



MONTHLY
WEBINAR

SMOOTHER SAILING AHEAD: TRENDS IN COMPENSATION & HUMAN CAPITAL

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TODAY'S PANELISTS



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AGENDA

- ▶ **2024 Real Estate Compensation & Benefits Survey**
 - » Lucy Bertsch
- ▶ **Strategic Planning**
 - » Adam Ostler
- ▶ **Strategic Hires & Succession Planning**
 - » Ellen Klasson
- ▶ **Q&A**

2024 REAL ESTATE COMPENSATION & BENEFITS SURVEY

2024 REAL ESTATE COMPENSATION & BENEFITS SURVEY

Key Highlights from the 2024 Survey

- ▶ **35th annual survey and second year for the CEL-RCLCO partnership**
- ▶ **Data collected between March-July 2024**
- ▶ **Participants included 435 commercial real estate companies spanning the following sectors:**
 - » Office
 - » Industrial
 - » Residential – Rental
 - » Residential – For Sale
 - » Retail
 - » Investment/Fund Management

Next year's survey will launch in March 2025. More information can be found on RCLCO's website.

2024 REAL ESTATE COMPENSATION & BENEFITS SURVEY

Compensation Projections for 2024 Year-End

BASE SALARIES

Average Salary Wage Increase	Top Executives	Senior Management	Exempt Employees	Non-Exempt Employees	Company Average
Reported for 2022	4.7%	5.0%	4.9%	4.4%	5.1%
Reported for 2023	4.4%	4.7%	4.8%	4.6%	4.8%
Reported for 2024	3.9%	3.9%	4.1%	3.8%	4.0%
Projected for 2025	4.0%	4.0%	4.2%	3.9%	4.2%

ANNUAL BONUSES

Performance Year	Average Bonus Achievement <i>(relative to target)</i>
2022	85.3%
2023	85.7%
2024	

Salary increases have softened since 2022 and 2023, with 2025 increases projected to be consistent with last year.

Approximately 50% of firms are anticipating increases in bonus payouts compared to 2023.

2024 REAL ESTATE COMPENSATION & BENEFITS SURVEY

Turnover & Workforce Hiring

Voluntary Turnover	2024	2023
Corporate	11.5%	11.6%
Property Staff	21.7%	21.6%
Total Turnover	2024	2023
Corporate	13.2%	13.5%
Property Staff	27.0%	26.9%
Workforce Hiring for Balance of Year	2024	2023
Yes	69.2%	67.3%
No	30.8%	32.7%

Amidst economic uncertainty, Employees are generally “staying put” year-over-year.

Compared to two years ago, companies have shifted towards prioritizing hiring in the areas of asset preservation.




Top 5 Areas for Workforce Hiring: 2024
1. Finance and Accounting
2. Property Management
3. Leasing
4. Asset Management
5. Administration

vs.

Top 5 Areas for Workforce Hiring: 2022
1. Finance and Accounting
2. Property Management
3. Administration
4. Development
5. Construction

2024 REAL ESTATE COMPENSATION & BENEFITS SURVEY

Trends in Incentive Structures

	Adopted in 2023	In Process for 2024
New or Restructured Bonus Plan 	15%	22%
New or Restructured Long-Term Incentive Plan 	8%	15%
Additional (New) Participants in LTIP 	22%	20%

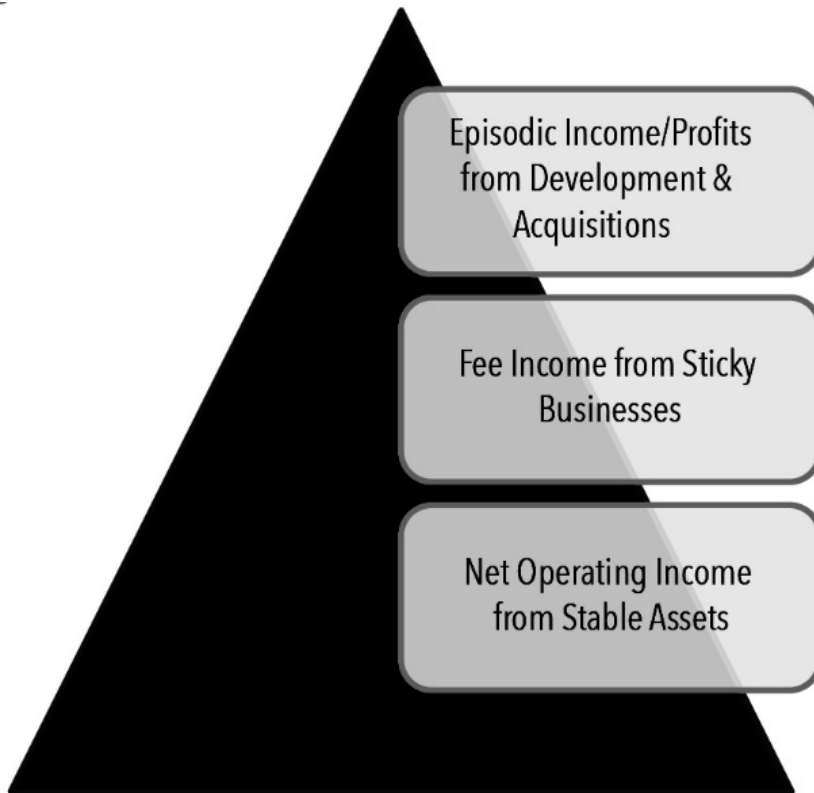
With many firms experiencing decreased deal activity, leaders have redirected their attention to corporate initiatives, including restructuring and developing new incentive plans.

STRATEGIC PLANNING

STRATEGIC BALANCE

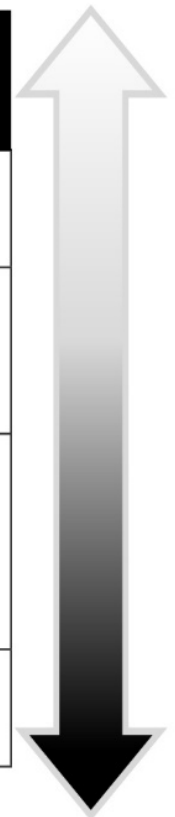
Focus on creating or enhancing investment management capabilities

STRATEGIC BALANCE:



QUALITY OF CASH FLOWS:

INCOME SOURCE	CHARACTERISTICS	QUALITY
Long-Term Asset	Net operating income (NOI) from low or no leverage stabilized real estate assets	Highest/Stable
Fee & Service	Net income from businesses such as property management, asset management, etc.	High/Sticky
Capital Risk & Transaction	Profits and returns from acquisition and development activities, and associated transaction, development, construction, etc. fees	Low/Volatile
Asset Sale	Sale of real estate assets otherwise intended for long-term hold	Lowest/One Time



STRATEGIC PLANNING

Asset vs. Property vs. Portfolio Management

Portfolio Management

- ▶ **Internal representative for external capital partners**
 - » Lead the investment portfolio strategy for one or multiple capital partners
 - » Allocate capital among different properties and asset classes to maximize portfolio-level risk adjusted returns
 - » Respond to inquiries from capital providers about investment performance
 - » Ensure that capital partners are not overexposed in any given market, monitors loan maturity schedule, and evaluates each capital provider's portfolio of company assets

Asset Management

- ▶ **Driver of annual and long-term asset plans to maximize property value**
 - » Lead the asset strategy from property closing until property disposition
 - » Produce and implement annual business plans for each individual asset with accompanying budgets
 - » Conduct hold/sell/refinance analyses
 - » Track budget vs. actuals
 - » Lead or approve capital improvement and renovation plans
 - » Serve as the internal client to the property management team
 - » Monitor asset-level risk

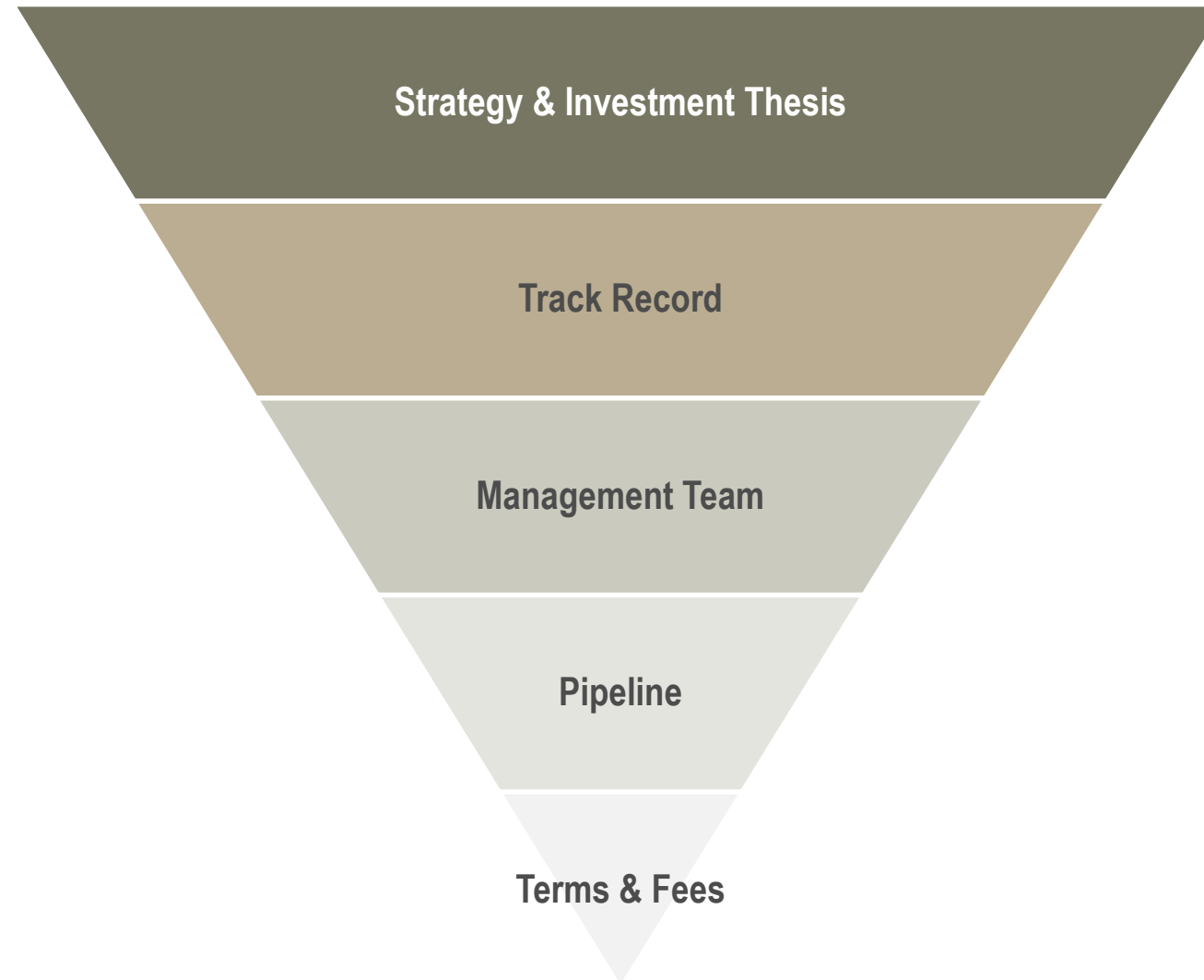
Property Management

- ▶ **Day-to-day property operator**
 - » Lead property-level operations and maintenance
 - » Execute business plan approved and/or set by asset management team
 - » Ensure that properties are well-maintained, tenants are satisfied, and rental income is maximized
 - » Manage tenant relations, lease administration, facility management, and property-level financial management

STRATEGIC PLANNING

Approaching Capital Providers

How Capital Providers Analyze Real Estate Operators



THANK YOU! – QUESTIONS?



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