

DIVERSITY AND SURVIVAL IN COMMERCIAL REAL ESTATE

By John Salustri

Diversity in commercial real estate, whether it be at the company or association level, is increasingly being recognized for what it is: A matter of survival. The good news is that, in both arenas there is a growing emphasis on seeking the thought leadership that is a natural outcropping of a diverse population. The bad news is: the clock is ticking on getting it right.

A study commissioned by NAR and published last year states that: "By 2025 the industry will be faced with a shortage of 15,000 to 25,000 qualified leaders without a significant number of younger leaders to replace them. As the Boomers begin approaching the point of retiring and prepare to pass on the leadership of the industry there is a growing question as to whom they will pass it to as most leaders acknowledged that there is a major talent shortage of potential millennial leaders to follow Gen X as the next in line."

Survival Instincts

But this is not a story about millennials only. Diversity is just that: Diverse, and doors have to be thrown open for a population increase of women, African-Americans, Asians, LGBT and truly, you

can fill in the blank. And it's not just a matter of putting more diverse butts into chairs. As we said, this is a matter of survival.

"Diverse organizations are smarter and more innovative," says Angela West, SIOR, frankly. West, a first vice president at CBRE, was Global 2014/15 SIOR President and a driving force behind the creation of the association's Diversity and Young Professionals committees. She sees the industry doing "quite well" in terms of its push to level the playing field and says that she sees "new fresh faces in the industry all the time. My view of commercial real estate brokerage is that the doors are wide open and were even back in '91 when I started. But I also know my experience is unique."

Indeed. CBRE, as a global firm, she says, is positioned in a way not many smaller firms are, with the resources to create networking and support groups for a range of populations, including internal groups for women, African-Americans, Asians, the military, LGBT professionals, Hispanics and Latin Americans. In fact, the firm's efforts in diversity have been recognized by both the Human Rights Campaign, which designated CBRE as a

Best Place to Work for LGBT Equality, and *Fortune Magazine*, naming it among its 100 Best Workplaces for Diversity.

Such notable accomplishments aside, white men still hold more than 77 percent of senior executive positions, according to the Commercial Real Estate Diversity Report from Bricta Media. Unfortunately, age is not taken into consideration in that statistic. However, anecdotally, it would be surprising if the majority of those men were under 50. But that often-quoted report came out in 2013, and a lot has happened since.

SIOR, for example, is attacking the question of diversity from a range of positions, and the group is currently mounting an effort to define the state of diversity within the organization. According to current Diversity Committee chair Soozie Jones Walker, SIOR, the engine of that research is a major national survey now shaping up and designed to gauge membership pulse on the issue. Walker, the president of Las Vegas-based Commercial Executives Real Estate Services, says that in addition to the survey, which is due out this year, "leadership is making a conscience effort to add a more diverse profile to the working committees of the organization."

And that's not all. There is also a major push at the chapter level for current members to scour their local markets for potential candidates that could bring to the organization the diverse thought leadership that West referenced.

"At the local level," says Walker, "my chapter has grown by 30 percent, from 24 members to 39. SIOR leadership is encouraging local members to bring in diverse candidates. They're telling current members not to be threatened by the fact that new candidates might be their competition. Rather, know that a diverse group of people will make the industry stronger."

That's a gospel that is being spread increasingly not only to members but to other associations and, on an industry basis, to the colleges and universities. On the first score, SIOR is working with groups such as "AREA, which is a very diverse group," says Walker. "We're cross-pollinating and inviting members of other industry groups to come and see the value we can bring to their business."

Branding Issues

On the second score, Walker reports that industry associations, CCIM and IREM for instance, are mounting stepped-up campaigns to reach out to college and even high-school students to expose

them to an industry that does not have a very public face. West and Walker agree that branding commercial real estate as a potential career path remains a best-kept secret. This, despite the multi-trillion-dollar size of the industry's collective portfolio size or the sheer number of practitioners it represents.

When most people think real estate, they think "residential," says West, who describes that as a "highly visible industry. Everyone has bought, sold, or lived in a house. By contrast, most people don't think of all the services that take place daily in the buildings they drive by. It's not a well-branded industry."

Walker agrees: "It takes years to really learn and master the nuances--the physical demographics, the legal and engineering applications--all of which are far more complex than on the residential side. When most people think of real estate, they think of people on TV wearing crazy outfits."

There is also the double-edged sword of having strict criteria for membership in groups like SIOR, a necessity that increases the age of the candidates and thus, renders it less resonant with the college set. As a result, "We see change in SIOR after we see change in the brokerage population because of the criteria set down by certification," she says. And clearly, that is not something that can or will change.

Happily, and on a growing basis, the commercial real estate associations are keenly aware of the need to step up their efforts to make commercial real estate a much more diverse industry. But clearly, as Walker and West attest, short of buying a rack full of crazy outfits to mimic the residential side or lowering the criteria for association membership, more can be--and needs to be--done.

At the very least, the industry is pointed in the right direction. As Angela West concludes: "The next five years can hold much more dramatic improvements in the focus on diversity." ▼

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