

# Global Management Benchmarking Survey

## 2022 Executive Summary

A comprehensive study of management practices and enterprise benchmarking metrics in the real estate investment management/private equity industry

**ANREV**

**INREV**

**NAREIM**



**Ferguson Partners**

# 2022 Global Management Benchmarking Survey

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## Introduction

The Asian Association for Investors in Non-Listed Real Estate Vehicles (ANREV), the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the National Association of Real Estate Investment Managers (NAREIM), and Ferguson Partners (FP) and are pleased to present the results from the 2022 Global Management Benchmarking Survey (GMBS). This initiative, the most comprehensive global study of management practices in the industry, is designed to provide real estate investment managers (REIMs) and private equity firms with current information regarding strategic, organizational, financial and operational best practices. In particular, this report provides an in-depth view of practices across a variety of topics including capital raising, organizational structure, staffing, roles and responsibilities, financial performance, and governance.

This survey is designed to provide up-to-date information on management trends in light of both the current state of the economy and the real estate industry. Please let us know of any changes that you would find helpful for next year's edition.

We extend our sincere appreciation to all participating organizations for providing valuable information.

## Survey methodology

In the first quarter of 2022, Ferguson Partners sent out a survey questionnaire for the purpose of gathering relevant market data on strategic, financial and organizational design practices for real estate investment managers and private equity firms. The survey was composed of the following six sections: General Company Information, Fund Raising Data, Assets Under Management Data, Financial Metrics, Organization Design, and Governance Practices. In 2021, we introduced a Global Supplement section to the survey allowing for regional data cuts for members of ANREV, INREV, and NAREIM.

For the 2022 survey, 60 companies provided thorough responses. Participants vary in size, strategy, and location and represent a cross section of the real estate investment management/private equity industry (see Participant Demographics for more details). FP gathered the responses, clarified information with participants as needed, and then analyzed the data to develop this summary report.

Due to company policies and/or unique aspects of their operations, not every participating company was able to provide information for every survey question. In cases where certain participants did not respond to a particular question, they were excluded from that question's reported statistics.

Finally, all monetary figures in this report are presented in USD and all space-related figures are presented in square feet.

Sincerely,

Scott McIntosh  
Director  
Ferguson Partners

Charles Haase  
Chief Executive Officer  
ANREV

Lonneke Löwik  
Chief Executive Officer  
INREV

Zoe Hughes  
Chief Executive Officer  
NAREIM

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## About ANREV

ANREV is the Asian Association for Investors in Non-Listed Real Estate Vehicles. We are a not-for-profit organisation with a membership base of over 200 corporate firms. We are the leading platform for investors in the Asia Pacific non-listed real estate industry, with the goal of improving transparency and best practice across the region. Our agenda is driven by our members, who contribute directly to our data and research help to grow the quality and quantity of information available across the market. This ensures investors have the tools to make informed decisions for their Asia Pacific real estate portfolios. For more information, please visit [www.anrev.org](http://www.anrev.org).

## About INREV

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles and is Europe's leading platform for sharing knowledge on the non-listed (unlisted) real estate industry. The organization's goal is to improve transparency, professionalism and best practice across the sector, making the asset class more accessible and attractive to investors. INREV's services include providing research and market information to members, defining and developing professional standards, sharing knowledge, and engaging in public affairs. INREV members include 90 of the largest institutional investors, as well as 40 of the 50 largest real estate fund managers. For more information, please visit [www.inrev.org](http://www.inrev.org).

## About NAREIM

NAREIM is the leading association for companies engaged in the real estate investment management business. NAREIM members sponsor funds and other real estate investment programs as well as develop and manage the assets in which they invest. They serve the investment goals of public and corporate pension funds, foundations, endowments, insurance companies and individuals – domestic and foreign. Collectively, NAREIM members have over \$1 trillion of assets under management as well as billions in debt investments throughout the capital stack and around the world. NAREIM members, a variety of entrepreneurial and institutional firms, include real estate fund and separate account managers, REITs, and insurance companies. For more information, please visit [www.nareim.org](http://www.nareim.org).

## About Ferguson Partners

Ferguson Partners is a global professional services firm specializing in Executive and Board Recruitment, and Leadership, Compensation, and Management Consulting. Through our complementary practice areas, we work with our clients to develop the right leadership, structures, strategies, and financial and compensation foundations for success in today's intensely competitive marketplace. Ferguson Partners specializes in "transformational" assignments addressing key shareholder and/or employee requirements so as to provide a new foundation for competitive performance. For more information, please visit [www.fergusonpartners.com](http://www.fergusonpartners.com).

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## Executive Summary and Key Industry Trends

### Key takeaways from the 2022 Global Management Benchmarking Survey

The 2022 Global Management Benchmarking Survey (“GMBS”) identified several key trends and takeaways:

- Post-incentive EBITDA margins came under pressure between 2020 and 2021, despite an increase in revenues from rising AUM and capital raising. According to the 2022 Global Management Benchmarking Survey, the majority of survey respondents saw a slight increase in post-incentive EBITDA margins. Yet when assessed on a same-store basis, that trend reversed with a majority of same-store participants reporting a decrease. The growth in full-time employees (FTEs) and increased compensation were significant factors in rising firm-wide expenses in 2021.
- 60% of firms increased the number of FTEs during 2021 – a trend that was expected to accelerate throughout 2022 with eight out of 10 respondents planning to increase headcount significantly in the current year. According to the 2022 Survey, 40% of all investment managers predicted increasing FTE count in 2022, of between 11% and 15% – the highest threshold tracked by the survey. As a result of heightened recruitment and increased pay for existing staff, compensation accounted for 78% of firm-wide expenses in 2021 – with almost four out of 10 managers reporting compensation expense increases of 10% or more.
- Rising expenses in 2021 were balanced against increases in revenues for a majority of firms. A total of 83% of firms surveyed said revenues increased in 2021, thanks to rising valuations, AUM and deal flow. Median net AUM growth, year-over-year was 15% in 2021 – up from just 6% in 2020.
- The 2022 Global Management Benchmarking Survey highlighted the degree to which firms outsourced key functional areas within the investment management business. On ESG, two-thirds of firms retained ESG in-house, either in the real estate group or at the parent-level. Half of all firms (46%) also had a dedicated head of ESG, while 64% of firms surveyed had an ESG committee. For those with ESG professionals, the number of ESG FTEs ranged from 6 to 1.
- Another key area of focus, and expense, for real estate investment managers was data strategy and technology. Almost 4 out of 10 firms had a technology/data strategy committee, typically comprising 7 professionals including heads of technology, C-suite, heads of asset and portfolio management, as well as marketing professionals and heads of talent management.
- The Global Management Benchmarking Survey provides analysis on staffing organization and functional group process. Areas covered include portfolio management, acquisitions, asset management, valuations and governance. Highlighting equity asset manager workload, the Survey showed that in 2021 the median equity asset manager was responsible for between 9 and 14 assets, almost 100 tenants, \$26m in NOI and almost \$700m of gross AUM.

## Executive Summary and Key Industry Trends

### 2021: A year of growth in revenue and expenses

Real estate investment management firms experienced a year of rising revenues and expenses in 2021 – a trend that saw post-incentive EBITDA margins come under pressure, according to the results of the latest Global Management Benchmarking Survey.

The 2022 Survey, which tracks enterprise metrics including revenues, expenses, staffing, workload and governance for real estate investment management firms globally, revealed that a majority of survey respondents saw a slight increase in post-incentive EBITDA margins. Yet when assessed on a same-store basis, that trend reversed with a majority of same-store participants reporting a decrease instead.

Among global firms participating in the Survey, those with operations in two or more regions, a majority of firms reported rising EBITDA margins.

The focus on EBITDA margins comes after real estate investment management firms reported a significant increase in the number of full-time employees (FTEs) in 2021 – and increasing compensation packages across the board for staff. Survey participants revealed that compensation accounted for 78% of all expenses firm-wide, as of 2021.

### The Global Management Benchmarking Survey

The Global Management Benchmarking Survey is the real estate investment management industry's only global study of management practices and enterprise benchmarking metrics. It tracks strategic, organizational, financial and operational best practices across a variety

of areas including revenue-generation, organizational structure, staffing, roles and responsibilities, financial performance and governance.

The Survey, conducted by Ferguson Partners, is proud to have partnered with ANREV for the most recent iteration of the Survey, INREV for the past two years, and with NAREIM for the past 10 years.

The 2022 Survey was completed by 60 companies between March 2022 and June 2022. Just over 80% of firms had offices in the US, while 31% had offices in both Europe and Asia. The median employee count was 97 FTEs, excluding property management, while the median AUM was \$9.8bn. The median firm revenue in 2021 was \$76m, excluding incentive fees and real estate investment income.

### Significant Organizational Growth

Real estate investment managers underwent significant growth in 2021 with six out of every 10 firms increasing headcount.

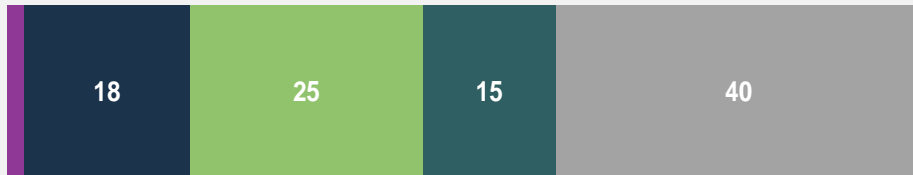
However, 2021 was just the start. Survey respondents said they expected the scale of FTE growth through 2022 to be even larger – and unprecedented in the decade-long history of reporting in the Global Management Benchmarking Survey.

According to the 2022 Survey, 60% of real estate investment management firms increased FTEs by a median of 5% in 2021 – a statistic mirrored for all firms participating in the Survey as well as those with global operations (those with offices in two or more regions).

**Expected change in workforce in 2022**

2021 saw a median 5% increase in the number of FTEs within real estate investment management. Survey respondents expected that figure to increase significantly by the end of 2022. 80% of all firms expected to increase headcount in 2022 – 40% by between 11% and 15%. For global firms, those with operations in two or more regions, 86% expected to increase employee numbers, almost one third (29%) by more than 11%.

All participants



Global participants



Down 1-5% No Change Up 1-5% Up 6-10% Up 11-15%

And when asked about headcount expectations for 2022, recruitment remained a key focus. According to respondents, 80% of firms planned to increase FTEs in 2022, with 40% of organizations indicating they planned to grow their employee count by between 11% and 15% - the largest threshold tracked by the Survey. An additional 15% of firms said they planned to increase FTEs by between 6% to 10%.

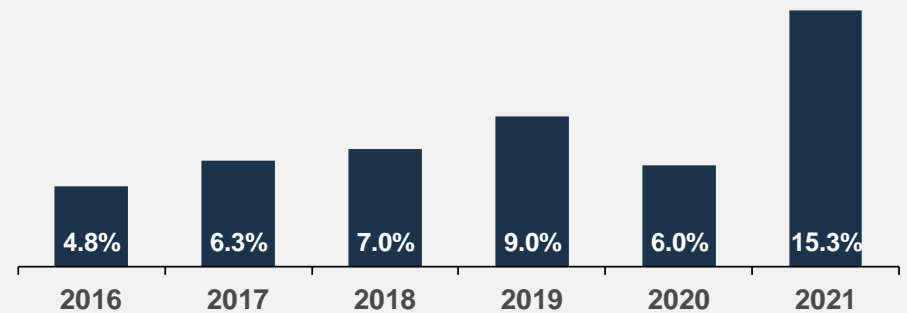
By comparison, in 2021, FTEs increased by a median of 5%. The 90th percentile firm increased headcount by 17% in 2021. As a result of heightened recruitment and right-sizing of pay for existing staff, compensation accounted for 78% of real estate investment management firm expenses in 2021.

**Expenses rise; revenues also increase**

Organizational and staffing pressures were a key theme for real estate investment managers throughout 2021 and 2022, however it was also against a backdrop of increasing revenues, thanks to a rise in valuations, assets under management (AUM) and capital raising.

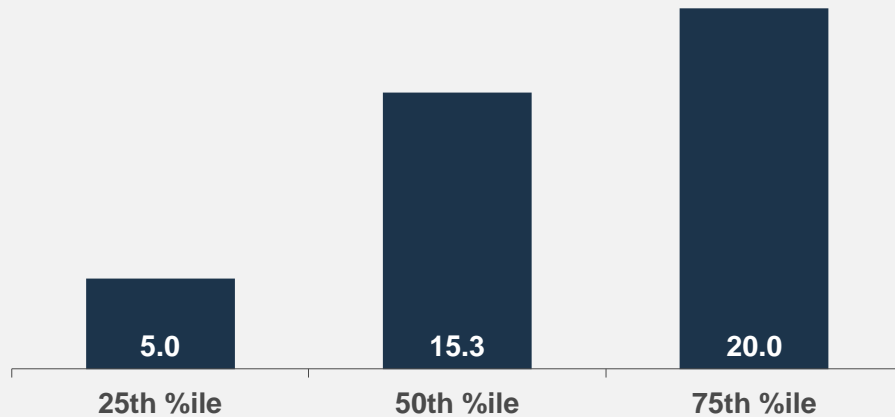
**Pace of AUM growth doubled in 2021**

Real estate investment managers have seen year-over-year growth in net assets under management (AUM) for more than six years. In 2021, that rate of growth increased significantly compared to prior years, with the median firm reporting net AUM growth, year-over-year, of 15% - more than double the pace of 2020.



### Annual AUM growth enjoyed by all firms, not just a few

The median rate of growth in net AUM was 15% according to 2022 Survey participants. It was a growth trend experienced by all firms, irrespective of quartile. Firms in the 25th percentile grew net AUM, year-over-year, by 5%, while the 75th percentile firm grew net AUM by 20% year-over-year.



According to the 2022 Global Management Benchmarking Survey, almost nine out of 10 firms (86%) reported year-over-year increases in net assets, with the median rate of growth more than doubling between 2020 and 2021. In 2020, the year-over-year growth in net AUM was 6%. In 2021, firms reported the rate of growth was 15%. Growth was also spread across all sizes of firms, with the 25th percentile firm growing net AUM by 5% year-over-year in 2021 and the 75th percentile firm growing by 20% year-over-year during the same period.

The rate of growth translates into a global real estate investment industry that today represents more than \$4.1 trillion of gross AUM, according to the 2021 ANREV/INREV/NCREIF Fund Manager Survey – up from just \$2tn one decade ago.

The increasing growth rate in net AUM, as well as an increase in capital commitments (71% of investment managers saw year-over-year growth in commitment volume in 2021, according to the Global Management Benchmarking Survey) resulted in 83% of firms reporting an increase in revenues in 2021.

Increased deal flow also boosted revenues.

After 2020, transaction volume was expected to increase dramatically in 2021. According to the latest Survey, on a same store basis, aggregate acquisitions volume increased 65% in 2021 year-over-year. Dispositions were a similar story. On a same-store basis, aggregate disposition levels were up around 60% year-over-year in 2021.

But while revenues increased for almost all real estate investment management firms in 2021, expenses, workload and the operational processes required to be an investment manager also increased.

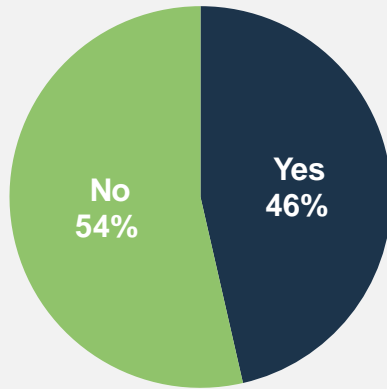
### ESG & data continue to rise in importance

ESG and data were two major areas of focus for a majority of real estate investment managers globally in 2021 – and a contributing factor to increasing workloads being undertaken by firms.

Indeed, on ESG, the 2022 Survey revealed that two-thirds (64%) of all Survey participants globally retained ESG functions in-house, either in the real estate group, or at the parent-company level; while 37% of firms outsourced ESG, either partially or fully.

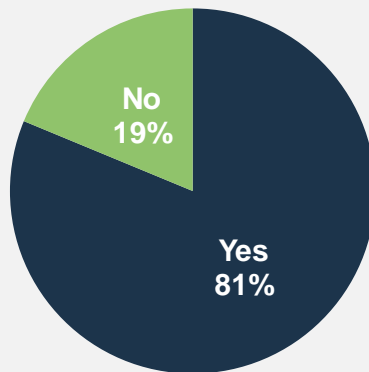
**Dedicated ESG leads**

Almost half of all firms (46%) report having a dedicated head of ESG – a 64% increase in just five years. Where firms have dedicated ESG staff, the median is 3 professionals.



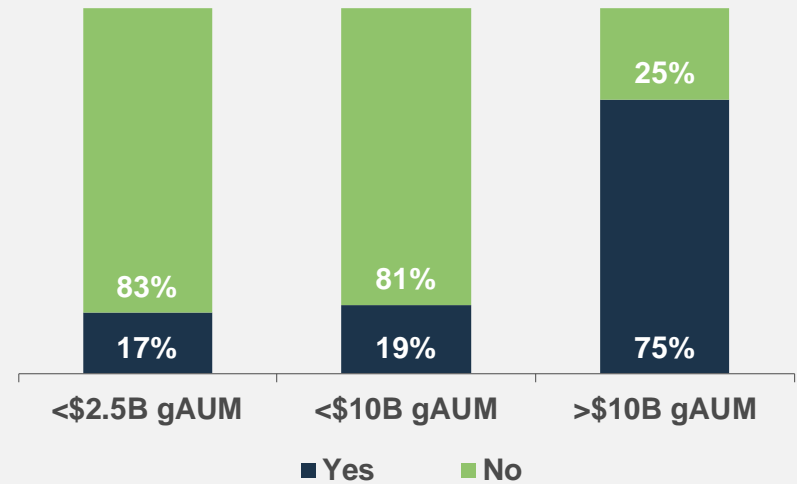
**Global firms lead on dedicated ESG teams**

For those firms operating globally – those organizations operating in two or more regions – that figure increases to 81% with a head of ESG.



**Scale is a factor in ESG**

For firms with \$10bn of gross AUM or less, an average of 18% of firms had dedicated ESG leads. For firms with \$10bn AUM and more, that figure rose significantly to 75%.



As more firms keep ESG in-house, the prominence of ESG professionals and committees also grows within organizations. According to the Survey, almost half of all firms (46%) report having a dedicated head of ESG – a 64% increase in just five years. For those firms operating globally – those organizations operating in two or more regions – that figure increased to 81% with a head of ESG.

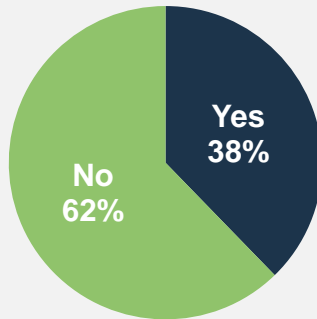
Scale is an important factor in determining the prevalence of in-house ESG professionals. The 2022 Survey revealed that for firms with \$10bn of gross AUM or less, an average of 18% of firms had dedicated ESG leads. That contrasts starkly with firms managing \$10bn of AUM or more, where 75% of firms had dedicated ESG leads.



Data was another area of growth within the real estate investment management organization, with the 2022 Survey revealing that almost four out of 10 firms had a technology/data strategy committee.

### Growing role of data

The 2022 Survey revealed that almost four out of 10 firms (38%) had a technology/data strategy committee, typically comprised of technology, C-suite, asset and portfolio management professionals as well as marketing and HR leads.



While just a quarter of firms had a dedicated Chief Technology Officer, the data committee was a means of bridging informational needs across different functional groups, with committees often comprising seven professionals including heads of technology, C-suite, heads of asset and portfolio management, as well as marketing professionals and heads of talent management.

### Deeper insights

The Global Management Benchmarking Survey provides an overarching view of the evolution of real estate investment management firms as they scale their businesses and grow in terms of revenues, products, processes and employees.

As well as tracking financial metrics and revenue-generating activity, the Survey also provides additional staffing and process metrics, including but not limited to:

- The number of employees per \$1bn of net AUM and per \$10m of revenues on an overall basis, by firm size and by strategy
- Breakdown of expenses by component
- Outsourcing trends, including fund administration and the degree of outsourcing by functional group
- Span of controls and the governance of committees, including executive, management and investment committees as well as investment committee deal flow, meeting attendance, voting authorities and decision trends

Below, we highlight the workload of a typical asset manager within real estate investment management. Similar data is provided for portfolio management and acquisition professionals in the 2022 Survey.

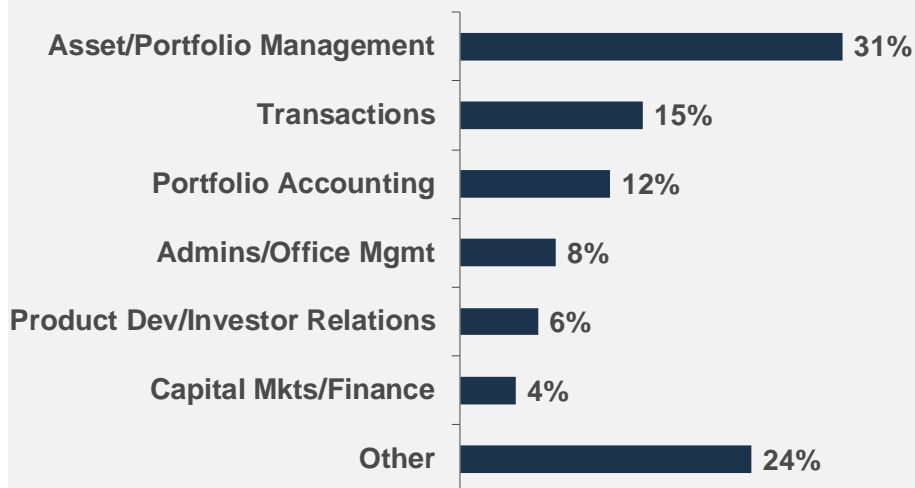
### Asset Management: A typical workload

The role of asset management within real estate investment management firms is critical. Not only are almost two-thirds of real estate investment management revenues derived from asset management fees, but in a post-Covid world where ESG is rising to the fore, the importance of asset management functions has never been more keenly felt.

As a functional group, asset and portfolio management also represents the largest proportion of staff within a real estate investment management firm, equating to 31% of all employees in 2021.

### Asset and Portfolio Mgmt. represent one third of all firm FTEs

As a functional group, asset and portfolio management represents the largest proportion of staff within a real estate investment management firm, equating to 31% of FTEs in 2021, followed by transactions on 15%.



Among the metrics tracked by the Global Management Benchmarking Survey, asset management workloads are one. Key insights from the 2022 Survey include:

- 60% of firms have distinct asset and portfolio management functions, while 35% have distinct equity and debt asset management professionals
- The median equity asset manager was responsible for 94 tenants, \$26m in net operating income (NOI) and almost \$700m of gross assets in 2021.

- The median debt asset manager was responsible for 22 loans in 2021
- The median equity asset manager was typically responsible for nine to 14 assets in 2021, depending on property type, with multifamily asset managers managing the greatest number of assets.

### The evolution of real estate investment management

While there is no “standard” organizational structure for a real estate investment management firm, the Global Management Benchmarking Survey provides metrics on how peers are shaping their organizations in 2022 and beyond.

As can be seen from the 2022 Survey, despite rising revenues through AUM growth and increased capital raising, real estate investment managers continue to feel margin pressure. Compensation was a key component of that pressure.

We invite you to participate in the 2023 edition of the Global Management Benchmarking Survey. Please contact ANREV, INREV or NAREIM for more information on how to get involved.

We hope you enjoy the report.

Scott McIntosh, Director, Ferguson Partners  
 Charles Haase, Chief Executive Officer, ANREV  
 Lonneke Löwik, Chief Executive Officer, INREV  
 Zoe Hughes, Chief Executive Officer, NAREIM

## Participant demographics

This section of the report provides summary demographic information for the survey participant group, including an overview of their size, strategy, and other characteristics.

Specific data presented includes the following:

- Breakdown by company type (e.g., independent vs. subsidiary)
- Geographic distribution of headquarters, offices, and investment regions
- Prevalence of investment vehicles, strategies, property types, and quadrants
- Distribution of company size by gross assets under management, net assets under management, number of employees, revenues, number of properties, and square footage
- Use of joint venture operating partners

There is wide variance among the survey participants across all of these dimensions; therefore, the participating companies form a relatively representative cross section of the broader real estate investment management/private equity industry.

## Capital raising & assets under management

This section analyzes the capital raising activity and assets under management of participating firms in 2022; specific analyses include:

- Assets under management growth
- Concentration of AUM amongst a firm’s top vehicle and top three vehicles
- Volume of new capital commitments from investors, by firm size
- Commitment growth and concentration
- Value of new commitments as a percentage of assets under management
- Breakdown of 2021 capital commitments by asset class and investor type
- Access and importance of retail capital
- Prevalence of daily-valued private real estate products
- Use and duration of subscription credit facilities
- “Dry powder” as a percentage of assets under management
- Leverage
- Concentration of AUM amongst a firm’s top investor and top three investors
- Historical and projected acquisition and disposition and debt origination volumes
- Development pipeline activity

## Staffing metrics

This section outlines various organizational benchmark metrics, with a focus on staffing; specific analyses include:

- Year-over-year change in headcount
- 2022 headcount expectations
- Number of employees per \$1B of AUM and per \$10MM of revenues; overall, by firm size, and by strategy
- Employee breakdown by function and level/seniority
- Number of employees per \$1B of AUM by level and function
- Employee breakdown by age group

## Workload metrics

This section outlines various organizational benchmark metrics, with a focus on workloads; specific analyses include:

- Portfolio management workload (by number of accounts/funds, gross asset value, and square footage)
- Equity asset management workload (by number of properties, gross asset value, square footage, net operating income, and number of tenants)
- Debt asset management workload (by loan value and number of loans)
- Volume expectations for acquisitions officers
- Actual 2021 acquisitions volume per transactions employee

## Other organizational metrics

This section outlines various other organizational benchmark metrics; specific analyses include:

- Outsourcing trends
- Approach to fund administration
- Typical spans of control for management positions
- Voluntary and involuntary turnover rates
- Prevalence of layoffs
- Fundraising responsibilities
- Valuation frequencies
- Asset management distinctions
- Other functional distinctions
- Prevalence of Heads of Research
- ESG leadership
- Prevalence of Heads of Sustainability
- Technology leadership and committee prevalence

## Financial metrics

This section provides a variety of benchmark financial metrics including:

- Year-over-year financial metrics
- Year-over-year pre- and post-incentive EBITDA margins
- Bonus pool as a percentage of pre-incentive EBITDA
- Average breakdown of revenues and expenses by component
- Major expenses as a percentage of revenues
- Treatment of fund-level expenses



## Governance

This section analyzes governance practices among the firms in our sample. Analyses include:

- The prevalence of various governance committees
- Size and composition of Executive Committee/Board of Directors, Management Committee, and Investment Committee
- Investment Committee deal flow, meeting attendance, and voting authorities
- Investment Committee decision trends
- SEC registration, audit frequency, and compliance



# Ferguson Partners

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