

Trade Group Shining Spotlight on Diversity

Nareim, the trade group for commercial real estate investors, is preparing to survey firms about the gender and racial make-up of their staffs in order to measure and promote diversity in the sector.

The group, working with consulting firm **Ferguson Partners**, plans to email a questionnaire to investment managers on Sept. 9, with a report due to be released early next year. While Nareim and Ferguson have included questions about diversity in their bi-annual compensation surveys, this will be the first time the trade group conducts a survey dedicated to “diversity and inclusion” issues.

“We will be actively encouraging all firms managing third-party capital to participate to ensure we build a robust data set everyone can utilize,” said the trade group’s chief executive, **Zoe Hughes**.

Industry pros said there’s scant hard data about diversity among investment firms, though the sector’s management ranks are understood to be heavily white and male. The compensation surveys conducted by Nareim and Ferguson are sent only to the trade group’s members, which number nearly 90 — and last year’s survey elicited responses from just 39 firms. The small sample size has made it difficult to glean trends about racial diversity, Hughes said.

The “D&I” survey will be sent to member firms and investment managers that aren’t part of the trade group, with the goal of eliciting at least 100 responses. Investors can request the survey by emailing Hughes at zhughes@nareim.org.

“This is an effort to create as much [of] an industry benchmark as we can,” Hughes said.

The idea for the survey grew out of discussions among Nareim members seeking to quantify diversity in the sector for the purposes of establishing baselines and measuring the success of programs designed to promote inclusion.

“There is a big push from investors to take D&I seriously,” said **Erin Green**, managing director and head of the management-consulting group at Chicago-based Ferguson. Firms “need to be showing a true commitment to diversity in their organization and that they are taking steps to improve diversity and inclusion in their company.”

Debbie Harmon, co-founder of **Artemis Real Estate** of Chevy Chase, Md., and chair of the **Pension Real Estate Association Foundation**, said she supports Nareim’s efforts: “You wouldn’t put all your money in one geography. You wouldn’t put all your

money in one asset class. Why are you putting all your money in one race and one gender?”

The survey will ask about gender and racial representation by job duty and seniority level. The categories for race are American Indian-Alaska native, Asian/Pacific islander, African American, Hispanic/Latino American, white and multiracial.

The questionnaire also will seek information about policies and practices designed to improve diversity, and how effective they are in recruiting and retaining employees. Nareim surveys typically are filled out by a firm’s human-resources department or by a senior executive.

“Benchmarking information is important to level-set and understand where you lie as an organization — and over time to be able to measure how the composition of your workforce changes as you are adding programs and new initiatives,” Ferguson’s Green said.

The few attempts to measure diversity in the real estate industry have shown it skews white and male. For example, an online compensation survey of real estate professionals being conducted by executive-search firm **Bachrach Group** via website personalsalary.com asks participants their gender and whether they identify as a person of color. As of early July, there were 2,300 respondents, of which 12% identified as a person of color. Women made up 17% of respondents.

Nareim’s 2019 compensation survey found that 54% of junior-level staffers were women. But that number fell to 44% for mid-level workers, 30% for senior-level pros and just 16% for executive management.

By comparison, 2018 figures from the **U.S. Equal Employment Opportunity Commission** show that women made up 48.2% of the overall U.S. workforce and 31.1% of senior management. People of color comprised 40.7% of the overall workforce and 15.6% of senior management.

“You don’t benchmark yourself,” said **Luke Visconti**, founder of advocacy group **DiversityInc** and vice chairman of the **National Organization on Disability**. “You benchmark against the best. You see what the best are doing and you emulate it.”

Beyond measurement, Nareim and Ferguson hope the survey results spur action. “It was less about benchmarking relative to an absolute metric [and] more about creating a roadmap to increase diversity,” said **Austin Morris**, a senior director at Ferguson. ❖

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