(UBS)

Family offices poised to outgrow hedge funds

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Family offices are gaining presence in the wealth management landscape, with assets projected to overtake hedge funds by 2030. This shift signals a growing preference among wealthy families for greater control, privacy, and personalized strategies.

Family offices are on track to surpass hedge funds, with assets expected to hit $5.4 trillion by 2030, according to a recent story on CNBC. The number of single-family offices, which cater to wealthy families worth $100 million or more, is projected to rise from 8,000 to more than 10,700. This shift is reshaping the wealth management industry, as family offices offer more control, privacy, and tailored services than traditional private banks.

The rise of family offices reflects two broader economic trends: technology and globalization, both of which have increasingly led to wealth being concentrated at the top.

As wealth accumulates, so does the demand for specialized, private financial management. Ultra-high net worth (UHNW) families are increasingly moving away from traditional firms to create in-house teams that can manage their investments, estate planning, and philanthropy, with a long-term focus that aligns with their goals. North America is leading this way, with family office assets expected to grow by 258% between 2019 and 2030.

Family offices also provide a more strategic alternative to the product-driven approach of private banks, offering greater flexibility and control. This is particularly appealing to families seeking to preserve and grow their wealth across generations.

For more, read and subscribe to the UBS Family Office Quarterly, a Family Office Solutions publication.

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