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The Junior Hiring Spree Is Over, Survey Says

The bull market for financial analyst hiring appears to have run its course amid a sluggish commercial real estate investment-sales market.

After more than a decade of growing demand for analysts and associates that coincided with bustling trading activity, most of those staffers now are discouraged by fewer opportunities and a drop in sales volume over the past 12 months, according to the 12th annual financial analyst survey from executive-search firm **RETS Associates.**

Some 29% of the poll's 291 respondents, mainly comprising staffers at buy-side firms, described the hiring market as significantly worse than it was a year earlier, while another 42% said it was slightly worse.

"We have seen that spigot of openings turn down a lot, and that tells you about where we are with the overall health of the industry," said **Kent Elliott,** a principal at RETS. He noted that the recruitment firm's own pipeline of openings at the analyst and associate levels is down about 55% from the same time last year.

The drop-off in openings comes as commercial property sales have plummeted, with first-half trading activity down 61% year over year, according to **Real Estate Alert's** published midyear ranking of transactions worth $25 million or more. The decline was sweeping, affecting every asset class.

The last significant slowdown in junior-level hiring, characterized as entry level through six years of experience, happened around the time of the global financial crisis. That subsequently led to a gap in the number of qualified professionals who could advance into more senior roles later — an issue that persists to this day.

Elliott noted that the current slowdown is disproportionately affecting smaller, regional firms, many of which have paused hiring. Midsize and larger firms, meanwhile, continue to grow their ranks.

"Firms that continue to hire have to go back to playing chess and not checkers," he said, noting that some are redistributing the responsibilities of departing staffers instead of rehiring as a way to keep junior employees in the fold. "Smaller firms don't have that luxury, but the mid- to large-size firms can continue to have some analysts and associates in their ranks to prepare for the future."

The hiring slowdown hasn't stopped junior staffers from trying to move ahead. Some 61% of respondents said they pursued a new position — either internally or at outside firms — within the last year. As is typical, the least-seasoned staffers were the most eager to move, with 72% of those with two years of experience or less saying they attended at least one interview.

Compensation among respondents averaged $150,082, up 4.9% from the prior-year period and outpacing the rate of inflation — a sign that firms are spending more to retain junior staffers. Companies also appeared to be more willing to pay up for skills over education. Staffers with significant experience using Argus, a property valuation and performance software program, earned more than those who didn't. However, those with advanced degrees did not earn more than those with bachelor's degrees.

Respondents to the survey are 88% male and 12% female and work at investment advisory and management firms, property operators, REITs and developers, among others. ❖