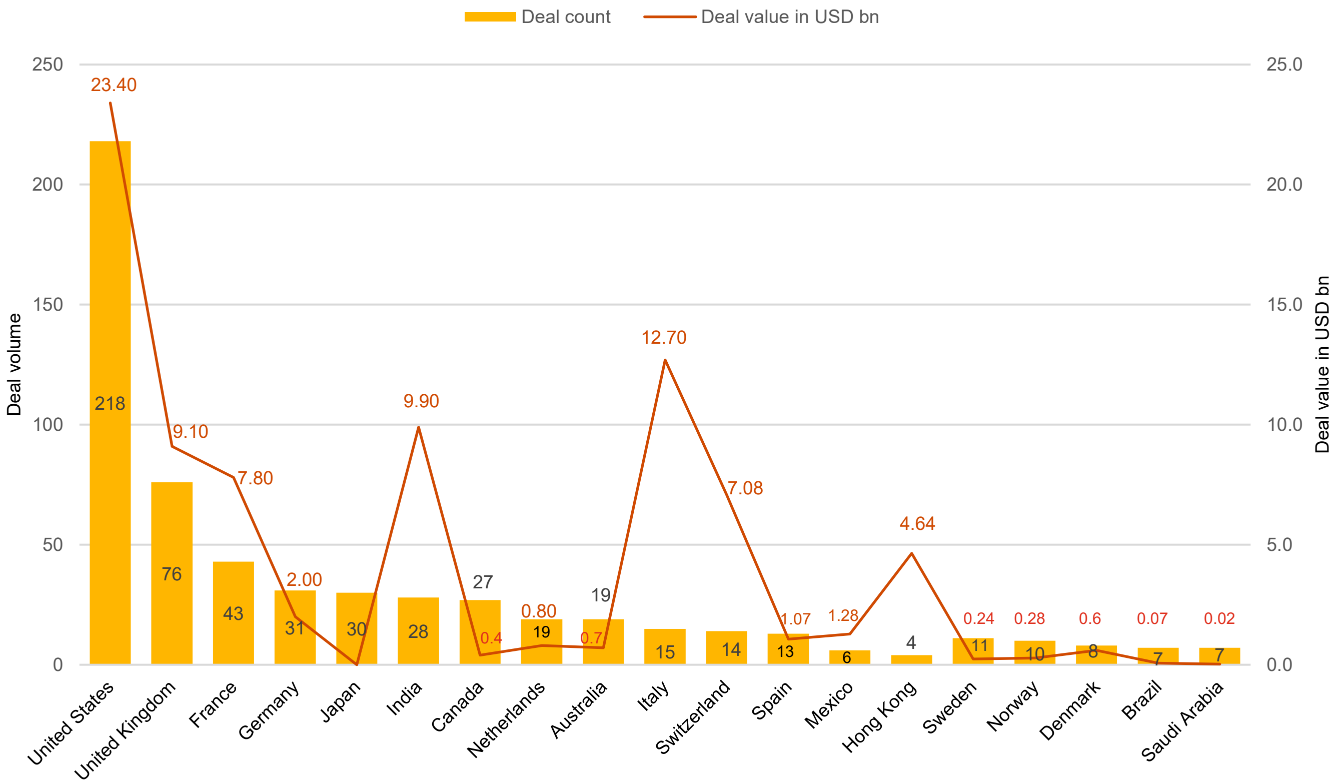
Source: Pitchbook and Mergermarket

…while a country comparison shows the US in the lead, ahead of the UK on volume and Italy on value

In the period from July 2023 to June 2024, family offices carried out more than twice as many M&A transactions in the United States as in the second-placed country by deal volume, the United Kingdom.

However, Italy took second place on deal value, thanks to a relatively smaller number of large deals. In terms of family office M&A deal value, the current top five are the US, Italy, India, the UK, and France.

Global family office direct investments/M&A broken down by country, July 2023 to June 2024

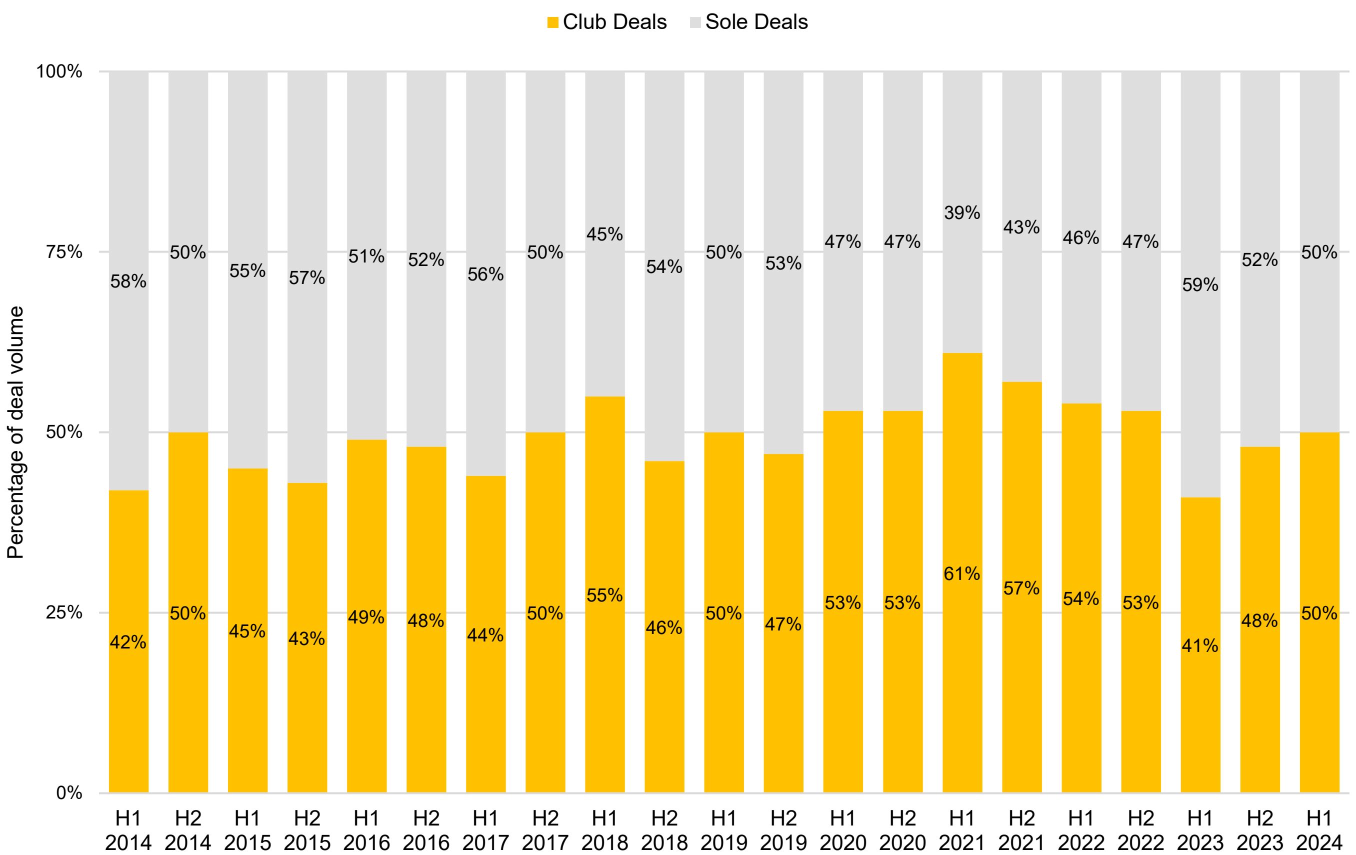


Source: Pitchbook and Mergermarket

Historically, family offices have narrowly favoured "sole deals" over “club deals” for direct investments/M&A – but they’re now evenly split

“Club deals” for family offices’ direct investments/M&A reached their highest share of the decade (61%) during the investment boom in 2021, before falling to their lowest (41%) at the beginning of 2023. Since then, however, the proportion of “club deals” has increased again, and in the first half of 2024 there was an even split between “club” and “sole deals”. On average, the proportion of "club deals" was 49% during the period under review.

Global family office M&A investments broken down between “sole deals” versus “club deals”, January 2014 to June 2024



Source: Pitchbook and Mergermarket

"After a significant decline of over 50% in M&A transactions by family offices globally from early 2022 to late 2023, we have observed a robust 30% rebound in the first half of 2024, despite an 11% drop in transaction values. While smaller deals under US$25 million remain prevalent, there is renewed family office activity in large and mega-transactions, especially in industrial products and services and software. Interest in US transactions is growing, although Europe still leads in family office deals. Our practice increasingly sees sell-side mandates favouring family offices for their long-term investment horizons, underscoring their strategic value in the market."

David Brown, Partner, Global Corporate Finance Leader, Asia Pacific Deals Leader as well as Asia Pacific Private Equity & Sovereign Investment Funds Leader, PwC Hong Kong

"Family offices are buying again – and are doing so when other investors currently appear more hesitant to deploy their capital. There has been a shift towards more direct investments, with recent deals favouring sectors such as business services, industrials and software. I believe those family offices that apply a sector focus to their M&A strategies going forward will be well-positioned to capitalise on the most promising growth opportunities."

Brian Levy, Partner, Global Deals Industries Leader, PwC USA

"Uncertain times on the markets are good times for direct investments. We recognise these trends right at the very beginning of a new economic situation. However, the more uncertain the times, the more difficult it is to find good investment cases. This is certainly the reason why the demand for club deals is increasing."

Dr. Sascha Stahl, Managing Director, Bellevue adbodmer AG (Switzerland)

"Peugeot Invest has permanent capital, and invests 100 million to 250 million euros to be an active minority shareholder contributing at the Board with a long-term horizon."

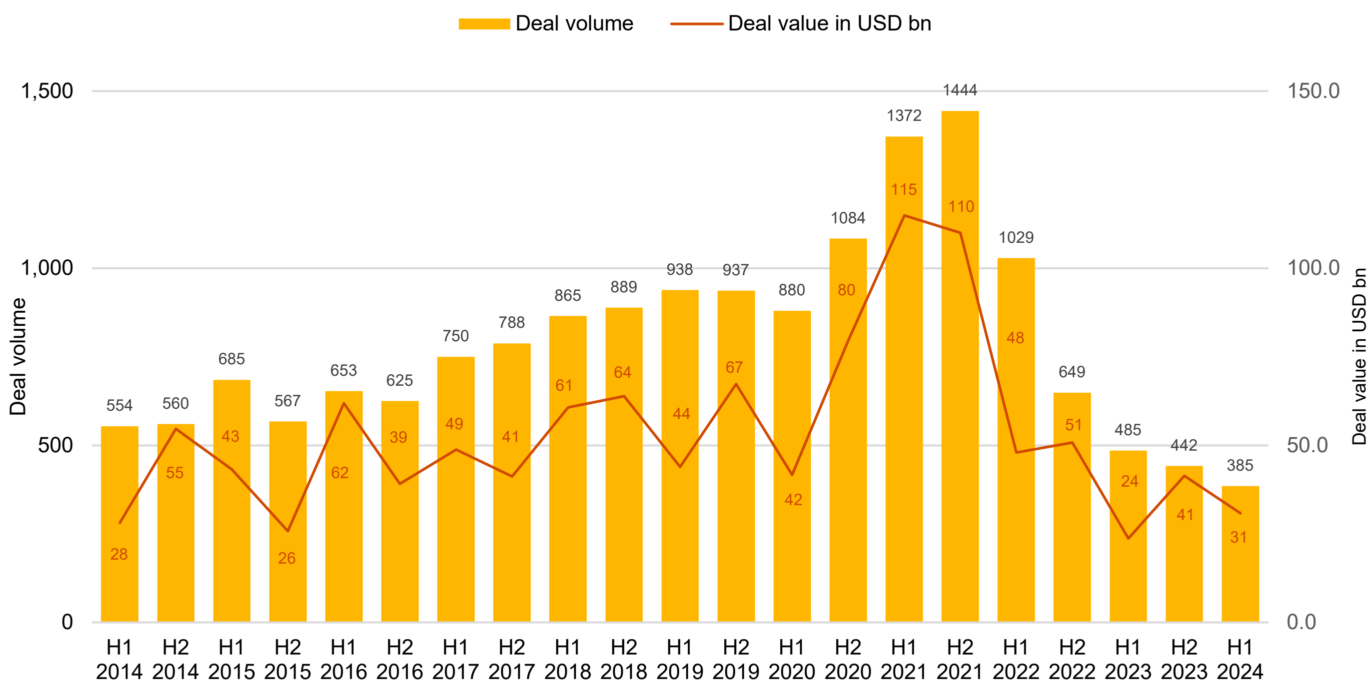
Sébastien Coquard, Deputy CEO, Peugeot Invest (France)

Deep dive 4: Funds investments

Global family office investments in funds continue to decline…

After reaching an all-time high in 2021, family offices' funds investments have plunged by more than 73% both in terms of deal volume and value. While deal volume has declined in each six-month period since 2021, the aggregate value of family offices' funds investments has seen two brief upswings, in the second half of 2022 and second half of 2023.

Global family office investments in funds by volume and value, January 2014 to June 2024

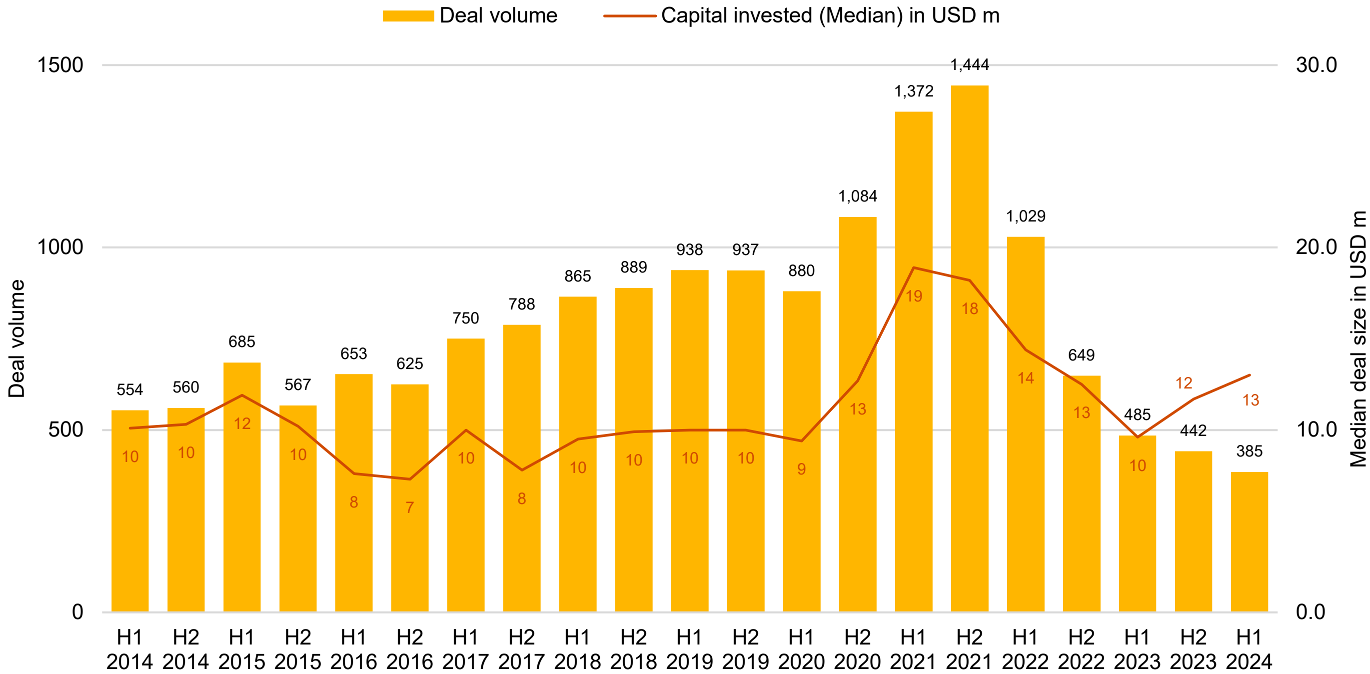


Sources: Pitchbook, Infralogic and S&P Capital IQ

…but the average "ticket size" invested by family offices in funds is increasing again

While the volume of funds investments by family offices has continued to decline since the start of 2022, the average value of their funds investments has already resumed an upward trend that began in late 2023. Currently, 50% of family offices worldwide are investing an amount totalling US$13.0 million in funds.

Volume and median capital invested for global family office investments in funds, January 2014 to June 2024

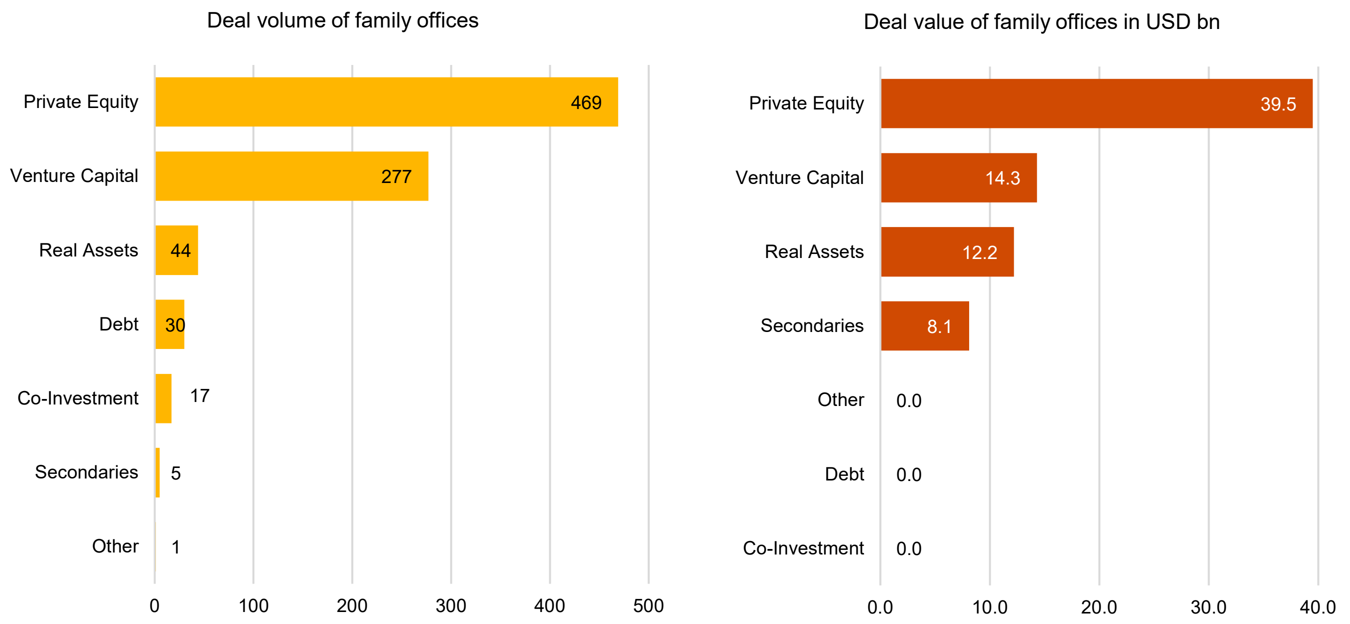


Sources: Pitchbook, Infralogic and S&P Capital IQ

PE is the fund type in which family offices invest the most

Between July 2023 and June 2024, the top three fund types in which family offices worldwide conducted the most deals and invested the largest amounts of capital were private equity (PE), venture capital (VC) and real assets funds. Interestingly, their investments in real assets funds accounted for only 5.2% of deal volume but 12.2% of deal value, reflecting the larger average size of these investments.

Sector breakdown of global family office investments in deals by volume and value, July 2023 to June 2024

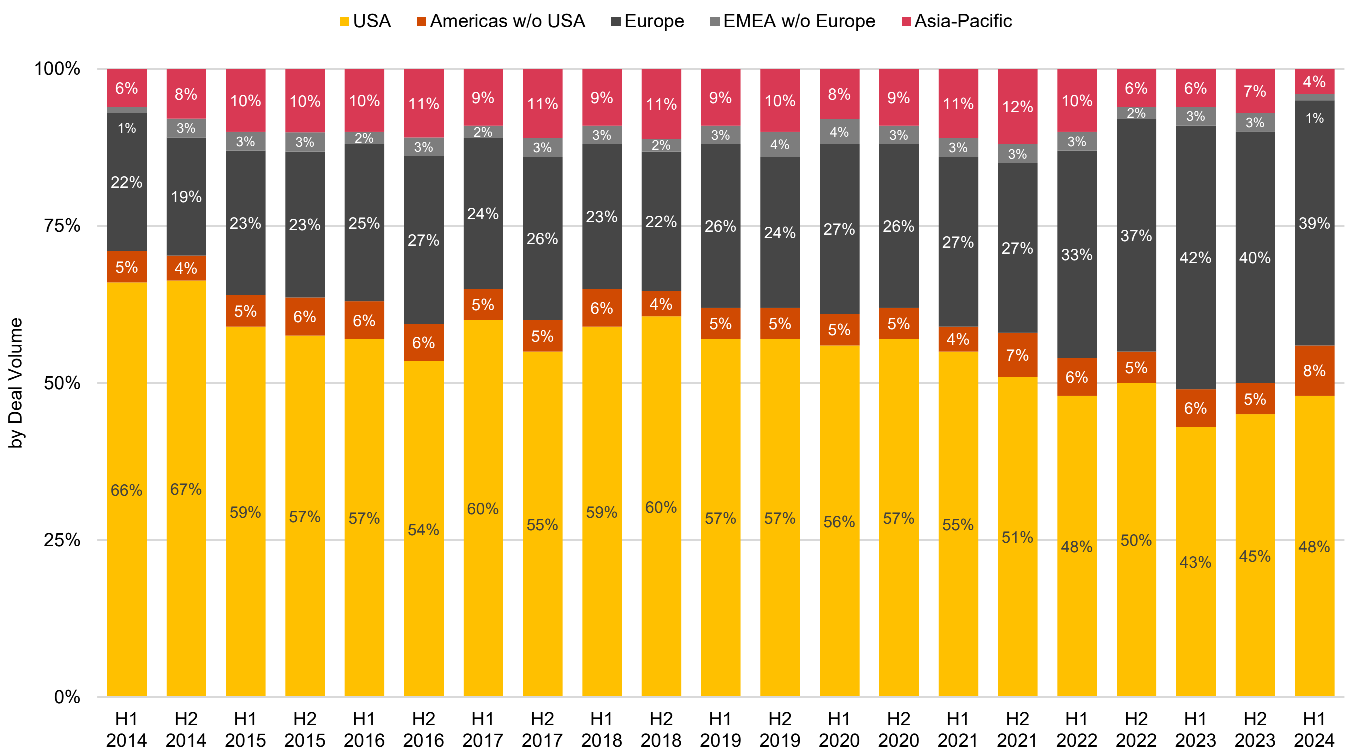


Sources: Pitchbook, Infralogic and S&P Capital IQ

The US remains the biggest region for funds investments by family offices, with Europe losing ground in second place…

The share of funds investments made by family offices in the US target market fell by 23 percentage points over the decade from the beginning of 2014 to the beginning of 2023. During that period Europe was able to increase its share by 20 percentage points, taking it very near to parity with the US in the first half of 2023, at 42% for Europe versus 43% for the US. However, the US has now pulled away again, with 48% of family offices' worldwide funds investments in the first half of 2024 going to the US and just 39% to Europe. Also, fund in the Americas outside the US are becoming more attractive, claiming a decade-high share of 8% in the first half of 2024.

Global family office funds investments broken down by region, January 2014 to June 2024

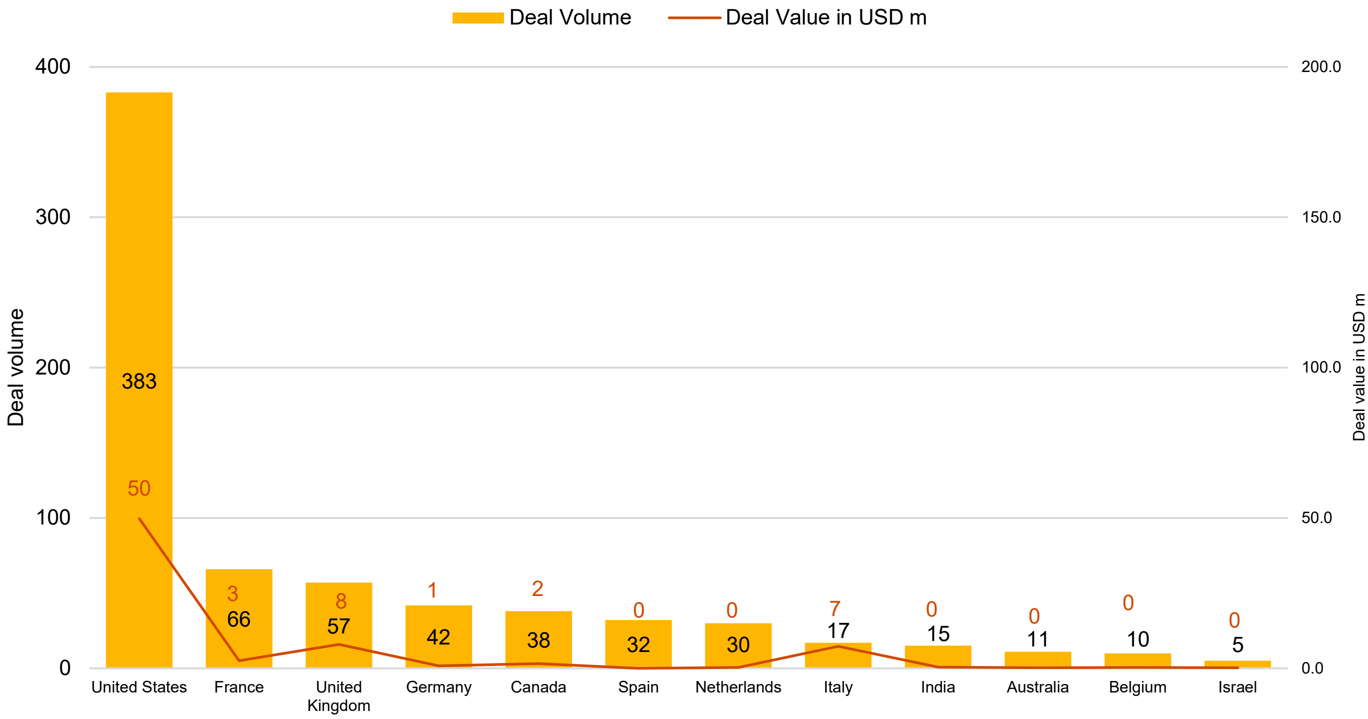


Sources: Pitchbook, Infralogic and S&P Capital IQ

…while the US is also by far the leading target country for fund investments

Family offices invested 383 times in United States-based funds between July 2023 and June 2024, five times as much as in funds domiciled in second-placed France. By overall deal value of funds investments, the US, UK and Italy occupy the top three positions.

Global family office funds investments broken down by country, July 2023 to June 2024

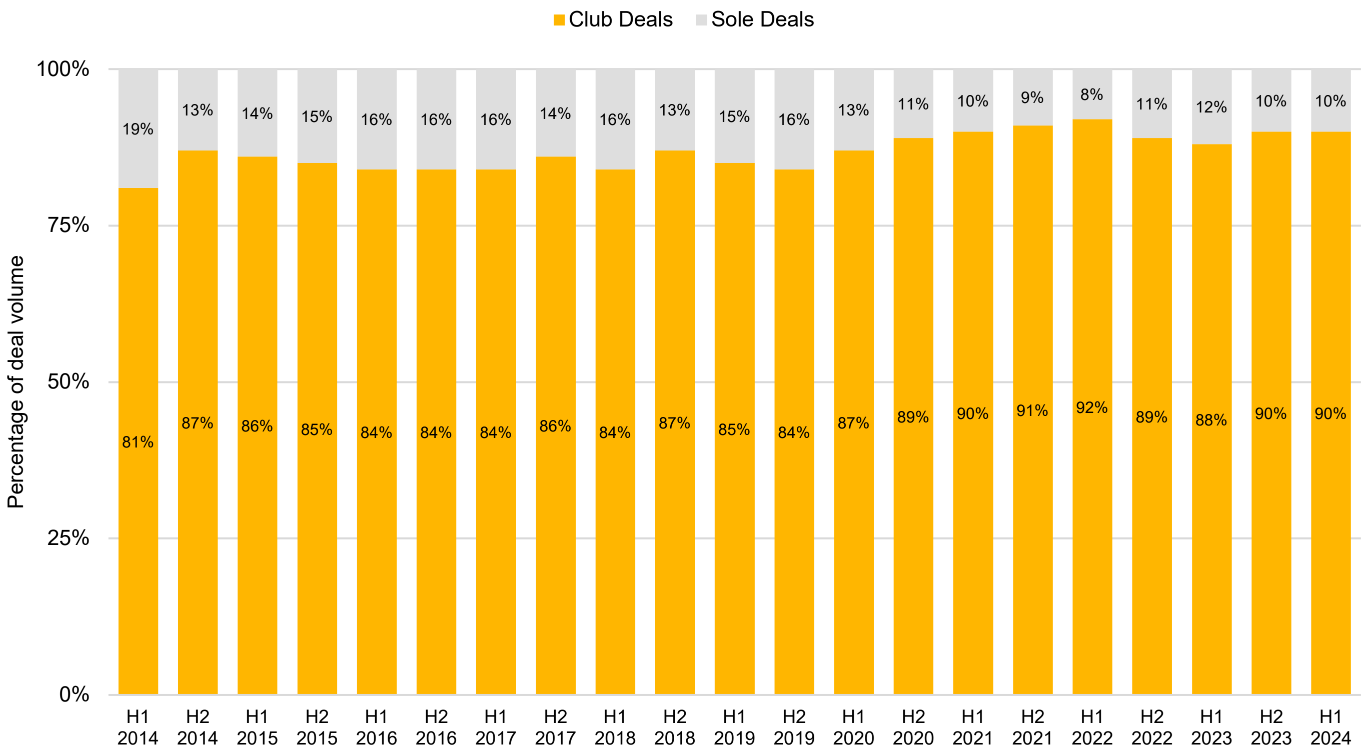


Sources: Pitchbook, Infralogic and S&P Capital IQ

Not surprisingly, family offices favour "club deals" for their funds investments

From the end of 2019, the proportion of “club deals” in family offices’ funds investments increased steadily for five successive half-year periods, reaching a peak of 92% in the first half of 2022. In the past two half-years, the proportion has remained steady at 90%.

Global family office deals investments broken down between “sole deals” versus “club deals”, January 2014 to June 2024



Sources: Pitchbook, Infralogic and S&P Capital IQ

"Our strategic investment approach increasingly uses funds to build a broadly diversified portfolio and thus minimise risk. By harnessing the expertise of professional fund managers, we gain access to specialised knowledge and unique opportunities, including the potential to access co-investments alongside private equity. In addition, funds allow us to invest in alternative investments such as private equity and venture capital, as well as in different geographical sectors and markets, thereby increasing our potential returns. This multi-layered strategy optimises our portfolios and helps us to achieve our long-term financial goals."

Mikkel Hammershoj, CEO, Selfinvest Family Office (Denmark)

"Over the last years, we continuously focused more on PE investments where we consider higher returns to be generated in this period. Due to capacity constraints, we invest into PE fund structures where the GP deals with the investee entities and we limit our engagement to passive investors, with a high degree of control and reporting, especially where we not only hold a portfolio investor position but place ourselves as Co-Investors/anchor-investors. In parallel, we increased our asset management capabilities for bankable assets and continuously replace fund investments with direct investments. Overall, the strategy has proven to be quite successful over the past-corona period so far."

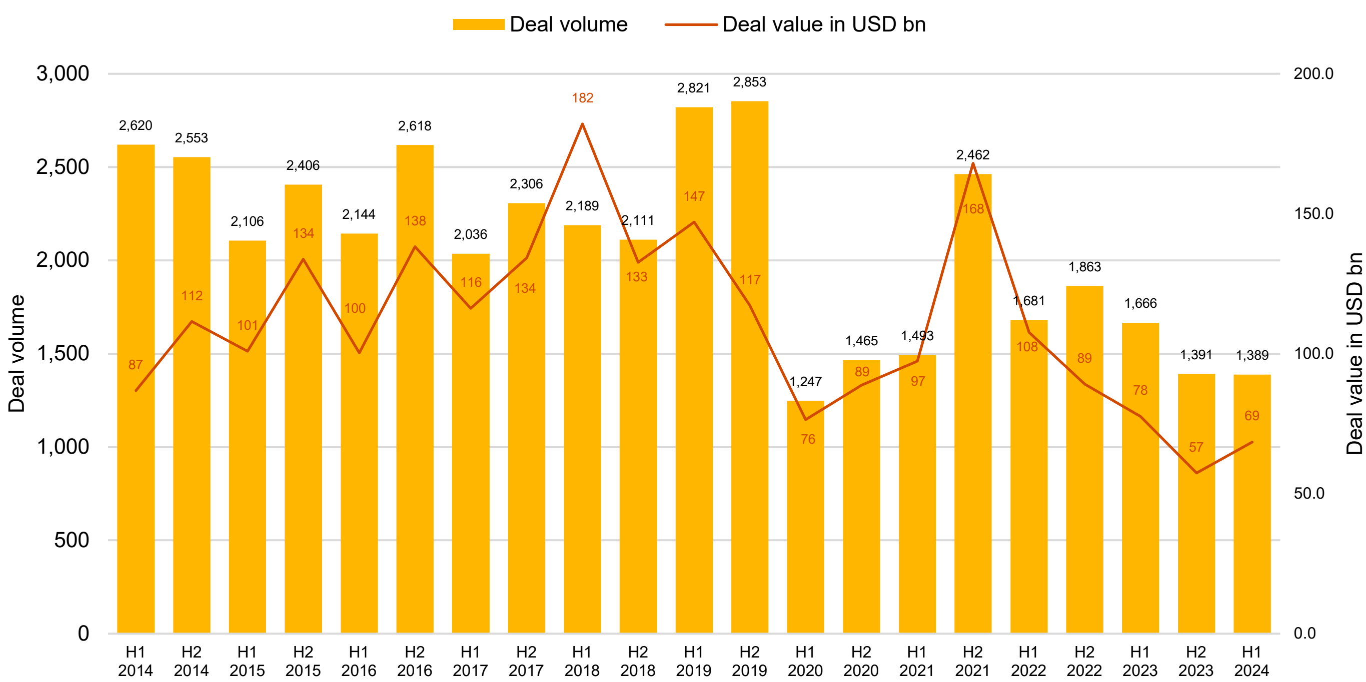
N.N., Senior Officer, Large European Single Family Office (Switzerland)

Deep dive 5: Real estate investments

While global family office investments in property are trending sideways, signs of an upturn are emerging…

After their last peak at the end of 2021, both the volume and the value of family office deals in the real estate asset class have fallen back significantly. While the volume of real estate deals has hardly changed in the past two half-years, deal values have picked up again since late 2023, suggesting a recovery may be beginning. Also, as we noted earlier, the overall decline in family offices' deals across all asset classes means that real estate investments have risen significantly as a proportion of their total deal volume since mid-2022. As a result, investments in real estate accounted for 30% of all family office deals in the first half of 2024, up from just 19% in early 2022.

Global family office investments in real estate by volume and value, January 2014 to June 2024

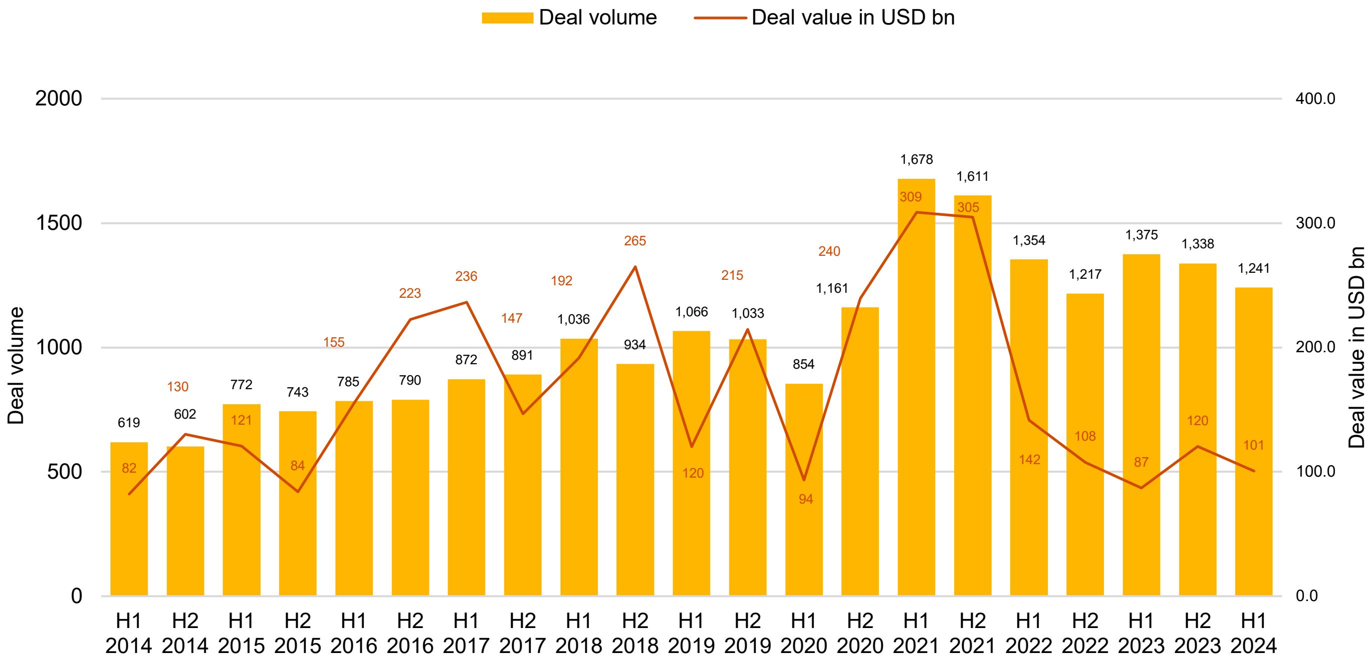


Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

…as global real estate exits by family offices continue to decline, while deal values have also fallen again

After reaching a high-point for the decade in 2021, both the volume and value of family office exits in real estate have declined significantly, with deal value falling much further. These trends have resumed in the first half of 2024, with the volume of exits from real estate investments falling by 7% from the previous half-year, but the total value of these deals slumping by 16%.

Global family office real estate exits by volume and value, January 2014 to June 2024

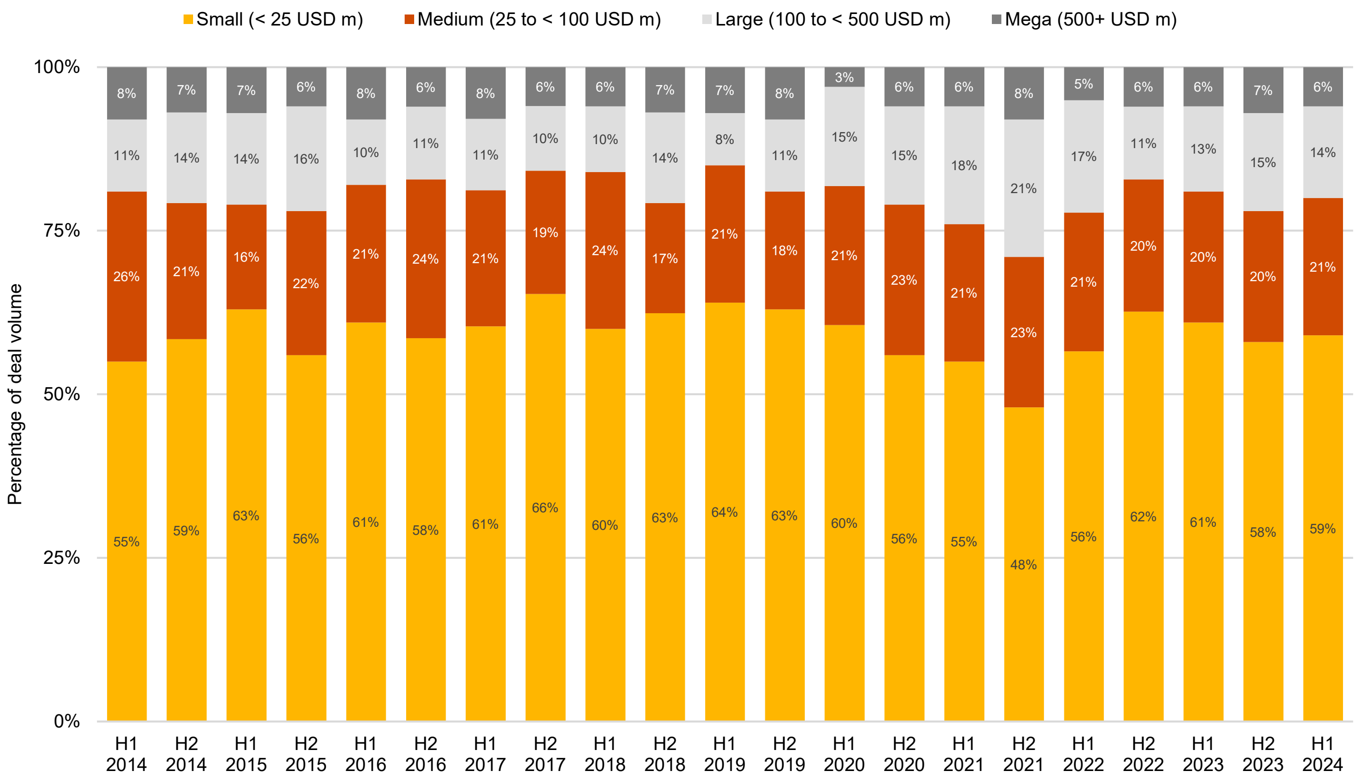


Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

Family offices favour small and medium-sized real estate investments

After reaching a low point of 48% in late 2021, the proportion of family offices' real estate investments going into small deals of US$25 million or less has picked up again, recovering to a share of 59% in the first half of 2024. Medium-sized transactions have also recovered some ground as a proportion of all real estate deals.

Global family office real estate investments broken down by deal size, January 2014 to June 2024

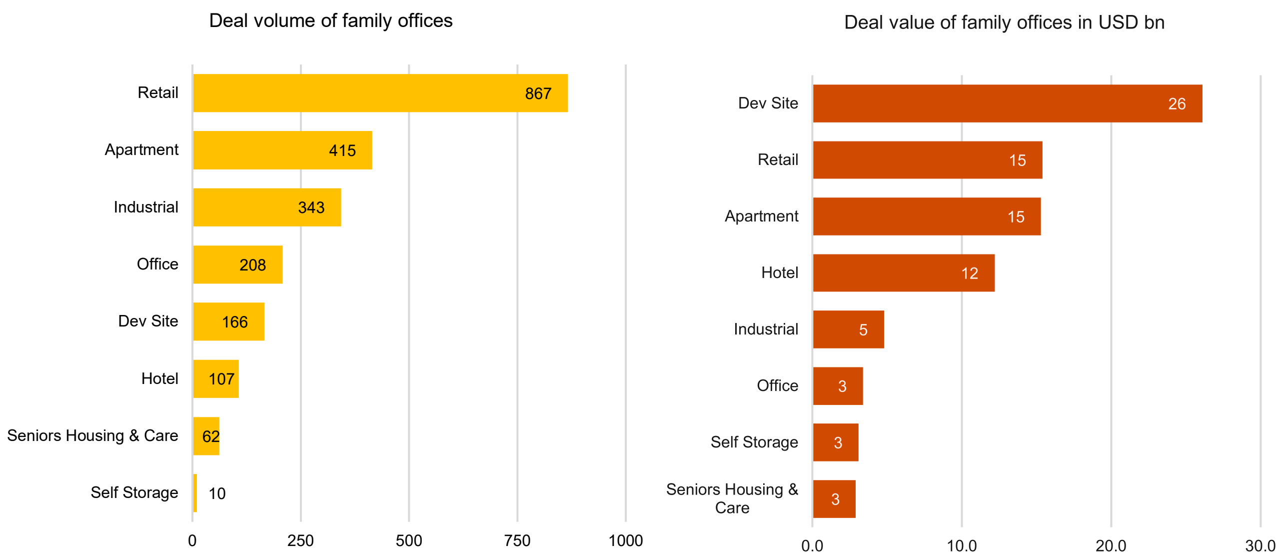


Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

Development sites are family offices’ most frequent type of property investment

In the period from July 2023 to June 2024, the property types in which family offices invested the most money and transacted most frequently worldwide were development sites, retail property and flats. However, while retail property led the way on deal volume, development sites topped the ranking on deal value.

Breakdown by property type of global family office Real estate investments by volume and value, July 2023 to June 2024

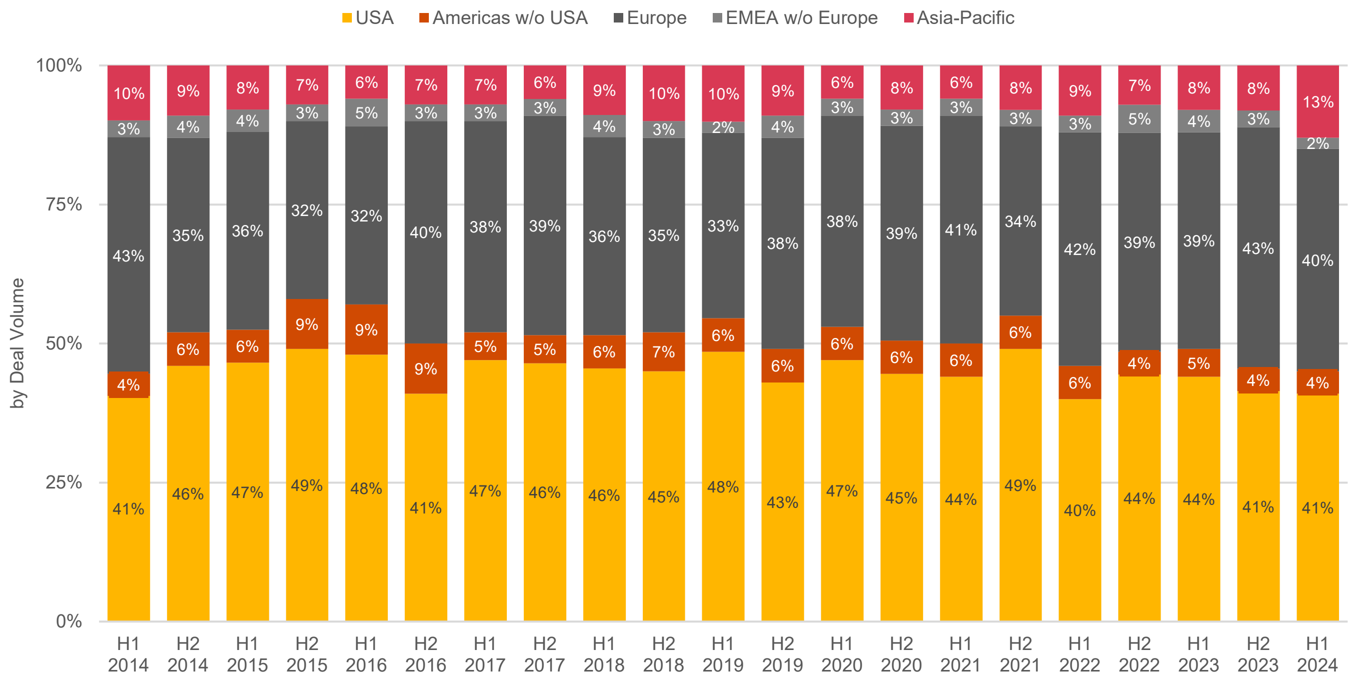


Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

The US has regained its position ahead of Europe as the leading target region for real estate deals, as investments in Asia Pacific pick up…

Real estate investments into the United States target market by family offices have declined significantly since the end of 2021, falling from 49% to just 41% in the first half of 2024. Nevertheless, the US has regained top ranking among regions worldwide for family office real estate investments thanks to a decline in Europe's share, which has slipped by 3 percentage points since late 2023 to 40%. The only global region seeing significant growth in its share of family offices' property investments in 2024 is Asia Pacific, up by 5 percentage points to 13%.

Global family office real estate investments broken down by region, January 2014 to June 2024

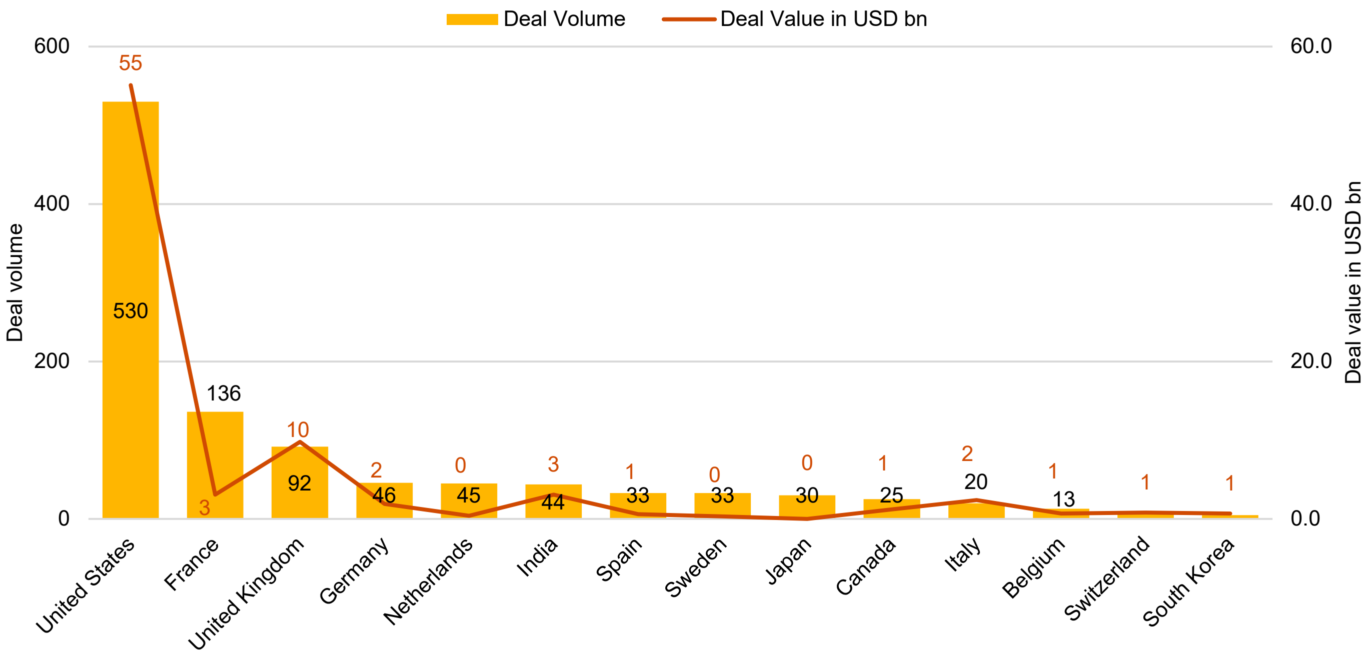


Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

…and the US remains the most attractive country for real estate investments by a wide margin

In terms of deal volume, the US was by far the leading country for investments by family offices in property over the year to June 2024, followed by France, the UK, Germany and the Netherlands. The US also leads on deal value, with the other countries where family offices invest the highest amounts of capital in real estate being the UK, India, France and Italy.

Global family office real estate investments broken down by country, July 2023 to June 2024

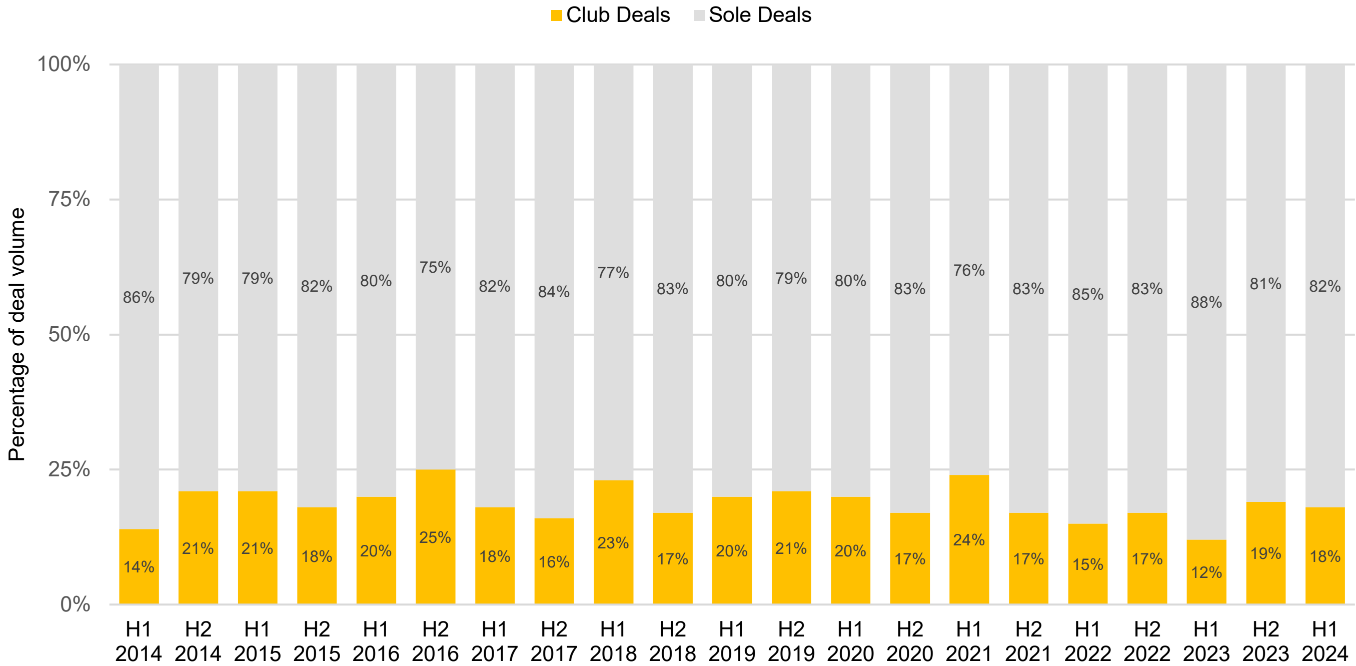


Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

Family offices prefer to invest in property alone rather than through “club deals”

"Club deals" by family offices in connection with real estate investments have consistently accounted for a relatively small proportion of their overall property transactions. “Club deals” recorded their highest share in late 2016 at 25%, and their lowest in early 2023 at 12%. In the first half of 2024, “club deals’ accounted for 18% of real estate investments by family offices, very close to the decade-long average of 19%. What’s clear is that family offices prefer to invest in property on their own rather than through co-investments with others.

Global family office real estate investments broken down between “sole deals” versus “club deals”, January 2014 to June 2024



Sources: Pitchbook, Real Capital Analytics and S&P Capital IQ

“Private markets capital, including from family offices, continues to grow in importance around the world as these investors look to invest capital in sectors that are experiencing strong current growth and have enduring characteristics. This investment approach underlines the importance of themes related to the longevity economy, sports, experiential real estate, and physical assets tied to the energy transition.”

Tim Bodner, Partner, Global & US Real Estate Deals Leader, PwC USA

“Many market participants see light at the end of the tunnel for the property markets. Nevertheless, we will still be undergoing complex transformation processes in the coming years. Private capital from family offices is taking a long-term approach and exploiting market opportunities across a wide perimeter in the built environment, ranging from residential and commercial real estate to PropTech ventures to infrastructure.”

Thomas Veith, Partner, Global Real Estate Leader and Real Assets Leader Germany, PwC Germany

“For family offices, the latest developments in real estate investment highlight the importance of combining strategic diversification with deep market knowledge. In the face of increasing economic uncertainties and changing market conditions, careful risk assessment remains essential to creating sustainable value and ensuring long-term returns. At AM ALPHA, we focus on medium-sized opportunity-driven real estate investments, preferring independent investments over "club deals". This reflects a strategic commitment to targeted locations, asset classes and controlled risk, ensuring we continue to return real value to our stakeholders.”

Philipp Graf von La Rosée, Managing Director, AM ALPHA (Germany)

“Family offices traditionally value resilient types of property use that generate predictable long-term cash flows. Food retailers and specialist stores fulfil this requirement profile very well – as they have demonstrated, not least during the coronavirus pandemic. The generally smaller ticket sizes, which enable a high degree of diversification even with a manageable capital investment, are also a plus for these investors. Family offices will remain important players in the investment market for retail parks in the future.”

Christoph Buck, Head Asset Management RWP, Redevco Institutional GmbH (Germany)

Conclusion:

The main takeaways from this year’s analysis

Our research this year confirms that family offices are continuing to evolve their structures, processes, skills and investment behaviours to reflect developments in different asset classes and their own growing maturity as organisations. As in previous years, this evolution – and family offices’ increasing sophistication as investors and stewards of family wealth – is evident both at a macro level across asset classes, and also in their strategies for each individual asset class.

Against this changing background, we think the following takeaways emerge most clearly this year:

- **Family offices are becoming increasingly professional.** This development is most evident in the fact that more and more family offices are building on their success as investors over time, by navigating an evolutionary journey from single family offices to family investment funds. There’s also an interesting contrast with private equity firms, whose balance of investments and exits is significantly higher than for family offices – reflecting the fact that family offices are under less pressure to reinvest the proceeds from exits and are able to take more time in assessing future investment opportunities.
- **The shift in family offices’ investment focus aways from property and funds and towards direct investments in companies (start-ups and M&A) remains in place,** even though there is currently no further growth in their number of start-up investments, and their volume of M&A deals in early 2024 has been below its level a year earlier. While the share of real estate deals in their overall deal flow has recovered significantly in the past two years, the reality is that start-up investments are currently the most interesting asset class for family offices, followed by property and funds.
- **Sustainable investments are playing an increasingly important role** in family offices’ deal flows, particularly in areas such as education, renewable energy and microfinance. This is part of a clear shift across the global family office community away from "traditional investments" and towards "impact investments". With climate change materially impacting assets values, supply chains and the costs of goods of services, and environmental regulations continuing to evolve, the influence of sustainability factors on investment decisions will only increase going forward.

- **The "NextGen effect" is here – and growing.** Members of the next generation of family business owners are increasingly interested in a job in a family office – often more so than in a traditional family business. This rising generation is also more aware and better-informed about new technologies, which helps to explain the increase in investments in start-ups. They also tend to like to invest together with others – possibly with contacts from their university days – which helps explains the increase in "club deals". And they don't want to invest with too much risk, which helps to explain the high proportion of smaller deal sizes. This generation also sees itself as committed to a sustainable future, which helps to explain the rising interest in impact investing.

Like the global investment markets and the asset classes within them, family offices are constantly changing and progressing. In stark contrast to their traditional image, they're increasingly agile, innovative and forward-thinking investors and protectors of family wealth, actively seeking out new opportunities and strategies, and playing an ever more important role in a widening range of markets and asset classes. What's more, their evolution and professionalisation have further to run. In a changing world, family offices are a group of investors with their eyes firmly fixed on the future.

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