

NAREIM

FALL 2021

BEST PRACTICES SHARED | VALUE ADDED

dialogues

Nurturing *the next generation* of leaders



ALSO IN THIS ISSUE

Looking beyond Class A and CBDs 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

Disclaimer

No statement in this magazine is to be construed as or constitutes investment, legal, accounting, or tax advice, or a recommendation to buy or sell securities. While every effort has been made to ensure the accuracy of the information in this magazine, the publisher and contributors accept no responsibility for the accuracy of the content in this magazine and you should not rely upon the information provided herein. NAREIM is not liable for any loss or damage caused by a reader's reliance on the information contained in this magazine and readers are advised to do their own independent research and to consult their own independent investment, legal, accounting, and tax advisers before making any investment decision. Readers should also be aware that external contributors may represent firms that have a financial interest in the companies and/or securities mentioned in their contributions herein and/or may serve as an officer, director, or employee of the companies, or an affiliate thereof, mentioned in their contributions. Neither this publication nor any part of it may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage or retrieval system, without the prior permission of the publisher, NAREIM.

© 2021 NAREIM. All Rights Reserved.

2

From the CEO

ROUNDTABLE

4



Leading in times of change

NAREIM and Bill Ferguson of *Ferguson Partners* speak with Molly Bordonaro of *The Green Cities Company*, Dave Kutayah of *Clarion Partners*, Amy Price of *BentallGreenOak* and David Schwartz of *Waterton Associates* to discuss traits of great leaders and where the next generation of real estate investment management leadership will come from in a post-Covid world.

12

Reporting

Data with a global mission

For *Bouwinvest*, ESG data is an investment prerequisite and its global standardization an industry goal. Nick Russell of *Juniper Square* speaks with Robert Wagenaar about how the Dutch international investor incorporates climate risk exposure into its portfolio management tools, has built an automated data warehouse platform and is arming its investment teams with Python skills.

ASSET MANAGEMENT

16

Pillars of successful residential investing

Michael Keogh,
Nuveen Real Estate

26



Identifying winners in a bifurcating office sector

Sabrina Unger and
Britteni Lupe,
American Realty Advisors

38

Gateway suburban office outperforms CBDs

Jamil Harkness, *Bailard, Inc.*

46

Honeybees create a sweet office amenity

Allen Aldridge, *KBS*

SUSTAINABILITY

22

Assessing climate-related risk & resiliency

Dorit Ziv, *Partner Energy*, and
Justin Lia and Gary Cohn,
Partner Engineering and Science

34

The REIM impact fund opportunity

Anna Murray and Mike Keating,
BentallGreenOak

42



3 tangible steps toward decarbonization

Raphael Rosen,
Carbon Lighthouse

TALENT MANAGEMENT

30

Walking the DEI talk

Eliza Bailey and
Kelsey Harstad,
Belay Investment Group

50



Targeting RE's next generation at the high school level

R. Kelly Cameron,
MIT Center for Real Estate

BARCLAY FELLOW

54



Due diligence in the virtual era

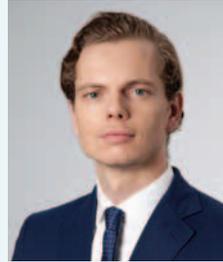
Anh Duc Tran

DATA *with a* global mission

For Bouwinvest, ESG data is an investment prerequisite and its global standardization an industry goal.

Nick Russell of Juniper Square speaks with **Robert Wagenaar** about how the Dutch international investor incorporates climate risk exposure into its portfolio management tools, has built an automated data warehouse platform and is arming its investment teams with Python skills.





Robert Wagenaar is Head of Portfolio Operations & Transactions at Bouwinvest. Robert is responsible for directing the finance and operations activities for the global mandates of Bouwinvest, as well as coordinating and having active involvement in strategic planning.



Nick Russell is Head of Institutional Investor Account Management at Juniper Square. Nick partners with leading investors, managers and consultants in the commercial real estate industry to improve transparency and reduce the burden of reporting.

What is your investment mandate and how do your stakeholders affect the data and analytics you collect and analyze?

We are a specialized real estate investment manager in the Netherlands with a mandate to achieve sustainable returns on behalf of our clients, which are mainly pension funds and insurers. For our international mandates, our client is bpfBOUW, the pension fund for the Dutch construction industry.

We firmly believe that long-term financial success in real estate investments for our clients is inextricably linked with our social responsibilities. We incorporate ESG factors into all our investment decisions so we can better manage risks and generate long-term sustainable returns more effectively. Our reporting and transparency requirements are linked to financial and social KPIs. It is essential that they are in place before we invest with a manager.

What information are stakeholders requesting?

We are seeing more requests for asset-level information, such as financing and real estate metrics, as well as ESG data. Our institutional investors, as well as Dutch regulatory bodies, are also interested in topics like climate risk assessments. What we recently for example did in that respect was to plot the locations of all the assets, both from our listed and unlisted investments, on climate maps to see how exposed the assets

“ The next challenge as an industry is to further standardize ESG data at the asset, portfolio and corporate level across regions to create more transparency and understanding. ”

are to certain climate risks like flooding. We want to make those assessments comparable across our portfolio, in the Asia Pacific region, Europe and the United States. We're looking for standardized and consistent information, but that can be quite challenging in real estate.

How successful have you been in collecting the necessary data to meet your stakeholder needs, especially as these continue to evolve?

The managers with whom we have long-term relationships are mostly willing to provide us with the information we need. Furthermore, most of the reporting requirements that are important to us, such as compliance with industry standards such as INREV or GRESB, are agreed upfront.

Why is having ESG information important to you?

Standardized ESG reporting remains a challenge. Reporting on social and governance in particular is more difficult because they are less standardized. For example, we have targets on affordability, corporate governance, as well as construction site safety, since our client is the pension fund for the construction industry. It is difficult to come up with the right standardized reporting requirements applicable around the globe. Definitions of 'affordability' vary by country, depending on the makeup and regulations of the various real estate markets.

The adoption of technology has been a challenge for the real estate industry. How have you set up your technology platform and its focus on business intelligence and analytical tools?

Having the right and consistent data is key. When you don't have the right data, the outcomes are rubbish.

The next step is having the right tools to make data-driven decisions. What we've done at Bouwinvest is to build a data warehouse solution, which we use to combine the information from our unlisted and listed portfolios. The tool also includes all the market data we have. By doing this, we can combine the portfolio information with market data to measure performance against indices and conduct allocation studies.

We also invest in our employees. The mindset of our organization is to be data-driven and ahead of the game, which is why members of our investment teams have been developing Python skills to complement Excel. We have in-house data scientists and our research department has made a series of webinars with ANREV about how to implement a data and analytics strategy.

Can you name some new initiatives currently underway at your firm?

We are actively researching and contemplating launching new products such as an impact strategy. In the Netherlands, we are committed to ensuring that our property portfolios are carbon neutral and highly energy efficient to meet the objectives of the Paris Climate Agreement by 2045.

Our international mandates and team have grown significantly in size over the years. From a data and analytics perspective, we are working hard to further professionalize and take how we work and operate to the next level. We are focused on the continued improvement of data-driven and forward-looking portfolio management, enhancing client management, further improving our integrated mandate proposition and streamlining our operations.

An automated data approach helps to respond effectively to the scrutiny from clients, fiduciaries and regulatory bodies, and it really helps us facilitate up-to-date asset-level reporting. As we have become a larger investor in both closed-end and open-ended funds, and also participated in more joint ventures and club deals, we have had to operate differently and become more active on the investor side.

The next challenge as an industry is to further standardize ESG data at the asset, portfolio and corporate level across regions to create more transparency and understanding. Building certificates, for example, are different in every country, which makes them hard to compare. We'll have to take the step towards standardization in the industry over the next few years. ♦