

# 2014 NAREIM Compensation Survey

## *Executive Summary of Survey Results*

The National Association of Real Estate Investment Managers (NAREIM) and FPL Associates L.P. (FPL) once again partnered to conduct the 2014 NAREIM Compensation Survey. This survey focuses on compensation within the real estate investment management (REIM) industry and is intended to help participants better understand current pay practices and trends, resulting in more informed year-end 2014 compensation decisions. Data collected and reported in the 2014 survey covered a variety of organizational and compensation topics across the REIM industry (summarized on the following pages), including:

- Staffing and hiring trends
- Financial performance
- Compensation design trends and practices for performance year (PY) 2013 and 2014
- Anticipated changes and trends in pay levels and program design in 2014 (year-end) and 2015
- Detailed compensation data by position and component for 134 positions across 28 functions

## 2014 Participant Demographics

This year 46 organizations participated in the survey resulting in a participant rate of 52%. The participant group included captive/affiliated and independent REIM firms ranging in size in terms of number of employees (between 7 and 2,240) and assets under management (AUM). In total, the participating companies manage over \$625 billion in gross AUM.

Below is a partial list of the 46 NAREIM members that participated in the survey.

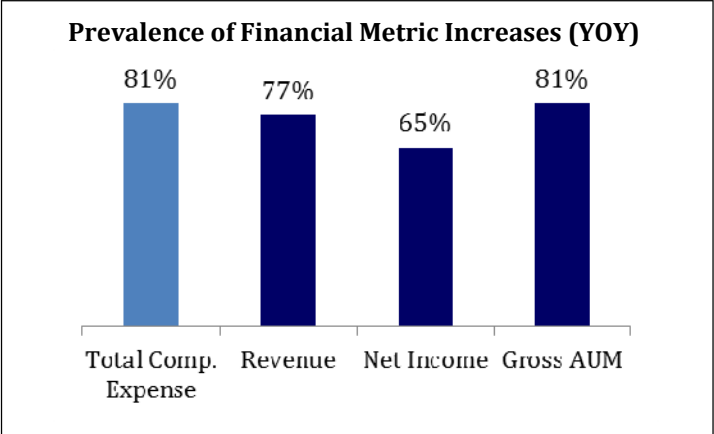
AEW Capital Management	Cornerstone RE Advisers	Kimco Realty Corporation	Principal Global Investors
AIG Real Estate	Eagle Realty Group	LaSalle Investment Mgmt.	Prologis
American Realty Advisors	Grosvenor	Lowe Enterprises Investors	Prudential RE Investors
Aviva Investors	Harrison Street RE Capital	Manulife Financial	Sarofim Realty Advisors
Bentall Kennedy	Hart Realty Advisers	Mesa West Capital	Stockbridge Capital Group
Berkshire Property Advisers	Heitman	MetLife Investments	TDA Investment Group
CBRE Global Investors	Hines	National RE Advisers	TIAA-CREF
Clarion Partners	IDS Real Estate Group	Newport Capital Partners	UBS Realty Investors
Colony Realty Partners	Intercontinental RE Corp.	PCCP	Waterton Associates
CommonWealth Partners	Invesco Real Estate	PM Realty Group	Zeller Realty Group

**Survey results were sent to all participating companies (free participant report) in September and are available for purchase through NAREIM. For more information, please contact Gunnar Branson at [gbranson@nareim.org](mailto:gbranson@nareim.org) or (312) 884-5184.**



## Organizational & Financial Results

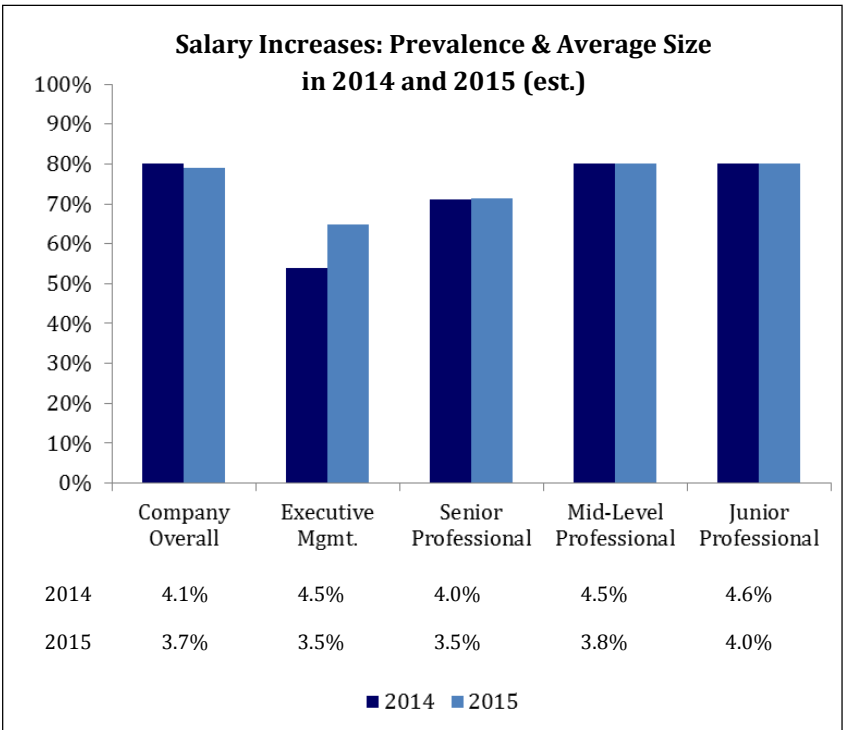
- For the 3rd consecutive year, most participants (66%) added full-time employees (FTE) during the year; however, additions were less prevalent and less dramatic in 2013 when compared to the prior two years
- Looking ahead to 2014, 68% of participants expect to increase headcount by 5% on average
- Total compensation expense once again increased at the vast majority of firms (81%) during 2013, although the 2013 YOY growth rate (10%) was smaller than in 2012 (13%)
- Increases in compensation expense was justified by similar results for other financial metrics (top-line and bottom-line)



## Compensation Trends & Findings

### Base Salary

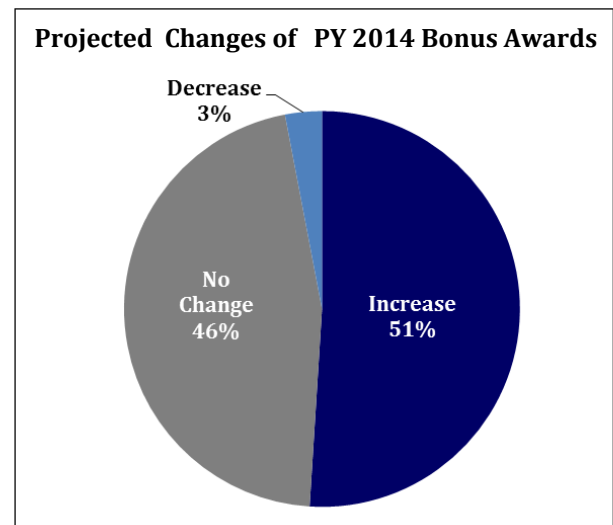
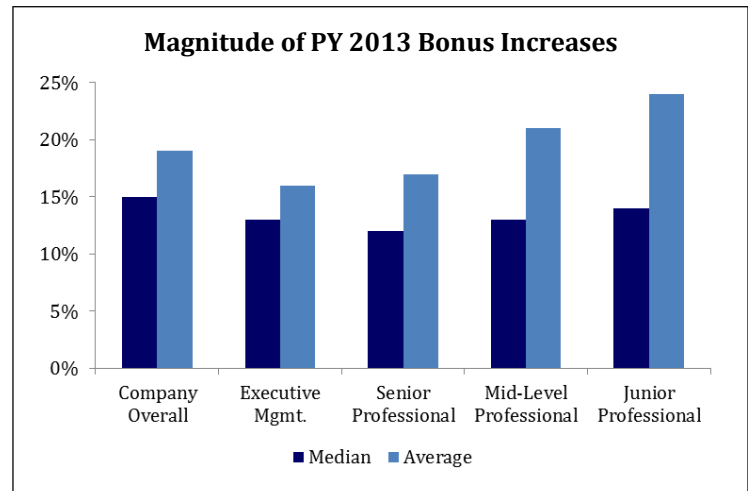
- Salary increases remained prevalent among participants in 2014 (80% of firms), with increases much larger than those reported for the past few years and the REIM sector's historical average (3-4%)
- Among firms reporting increases, the average increase rose from 3.6% in 2013 to 4.1% in 2014
- Looking ahead, 79% of respondents anticipate increasing salaries in 2015 with the size of the increases more in line with historical norms (3 to 4% and 3.7% on average)





## Annual Bonus

- 61% of participants reported paying out bonuses in 2014 (for PY 2013) that were larger than those paid in 2013 (for PY 2012)
- However, the size of the increases were smaller when compared to previous years
- Respondents' bonus pools represented 25-40% of pre-bonus profits (29% on average) consistent with prior years' results
- Companies prefer simple systems for determining performance and bonuses, oftentimes by using no more than five metrics and two types of criteria across the firm
- Among the 51% of firms projecting increases in bonuses for PY 2014, most are expected to be between 1-10%



## Long-Term Incentives

- LTI award vehicles and performance measurement practices continue to vary widely within the REIM sector
- Recent trends indicate that deferred cash and stock-based awards are becoming more common, with these awards granted annually and vesting over 3-4 years
- Eligibility has expanded at many REIM firms, which produced a sizeable increase in the percentage of employees that are eligible for LTI awards
- 50% of respondents increased LTI award amounts, and by 12% on average, a significant decrease from the prior year (average increase of 61%)
- Most firms (71%) expect PY 2014 LTI award amounts to remain flat



## About FPL Associates

- Recognized leader in real estate compensation consulting for over 20 years
- Client base spans public and private real estate firms and across all sectors, property types, and strategies
- Conducts 100 to 150 projects annually at real estate firms across the globe and 20 to 30+ real estate surveys per year covering positions across all organizational levels and functions/departments
- One-of-a-kind, proprietary database boasts the largest source of global and domestic real estate compensation data

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