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## INVESTORS

# The unintended consequences of diversity initiatives

The industry's escalated focus on placing more women into senior roles has raised new concerns for professionals in private real estate.

For the most part, the recent wave of senior female hires and promotions has been welcomed as a positive, if not overdue, change for the industry. Some executives, however, question whether diversity initiatives are being taken too far and will lead to unwanted backlash.

"Women are now in a position where great things are happening," says Gila Cohen, managing director of real estate and private equity at MUFG, the global asset servicing arm of Japanese bank Mitsubishi UFJ Financial Group. "What you don't want is for someone to say, all these women got these great jobs because they were women, not because they deserved it and they were just as good and they were fantastic investors. That's the fear that some of the senior women in the market have."

For example, Amy Price was appointed president at BentallGreenOak, effectively second-in-command after chief executive Sonny Kalsi, in January, several months after the firm announced aggressive diversity hiring targets for women and other underrepresented minorities. However, "I don't view my promotion to president as a step in BGO's diversity initiative," she says. Rather, Price considers her new role as the latest achievement in a 27-year career that includes a stint as managing director at Morgan Stanley and serving as the linchpin in the merger

between BGO's predecessor entities, Bentall Kennedy and GreenOak Real Estate.

"It's a challenge if women ascending into top positions of leadership in our industry are put in this box or categorized as a diversity initiative, and it's regressive to what we're trying to accomplish," she says. "I think it's really important that the conversation is about merit."

Moreover, merit and diversity should be not viewed as mutually exclusive. "It's exceptionally important to break down this myth that somehow meritocracy and diversity are opposed to one another," Price remarks.

Although the firm will look harder for people of color and women, it does not mean people who do not fit those characteristics will be at a disadvantage.

"Rather, it means we're going to focus on eliminating obstructions for women and visible minorities that then become impediments to meritocracy."

At the same time, some are concerned about whether diversity initiatives are now excluding other groups of people, namely white men. "Hiring a 50-something white male in today's environment to be a portfolio manager is much more difficult than bringing on a senior woman," Cohen observes. "Not that you can't. But you'll get a lot of questions as to, were there no qualified female candidates?"

It has been equally challenging for younger white men to find work, she adds. "This year, from a hiring of interns, both in the public investor world and on the manager side, it's been the year of diversity woman," Cohen says. "The tables have almost turned so far that if you're man, I'm not sure you're able to get a job out of college in private equity or real estate or get an internship."

Serena Althaus, head of Europe at Chicago-based executive search firm Ferguson Partners, points to one North American pension plan that would only consider an all-female shortlist. "There wasn't to be a single man on it, which feels like the pendulum overswinging, because you shouldn't exclude talent," she says. "That's still prejudice, it's just prejudice against men this time."

Althaus says it is important to positively promote opportunities for women and to allow more margin for inclusion. "But as soon as you make it a 100 percent quotient, naturally, that's concerning."

Cohen agrees: "It's going to take a little time for firms to figure out the right balance. I think the scales are heavily tipped the other way at the moment."

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