

# The only one in the room: How the Bay Area's real estate industry is grappling with diversity

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A few years ago, Angeles Garcia, project director with McCarthy Building Cos., attended a dinner meeting with more than a dozen colleagues to chart progress on a high-profile project.

Ideas were flowing and all was going well until one person pointedly asked her if she felt comfortable being the only woman there.

"It took me completely by surprise," Garcia said. "In my head, I was thinking, 'Why is it that he's asking me this question? Haven't I earned my seat at the table?'"

It's a familiar experience for Malik Harris, an African American broker with CBRE; for Susan Yau, an Asian director of retail property sales at Cushman & Wakefield; for Robert Sammons, a research director at the same firm who is gay and for other commercial real estate professionals.

All said they often find themselves "the only one in the room" who is different in an industry where white males still dominate in many professional settings and especially in the executive ranks.

While the tech industry has come under intense scrutiny for a lack of diversity in its workforce and is investing millions into addressing the problem, commercial real estate has largely received a pass.

A 2015 study from Commercial Real Estate Women (CREW), an organization that advocates for women in the industry, found that women only make up one-third of all commercial real estate professionals and on average earn 23.3 percent less than men.

NAIOP, another industry group, published a report in 2013 that found that white men dominate in every level of the profession except clerical workers.



Clockwise from top left: Connie Moore, former CEO of BRE Properties, Angeles Garcia, project director with McCarthy Building Cos., Kilroy Realty's Amanda Bates, Colin Yasukochi, research director for CBRE, Janette D'Elia, chief operating officer for Jay Paul Co. and Jay Atkinson, chapter president and managing principal with Paceline Investors.

At the executive ranks, nearly 78 percent of jobs were held by white men compared with about 14 percent held by white women. The remaining 8 percent were held by women and men from ethnic minorities. Latina, Asian or Black women each held less than 1 percent of the top roles.

NAIOP's San Francisco chapter is launching a women's initiative, joining a host of industry groups addressing its lack of diversity, said Jay Atkinson, the chapter president and managing principal with Paceline Investors.

Atkinson, a white male, said part of the process involves white men acknowledging their privilege, which many of them "take for granted."

"It has been the norm in a lot of industries, not just commercial real estate," he said. "Commercial real estate is less pressured because it's a lot of smaller organizations. Now there's a little bit more awareness, but we're still trying to figure out how to bring more people into our industry and broaden diversity."

### **"Let it roll off my back"**

In today's dialogue about diversity and inclusion in the workplace, experts talk about the importance of employees "bringing their whole self to work." But numerous people interviewed for this article said that sometimes the best way to survive if you don't fit the norm is to pretend not to notice that it is happening.

Being the only woman or only Asian in the room "doesn't make me feel uncomfortable," said Yau of Cushman & Wakefield in San Francisco. "You just have to put yourself out of that mindset. If you project yourself as an equal, you will be treated as someone who should have a seat at the table."

Some professionals worry that if they speak up about a lack of diversity, they will be seen as whiners.

Yayu Lin, senior vice president at developer Sares Regis Group of Northern California, said she's heard inappropriate comments on construction sites that she assumes were meant to be funny.

"When I do realize that someone is not being malicious, you don't want to come across as someone who is overly sensitive or gets offended, so how do you respond?" Lin said. "Most of the time, I let it roll off my back."

The idea of having to neutralize who you are doesn't sit well with Sammons at Cushman & Wakefield.

"The problem with turning it off is that it's something in the back of your mind that you're thinking about," he said. "You shouldn't have to worry about turning it off. You should feel comfortable being who you are."

Sammons pushed to create a lesbian, gay, bisexual and transgender employee group at Cushman & Wakefield and hold events such as organizing gay pride month activities. The point, he said, is that people need to feel accepted and supported at work.

"The world is a diverse place, obviously," he said. "Getting to know people of diverse backgrounds can enlighten and enhance not only the workplace, but you as an individual."

### **Reaching the summit**

Not all real estate companies are male dominated. Developer Kilroy Realty Corp. employs a workforce that is more than 50 percent female. CEO John Kilroy likens staff meetings to a gathering of the United Nations.

"The best and brightest doesn't just come in white male," Kilroy said. "Our workforce is young. It's vibrant. It's very team-oriented with lots of high achievers."

Jeff Birdwell, who leads the commercial division of Sares Regis, said his staff maintains an even gender balance without much effort.

"It hasn't been deliberate that we've sought out women," Birdwell said. Many of the company's hires come as a result of word-of-mouth recommendations and networking and so far, that has ensured gender diversity.

Even at Kilroy and Sares Regis, the top executive ranks remain mostly white males, with only one or two women.

### **'Are you someone's wife?'**

Even so, commercial real estate has come a long way from the days of cigar-smoke filled board meetings and unwanted advances in the office, said Connie Moore, former CEO of apartment development company BRE Properties who now serves on seven company and nonprofit boards.

"Sexual harassment wasn't even a term when I started," Moore said. "A lot of behavior was unacceptable, but it was accepted."

Moore recalled that when she was hired for her first real estate analyst job out of college, the male executives met to discuss how to explain to their wives that they might have to take business trips with a female colleague.

Many women have struggled and continue to struggle to be taken seriously if they are not perceived as "one of the guys," said Jeanne Myerson, a consultant with the Belgrave Group. She previously served for 17 years as CEO of the Swig Co., a San Francisco investment and development firm.

"I can't tell you how many times over the years at industry events, I'd walk up to groups of men, introduce myself and be asked, 'Are you someone's wife?' To which I'd reply, 'Yes, my husband is home with our child,'" she said. "I had always done well in school and found interesting jobs, so I never questioned my ability to get into the commercial real estate investment world. I just moved forward."

Janette D'Elia, chief operating officer for development firm Jay Paul Co., said while she sees many women succeed in commercial real estate, many are intimidated by it because it's a "pretty macho industry."

Still, one speed bump is taking time off of work to have children. Amy Price, who leads developer and asset manager Bentall Kennedy's U.S. division based in San Francisco, said that throughout her career, she's seen many women begin to rise up the ranks, but then leave.

"Most of the women I have known through my career, they have made decisions relatively early in their career, and in my opinion perhaps earlier than they needed to," Price said. "They would look forward and not see the real estate industry as a place they could both build a successful career and devote meaningful time to outside activities, i.e. have a family. Part of that I think was very valid."

### **The case for diversity**

For a recent opening at Kilroy, only one application came in from a woman out of more than 20. Amanda Bates, who works on the finance side for Kilroy, said she made sure to give that woman an interview even if she didn't end up getting the job.

"It's very important that when you're hiring for new people to work at your company you think about diversity," she said. "It will be that much more a value-add to your company than hiring someone who has the exact same background or the exact same experience" as current employees.

Some people say the industry needs to do a better job reaching out to potential employees when they are students — as early as grade school.

"Many diverse people have a lack of exposure to commercial real estate and don't know about real estate careers, so they are underrepresented," said Colin Yasukochi, an Asian-American who is research director for CBRE in San Francisco. Real estate is the largest industry in the country by dollar value, he said, so "the awareness should be greater. That's an important next step."

It may take several more years or decades for conversations about diversifying the workforce or reaching parity in pay to no longer be necessary, but many professionals agree the industry is moving in the right direction.

"I hear more of an appreciation for the value of diversity in our business and an appreciation that by considering different viewpoints and perspectives you can actually reach better decisions," Price said. "That to me is key because without a rationale for why diversity matters or why it creates value, then I don't think we will make meaningful strides forward."

### **Breaking into the brokers' club**

The commercial real estate industry spans a variety of fields including architecture, construction, engineering, property management, development and brokerage firms.

Within those categories, property management appears to have the best gender balance with about 44 percent of those jobs filled by women, according to Commercial Real Estate Women (CREW).

Meanwhile, brokerage lags far behind with 71 percent of the jobs filled by men.

Brokerages still carry an old-boys-club exclusivity that relies on personal networks. In the industry, brokers garner a lot of attention because they do the big deals that bring in lots of money for their firms, said Kathy Mattes, a real estate consultant who retired after three decades in property management and teaches at San Francisco State University.

"It is unofficially mandatory to network," said Amanda Bates, who works on the finance side for Kilroy. Going to mixers, weekend trips or other social events is how people find out about what deals are in the works, what properties are available, and how much deals are worth.

That type of environment, where socializing is a requirement, encourages people in the industry to become friends and want to do deals together, she said. But it also creates a tight-knit circle of people.

Breaking into the network poses a huge barrier to anyone who doesn't fit the mold, said Malik Harris, a broker with CBRE who is African American.

"No one looks like me in my office or my competitors' offices," Harris said. "Finding someone who I can relate to or has traveled the path I'm on is very hard. The ability to connect, not on a surface level, with peers who don't look like you and who come from different backgrounds can be challenging. ... Humans are creatures of comfort and like associating and working with people they have conscious and subconscious connections to."

In his 10 years in the industry, he's dealt with colleagues bringing up racial stereotypes or asking him

questions about people of color in general.

Like many people in the industry, Harris said that it's an industry that serves the general public and therefore should reflect the diversity of the client base — but doesn't.

"It's still very mind blowing that very little has changed and there hasn't been more awareness brought to this serious issue," Harris said.

### **How to move the needle on diversity**

Industry groups including CREW, NAIOP, the Urban Land Institute and the Building Owners and Managers Association are looking at how to address the lack of diversity.

The San Francisco chapter of BOMA has been working with San Francisco State University, where the student body is more than 70 percent female and/or people of color, on a certificate program in real estate for finance majors and a fellowship program that places students in internships and provides mentorship.

Many commercial real estate executives say diversifying their staffs is a top priority. Here are some best practices employers shared:

"Creating a diversity task force or committee to help steer recruiting and operations policies to be more inclusive and sensitive can be effective. Adding a diversity liaison and incorporating diversity goals into company culture and core values is key. The latter takes time and commitment. Supporting groups that help boost women such as CREW and other groups within the industry is also important," Gianni Michael Lyle, senior marketing manager for NAI Northern California, a commercial brokerage firm.

"We are widening our reach by recruiting at trade schools, technical schools, and non-traditional universities to increase diversity at our company. We also believe that diversity is increased by flextime. We believe this helps reduce stress, and allows for greater overall happiness and satisfaction that works for various lifestyles," Scott Anderson, Pankow Builders.

"The SmithGroupJJR Equity, Diversity and Inclusion Scholarship is the first initiative to be launched as part of the Equity, Diversity and Inclusion Program by directly addressing barriers to success for future professionals," Joyce Polhamus, head of the San Francisco office of architecture firm SmithGroupJJR.

"We need to look hard at things like pay equity, policies around parental leave, return-to-work bonus programs, flexibility, etc. in order to retain the diverse talent that we spend so much time trying to attract in the first place," Caroline Kim, Skanska Human Resources Services Director.

"We annually set a goal that 50 percent of our entry level college hires be women or people of color, and we have been successful at meeting that goal. We partner with groups like the National Society of Black Engineers to recruit diverse engineering talent for our entry level roles," GinaRenee Autrey, Gilbane Building Co.

"The number of licensed female practitioners and senior leaders in the profession hovers between only 15 and 18 percent. Since architectural licensure typically equates to higher salaries, better professional opportunities and more rapid career advancement, we've focused on easing or eliminating the barriers to licensure that many women face. Our internal Equity by Design group has conducted a blind "equity audit", looking at the compensation of all of our associates and ensuring that pay was equal across the board in terms of role, years of experience, gender and race," Liz Thelen-Torres, business development director for Gould Evans architecture firm.

