

# DIVERSITY, EQUITY & INCLUSION IN REAL ESTATE

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An interview with:

**Scott Dunn**

Chief Strategy Officer & Vice President, Asia  
AECOM

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**Patrick Kanters**

Managing Director, Private Investments  
APG

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**Benay Kirk**

Managing Director, Real Estate North America  
Alter Domus

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**Cathy Marcus**

Managing Director, Global Chief Operating Officer  
and Head of US Equity  
PGIM Real Estate

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**Shirley Tan**

Vice President, Human Resources, Asia  
AECOM

A series of interviews focused on diversity, equity and inclusion approaches, policies and practices in real estate

# Building real estate for the future

When looking to the wider commercial real estate industry, a more diverse workforce is crucial in an asset class that requires broad perspectives.

Implementing better DEI policies is a complex topic, and raising standards around diversity requires regionally sensitive approaches. What is clear is that DEI's primary value is the creation of a better workplace that not only attracts top talent, but also one that encourages talent to remain for the long term.

In this interview, AECOM, Alter Domus, APG and PGIM Real Estate discuss initiatives to widen the net around the recruitment of junior employees, while reflecting on the challenges of bringing the composition of senior management in line with their DEI objectives.



# Participants



## **Scott Dunn, Chief Strategy Officer & Vice President, Asia, AECOM**

Scott drives strategic growth for Asia and leads strategic initiatives that drive profitable growth for AECOM as a core member of the Asia leadership team. He also leads cross-functional teams in providing integrated services and sustainable solutions for large, complex and multidisciplinary projects across Asia, among them high-density masterplans for new towns and regeneration of existing urban landscapes that have drawn on sustainable and smart themes. Scott also is part of the Urban Land Institute as a Global Governing Trustee, Advisory Board member for the ULI Center for Sustainability and Economic Performance and sits on the Asia-Pacific Executive Committee, Chair of the Nominations Committee and the Singapore Country Council (founding Chairperson).



## **Patrick Kanters, Managing Director, Private Investments, APG Asset Management**

Based in the Amsterdam office, Patrick is responsible for all real estate, infrastructure, natural resources and private equity activities of APG. APG Asset Management specializes in managing pension capital, offering asset management services to the pension funds of the government, education and construction sectors and housing corporations. The responsibility for infrastructure was added in May 2012, followed by natural resources in April 2017. The responsibility for private equity was added in January 2019. Prior to joining APG (then ABP) in 2005, Patrick was Managing Director at ING Real Estate. He is member of the Executive Board of the European Public Real Estate Association, a non-executive member of the Board of GRESB that was co-founded by APG and a ULI Trustee.



## **Benay Kirk, Managing Director, North America Real Estate, Alter Domus**

Benay is part of the senior leadership team in Chicago responsible for the operational business. Benay is responsible for providing consistent financial controls, standards and reporting within the real estate platform including, open and closed-end fair value real estate funds, real estate debt investment funds and separate account mandates. Benay was most recently an Assistant Director, Senior Vice President of Heitman's North American investor accounting group. She has been an active member of the NCREIF since 2000 including as Vice-Chair (2017–2018) and Chair (2019–2020) of the Accounting Committee, Chair of the Information Management Committee (2016–2017) and currently serves on the NCREIF PREA Reporting Standards Council.



## **Cathy Marcus, Global Chief Operating Officer and Head of US Equity, PGIM Real Estate**

Cathy is responsible for overseeing PGIM Real Estate's business and investment operations globally, and for the development and implementation of PGIM Real Estate's strategy and operations in the US, including oversight of US portfolio and asset management. Cathy is a member of the Global Management Council, the Global and US Investment Committees, the Global Operating Council, the Global Product Committee and the Valuation Committee. She serves on the board of directors of Skanska AB, the board of directors of PREA and the Schack Institute of Real Estate's advisory board. She is also a member of ULI's Industrial and Office Park Development Council (IOPC).



## **Shirley Tan, Vice President, Human Resources, AECOM**

Shirley leads the Human Resources function for the Asia region, which covers Hong Kong, Mainland China, Taiwan and Southeast Asia. She has over 20 years of HR experience working with various multinational organizations. Besides leading the HR function, she is also responsible for driving the equity, diversity & inclusion agenda together with an Asia ED&I Steering Committee.

## KEY HIGHLIGHTS

- Across the board, interviewees agreed that the value of DEI is at the heart of creating an attractive workplace where employees feel safe and valued.
- LPs find that encouraging better DEI among GPs is not about avoiding those with all-white male funds, but instead leveraging their position as investor capital to pushing and challenging GPs to improve.
- The easier wins in DEI implementation are around balancing the gender ratios and hiring a broader range of people in junior positions. More of a challenge is creating a diverse senior team and widening the range of races/ethnicities in an organization.
- There will be regional variations in terms of what is a priority for DEI targets, with race/ethnicity less of an issue in Asia than it is in the US.
- Articulation of DEI strategies to employees is required to show that it is not merely a ticking the box exercise, but crucial in making firms more skilled in what they do.
- Post Covid-19 pandemic, more effort needs to go into creating a sense of belonging in a team to improve retention rates.

**Diversity, equity and inclusion (DEI) is a very simple idea but making it happen is more complicated. As we all embark on this process in a more concerted way, we are interested to know what DEI means for each of your businesses, what outcome are you striving for and why?**

**Cathy Marcus:** Real estate is unique to most other financial asset classes such as stocks and bonds in that it relies upon and has such a tangible impact on people. Investments require thoughtfulness about land use, place-making, neighbourhoods and community. People make decisions that are informed by their background, world view and life experiences.

Therefore, real estate is a special sector because the best decision-making requires a diversity of perspective, more so than someone who is sitting in front of a Bloomberg Terminal. DEI is crucial for attracting and retaining talented people; we firmly believe top performers will be attracted to and thrive in inclusive environments.

**Patrick Kanters:** Yes, DEI is about creating a great workplace – and that is the most important dimension to it. We want employees to like working for us, to feel that they're in a safe, open and unbiased environment. Twice a year, we run an engagement survey and that digs into all these topics. We ask if people feel that they're in a safe environment and if they feel they can they speak up at work. We try to measure these things so we can discuss these with our people.

**Scott Dunn:** DEI is also about stronger ideas. Nowadays, the issues that we deal with in the built environment are complex. Therefore, experienced people who can create implementable solutions are needed to make a positive impact to the communities that we work within. The more diversity that you have in a team, the more likely you are to end up with a real estate solution that has been tested to ensure that what is being proposed is reflective of the people those buildings will serve.

**Benay Kirk:** Alter Domus started with a DEI initiative about three years ago, around the time the company was going through a growth spurt. We formed a global committee, which meets monthly, and the members receive status reports of where the company is at with the different DEI programs we are trying to get in place. We have made great strides, but there's always more to do as the area evolves.

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Cathy Marcus

**Cathy Marcus:** In recent months we have named PGIM Real Estate's first chief diversity, equity and inclusion officer. We opted to appoint a strong and credible business leader from within our firm who is truly passionate about DEI versus someone who came from a corporate DEI position. We felt that having someone who truly understands our organization, our clients and the industry could most effectively impart positive change.

Prior to this appointment, our DEI strategy was set by our CEO and global management council and implemented through our HR team in conjunction with our head of ESG, supported by programming offered through our Inclusion & Leadership Network. So while DEI was always embedded within PGIM Real Estate in some way, the formal appointment of our first DEI officer ensures robust, sustainable DEI focus that will be accountable to the business to achieve our DEI related goals.

## BROADENING THE BASE

**The seniority aspect of diversity can be a huge challenge. It is difficult to find the talent at the mid, the senior and particularly the executive level. How do you find senior talent that makes DEI progress?**

**Benay Kirk:** Diversity gives you a way of different thinking. At first, everybody looked at DEI by position and discovered that there was not enough diversity at the high levels. But what we've decided, and what seems to be working for us, is creating a great pipeline at the junior level. These people then grow and get promoted and offer diverse perspectives.

**Patrick Kanters:** This is the most difficult part. But this is where the succession planning comes in. We need to take more deliberate choices in succession planning. This idea is gaining traction in our teams. We need to start training the people that will provide for diversity over time. So it is about

looking into the future and not just managing for the next few years. We are trying to see how we can facilitate those employees with high potential who might replace my seat or other seats in the next few years.

**APG led a huge change within the industry regarding ESG. Patrick, do you think about DEI when you are making plans to allocate capital?**

**Patrick Kanters:** We don't have formal policies yet. We send out a letter on a yearly basis on topics that are key for APG and its clients. DEI is one of those topics. We don't set criteria, but we're starting the debate. We will engage if we think we see a lack of diversity.

We always want to see that there is a broad range of backgrounds, skills and experience, and we keep challenging. It's about repeating that message and pushing for improvement and not just working on DEI while you have an issue. It takes maintenance throughout because the situation is never perfect.

**Since you have the investment capital, what you say and how you encourage can have an impact. Does change come about by passing up the opportunity to invest in a fund with an amazing track record because it is run by white men, or is it about leading the industry by example and pushing the point?**

**Patrick Kanters:** Yes, you can have continuous engagement without setting hard standards. However, it would help, and that's part of the success of our ESG engagement because certain standards have been created. The difficulty is that there are regional differences. It is a different discussion when talking to a company in Japan or in China compared to having a conversation with company based in the US. But discussions about DEI can only be had if you have a diversity within your own workforce.

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Scott Dunn

## MEASURING DEI

**Everyone is trying to figure out which questions to ask. Do you think that 15 years down the line, DEI will be measurable using tools, like how GRESB measures ESG?**

**Patrick Kanters:** Some managers will do that. Ticking a box is always an easy way to measure change. There is a tendency in our world of being able to grade everything. But that should not be the strength of these exercises. There's a human factor. The most crucial thing of our job is that we have to balance things. It's not about generating a certain number or ticking boxes.

You want to invest in those assets where you can actually have impact and change things through engagement. It helps that we have a lot of capital to place that we can ask commitments from parties upfront, just like we've asked for strong commitments around sustainability. That's capitalising on the scale that we have.

**Your firms are global but DEI is a local issue, so you have to tailor those conversations. How do you communicate differences – race/ethnicity, gender, identity, sexual orientation – in a sensitive way and across regions?**

**Scott Dunn:** It's interesting because in working with our other colleagues in other regions, there are some subtleties and differences to Asia, both culturally as well as the mix when we talk about diversity of population. To create balance in terms of the underrepresented groups this financial year, we have been discussing which groups we want to improve representation.

**Shirley Tan:** Exactly, so in Asia we selected people with disabilities as a way to improve our diversity. But having said that, there are certain countries that still have some targeted hiring in terms of the Aborigines, and that is happening right now in Taiwan.

**Cathy Marcus:** We don't have targets, but we do have explicit long-term goals tied to increasing diverse representation, and that varies by level. We're also trying to increase our percentage of diverse talent into the senior management ranks. Those targets are going to be different than the targets for the more junior talent. At PGIM Real Estate, we have historically been an industry leader for gender diversity, but we recognize we have work to do when it comes to racial diversity – so that is a key area of our focus today.

**Patrick Kanters:** There is nuance around how we go about it. But we have all started to understand what diversity could entail and it's a very broad-based definition, of course. And it's really about having that mix in the team, and then on top of that, what helps is having that unique thing that we work from three regions – New York, Hong Kong and Amsterdam – because in our decision-making and in discussing strategy we can discuss this across these teams.

**We found regional and local nuances interesting when doing the Global Real Estate DEI Survey 2021. Is it a deliberate strategy to focus on gender to begin with, and track that?**

**Benay Kirk:** The measurable, easiest thing to track is around gender. We always wanted to make sure we had an equal split between men and women.

**Patrick Kanters:** We are in the process of doing a lot of training around issues such as unconscious bias, which is very important. Additionally, we have set clear targets for female diversity within the teams across our regions. Both of those things are run across our three offices. Our aim is for to have a workforce that comprises 40% women by the end of 2022. We would like 30% of our senior level to be female. We also want to have more young people on board.

**Cathy Marcus:** Around four years ago our global senior leadership were trying to figure out what the right target



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number was from a gender perspective. We were throwing around numbers and debating, and then finally our CEO said: “Why should it be any different than the population? If the population is about 50% male and female, why wouldn’t that be our target?” That’s interesting because why wouldn’t you aim to be reflective of the population?

One of the main challenges is that the commercial real estate industry has not been particularly diverse. In keeping with our ultimate goal of hiring the very best talent, it’s more likely that we need to reach outside the real estate industry to increase our pool of underrepresented candidates.

**As proponents of DEI we should emphasise that it is about merit, first and foremost. Are targets helpful?**

**Patrick Kanters:** If there’s a clear target, it just makes you relook into it. It’s all about the awareness. It keeps reminding you to have that debate. If you haven’t reached the target, you can investigate what’s wrong, see where the issues are. That’s the purpose of a target. I fully trust that my colleagues will not hire certain people just to tick boxes.

**Cathy Marcus:** I think the challenge and the opportunity is how organizations promote a culture that diversity of all kinds makes us better investors, managers, LPs, partners and consultants.

**Shirley Tan:** We have tried to interview as many female candidates as possible and have made it a requirement for at least one female candidate to be interviewed for positions at selected job levels. We have also recently introduced a female mentoring program in Asia, whereby female leaders mentor female colleagues to develop, understand, and navigate their role and career in the organization through the exchange of skills, knowledge and personal experiences.

## WIDENING THE NET

**It is going to take time to create balance even at the junior level. Where are the successes with this so far?**

**Cathy Marcus:** The challenges are different based on whether you’re trying to improve representation in senior levels or in the pipeline right out of undergrad school. We don’t really like to think in terms of explicit targets in any particular year because we’re trying to impart change over the longer term.

**Shirley Tan:** I think there is a challenge in the supply of talent in universities. Right now, we are thinking about how we can influence the education decisions of female students at an earlier part of their education. That’s something that we are thinking about, but we have taken no specific actions as yet.

**Cathy Marcus:** Historically, the young people competing for our junior year internships are coming out of universities with top real estate focused programs. Those students tend to have an advantage over someone coming from another strong university that doesn’t have a dedicated real estate program. Therefore, our sophomore and junior internship programs are now focused on casting a wider net to create more opportunities for diverse talent, and not solely focused on students coming out of certain real estate schools.

As a recruiting strategy, we have been trying to go beyond the handful of undergraduate real estate programs that everyone has been recruiting out of for the past 30 years by expanding the potential talent pool through consideration of students with a variety of complementary majors such as economics, statistics and mathematics from strong universities – in addition to partnerships with industry outreach organizations such as Project Destined, PREA Foundation/SEO Career, Girls Who Invest and Management Leadership for Tomorrow. That has been a real success for us.

**“You can only offer so much money to individuals. However, it isn’t always the main priority to employees; rather, employees want to feel valued and know their opinions are heard.”**

**Benay Kirk**

**Do you think that cheerleaders are crucial in terms of showing the next generation that there is someone in the company who looks like them?**

**Scott Dunn:** One thing we are quite focused on is finding the opportunities for younger female leaders to shine. During COP26 we had an opportunity to participate with a client on a case study for a nature-based solution in Hong Kong. We worked hard to find the right spokespeople for this.

We invited people who were in their 30s – two women and one man. One of the women worked for our client, and we ended up having our client talk on our behalf for a project, which deals with climate change resilience. So it is important to give people the opportunity to get in front of the camera so they can promote themselves. I find those kinds of initiatives resonate well and create a better, more connected network.

**Cathy Marcus:** I think the idea that people can see someone in the company that looks like them is key, especially if that person has been successful in both attracting and retaining a diverse array of talent. A key part of attracting diverse talent is for somebody to take a leap from a position that they’re happy with to join a new organisation. I think that it’s really important to a lot of people that it’s not just a promise for the future, but that there is tangible evidence that diverse people can be successful in that company. I think it’s a huge part of attraction at the outset.

**Benay Kirk:** Keeping employees motivated is crucial for improving retention rates. The pandemic has presented challenges around that in terms of helping people to grow and training them. Right now, this is the biggest challenge everybody is going through, not only in terms of DEI but also more broadly.

**Shirley Tan:** When you’re working in the way that we’ve been working this past year and a half, it is difficult to

create that sense of belonging in a team, and to show people that they matter, feel like they are in an environment where they can learn and to know where their career is heading.

**Scott Dunn:** I think that’s why our senior team come together regularly to discuss how we can get programs out – into and across – multiple teams. In our senior leadership meetings, the first four or five items on the agenda will be around our people, the importance of them and the importance of the composition of those people.

**Benay Kirk:** You can only offer so much money to individuals however it isn’t always the main priority to employees; rather, employees want to feel valued and know their opinions are heard.

## IMPROVING RETENTION

**How do we better? What are some retention ideas that have worked?**

**Cathy Marcus:** Retention is where many of us have struggled. We can all enhance our recruiting processes, but we will never be successful if we don’t create a path for ongoing success for our diverse talent. Formal mentoring and informal mentoring both have a place. It’s good to have the structure of a formal mentoring initiative, led by HR and senior leadership.

But I also think it’s vital to have that informal mentoring, and an informal support network where our experienced professionals have the comfort level to reach out to new, diverse hires and help create a sense of community while they navigate the ‘new’ organisation. I think the more we are having open and honest conversations about how we can retain diverse talent – and why it’s important – the better and more inclusive we will become.



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There may also be a worry among staff about whether spending work time helping to mentor talent is an acceptable use of time. The answer, of course is yes, but people need to feel like they have license to do that, and that the company is supportive of that. Another thing that we have definitely learned is that there is no substitute for education and training, especially around managing a diverse team.

**Patrick Kanter:** Pressure from the bottom up is crucial because DEI is about the sustainability of firms in the long term. It is about the next generation that is emerging. We need to be strategic about the kind of firm we are building. We need to view DEI as a key to how an organisation will grow over the next 10 years and the people you want to have working for you. ■





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