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FALL 2023

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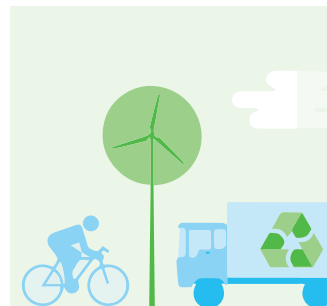
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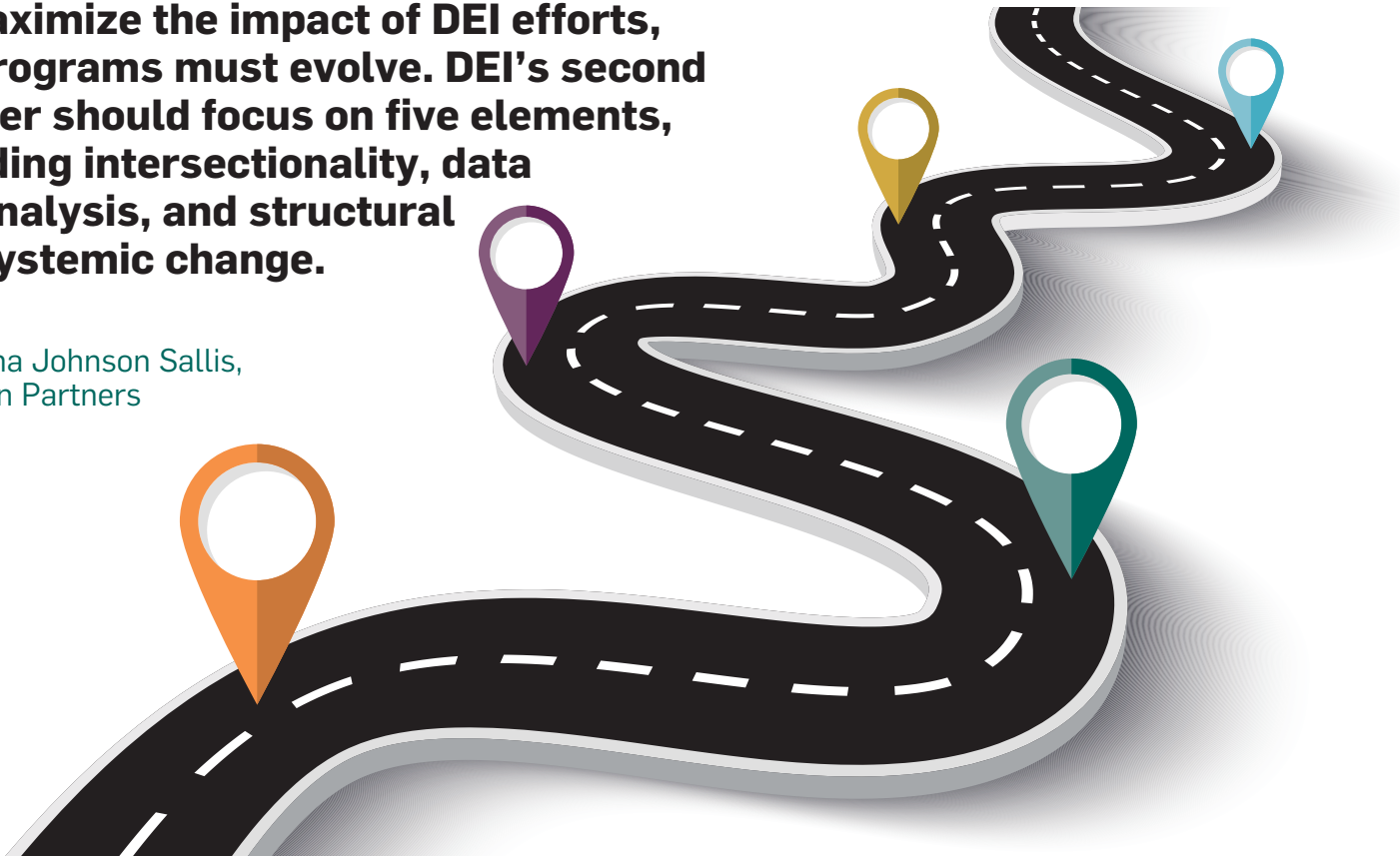
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DEI 2.0: *a roadmap for* lasting change

To maximize the impact of DEI efforts, DEI programs must evolve. DEI's second chapter should focus on five elements, including intersectionality, data and analysis, and structural and systemic change.

By Dionna Johnson Sallis,
Ferguson Partners



¹ Roy Maurer, New DE&I roles spike after racial justice protests, SHRM, August 6, 2020.

² Global Real Estate DEI Survey 2022, NAREIM and Ferguson Partners.

The 2020 murders of George Floyd and Breonna Taylor were a catalyst for a reexamination of DEI efforts across our world thus far. Following these grim events, which occurred during the height of the Covid-19 pandemic, historically homogenous industries like commercial real estate (CRE) reflected upon their own DEI efforts, realizing that to create change they needed to increase their DEI commitments and investments.

Over the past three years, efforts made by the CRE industry to become more diverse and inclusive have resulted in an increased focus on hiring diverse talent, as well as training and development for diverse employees. Companies increased their diverse recruiting efforts, created DEI committees and promoted their awareness of existing, systemic structural disparities, publicly signaling commitments to do better.¹

This progress is evidenced by our Global Real Estate DEI Survey 2022, wherein over 95% of respondents indicated that their organizations were actively working to address DEI-related issues. As part of their efforts to redress DEI-related issues, they have begun mobilizing formal DEI programs and crafting DEI-specific initiatives and policies to improve the representation of women and other underrepresented groups across their organizations.²

However, there remain significant areas in which to further advance DEI efforts. Three years ago, DEI programs focused on attracting diverse talent. Now, the focus should be on how to create work cultures that foster a sense of belonging and retain the diverse talent that we want to attract. Many DEI committees that were established three years ago have operated as social clubs with no real mission or goals in place. Now, the best-in-class DEI committees need to be grounded in their company’s values and vision, and these committees must have the full participation and support of their executive leadership.

DEI 2.0 is the removal of box-checking activities and the implementation of measurable efforts that can drive actual and lasting positive change for employees and external stakeholders. Here are some ways CRE organizations can advance DEI efforts to the next level.

Forging a path to DEI 2.0

Organizational change begins with establishing the right set of goals and priorities and continues with ongoing reflection and evaluation of progress against those goals.

While initial DEI programs provided a promising future for firms making DEI a much-needed priority, many of these

efforts have largely proven inadequate for organizations working toward lasting change.

DEI 2.0 must evolve so that newly formed DEI programs deliver on the promise of its now-antiquated predecessor. Specifically, DEI 2.0 must provide organizations with the critical capabilities to consistently acquire, develop and retain diverse talent. Moreover, DEI 2.0 must ensure that these professionals, across all levels of the firm, are equipped with the required resources to drive future success (see Exhibit 1).

The crux of the matter is that it is necessary to evolve DEI programs to maximize the impact of DEI efforts. If done correctly, organizations will address systematic biases to foster an inclusive environment and to yield high-achieving equitable outcomes.

To begin, organizations should analyze the effectiveness of current DEI initiatives and results against best-in-class DEI outcomes realized by peers and recognized DEI leaders. From there, identify gaps and reestablish goals and priorities for DEI 2.0. Through thoughtful reflection of progress, an organization may find that it needs to expand personal development and mentorship opportunities available to employees and/or to continue to improve diverse recruiting.

Exhibit 1: Comparing DEI 1.0 and DEI 2.0

DEI 1.0	DEI 2.0 enhancement
Increased diverse candidate pipelines	...focusing on retention and promotion of acquired diverse talent by fostering an inclusive work environment
Creation of DEI committees and employee resource groups	...prioritizing committee activity to achieve overall company goals under executive leader sponsorship
HR professionals leading DEI initiatives	...hiring a leader to solely focus on DEI strategy that will cascade throughout entire organization
Reactive campaign commitments	...shifting beyond lip-service to restructure organizational culture
Hiring chief diversity officers and DEI practitioners	...staying committed and actively supporting the DEI leaders that have been hired

³ Paul Gompers and Silpa Kovvali, The Other Diversity Dividend, *Harvard Business Review*, July–August 2018.

Overview of DEI

“How did we get here?” can be answered by a brief historical perspective. The Civil Rights Act of 1964, a legislative edict that addresses various discriminatory practices, was enacted to ensure that all individuals — regardless of identity — have equal access to opportunities and resources across society. It is the genesis of the contemporary diversity, equity and inclusion movement, empowering institutions to pledge allegiance to the eradication of discriminatory practices within the workforce.

Leveraging the spirit of the Civil Rights Movement of the 1960s, it is imperative that professionals remain engaged in the broader discussion of the how, what and why about diversity, equity and inclusion. In many cases, organizations can benefit from breaking apart the acronym, DEI, and focus on the true meaning of each word.

Studies have shown that more diverse organizations make better decisions and investments.³ A diverse company without an inclusive culture or equitable best practices does not promote an organization’s long-term goals or profitability. Steadfast commitment to DEI’s broader discussion will empower a collective voice that can answer, in unison, the question of “How did we get here?”

This thoughtful reflection is best accomplished when organizations consider their workforce in totality and solicit feedback from all employee levels. In Ferguson Partners’ experience, balancing this feedback against current program results and stated goals is incredibly revealing and brings to life what the objectives of an organization’s DEI 2.0 program should be. Establishing the future roadmap and priorities becomes clear and is supported with concrete data and actionable insight.

Five elements of DEI 2.0

Evolving a DEI program is not a one and done activity. Programs will continue to build upon their achievements and learn from their shortcomings. As we look at DEI 2.0, the following five elements are important program progressions to advance DEI efforts and impact.

Intersectionality

A key tenet of DEI 2.0 is recognizing that

individuals have multiple dimensions of identity, such as race, gender, age, sexual orientation, disability and socioeconomic status. Likewise, team members come with a set of less-visible characteristics — such as neuro-disabilities, religion and sexual orientation — that also inform their identities. Recognizing this can help leaders and colleagues to effectively, and cognitively, empathize with the unique challenges and experiences particular to individuals belonging to one or more marginalized groups. This intersectional perspective can help organizations to develop a wider variety of DEI initiatives that recognize individuals and their differences, both seen and unseen.

Data and analysis

The DEI 2.0 roadmap should allow dedicated professionals to analyze data that identifies disparities, biases and areas for improvement. Regularly tracking key metrics, and conducting

assessments in areas like hiring, retention and promotion, allows an organization to measure the effectiveness of its DEI initiatives and make data-informed adjustments. The frequency of how often an organization should track their metrics will vary based on the organization’s goals, resources and size. However, regular check-ins on DEI metrics could be done quarterly, semi-annually or on an annual basis and, whenever data is collected, it should be analyzed.

For employees to feel confident in sharing more personal information about themselves, companies should be transparent regarding their analyses of previously collected data. For example, if an employee engagement survey shows that employees of color do not feel that they belong, an employer should share their plan to address that issue before asking for more complex data points.

Insight and data derived from employees are crucial for the DEI 2.0 roadmap. For example, anonymous employee surveys, well-conducted focus groups and thorough exit interviews, alongside correlational metrics, can help an organization to identify its strengths and weaknesses across different levels. This mixed methods approach also supports an ongoing conversation between a firm and its employees.

Structural and systemic change

DEI 2.0 acknowledges that individual-level interventions alone are insufficient to support lasting change in an organization. Instead, DEI 2.0 aims to address systemic inequities and biases that are embedded within organizational structures, policies and practices. For example, hiring practices may create ongoing

disparities in the types of employees coming into the organization.

Changing structures and systems takes examination, hard work, patience and open-mindedness. Shifting historical norms does not happen overnight. How each organization approaches this level of change will depend on its culture and goals, but the results will be revealed based on the retention of diverse talent and how these team members are promoted throughout their organizations. When people have the tools to grow and succeed professionally, they can then serve as role models and mentors to others.

Inclusive leadership

Inclusive leadership at all levels of the organization is an essential dimension to DEI 2.0, with a diverse leadership team that emphasizes the commitment to DEI and serves as an example for other team members to follow. Leaders play a crucial role in setting the tone for the organization, promoting and modeling inclusive behaviors, and fostering a culture of belonging for everyone in the firm.

The DEI 2.0 roadmap calls for an investment in leadership development programs that cultivate the knowledge base and skill-set necessary to champion DEI-centric efforts effectively. A dearth of inclusive leadership and a shallow pool of diverse candidates for leadership positions are indicators that a firm's DEI efforts are not successful.

Employee empowerment and resource groups

Employee resource groups (ERGs) and affinity networks that provide a platform for employees to connect, share experiences and advocate for inclusivity can be a powerful tool in support of DEI

“ Inclusive leadership at all levels of the organization is an essential dimension to DEI 2.0, with a diverse leadership team that emphasizes the commitment to DEI and serves as an example for other team members to follow. ”

2.0. These groups can contribute to shaping DEI strategies, promoting dialogue and fostering a sense of community within the organization.

However, ERGs and affinity networks need careful management and nurturing to ensure their long-term effectiveness. These groups and networks must be dynamic and able to change as circumstances and employee needs evolve. Without proper attention to embed these groups into the structure of a company, they can quickly become social clubs instead of mechanisms for mutual career and professional support and organizational change.

Moving ahead

DEI is neither a popularity contest nor a pet project. DEI initiatives should be designed to empower a sense of togetherness — across all levels of the firm — and provide evidence to all stakeholders that your organization is committed to DEI in the workplace.

Diversity, equity and inclusion apply throughout the value chain, impacting all stages of the investment process from cultivating an employee value proposition that attracts the best talent to improving relationships with vendors and partners. Efforts at the company level can have wide-ranging impacts, including attracting diverse tenants, supporting vendors and service

providers from underrepresented groups, and prioritizing projects that would benefit marginalized communities, all which can support overall positive brand receptivity.

History dictates we work better collectively as teams with shared goals and values, but with different and varied expertise. Harnessing the power of diverse backgrounds allows for us all to benefit. Heterogenous working groups have been proven to contribute positively to the economy by promoting resilience, innovation and adaptability. However, this success is contingent upon effective leadership, communication and commitment to fostering inclusive and diverse environments.

Whether we are up to the challenge remains to be seen, but if we truly want to realize exceptional business performance while optimizing our collective efforts, adoption of the DEI 2.0 roadmap is essential. Creating a thoughtful roadmap and committing to DEI 2.0 can help move the needle in the CRE industry's efforts towards equality, which will have lasting effects for generations to come. ♦

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