



## A Call to Action for the C-Suites of Commercial Real Estate Firms & Fortune 500 Companies

The events of 2020 are revealing the glaring inequities the legacy of racism imposes upon communities of color. The commercial real estate (CRE) industry retains the signature distinction of being one of the least-diverse economic sectors: in part by historic design, in part by reinforcing market practices. **Therefore, the time for action is now.** America must unleash the talents of all its citizens to propel its economic recovery, a reset from what may be the worst economic crisis since the Great Depression.

Project REAP, the nation's leading change agent for diversity & inclusion (D&I) serving the CRE industry—for over 20 years—issues this urgent call to the C-suites of America's CRE firms. Likewise, we encourage the Fortune 500 companies that tenant the facilities owned, developed, and managed by CRE organizations to support this call to action. The ghosts of the past still haunt the landscape of our industry: the 1921 Tulsa, OK massacre and its destruction of Black wealth, the history of racially restrictive deed covenants, redlining, and the urban densification of segregated communities. Inequity of opportunity is not sustainable. Communities of color must feel they have a real stake in the built environment. Therefore, Project REAP has identified 7 intentional actions to integrate communities of color into the CRE industry:

1. **Embrace Diversity.** Leading organizations invest in D&I to reap human capital dividends, and they view diversity as a source of competitive advantage. In its January 2018 study, "Delivering through Diversity," the global consulting firm McKinsey & Company reported a strong correlation of superior corporate performance with executive team ethnic/cultural diversity. That was across a general set of industries.
2. **Be an Ally.** Commit to multi-year Platinum and Diamond Level partnerships with Project REAP. Collaborate with the nation's historically-Black colleges and universities (HBCUs), and minority professional organizations in the real estate industry—and those serving professions such as architecture, engineering, and the law.
3. **Be Intentional About Diversity.** Adopt the "Rooney Rule" popularized in the National Football League when interviewing candidates for open positions, promotions and—most significantly—corporate board seats. Actively recruit minority professionals from partner organizations such as Project REAP to include on the interview slate. Take it a step further and ensure the interview team is as diverse as the interview pool.
4. **Align Supplier Diversity to CEO Compensation.** If you don't already have a strategic Supplier Diversity plan to do business with minority brokers, design and engineering firms, law firms, construction companies, and financial institutions, then develop one. According

to data compiled by the National Bureau of Economic Research and Prof. Robert Fairlie of UCLA, the pandemic period from February to April 2020 constituted an extinction-level event for Black- and Latinx-owned businesses across all industries—with them experiencing disproportionate impacts. Once your Supplier Diversity plan is in place, tie your key performance indicators to your CEO’s compensation.

5. **Invest with Diverse Sponsors.** Systemic racism such as redlining imposed an economic embargo on Black and Latinx neighborhoods, developers, and entrepreneurs: It is now time to “greenline” minority communities with access to debt and equity capital. Corporate and public pension funds should increase their allocations to fund managers of color serving the CRE sector. Opportunity zone investors should partner with minority developers and diverse sponsors of qualified opportunity zone funds.
6. **Invest in Your Investment.** Encourage the involvement of minority employees in ULI, ICSC, National Multifamily Housing Council, IREM, BOMA, NAIOP and other industry associations serving the CRE industry. Cover the annual membership fees for those employees, and support the D&I programming of the trade associations. That promotes inclusion.
7. **Share Your Network.** Introduce minority new hires to your professional network as part of the onboarding process. Create opportunities for minority employees to shadow leaders and invite them into your social circle. That, too, promotes inclusion.

To learn more, contact us at:

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