

Bonuses Drop Across the Board, Survey Says

Total cash compensation for commercial real estate investment professionals fell 12% last year on average, with declines across specialties and ranks, according to a survey by executive-search firm **Jackson Lucas**.

The bulk of the decrease came from lower bonus payouts, dropping 20% year over year, while base pay was down 7%. The figures are based on 669 responses that Jackson Lucas collected through the first quarter and compared with the previous year's average.

The results add to a 12% decline in bonuses recorded in the firm's survey [last year](#). That drop, however, was absorbed largely by senior pros, while the most recent year's reduction "appears to be more across the board," said **Frank Cohen**, a senior advisor who oversees Jackson Lucas' personal salary-compensation data platform.

The lower payouts rub against an uptick in transaction volume last year, with a 22% [increase](#) in large property sales across sectors, according to **Real Estate Alert's** published rankings. It also comes despite recruiters reporting still-healthy demand for new hires — albeit down from a high-water mark a few years ago.

To be sure, the industry is in a period of transition. Recruiters have been reporting a notable uptick in [succession planning](#) as firms prepare for the departures of some of their most senior and highest-paid staffers. Nationwide, the number of people reaching the typical retirement age of 65 is peaking.

Lisa Flicker, a senior managing partner and head of real estate at Jackson Lucas, noted that search assignments include both evaluations of candidates with comparable experience and junior talent with the potential to step up into the role.

"For a variety of reasons, including succession as well as current cash, many chose to elevate junior talent with potential, paying them at a level commensurate with their experience," she said. "This is likely what has led to the compensation levels for senior roles declining — especially in private



real estate firms."

That could temper what had been a frothy market for salary growth. White-hot demand for talent had driven up base pay and bonuses in recent years, but now firms are more likely to hold the line.

"When they backfill the position, there's a pay reset," Jackson Lucas co-founder **Chris Papa** said, adding, "I haven't heard of

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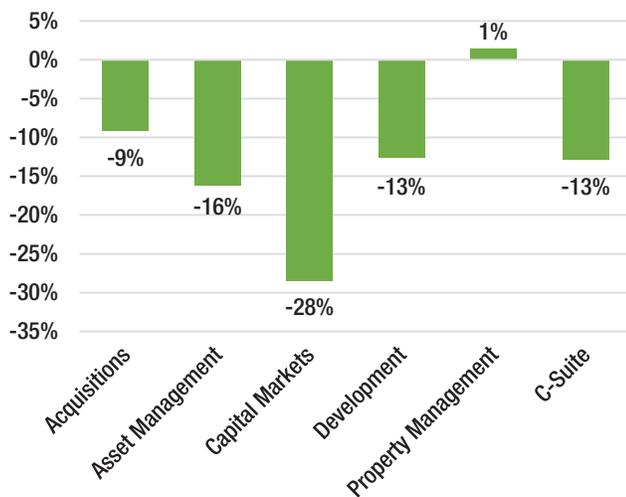
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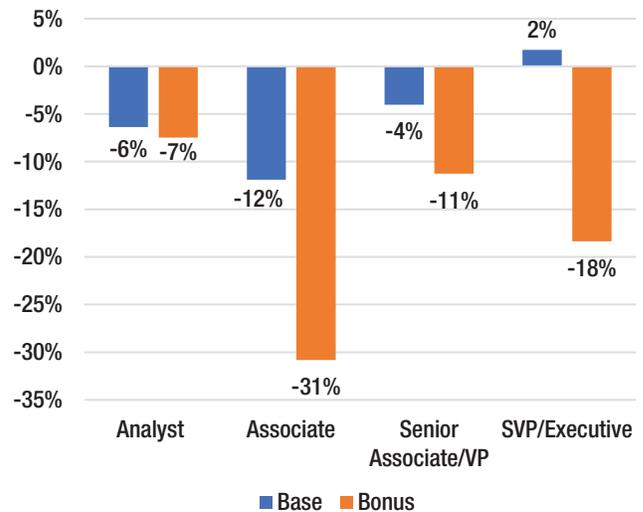
Total Comp Down Across the Board

Average year-over-year change in cash compensation by specialty



Source: Jackson Lucas

Acquisition Pros Take Another Hit



Source: Jackson Lucas

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firms cutting [base] pay.”

At the same time, many companies are looking to tighten their belts amid increased economic uncertainty and market turbulence. For those looking to cut costs quickly, “bonus payments are more immediate. You don’t have to wait until someone leaves to reset,” Cohen said.

In the most recent bonus season, the average payout to associates working in acquisitions fell 31% year over year, with a 7% drop for analysts in that space, an 11% drop for senior associates/vice presidents, and an 18% decline for senior vice presidents and executives.

Similarly, asset managers reported an average 41% decline in bonus payouts, while others in the asset-management segment were flat (regional managers) to 10% lower (executive-level

staffers).

Some of the steepest declines in bonus payouts came from the capital-markets space. Financing pros at the analyst level saw bonuses shrink 59%, while those at more senior levels took a 45% drop.

Still, there could be a silver lining. While overall average pay may not be what it was, compensation packages may include the potential for outsize gains in the form of an equity component, or so-called promote, which isn’t captured in the survey. Some staffers could be sizing up the ability of a firm to take advantage of steeply discounted assets as the market recovers.

“When the market picks up, ... there will be a lot of musical chairs,” Flicker said. “You have this next generation ... making a choice and being entrepreneurial so they can earn that reward.”

To participate in the survey, visit jacksonlucas.com/survey. ❖

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