

# **The Family Office Insights Series – Global Edition**

The Top 10 Family Office Trends: Executive Summary

2024





## Foreword

Welcome to the executive summary of the inaugural edition of Deloitte Private's **Family Office Insights Series – Global Edition**.

The report highlights family offices' priorities and activities related to this year's key trends in the areas of investing, risk management, hiring, sustainability, succession planning, digital transformation, and more.

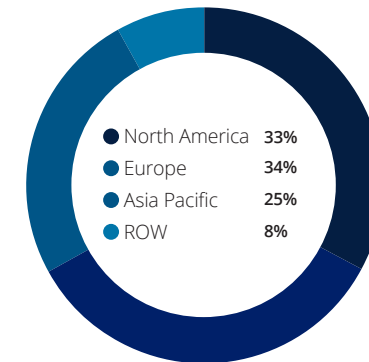
Overall, Deloitte Private found that family offices share a largely optimistic view of growth in spite of recessionary and geopolitical concerns. A majority are seeking new investment opportunities and looking to diversify their portfolios across asset classes and regions—and, for many, with a growing focus on sustainable investing.

Their positive growth outlook is also spurring them to continue to expand and professionalize their offices by hiring outside talent, increasing their reliance on third-party service providers, modernizing their operational technology, and stepping up their cybersecurity efforts. At the same time, an impending generational shift in family leadership is underway, causing family offices to prioritize succession planning and next-generation mentoring/training.

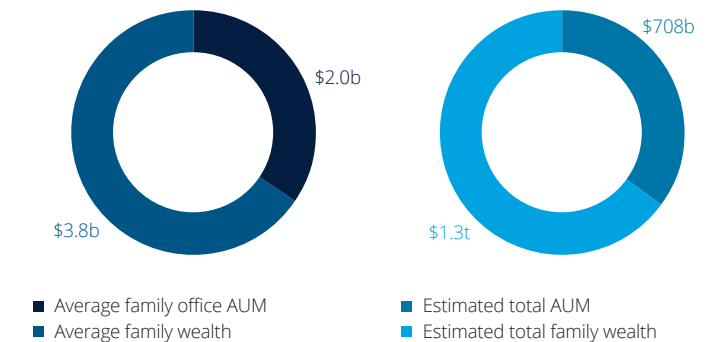
To understand these emerging trends, 354 single family offices were surveyed from around the world between September and December 2023. These offices oversee an average assets under management (AUM) of US\$2.0 billion, while the associated families have an average wealth of US\$3.8 billion. Collectively, this totals an estimated US\$708 billion in AUM and US\$1.3 trillion in family wealth. Deloitte Private also conducted in-depth interviews with 40 senior family office executives for firsthand perspectives on findings and trends.

This summary document provides a snapshot of the results and analysis behind these findings. For a deeper dive into the results, trends, and perspectives, please explore the full, interactive report.

### *Participating family office regional headquarters locations*



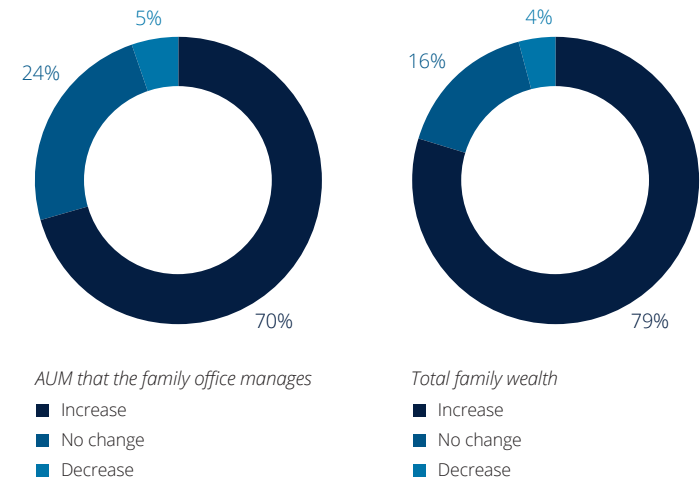
### *Respondents' family office AUM and family wealth*



# 1 Growth projected despite uncertain times

Despite economic and geopolitical uncertainty, family offices remain optimistic about their ability to navigate rocky terrain, as 70% expect to see their AUM rise in 2024, while 79% expect the family's total wealth to increase. Balancing risk and opportunity, family offices plan to maintain a long-term investment outlook, but remain nimble by diversifying their portfolios and capitalizing on opportunistic deals.

Expected changes in wealth and family office AUM in 2024



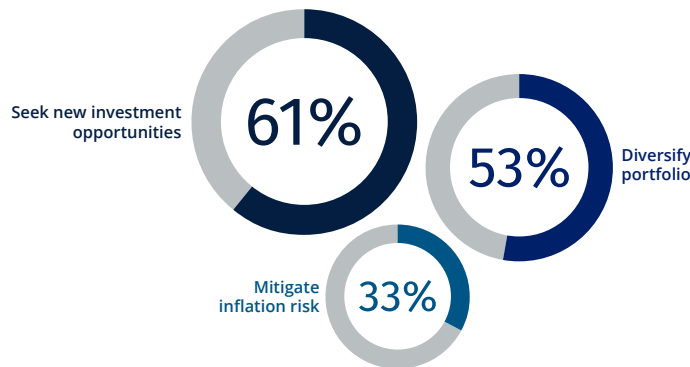
# 2 Eyes on risk management

Family offices rank recession fears, geopolitics, and inflation as this year's top three market risks. In tandem, managing investment risk is the top strategic priority for family offices this year, with 61% seeking new investment opportunities, 53% looking to diversify their portfolios, and 33% employing inflation mitigation tactics.

The top three perceived market risks in 2024



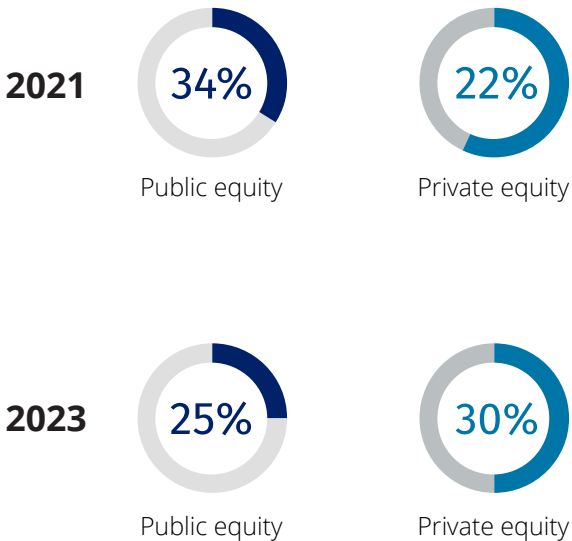
Family offices' top three investment priorities for 2024



# 3 Private equity climbs to the top

Private equity has surpassed public equity as the number one asset class family offices invest in. In 2023, private equity accounted for 30% of the average family office portfolio, up from 22% in 2021, while public equities accounted for 25%, down from 34% in 2021. This year, nearly 30% of family offices plan to invest more into private equity.

Family office investments in public and private equities

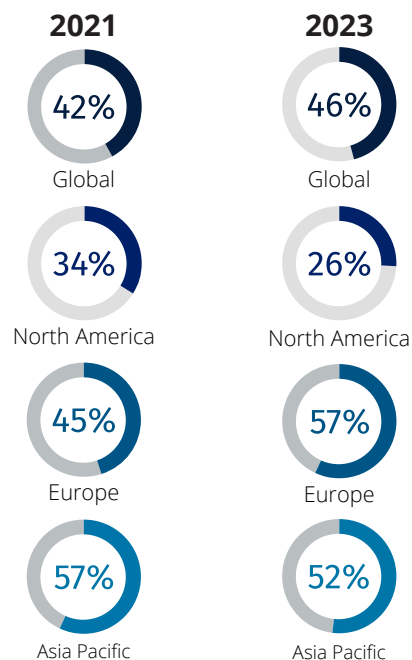


Source: The 2021 figures are from Deloitte/Campden Wealth, European Family Office Report, 2021.

## 4 Europe's focus on sustainable investing heats up, while North America's cools

46% of family offices currently invest sustainably. Adoption in Europe has risen from 45% in 2021 to 57% today, while it has dropped in North America from 34% to 26%. Despite this decline, sustainability's average portfolio share is expected to rise from 17% to 29% globally over the next five years—a significant 71% increase.

*Proportion of family offices engaged in sustainable investing*

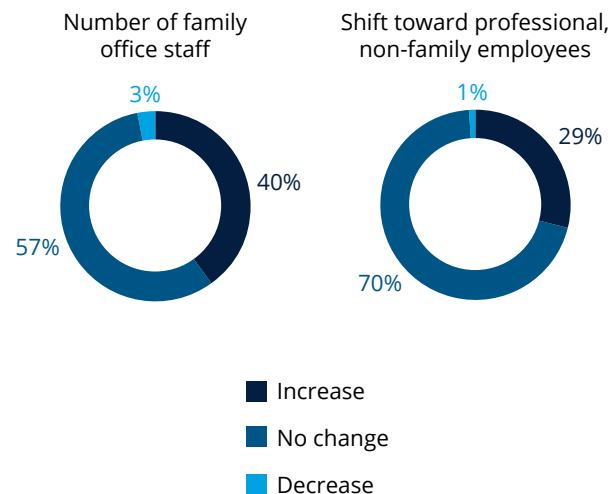


Source: The 2021 figures are from *The European Family Office Report, 2021*, Deloitte/Campden Wealth.

## 5 Family offices are hiring and looking to further professionalize

Four in 10 family offices are looking to hire additional staff this year, with 29% opting toward professional (non-family) talent, a sign of rising professionalization. Just 35% of family office heads are currently non-family professionals; however, this figure is expected to jump to 49% post succession. The top sectors family offices are recruiting from are financial services (with 64% making it a core target for finding talent), accounting firms (44%), and consulting firms (25%).

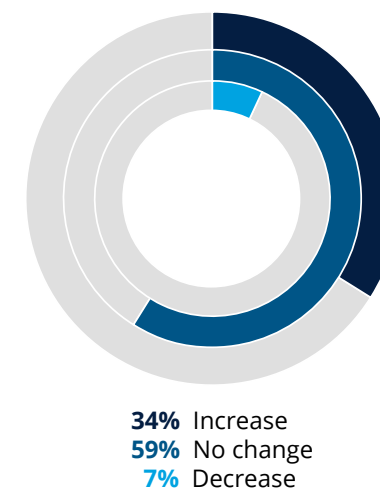
*Planned changes in family office hiring in 2024*



## 6 Outsourcing to scale up

With the average family office managing US\$2 billion in AUM while employing merely 15 members of staff, more than one-third (34%) of family offices are looking to rely more on third-party service providers this year to scale up their initiatives and gain added expertise.

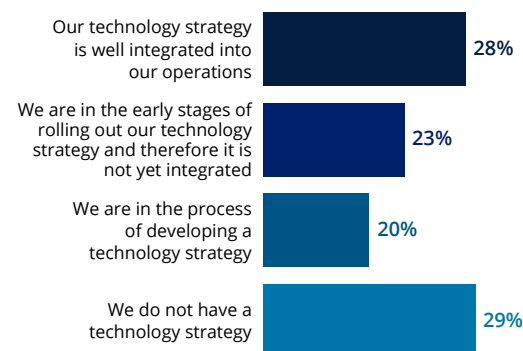
*Planned changes in family office outsourcing in 2024: Reliance on outsourcing services to third parties*



## 7 Jumping on the tech train

Nearly half (43%) of family offices are developing or rolling out a technology strategy this year. This comes as nearly one in five (17%) identify inadequate investment in technology as a core family office risk, while nearly three-quarters admit they are either underinvested (34%) or only moderately invested (38%) in the operational technology needed to run a modern business.

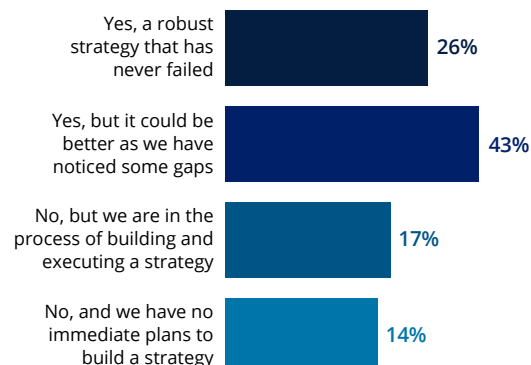
### *Family offices' strategy for integrating emerging technology into their operations*



## 8 Tackling cyberthreats

A notable 43% of family offices have experienced a cyberattack over the last 12-24 months, with 25% experiencing three or more attacks. However, nearly one-third (31%) of offices do not have a cybersecurity strategy in place, and 43% say they have a strategy but it could be better. With more than one in five family offices (22%) heralding cyberattacks as a core risk this year, now is the time for pre-emptive action.

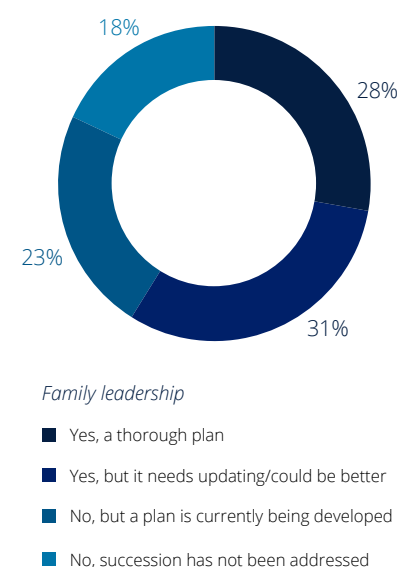
### *Whether the family office has a cybersecurity strategy in place*



## 9 Charting a path to succession

With four in 10 families (41%) undergoing generational succession within the next 10 years, succession planning has become a key priority for 2024—particularly as 41% of families are currently without a plan.

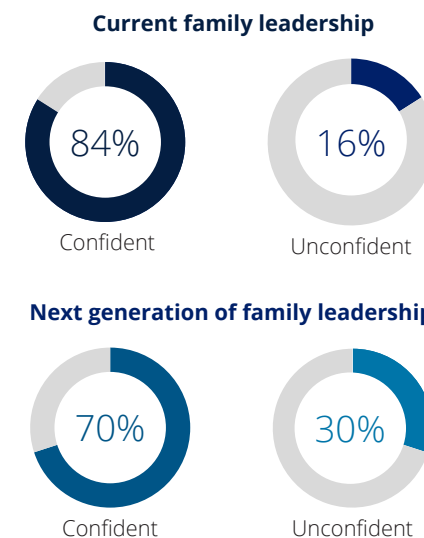
### *Whether the family leadership have a succession plan in place*



## 10 As confidence lacks in the next generation, focus turns to training

Nearly one-third of respondents say that the next generation is unprepared for family office succession (30%) or unqualified to take over (28%). As a result, 31% say Next Gens' core priority for 2024 is to receive mentoring/training, while 22% say it is to plan for succession.

### *Confidence in whether the current family leadership and next generation of family leadership are prepared for the succession of the family office*





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