

The NAREIM logo is displayed in a white rectangular box with a gold border. The letters are bold and black, with a small gold square above the letter 'i'.

# 2020 *Year in* REVIEW

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## A look back on 2020



**Zoe Hughes, CEO**

### **2020 was a year when everything changed.**

At this point, we could list the fallout from, and impact of, Covid-19, remote working, societal lockdowns, Black Lives Matter, widening inequalities and election protests. We could pontificate on the future of the city, the suburb, the landlord and the tenant. We won't.

For most of these issues, not least the two million lives lost globally to Covid-19 so far, it's simply too early to speculate on the lasting, structural impacts 2020 has wrought on our citizens, our society, our organizations and our asset class.

Instead, we'd like to highlight and pay tribute to the successes achieved by NAREIM members throughout 2020.

### **Diversity & Inclusion**

On February 2, 2021, NAREIM and Ferguson Partners will release the industry's first corporate benchmark for Diversity & Inclusion, measuring gender and ethnicity across seniority and job functions.

The survey, which involved 74 real estate investment managers representing more than \$2tn of AUM, is just one part of NAREIM's expanded benchmarking capabilities for 2021 and beyond. It followed a year of hard work and outreach by the members of NAREIM's Inclusion & Diversity Committee.

The committee, led by Stockbridge Capital's CFO, Kristin Renaudin, and Nuveen Real Estate's COO, Reisa Bryan, will continue that work through 2021 by helping to expand NAREIM's research capabilities internationally and delivering to members a resource library and best practice guide focused on D&I initiatives and actions, as well as formulating partnerships to help members build recruitment pipelines.

We pay thanks to every member working tirelessly on this issue, not just for their own organizations — but on behalf of NAREIM's 90 corporate members. Thank you.

### **The overnight digital transformation of operations**

We were all Zoomed-out by the end of 2020. But that Zoomed-out state should act as testament to the success real estate investment management organizations had in turning their operations virtual, almost overnight.

In early March, when Covid-19 shutdowns began in earnest in the U.S., few managers would have believed that their entire workforces would be working, productively, efficiently and effectively from their dining room tables, bedrooms, spare rooms and home offices. And for it to be sustainable for more than one year.

But the industry pivoted, quickly and successfully, by embracing the challenges and opportunities brought on by the Covid-19 pandemic.

### **Inclusion & Diversity Committee**

**Chair:** Kristin Renaudin, *Stockbridge Capital*

**Vice Chair:** Reisa Bryan, *Nuveen Real Estate*

**Anne Peck**, *AEW Capital Management*

**Alexandra Williams**, *Barings Real Estate Advisors*

**Chasity Boyce**, *Barings Real Estate Advisors*

**Justinn Wheatley-West**, *BentallGreenOak*

**Jennifer Licciardi**, *Berkshire Residential*

**Erick Harris**, *Blue Vista*

**Stuart Bernstein**, *CapRidge Partners*

**June Munshi**, *The CenterCap Group*

**Dave Kutayiah**, *Clarion Partners*

**Kathy Briscoe**, *Dermody Property*

**Tyler Schepman**, *Dermody Property*

**Helen Rivero**, *Gemini Rosemont Commercial Real Estate*

**Rachna Velamati**, *Heitman*

**Sally Stocks**, *Invesco Real Estate*

**Deena Goodman**, *PGIM Real Estate*

**Ken Dubas**, *Principal Real Estate Investors*

**Corey Turner**, *Waterton Associates*

In NAREIM meetings and members surveys, peers discussed how employee connections — between and beyond departmental groups and seniority — increased and how employees were increasingly invested in better understanding the company's business strategy and future success.

Digital doesn't replace personal. It never will. But business has continued, largely unimpeded. As we look to the positives of 2020, real estate investment managers should take pride in their digital transformation agility and the elevated base from which organizations can grow and scale their businesses.

### **Peer-to-peer connections**

Just like our members, NAREIM turned virtual almost overnight in 2020 — and delivered three times the amount of programming as in 2019.

During 2020 — which also marked NAREIM's 30<sup>th</sup> anniversary — we held 20 meetings and roundtable conversations, with more than 550 registered attendees. Every departmental group connected with their peers multiple times, with NAREIM delivering its entire annual in-person programming in the span of just three months.

Virtual meetings are not a replacement for in-person get-togethers. We understand. NAREIM specifically designed its programming in 2020 to focus on small group, breakout room conversations allowing members to network with peers and discuss, in real-time, solutions to live challenges. Small, intimate, candid conversations on a peer-to-peer basis were the success of NAREIM's digital meetings in 2020.

As Charlie Lowrey, Pat Halter and Chip Davidson, CEOs respectively of Prudential Financial, Principal Global Investors and The Brookdale Group and all former chairs of the NAREIM board of directors, said during the 2020 Executive Officer meeting, NAREIM has always focused on candid discussions among peers. "You need friends in the industry, people who are mentors to you and who you can learn from as well as they from you. NAREIM is about building those relationships and connections and we don't see how you can improve on that model."

In addition to our meetings, NAREIM also produced 13 member surveys, seven meeting takeaways, 27 newsletters and the Compensation, Global Management and Diversity & Inclusion Surveys.

Marketing around NAREIM's activities in 2020 also garnered more than 45,000 views on LinkedIn as well as articles in PERE, Real Estate Alert, Commercial Property Executive, and the FT's FundFire. NAREIM's new website saw more than 6,800 users, and more than 25,000 page views, since its launch in January 2020, according to Google Analytics.



## By the numbers

### Meetings

#### ARCHITECTURE & ENGINEERING

**September 15, 16 & 17:** 54 registered attendees  
3 days, 5 sessions, 2 hours each

#### SUSTAINABILITY

**September 22 & 24:** 59 registered attendees  
2 days, 2 sessions, 2 hours each

#### TALENT MANAGEMENT

**October 13, 14 & 15:** 33 registered attendees for Talent Management  
48 registered users for webinar on Compensation and Global Management Surveys  
3 days, 3 sessions, 1.5 hours each

#### EXECUTIVE OFFICER

**October 20 & 21:** 101 registered attendees  
2 days, 2 sessions, 3 hours each

#### DATA STRATEGY

**November 10 & 12:** 62 registered attendees  
2 days, 2 sessions, 2 hours each

#### LEGAL & COMPLIANCE

**November 17 & 19:** 46 registered attendees  
2 days, 2 sessions, 2 hours each

#### CAPITAL RAISING & IR

**December 1 & 3:** 93 registered attendees, including more than 20 institutional investors  
2 days, 2 sessions, 2 hours each

#### ASSET & PORTFOLIO MANAGEMENT

**December 8 & 9:** 55 registered attendees  
2 days, 2 sessions, 2 hours each

#### ACQUISITIONS

**January 19, 2021:** 30 registered attendees  
1 day, 3 sessions, 1.5 hours each

## Roundtables (March–June 2020)

### EXECUTIVE OFFICER

<b>April 15:</b>	69 registered attendees
<b>May 6:</b>	29 registered attendees
<b>May 27:</b>	29 registered attendees for contact tracing and testing

### SUSTAINABILITY

<b>May 7:</b>	37 registered attendees
<b>April 30:</b>	24 registered attendees for GRESB reporting

### DATA STRATEGY

<b>June 30:</b>	21 registered attendees for tenant classification
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### ASSET & PORTFOLIO MANAGEMENT

<b>May 8:</b>	20 registered attendees
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### TALENT MANAGEMENT

<b>May 11:</b>	18 registered attendees
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### CAPITAL RAISING & IR

<b>May 17:</b>	28 registered attendees
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## Marketing/promotion

In FY20 (Oct 1, 2019–Sept 30, 2020), NAREIM produced 13 member surveys, 7 meeting takeaways and 27 newsletters in addition to its meetings and formal research reports.

We were also active in promoting our activities in 2020:

- **Social engagement:** 26 LinkedIn posts, shared and liked with 45,000+ views
- **Media articles:** PERE (D&I); REAlert (D&I); CPE (macro/future of office); FundFire/FT (GMS 2019)
- **Website:** 10,400 total sessions with 6,500 visitors since January 2020
- **Users are** 60% male and 40% female. One third of users are 25–34, 20% are over 55, 19% are 35–44 and 16% are 45–54
- **Increase in its distribution lists.** NAREIM now has more than 3,000 users subscribed to its newsletters, comprising both members and non-members, an increase of almost 1,000 users through 2020 alone.

# Acquisitions

Meeting: January 19, 2021

## Acquisitions Committee

**Chair: Ari Abramson**, Continental Realty Corporation

**Ross Berry**, New York Life Real Estate Investors

**Tim Bodner**, PwC

**Ian Christ**, PGIM Real Estate

**Gary Cohn**, Partner Engineering & Science

**Dan Ethridge**, The Brookdale Group

**Tess Gruenstein**, Bailard

**Ram Odedra**, UBS Realty Advisors

**Elizabeth Peacock**, Deloitte Consulting LLP

- Sellers no longer go out to the full market with a transaction; instead, **brokers and sellers target a select group of potential buyers.**
- It is critical to **find new and innovative ways to build new relationships online** in new markets and segments.
- Where investment teams cannot get to the asset, **third parties are touring buildings utilizing video** to communicate and walk them through the building.
  - The **greatest challenge is the inability to understand the context of the asset** — the surrounding area, the infrastructure, the people, and the sense of community or buzz of a location.
  - The **number of people seeing a deal will be reduced significantly**, a trend that could remain for the medium term.
  - The **use of digital twins** — a 2D or 3D model of a physical building, bringing together real-time information from building sensors relating to building installations as well as space utilization — could accelerate post-Covid.
  - Digital twins could be **used for asset management, architecture, engineering and transaction** teams.
  - **Baseline digital twins provide a less detailed**, but lower cost, quicker version of the full model.
- Research and analytics strategies are including **more real-time data** on demographics, job growth and consumer appetite.
  - Kastle Systems uses its keyfob/entry card data to provide a **snapshot view of live occupancy in offices.**
  - Becker's Hospital Review **ranks states by the percentage of Covid-19 vaccines administered** each week.
  - LinkedIn covers **monthly hiring rates** by industry, migration, population gains and job openings.
  - **Cell phone and geolocation data** provides a treasure trove of information relating to travel patterns within a market, shopping habits, average income and age of a market.
- Reasons cited for **micro apartment tenants not renewing** include the need for more space, neighbor noise and chasing concessions.
- “[E]very amenity you can think of” **will be needed to entice people** back to the office and into apartments in the short-term.
  - For office, cost-sensitive companies will embrace the savings provided by working from home, but for **companies taking Class A space, amenities (both physical and health and wellness) will be required** to bring workers back to the office.

# Architecture & Engineering

Meeting: September 15, 16, 17

## Architecture & Engineering Committee

**Chair:** Tony Calderone, Nuveen Real Estate

**Brian Bennett**, Northwestern Mutual

**Jeff Fraulino**, UBS Global Asset Management

**Bob Geiger**, Partners Engineering & Science

**Charlotte Helvestine**, Carbon Lighthouse

**Beh Herter**, Nuveen Real Estate

**Jim Kennedy**, JPMorgan Asset Management

**Steven Majich**, BentallGreenOak

**Anne Peck**, AEW Capital Management

**Jerry Speltz**, Barings Real Estate Advisors

**Chris Wilson**, LaSalle Investment Management

- **Transparency of information is key to giving people the confidence** to return to the workplace.
- It is challenging to make a building “virus-free;” instead, **focus on communicating and maintaining the health and wellness** of the environment and the people within it.
  - **Use smart dashboards on lobby doors** displaying the cleaning status of a property, elevator wait times, occupancy and air quality. Tie some information to third-party standards such as the Well Building Institute and FitWel.
- The **most effective strategies for reducing the risk of Covid-19 are simple and routine**: regular, deep and thorough cleaning, increasing outdoor air ventilation and improving filtration, mask wearing, and social distancing.
  - **Helpful technologies** could include needlepoint bipolar ionization, which purifies air by creating positive and negative ions that target contaminants, and ultraviolet germicidal irradiation, which uses short-wavelength ultraviolet light to kill or inactivate microorganisms.
- In the wake of Covid-19, what **we most need from our properties is a sense of belonging and community**.
  - Rethink the first floor. **Allocate space to community initiatives and operations**. What are assets and landlords doing to contribute to the social and racial justice narrative?
  - We need offices to collaborate as teams. Offices will need more spaces designed to get people on the move to help them think. And **offices will need to bring the outdoors in**, through covered and enclosed decks, to cater for rising demand for health and wellness at work.
- **Digital twins**, an accurate and connected digital representation of a physical asset, are the **means by which assets will increasingly be designed, managed and analyzed** in the next three to five years.
  - They will tell you not just about the health and operations of the building, but also about the people using it. **How are occupiers moving around the space**, how do they connect with one another and collaborate?
- **Plan for a time when autonomous vehicles**, including aerial ridesharing, are commonplace. You need drop-off zones and landing pads throughout your high-rise apartment buildings. Plan for renovation, give yourself the necessary height, avoid ramps, and prepare now for transforming the garage over the next decade.
- Buildings need to be much **more effective and do more with less**. Rethink multifamily with multistack modular designs that avoid corridors, increase density and privacy.

# Asset & Portfolio Management

Meeting: December 8 & 9 | Roundtable: May 8

## Asset & Portfolio Management Committee

**Chair:** James Pinkerton, *Baird, Inc.*

**Rob Naso**, *BentallGreenOak*

**Mark Hertz**, *AIG*

**Alexander Hlavacek**, *The Inland Real Estate Group*

**John Kennedy**, *Barings Real Estate Advisors*

**Eric LaCoursiere**, *RealPage Investment Management*

**Allison McFaul**, *LaSalle Investment Management*

**Brent McFerren**, *RealFoundations*

**Josh Mesner**, *Invesco Real Estate*

**Kristin Paul**, *Stockbridge Capital*

**Elizabeth Peacock**, *Deloitte Consulting LLP*

**Shilp Shah**, *Nuveen Real Estate*

**John Simone**, *Voya Investment Management*

- **Market rent growth will decline for all property types** in the first year following the Covid-19 pandemic. Industrial should perform best at less than 100bps drop, office may decline up to 200bps and retail the worst at almost 300bps.
- In the second year post-Covid, **only industrial would start to enter into positive market rent growth** territory, with apartments and office experiencing slight declines, and retail projected to witness market rent growth of around -50bps.
- In the third year of recovery, **only retail would continue to see negative rent growth**. The other property types would see rent growth, but not above inflation. The average 10-year market rent growth for office is projected to be around 2.7%.
- Members are **underwriting lower rent growth and higher credit losses**. The market is expected to start recovering in 18–24 months.
- Office is not dead, but the **impact of working from home could change** the market selection, as well as the operating and capital expenditure of office assets in the longer term.
  - The **markets most impacted by working from home** include those with high costs of living, high commute costs and the greatest share of occupations able to work from home: Washington DC, San Francisco, Austin, Denver, Raleigh, Atlanta, San Jose, Phoenix, Sacramento and Seattle. New York came in 11<sup>th</sup>.
  - Impact on office demand would be **offset by an expected pop in hiring** in 2H 2021.
- Brick-and-mortar retail is still resilient; **90% of all retail sales take place in stores**. But the focus needs to be split between necessity — 50% of all shopping trips are undertaken to complete a task — and social, entertainment, discovery and aspiration.
  - **Retail should mix the shopping attributes** of shoppers (highlighted above) with a focus across necessity, as well as urban cool retailers, local-authentic retailers, experiential, lifestyle and sustainability retailers. Smaller format retailers, housed in a walkable community environment, are also a key to diversifying income across multiple uses.
  - Ancillary uses are being explored, such as ghost kitchens and fulfillment centers in dark spaces. **It is hard to make the economics work on ghost kitchens**, given the significant capex required. Fulfillment centers are very select and targeted for infill spaces; for example, a dark space could be useful for a retailer's own fulfillment needs but not Amazon's. Flexible office, such as medical office, helping drive foot traffic is one model that has worked in member portfolios.

# Capital Raising & IR

Meeting: December 1 & 3 | Roundtable: May 17

## Capital Raising & IR Committee

**Chair:** **Greg Eudicone**, *Barings Real Estate Advisors*  
**Marty Alston**, *Brennan Investments*  
**Paul J. Behar**, *New York Life Investors*  
**Kathy Briscoe**, *Dermody Properties*  
**Melissa Brown**, *Harrison Street Real Estate*  
**Josh Dinstein**, *Continental Realty Corp.*  
**Jon Dishell**, *Gemini Rosemont Commercial Real Estate*  
**Todd Fowler**, *American Realty Advisors*  
**Michael Frazzetta**, *TGM Associates*  
**Jessica Hobbs**, *Mesa West Capital*  
**Barratt C. Johnson**, *State Street*  
**June Munshi**, *The CenterCap Group*  
**Joe Nowicki/Drew Thornfeldt**, *Chatham Financial*  
**Elaine Philis**, *Broadshore Capital Partners*  
**Jenny Swayne**, *Juniper Square*  
**Alexandra Williams**, *Barings Real Estate Advisors*

- More than 70% of **investors increased allocations** during 2020. 53% had increased allocations, including to new managers, while 18% had increased allocations, but only to existing manager relationships.
- Seven out of 10 investors and managers **added new strategies to mandates** during 2020. The remainder invested within the guidelines of existing strategies.
- The **wall of dry powder targeting private real estate** would make it "difficult to deploy capital. There is so much capital out there," said an investor at the meeting.
- **Things that will remain post-Covid** from our work-from-home experiences:
  - **First-time meetings on Zoom.**
  - **Returning to 'normal' will be a tale of two cities**, between those able and comfortable to return to the office and invite visitors to see them — and those that may have pre-existing conditions or are at higher levels of risk and discomfort in getting back to face-to-face conversations. Business meetings and in-person events should return when there is a proven vaccine, plus six months.
  - Manage investor expectations regarding **access to portfolio and asset managers and acquisitions professionals** when business resumes. During the pandemic, senior executives not travelling were able to be called, ad hoc, into discussions with investors.
  - **Be prepared to pull up all documents in real-time.** All sides now have remote access to systems and so documents can be pulled up during meetings.
  - After assessing manager track record, investors want to **add ESG and diversity & inclusion metrics.**
- In discussing preliminary findings from the 2021 NAREIM-Ferguson Partners Diversity & Inclusion Survey, managers and investors provided the **following areas for additional research**:
  - Breaking down **diversity metrics by age group** to better analyze D&I trends.
  - Correlating an organization's **diversity to turnover and retention rates.**
  - Correlating **manager performance to an organization's diversity.**

# Data Strategy

Meeting: November 10 & 12 | Roundtable: June 30

## Data Strategy Committee

**Chair:** Mike Goodwin, Stockbridge Capital

**Vice Chair:** Daryl Pitts, Saxony Partners

**Chris Barbier**, Yardi

**Arsalan Barmand**, Carbon Lighthouse

**Joe Ehrenfeld**, USAA Real Estate

**Tiffany Gherlone**, UBS Real Estate

**Matthew Gilbert**, Nuveen Real Estate

**Lee Harper**, Principal Real Estate

**Lou Jacobsohn**, Juniper Square

**Colin Kovas**, RealPage

**Pat O'Donnell**, Chatham Financial

**Richard Rowell**, Lionstone Investments

**Ronald Singh**, PGIM Real Estate

**Jim Valente**, RealFoundations

- 70% of NAREIM **members do not have data compliance processes** in place to ensure data is accurate and consistent.
- **Get feedback from employees.** A member changed the focus of their initial, more informal plan for data after getting feedback highlighting data quality control issues.
- Short-term goals include the **ability to respond to specific investor questions** relating to Covid-19 and fill in data gaps, such as NAICS codes and building classes, as well as better utilize existing software and tools, such as Sharepoint for an online lease library.
- Longer-term goals include **data visualization, ongoing data reviews and training for external** property managers.
- Think about data strategy through **five key elements**:
  - **Enterprise data management:** Relating to data governance, warehousing and quality management.
  - **Information management:** Relating to data architecture and security, privacy, information lifecycle and taxonomy.
  - **Business intelligence reporting and analytics:** Relating to predictive analytics, patterns and trends, as well as information reporting. Understand who is asking for the data and who is accountable for the data, and diligence data usage.
  - **Digital business processes:** The ability to digitize internal processes, data and begin robotic process automation for standardized reports.
  - **Data culture:** Executive officer buy-in, training and change management, and enabling data for enterprise innovation.
- **Leadership and business objectives must be aligned** with data strategy. Differences in how square foot is used across different functional and geographic groups makes it difficult to integrate the square foot data sets, and therefore compile a global AUM report. Understand how the data sets are defined, how they are getting into the master report and who owns the data. One option is to use definitions from the OSCRE data model with some customization.
- **To embed data as part of the firm** and achieve additional buy-in from executives and employees:
  - **Show the ROI** of data strategies by proving potential reductions in the rate of headcount growth through improved data provisioning, governance and usage. Tie data strategy to specific projects first, rather than a large all-encompassing idea.

## Data Strategy *continued*

- **Talk to the why** before the how.
- **Set up a data council, taskforce or power user group**, potentially composed of different functional areas, to help set priorities and promote the strategy or case use.
- **Find an advocate** — whether a portfolio or asset manager, or in transactions, or if you're on the business side work closely with data — to help champion the benefits and value of data to research, sourcing and underwriting.
- **Shine a light.** Make public trends and data that have traditionally been opaque, with empathy for other peoples' skills, experience and knowledge.
- **Have tenants provide their own NAICS code** when they sign or renew a lease.
- **Use between two to four NAICS digits.** You don't need to find the perfect code. Understand how you want to use and analyze this data before deciding on how much — or how little — data to collect.
- **Investors are starting to ask for information on credit worthiness** for both investment grade and non-investment grade tenants. Dun & Bradstreet D-U-N-S numbers could be a source.
- **Summer interns are filling in gaps** in tenant profiles, while legal interns are helping review provisions within leases to complete and validate information required for reporting and analysis.
- When populating tenant and lease data, it comes down to who owns the data and who reviews processes inside the business (both are separate functions). One emerging best practice is to **tell teams you will stop collecting the data**. If the data isn't needed or owned, it shouldn't be collected anyway. But if it's important, someone will speak up and take ownership.
- Some firms are **using third parties to conduct ongoing lease admin and lease reviews**. Others are exploring AI for lease abstraction.
- **Create a formal workflow around tenant and lease** data within your existing systems. If a formal workflow is difficult to produce, use a checklist available on teams' dashboards on a quarterly basis.

## Executive Officer

Meeting: October 20 & 21 | Roundtable: April 15, May 6, May 27

### Executive Officer Committee

**Chair:** Ryan Krauch, Mesa West Capital

**Vice chair:** Amy Price, BentallGreenOak

**Russ Bates,** Cedar Hall Capital

**Scott Brown,** Fulcrum Global Investors

**Peter DiCorpo,** The Allen Morris Company

**David Donato,** Continental Realty Corporation

**Todd Everett,** Principal Real Estate Investors

**June Munshi,** The CenterCap Group

**Joshua Myerberg,** Morgan Stanley  
Real Estate Investors

**Jeff Newman,** IDS Real Estate Group

**Jane Page,** Lionstone Investments

- Harvard Professor Henry Louis Gates says **we need to see 2020 through the lens of history and the subjugation of black civil rights since the 1860s and Reconstruction.** A keynote speaker during the Executive Officer meeting, he recommended key actions:
  - **Recruit at historically black colleges and universities.**
  - Focus on **retention and mentoring people of color and women** to instill greater self-confidence.
  - When cultural references aren't understood, **speak up and ask questions.** Use phrases such as: "I don't know that, teach me," "I don't know the answer for that, help me become better."
  - **Recognize and talk about the emotions** of professionals who feel careers may slow down because of the focus on diversity. They are part of a team driving the company forward and needed to help facilitate future growth — or move on. "We have to draw a line somewhere," Gates said.
- As people return to the office over the coming weeks and months, **contact tracing technology can help** minimize exposure to Covid-19 and trace potential new outbreaks.
  - **Understand the layers of data** being utilized by any tracing technology. Bluetooth beaconing may struggle to differentiate between floors of a multi-tenant office building. Adding in a layer of Wi-Fi data can help to more precisely pinpoint employee locations in the office and create a digital fingerprint of movements.
  - Members underwriting tracing technology in non-managed environments said **employees have been very supportive** of the measures and would install the necessary apps.
  - Contact tracing only **takes place within a specific location**, highlighted by preset geofences.
  - When using tracing apps, people must **keep their phones on them at all times** and keep location services turned on.
- **Communicate clearly** how the data collected is being used:
  - **Retention:** One app keeps data for 45 days and assesses risk using proximity monitoring and scoring based on a phone's Bluetooth and Wi-Fi beacons, as well as the duration and frequency of exposure.
  - **Identification:** Some systems provide unique identification numbers per cell phone (e.g., 123456). Some systems automatically combine unique ID numbers and employee names, allowing immediate identification. Understand the best fit for your firm.
  - **Response:** How will you respond when a confirmed case is revealed? Whether you are utilizing technology or not, how you inform employees of new cases of infection, and potential exposure risks, is key. When using an app, ask how

## Executive Officer *continued*

notifications are sent out — via an app automatically or through HR, which controls the message and conversation.

- **How are you being proactive?** Employing tracing apps is a reactive process, while self-attestation is a proactive process. Both provide a critical assessment of a firm's exposure risk as well as employee willingness and ability to work in the office. Understand at regular intervals what percentage of the team is working from home, going into the office, in the field, sick, on leave or travelling for business.
- For those **travelling for essential business**, managers are asking individuals to work from home for a period of 14 days after the trip.

## Legal & Compliance

Meeting: November 17 & 19

- **Waivers for in-person checks** by management teams were being allowed to protect employees, with institutional investors mindful of the challenges. Property managers typically performed site inspections.
- Some investors considered **extending their waivers for in-person manager site visits**. One public pension discussed whether to make the waiver permanent.
- Conducting **negotiations, due diligence and manager-investor meetings has become much more efficient** during Covid. As more people have been brought into the conversation, junior members can extend their learning. This gives firms the ability to split discussions, particularly due diligence, across several days.
- **Use breakout groups for due diligence challenges** as well as deal negotiations. This allows issues to be addressed in the moment rather than later.
- **Embed greater flexibility to allow employees** to add work from home days into their vacation so they can work from places other than home or the office; for instance when staying with extended family.
- Continue to **be a part of other functional area meetings**. Use the ability to join meetings by Zoom to understand what's happening in other departments. Ask outside counsel to also be your eyes and ears.
- **Limit recordings to training sessions**. Video and conference calls by employees do not need to be recorded.
- **Drones and Facetime/video tools to conduct real-time asset tours** and site visits are embraced by the legal and compliance group, for investors, managers and tenants.

### Legal & Compliance Committee

**Chair:** Jennifer Cattier, *Neuberger Berman*

Erin Ankin, *Waterton Associates*

Wendy Dodson Gallegos, *Mayer Brown*

# Sustainability

Meeting: September 22, 24 & 29 | Roundtable: May 7

## Sustainability Committee

**Chair:** Eric Duchon, LaSalle Investment Management

**Vice Chair:** John Seaton, RealFoundations

Arsalan Barmand, Carbon Lighthouse

Cathy Bernstein, BlackRock

Jill Brosig, Harrison Street Real Estate

Laura Craft, Heitman

David De Vos, PGIM Real Estate

Thomas Enger, UBS Real Estate

Consolato Gattuso, Zeller Realty

Michael Hoyt, PCCP

Jim Landau, MetLife Investment Management

Anna Murray, BentallGreenOak

Anne Peck, AEW Capital Management

Dianna Russo, JPMorgan Asset Management

Joseph Sumberg, Goldman Sachs

Mark Vollmer, NY Life Real Estate Investors

- Allow both investment and non-investment teams — including sustainability leads, risk, research, investment teams, portfolio managers and others — to **call a preliminary IC meeting to discuss potential ESG downside scenarios**. The preliminary IC could also discuss potential solutions, such as having a maximum hold period.
  - To better incorporate firmwide ESG strategies into deals earlier, **get designated sustainability teams and professionals to provide an initial screening** of acquisitions well before IC.
  - **Require acquisitions teams to identify energy efficiencies** already in place in an asset and to devise a carbon mitigation plan for all transactions.
  - **Good data is critical** and ESG only works well when embraced across functions and departments.
- Use the opportunity to **insert “green” clauses** relating to data sharing and cost recovery when working with tenants on rent deferrals or lease changes due to Covid-19.
  - Inserting green clauses can **ease future reporting needs and help with reporting tenant data** for certifications, such as GRESB.
  - **New leases should also incorporate green clauses** relating to data sharing. Institutional investors increasingly press for more asset-level ESG performance metrics or inclusion of assets in industry benchmarks.
- Measurement is the biggest hurdle when it comes to implementing a strategy to become carbon neutral or achieve net zero emissions at the asset or portfolio level. **Understanding the question — how much greenhouse gas emissions (GHG) do I need to offset tomorrow?** — is critical to any progress. Questions to answer in the path to net zero include:
  - 1. What scope of emissions are you following?** Scope 1 (direct emissions under your control); Scope 2 (indirect emissions from electricity purchased and used by your organization/asset); Scope 3 (all other indirect emissions, outside the control of the company/asset).
  - 2. Are you measuring space within or outside of your direct control** as landlord (i.e., tenant spaces)?
  - 3. Where do you start?** You can easily, and cheaply, buy renewable energy credits (RECs) — but is that what your investors and tenants are looking for?
  - 4. Are you including embodied carbon, or the carbon footprint** of your building materials, in your target?
- How much **connection is there between health and wellness strategies and asset value?**
  - If one key marketing metric of healthy buildings is employee productivity, **how do landlords access the data?**

## Sustainability *continued*

- **Will technologies help?** Cognitive health app Winterlight can help understand dementia and clinical depression among seniors and students. For Covid-19, surface test technologies may assist with spot checking by tenants.
- **Will tenants pay more for healthy buildings** and will they stay longer in the asset?
- **Whether certifications are necessary** depends on whether the firm leans on them to provide a framework for their own strategies, or focuses on the goal and evaluates certifications later. But the performance at the asset and portfolio is the primary driver, irrespective of whether it comes with a seal of approval.

# Talent Management

Meeting: October 13, 14, 15 | Roundtable: May 11

- **Senior leaders need to engage in conversations about gender and racial equality today**, because employees will see it as coming too late to wait six months or one year to speak up. "You don't have to do something big, but you do need to do something."
  - **Provide executive leaders with phrases and tools** for managing more difficult conversations, such as "I understand you feel that way," "Let me step back," or "I never considered that."
  - Help **executive officers have peer conversations** with fellow leaders of other firms on equality, diversity and inclusion.
- Ensure any D&I strategy is embedded across the business and isn't just owned by HR and talent management. Always **bring the strategy back to the executive leadership**, so they own the strategy.
  - **Create a race, ethnicity and/or gender page on corporate intranets.** Provide documents and resources to help employees engage in conversations on race and gender. Harvard Business Review and Korn Ferry have free resources.
  - Create and better **engage with resource groups within your own organization** that focus on race and gender.
- **Make small choices that matter.** Choose vendors, such as caterers, that are led by women and minorities. For example, support a woman or African-American-owned firm for all corporate catering.
- Encourage all employees to **interrupt any bias witnessed in the moment**, rather than allowing it to become hallway conversations and gossip. Step in as it happens.
- **Conversations and newsletters focused on the business and business strategy** in response to Covid-19 are replacing frequent town halls. Employees want to understand succession planning, where that's an issue, returns, budgets, and the future strategy of the organization.
- Create the spontaneity of office life and collaboration by **encouraging teams to have virtual team meetings** for one to two hours where they have their videos on as a group but focus on the individual work they are doing. This allows members of the team to ask one another questions as they arise and recreate part of the office dynamic.
- One member firm is having the **CEO call employees at home to chat**; no agenda, no calendar invitation.

## Talent Management Committee

**Chair: Stacey Nyenbrink**, Harrison Street Real Estate

**Brandy Fulton**, Carmel Partners

**Lisa Kizina**, National Real Estate Advisors

**Dave Kutayah**, Clarion Partners

**Jennifer Licciardi**, Berkshire Residential

**Darlin Scelzo**, LaSalle Investment Management

**Sherrida Traynham**, Clarion Partners

**Justinn West-Wheatley**, BentallGreenOak

## Talent Management *continued*

- **Performance reviews have largely been kept the same.**
  - One member firm **brought together senior leaders to review all employees** to remind themselves of each person at the firm while remote. The reviews were a guide for the senior team members to get to know employees outside their direct team, and a chance for them to raise specific issues and how each employee was dealing with remote/hybrid working.
  - Junior employees at one member firm were **offered presentation skills training** as part of a learning series to help them with their virtual communication.

## Global Management Survey



*Responses for the 2020 survey were collected from 53 participants in the first and second quarters of 2020. Data was collected on strategic, financial and organizational practices for real estate investment managers and private equity firms. Of those participating in the survey, 55% were independent real estate investment management firms, while 19% were affiliates of insurance companies and 24% were affiliates of non-insurance companies.*

The 2020 survey was launched in early 2020 and was largely focused on performance and trends during 2019. Many participants submitted their responses before the pandemic truly hit the U.S. in mid-March. Therefore, the data painted a picture of a fairly stable industry on a relatively positive trajectory. Next year will be critical to show how the managers have navigated the impact of a global pandemic.

- **Capital flows from U.S. public pensions into real estate fell notably** in the first three quarters of 2020, down 20% from the same period in 2019.
  - Aggregate 2019 capital increased a modest 1% over 2018
  - Commitment volume increased materially since 2011, with banner years in 2018 and 2019
- **Capital concentration is expected to increase further** as 2020 data highlights the disparity between large, blue-chip firms and smaller, less prominent fund managers.
  - Flight to quality/comfort with prominent, established GPs
  - LPs were challenged to diligence new managers in current environment and instead retrenched existing managers, making it more difficult for the former to gain traction
  - This disparity is expected to increase in light of Covid-19 and we anticipate further concentration across the industry
- Going forward, **opportunistic strategies are likely to be favored**; however, this preference is not yet reflected in capital flows.
  - Closed-end fund structures continued to be favored in 2020
  - Multifamily and industrial were clear favorites among LPs
  - Retail, hotel and senior strategies were significantly more constrained
- 2019 was a strong transactional year but **2020 expectations are significantly more moderated**.
  - Same-store participants reported 15% YoY increases in acquisition volume and 26% YoY increases in dispositions
  - Real Capital Analytics reports that U.S. CRE activity decreased by 68% in Q2 compared to the previous year, the lowest Q2 level since the Global Financial Crisis
- **More managers are implementing and formalizing their ESG strategies**, with 55% of firms putting the responsibility on an ESG-focused committee and 47% on an executive leadership group.

## Compensation Survey

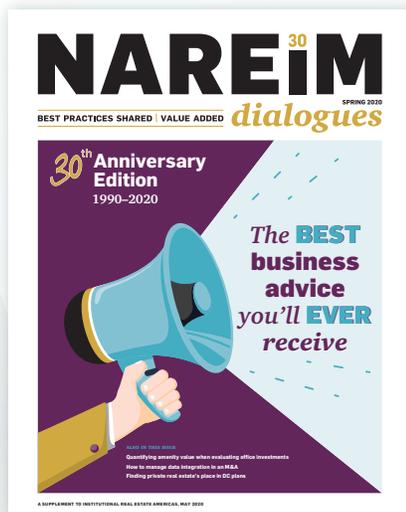


Responses for the 2020 survey were collected from 39 participants in the second quarter of 2020. Data was requested for 2,031 positions, with sufficient data received for 121 positions. Of those participating in the survey, 28% had gross AUM of more than \$50bn; 16% had between \$15bn and \$50bn; 28% between \$5bn and \$15bn AUM; and 28% had less than \$5bn AUM.

The 2020 survey was launched in early 2020 and was largely focused on performance and trends during 2019. Many participants submitted their responses before the pandemic truly hit the U.S. in mid-March. Therefore, the data painted a picture of a fairly stable industry on a relatively positive trajectory. Next year will be critical to show how the managers have navigated the impact of a global pandemic.

- **74% of firms reported increases in headcount** and the median firm grew 5%.
  - In 2020, only 56% expect to grow headcount
  - 39% reported that employees were more or much more concerned with job lay-offs/security, up from 11% in 2019
- **Most participants reported strong financial performance in 2019**, with 72% reporting increases in post-bonus EBITDA and the majority reporting over 10% YoY increases.
- **Costs continued to rise**, with nearly two-thirds reporting increased expenses in 2019 and 78% reporting higher compensation costs.
- **76% of firms expected revenues to decrease in 2020**; 22% expected declines of over 15%. The impact will be felt beyond 2020 as fundraising delays, abandoned product launches and/or smaller fund sizes impact future fund streams.
- **82% of respondents increased base salaries in 2020**, with an average increase of 5% and a total change of 4.1% from the previous year.
- **Annual bonuses were up an average of 18%** or a total change of 11%, with 67% of firms reporting increased annual bonuses.
  - Mid- and junior-level professionals more consistently and materially saw increases
- **Eligibility for long-term incentive (LTI) grants expanded**, with nearly 60% of firms offering LTI to more than 20% of employees, up from 38% in 2018.
- **Eligibility for carried interest increased to 81% for mid-level professionals** from 75% the previous year.
- **Total benefit cost as a percentage of total rewards ranged from 7% to 14%.**

## Spring 2020 issue



- **30 years of change: The key still remains the talent**

NAREIM speaks with Pam Herbst of AEW Capital, Steve Furnary of Clarion Partners, Tom Zale of Northwestern Mutual, Cathy Marcus of PGIM Real Estate, and David Reilly, former CEO of Cornerstone Real Estate Advisers on the biggest structural changes over the past three decades — and to look ahead to the largest challenges that will impact real estate investment management

- **NAREIM: The beginning**

Excerpts from the founding document of how it all began at NAREIM

- **30 best pieces of advice — part one**

Real estate leaders share the best pieces of advice they have received, how it influenced them personally and professionally, and what advice they offer their teams today

- **Evaluating office investments for attracting talent**

Chuck Schreiber, KBS

- **Prioritizing data integration during an M&A**

John Seaton and Jim Valente, RealFoundations

- **Co-living: A new sector, or a new way of doing old things?**

Deborah Smith, The CenterCap Group

- **Private real estate's DC opportunity**

Jennifer Perkins, Principal Real Estate Investors

- **Transforming real estate fund operations**

Anthony Ross, State Street

- **Evolving hospitality: Hotels in the Internet era**

Peter Laskey, Barclay Fellow

Dialogues is NAREIM's platform for member thought leadership. It is published by and distributed with Institutional Real Estate Americas twice a year.

Spring 2020, distributed with the May issue of IREI

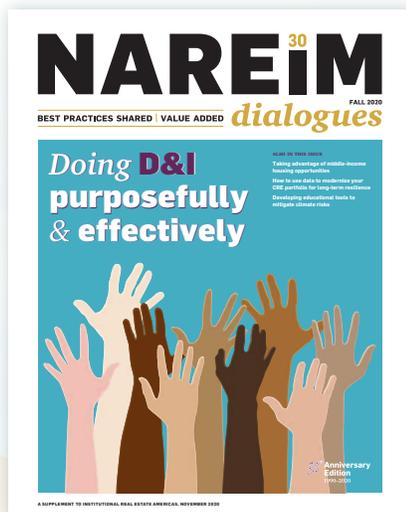
Delivered: 7,314

% opened: 23.27%

% clicked: 5.25%

Clicked to opened ratio: 22.56%

## Fall 2020 issue



Dialogues is NAREIM's platform for member thought leadership. It is published by and distributed with Institutional Real Estate Americas twice a year.

Fall 2020, distributed with the November issue of IREI

Delivered: 6,740

% opened: 25.19%

% clicked: 6.74%

Clicked-to-opened ratio: 26.74%

- **Change is coming**

Reisa Bryan of Nuveen Real Estate and Kristin Renaudin of Stockbridge Capital speak with NAREIM about the need for diversity and inclusion in the industry and what steps organizations can take to move the agenda forward

- **3 steps to creating a D&I strategy**

Erin Green of FPL Associates on how to create a diversity and inclusion roadmap

- **Intent, traction and asset-level diversity**

Mike DiRé of CalSTRS and Christina Scarlato of The World Bank Pension Fund speak with Suzanne West of The CenterCap Group about how their position as investors advocating for diversity have worked with managers to encourage and enact change

- **30 best pieces of advice — part two**

Real estate leaders share the best pieces of advice they have received, how it influenced them personally and professionally, and what advice they offer their teams today

- **The state of the office**

NAREIM speaks with Preston Sargent of Bailard

- **Modernizing your portfolio for long-term CRE resilience**

Matt Ganser, Carbon Lighthouse

- **Working the middle: Opportunities in essential housing**

Sabrina Unger, American Realty Advisors

- **Climate prescriptions for mitigating climate risks**

Jennifer McConkey, Principal Real Estate Investors

- **Plan B: How firms are adapting in the pandemic**

Matt Hooper, Pereview Software

- **Managing tenant risk in dynamic markets**

Damien Georges, RealPage

- **CMBS market shrugs as critics take aim**

Paul Fiorilla, Yardi Matrix

- **Stuck with the bill: CMBS financing's incompatibility with an unpredictable world**

Peter Laskey, Barclay Fellow

## Investor perspectives on diversity & inclusion

### June 2020



**Alisa Mall**, Managing Director of Investments  
**The Carnegie Corporation of New York**

*Speaks with* Suzanne West, Senior Advisor, The CenterCap Group

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### September 2020



**Anthony Breault**, Senior Real Estate Investment Officer  
**Oregon State Treasury**



**Sam Spencer**, Investment Officer, Real Estate  
**Oregon State Treasury**



**Robert Sessa**, Head of Real Estate  
**Employees' Retirement System of Texas**

*Speak with* Marjorie Tsang, former interim CIO and Assistant Comptroller for Real Estate, New York State Common Retirement Fund

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### October 2020



**Mike DiRé**, Director of Real Estate Investments  
**California State Teachers Retirement System**



**Christina Scarlato**, Principal Portfolio Manager, Real Assets  
**The World Bank Pension Fund**

*Speak with* Suzanne West, Senior Advisor, The CenterCap Group

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### Upcoming in 2021

**Suzanne Tavill**, Global Head of Responsible Investing  
**Stepstone Group**

**John McClelland**, Principal Investment Officer, Real Estate  
**Los Angeles County Employees Retirement Association**

**Judy McMahan**, Real Assets Portfolio Manager  
**UPS**

**Members are invited to poll fellow NAREIM members for best practices on market trends and internal practices. There were 13 member surveys covering five topic areas in 2020. Responses are presented below.**

### **1 Captive insurance pools**

**In February, members were polled if and how they were using captive insurance pools, and about the impact they have on investment mandates.**

- 87.5% of respondents utilized captive insurance pools, where the insurance risk of one investment vehicle is pooled, blended and distributed with the risk of other investment vehicles in the pool.
- When captive insurance pools have been utilized, the following types of vehicles were pooled together:
  - Multifamily only, across the risk spectrum
  - Property and liability, for all classes
  - Property type and risk spectrum
  - All types nationally
  - Property type
  - Property coverage for owned real estate
- The self-insurance limit agreed with the insurance administrator ranged from \$100,000 to \$1.5 million.
- Allocation policies used to distribute any dividends at times of overfunding include:
  - Rolled to next year
  - Allocate at the end of the year, after reserves have been established
  - Manager funded and manager benefits from dividends if not rolled back into captive for growth and future diversification which is current strategy; potential for fee offset if dividends realized by manager
  - Allocation based on insurance value
- To mitigate the potential risk of overfunding dividends being returned to investors from investments outside the investment mandate and remit of the original pooled vehicle, managers have:
  - We do not remit, as treat it strictly as a pool in which the “premium” paid is determined by our outside consultant. If overfunded one year, the amount next year would be reduced. This avoids any potential UBIT concerns, though I would not believe that would be an issue as it would be a refund of an expense, not income.
  - Not a concern for our pool.
  - Document the process for any dividends.
- Best practices for members considering captive insurance programs:
  - If you are a sector-specific company, hire a consultant that specializes in your sector to obtain maximum benefit.

### **Captive insurance pools** *continued*

## **2 Covid-19 restrictions**

**As a majority of real estate investment managers in the U.S. started banning international travel amid increasing concerns over Covid-19, members were surveyed on March 3<sup>rd</sup> about travel policies, employee communications and restricted access to offices.**

- Set up clear written policy and have an expert review it.
- Do research, review IMAs, set up calls with peers prior to implementation to understand uses/conflicts, involve legal, update/amend agreements to allow for captive formation and use, and start small and build on use.
- Reasons for not using captive insurance pools:
  - Asset pool size and capital needs. The pool sizes should be large enough to achieve the crossover where the effort is worth the administration expenses.
  - Not sure how captive costs would be recovered. Set-up cost is expensive. UBIT would be an issue.
- The majority of respondents had banned international travel to Level 3 and Level 2 countries (China, South Korea, Iran, Italy and Japan) and restricted overseas travel to other countries, with a 14-day self-quarantine required for employees and contractors arriving from or travelling through at-risk countries.
- An emerging number of managers had or were considering implementing travel restrictions within the U.S., with some managers that week announcing a policy of essential travel only. Exceptions require approval from senior management.
- Many firms requested employees to suspend or reduce travel unless absolutely necessary and encouraged employees to use conference and video conference calls if they were uncomfortable travelling. A majority of firms continued to monitor the spread of coronavirus in the U.S. and domestic travel policies. One respondent forewarned: "It is coming."
- MIPIM postponed its annual meeting until June, but some firms had already opted to cancel travel to Cannes, as well as at global and domestic team offsites planned for April and May.
- Offices in Asia and impacted areas in Europe had employed work-from-home policies, with one firm splitting its office workforce between home working and the office, to reduce commuting risk and increase the space between people in an office setting.
- Some firms were allowing more flexible schedules to allow for commuting at off-peak times. Self-quarantine restrictions were imposed for employees and visitors travelling from or through high-risk areas, with declarations of recent travel required for higher-risk areas.
- Keep communication simple and ensure regular communication comes from the CEO. "The key is for senior leadership to talk the talk AND walk the walk," said one respondent. Ensure personal outreach to employees in affected areas and ensure communication through team meetings, not just in emails.

### 3 Rent relief

**By late March, two-thirds of managers reported providing rent relief to tenants; retail and office were worst hit.**

- 85% of real estate investment managers invested in retail assets had experienced rent relief requests, followed by office and multifamily with 52% and 42% of managers, respectively.
- Managers had implemented a standard response protocol to deal with requests, followed by an analysis of financial and operational details. Decisions were evaluated and made on a case-by-case basis.
- Where approved, relief was typically between two to three months, recovering the costs by extending the lease term or amortizing the abated rent over a defined period of time.
- Managers also applied security deposits to April rent and allowed shortfalls to remain on the account with no late fees.

### 4 Covid-19 return to work

**In May and August, members were surveyed about whether they had returned to work, and how the office was changed.**

- By August, half of real estate investment managers had returned to the office at 25% to 50% normal office capacity compared to pre-Covid operations. One recurring theme was that any return to the office was voluntary, with some members saying employees will have the option to work from home until a vaccine emerges.
- As school districts began reopening, members discussed how to help working parents. Among the ideas were:
  - Ability to continue working remotely
  - Matching 50% of dependent care costs
  - Increasing paid/volunteer time off and sick leave to allow employees to care for children or family members at high risk of infection
  - For those increasing paid time off, many respondent firms offered 10 extra days through 2020 or allowed more flexibility with carryover plans.
- Local, regional and intrastate travel was allowed by car, train and, sometimes, airplane. In most cases travel still required approval and quarantine was necessary if an employee travelled to a hot spot.
  - Travel for transactions (acquisitions, dispositions, construction and asset management) was deemed essential, alongside travel for property due diligence. Client meetings and the request of clients were also deemed essential.
  - Where tours were allowed, attendees were limited by number, required to socially distance and had to wear masks. Some members introduced virtual tours while others utilized local third parties and consultants, particularly for due diligence work.
  - Mass transit remained a huge area of concern. Some firms did not allow the use of mass transit, while others encouraged employees not to use it by offering reimbursement for parking, rideshare, bike rentals and cabs.
  - Capital raising and IR functions had largely moved online, with more Zoom meetings. Where travel was allowed, private air travel was recommended in some cases.

## Covid-19 return to work *continued*

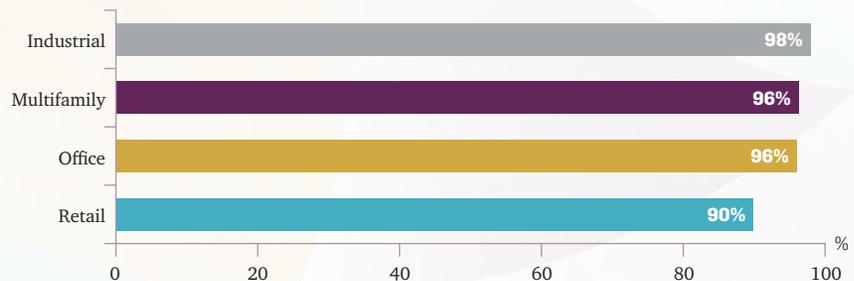
- Half of investment managers were not considering temperature or health screening checks inside the office. Four out of 10 managers were considering, but with no final decision yet made. 8% had implemented health screenings.
- Masks were required inside the office, notably when employees were in common spaces or on the move.
  - Common areas, such as kitchens and conference rooms, would be limited in scope and use. Many members were introducing one-way systems around the office, with some introducing Plexiglas partitions between workspaces.
  - Almost all members were incorporating shifts or rotations of employees, with many operating on a split team system with groups in on alternate days or grouped days, such as Monday–Tuesday for one team and Wednesday–Thursday for the other (all home on Fridays).

## 5 Rent collections

Every month from April to September, members were surveyed about rent collections.

- Rent collections hit 96.5% in September, the highest level since the onset of the Covid-19 pandemic.
- Industrial was the best performing property type with 98% of rents collected in September, followed closely by multifamily and office.

**% rent collected by property type, September 2020**



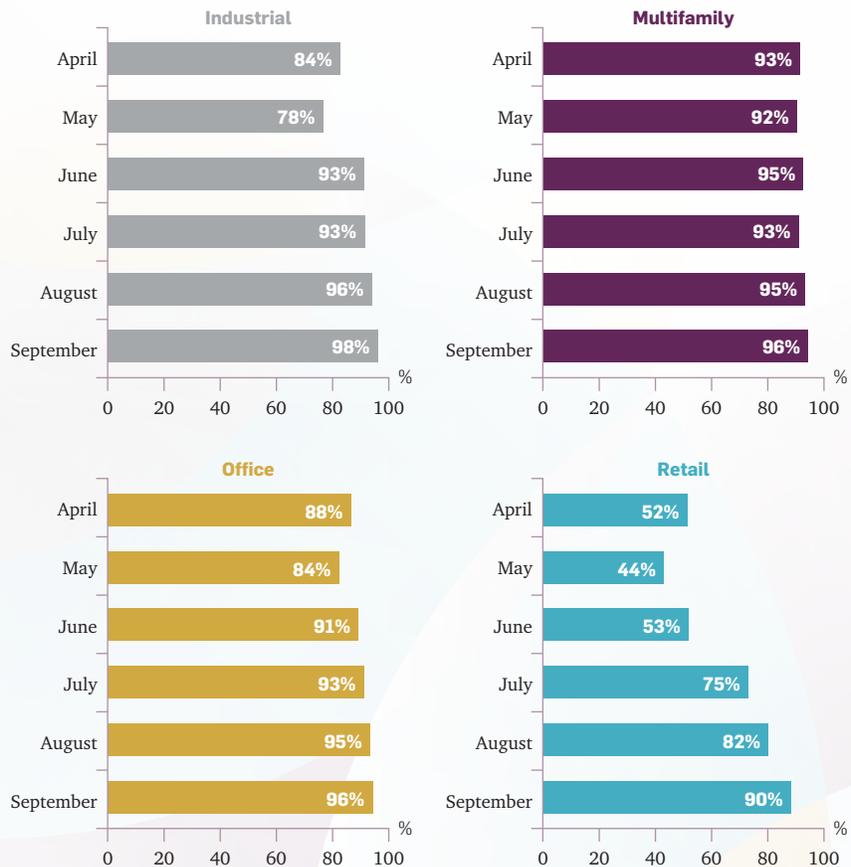
- Retail, however, continued to see the most significant month-over-month growth, with September collections almost topping 90% compared to just 52% in April and 44% in May.
- All property types saw steady growth in initial collections, marking a stabilization of cashflows — and easing fears at the start of the pandemic about impacts to collections.
- Initial rent collections were at their highest levels across all property types in September compared to prior initial reports — with collections for industrial, multifamily and office at 98%, 96.3% and 96%, respectively.
- Two-thirds of NAREIM members expected October rent collections to remain the same as September, while one-third expected them to be up to 5% better.

# MEMBER SURVEY *Big questions*

## Rent collections *continued*

- All real estate investment managers were using rent deferrals to manage rent relief requests.
- Concerns remained for the outlook for 2021, with tenants having little idea about future footprint needs, therefore impacting current leasing. “[Tenants are] just putting one foot in front of the other, dealing with the here and now as best they can.”

### The growth of initial cashflows



Almost all property types saw increases in the percentage of rent collected at the start of each month since the NAREIM rent collection surveys began. Here we compare the percentage of rent collected for the industrial property type as initially reported to NAREIM for each month. Initial April rent collections were reported as of April 20–23; initial May rent collections reported as of May 10–21, initial June rent collections reported as of June 18–24, initial July rent collections reported as of July 16–23, initial August rents reported as of August 17–September 10 and initial September rents reported as of October 5–16. Final collections for prior months have since increased as rent deferrals and rent relief requests were processed.

## Class of 2020–21

The Barclay Fellows Class of 2020–21 was selected by NAREIM's Executive Officer committee and is one of the strongest fields yet, with a total of 45 candidates nominated from eight graduate programs. In honor of NAREIM's 30th anniversary, 10 candidates were selected as finalists. They are:

- **Anastasia Gillen, MBA Class of 2023**  
*Northwestern University, Kellogg School of Management*
- **Anh Duc Tran, MBA Class of 2021**  
*Northwestern University, Kellogg School of Management*
- **Caroline Giroux, MBA Class of 2022**  
*Columbia Business School*
- **Caroline O'Neill, MBA Class of 2021**  
*University of North Carolina, Kenan-Flagler Business School*
- **Diego Fernández Briseño, MSRED Class of 2020**  
*Massachusetts Institute of Technology*
- **Erika Jobson, MBA Class of 2022**  
*Columbia Business School*
- **Jacob Tannenbaum, MPS/RE Class of 2021**  
*Cornell University, Baker Program in Real Estate*
- **Kareem Morad, MRED Class of 2021**  
*University of Southern California, Marshall School of Business*
- **Liz Trautz, MBA Class of 2022**  
*University of Wisconsin-Madison, Wisconsin School of Business, Graaskamp Center*
- **Matthew Kukta, MRED Class of 2021**  
*University of Southern California, Sol Price School of Public Policy*

The Executive Officer committee judges included: Jane Page, Lionstone Investments; June Munshi, The CenterCap Group; Josh Myerberg, Morgan Stanley Real Estate Investment; Peter DiCorpo, The Allen Morris Company; and Russ Bates, Cedar Hall Capital.

The Class of 2020–21 will participate in other NAREIM activities through the year, including attending upcoming NAREIM meetings, contributing to the Spring issue of NAREIM Dialogues, and connecting directly with senior leaders within our member firms.

## KEY TRENDS

# Members told us about key trends that will be a long term part of the real estate investment management business post-Covid and post-2020

"In 2020, real estate investment managers accelerated their digital transformation plans to manage the Covid-19 pandemic and its related volatility. According to our recent survey, those who increased investment in technology in 2020 were more than twice as likely to raise more capital this year versus last (67% vs 31%), and were also more likely to be on track to do more acquisitions than those whose investments in technology were flat or declining. Nearly three quarters of this group of managers plan to accelerate their tech spend even more going forward. This spotlights how the Covid-19 crisis has changed many GPs' attitudes toward digitalization, from nice to have to competitive advantage."

**Brandon Sedloff, Managing Director, Juniper Square**

"2020 saw ESG investments double to \$54.6 billion in Q2 from Q1. In the past, sustainability-related investments were the first to feel the effects of macro-economic shifts. Top investors are putting their money where their mouth is: ESG is no longer just a 'nice-to-have,' but a necessity to conduct business in today's market and moving forward. CRE must also adapt for long-term resilience and success."

**Raphael Rosen, CEO, Carbon Lighthouse**

"Real estate operational and construction efficiencies will be greatly accelerated by PropTech, technological innovations and additional digital infrastructure."

**June Munshi, Co-Founder & Principal,  
The CenterCap Group**

"Will the Covid-19 pandemic transform cultural preferences? The 'live-work-play' concept was a reliable model for forecasting commercial property demand over the last 10 to 20 years. If there is evolution in the preferences that drove that trend — such as experiential lifestyles, family, commuting, and attitude toward homeownership and living space — we could see demand shift further from gateway CBDs to secondary and tertiary metros with less expensive housing. If — once people feel safe — the preference for live-work-play proves to be enduring, then gateways and other urban markets will rebound quicker."

**Paul Fiorilla, Director, Yardi Matrix**

"Many factors that drive trends in each property sector have been shaken up by necessary shifts in retail spending, where people choose to live and how they work. What does all this mean? Opportunity! Technology will increasingly influence the next generation of investing and managing real estate. I believe we will continue to see the adoption of 'niche' products, like cold storage, gain speed. I am excited for 2021. Raise a glass."

**Deb Smith, Co-Founder & Principal,  
The CenterCap Group**

"The pandemic is either shortening or elongating time periods of measured occurrence. The effect is being expressed as 'data variability,' 'slowing,' and 'erratic shifts.'"

**Doug Ressler, Manager, Business  
Intelligence, Yardi Matrix**

# 2021 priorities for NAREIM

## Member recruitment

NAREIM will continue to actively recruit new members to the association promoting its focus on real estate investment management benchmarking and business strategy.

2020 underscored why NAREIM is critical to the real estate investment management industry.

Our small group, peer-to-peer conversations were vital to members as they faced an unprecedented global pandemic. Covid-19 not only impacted assets and portfolios, but also transformed operations and teams into a largely virtual one.

In situations like these, it is imperative to understand how your peers are viewing the world, how they are handling the day-in and day-out operations of managing the business, and how they are keeping stakeholders safe and informed.

From the Executive Officer and C-suite level, to groups from Asset and Portfolio Management, Architecture and Engineering, Data, Sustainability, Talent Management and more, NAREIM has provided a safe space for members to discuss how they were pivoting their processes and policies in light of Covid-19, and ensuring they stayed informed of how peers were reshaping their businesses in 2020.

As a result of the work NAREIM undertook in 2020, membership increased to 90 organizations, representing \$2tn of real estate investment management in AUM.

## New benchmark research

On February 2, 2021, NAREIM and Ferguson Partners will release the real estate industry's first corporate benchmark for Diversity & Inclusion, measuring gender and ethnicity across seniority and job functions.

The survey, which involved 74 real estate investment managers representing more than \$2tn of AUM, is just one part of NAREIM's expanded benchmarking capabilities for 2021 and beyond.

- In October, NAREIM will also release, in collaboration with the Defined Contribution Real Estate Council (DCREC), a benchmark survey on defined contribution capital raising, structuring and enterprise metrics and best practices. The survey will not only provide insights into investment manager practices within the Defined Contribution channel, but also plan sponsor perspectives on investing in private real estate.

# LOOKING AHEAD

## **New benchmark research continued**

- Work is also currently underway to expand NAREIM's industry-leading research into Compensation, Global/Enterprise Management benchmarking and Diversity & Inclusion into Europe this Fall. Stay tuned for more information.
- This Fall, NAREIM will deliver additional insights into compensation and organizational strategies post-Covid following the release of the 2021 Surveys, in conjunction with Ferguson Partners, our survey authors partners, and include new member analysis of the trends behind the headline survey data.

## **Diversity & inclusion resources**

In 2021, NAREIM's Inclusion & Diversity Committee — comprising 20 executives from across job functions and seniority-levels at NAREIM member firms — will be working hard to deliver to all members a resource library and best practice guide focused on D&I initiatives, and actions, including:

- D&I resource page: Real-time guides, lists and links on ways NAREIM member firms are executing on D&I within their organizations, expanding recruitment pipelines and driving inclusion and retention. Lists include the top 50 partner groups used by members to expand recruitment pipelines and ways member firms are building an inclusive culture in 2021.
- The D&I resource page will grow through 2021 and beyond to include off-the-shelf guides on how to be a mentor/mentee, as well as provide educational guides for managers to use when talking to students at the high school, undergraduate and graduate levels on the investment management industry, and job opportunities within our field.
- D&I committee members have created three sub-committees. These sub-committees aim to develop resources and best practices to further improve the annual D&I survey, as well as partnerships to help members build their recruitment pipelines.
- [Meet the committee members.](#)
- Additional research from the D&I survey will be available to members in 2021, as we conduct deep dives into key aspects of the aggregated survey data.

## LOOKING AHEAD

### **Aggregating junior talent, so you don't have to**

In 2020, more than 130 undergraduate and graduate students from 11 universities participated in the annual [NAREIM Resume Book](#) — a 60% increase over 2019 and part of NAREIM's expanded effort to provide members with an aggregated view of junior talent targeting our business.

The Resume Book, which included students from Columbia, Chicago Booth, Florida, Fordham, Irvine, MIT, New York, North Carolina, Northwestern, South Florida, Southern California and Wisconsin universities, will be complemented in 2021 with the virtual NAREIM Job Fair, focusing on undergraduate as well as graduate students with a strong interest in real estate investment.

The Job Fair continues NAREIM's tradition of bringing students together with members each year to discuss job opportunities, internships and careers within real estate investment management. By making the Job Fair permanently virtual, NAREIM will open up access not just for students — but managers as well — as they manage their talent pool and grow the next generation of leaders.

# NAREiM

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