

# NAREIM

FALL 2021

BEST PRACTICES SHARED | VALUE ADDED

*dialogues*

## Nurturing *the next generation* of leaders



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for office outperformance

A new model for future  
residential living

Quantifying and mitigating  
climate-related risk and resiliency

# NAREIM

dialogues

## CEO

Zoe Hughes

## Head of Programming

Sanyu Kyeyune

## Editorial Director

Wanching Leong

## Design Director

Julie Foster

## For more information about NAREIM, contact:

Zoe Hughes  
zhughes@nareim.org  
917-355-3957  
99 Wall Street #1340  
New York, NY 10005

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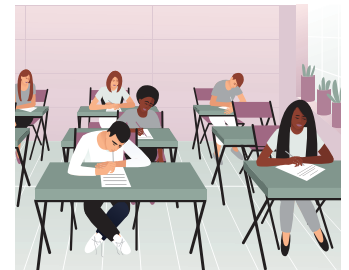
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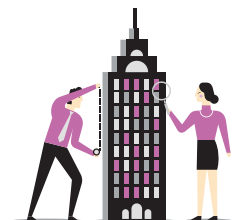


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# TARGETING RE's next generation at the *high school level*

**The Real Estate Exchange (REEX) Program aims to address real estate's lack of ethnic diversity by introducing high school students to careers in the real estate industry.**

By R. Kelly Cameron, MIT Center for Real Estate



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<sup>1</sup> K. A. Howard, A. H. Carlstrom, A. D. Katz, A. Y., Chew, G. C. Ray, L. Laine, & D. Caulum, Career aspirations of youth: Untangling race/ethnicity, SES and gender, *Journal of Vocational Behavior*, 2011, 79(1), 98-109.

<sup>2</sup> J. Banister, K. Neubauer & A. Martinez, Most Black Students Don't Know About CRE. The Industry is Trying to Fix That, *Bisnow*, August 4, 2021.

<sup>3</sup> J. Reece, Confronting the Legacy of "Separate but Equal": Can the History of Race, Real Estate and Discrimination Engage and Inform Contemporary Policy? *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 2021, 7(1), 110-133.

In a 2011 survey focusing on the career aspirations of over 22,000 high school students across the US, the *Journal of Vocational Behavior* reported that the top five occupations identified by youth in secondary schools included artist, lawyer, musician, FBI agent and actor/actress.<sup>1</sup> Despite being a \$16 trillion-dollar industry, real estate is still a relatively unknown career path among underrepresented high school students. For the purpose of this article, underrepresented high school students are defined as African American/Black, Latino/Hispanic (non-White) and Asian. Beyond the work of a real estate agent and/or real estate broker, where can an underrepresented high school student learn about a lesser known, non-traditional career in real estate?

### Real estate data breakdown

According to a 2018 US Census Bureau data survey, and reported by Zippia.com, a web-based real estate careers reporting platform, the most common ethnic groups among real estate investors are Whites, making up approximately 68%, followed by Hispanics/Latinos (non-White) at 16%.

“ The absence of research poses a challenge for accurately determining where ethnic and gender deficiencies exist across real estate careers, particularly on the finance and investment side of the industry. ”

Comparatively, in single digits are Blacks/African Americans at 8%, Asians at 5%, with undefined/multi-racial individuals coming in at 2% and Indigenous at 1% (see Exhibit 1).

### A need for change in real estate

Real estate remains an industry dominated by White males. In the August 2021 edition of *Bisnow*, the authors of *Most Black Students Don't Know About CRE. The Industry is Trying to Fix That* report 16 of the 26 largest REITs had zero people of color in their C-suites as of

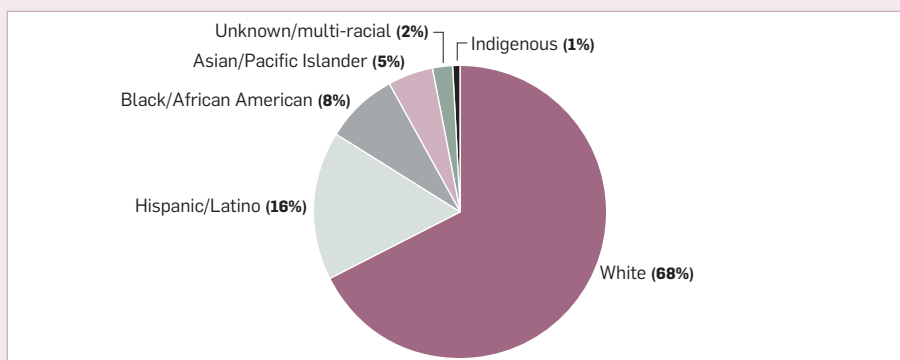
November [2020], and six had all-White C-suites and boards of directors.<sup>2</sup> From a US Census Bureau longitudinal data study, the aforementioned percentages are a reflection of findings related to ethnic and investor career trends across the real estate profession.

At present, limited research exists related to academic programs involving high school students and learning about real estate as an industry. The absence of research poses a challenge for accurately determining where ethnic and gender deficiencies exist across real estate careers, particularly on the finance and investment side of the industry. However, limited research presents an opportunity to bring forward statistical data to accurately assess the reasoning associated with the ethnic deficiencies plaguing the industry. Producing research studies is not only a pathway for change; it's a platform to visualize, contextualize and further understand the nuanced history of the real estate profession and the absence of marginalized and disenfranchised populations.<sup>3</sup>

To address known ethnic deficiencies in real estate, the Center for Real Estate at the Massachusetts Institute of Technology (MIT), along with the Baker Program in Real Estate at Cornell University, and Real Estate Program in the Herbert Business School at the University of Miami teamed up with leaders from Real Estate Executive Council (REEC) to pilot a summer learning program called the Real Estate Exchange Program, or better known as the REEX Program.

The REEX program is coordinated through Leadership Education and Development (LEAD) Program, a nonprofit organization that focuses on developing high potential youth of diverse backgrounds into high achievers

Exhibit 1: Real estate investor ethnicities



Source: Zippia.

### Exhibit 2: Real Estate Exchange 2021 Program

Sessions & timelines	Participating university
Session I (June 21–July 2)	MIT Cornell University New York University University of Miami
Session II (July 12–July 23)	Harvard University Howard University Roosevelt University Marquette University Southern Methodist University

and responsible leaders. LEAD refers to their high school student program participants as ‘scholars,’ symbolizing their academic achievement.

In the summer of 2019, REEX hosted its first cohort of scholars. Nearly 150 male and female scholars were chosen from underrepresented populations, of various socioeconomic backgrounds and with a minimum grade point average of 3.25. Offered in two-week intervals, REEX 2021 was held at nine universities in two separate learning sessions (see Exhibit 2). As of August 2021, REEX has an alumni network of nearly 400 scholars.

### Learning through Real Estate Exchange (REEX)

REEX kicks off its programming through the use of the UrbanPlan for High Schools curriculum model, created by the Urban Land Institute. UrbanPlan is 15 class hours of the curriculum, where students form development teams to respond to request for proposals for the redevelopment of a blighted site in a fictional community. Each team member assumes a role: finance director, marketing director, city liaison, neighborhood liaison or site planner.

Through UrbanPlan, REEX scholars are introduced to the development/

redevelopment process through a master class series of learning over a two-week period. The master class is comprised of five elements: (1) land use, (2) capital, (3) and (4) real estate finance, two levels of learning, and (5) exit strategy. Complimentary to the UrbanPlan and master class, each university partner inserts an independently structured, academically rigorous form of study linked to the five elements.

To add a practical component, scholars are positioned to actively engage industry professionals — who are developers, brokers, lenders, property managers and entrepreneurs — and participate in actual development project site tours. Paired with professionals to serve as coaches, development teams are mentored through development/redevelopment presentations. Scholars, at the end of the learning program, formally walk through their project presentations for a panel of industry professionals.

### A pathway opportunity for employers

By way of specialized programming like REEX, opportunities exist for employers. The REEX program serves multiple purposes across the diversity, equity and inclusion landscape. For hiring managers challenged with increasing diversity of talent, an introductory pathway program like REEX is a viable option for change. For example, involvement with REEX, in the form of summer internships, can significantly transform the real estate industry. Similarly, for colleges and universities, REEX is also an alternative recruitment vehicle, exposing undergraduate admissions professionals to an otherwise lesser considered nationwide population of high achieving

students of color, often underrepresented by leading colleges and universities.

While REEX provides high quality learning for scholar participants, a reasonable next step to advance REEX programming for underrepresented populations is to create work-based internships for scholars to continue their learning.

### Conclusion

Research shows a direct correlation exists between real estate and generational wealth for families in the US, albeit through private home ownership, or by multifamily or commercial property possession. Sadly, research further informs how disparities across ethnic backgrounds exist when considering the various forms of real estate ownership and individuals participating in the industry as professionals. Changing an industry requires effort and a plan of action. Numerous possibilities exist for how leaders can reshape the real estate industry. Participation in REEX is one possibility. ♦

For readers interested in learning more about how to participate in REEX, as a mentor/coach to scholars, by offering financial support or sponsorship, or by providing an experiential learning opportunity to a scholar, contact the REEX leadership team at <https://www.reexprograms.org/>.

**R. Kelly Cameron, EdD** is the Career Development Officer and thesis lecturer with the Center for Real Estate, Massachusetts Institute of Technology.