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In 2020, the heightened corporate, institutional investor and employee attention on racial, gender and societal inequalities prioritized the “Social” component of ESG for the majority of real estate investment management firms. According to the NAREIM D&I Survey 2021, produced in association with Ferguson Partners, 9.6 out of every 10 REIMs have policies in place to improve diversity, equity and inclusion (DEI), with 75% dedicating money and 71% dedicating staff time to DEI.

Those figures are improving over time. In 2017, just 37% of REIMs dedicated staff to DEI efforts. By 2021, 71% do.

While there is no standard or widely accepted definition of the components of Social, ratings agencies typically include:

- **Workforce:** employee, labor practices & diversity; training & development
- **Customers/community:** customer satisfaction & well-being; product quality; community impact & engagement
- **Human rights/data security:** supply-chain issues & data security

In reality, Social is a company’s strengths and weaknesses in managing social trends, demographics and politics. Last year, it was the leading ESG factor for institutional investors globally. It became the heart of business strategy.

It is now a marker of the future sustainability of a company, not only in attracting and retaining capital and customers but also in attracting and retaining talent.

What does this mean for the asset and the future of real estate?

At the strategic level, it means a focus on well-being — a focus on the health and wellness of users, a focus on the impact a building has on tenants and communities, and a focus on social and community inclusivity.

The next steps will be inclusivity and community; after all, a building is not an isolated instrument. It resides in a community, street, village, sub-market and city filled with workers, residents, visitors and passers-by. It impacts a community through its design, use, users and the way it breathes.

Take the High Line in Manhattan. A symbol of adaptive reuse in an urban setting, the former railroad spur-turned elevated park became a cultural phenomenon featured in TV shows and celebrity photo shoots. It sent property prices skyrocketing by acting as an agent of rapid urbanization. It also left the neighborhood’s lower-income residents unable to afford the new rents.

As we look to our post-Covid future, those inequities will be highlighted more. Calls to action — from our tenants, from our investors and our employees — will grow. Our challenge today is how to address them.

The REIM industry is rightly beginning with its own teams and corporations. As we look to a return to business, attention should quickly focus on the asset and the place of belonging it can become.

As Alfie Kohn, educator and author, described: “People will typically be more enthusiastic when they feel a sense of belonging and see themselves as part of a community than they will in a workplace in which each person is left to his own devices.”

The future of real estate looks much more inclusive.