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# PwC Family Office Deals Study 2022: Startup Investments in Europe

Startup investments by family offices in Europe  
from January 2012 to December 2021



*Family  
Capital*

# Foreword



In PwC's [first Family Office Deals Report](#), in collaboration with Family Capital, we revealed that 2021 saw both the volume and value of family office real estate and direct company investments reach record levels. However, this analysis left a further major area of deal activity yet to be investigated: family offices' investments in startups.

In this second report we fill that gap, answering questions like: What are the trends over the past decade in family offices' startup investments? What's the picture today? Which geographies, sectors and size of investments in startups are family offices targeting? Are they doing so as sole investors or jointly via "club deals"? And what are the prospects for startup investments going forward, as the reverberations from developments like the conflict in Europe and rising inflation and interest rates feed through?

Our research in collaboration with Family Capital has enabled us to answer these questions and more, bringing an unprecedented level of transparency and insight to this key aspect of family offices' investment strategies.

**Peter English, Global Family Business and EMEA Entrepreneurial and Private Business Leader, Partner, PwC Germany**



'For family offices, investments in startups are at the riskier end of the deal spectrum. But their relatively high risk is offset by the massive potential upside from investing in a successful startup, especially one that achieves global scale. This upside means startups are an asset class that family offices can no longer afford to ignore in their investment and deal strategies.

Our new research showcased in this report confirms that, far from ignoring the deal opportunity offered by startups, family offices are seizing it enthusiastically. Having risen steadily through the past decade, family offices' investments in startups reached record levels in 2021 in both volume and value, with median deal size continuing to grow.

The headwinds from recent geopolitical and economic events suggest this rising trend may now pause for breath. But whatever the short-term prospects, there's no question that startups are now – and will remain – on family offices' investment radars as they seek out value-creating deals.'

**Johannes Rettig, EMEA Entrepreneurial and Private Business Business Development Leader, Director, PwC Germany**



'The nexus between family offices and the venture sector has grown rapidly in the last five years. Increasingly startups and growth capital businesses view family offices as a viable investment source; indeed, just as important as institutional funding. Our study with PwC underlines the role family offices play in Europe and how they've become a crucial funding source for startups across the continent and are likely to play an even bigger role in the future.'

**David Bain, Founder and Editor of Family Capital Publishing**





## About

## this report

As family offices develop their strategies to protect and grow family wealth and assets, they're becoming increasingly active players in deals across Europe and worldwide. It's a trend that brings major implications for family businesses and their owners – and for the role, remit and purpose of family offices themselves, as they pursue an ever wider range of investment opportunities in a fast-changing and increasingly complex world.

In [the first of this series of reports](#) on family offices' investments within, inbound into and outbound from Europe, we analysed their direct investments in companies and in real estate over the past decade. Among other findings, we revealed that both the volume and value of deals backed by family offices in Europe reached a record high in 2021, and that the number of “club deals” – in which family offices team up with other investors – have risen strongly to account for one-third of all family office deals.

In this latest report, we turn the spotlight onto family offices' investments in startups. While we, again, find deal volume and value in this asset class running at record highs, we also reveal some significant divergences from the patterns seen in real estate and direct company investments – with a different group of family offices leading the way, investing in different geographies, and engaging in a far higher proportion of club deals. A further significant trend is the growing influence of “family venture arms” – often set up by younger next generation family members – in channelling family wealth into startups.

We hope you find this report interesting and informative. PwC's multi-disciplinary family office advisors have extensive experience in helping family offices and wealth holders bring their values to life. To deliver the best outcomes for these clients PwC offers a [comprehensive range of services](#) specifically tailored to family offices. We have also compiled a [Family Office Location Guide](#) to help family offices choose the optimal location globally to meet their unique needs.

## Methodology and definition of terms

PwC and Family Capital's analyses of family office deals within or originating from Europe over the past decade are based on PwC's proprietary database of 5,200 single family offices worldwide, of which almost 2,300 are based in Europe. In compiling these reports, we have researched direct investments in companies and real estate transactions undertaken by family offices between January 2012 and the end of 2021. Our analysis draws on information from a variety of third-party sources, as well as articles on major transactions published in the media or on the companies' websites.

In terms of the scope of the analysis, we have included only those transactions carried out by family offices and family ventures firms that either have their headquarters in Europe or which are domiciled outside Europe but have carried out transactions within the region. Under the term “private investment offices” we have included single family and principal investment offices, and also family offices that are part of family businesses, often termed “embedded family offices”. However, we have excluded information on typical multi-family offices.

## Investments in startups by Family Offices from, within and into Europe are at their highest ever in terms of both volume and value

The number of investments in startups by family offices headquartered in Europe or with investments into Europe has been on a steadily-rising trend for the past decade. But in 2021 the rate of increase accelerated dramatically, with the deal count surging by 48.9% from its 2020 level.

Meanwhile, the total capital value of investments in startups – which has historically been more volatile than deal volume over the decade – rose even more dramatically in 2021, leaping by 196.8% to almost US\$158.8bn.

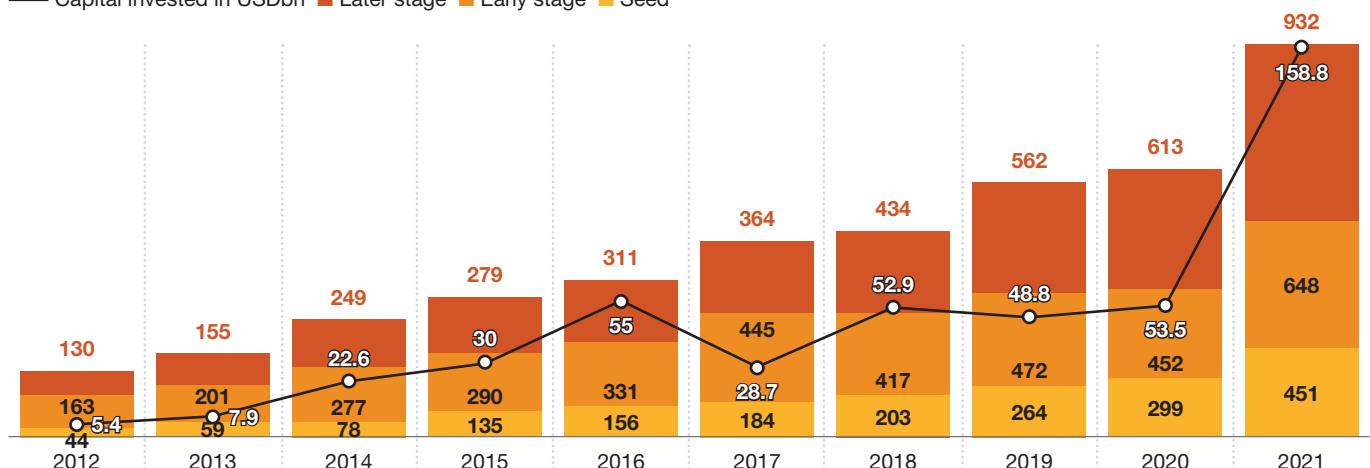
The ongoing rise in the volume and size of investments has been accompanied by a shift in the stage at which

the investments are made. While family offices were predominantly investing in startups at the early stage until 2016, this began to change markedly in 2017. Since that year, they have been mainly doing deals at the later stage phase.

This shift underlines why the cheques being written by family offices to fund their investments in startups are increasing in size. It also suggests that while family offices are eager to gain exposure to the huge upside opportunities offered by startup investments, they're also mindful of the related risks, and are looking to mitigate these by investing at a later stage when startups' business models are more proven.

**Figure 1: Value and volume of investments in startups carried out by family offices from, within and into Europe, 2012-2021, broken down by stage of investment**

— Capital invested in USDbn ■ Later stage ■ Early stage ■ Seed



## Median deal size has been rising steadily over time – and surged in 2021

The upward trend in the size of family offices' startup investments is confirmed by an analysis of median deal size over time. This shows that in 2021 some 50% of startups received an investment of at least US\$23.9m. That's more than triple the US\$7.2m they received in 2012, and up by 70.7% from US\$14m in 2020.

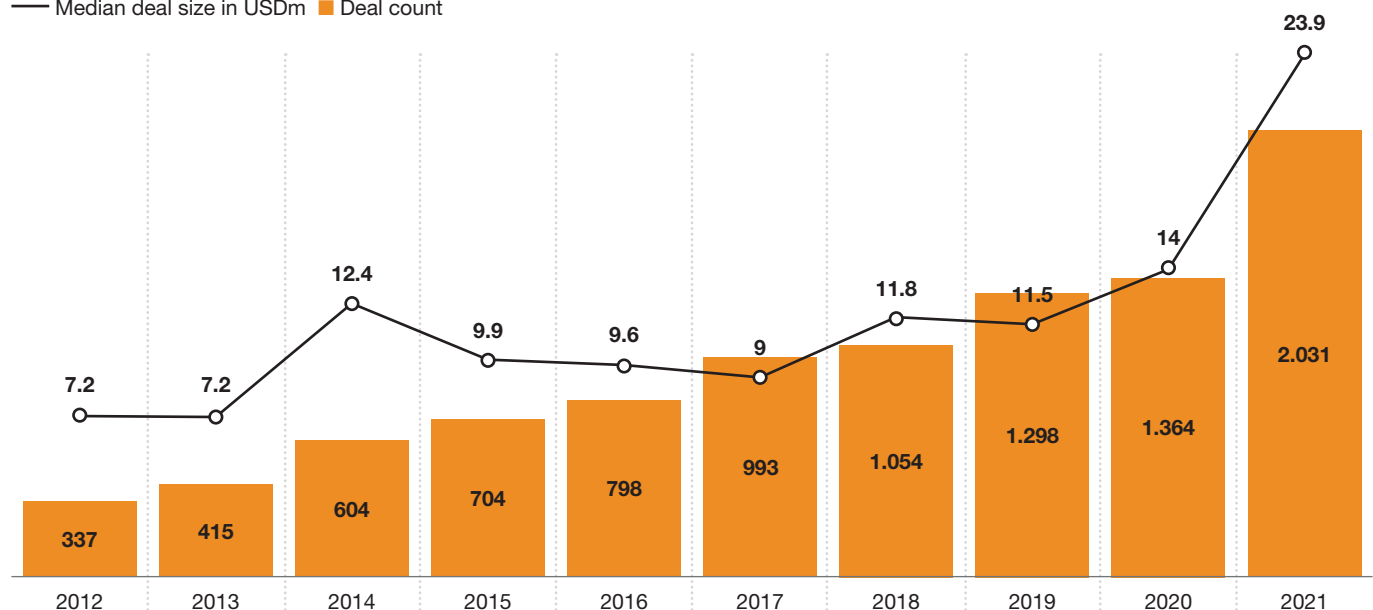
Looking back over the decade, it's interesting to note that the third highest median value, after 2020 and 2021, occurred in 2014, when the policy of cheap money began in Washington and Frankfurt. Similarly, the sharp rise in median deal size in 2021 was encouraged by a surfeit of capital and low interest rates post-pandemic. The

resulting low returns on bank deposits – coupled with high volatility in the public capital markets – helped to increase the relative attractiveness of investing in startups.

Also, more and more business-owning families are setting up startup-focused venture investment arms. In many cases these units are established and managed by younger next generation family members, some of whom have gained experience themselves working in startups before returning to the family business. The rise of venture arms is making family offices even more active investors in startups, and helping to push up deal sizes and volumes.

**Figure 2: Family offices' median startup deal size, 2012-2021**

— Median deal size in USDm ■ Deal count





## Family offices in Europe are seeking out startup investment opportunities in other regions of the world

In our analysis of European family office real estate and direct investment deals, we found that Europe was increasingly becoming the location of choice for these types of transactions. By contrast, our research into startup investments reveals precisely the opposite – with outbound investments from Europe exhibiting a steady upward trend as a proportion of all startup deals.

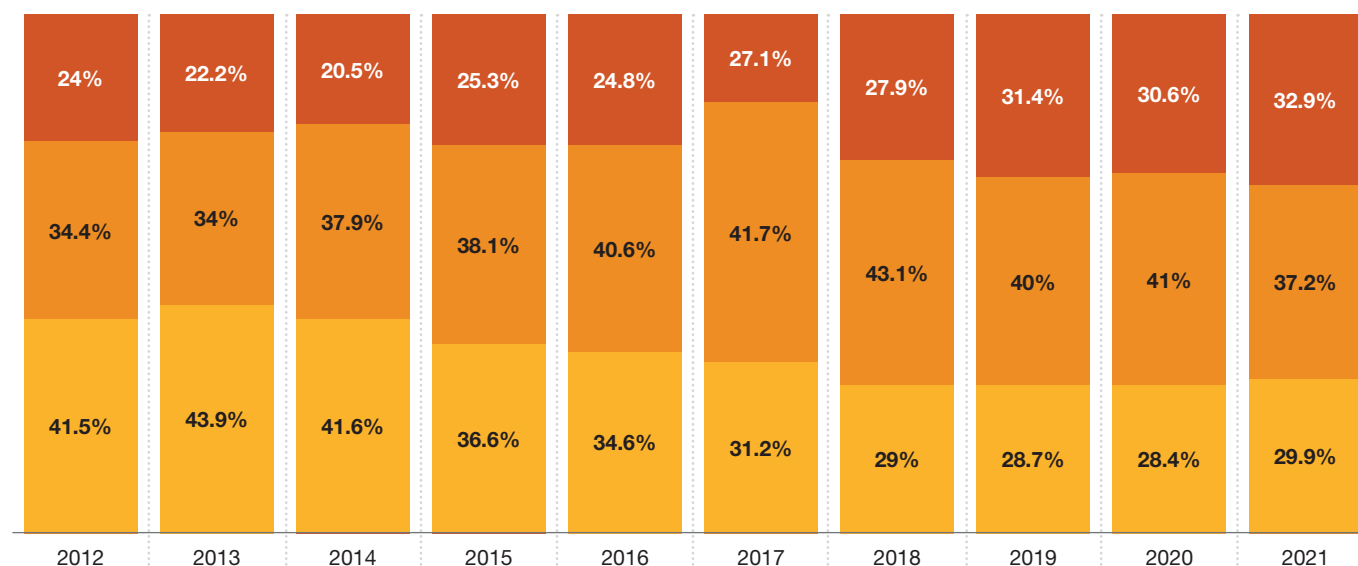
2021 saw the share of startup investments made outside of Europe by family offices headquartered in Europe rise to its highest level of the past decade, at 32.9% of all startup deals. This narrowly exceeded the previous

high of 31.4% in 2019. As recently as 2014, outbound transactions accounted for only 20.5% of startup deals by European-based family offices.

Correspondingly, the proportion of startup investments in Europe by family offices headquartered both within and outside of Europe reached its lowest level to date in 2021, totalling a combined 67.1% of all startup deals. These shifting investment patterns illustrate the rising attractiveness to international investors of startup investment opportunities available in regions outside of Europe.

**Figure 3: Proportions of investments in startups by family offices that are within Europe, inbound and outbound, 2012-2021**

■ Percentage of outbound investments ■ Percentage of startup-investments within Europe ■ Percentage of inbound investments





## The United States leads the way as the most popular market for startup investments by family offices

A breakdown of European family office startup investments by target geography shows that the United States (US) is by far the most popular market, with 549 deals during the year at an aggregate value of US\$64.9bn. The United Kingdom (UK) ranks second with 324 deals worth a total of US\$17.5bn. These findings reflect the strength, dynamism and innovative power of the startup ecosystem in the US in particular, and the attractiveness of the resulting investment opportunities.

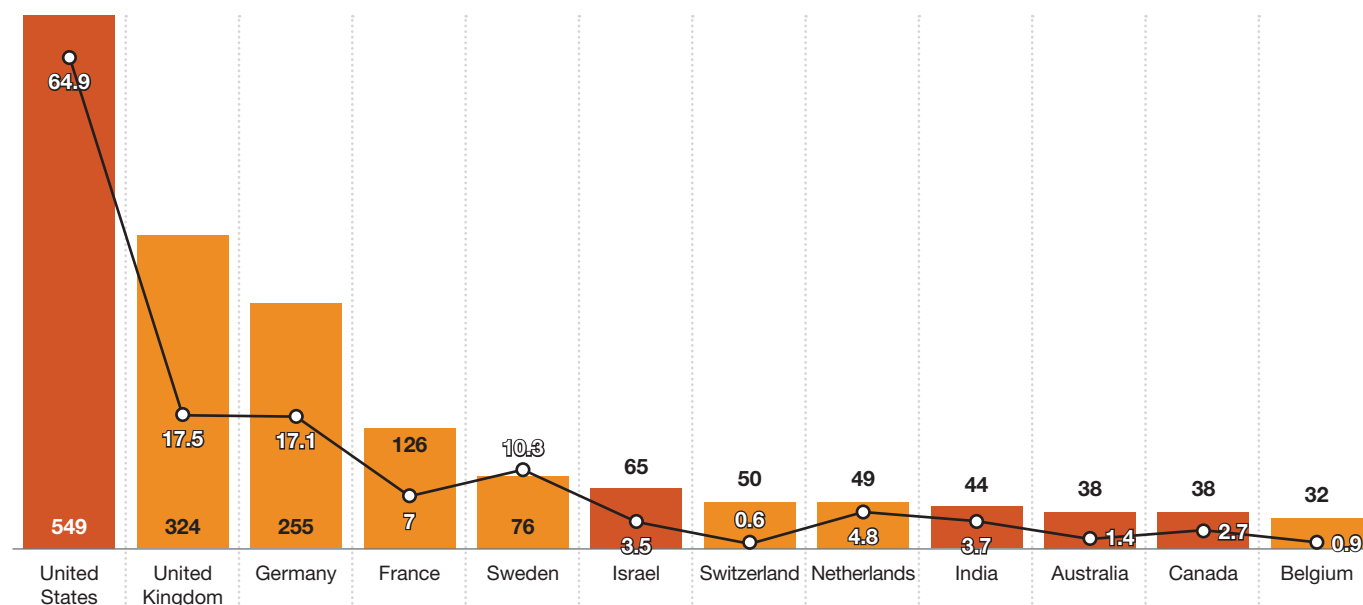
Alongside the UK, the other countries ranked in the top five startup investment markets within Europe are

Germany, France, Sweden and Switzerland. Aside from the US, the top five markets outside of Europe are made up of Israel, India, Australia and Canada.

Both within and outside of Europe, some interesting differences emerge between the rankings on volume and value. For example, Sweden has fewer startup investments than France but a significantly higher total deal value, indicating a much larger average deal size. Similarly, India has fewer deals than Israel but a slightly bigger aggregate value.

**Figure 4: Most popular target markets for investments in startups by family offices in 2021**

— Capital invested in USDm    ■ Deal count



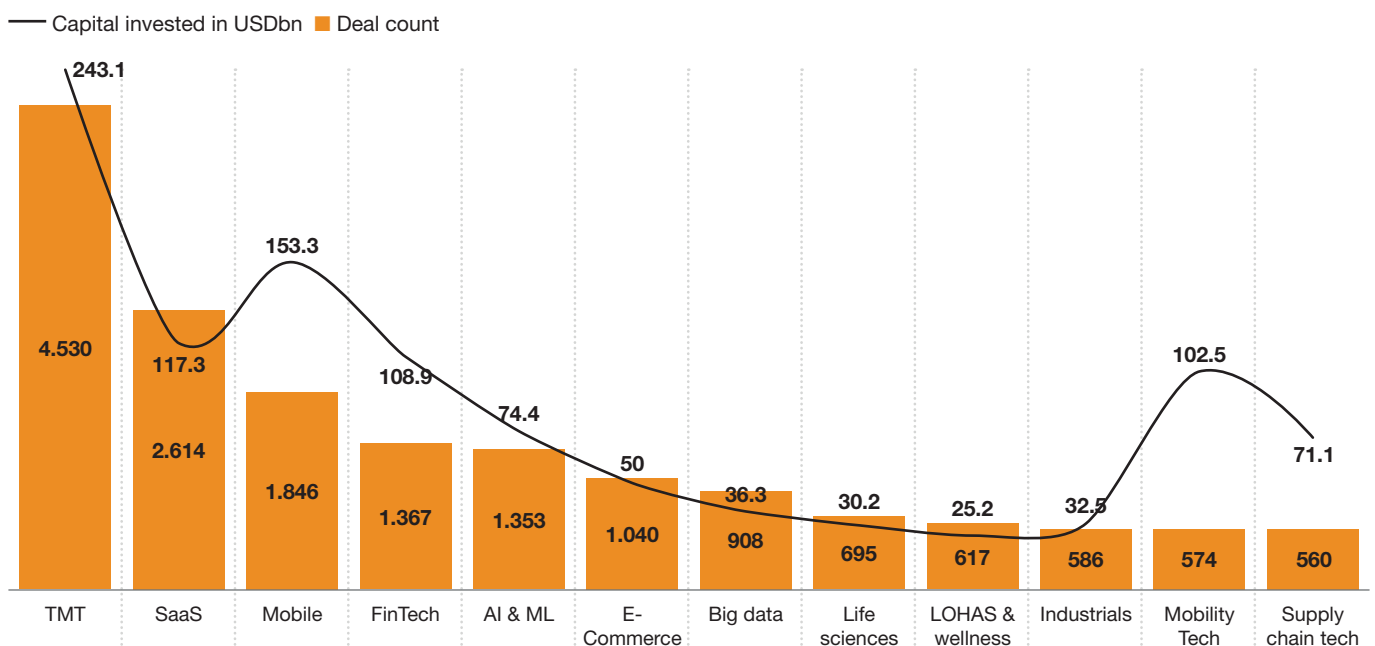
Source: PitchBook, PwC analysis

## Technology, Media & Telecommunications (TMT) is the family offices' top sector for startup investments over the past decade...

A breakdown by sector of family offices' startup investments over the past decade shows that Technology, Media and Telecommunications (TMT) is the leading sector in terms of both volume and value, with more than 4,500 investments totalling an aggregate US\$243.1bn.

In terms of deal volume, TMT is followed by Software-as-a-Service (SaaS) with 2,614 deals, with mobile third at 1,846. Looking at deal value, there are four sectors aside from TMT where startups have received more than US\$100bn in investment from family offices during the 10 years: Mobile, SaaS, FinTech and Mobility Tech.

**Figure 5: Leading sectors for family office startup investments, 2012-2021**



TMT = Technology, media and telecom; SaaS = Software as a service; AI & ML = Artificial intelligence & machine learning; LOHAS = Lifestyles of health and sustainability

Source: PitchBook, Real Capital Analytics, PwC analysis



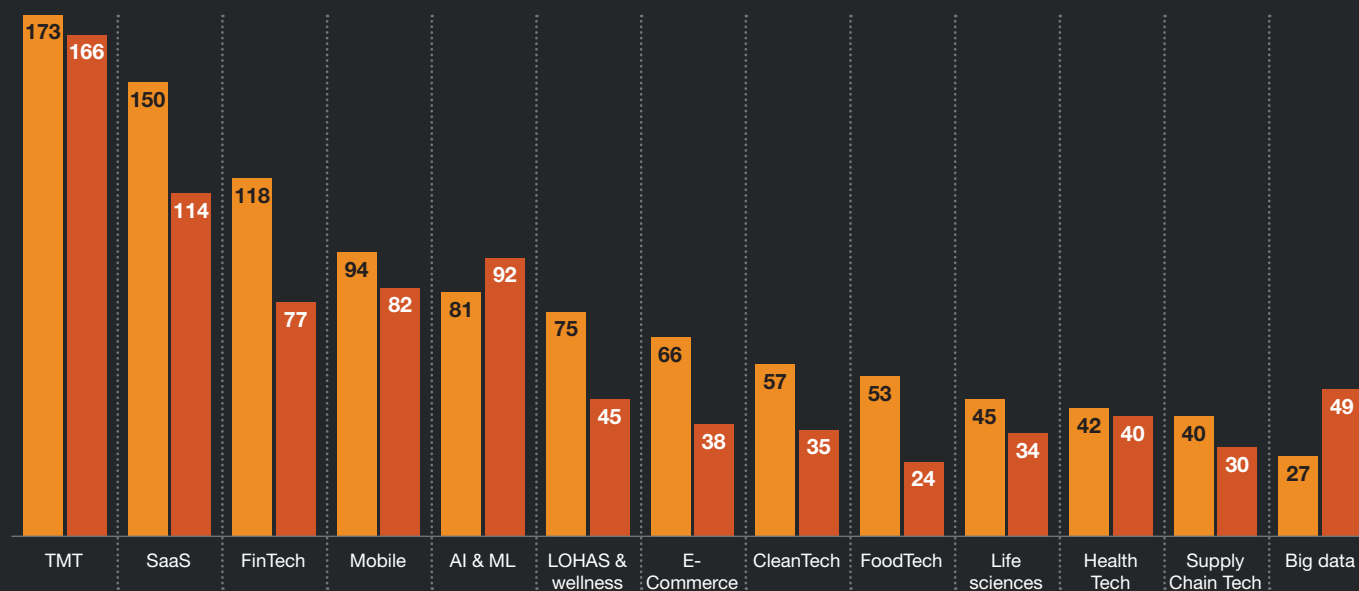
## ...but the pandemic effect sees other sectors narrow the gap on deal volume in 2021

Zeroing in on the sector focus of startup investments in 2021 compared to 2020, it's interesting to note that while TMT retained its lead as the top sector for startup investments in terms of both volume and value, some other sectors saw much stronger rises in deal count.

In many cases these increases in volume appear to be linked to the effects of the pandemic: for example, remote working and social distancing boosted sectors such as SaaS, eCommerce and FinTech, which saw big rises in deal numbers. Similarly we saw substantial increases in deals in pandemic-related sectors like Life Sciences and Lifestyles of Health and Sustainability (LOHAS) & Wellness, as well as CleanTech, bolstered by the escalating drive for decarbonisation.

**Figure 6: Leading sectors for family office startup investments in 2020 and 2021, by deal count**

■ Deal count in 2021 ■ Deal count in 2020



TMT = Technology, media and telecom; SaaS = Software as a service; AI & ML = Artificial intelligence & machine learning; LOHAS = Lifestyles of health and sustainability

Source: PitchBook, PwC analysis



As a founder or an entrepreneur, it matters who co-owns your company. Are they in alignment with your vision and can they complement the needs of your growing enterprise? Family Offices (FO) provide a fortuitous alternative for founders in addition to traditional investors such as venture capital firms. For startups and scaleups, in addition to capital, a key consideration in early years is accessing new avenues to customers or opening to the right networks. FOs have a unique advantage being established in their traditional markets and can help startups build their capability to access new opportunities. FO investors are active owners, especially, in cases where the next generation is involved. For these investors, in addition to financial returns, key considerations are strategic business benefits to the overall or specific part of family business and extension of expert and co-investor network.

**Marko Korkiakoski**

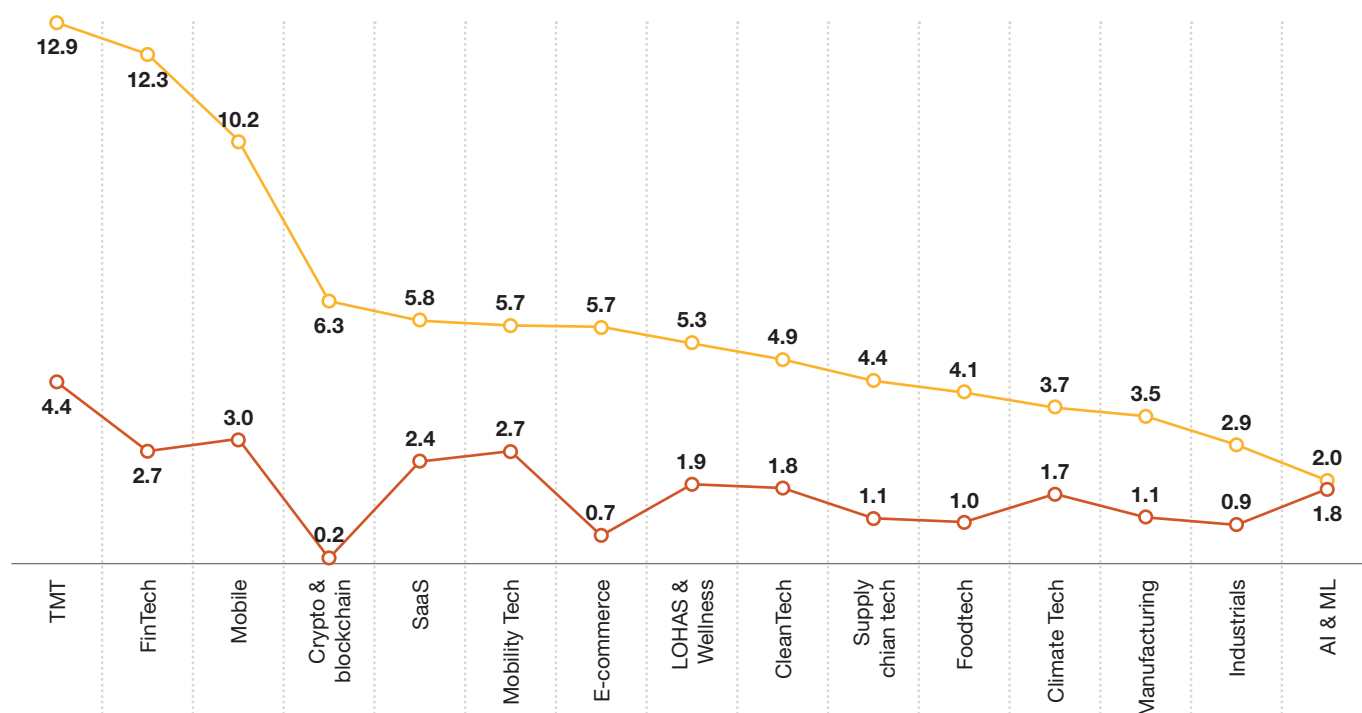
EMEA Startup/Scaleup Network Leader, Finland Private Company Services  
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However, looking at the capital invested in startups in different sectors, it's clear that leading sectors such as TMT, FinTech and Mobile pulled further away from most other sectors in 2021. This suggests the deals in those sectors became significantly larger, causing value to rise faster than volume.

Overall, family offices are diversifying their portfolios towards startups in the “newer” sectors that stand to benefit from the changes in life and work ushered in by the pandemic and efforts to tackle climate change. But they're also continuing to invest in startups in their longstanding core target sectors such as TMT, which have proven their value over time.

**Figure 7: Leading sectors for family office startup investments in 2020 and 2021, by capital invested**

— Capital invested in USDbn in 2021 — Capital invested in USDbn in 2020





## Germany-based family offices are at the forefront of startup investment over the decade...

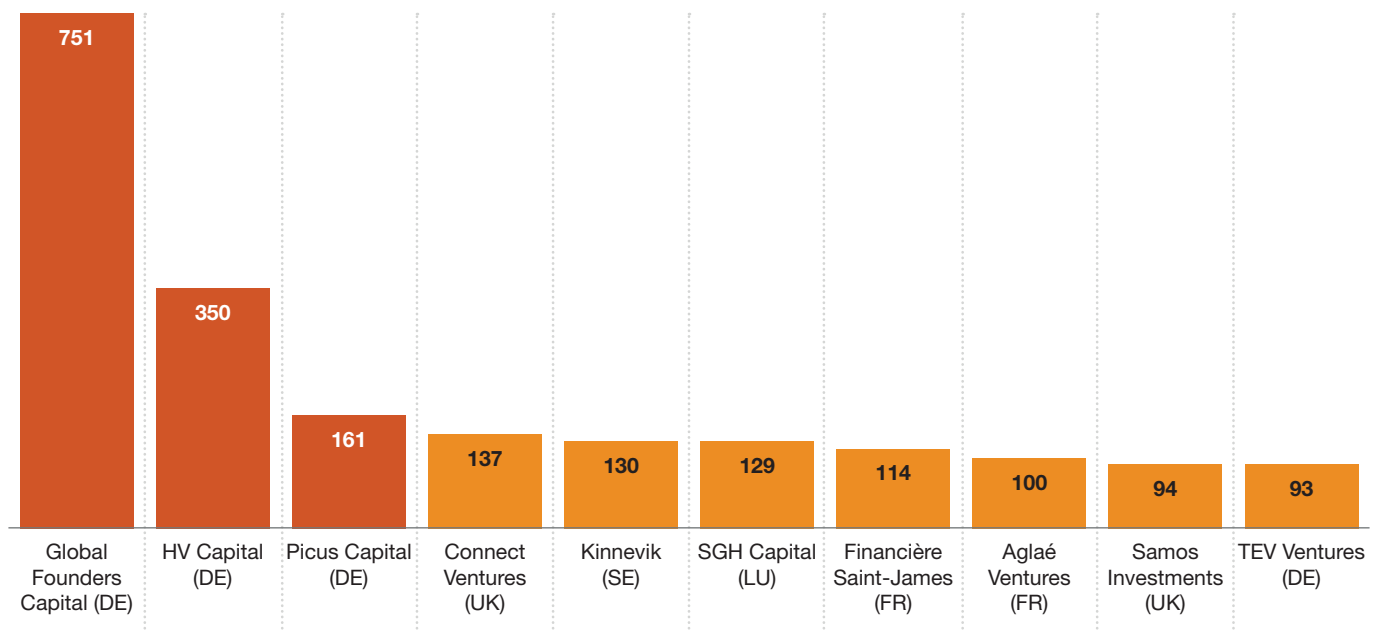
A ranking of the most active family offices for startup investments over the past decade produces a very different list from our previous report on real estate and direct investments. The United Kingdom came top of that ranking, with the highest-placed family office from Germany being Tengemann Group in ninth position.

By contrast, the top two family offices with the most investments in startups over the 10 years are both headquartered in Germany. First place goes to the Samwer brothers' Global Founders Capital with 751 investments, more than double the 350 investments

made by second-placed Holtzbrinck's HV Capital. Ranked third is Alexander Samwer's Picus Capital with 161 investments. Each of these top three family offices or venture arms has invested in more than 150 startups over the past decade.

It's also interesting to note that while no French family offices made the top 10 for real estate and direct company investments in our previous report, there are two in the top 10 for startup deals: Michael Banabou's Financière Saint-James and the Arnault family's Aglaé Ventures.

**Figure 8: Most active family offices for investments in startups, 2012-2021**



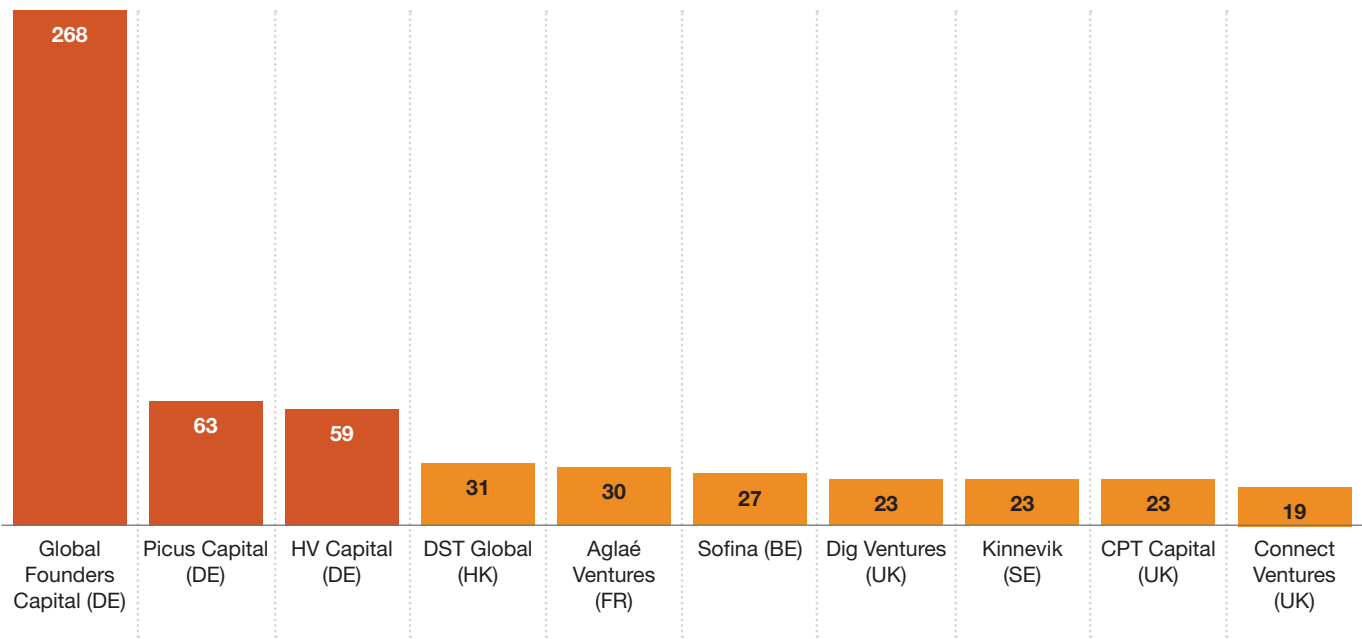
Source: Source: PitchBook, PwC analysis

...and have strengthened their lead in 2021

Focusing on investments in startups in 2021, we find that Germany-based family offices have remained in the vanguard, with the top three in terms of deal numbers all being headquartered in Germany. Samwer brothers’ Global Founders Capital continues to top the list – as it does over the decade as a whole – with 268 deals, followed by Picus Capital, the family office of Alexander Samwer, in second place with 63, and then Holtzbrinck’s HV Capital with 59.

Interestingly, the top 10 in 2021 includes one Hong Kong based family office, Yuri Milner’s DST Global, suggesting growing interest in Asia in startup investment opportunities in Europe.

Figure 9: Most active family offices for investments in startups, 2021



Source: Source: PitchBook, PwC analysis





## As the number of startup deals continues to grow, they're also getting bigger – with “mega-deals” on the rise

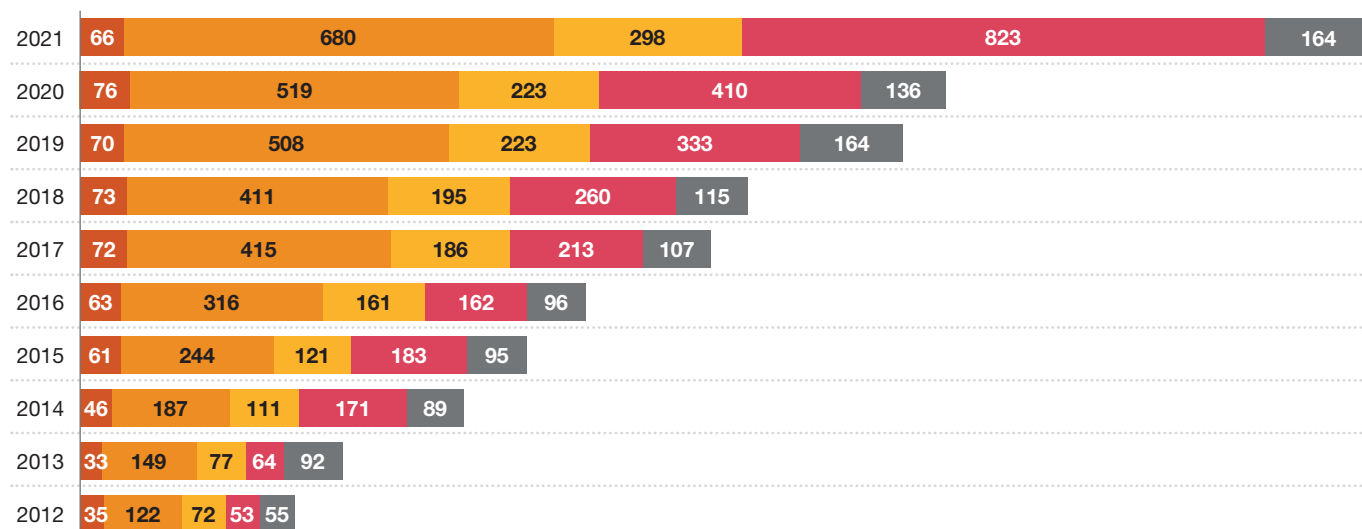
While a comparison of startup investment size over the past decade shows that family offices were already investing in US\$25m-plus “mega-deals” back in 2012, the number of such transactions has risen strongly over the years since then.

This ongoing increase in the largest deals accelerated still further in 2021. The 823 mega-deals conducted by family offices in that year represented by far the highest number of such investments over the decade, and was more than double the figure in 2020. This surge in mega-deals was also accompanied by healthy rises in medium-sized (\$1m to US\$10m) and large deals (US\$10m to US\$25m).

The largest funding round involving family office investment in 2021 was the US\$2.75bn Series E funding for Swedish battery developer and manufacturer Northvolt, which specialises in lithium-ion technology for electric vehicles. Among others, this deal was backed by Bridford Investments, Mohaupt's and Harding's family office in the United Kingdom, and 23 other investors.

**Figure 10: Breakdown of family office startup investments by deal size, 2012-2021**

■ Small (< USD 1m) ■ Medium-sized (< USD 1 to < 10m) ■ Large (USD 10 to < 25m) ■ Mega (USD 25m and above) ■ Undisclosed



Source: Refinitiv US Holdings Inc., Real Capital Analytics, PwC analysis



## Club deals are much more prevalent in startup investments – and increasingly dominate the deal flow

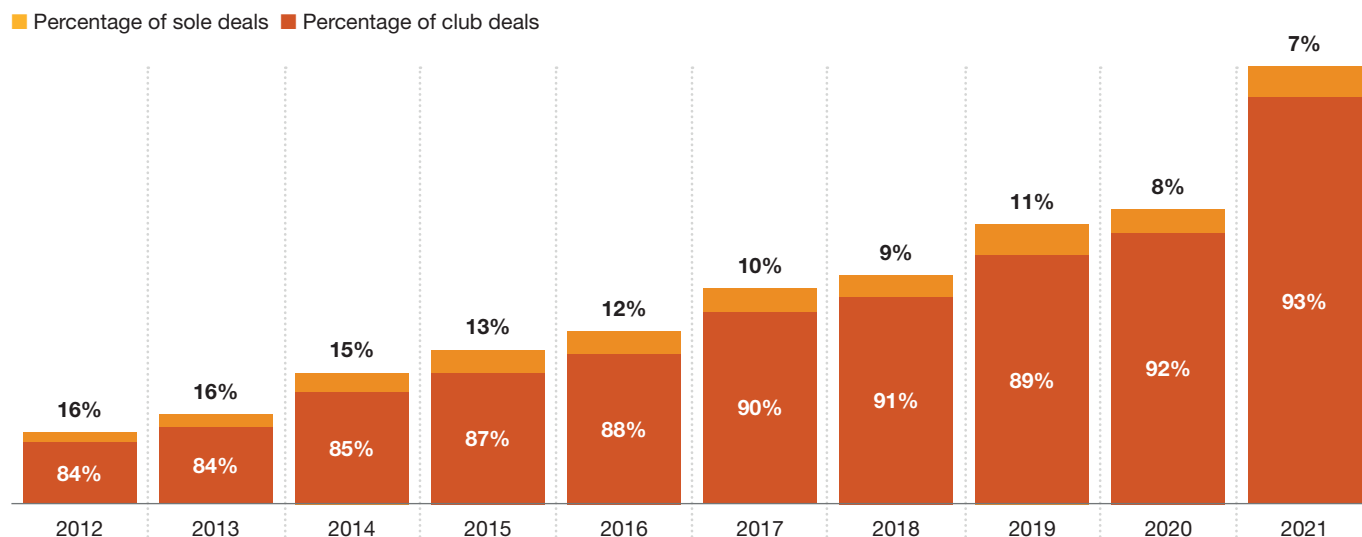
As we noted in our previous report on family offices' real estate and direct company investments, "club deals" are transactions where a family office joins forces with other investors such as private equity or peers in the family office community to provide backing. They're a useful way of sharing risks and rewards, while also helping family offices get involved in bigger deals.

Our analysis in the previous report found that club deals accounted for 33% of family office real estate and direct investments over the past decade. However, while this is a significant share, our new research shows it's far exceeded by the use of club deals for startup investments.

As far back as 2012, club deals accounted for 84% of startup investments. In 2021, we found that some 1,893 transactions – 93% of all family office startup deals – can be classified as club deals, and just 138 (7%) as "sole deals". The long-term trend is clear: looking back over the decade since 2012, while the number of sole deals has increased 2.5-fold, the number of club deals has increased more than six-fold.

The rising use of club deal structures is a further sign that family offices are eager to manage the risks that inevitably come with investing in startups. Club deals may also enable them to participate in a wider range of opportunities by carefully controlling the capital they allocate to each, thus supporting diversification of their portfolios at relatively lower risk.

**Figure 11: Proportion of family office club deals for startup investments compared to sole deals, 2012-2021**







## Outlook

This study of family offices' investments in start-ups has shown not only that the volume and value of transactions reached an all-time high in 2021, but also that the dynamics of the deals being made expanded in an unprecedented way. Never before have founders been showered with money to such an extent. It remains to be seen whether this upward trend will continue in 2022 or whether the zenith has already been passed. However, what is clear is that inflation, higher interest rates and geopolitical tensions are now tarnishing the outlook – with the result that a V-shaped recovery like the one experienced in the wake of the Coronavirus pandemic is unlikely to happen this time around. Here's a closer look at each of the most important factors at play.

**Change in central bank interest rate policy:** Due to low interest rates and a lack of alternatives, family offices have been investing significantly more capital in startups than ever before. However, this boom could now be dampened by the rise in inflation in 2021 and the resulting change in the interest rate policy of central banks. Although family offices are still sitting on large pots of money and generally investing for the long term, the shift in interest rate policy may affect their commitment to investing in startups. After the record-breaking chase for deals last year, this could trigger a calming down in the overheated market and a fall in valuations.

**Ukraine war influences IPOs:** In addition, it remains to be seen what effects the Russian attack on Ukraine and the associated stock market slump will have. In particular, the post-invasion market environment is unlikely to be conducive to IPOs as exit channels or the IPOs via special purpose acquisition vehicles (SPACs) that have been so popular recently. The severity and length of the impact on the market will depend above all on the duration of the conflict and the effects of mutual sanctions.

**Lower valuations:** Despite heavy financial losses, many startups have recently been valued at astronomical amounts. But the drivers of market activity include a conviction that some business models can only become profitable and earn high margins through economies of scale or a monopoly position. Due to the changed market environment, the whole notion of a “pre-profit” period is now being called into question, with companies being expected to show that they can operate in the black from the get-go. In the worst case scenario, a startup may be threatened with bankruptcy because no more money comes in.

**Personnel:** Startups are not immune to the shortage of skilled workers that is affecting more established companies in all sectors. Since startups need a particularly large number of new employees to achieve their growth targets, the difficulty of finding and recruiting employees with the necessary skills is actually an especially big challenge for them.

Together, all of these factors point – in our view – to a slowdown in investments in startups by family offices. Indeed, the figures for the first five months of 2022 are already indicating a decline in activity, according to PwC's proprietary database. Extrapolating these numbers to the year as a whole suggests a decline of almost 20% in the volume of transactions and as much as 30% in their overall value. However, much could still happen to alter the market dynamics once again – and we will be able to provide more concrete results in the next edition of our Family Office Deals Study.

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