

Walking the walk

How some real estate investment organizations are approaching diversity, equity and inclusion

with Loretta Clodfelter

Some in the commercial real estate industry have noticed an increasing awareness of diversity, equity and inclusion (DEI), or a shift in viewpoints more broadly, as these issues have come to the fore nationally in the past year. Loretta Clodfelter, senior editor of Institutional Real Estate Americas, recently asked a group of industry professionals who have been engaging with this topic to answer a few questions and share their perspectives on DEI in the commercial real estate investment industry.

*The roundtable participants were **Jeffrey Beckham**, executive vice president, head of portfolio management and co-portfolio manager for the GID Mainstay Fund at The General Investment and Development Cos. (GID); **Khalif Edwards**, managing director of capital raising and investor relations at Starwood Capital Group; **Jim Farris**, CEO of Mosser Capital, LLC; **Salika Khizer**, director at Walker Dunlop Investment Partners; **Neveo Mosser**, CEO of Mosser Cos. and co-founder and chairman of Mosser Capital, LLC; and **Amy Price**, president of BentallGreenOak.*

How are you approaching issues of diversity, equity and inclusion at your organization?

Edwards: Starwood Capital is very focused on the need for greater inclusion in the CRE industry and recognizes the benefits of having a diverse workforce. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and the company's achievement as well. As part of our drive to encourage diversity, equity and inclusion in the workplace, the firm has placed significant

focus on developing meaningful external partnerships, and added a DEI metric to our internal performance reviews. Starwood's focus on diversity, equity and inclusion is one of the things that first attracted me to this firm.

Beckham: I recently joined GID and have been impressed with its strong corporate culture and respect for diverse experiences and perspectives. GID employs over 1,000 people, of which almost 50 percent identify with a race or ethnic group other than white, so the firm has long been focused on diversity and inclusion efforts. Three years ago, GID established a Diversity Summer Internship program and has since hired three of those interns full-time onto our portfolio management teams. That same year, GID joined PwC's CEO Action for Diversity & Inclusion, and members of the firm's leadership have been panelists discussing DEI at ULI and NMHC. We understand the need for advocacy and are actively engaging. Another example is that GID is the first firm to sign on as a Founder of NMHC's DEI Initiative. GID recently ranked first out of 56 participants in GRESB's 2020 "Residential Americas" category. Several of our "Social" initiatives were highlighted in that GRESB submission, and we expect DEI to feature more prominently in the future. We have an established DEI committee, chaired by the CEO with broad representation from across the company, and we have a very engaged executive committee, of which I am a member.

Price: We are approaching DEI with tremendous energy and determination, combined with a thoughtful and consultative approach that ensures the progress we make delivers lasting results. There is widespread recognition across BentallGreenOak of the strategic importance that a diverse and representative talent base adds to our continuing efforts to deliver strong

performance for our clients, as well as achieving our firm's aggressive growth plans. To that end, we have empowered our leadership teams to drive action and commitment from the top. We have coupled that with a firmwide effort to strengthen the diverse, minority communities within BGO, challenging and educating us all on how we can build an even more inclusive and equitable company. It's been one of the early successes of our DEI program to see these emboldened voices come to the forefront with fresh,

progressive ideas. Our Black Professionals Alliance, Asian Network, Women's Leadership Council and PRIDE alliance communities are creating the connections and support mechanisms for our employees, and they are making their mark on the culture we're building at BGO.

Khizer: DEI is not a quick fix or tangential to our core business, but instead requires the same rigor, commitment and accountability that we embed in every other area of our business. We have set long-term objectives to nearly double female and minority representation in management positions and top company earners by 2025. As a company, we have set aggressive long-term DEI goals and will continue to make significant investments. Our mission is to provide a culture of inclusion by improving recruitment, retention and advancement of diverse talent. We plan to achieve this by conducting culture and equity audits and collect DEI data and incorporate them into a data analytics platform to track progress.

Mosser: Our perspective on diversity, equity and inclusion — DEI — has been woven through



our business like a golden thread over the last six decades. We are different than the other housing companies — DEI is embedded at the very foundation of our company as an African-American- and woman-owned family business. It stems from our founders to our workforce, and beyond to our residents and communities. Far before the diversity-and-inclusion concept was popular, it was part of our deepest ideals. Based on our own diversity, we are 100 percent certain that DEI breeds success and allows us to stand out and unlock our full potential. We nurture our leadership from within — and 80-plus percent



“Our perspective on diversity, equity and inclusion — DEI — has been woven through our business like a golden thread over the last six decades.”

Neveo Mosser
Mosser Companies



“Our mission is to provide a culture of inclusion by improving recruitment, retention and advancement of diverse talent.”

Salika Khizer
Walker Dunlop Investment Partners

of our employees identify as part of a minority group. Mosser has a long history of equal opportunity and promoting from within, while having a tradition of developing the marketable skills of our employees. These principles allow us to foster a more productive, creative and innovative company that fosters loyalty and commitment, which also mirrors the diversity and our commitment to the residents and communities we serve. The values we hold at Mosser are values we expect from our vendors, contractors and partners.

How so?

Mosser: We acquire poorly managed, under-capitalized, rent-stabilized buildings in highly diverse neighborhoods at a discount and bring to bear the highest-quality management standards. Unlike other owner-operators that are guilty of gentrifying neighborhoods and push-

ing poor people out, we do not. We do not promote tenant buyout programs or forced evictions. Instead, bound by rules and regulations of rent control, we preserve affordable housing within our communities, and cater to existing residents and newcomers looking for high-quality affordable units in diverse and inclusive properties. Mosser also has an active stance on giving back to improve and sustain diverse and inclusive communities. The company develops and beautifies public spaces, where the community can connect — like Frederick Douglass Plaza in San Francisco. We also strive to attract small, local, and primarily woman- and minority-owned businesses to our buildings, like an African-American barber, an Asian grocer, and a woman-owned lifestyle clothing company. Our thoughtful selection of retail tenants makes the neighborhood vibrant and DEI sustainable. Finally, we also believe in financially contributing to many community organizations fostering diversity and inclusion and making our neighborhoods better places to live, including The African American Art & Culture Complex in the Fillmore district of San Francisco, The Tenderloin Museum, SEO, Foundation for a College Education, Adopt-A-Block, The San Francisco Rent Board Commission and more.

Are you noticing an increasing awareness of diversity or shift in viewpoints in the commercial real estate industry more broadly as these issues came to the fore nationally in 2020?

Price: Yes, there is no question that the past year has cast a brighter spotlight on the lack of diversity in the real estate industry, and that more people are paying attention. The struggle for greater diversity in the commercial real estate industry has largely been focused on gender representation. While we have seen some signs of progress in female representation within the senior ranks at many firms, as an industry, we have not yet started to address the underrepresentation of people of color, or to develop an appreciation of the concerns and experiences of the LGBTQ+ community. It is my hope that the increased awareness we are seeing on diversity and inclusion leads to a greater appreciation for intersectionality and the compounding challenges experienced by those who come from multiple underrepresented groups. The events of 2020 have created some important moments for introspection and a maturation in our approach to DEI. Progressive leaders are replacing altruism with responsibility, purpose and accountability. We need to maintain

the momentum and not allow this to only be a momentary flashpoint from 2020.

Mosser: Yes, as a whole the awareness and shift in viewpoints has seen a dramatic shift over the past year in 2020. However, and specifically, diversity, equity and inclusion — DEI — has always been at the forefront of Mosser since our founding in 1955 and recently have seen others gaining awareness. While others get up to speed, we continue mentoring and developing the next generation of Mosser on what it means to be proactive in living and breathing our values of DEI in our communities, being philanthropic through the newly formed Mosser Family Foundation and imparting the importance of social service volunteerism. The work we are engaging in today as an industry will determine if we are able to overcome the historical barriers of commercial real estate ownership among underrepresented groups, like women and racial minorities. We are



“We are approaching DEI with tremendous energy and determination, combined with a thoughtful and consultative approach.”

Amy Price
BentallGreenOak

pleased that there is momentum currently in the commercial real estate industry to foster not just awareness but change. Some of the industry leaders we are working toward this goal with are also current partners, such as Sonny Kalsi from BentallGreenOak. Not only is Mosser’s diversity and inclusion both inside and outside the company the right thing to do — but it is also a winning proposition for our investors, who see DEI as a positive contributor to success in more ways than simply increasing return on investment.

Beckham: I definitely notice an increased awareness. All firms, whether investors, managers or service firms are discussing openly what they can do to make changes that support and promote increased diversity. The first step in addressing any issue is acknowledging that there is one. I think we’ve seen since this summer a universal acknowledgement across the real estate industry that there is an issue with a lack of diversity, and it’s an issue that needs to be proactively addressed over the short and long term. The

public acknowledgement of the issue, from senior leaders throughout the industry, has been unprecedented and is hopefully a turning point for lasting change.

Khizer: From a DEI perspective, the culture in commercial real estate has been stagnant for a very long time. DEI has not been a central focus, nor has there been any great effort or success in diversifying leadership. So, there are cultural challenges that reflect that long-term reality within the industry. With the social movement that occurred in 2020, we are seeing a drive for change and a call for accountability that can finally move the needle for DEI.

Edwards: It’s no secret that CRE has largely been a cisgendered white, male-dominated field. Historically, women; LGBTQ; Black, Indigenous and people of color — BIPOC — have been underrepresented in the industry. Given this, young BIPOC simply don’t see people that look like themselves in positions of leadership or mentorship within the industry. Often times, they don’t know someone in the industry, so they’re simply unaware of the opportunities. Thankfully, I do think recent global conversations about racial inequality and equity specifically are helping to drive more diversity in the CRE industry. More and more leaders are increasingly cognizant of diversity, equity and inclusion, and actively learning or taking efforts to create a more diverse workforce. Not just for the sake of diversity, but because we know it’s vital to the success of a business. Companies that are more diverse have a better bottom line. A recent study by the Boston Consulting Group found that companies with more diverse management teams have 19 percent higher revenue due to innovation. We have an incredible opportunity right now to create meaningful change.

What are the challenges facing investment management firms regarding diversity, and how can limited partners and consultants support managers who are focusing on diversity?

Khizer: From an inclusion perspective, the big challenge now is that even when managers and leaders are committed to moving the needle on diversity and inclusion, they often don’t know how to execute; they don’t have concrete, actionable steps they can take to be more inclusive managers. Without translating the theoretical commitment to the actionable, there will be more challenges. Within the year, we have seen a strong

push from limited partners and consultants, calling for accountability with their managers. Limited partners and consultants are supporting the need for accountability and transparency by calling their managers to share their policies, plans and strategies to promote inclusion and diversity.

Beckham: We work in an industry where capital is king. Limited partners and consultants control capital allocations. One driver that can contrib-



“I do think recent global conversations about racial inequality and equity specifically are helping to drive more diversity in the CRE industry.”

Khalif Edwards
Starwood Capital Group

ute to change will come when LPs and consultants articulate their goals with respect to DEI. Investors and consultants made an impact when they increased the focus on climate change and green building. The same impact can be had with a focus on DEI as part of their management

selection and capital allocation process. Of course, LPs and consultants have a critical duty to identify the managers who will generate the best returns. That is a given, but those two goals are not, and never have been, mutually exclusive.

Farris: The primary focus of all investment managers is as a fiduciary to their clients and achieving their investment goals, the majority of which are focused on maximizing economic returns. A challenge facing managers is a lack of clarity of mission and financial commitment to DEI on the part of investors. Another challenge facing investment managers who are seeking more diversity is the limited pool of diverse senior professionals within the industry. The problem gets exacerbated based on the need to develop new diverse senior managers from a typically less-diverse pool of junior-level applicants. Managers need to make concerted efforts towards finding the best diverse candidates to hire at all levels, and in particular at entry levels. Creating diverse and equitable businesses means establishing clear goals, objectives, benchmarks and a rigorous stakeholder-involvement process that is ongoing and encompassing of the diversity within our communities. These efforts need to be led at all levels of an investment management business. Thus attracting, hiring and developing diverse

Facts and figures

Diversity is increasing among senior and executive management roles within the real estate investment management industry, albeit from a low base, according to the 2021 NAREIM–Ferguson Partners Diversity & Inclusion Survey. And the survey found widespread agreement that the issue of diversity, equity and inclusion (DEI) deserved increased attention.

Some 96 percent of respondents to the NAREIM survey, conducted in partnership with executive recruitment firm Ferguson Partners, said their organization had a DEI program or initiatives to improve DEI within their organization. In addition, 71 percent of participants had staff dedicated to their DEI approach, up from only 37 percent five years ago.

It remains to be seen whether the increased attention on diversity will translate to more-diverse staffs, but the industry appears to at least be moving in that direction.

“You are not going to flip on a light switch and overnight have a materially more diverse industry, but you are seeing the right steps take place to

move in that direction,” said Erin Green, managing director at Ferguson Partners, in a statement.

“Material, sustained changes will take time to show through in the data,” added Zoe Hughes, CEO of NAREIM. “But what is clear, from the 2021 NAREIM Diversity & Inclusion Survey, is that there is a mandate and momentum for DEI to be a priority within the real estate investment management industry.”

The survey also found increased representation of women and diverse professionals (both male and female) at the senior and executive management level (see table on page 32). For example, women held 15 percent of executive management positions in the real estate investment industry in 2020, up from 12 percent five years ago. And minority professionals, both men and women, held 15 percent of executive management positions in the real estate investment industry in 2020, up from 10 percent five years ago. In addition, 30 percent of senior-level professionals are women, up from 23 percent.

— Loretta Clodfelter

candidates now to champion these longer-term DEI efforts is the key. LPs and consultants can best support managers focused on diversity by investing time and capital in the firms that exhibit these values as well as time and capital towards working with them and other stakeholders towards aligning on values, mission, and a comprehensive plan for the industry as a whole.

Price: The approach to managing talent at all stages — recruitment, retention and development — needs to be more intentional in effort to reach a wider professional pool. This includes the partnerships we develop with academia, the early entry points to our industry that we create for diverse prospects, and the career-long mentorship opportunities that we foster to ensure that these efforts are reaching beyond their tradi-



“Creating diverse and equitable businesses means establishing clear goals, objectives, benchmarks and a rigorous stakeholder-involvement process.”

Jim Farris
Mosser Capital, LLC

tional bounds. Our challenge is to redefine meritocracy to give weight to diversity of thought, experiences and expressions, too, as important contributors to how we generate value. Limited partners and consultants can help drive change by holding investment managers accountable for having an EDI action plan with defined goals and being more transparent in sharing high-level EDI metrics.

Edwards: I have noticed that investment managers have made progress in their respective recruiting efforts as it relates to diversity. The industry is starting to better understand the importance of diversity, how to access diverse talent and, most importantly, that having a firm with people of diverse backgrounds leads to a more inclusive culture while also driving returns for stakeholders. Having a talent base that has different perspectives on the world shaped by their personal experiences allows firms to see investment opportunities and identify ways to better analyze risk that they may not have known otherwise. I feel the next evolution for the industry is to recognize that there are many talented minority- and women-owned real estate platforms to partner

with for investments. The biggest issue facing many of these firms has been access to capital or, shall I say, the lack thereof. Our industry can take meaningful strides by identifying and working with diverse operating partners to provide them capital, especially to firms that are investing in markets and certain property types within those markets that have been underserved by traditional capital sources. There is of course a social good associated with this, but most important there are compelling investment opportunities with these experienced and talented platforms that have struggled with access to capital. Lastly, LPs and consultants can help address this issue by continuing their efforts with respect to holding investment managers accountable for working with a diverse set of partners and service providers. We have some work to do on this, but it is definitely a focus for LPs and consultants as they look to identify managers that are trying to make a difference and even the playing field..

What organizations support these efforts?

Edwards: The Real Estate Executive Council, REEC, an organization I’m heavily involved with, as well as organizations like SEO, Toigo Year UP, Point Foundation, InternX, The Posse Foundation and PREA, are actively engaging and providing opportunities and access for diverse candidates. Holding webinars and workshops to highlight various career paths within the CRE industry is extremely important. Due to the CRE industry’s lack of diversity in senior leadership positions, many young people of color don’t have the role models and mentors and, quite frankly, the network that are needed to gain access to the industry otherwise. I think the earlier companies can start educating the younger generation, the better. If we could find a way to go one step further and provide these programs to high school students, it gets them on the path that much earlier and could be a great springboard for a successful career in CRE. It’s also important for companies to consider diversity when recruiting new hires, something Starwood Capital is heavily focused on. Many CRE firms recruit from the Ivy Leagues, but we have also started proactively recruiting from historically black colleges and universities, as well as from diversity groups across many other schools. I recognize that my time at Stanford and Columbia gave me a significant leg up in entering the CRE space, but I think we as an industry need to expand our outreach efforts in order to attract a more diverse applicant pool.

What are you looking ahead to in 2021?

Price: I'm looking forward to continuing to build momentum — and make progress — against bold goals and initiatives in 2021. We will use our in-depth diagnostic learnings and draw on the allyship we have within BGO to chart our course. Key actions will include strengthening our hiring approach to bring diverse representation into BGO, delivering more training and educational opportunities to strengthen our leadership capacity to manage a diverse workforce, and drawing



“One driver that can contribute to change will come when LPs and consultants articulate their goals with respect to DEI.”

Jeffrey Beckham
GID

on the strength of our diverse talent base to deliver remarkable outcomes for our clients.

Beckham: I am looking forward to seeing which firms follow through and show progress on the proclamations they made during the summer. The firms who are serious are the ones who will continue their efforts when the spotlight is not shining so bright on them. Actions are the critical next step in our progress. I'm eager to see how some initiatives increase accountability and transparency within the industry. This is a pivotal year for progress, and tangible actions in 2021 are important to accelerating progress.

Edwards: In 2021, I'm committed to mentoring BIPOC about the multitude of opportunities and career paths within this industry through REEC and other avenues. Fifteen years ago, Troy Jenkins — a prominent black CRE executive — served as a mentor to me and helped me discover the many opportunities that the industry has to offer. I have also been fortunate in my career to have worked at large real estate institutions that have provided me a multitude of opportunities and access to industry leaders that have helped me grow in my career. I am committed to paying it forward and opening my network to the next generation.

Farris: There's major evidence we are on the right track with DEI, and we see increasing momentum from all stakeholders in the industry, as well as opportunities for all the communities in which Mosser invests. We are looking ahead to the economic rebound beginning in 2021, as vaccinations become more readily accessible and city shelter-in-place orders ease. The devastation of COVID-19 has disproportionately affected racial and ethnic minorities, and we expect to see our small, locally owned retail bounce back. The core urban landscape has experienced rent and value declines not seen since the last cycle during the GFC, and which is presenting us with exceptional going-forward investment opportunities in our target markets. Most importantly, as we navigate a period of national healing and economic recovery, we hope the deep-rooted inequalities that we have seen come to the forefront in 2020 will be addressed and diverse communities emerge from this economic downturn with living wage and employment improvements, and with the ability to invest and grow their wealth alongside the more-affluent members of the country that either already have enjoyed the benefits of the stock market rebound or will enjoy uniquely accretive investment opportunities in 2021 created by COVID-19. ♦

Real estate investment industry gender and ethnicity breakdown by seniority		
	Share of full-time employees	
	2020	2016
Executive management		
Men	85%	88%
Women	15%	12%
Diverse men	12%	8%
Diverse women	3%	2%
Senior-level professionals		
Men	70%	77%
Women	30%	23%
Diverse men	7%	6%
Diverse women	6%	8%
Mid-level professionals		
Men	59%	60%
Women	41%	40%
Diverse men	14%	14%
Diverse women	13%	10%
Junior-level professionals		
Men	49%	42%
Women	51%	58%
Diverse men	15%	14%
Diverse women	21%	23%

Source: 2021 NAREIM-Ferguson Partners Diversity & Inclusion Survey

Note: 2021 NAREIM-Ferguson Partners Diversity & Inclusion Survey based on 74 companies representing more than \$2 trillion in AUM; data relates to 2020. 2017 NAREIM-Ferguson Partners Diversity & Inclusion Survey based on 46 companies representing almost \$1 trillion in AUM; data relates to 2016.