

2017 NAREIM Compensation Survey



The National Association of Real Estate Investment Managers (NAREIM) is once again partnering with FPL Associates to conduct the 2017 NAREIM Compensation Survey, which is widely considered the most comprehensive of its kind within the real estate investment management (REIM) industry. Unlike other surveys in the marketplace, this survey provides NAREIM members/participants with customized, real-time compensation trends and data that can be used at all levels of the organization to assist with human capital decisions.

Why Participate?

Compensation continues to be an emphasis at investment managers. The NAREIM Compensation Survey has served as a valuable resource for participants and member organizations, providing a number of benefits:

- The survey's real time compensation trends and positional information has helped firms react and adjust their compensation program to the changing economic environment
- Information helps firms stay competitive in all areas of compensation (fixed and variable pay) which results in increased employee retention
- Questions are relevant and attuned to the latest issues facing organizations today
- Position and department information is comprehensive and usable by organizations of all sizes, structures, and strategies

The survey questionnaire is easy to complete and the comprehensive report of results is **free** to participants.

2017 Survey Coming Soon!

This year's survey will be available to participants on **April 17, 2017**. Survey questionnaires and compensation worksheets are due to FPL by **May 19, 2017** with results published in **September 2017**.

Questions/Comments

If you have any questions about this year's survey, questionnaire, or due date please contact us.

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2016 Survey Overview

The 2016 NAREIM Compensation Survey provided a variety of organizational and compensation information and trends across the REIM industry, including:

- Staffing and hiring trends
- Financial performance trends
- Compensation design trends and practices
- Positional ranges by component (e.g., base salary, annual incentive, and long-term incentive)

Data was also collected on anticipated changes and trends in compensation program design going forward, including promote/carried interest awards.

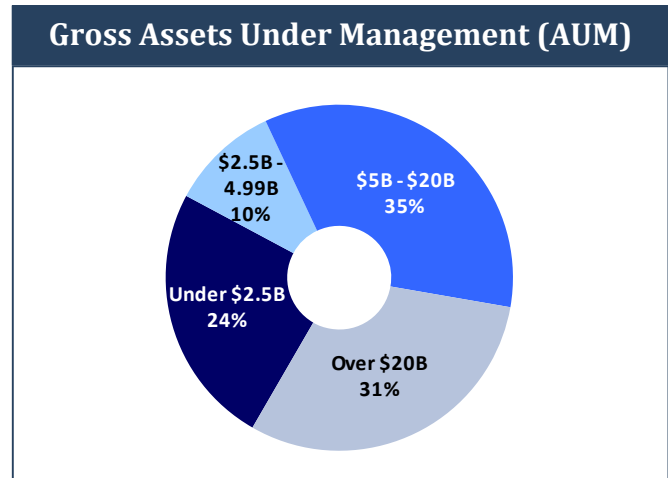
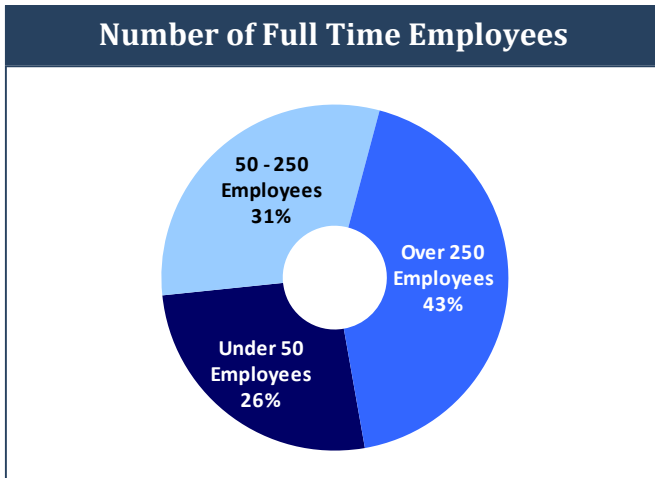
Key Findings from the 2016 Survey

- Financial performance continued to improve at most REIMs with increased revenue at 83% of participants and generally similar results reported for EBITDA (70%) and gross AUM (82%)
- Most participants (85%) increased salaries at year-end, making 2016 the sixth consecutive year of widespread salary increases in the REIM sector
- At most firms, salary increases in 2016 continued to grow (4.7% on average) in comparison to those reported in 2015 (4.5% on average) and the REIM sector's historical average (3-4%)
- Most participants (72%) anticipated increasing salaries in 2017, with the average expected increase among these firms being 3.5%
- Bonuses for performance year (PY) 2015 increased at 58% of participants, which is down from PY 2014 (71%); among companies reporting an uptick in bonuses, the average increase was 18% (slightly down from the 20% reported in 2015)
- Slightly more than two-fifths (42%) of participants expected PY 2016 bonuses would exceed bonus payments for PY 2015 (up from 36% reported in 2015)
- Over half (58%) of participants indicated long-term incentive eligibility expanded at their firm from PY 2015 to PY 2016
- Looking ahead, most (68%) participants do not expect PY 2016 LTI awards to differ materially from PY 2015 awards
- Over half (53%) of participants have a promote/carried interest plan, up from 45% last year, with these plans most commonly used for value-add and opportunistic commingled funds and separate accounts



2016 Participant Demographics

The 2016 NAREIM Compensation survey had 48 participating organizations, reflecting an impressive 53% participation rate. In total, the participating companies in the 2016 survey manage over \$1 trillion in assets.



2016 Participant Companies

- | | |
|--|---------------------------------------|
| AEW Capital Management | Lionstone Investments |
| American International Group (AIG) | Lowe Enterprises Investors |
| American Realty Advisors | Manulife Financial |
| Bentall Kennedy | Mesa West Capital |
| Berkshire Property Advisors | National Real Estate Advisors |
| BlackRock | New York Life Real Estate Investors |
| Blue Vista Capital Partners | Northwood Investors |
| CBRE Global Investors | PCCP (Pacific Coast Capital Partners) |
| Clarion Partners | Pearlmark Real Estate Partners |
| Colony Realty Partners | PM Realty Group |
| Continental Realty Group | Principal Global Investors |
| Eagle Realty Group | Prologis |
| Gemini Rosemont Commercial Real Estate | Prudential Financial (PGIM) |
| Harrison Street Real Estate Capital | Sarofim Realty Advisors |
| Hart Realty Advisors | Shorenstein Realty Services |
| Heitman | Stockbridge Capital Group |
| Hines | TDA Investment Group |
| Hunt Realty Group | TIAA-CREF |
| IDS Real Estate Group | Torchlight Investors |
| Intercontinental Real Estate Corporation | UBS Realty Investors |
| Invesco Real Estate | USAA Real Estate Company |
| JP Morgan Asset Management | Voya Investment Management |
| Kimco Realty Corporation | Waterton |
| LaSalle Investment Management | Zeller Realty Group |



Survey Departments/Positions

The survey report included current compensation practices for 125 positions across 27 departments. Within each department, we typically report compensation ranges for the following levels: (1) Head, (2) Senior-level, (3) Mid-level, (4) Associate, and (5) Analyst. The compensation data was then organized by position and broken out into the following participant categories: Aggregate (all companies), AUM, Fund Strategy/Account Type, and Number of Full-Time Employees.





Example Pages from 2016 Report

The pages below are excerpts from the 2016 survey and illustrate the types of analysis and information that are presented in the report.

Organization Data

General Company Information

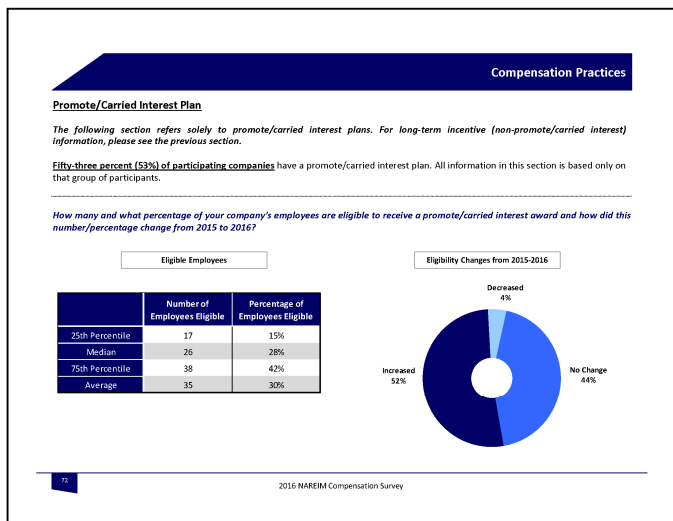
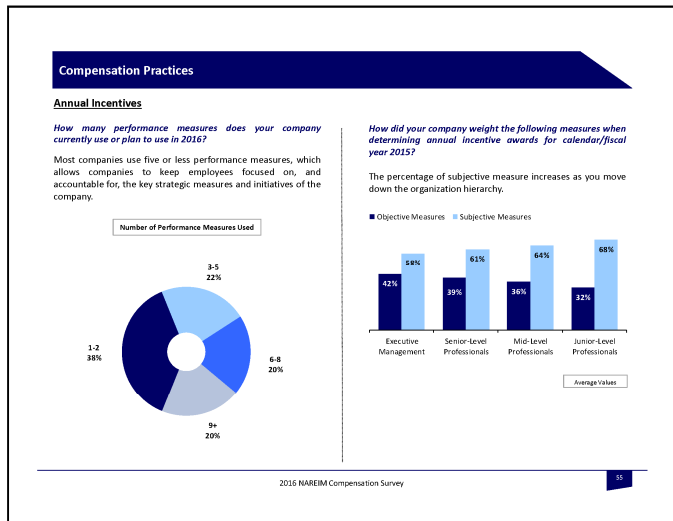
Please provide the following financial information for 2015 (real estate group only).

	United States					
	Total Revenues	Total Expenses	Total Compensation and Benefits Expense	Pre-Bonus EBITDA	EBITDA	Total Annual Bonuses
Increased	72%	89%	88%	75%	70%	75%
Increased by 31%+	24%	18%	10%	37%	30%	18%
Increased by 21-30%	7%	18%	13%	4%	7%	-
Increased by 11-20%	17%	23%	33%	19%	18%	43%
Increased by 1-10%	24%	30%	27%	19%	13%	14%
Decreased	28%	11%	17%	25%	30%	25%
Decreased by 1-10%	14%	7%	14%	7%	4%	11%
Decreased by 11-20%	10%	4%	3%	11%	11%	3%
Decreased by 21%+	4%	-	-	7%	15%	11%

	Global ¹					
	Total Revenues	Total Expenses	Total Compensation and Benefits Expense	Pre-Bonus EBITDA	EBITDA	Total Annual Bonuses
Increased	83%	92%	80%	76%	70%	70%
Increased by 31%+	21%	13%	16%	33%	30%	9%
Increased by 21-30%	8%	13%	4%	14%	13%	5%
Increased by 11-20%	33%	33%	32%	19%	20%	46%
Increased by 1-10%	21%	33%	36%	10%	5%	14%
Decreased	17%	8%	13%	24%	30%	24%
Decreased by 1-10%	-	4%	4%	10%	5%	10%
Decreased by 11-20%	13%	4%	4%	9%	10%	5%
Decreased by 21%+	4%	-	-	5%	15%	9%

¹ Inclusive of all business operations (United States and International), this also includes data for companies that operate exclusively in the United States.

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Compensation By Position

Administration

Administrative Assistant

Performs standard and/or advanced administrative duties, which may require considerable experience, skill, and knowledge of organizational policies and practices. May prepare correspondence, memoranda, reports, etc. May schedule and maintain calendar of appointments, meetings, travel itineraries, and related arrangements.

	Responses	# of Companies	Base Salary			Total Annual Cash Compensation		
			25th Percentile	Median	Average	25th Percentile	Median	75th Percentile
Total Compensation (by Base Salary)	None	3	\$48	\$55	\$55	\$60	\$62	\$72
	\$1,018 and Under	11	\$42	\$47	\$50	\$55	\$53	\$55
	\$58 and Over	24	\$52	\$56	\$57	\$63	\$63	\$73
	Under \$2.5B	8	\$41	\$49	\$50	\$54	\$44	\$54
	\$2.5B - \$4.99B	3	RD	RD	RD	RD	RD	RD
Total Compensation (by Total Cash Compensation)	\$18 - \$20B	13	\$50	\$57	\$58	\$65	\$65	\$78
	Over \$20B	11	\$54	\$56	\$57	\$64	\$63	\$72
	Over \$50B	9	\$48	\$56	\$55	\$63	\$62	\$70
Total Compensation (by Job Description Degree of Match)	Volunteer	7	\$45	\$56	\$55	\$67	\$61	\$75
	Opportunistic	4	RD	RD	RD	RD	RD	RD
	Under 50	9	\$46	\$55	\$54	\$63	\$68	\$60
Total Compensation (by Job Description Degree of Match)	\$0 - \$10	13	\$46	\$54	\$54	\$62	\$69	\$61
	Over \$250	13	\$51	\$55	\$57	\$62	\$65	\$64
Job Description Degree of Match	Average	Number of Direct Reports	Average	Target Annual Incentive (% of Base Salary) Calendar/Fiscal Year 2015	25th Percentile	Median	Average	75th Percentile
	31%	0		6%	10%	10%	10%	14%

Note: All currencies rounded to the nearest thousandth (000%).

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