

Private Capital Firms Raise Salaries to Attract Talent

Almost four out of five firms increased their base salaries from 2016 to 2017

Private capital firms have been expanding over the past year, with the majority adding to their headcount from 2016 to 2017. This trend looks set to continue: two-thirds intend to increase their staff in 2018, a fifth by more than 10%. Deal team members are most sought after, while junior, mid-level and senior staff are all being targeted by private capital recruiters. In order to attract top talent, private capital firms are raising their salaries. Almost four out of five firms increased their base salaries between 2016 and 2017, and 68% intend to raise them from 2017 to 2018. Significantly, a fifth of firms in 2017 raised them by more than 10%, and a tenth of firms may do the same in 2018. The majority of staff at all seniority levels saw salary increases in 2017, while no junior or senior staff and just 2% of mid-level staff saw their salaries decrease.

For more information and analysis, see the sample pages of the 2018 Preqin Private Capital Compensation and Employment Review here:

<https://www.preqin.com/docs/reports/2018-Preqin-Private-Capital-Compensation-and-Employment-Review-Sample-Pages.pdf>

Key Private Capital Compensation Facts:

- **Sixty-one percent of private capital firms added to their headcounts in 2017**, while 8% reduced their staff numbers.
- Almost two-thirds (65%) of firms expect to add staff in 2018. Among them, **21% expect to increase their headcounts by more than 10%**.
- From a hiring/retention standpoint, **72% of firms cited deals team members as most key**, while 10% cited corporate operations, 9% cited portfolio operations, and 6% investor relations staff.
- **Forty percent of firms are targeting junior staff**, while a third will look to hire or retain mid-level staff, and a fifth are seeking senior staff.
- **Over three-quarters (78%) of firms increased their base salaries from 2016 to 2017**, with 19% increasing them by more than 10%. A fifth of firms made no changes, while just 2% decreased them.
- The **majority of staff at all seniority levels saw their salaries increase**, with the exception of executive management. Two percent of mid-level staff saw their salaries cut, but no junior or senior staff saw reductions.
- Looking ahead, **68% of firms expect to increase base salaries from 2017 to 2018**. Among that proportion are 11% that expect to raise them by more than 10%, while 31% of firms expect to make no changes.

Selina Sy, Editor – 2018 Preqin Private Capital Compensation and Employment Review:

“The private capital industry is seeing a record-breaking period of expansion, with fundraising accelerating, assets under management growing, and more investors than ever becoming active. In order to keep pace with this growth, many private capital firms are seeking to increase their staff headcounts to better enable them to expand their operations, make deals and attract investor capital. It is notable that in a widely competitive deal making environment, it is investment teams that most firms cited as being the most important role from a hiring standpoint.

In an environment where attracting and retaining top talent is key, private capital firms may look to their compensation practices as an enticement. The majority of firms have raised their base salaries in the past year, and many expect to do so again within the next 12 months, some at levels far above inflation. While other elements of compensation, such as carried interest practices, may become more important among senior staff, many junior private capital employees receive little or no compensation beyond their salaries, so this metric is key in attracting new talent.”

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