

ANNUS HORROR

■ Nearly 8,500 respondents took part in the property industry's biggest and most comprehensive salary and benefits survey, carried out by the RICS and Macdonald & Company with Property Week. The gloomiest-ever results are characterised by a year of cutbacks. Here, **David Hatcher** reports that despite the recovery, pay cuts are rife, women are still being paid far less than their male counterparts and graduates are having to fight tooth and nail for fewer jobs than ever

In this year's RICS and Macdonald & Company UK Salary, Rewards and Attitudes Survey, 8,477 respondents gave the most depressing feedback in its 11-year history, following a year of cost cutting.

Of those who completed the survey, the average salary was £47,100 – a 2.5% fall on last year (graphs 1, 2 and 3).

Those working in regional markets are still dramatically overshadowed by City slickers. The average salary in Greater London stands at £55,100 – 14.5% more than the UK average.

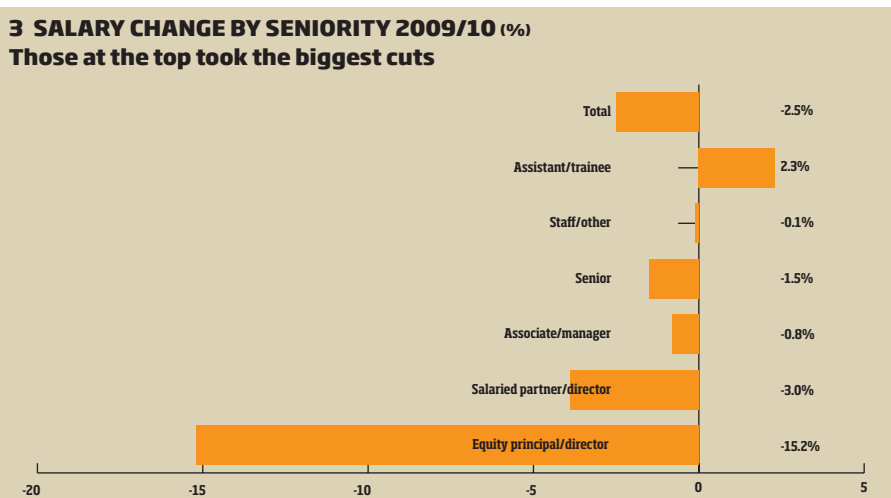
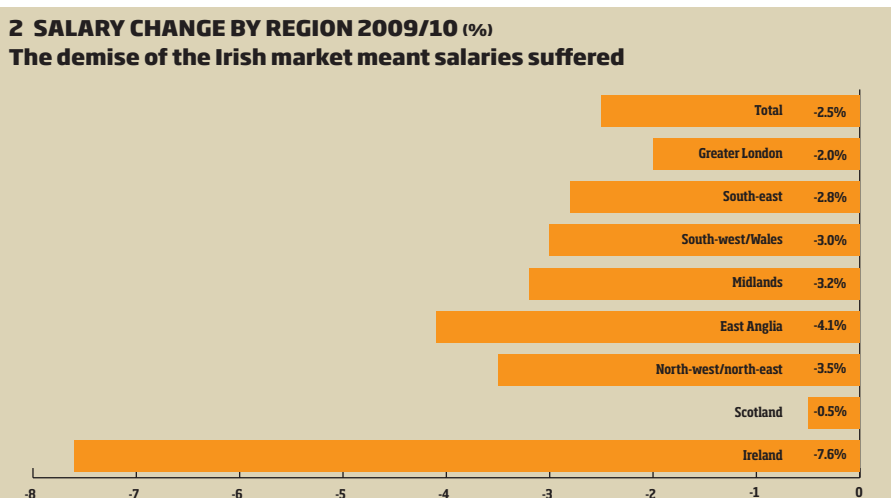
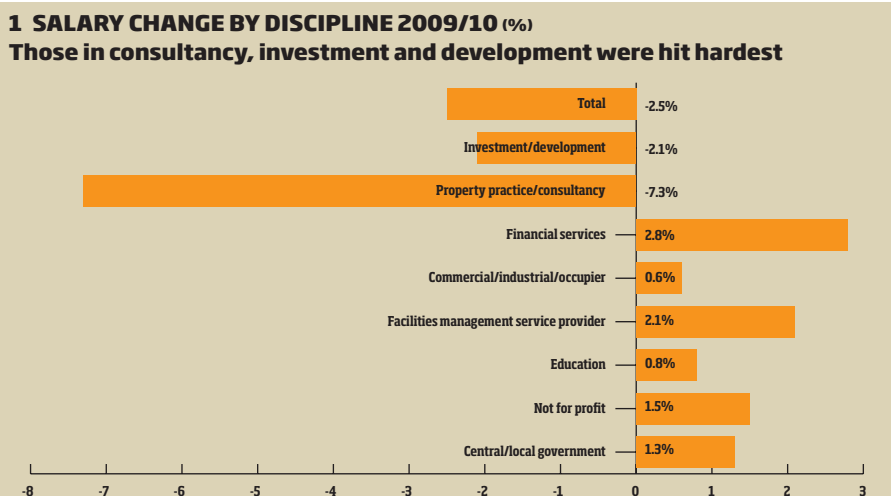
The south-east – with an average salary of £49,400 a year – and Scotland (£42,900) were the most prosperous regions. Ireland (£37,100) and East Anglia (£38,600) were the least prosperous. Those working for development and investment companies received the best pay. Their average wage is £60,300 – a 14.2% rise since 2008.

A startling 15% of all respondents had a reduction in pay, the average size of which was 20% (graphs 4 and 5). Regular pay rises are likely to become a thing of the past: only 32% received an increase (graphs 6 and 7).

Agency and property practice has been the worst affected and 25% of respondents have taken a pay cut. This led to a 5.3% decrease in overall pay in the subsector, as firms asked individuals to make sacrifices for the good of the company (graphs 8 and 9 and box, overleaf).

The gender pay gap is still also still enormous. The average pay for men is nearly 18% higher than for women. This is exaggerated in senior positions, in which male equity partners and directors are paid 24% more than their female counterparts (graph 10, overleaf).

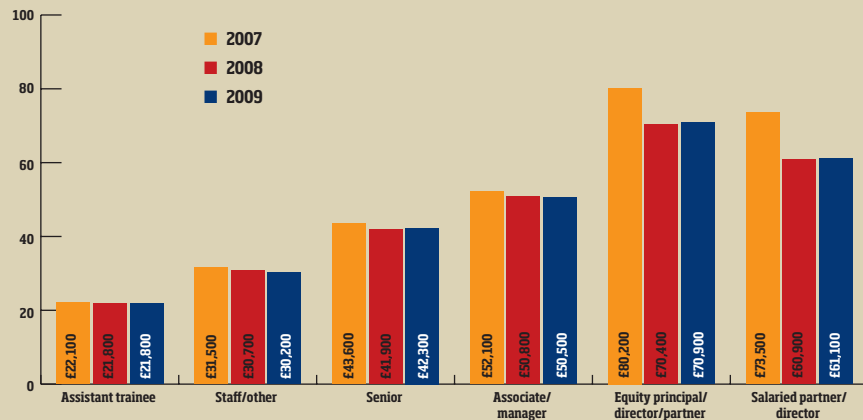
Graduates are also suffering (see box, opposite). Salaries for those aged 18 to 22 have fallen more than 19% to £17,020 since 2008. For those aged 23 to 26, salaries have also fallen by 6% since 2008, to £24,430. Assistant and trainee salaries also fell to £21,800 – a 1.3% decrease on 2008. ■ >>



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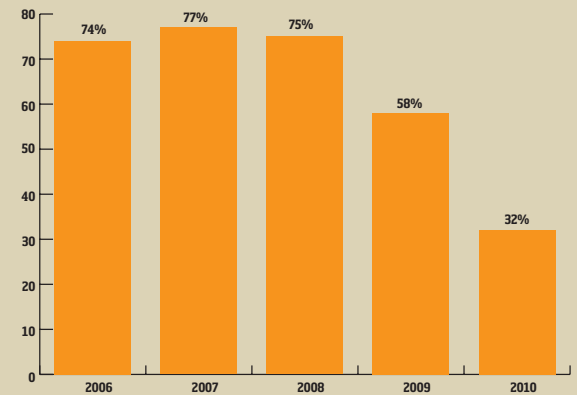
4 ANNUAL BASE SALARY (£000)

Equity and non-equity director salaries have dropped steeply



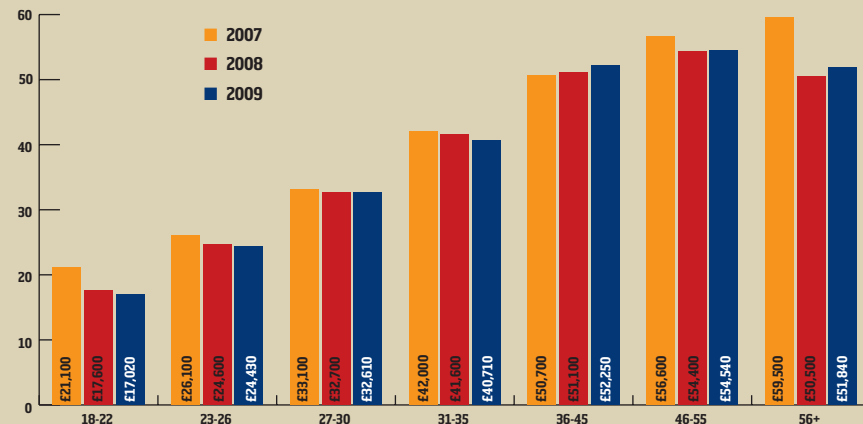
6 EMPLOYEES RECEIVING AN INCREASE (%)

Expected pay increases have become a thing of the past



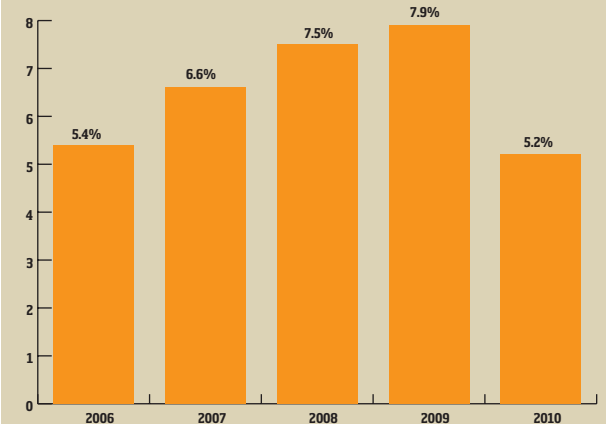
5 ANNUAL BASE SALARY BY AGE (£000)

All age groups have experienced decreases



7 AVERAGE SIZE OF INCREASE (%)

Those receiving an increase only had a meagre rise



THE GRADUATE SQUEEZE

Those just coming into the industry are having to fight fierce competition for fewer places and are paid lower salaries if they do land a job.

However, Sara Brooks, graduate surveyor at King Sturge (pictured), says the industry is still seen as relatively lucrative.

"When considering the property industry, there was the appeal of a decent graduate salary," she says. "There has been some frustration with salaries and bonuses, but salaries have remained constant across our year group. We're all just grateful we still have a job. There is still an expectation that there will be a slight increase on qualification and then it's up to the individual to work hard to progress."

Despite the cost, firms should be careful not to

ignore graduate recruitment to avoid a knowledge gap.

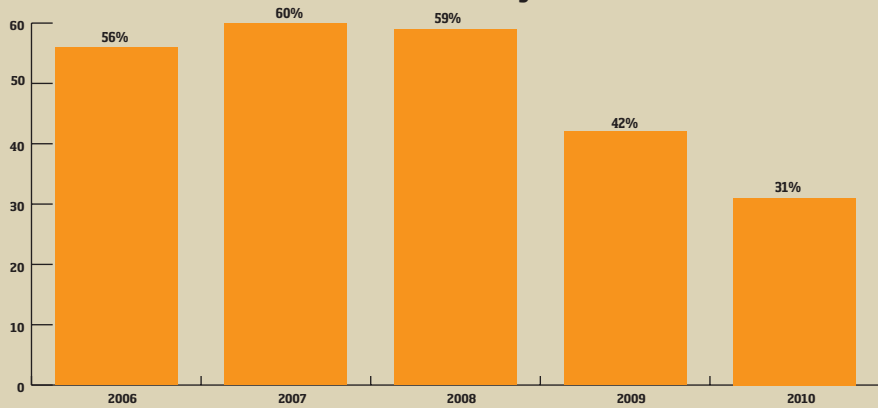
Peter Moore, managing director of recruitment consultancy and survey compiler Macdonald & Company, says: "If graduate intake decreases, we are in danger of making the same mistake as in the last recession and creating a lack of young qualifieds. Around 60% to 70% of graduates who don't get jobs will end up pursuing a career in another sector."

But some firms do plan to make the most of graduates.

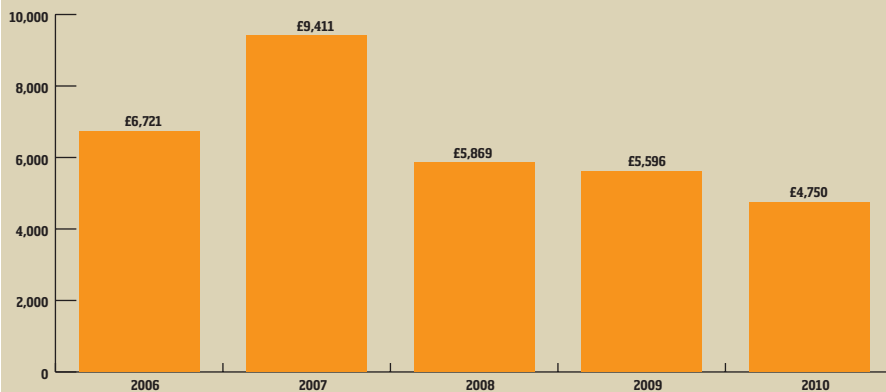
"Not all graduates are going to be absorbed into the market and it is a good opportunity for us to increase our intake," says Mark Ridley, chief executive of Savills. "But graduates aren't slave labour and need to be paid a reasonable salary and take a bonus."



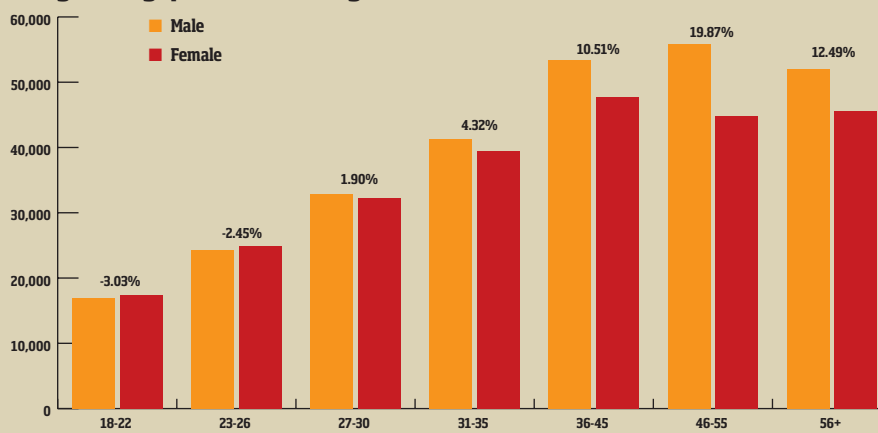
8 EMPLOYEES WHO RECEIVED A BONUS (%)
Extra rewards were few and far between this year



9 AVERAGE BONUS SIZE (£)
For those receiving a bonus they were modest in size



10 MALE V FEMALE PAY DIFFERENCE BY AGE (annual salary, £)
The gender gap widens with age



METHODOLOGY

The 11th annual RICS and Macdonald & Company UK Salary, Rewards and Attitudes Survey was completed online by 8,477 UK surveying professionals between 22 December 2009 and 5 February 2010. To view the executive summary of the survey go to propertyweek.com/salariesurvey2010. A full report and an online statistics package are available upon request. A full report package combined with the online statistics package is available for £599 plus VAT.

For further information, email salariesurvey@macdonaldandcompany.com.

MACDONALD & COMPANY

The Property Recruitment Professionals

PAY FREEZE = LOW MORALE

One of the most alarming statistics of the survey was that 25% of those in property consultancy took a pay reduction in the past year. The average size of cuts across the industry was 20%.

In enforcing them, firms aimed to be clear to their staff about why cuts were being made.

"The cuts were made with the best of intentions and without exception, everyone agreed to them," says Alistair Elliot, partner in charge of commercial at Knight Frank. "It was achieved through being as communicative and as transparent as possible."

Pay cuts were often adjusted on a case-by-case basis rather than a broad-brush approach to all staff.

"We did not apply a formulaic approach to cuts. The approach we took looked at the market level for salaries and, in certain circumstances, there was a readjustment," says Mark Stupples, UK managing partner at King Sturge (pictured).

"It was broadly targeting those involved in transactional work. If they brought in more than expected, there was then a chance to achieve a performance-related bonus."

As a result of pay cuts, morale may have been dented. Peter Moore, managing director of Macdonald & Company warns:



"When coming out of a recession, retaining staff will be an issue. Employers need to consider what they can do for those who have made sacrifices, including bonuses and long-term incentive packages such as share options."

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To see Macdonald & Company managing director Peter Moore talk about the salary survey and the recruitment market for the year ahead go to propertyweek.tv.



For the Asian salary survey in last month's Property Week Global Interactive go to propertyweek.com/globalinteractive

A GLIMMER OF HOPE

Despite slashed salaries, not everyone has a negative outlook.

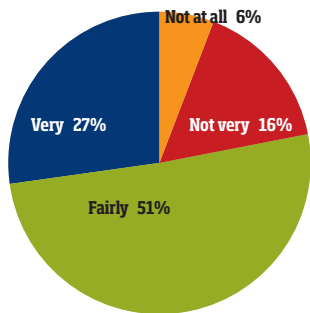
The public sector (see box, below) was the biggest winner this year: 61% of employees received a 6% rise. Their average annual salary is now £42,828.

The job satisfaction of those who have stayed the course – while worse than last year – remains quite high. Around 27% of employees are very satisfied with their current jobs and a further 51% are fairly satisfied (graph 11).

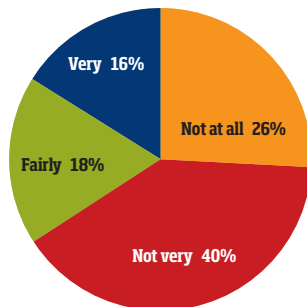
As a result, the number of employees who plan to jump ship is less than expected post-recession – 26% are not at all likely to change jobs in the next year and a further 40% are not very likely to move on (graph 12).

What is more, 38% of respondents think that economic activity in their profession will get better, compared with only 13% last year (graph 13 and tables).

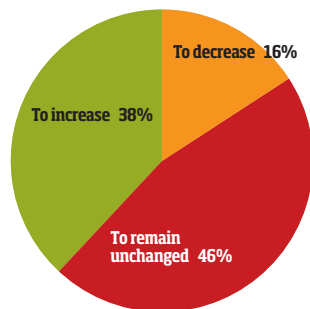
11 HOW SATISFIED ARE YOU WITH YOUR JOB? Many employees are still happy where they are



12 HOW LIKELY ARE YOU TO MOVE IN THE NEXT YEAR? Those who have stuck it out are likely to stay on



13 HOW DO YOU ANTICIPATE ECONOMIC ACTIVITY IN THE NEXT 12 MONTHS? There are few believers in the "double dip"



WHAT DO YOU THINK WILL HAPPEN TO YOUR SALARY IN THE NEXT 12 MONTHS? Employees are expecting reward for their efforts across many sectors

	Stay the same	Increase	Go down	I'm leaving the industry	Don't know
Overall	55%	16%	24%	1%	4%
Investment/development	55%	23%	19%	0%	3%
Property practice/consultancy	54%	18%	22%	1%	5%
Financial services	51%	22%	22%	0%	5%
Commercial/industrial/occupier	55%	20%	19%	2%	4%
Facilities management	62%	13%	22%	1%	2%
Education	58%	28%	7%	1%	6%
Not for profit	60%	9%	23%	1%	7%
Central/local government	53%	6%	37%	0%	4%

WHAT DO YOU THINK WILL HAPPEN TO YOUR SALARY IN THE NEXT 12 MONTHS? Those in the capital and those in East Anglia are hoping to reap rewards

	Stay the same	Increase	Go down	I'm leaving the industry	Don't know
Total	55%	16%	24%	1%	4%
Greater London	52%	21%	21%	1%	5%
South-east	55%	13%	27%	1%	4%
South-west/Wales	56%	10%	27%	2%	5%
Midlands	57%	13%	25%	0%	3%
East Anglia	53%	16%	26%	1%	4%
North-west/north-east	55%	14%	26%	2%	3%
Scotland	56%	14%	24%	1%	5%
Ireland	61%	7%	30%	0%	2%

PUBLIC SECTOR: STEADY MONEY

Those working in the public sector appear to be on a delayed rollercoaster. A colossal 61% received a rise in the past year, more than any other subsector.

However, 37% expect a fall in their salaries in the year ahead, as public sector cuts are likely after the general election. While public sector finances have helped prop up company departments and the economy, there is a growing realisation that this is unlikely to last.

"Most people will have been on three-year pay deals, which will involve year-on-year increases, which is why most people will have had a rise," explains Lee Dawson, head of property at Hounslow Council.

"For those people whose deals are running out, they will

be expecting a fall. How much they fall will be dependent upon government cuts in the forthcoming year."

But the attractions of working for the public sector have not completely disappeared. Bob Perry, president of the Association of Chief Estates Surveyors and Property Managers in the public sector and chief valuer and estate manager at Cornwall Council (pictured), says: "The traditional advantages of working in the public sector have been job security and a good pension. My pay rise as of 1 April 2009 was 1% and I am not expecting any pay rise this year but, given I am in my mid-fifties now, my pension is more and more of a consideration."

