

## Bonuses on Wall Street Earmarked for Real Estate

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NEW YORK ([MainStreet](#)) — The average bonus paid to securities industry employees in New York City grew by 15% to \$164,530 in 2013, according to estimates released by New York State Comptroller Thomas P. DiNapoli. The estimate includes cash bonuses for the current year, supplemented by compensation deferred from prior years. And the lucky recipients are looking for safe ways to stash their cash.

"Securities industry employees took home significantly higher bonuses on average," DiNapoli said. "Although profits were lower than the prior year, the industry still had a good year in 2013 despite costly legal settlements and higher [interest rates](#)."

Regulatory reforms are changing the way the industry does [business](#) by requiring larger reserves, limiting proprietary trading and imposing other changes intended to reduce unnecessary risk and to enhance transparency. In response to compensation reforms, firms now pay a smaller share of bonuses in the current year and a larger share is deferred to future years.

[Real estate](#) brokers whose clients are largely Wall Street financiers are already seeing evidence of it.

Since mid-February, Jacky Teplitzky has completed at least six deals for her [Wall Street](#) clients who used their bonus to buy property.

The highest transaction was \$5 million for a co-op on the Upper East Side and the lowest was \$1 million for a property downtown.

"There are some that receive a portion of their bonus in restricted stock and others that are being paid in deferred compensation, which can be over several years," said Teplitzky, a real estate broker with Douglas Elliman. "This can be a challenge for financiers who want to buy in co-ops because their bonus money has to hit their [bank](#) account before we can submit the application to a co-op board. Getting paid largely in restricted stock doesn't help with the co-op board or the ability to buy an apartment."

About 75% of Wei Min Tan's [Wall Street](#) clients buy property as an investment.

"Returns on their investment are very important," said Tan, an associate real estate broker with Rutenberg Realty. "My recommendation is to buy properties with low vacancy rates, high rent potential and strong appreciation [rate](#) in terms of price, which are condos often located downtown in neighborhoods like Tribeca, Soho and the Financial District. These areas are benefiting from World Financial Center development."

Even though the securities industry has been profitable in recent years, the number of industry jobs in New York City has not returned to the pre-crisis level. DiNapoli estimates the securities industry employed 165,200 workers in New York City in December 2013, which is 12.6% fewer workers than before the **financial** crisis.

"Next year's bonus is driven by the global economy and depends on how much the company makes," Tan told *MainStreet*. "My clients don't tie up all their bonus because their jobs are just as uncertain as their bonus is so they create a cash cushion for themselves with liquidity in the **bank**."

Tan's clients, who are managing directors, partners, CFOs and CEOs working on Wall Street or in finance related businesses, only allocate about 10% to 20% of their bonus to splurging on dinners and vacations. The remaining is earmarked for investment real estate, cash in the bank or stocks and hedge funds.

"Their bonuses range from \$100,000 to \$10 million and they are careful with that **money**," Tan said. "They make sure it's invested in a safe asset."