

INDUSTRY INSIGHTS

THE MID-LEVEL CHALLENGE

**THE GREAT ADAPTATION: REIMAGINING MID-LEVEL REAL ESTATE
TALENT FOR 2025**

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"As iron sharpens iron, so one person sharpens another", Book of Proverbs 27:17, Old Testament

As the recovery in real estate deal volumes picks up pace, an alarming challenge threatens to undermine progress: the acute shortage of experienced VPs and Principals. Industry leaders increasingly describe this gap as "almost impossible" to fill. Nowhere is this shortfall felt more acutely than in opportunistic real estate and distressed situations, where expertise is critical to navigating complex market dynamics.

At a time when interest rates remain elevated, regulatory pressures show no sign of easing, costs continue to rise, and uncertainty around tariff policies persists, the industry faces a pivotal moment. Success in 2025 and beyond will depend on addressing this talent crisis—not just by hiring, but by rethinking how mid-level professionals are developed, supported, and retained.

A Crisis Rooted in Experience Gaps

"One must learn by doing the thing; for though you think you know it, you have no certainty until you try," Sophocles

The mid-level talent gap is not a new problem, but its urgency has deepened. This stage is historically a challenging point in a professional's career, marking a critical inflection point where they transition from execution to origination. A strong execution-

focused professional does not necessarily evolve into a strong originator, which implies the expectations, alignment, and feedback must shift as they take on new responsibilities and advance in their career. A compounding issue is that many VPs, promoted in the aftermath of 2022's record-breaking \$809B (Statista/MSCI) in US CRE transactions, lack the full market-cycle experience needed to confidently originate and guide deals in today's challenging environment. This challenge is felt most acutely in the current generation of professionals, whose foundational years were shaped by low interest rates and generally growth-oriented markets. Recent economic challenges have largely been met with an acceptance of sitting on the sidelines. However, as pressure mounts to pivot to an offensive strategy, today's mid-level professionals find it difficult to navigate and source opportunistic investments, given their limited prior exposure to such strategies. This inexperience is most evident in distressed situations and complex restructurings, where decisions often require balancing the competing perspectives of lenders, borrowers, and other stakeholders.

Sector-Specific Complexities

"The test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function," F. Scott Fitzgerald

The talent crisis is particularly acute in real estate due to the sector's unique demands. Distressed assets require professionals with expertise in workouts, debt restructuring, and managing complex stakeholder dynamics - skills that many mid-level professionals lack. Evolving sectors like office-to-residential

conversions, mixed-use developments, and alternative asset classes such as hospitality, life sciences and senior living demand a mix of creativity and technical proficiency. Additionally, the rise of AI demand, last-mile logistics and shifting supply chain trends call for adaptability to rapidly changing markets. In capital markets, the challenge is no less significant, with success relying on the ability to navigate complex debt structures, negotiate joint ventures, and secure alternative funding sources while structuring innovative solutions in a high-rate environment.

A Blueprint for Bridging the Gap

"The only thing worse than training your employees and having them leave is not training them and having them stay," Henry Ford

Addressing this crisis requires a deliberate and multi-faceted approach. Firms cannot rely on ad-hoc solutions or quick promotions to fill the gaps. Arguably, the over-promotion of professionals during 2020 - 2022 as a retention strategy may have exacerbated the mid-level talent crisis that leaders now find so

frustrating. Therefore, companies now must invest in structured development programs that build both technical expertise and leadership skills while clearly defining what success and career trajectory look like for these professionals.

Mentorship is key. Senior executives must actively transfer their knowledge to rising VPs, offering guidance not only on deal execution but also on navigating the complexities of market cycles. Rotational programs that expose mid-level talent to diverse asset classes and scenarios can also accelerate growth, ensuring professionals are prepared for the challenges ahead. Notably, many firms pushed for increased sector specialization as professionals reached the VP level prior to the pandemic. As a result, today's professionals may require re-wiring and intentional exposure to other asset classes to balance their skillsets as compared to previous generations.

Retention strategies also demand greater attention. Clear career progression paths, opportunities for hands-on learning, and exposure to leadership roles can help firms not only attract but retain their top talent. Beyond technical skills, firms must focus on developing soft skills, such as team leadership and stakeholder communication, which are critical for mid-level professionals stepping into greater responsibilities.

In particular, mid-level professionals value opportunities to take on clear responsibilities - often related to coverage models. We frequently observe professionals leaving for new opportunities at the VP level when they encounter a ceiling within their current team. In many cases, it is easier for them to join a new firm with a fresh coverage slate than to navigate the complexities of the existing coverage structure within their current team.

Redefining Talent

The industry has faced similar challenges before. Following the 2008 financial crisis, layoffs and reduced hiring

"...companies that focus on skills as the currency, that shift away from more antiquated signals like only a degree or pedigree... will help ensure that the right people can be in the right roles, with the right skills, doing the best work," Ryan Roslansky, CEO LinkedIn

created a talent void that lingered for years. The lesson is clear: firms cannot afford to deprioritize talent development during periods of uncertainty. This time, the stakes are even higher, with AI-driven transformation and sector-specific shifts adding layers of complexity. Instead of relying solely on traditional markers like degrees and titles, firms must focus on cultivating practical skills and competencies that align with evolving industry needs. By reimagining talent development as a skills-first approach,

organizations can better prepare mid-level professionals to navigate uncertainty and deliver value.

The 2025 Opportunity

"I skate to where the puck is going to be, not where it has been," Wayne Gretzky, former NHL player (the GOAT)

The current environment presents unprecedented opportunities for experienced professionals. Firms are seeking leaders who can deliver immediate results, mentor the next generation, navigate the [\\$3.3T debt maturity wall](#) (S&P) over the next three years with

strategic restructuring, integrate AI-driven investments, and innovate in emerging asset classes. In addition, today's leaders are often pulled into larger strategic initiatives, including pursuing new business strategies, exploring M&A opportunities, and supporting capital raising efforts.

For firms, success hinges on fostering environments where mid-level talent can thrive, allowing senior leaders to focus on navigating the many pressures they face. This means cultivating mentorship, offering structured exposure to complex deals, and ensuring effective knowledge transfer between senior and junior team members. Firms that meet this challenge will be well-positioned to excel in an increasingly competitive market.

Building Future Leaders

"Someone is sitting in the shade today because someone planted a tree a long time ago," Warren Buffet, Chairman Berkshire Hathaway (the GOAT)

Bridging the mid-level talent gap isn't just about filling roles - it's about securing the future. By prioritizing mentorship, developing hybrid skill sets, and investing in structured growth, firms can build a resilient, high-performing workforce. This investment will pay dividends, as the effects and learnings will also trickle down to the

junior level helping to build a strong bench in an environment where junior professionals often feel overlooked. The message is clear: invest in your people today to lead the industry tomorrow. The future of real estate and investments depends on it.

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Irina is the President and Founding Partner of Highridge Search, bringing 15 years of experience in development and hands-on transaction and asset management to executive recruitment of real estate and hospitality executives.

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Irina held various investment and business development roles at Gansevoort Hotel Group, Credit Suisse Asset Management, Starwood Capital, and American Express. She began her career as an Investment Banking analyst with Merrill Lynch Global Telecom and Media Group in New York, where she focused both on M&A and corporate finance transactions followed by two years in Strategic Alliances at Level 3 Communications.

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Most recently, Alexis was a Consultant within Sheffield Haworth's Global Real Assets Group, where she spearheaded real estate credit and hospitality coverage in the US. She also has extensive experience in capital raising/investor relations, acquisitions, asset management, development, and broader C-Suite work, among other areas.

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