



Something to Talk About

How much progress has the CRE industry made when it comes to sexual discrimination and harassment?

By **Elaine Misonzhnik**

This past January, the commercial real estate industry was rocked by reports that one of its most prominent executives, Wynn Resorts Founder and CEO Steve Wynn, was guilty of sexual misconduct against multiple women working at his properties. At first, some in the industry tried to dismiss the accusations. Wynn's friend, Colony Capital CEO Thomas Barrack, defended the embattled executive, calling him a "first-rate human being," in an interview with *Bloomberg*. The casino mogul himself

denied the accusations and blamed a negative public relations campaign by his ex-wife Elaine Wynn.

But as the weeks went on, more and more women came out accusing Wynn of coercing them into sexual acts and paying them hush money. In early February, though he continued to maintain his innocence, Wynn resigned from the company and its board allotted him no severance. In the meantime, two women filed police reports against him with accusations of assault going as far back as the

1970s. Wynn Resorts' board of directors itself now faces multiple lawsuits—from company shareholders, from the New York State Comptroller Thomas DiNapoli, from the State of Oregon—for not taking action sooner in spite of reportedly being repeatedly alerted to Wynn's behavior. By March, board directors began resigning.

When asked for comment, Wynn's personal team sent this statement to *NREI* in mid-April: "Mr. Steve A. Wynn announced today he has resolved all outstanding legal issues with his for-

Illustration: Benedetto Cristofari

mer wife, Elaine Pascal Wynn. Mr. Wynn expressed gratification that he and Ms. Wynn were able to put all of the personal unpleasantness of the last few years behind them.”

The allegations against Wynn are among the most high-profile and explosive that have emerged in the era of the #MeToo movement. And it shines an uncomfortable spotlight on what has been an open secret in the industry for decades: Like other sectors, the commercial real estate industry has a problem when it comes to sexual harassment and sexual discrimination.

Commercial real estate is a notoriously male-dominated industry. A 2013 study by commercial real estate development association NAIOP, for example, found that women accounted for just 21.6 percent of all commercial real estate professionals and only 14.6 percent of the industry’s senior executives.

What’s worse is that according to results of exclusive research conducted by *NREI* between Feb. 13 and Feb. 26, women in the industry routinely face harassment and unwanted sexual advances to an alarming degree. And everyone knows it. Overall, 87.0 percent of *NREI*’s survey respondents agreed with the sentiment that sexual harassment occurs in the commercial real estate industry. (The survey was not explicitly designed to take up harassment or discrimination against members of the LGBTQ community, but some respondents addressed that issue in open-ended comments as well.)

This perception did not vary much between women and men. A full 90.0 percent of female respondents said that sexual harassment happens in the commercial real estate industry. In addition, 55.3 percent of women reported being personally harassed, 43.6 percent said they witnessed harassment in the workplace and 26.6 percent said it has happened to a friend, family member

or colleague involved in the industry. (Respondents were allowed to select multiple options.) Only 23.9 percent of women said they had not personally encountered such behavior (Fig. 1).

Among male respondents, 84.4 percent said that harassment occurs in the industry. In addition, 28.9 percent said they witnessed harassment taking place, 14.1 percent said that a family member, friend or colleague in the industry had experienced it and 8.0 percent said they personally experienced it. Meanwhile, 59.0 percent said they had not personally experienced or encountered harassment in the workplace.

Respondents that said sexual harassment occurs within the industry were further asked to quantify how much they think it occurs. More than 40 percent of these respondents (42.9 percent) indicated that while harassment is not widespread in the industry, it is nevertheless a common occurrence. In addition, 9.9 percent felt it is rampant and 17.9 percent said it is rare. Another 29.3 percent said they were not sure of its frequency.

The results in *NREI*’s research correspond closely with the findings of a similar survey recently administered by the Mortgage Bankers Association’s (MBA) mPower division, a group devoted to promoting opportunities for women in the real estate finance industry.

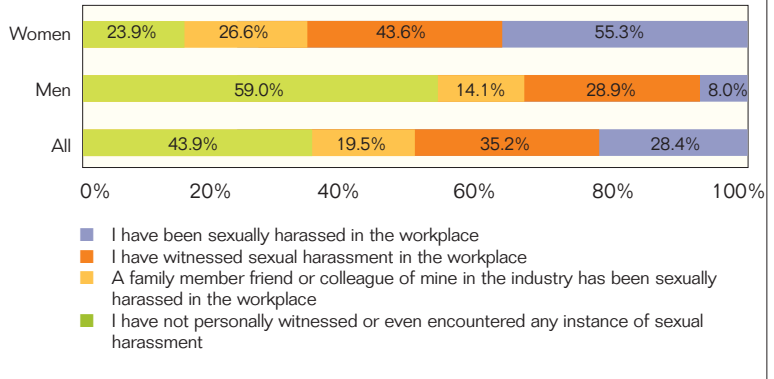
Using the EEOC definition of workplace sexual harassment—unwelcome advances, requests for sexual favors and verbal and physical conduct of sexual nature when submission to such conduct is explicitly or implicitly made a condition of employment—the survey found that 75 percent of respondents indicated they experienced such behavior at least once during their career in real estate finance. The most frequent behavior cited involved inappropriate comments, but more than 50 percent of respondents experienced

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“Many men do not even know sexual harassment exists and, particularly, what constitutes as harassment.”

Figure 1: How Have You Personally Encountered Sexual Harassment in the Workplace?



inappropriate touching and close to 50 percent reported unwanted sexual advances.

While the findings were based on “voluntary, informal results” and “are not meant to represent the experiences of the entire mPower community or industry at large,” they nevertheless “represent the experiences of hundreds of women in our industry, and the trends in the survey have been validated by several in-person polling results that have taken place at recent MBA events,” according to mPower founder and COO Marcia Davies.

In open-ended responses, participants in the NREI survey described instances ranging from inappropriate comments and vulgar language to being unexpectedly kissed, given unasked-for back rubs by coworkers or slapped on the backside by colleagues. They have also reported being propositioned, having their superiors show up at their hotel rooms during business conferences or having clients imply that providing sexual favors would help them close deals.

As one respondent described the situation in a comment, “Unwanted advances or language has made me uncomfortable, but a firm ‘no’ has sufficed in curtailing the problem person. Inappropriate language is more of a

problem and tolerated or excused too often. It is a workplace, not the boys’ locker room.”

Another respondent, a man, very similarly described “just a general atmosphere at the office that is like a men’s locker room, with sexual innuendo, dirty jokes, sexist remarks.”

Several people pointed out that offending behavior often takes place at business conferences, outside the office, where alcohol is then blamed for inappropriate comments or actions.

Respondents that said they had been harassed, witnessed harassment or knew of family members, friends or colleagues in the industry that were harassed were asked whether at the time of the incident their workplaces had a means of addressing these issues.

Of those respondents, 38.8 percent said their workplaces did not have mechanisms in place to report and prevent harassment (Fig. 2). Another 29.4 percent said there were channels for reporting harassment at their workplace, but the rules regarding how to go about doing so were unclear. Only 16.1 percent said their employer had “clear rules and protocol in place” to address harassment.

Yet in most cases, even when the workplace had clear guidelines regarding acceptable behavior, respondents

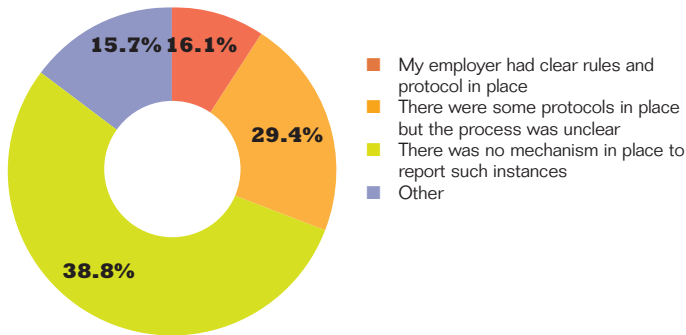
hesitated to report violations due to the fear of being ostracized or because the behavior came from top management.

As a result, 63.7 percent reported that they did not make use of workplace protections to deal with the harassment, while 36.3 percent said that they did so. (Those figures are better than the average for U.S. workplaces as a whole—the Society for Human Resources Management (SHRM) reports that 76 percent of non-manager employees who experience sexual harassment don’t report it, either because they fear retribution or because they don’t believe doing so will lead to positive changes.)

Another issue that respondents encountered was when the harassment came not from within their own company, but from an outside source—a client firm’s employee, for example, or a fellow conference attendee. In that case, their employer had limited means of addressing the issue in any case.

When it comes to NREI survey respondents, in those cases where the behavior was reported, the situation seemed to be resolved in a satisfactory manner in about half the cases, according to the open comments section. Some offenders were terminated, while others were temporarily dismissed from work without pay. In

Figure 2: At the time of the incident, in which of the following ways did your workplace provide a means for employees to address instances of sexual harassment?



“**In other cases, human resources ended up doing nothing after being informed of the incidents, or encouraged those reporting the behavior to find another place of work.**”

one instance, a respondent was surprised the owner of the company took disciplinary action even though the offender was his relative. In other cases, human resources ended up doing nothing after being informed of the incidents, or encouraged those reporting the behavior to find another place of work.

Overall, 41.0 percent of respondents said they felt the prevalence of sexual harassment in the commercial real estate industry has improved in the past five years, while 57.3 percent said things have remained the same. Only 1.6 percent of respondents said the situation has gotten worse. The numbers were fairly consistent for both men and women in that regard, although men (44.0 percent said it has improved) had a slightly rosier view than women (37.1 percent said the situation has improved).

According to one respondent’s comment, instances of sexual harassment “used to be more prevalent during the 1980-1990 period... I think the industry overall has done a good job of curbing the issues and making sure sensitivity training completed now on new hires.”

In the open comments section, many respondents indicated that the industry could benefit from more train-

ing on which behaviors constitute sexual harassment—“I think many people don’t realize they are being offensive,” wrote one. “Education is #1. Many of the older men have no idea that what they say is offensive,” noted another. “Many men do not even know sexual harassment exists and, particularly, what constitutes as harassment,” wrote a third. “From my perception, many people think sexual harassment is an action, but in truth, it is also words. Defining sexual harassment and giving examples would help because most people don’t even know they are doing it, especially when they think they’re just mimicking their senior associates.”

Another frequent comment cited the need to correct the gender imbalance in the commercial real estate industry as a potential deterrent to disrespectful behavior, along with the greater promotion of women to executive roles. A few respondents called for the creation of an independent agency that would handle harassment claims, thus providing unbiased investigations and eliminating the fear of retribution that sometimes accompanies reporting misconduct internally. According to one respondent, it is an issue of “stronger enforcement” across the industry, not just at one’s own company: “What are organizations doing about sexual

harassment by clients or competitors at industry events?”

On that front, the issue is not one leading organizations or companies appear comfortable addressing. *NREI* reached out to 11 different industry organizations to discuss our findings. Only three—the MBA, the Commercial Real Estate Women Network (CREW) and the Institute of Real Estate Management (IREM)—got back to us. We also reached out to several of the biggest brokerage firms in the industry—some declined to comment, while others never responded to requests for comment.

Pay disparity, fewer promotions

A significant percentage of women also continues to struggle with discrimination when it comes to pay and professional opportunities in the commercial real estate industry.

The majority of survey respondents (72.7 percent) said that sexual discrimination, including getting a lower salary than someone of another gender or sexual orientation doing the same job and getting passed over for assignments and promotions, occurs in the industry. (Overall, 57.6 percent of male respondents said it occurs vs. 92.1 percent of female respondents.)



“**Top management needs to do more than just talk the talk. They need to look a few levels down and see what the middle management is doing to promote (or not) promising women.**”

Of those that agreed discrimination occurs, 40.8 percent described it as a “common occurrence,” though not widespread. Another 34.7 percent said it is rampant. Only 8.0 percent of those respondents described that type of discrimination as a rare event in the industry. An additional 16.6 percent said they were not sure how prevalent it is.

One female staff member at a publicly-traded company described the following situation, which based on overall reader comments, seems to be common in the industry at large. When a male colleague left his post a few years ago, she got promoted to his position. Since she got a pay raise to go with the job, she said she felt happy with her promotion until her former coworker, with whom she stayed in touch, alerted her that her new salary was still almost 14 percent below what his had been. The news came as a shock, and she attributed it at least partially to the fact that her friend had been with the company a bit longer. At the same time, she didn’t have much of a choice—when she tried to raise the issue, it was underplayed under the guise of it being against the rules to discuss staff salaries.

More recently, the woman became interested in getting a promotion to

another department. But in spite of her years of experience, the recommendation of her boss and her stated desire for the position even if it did not carry a salary increase, she was told she “was not ready” for the post. When the woman asked her higher-ups for feedback about what would allow her to advance, they didn’t have any to offer. Instead, the job went to a man with less experience and fewer professional qualifications who had become friendly with the CEO of the company. In a “good ole’ boys” atmosphere, where the men at the company spent a lot of after work time together without inviting female coworkers, that seemed par for the course. The woman has since decided to look for a job with another firm, but she never brought the incident to human resources’ attention. “I have been reluctant to report because I don’t want to be seen as the person pulling the gender card,” she notes. Yet she adds that the experience came as a shock after years of working in a field where women were routinely encouraged to rise up the professional ladder. “I’ve never thought that I would experience it,” she says. “I thought it was something from 50 years ago—I had no idea it was [still] going on.”

In fact, 67.9 percent of women who responded to the survey said they

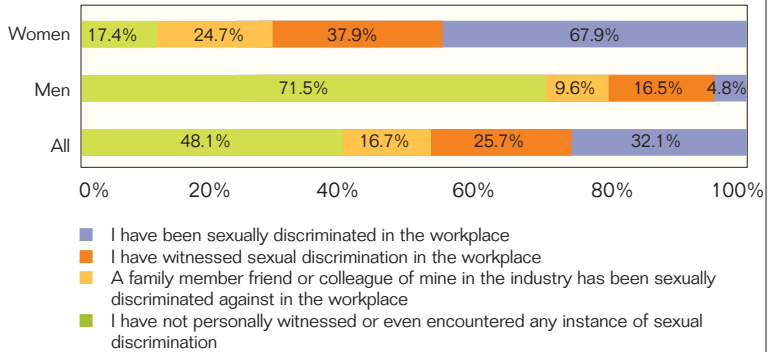
had been discriminated against in the workplace (vs. just 4.8 percent of men). Overall, 25.7 percent of respondents said they witnessed discrimination taking place (Fig. 3). An additional 16.2 percent said that a family member, friend or coworker had such an experience. A little less than half of respondents (48.1 percent) said they never encountered sexual discrimination in the industry.

The numbers were a little more diverse when it came to responses from male and female readers. A full 47.1 percent of male respondents said that sexual discrimination was a “common occurrence” in the industry, but only 15.0 percent felt it’s “rampant.” More than half the female respondents (50.6 percent), however, said that discrimination was “rampant” in commercial real estate and 35.6 percent described it as a “common occurrence.” Only 2.3 percent of women said it was “rare.”

The percentage of men who said they witnessed it happening to other people totaled 16.5 percent and 9.6 percent said a friend, family member or co-worker went through the experience. But the majority (71.5 percent) said they never encountered discrimination.

When it came to women, on the other hand, 37.9 percent said they witnessed discrimination in the workplace

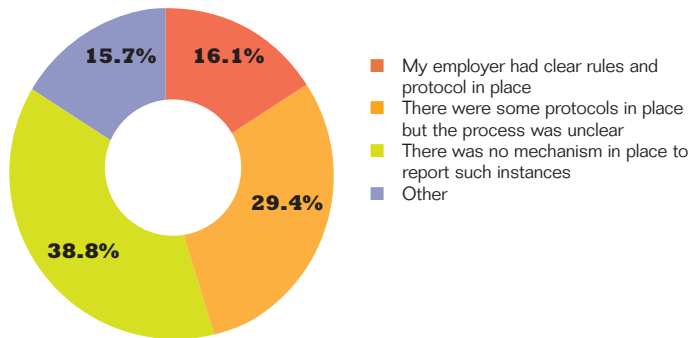
Figure 3: How Have You Personally Encountered Sexual Discrimination in the Workplace?





“One of the most frequent complaints voiced by women was being paid significantly less than male coworkers doing the same job.”

Figure 4: At the time of the incident, in which of the following ways did your workplace provide a means for employees to address instances of sexual discrimination?



and 24.7 percent had a family member, friend or colleague in the industry who was discriminated against. Just 17.4 percent of women respondents said they never encountered discrimination in commercial real estate.

One of the most frequent complaints voiced by women was being paid significantly less than male coworkers doing the same job. The most recent benchmark study on women in commercial real estate put together by the CREW Network, which took place in 2015, found that there was still a 23.3 percent gap between the median total annual compensation for men and women in the industry.

CREW Network declined to comment on the NREI survey directly, but the organization’s spokesperson pointed out that in the benchmark study, women in the industry listed lack of a company mentor, lack of promotion opportunities and gender discrimination as the three most common barriers to their career success.

CREW’s follow-up research in 2016 found that 65 percent of the professionals the organization surveyed either personally experienced or witnessed discrimination against women in the commercial real estate industry.

Meanwhile, Denise Froemming, CEO and executive vice president of

IREM, notes that while the organization realizes there is still a pay gap between men and women in the industry, 59 percent of IREM’s approved Certified Property Managers and 71 percent of approved Accredited Residential Managers last year were women. Froemming also points out that the organization continues to work with its diversity advisory board to provide opportunities to everyone interested in a career in commercial real estate.

In NREI survey’s open comments section, there were reports of women being passed over for lucrative assignments and promotions in favor of male coworkers and multiple comments about women being held back after becoming pregnant, or what several called “mommy-tracked”—including one instance in which the company owner had to be informed that he cannot fire an employee just for getting pregnant. A significant number of respondents also wrote about being excluded from important company discussions and being treated in a condescending, “being patted on the head” kind of way in meetings.

Several noted that coworkers often assumed they advanced because they were attractive or slept with their bosses rather than through their own

accomplishments. “I was once told I wasn’t given a promotion because the person that recommended me must have a crush on me,” one wrote.

Another woman, the CEO of her own company, described how in meetings with outside contacts and at industry events, she’s rarely identified as the likely head of the firm. There’s an element of “she can’t be the leader, the smart one, the founder,” she noted.

In addition, a male survey respondent noted that women sometimes don’t get the pay raises they deserve because they happen to have a well-earning spouse. “While not overt, I think there often is a double standard in how women and men are treated,” he wrote.

Members of the LGBTQ community described similar experiences of discrimination. “I have not been promoted on a couple of occasions and within different companies because of my sexual orientation and the false perception that I was ‘less motivated’ because I do not have children,” one wrote. “In other words, I did not fit into the expected ‘white male heterosexual with kids and family’ profile the firms preferred promoting.”

Yet a relatively modest percentage—30.9 percent of all respondents—tried to address the disparities through



their companies' official channels. A significant number (54.3 percent) said their company simply had no mechanism in place to address such concerns (Fig. 4). Another 21.5 percent said their company had protocols in place to deal with discrimination, but the guidelines were unclear. Just 9.6 percent said their employer had clear regulations in place to address sexual discrimination. Some also noted that instances of discrimination are "extremely hard to prove" and that a lack of confidentiality often discourages reporting.

In discussing how the commercial real estate industry can better address the issue, many commenters cited continued education about what constitutes discrimination and more streamlined guidelines in awarding pay and promotions (based on years of service and professional accomplishments). A number of respondents also wrote about executive lead-

ership needing to set an example for lower-level managers.

"Top management needs to do more than just talk the talk," one person noted. "They need to look a few levels down and see what the middle management is doing to promote (or not) promising women. In my age bracket, the top women get fed up and typically leave brokerage, often going to the owner's side, or to smaller firms, where they will be treated better."

The CREW Network, in its 2016 whitepaper, urged the leadership at commercial real estate firms to engage in honest assessment of potential gender bias, including hiring diversity consultants and putting in place accountability measures to combat discrimination. It also stressed the importance of providing women in the industry with mentorship and sponsorship opportunities and encouraging industry members to speak up

when they witness discrimination. ■

Survey methodology:

The NREI survey included 449 participants. Respondents' professional specializations ranged from leasing/investment sales/land brokerage (16.3 percent) to private real estate investment (12.0 percent) to pension fund/institutional investor/fund management (6.8 percent) to corporate real estate (9.1 percent) and building/development (11.3 percent), among other categories. The most commonly cited organization size involved firms with fewer than 10 employees (26.8 percent), followed by firms employing from 11 to 50 people (23.2 percent) and then firms of 1,000 or more people (19.4 percent). The average age of respondents was 50 years old. Men made up 57.0 percent of respondents, while women made up 43.0 percent.

Midyear Review and Outlook

2018

Call For Submissions

The editors of NREI are seeking submissions from CRE industry leaders for their 2018 Midyear Review and Outlook. The content will be distributed to 70,000+ regular readers of NREI magazine and newsletters, 30,000+ HNW CRE investors, and 154,000+ unique monthly visitors to NREIonline.com.

For submission details, contact:

Evelyn Schmidt at eschmidt407@gmail.com

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