Green Street
Real Estate Alert
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Real Estate Hiring Market Tighter Than Ever

Hiring real estate professionals was no easy task last year as firms across the board attempted to expand their ranks, and recruiting in the year ahead is looking to be just as challenging, according to executive-search firm Ferguson Partners.

In 2021, 53% of firms increased their workforces by an average of 10.5% year over year. That's according to Ferguson's 14th annual survey, which drew responses from more than 300 firms spanning the real estate industry. Going forward, some 70% of firms said they planned to expand their staffs by an average of 8.6% this year.

"This is definitely the craziest, busiest and most competitive hiring market that I've ever known," said Gemma Burgess, president of Ferguson and a 15-year recruiting veteran.

The demand comes as firms build out or add units specializing in popular sectors and niches. Private companies are adding new roles as they move to more institutional structures, and public companies are seeking more diverse board members. Public and private firms continue to ramp up succession planning. At the same time, they are managing a substantial amount of turnover, as pros are lured to new firms.

Some 60% of companies reported resignations or voluntary turnover since April 2021, when the so-called great resignation began. Some 74% saw junior staffers depart, while 67% experienced turnover of mid-level professionals. On the other hand, only 5% saw top executives leave, and 22% had turnover among senior professionals.

Companies ranked the top reasons given for departures as insufficient compensation (61%), lack of flexibility (45%), feeling burned out (28%) and the need to provide family care (23%). What's more, just over a third of those departing switched to new industries, shrinking the workforce.

That's further compounding the supply-and-demand imbalance in the real estate sector — and driving up salaries.

"There's a smaller talent pool to start with, and you overlay that on a sector that is experiencing tremendous growth," noted William Ferguson, the firm's chairman and chief executive. "When people talk about compensation … it's not like they were grossly undercompensated before. They are getting bid away because there are less of them and there is more demand."

The sector already was grappling with a thin pool of mid-level pros due to the global financial crisis, Burgess said. The economic fallout during those years meant fewer graduates entered junior roles. More than a decade later, that's yielded fewer candidates able to move up. "These would have been the professionals being groomed right now to step into the senior-level roles," she said.

The upshot: Recruiting is now fiercely competitive, with some candidates weighing three or four opportunities at a time. Candidates “are going to drop out. They are going to receive other offers,” Burgess said.

Meanwhile, vacancies lead to additional strain on existing team members, making them more susceptible to being poached. That has prompted firms to step up their retention efforts with strategies including increased work flexibility, universal mid-year pay raises, and opportunities for educational and developmental advancement and coaching.

“I don’t think there’s one size that fits all” in terms of how to retain staff, Ferguson said. “You have to do everything within your power to stay connected.”