

Multi-Family Offices Hit \$170B In Assets

By Thomas Coyle

The burgeoning multi-family office industry grew to \$169.5 billion in assets under advisory last year. That's according to a new study, which attempts to define and measure the elusive multi-family office business for the first time.

Bloomberg Wealth Manager magazine has taken a stab at measuring the U.S. multi-family office universe. The September 2004 edition lists 64 multi-family offices, winnowed down from twice that many firms surveyed by [Family Office Management](#). (See table at end of article for multi-family offices with more than \$1 billion in assets.) The firms listed made the cut by offering a set of core services, having a minimum average multigenerational client relationship size of \$4 million, and deriving at least 25% of firm revenue from multigenerational client relationships.

In 2003, assets under advisory at the 64 multi-family offices grew 17% over the previous year to \$169.5 billion. That accounts for about 10% of ultra high-net-worth assets in the U.S., according to **Thomas Livergood**, CEO of Family Office Management, a consultancy for wealthy families based in Oak Brook, Ill. Another 60% are under advisory at "traditional providers – the [JPMorgans](#), the [Northerns](#), the [U.S. Trusts](#)," he says. The remaining 30% or so, he adds, are in the hands of "do-it-yourselfers," the roughly 3,000-strong single-family office market.

In terms of structure, 77% of the 64 firms selected by Bloomberg are registered investment advisors. About 20% of them are banks or trust companies. Accounting firms, law firms or other closely-held companies bring up the rear, making up 3% of the total.

A quarter of the firms started out as single-family offices. Nearly 40% converted to a multi-family office structure, having begun as financial planning firms or investment advisories. About 30% were multi-family offices from inception. The same percentage of the firms are owned by one or more of the families they serve.

The median age of the firms is 14 years, with a median of 10 years as full-fledged family office providers.

What – other than the metrical parameters outlined above – makes these firms multi-family offices was an especially vexing question. "We had a lot of information to get through, a lot of data to sift," says Livergood. In the end, it comes down to firms that extraordinary measures to serve their clients. That means offering services – or at least providing access to services – that reach beyond the investment consulting and tax and estate planning expected of a wealth management firm. Those additional services include to embrace consolidated reporting, trust monitoring, philanthropic consulting, bill-payment and other concierge services. It also means helping wealthy families deal with "soft" issues that touch on personal development and family-enterprise governance.

Meanwhile multi-family offices are facing problems of their own. When asked to list their top three challenges, the 64 multi-family offices made "Recruiting, developing and retaining professional staff" their first concern by a wide margin. "That surprised us," says Livergood. "We knew it was up there; we just didn't view it as the number-one challenge." After recruiting, the firms surveyed listed "managing growth" and "building awareness of the business model" as their biggest stumbling blocks.

Not every firm qualified made the list, but then few studies are going to be comprehensive in the first iteration. Livergood says some preferred not to share financial data. Others seem not to have got word of the study. [Wilmington Trust](#) is a notable absence from the list. Its \$32 billion in client assets under advisory would have made it the second-biggest multi-family office after [Bessemer Trust](#). But **Tony Guernsey**, president of Wilmington, says he had never heard of the survey.

[Harris MyCFO](#)'s second-place ranking with \$15 billion in client assets under advisory is at least as interesting as Wilmington's exclusion. MyCFO had assets under advisory of \$5.7 billion in September 2002, when [BMO Financial Group](#) bought it and made it a part of its [Harris](#) subsidiary. That's according to a BMO press release at the time of the merger. Harris MyCFO is also the only one of the 64 firms in the Bloomberg list of multi-family offices to record a 2003 percentage loss in assets under advisory with respect to 2002.

But these small anomalies do nothing to diminish the value to industry practitioners of Bloomberg's survey of the multi-family office space.

Multi-Family Offices with \$1B+ Under Advisement		
Multi-Family Office	Location	Assets Under Advisement
Bessemer Trust	New York	\$40B
Harris myCFO	Redwood City, Calif.	\$15B
Rockefeller & Co.	New York	\$11B
Calibre	Philadelphia	\$10B
Atlantic Trust	Atlanta, Ga.	\$8.7B
Mahoney Cohen Family Office Services	New York	\$8B
Oxford Financial Group	Indianapolis	\$6.8B
Lowry Hill	Minneapolis	\$5.9B
Lydian Wealth Management	Rockville, Md.	\$4.8B
Asset Management Advisors	Palm Beach Gardens, Fla.	\$3.8B
TAG Associates	New York	\$3.6B
Synovus Family Asset Management	Columbus, Ga.	\$3.5B
Silvercrest Asset Management	New York	\$3.1B
Greycourt	Pittsburgh	\$3B
Lipson Group	Cleveland	\$2.7B
Laird Norton Tyee	Seattle	\$2.5B
Vogel Consulting	Brookfield, Wis.	\$2.4B
Tanager Financial Services	Waltham, Mass.	\$2.2B
Pitcairn Financial Group	Jenkintown, Pa.	\$2B
Nixon Peabody	Rochester, NY	\$1.7B
BBR Partners	New York	\$1.6B
Clarfeld Financial Advisors	Tarrytown, NY	\$1.6B
Gresham Partners	Chicago	\$1.5B
Kanaly Trust	Houston	\$1.5B
Quintile Wealth Management	Los Angeles	\$1.4B
Signature Financial Management	Norfolk, Va.	\$1.2B
Kochis Fitz	San Francisco	\$1.1B
St. Louis Trust	St. Louis	\$1B
Wetherby Asset Management	San Francisco	\$1B
<i>Source Bloomberg Wealth Manager/Family Office Management</i>		