



The Death of Middle Management: Real Estate's Looming Leadership Crisis

In our executive search practice, we have identified a disturbing trend within the real estate sector: a severe hollowing out of mid-level management, particularly at the Vice President (VP) level. This 'talent imbalance' stems from a disproportionate focus on hiring junior analysts and maintaining senior leadership, while neglecting the critical pipeline of experienced professionals. This oversight isn't just a current market anomaly; it's a ticking time bomb, threatening a significant leadership vacuum in the coming years when current senior executives retire or move on. The lack of robust VP-level talent will leave companies scrambling, unprepared to fill crucial leadership roles.

The challenges faced by VP-level professionals in the real estate job market are multifaceted:

- Research and industry conversations reveal a scarcity of VP roles, driven by market uncertainty and reduced deal flow.
- Many firms are hesitant to expand their middle management teams, opting instead to grow VPs in-house or, more frequently, assigning VP titles to roles that are essentially director-level positions.
- This 'deceptive VP' practice, coupled with the slow velocity of deals, has created a stagnant environment for experienced professionals.
- Furthermore, the relentless pressure to perform without commensurate titles or compensation is leading to widespread burnout, with many talented individuals leaving the industry altogether.

Stifled Ambition

Compounding this problem is the strategic decision by many companies to eliminate or drastically reduce the VP level. Senior leaders are increasingly expected to absorb management responsibilities, while junior talent is expected to "work up" without adequate development. This trend is driven by a desire to cut costs, with firms preferring to pay \$250K-\$300K for a strong associate rather than \$500K for a VP. The result is a growing abundance of highly skilled junior professionals, eager to advance, but facing a scarcity of opportunities. This practice not only stifles career progression but also deprives companies of the seasoned leadership necessary for sustained growth.

Leadership Void

The long-term consequences of this 'death of middle management' are dire. By prioritizing immediate cost savings over strategic talent development, companies are setting themselves up for a future leadership crisis. In five years, when current SVPs and EVPs move on, there will be a critical shortage of experienced managers ready to step up. These individuals will lack the necessary experience in driving strategic initiatives and managing teams, creating a significant operational and leadership void. The current focus on entry-level talent and senior leadership, while neglecting the crucial 'managing the managers' layer, is a short-sighted approach that will ultimately undermine the industry's long-term stability.

Opportunities for Change

Despite the current challenges, there are emerging signs of potential shifts in the market. An uptick in construction activity, particularly in industrial and multifamily development, is signaling a potential increase in hiring. Additionally, the luxury market segment, spanning real estate, food and beverage, and experiential sectors, is showing signs of robust growth. This could create new opportunities for experienced professionals. However, the fundamental issue of the vanishing VP remains a critical concern. Companies must recognize the importance of investing in mid-level talent to ensure a sustainable and resilient future.



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