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More RIAs Are Trying to Serve as Family Offices for the Ultrawealthy. Is It a Gold Rush or Fool's Gold?

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It isn't hard to see why the ultrahigh-net-worth market is alluring for financial advisors: It is growing fast, and there is a lot of wealth to manage. The number of U.S. individuals with a net worth of more than \$30 million increased by 21% to 192,470 over the past year, according to the World Ultra Wealth Report 2025 from research firm Altrata. That demographic has more than \$22 trillion in assets.

Not coincidentally, multifamily offices (MFOs) seeking to serve that market with an array of specialized services are among the most sought after acquisition and investment targets.

Last month Corient, one of the largest U.S. wealth managers and a subsidiary of giant Canadian asset manager CI Financial, made headlines by buying two prominent multifamily offices based in Europe and Northeast Financial Consultants, a Connecticut-based multifamily office with \$4.5 billion in client assets. Last week, [Corient continued its MFO shopping spree](#), acquiring Bristlecone Advisors, a Bellevue, Wash.-based registered investment advisor and multifamily office that manages approximately \$2 billion.

The Pritzker Organization, the prestigious merchant bank controlled by the family behind the Hyatt hotel chain (which counts the governor of Illinois as a member), also got on the MFO bandwagon, snapping up a minority stake in Cleveland-based Wellspring Family Office in September.

It is hardly surprising that the number of RIAs calling themselves multifamily offices, or offering "family office services," now number approximately 800, an estimated 30% increase in the past 10 years, according to Schwab Advisor Services.

"It's a huge market generating a lot of interest, and RIAs see an opportunity to move upstream," says Sam Kang, head of Schwab Advisor Family Office. "For multifamily offices, these are the glory days for sure," says Joseph Reilly, CEO of Circulus Group, a family office consultancy. "Firms want to strike while the iron is hot."

The payoff can be very rewarding. Multifamily office account minimums are usually either \$20 million dollars in investible assets or \$30 million in net worth. Charging an annual fee of 0.75% to 1.0% of those assets isn't a bad payday. What's more, offering additional services for more complex needs such as estate planning, family governance, and risk management can often, though not always, command premium prices.

But is this gold rush to mine the seeming riches of the ultrahigh-net-worth (UHNW) market worthwhile or an exercise in chasing fool's gold?

"All these aspiring MFOs are going to serve the ultrahigh-net worth market?" says family office consultant Jamie McLaughlin. "You've got to be kidding me. Most don't have the resources to provide the integrated services that ultrawealthy clients, who are dramatically different from affluent or high-net-worth clients, need. They should stick to their knitting."

Space at the top? But other industry executives—and new entrants—argue that there is in fact enough room for more MFOs at the high end of the market.

"The growth continues and the demand is there," says Kang. "The market for family office services is expanding and evolving."

"We think the multifamily office concept is an underserved market," says Scott Roulston, an advisory partner at Pritzker who now sits on Wellspring's board, citing an aging population of advisors who are exiting single family offices for very wealthy families, leaving those families, in theory at least, in need of family office services.

Jonathan Bergman, the former president of TAG Associates, a multifamily office in New York City, started his own MFO, Collaborative Capital Advisors, with partner Nathan Romano, former president of Atalaya Capital Management, an alternative credit manager, last month.

"I've been in private wealth management for 27 years and know the landscape quite well," Bergman says. "The need for MFO services for ultrahigh-net-worth families is growing faster than the need for investment advisory services."

And what exactly are those family office services that extremely wealthy families want?

Specialized services. Asset and portfolio management and investment advice are now considered table stakes. According to the UHNW Institute, a nonprofit think tank, what it calls "financially successful families" need an integrated set of services from advisors that include estate planning, risk management, family governance and education, philanthropy and transition planning.

In addition, multifamily offices are expected to provide bill pay, record-keeping and high-end concierge services, tax planning, business consulting, household financial management and advice on buying real estate, private planes, yachts, and art.

The ability—or lack thereof—to actually provide such a comprehensive, and costly, suite of services is at the heart of the debate surrounding which firms are “true” multifamily offices that are able to work with very wealthy families who have complex needs.

Multifamily offices require experienced advisors and specialists, who are expensive and hard to find, to do jobs that are often time consuming and hard to replicate for very demanding clients. Family office services “are really hard to scale,” says Paul Karger, managing partner of Boston-based MFO TwinFocus, which targets clients with a minimum of \$50 million in net worth. “There’s a lot of ‘What have you done for me lately?’ You constantly have to show value.”

The phenomenon of working with clients who are used to getting their way and constantly demanding more services (quickly) for the same fee, cutting into profit margins, is known in the industry as “scope creep” or “service creep.” “There is scope creep in what we do,” Karger admits.

“Service creep is very real,” says Reilly. “The more services you offer, the more clients expect, at the same price. And firms are afraid of losing the client if they don’t comply, which, at that level of wealth, can be a very big hit.”

The vagaries of client assets rising or falling with the stock market and profit margin pressure are causing an increasing number of firms to charge set retainer fees for a specified amount of work.

Profit margins for MFOs usually range between 15% and 25%, according to McLaughlin. “They need to get off the percentage of [assets under management] treadmill with pricing discipline on negotiated flat fees for noninvestment services as a defense against scope creep.”

Having services in-house or outsourcing to a third-party is another major issue dividing the family office market.

“If you don’t have in-house expertise, you’re at a big disadvantage,” says Andrew Douglass, head of growth at ALTi Tiedemann Global, one of the most successful multifamily office RIAs with over \$77 billion in assets and offices around the world. “Areas like philanthropy, family governance, and next generation education take time to build out and are expensive. And wealthy families using consultants find out quite quickly who has service capacity and who doesn’t.”

A tricky balance. But, McLaughlin points out, a firm that has all its services in-house may struggle to be profitable. “The more services there are in-house, the better for the client—but not for the firm,” he says.

Consequently, new technology, especially artificial intelligence, has become increasingly critical for firms both entering and wishing to stay competitive in the MFO market.

Sophisticated software and technology have enabled a start-up like Collaborative Capital to streamline operations and offer family office services at scale, according to Bergman. Established firms like TwinFocus are scrambling to keep up in an industrywide “AI arms race,” says Karger. “What you have today may be totally different than what you need tomorrow.”

Productivity boosts from digital technology notwithstanding, cracking a UHNW market that is dominated by much larger, more established and better capitalized competitors can be daunting.

According to Schwab’s most recent report on the MFO market, only about 10% of UHNW households choose an RIA that specializes in ultrawealthy clients. The MFO share of the high-end market is less than 10%, while wirehouses and private banks capture 28% and 21% of market share, respectively.

“It’s hard to compete in the UHNW market,” says ALTi Tiedemann’s Douglass. “Becoming the trusted advisor to a very wealthy family is hard to earn.”

Indeed, “only a handful of RIAs focus on the ultrahigh-net worth families exclusively,” Sara Naison-Tarajano, co-head of Goldman Sachs’ Family Office Initiative, noted at a media briefing last month. “Most serve a different wealth level.”

However, just as all the children in Garrison Keillor’s fictional Lake Wobegon are above average, it’s hard to find a multifamily office that will admit to not targeting ultrahigh-net-worth clients.

“Many RIAs now proffer ‘family office services’ to UHNW clients,” says McLaughlin, “but the term is too often a hollow marketing tagline.”

“It’s definitely causing confusion,” says Wellspring chief executive Michael Novak. “If everybody is a family office for wealthy clients, then what’s the definition? Clients want a one-phone-call solution. The family office story is not a growth story; it’s a service story.”

Going “down-market.” For all the worries that the surge of RIAs becoming multifamily offices will dilute the market, industry observers say that a new service level catering to a high-net worth “down-market” (with assets of \$5 million to \$20 million!) is inevitable.

The rapidly growing number of multifamily offices “can’t all be going for the UHNW market,” according to Richard Wolkowitz, founder of family office advisory firm Xylogenes. “Some will

have to go down-market as different levels of service emerge, and we'll see the democratization of family office services."

There's plenty of room for 'family office service lite,' Reilly agrees. "Not all wealthy families need all services. You can do quite well offering niche services like wellness and impact investing."

"Firms are going to figure out how to go downstream," Novak adds. "High-net-worth clients have a lot of needs traditional RIAs aren't addressing."

MFOs targeting that market are addressing those needs by working with third-party vendors who provide family office services a la carte, says John Carey, CEO of technology provider Aquilance.

"The secret is out, and sub-UHNW families do want family office services," Carey says. "Over the last two years, we have onboarded a significant increase in firms working with clients with less than \$20 million in net worth."

And only in wealth management, of course, could a market of clients with \$19 million in assets be considered "downstream."

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