RETS ASSOCIATES

2023 Financial Analyst Survey:

It's a Tough Market Out There- But Compensation Continues to Grow

OCTOBER 2023

Respondents to RETS Associates' 12th annual Financial Analyst Survey paint a picture of a challenging job market – but employers are making it a priority to value their younger talent, with average compensation levels increasing well in excess of inflation across the four experience levels we tracked.

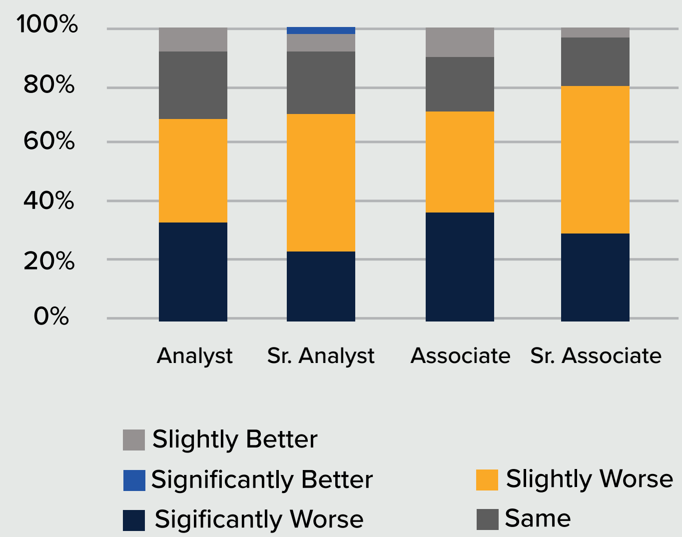
Our survey, which provides visibility into compensation and job market trends along with financial analysts' views on various factors impacting their careers and the industry, garnered responses from 291 participants, with 88% male and 12% female.

Despite a stronger-than-expected jobs environment nationally, with unemployment at only 3.8% as of September, respondents in our survey reported that landing a new analyst or associate job in the CRE field is tougher today than it was a year ago. 29% of respondents called today's market significantly worse than last year's, with another 42% calling it slightly worse. 10% said today's market was significantly or slightly better.

Key Takeaways

- 71% of analysts state the hiring climate for analysts/associates is significantly or slightly worse than a year ago.
- 72% of analysts with under 2 years of experience are looking for new opportunities.
- Compensation continues to increase.
- Advanced degrees don't lead to higher compensation – experience does.

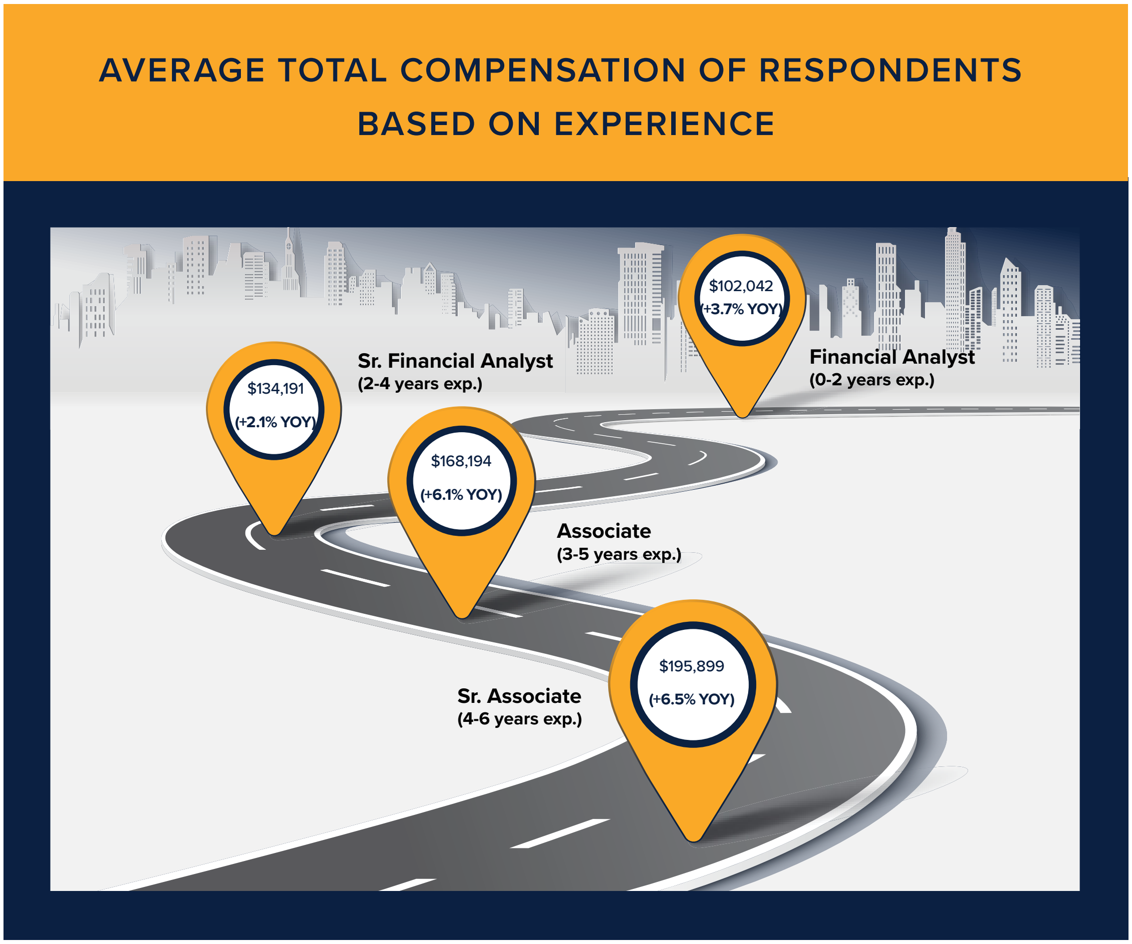
HIRING MARKET PROSPECTS SEPT '23



Opportunities are available for those willing to look. **72% of analysts with 0 to 2 years of experience reported that they had attended at least one job interview in the last year.**

The upside to this tough hiring environment? **Employers are investing in their talent through growing compensation packages,** with average total compensation for employees with 0 to 6 years of experience expanding from $143,103 in 2022 to $150,082 in 2023, an increase of 4.9%. (CPI inflation from July 2022 to July 2023 was 3.2%.)

Compensation trends for Associates (3 to 5 years of experience) and Senior Associates (4 to 6 years) were especially strong, showing year-over-year growth of 6.1% and 6.5%, respectively.



Incentive compensation as a percentage of total comp ranged from 12% for analysts with 0 to 2 years of experience to 27% for senior associates.

CRE Employers Value Skills More than Advanced Degrees

One of the most striking takeaways from this year's survey was the clear connection between an analyst's or associate's hard skills and their compensation levels. At the same time, the rewards for advanced degrees in the CRE space continue to be more ambiguous.

Our survey asked respondents to rate themselves on their **Argus skills** on a scale from **Beginner to Guru.** We saw a significant impact on compensation when an analyst with 2 to 5 years of experience moved from Beginner to Intermediate, equating to a **10 – 15% jump in total comp.**

Waterfall skills showed a similar pattern. Compensation **increased by 17%** when respondents moved from **Beginner to Intermediate,** with Associates showing an **increase of 23%.** Total compensation increased another **21%** when moving from Intermediate to Advanced.

Likewise, total comp for respondents with **Intermediate Excel skills was 11% higher than for those with Beginner skills.** New financial analysts with 0-2 years of experience and Intermediate Excel skills showed a 20% increase in compensation compared to those with Beginner skills.

On the other side of the spectrum, advanced degrees did not appear to consistently drive increased compensation. 13% of respondents had an MBA, while 4% held an MRED and 1% held another type of advanced degree. Although the sample size was limited, neither the MBA nor MRED respondents showed increased total compensation versus bachelor's degree holders.

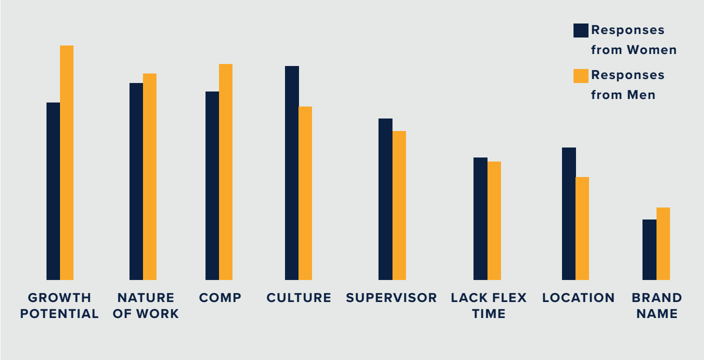
The lesson for working analysts and associates thinking about an advanced degree? It could take a very long time for that MBA or MRED to make up for the compensation they will sacrifice while in school.

Who is Job Hunting and Why

While the market may be tougher than it was last year, that's not stopping analysts and associates from trying. **61% of respondents in our survey said that they actively pursued a new position in the past year, either at their current employer or at a new firm.** Of those, 64% reported having at least one interview, while 26% had four or more interviews.

Financial analysts with 0 to 2 years of experience were the most active job hunters, with 72% reporting one interview in the past year and fully 44% reporting 4 or more interviews. While this is down slightly from the 81% of respondents in this bracket who reported at least one interview last year, it further confirms that newer analysts largely consider their first jobs to be 'training' positions for longer-term employment at other firms.

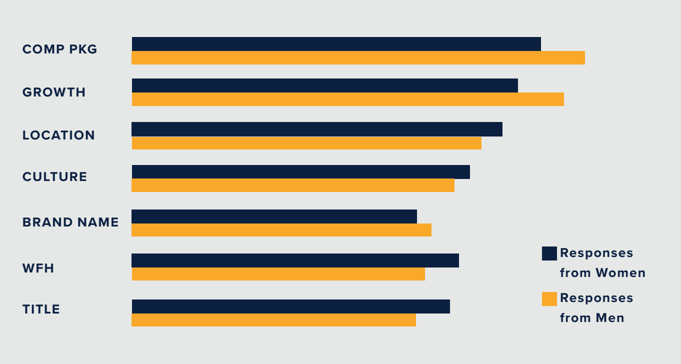
WHAT PROMPTS ANALYSTS & ASSOCIATES TO LOOK FOR A NEW JOB?



So, what are analysts and associates looking for in a new job?

Both men and women identified compensation package, growth, location and culture (in that order) to be the top four criteria they focused on in assessing new job opportunities.

IMPORTANT FACTORS IN CONSIDERING A NEW JOB



Beyond those factors, **women valued work-from-home** options slightly more than male respondents did, while men placed greater emphasis on the hiring firm's brand name.

While approximately half of analysts in the largest markets preferred to stay in their current location, 67% of overall respondents said they were willing to relocate for a new job. For those willing to move, New York, Los Angeles and Orange County were the most popular destinations, followed by San Francisco and San Diego.

Respondents' rankings of the property types that interested them reflected conditions in the CRE market broadly, with office – which consistently ranked highly in previous years – falling out of favor. In this year's survey, being a generalist ranked first, followed by multifamily, industrial and hospitality. Niche sectors such as senior housing and healthcare drew the least interest, exceeded only slightly by office.