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Energy in 2026: Why Family Offices Should Be Paying Attention

Family offices have traditionally gravitated toward real estate, private equity, and public markets. But the energy sector, once viewed as the exclusive domain of large institutional players and specialist funds, is increasingly offering the kind of long-duration, contracted, and inflation-resistant returns that family offices are actively seeking. In 2026, several converging trends make energy one of the more compelling places to look for investment allocations.

The case has sharpened dramatically in recent weeks. On February 28, 2026, the United States and Israel launched joint strikes on Iran, killing Supreme Leader Ali Khamenei, triggering retaliatory attacks across the Gulf, and forcing Qatar, the world's largest liquefied natural gas (LNG) exporter, to declare force majeure. As of this writing, the Strait of Hormuz is effectively closed, Brent crude has crossed $100 per barrel, and the International Energy Agency has described the resulting supply disruption as the largest in history. For family offices with energy exposure, or even considering it, these are not simply background developments. They are the defining market event of the year.

The AI and Data Center Boom Is Reshaping Energy Demand

If one theme has dominated energy dealmaking of late, it is the insatiable power appetite of data centers and artificial intelligence (AI) infrastructure—and the recent events in the Middle East have made the domestic investment case significantly more compelling. The buildout of AI computing capacity requires enormous, reliable, and often immediately available power, and that is creating a cascade of transactions up and down the energy supply chain.

The numbers tell the story. Data center electricity demand has quintupled in the past decade and grown 150% in the last five years alone. As of early 2025, 23 gigawatts of data center capacity was live in the United States, with another 48 gigawatts under construction or committed. U.S. electricity demand rose broadly in 2025 for the first time in decades, up 2% year over year, largely driven by this buildout. Despite this structural shift, the J.P. Morgan 2026 Global Family Office Report found that 79% of family offices have zero allocation to infrastructure, with average infrastructure exposure a mere 70 basis points. That gap between market need and family office positioning represents both a challenge and an opportunity.

The Iran conflict has added a new dimension to this demand story. Bank of America analysts have warned that higher energy prices could become a direct bottleneck for AI capital expenditures, with the energy price shock posing a major headwind for 2026 growth. This raises two observations that together strengthen the case for on-site power: rising grid energy costs are accelerating the urgency for data center developers to secure price-certain supply, while the broader commodity shock underscores the strategic premium now attached to on-site, contracted, or otherwise resilient power. Both dynamics point in the same direction. Projects that deliver reliable power to hyperscalers at a predictable price, insulated from the commodity volatility now roiling global markets, have become considerably more attractive.

To that end, the most compelling entry points remain on the infrastructure side: power purchase agreements, behind-the-meter generation projects, and financing arrangements tied to data center development. The grid connection bottleneck is real—interconnection queues in many regions now stretch years—and that is pushing developers toward off-grid and islanded solutions that require private capital. These projects tend to come with contracted revenue streams and long-term counterparties, features that translate well to family office investment horizons.

Natural Gas: The Geopolitical Premium Is Now Undeniable

Natural gas sits at the center of this energy demand story. As data center developers and hyperscalers race to secure reliable power at scale, natural gas-fired generation has emerged as the fuel of choice: dispatchable, abundant, and capable of coming online far faster than any other baseload energy source. The result is a direct link connecting AI infrastructure investment to upstream and midstream gas assets.

The price signals alone tell the story. Brent crude has surged more than 40% since Operation Epic Fury began; West Texas Intermediate briefly touched $113 per barrel, its best weekly gain in four decades; and Qatar, which supplies 20% of the world's LNG, declared force majeure after Iranian strikes on its Ras Laffan infrastructure. In this environment, U.S. domestic natural gas assets carry a geopolitical premium that was not priced into most models at the start of the year. Supply insulation has become a feature, not a bug. The United States is effectively the Saudi Arabia of natural gas, a net energy exporter substantially insulated from the supply shocks now devastating import-dependent economies in Asia and Europe.

That structural position creates concrete investment opportunities across the value chain. With Qatar's export capacity impaired and the Hormuz corridor shut, U.S. LNG terminals have become strategically significant in ways that go beyond economics; sovereign wealth and private equity investors from the Gulf, recalibrating their own regional exposure, will likely reorder their priorities toward U.S. terminal acquisitions and projects pending final investment decision. The same logic applies to domestic pipelines and storage assets: with Gulf OPEC barrels potentially stranded for the duration of the conflict, midstream infrastructure that moves gas to export terminals and power generation facilities has appreciated materially, and family offices with the flexibility to participate as co-investors in project-level debt, equity stakes, or capacity commitments are positioned to benefit from that capital reallocation.

Nuclear and the Long Game

If natural gas is the bridge, nuclear power is one of the destinations. The BlackRock 2025 Global Family Office Report found that approximately three-quarters of family office respondents are bullish on infrastructure, with nearly one-third planning to increase infrastructure allocations in 2025–2026, a category that increasingly includes nuclear energy projects. For family offices with genuinely long-term horizons, small modular reactors and next-generation nuclear technologies may represent compelling positions, even if the current cash flows are speculative. Such investments would not be a near-term cash flow story, but they may be the most consequential long-term energy bet of the decade.

The Iran conflict has only made this investment thesis more compelling. When the world's most critical oil and gas transit corridor is effectively closed by military force, the long-term strategic case for power generation that requires no imported fuel becomes considerably more intuitive. Small modular reactors and next-generation nuclear technologies are attracting serious attention from both governments and institutional capital for exactly this reason: they offer energy security that is genuinely insulated from geopolitical supply risk.

Renewables: Dislocation as Opportunity for Patient Capital

The current political and legislative environment for renewable energy in the United States is, by most measures, unfavorable. The result, in the short term, has been a cooling of institutional enthusiasm for the sector. For many investors, that has meant stepping back. For family offices with patient capital and a long-term investment thesis, it may mean stepping in.

The logic is straightforward. When sentiment sours on a sector, valuations compress and sellers become motivated. That dynamic is playing out in renewables today. Developers sitting on projects that are no longer viable under current incentive structures, institutional funds facing pressure to exit positions, and sponsors who built portfolios around policy assumptions that have since shifted are all potential counterparties.

The Iran conflict adds a secondary consideration to these opportunities. When oil is above $100 per barrel and global LNG flows are severely disrupted, the long-run competitiveness of renewables (solar, wind, and storage) as the lowest-cost, domestically insulated power sources improves materially. The global energy transition is not reversing; it is, at most, experiencing a policy-driven delay in the United States. If the Iran conflict becomes sustained, and many analysts believe it will not resolve quickly, it will likely accelerate the pace at which electricity demand growth and energy security concerns converge to make renewables the preferred incremental generation source. That secular trend is not currently priced into a market where near-term policy uncertainty has depressed valuations.

Private Equity Structures Are Opening New Doors

One of the more interesting structural developments in energy investing over the past year is the evolution of how private equity and infrastructure capital is deployed. Utilities, historically among the most stable and least exciting investment categories, are suddenly attractive, as the data center load growth creates enormous capital needs that utility balance sheets alone cannot meet. That has opened the door to minority stake acquisitions, preferred equity structures, and hybrid arrangements that allow infrastructure investors to participate in utility-scale growth without taking on full operational control.

The Iran conflict has accelerated this trend. Capital that was committed to Middle Eastern energy development is now being reassessed, and some portion of it will seek alternative placement in markets with lower geopolitical risk. At the same time, the premium on contracted, domestically situated energy infrastructure has increased. Pipelines, LNG terminals, gas storage facilities, and the power and transmission infrastructure tied to data center development are all commanding renewed investor interest from both domestic and international capital sources. The key observation here is that these deals are no longer limited to the largest institutional players. Deal structures have evolved in ways that make it possible for family offices to participate without taking on the complexity of being the lead investor.

Conclusion

Rather than a single concentrated bet, the energy sector offers a collection of overlapping opportunities driven by structural demand shifts, geopolitical supply shocks, policy tailwinds, and capital formation dynamics that are still evolving. For family offices willing to engage with the complexity, the entry points are more varied and accessible than they have been in years.

The conflict in the Middle East and oil prices above $100 per barrel are reminders that energy markets remain subject to disruptions that no model fully anticipates. For family offices, this is not a reason to retreat. Rather, it is a reason to engage more deliberately, to focus more carefully on domestic assets with durable cash flows and insulation from the geopolitical volatility now repricing global commodities, and to treat the current environment, for all its turbulence, as the kind of structural inflection point that tends, in retrospect, to reward those who were paying attention.

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