Real Estate Alert
A Green Street News Title

Survey: More Firms Plan To Staff Up in ’25

Commercial real estate firms expect to pick up the pace of hiring this year amid wider market optimism for a rebound in property sales, according to search firm **Ferguson Partners.**

Some 47% of public and private investment shops and brokerages surveyed by the Chicago-based firm said they plan to increase staffing this year. That’s up from 37% in 2024, when the sector was still grappling with declining property sales.

But like a year ago, the majority of firms — 53% — don’t foresee staffing growth. Fewer shops expect to trim their ranks, with just 13% predicting a workforce decrease, compared with 30% last year. But a greater proportion don’t expect to add staff either, with 40% saying their workforces will stay the same, up from 33%.

“We are seeing a brighter picture, but not yet a 180-degree turn,” Ferguson president **Graham Beatty** said. Responses from 170 companies were collected through the first week of November for the Ferguson Partners U.S. Real Estate Compensation and Hiring Pulse survey.

Since then, Beatty said there’s been a marked uptick in requests for search assignments. “We are enthusiastic about a more positive environment for 2025, but we are not ready to say that we are going to see a dramatic increase,” he added. “There will be more opportunity, but time will tell whether it will result in a windfall of new searches.”

While final numbers have yet to be tallied, it appears that 2024 was another lackluster year for large property sales amid a still-costly borrowing environment.

“Heading into 2024, firms were optimistic that yearend would be better compared to 2023, when we saw downward pressure on bonus pools,” said **Charlie Apfelbach,** a managing director in Ferguson’s compensation consulting group. But 2024 “looks to be a similar story.”

Against that backdrop, bonus pools at most firms are expected to be flat for 2024, he said. “Firms recognize it’s challenging

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THE GRAPEVINE

Brian Soss will join **RangeWater Real Estate** in April as an executive managing director of acquisitions as the firm looks to be an active buyer in the year ahead. He will be based in its Atlanta headquarters and lead multifamily acquisitions, with a focus on properties of $40 million and up in Sun Belt and Mountain West metropolitan areas. Soss previously co-headed multifamily asset management at **Starwood Capital,** where he worked for more than eight years. RangeWater, led by chair and chief executive **Steven Shores,** buys and develops apartments. The hire was arranged by executive-search firm **ZRG Partners.**

Veteran retail broker **Ryan Shore** joined **Eastdil Secured** as a managing director

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Extreme Price Resets Stain Office Market

For the beleaguered office sector, 2024 was a year of reckoning.

In Southern California, the top bid for a massive campus came in a stunning $910 million below its estimated $1.4 billion valuation just two years earlier. In Houston, a complex once valued at $1.03 billion hit the market with an initial whisper price at less than half that — and was discounted further before yearend. And in Minneapolis and New York, office towers faced valuation declines exceeding 90%.

Nationwide, the value of institutional-quality office space is down 36% from its peak, according to **Green Street’s** most recent Commercial Property Price Index. But developments last year demonstrated that price resets on many outlier properties have been far more brutal.

On Page 5, see a rundown of some of the most severe office-valuation declines captured by **Real Estate Alert** in 2024. ❖

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Duo Teams Up on Workforce-Housing Deals

A **GCM Grosvenor** and **Standard Real Estate Investments** partnership has earmarked $600 million of fresh capital for industrial and workforce-housing investments in select markets across the country.

Of that total, which includes both equity and debt, $500 million will go toward workforce-housing acquisitions. The remaining $100 million will support an existing industrial program Standard has with GCM.

“Private real estate has faced challenges recently due to higher interest rates, but as we move into the new year, we’re optimistic,” Standard chief executive **Robert Jue** said. “There are clear signs that we’ve passed the bottom, and compared to other asset classes, we expect private real estate to experience much less volatility.”

The investment effort expands an earlier collaboration between Chicago-based GCM and Standard, a minority-owned investment firm with offices in Los Angeles and Washington. In April 2023, the duo launched a $150 million initiative to

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to keep employees motivated with back-to-back down years of bonuses, even if warranted by performance. Further, firms are mindful of the competitive market for mid- and junior-level professionals, and are working to reduce pay volatility, particularly for top performers.”

To that end, 61% of private firms and 53% of public

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companies that use target-based bonus systems said that payouts to staffers — typically distributed during the first quarter — would come in at 95% to 105% of budget.

A quarter of private firms said that their bonuses would be below expectations (75% to 94% of target), while another 7% said that they would be significantly below (less than 75% of target). Just 7% said the payouts would be above or significantly above target.

Staffers at public companies likely will fare better, with 29% of those entities saying bonuses will be above or significantly above target, while just 18% see payouts coming in below or significantly below target.

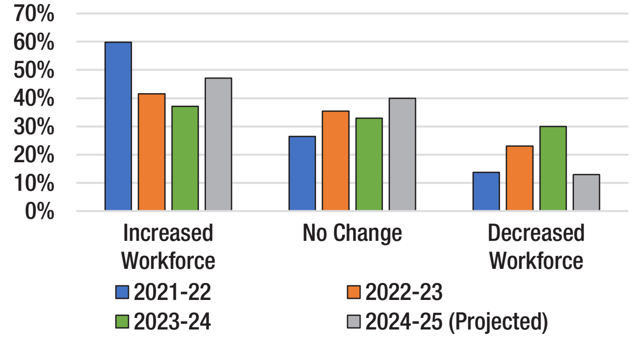
Last year, more firms reported that the number of staffers departing voluntarily remained flat. Some 58% of reporting firms said they saw no change, versus 49% in the prior year. Roughly a fifth said they saw a decrease in resignations, versus 32% a year earlier.

While questions remain about the pace at which the **Federal Reserve** will continue lowering interest rates and the fate of U.S. Treasury bond yields, the consensus is that the sales market will show some improvement in the year ahead. That likely will create job-hopping opportunities for real estate pros.

Demand is expected to be centered on the most popular property types, but it also could include select assignments focused on out-of-favor asset classes as more investors search for yield, Beatty said.

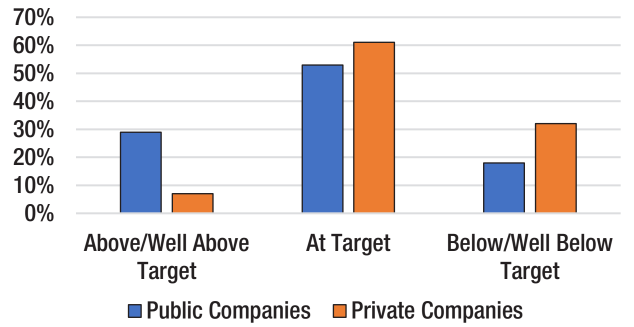
"There is more of a strategic shift toward operating in an environment that is different than the historic low [interest-rate] environment," he said. ❖

Property Firms More Upbeat on Hiring



Source: Ferguson Partners

2024 Bonuses Expected To Hold Steady



Source: Ferguson Partners