Collaborative tackles diversity issues in commercial real estate

Commercial business collaborative aims to broaden mission.

By Nicole Northcut (http://www.startribune.com/nicole-northcut/) Star Tribune | JULY 26, 2017 — 1:22AM

In the world of commercial real estate, it’s all about who you know. And in an industry that has struggled to diversify, who you know is most likely to be a white man.

The boys-club nature of the business is particularly extreme in leadership roles. But a partnership formed by several Twin Cities trade groups called the Commercial Real Estate Diversity Collaborative has been quietly pushing to change that since 2010.

Now, the group is discussing broadening its mission and becoming a fully staffed nonprofit to more aggressively tackle the industry’s persistent diversity challenges.

Michele Foster of Foster Real Estate Advisory Services, a co-founder of the collaborative, said there are positives and opportunities to the relationship-driven industry. “But it also has a downside that it is very insular,” she said.

A 2013 report by NAIOP, the commercial real estate development association, found the business to be considerably less diverse than others in the mainly white-collar workforce of college-educated adults.

“Despite the range of professions — finance, market analysis, land development, architecture, construction, property management, real estate law, brokerage, property inspection, leasing and more — the industry has been characterized as ‘the least-diverse industry on the planet,’” the association’s report said.

Jean Kane, chief executive of the Twin Cities office of Colliers International, said industry events had traditionally been filled with “white guys in navy blue suits.”

“I’ve seen progression,” said Kane, the 2014 national board chair of NAIOP. “I haven’t seen as much as I’ve wanted to see, but I have seen momentum.”

Real estate executives need to really believe in the power of diversity and make it a priority in order for the industry to make great strides, she said.

Majority of commercial real estate workforce is made up of white men

<table>
<thead>
<tr>
<th>Professional</th>
<th>White men</th>
<th>White women</th>
<th>Men &amp; women of all races combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals</td>
<td>59%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Mid-level managers</td>
<td>69%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Senior executives</td>
<td>78%</td>
<td>14%</td>
<td>8%</td>
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Source: Commercial Real Estate Diversity Report - Created with Databarber

“I believe that having a diversity of experiences and backgrounds is the key to fostering innovation,” Kane said. “If you want to continue to be a leading organization, you need to have a workforce that is diverse and innovative.”

Compared to local efforts to diversify the construction labor force, the push involving the administrative workforce in commercial real estate such as the ranks of property and project managers, accountants and brokers has been more subdued.

As part of the change, the collaborative, which was formed by groups including the Building Owners and Managers Association of Greater Minneapolis and MNCAR, Minnesota’s commercial real estate brokerage organization, was a product of a diversity task force formed by the local chapter of NAIOP.

The group has been primarily a grass-roots organization that conducts town halls with real estate professionals, promotes the business at school career fairs and gives college scholarships to students from historically underrepresented backgrounds.

The group has also sponsored high school students to attend the annual MNCAR expo and expose them to careers in commercial real estate.

Bjork Mutize, a recent St. Cloud State University graduate, was awarded the collaborative’s scholarship last year and now works as a Target store operations executive as well as his own real estate investment company.
Mutize, who is black, said he has noticed firsthand the lack of diversity in the industry in college.

“I found it as an opportunity,” he said. “I definitely had to sometimes get out of my comfort zone to network.”

Despite their success at finding students like Mutize, leaders of the Commercial Real Estate Diversity Collaborative say they want to think even bigger.

The collaborative is looking to help minorities and women who have entered the industry to feel more connected and included. One place to start is the group’s own scholarship recipients.

“It’s one thing to give somebody a scholarship and get them a job in commercial real estate,” said Lisa Dongoske, an executive vice president at Cushman & Wakefield/NorthMarq and a co-founder of the collaborative. “It’s another thing to have them thrive and be happy and stay connected.”

A big step for the group would also be to become established as a 501(c)(3) organization. The collaborative would be able to secure more funds from corporations for the scholarship program.

Part of the issue of getting more diverse workers in commercial real estate is the lack of exposure to the industry. Many young people when they hear about real estate, they only think about the residential business, Foster said.

Kelly Jameson, an assistant professor of finance and real estate at St. Cloud State University, said she tries to encourage her students to consider careers in commercial real estate, but it’s a slow process.

“With what the Diversity Collaborative is doing in partnership with the industry and the universities, pretty soon people will understand and know ‘Oh yeah, I’ve heard of commercial real estate,’” Jameson said. But for now, she said, “It is kind of this grassroots start.”

Many of the people who do choose commercial real estate as a career became interested because they knew someone who was already in the business, said Gabe Philibert, a senior vice president at Bell Bank in Minneapolis and officer in the local NAIOP chapter. He is also a co-chair of the collaborative.

Philibert, who is black, said he was lucky when he first started in the industry to have found a mentor who gave him advice, though he admitted there weren’t a lot of others who looked like him. Sometimes, Philibert found breaking into the industry a frustrating challenge.

“Because I don’t have a last name that means anything in real estate, at times I feel like I have to work a lot harder or pay a lot more attention to what I’m doing because I don’t feel ... I have the ability to mess up,” he said.

There are some real estate firms that are already working to diversify their ranks. About a year ago, Minneapolis-based Ryan Cos. hired Erynn Williams as its director of human resources. Williams, who has previously worked at Target and Best Buy, said in her role a larger priority is helping the real estate company diversify.

Ryan is in the process of starting a sponsorship program where women and minority employees are matched with leaders in the company who can mentor “and are actively engaged in them achieving their career goals.”

“I don’t know if it has necessarily been a priority up until this point [as an industry], ... I think from where we are if we want to make any dramatic progress, we are going to have to do it together so it’s not like there’s a secret sauce,” Williams said. “We all just need to work together for the betterment of the industry and get us moving along.”

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