Dedham-based KAGE Growth Strategies will serve as minority consultant on the 411-room Marine Wharf hotel in South Boston and Millennium Partners’ proposed office and condo tower in Winthrop Square.

This article is the first of a two-part series exploring attempts to improve opportunities for women and minorities in the local commercial real estate industry.

Racial diversity remains elusive in local commercial real estate circles, despite Boston’s 21st-century DNA as a majority-minority city.

Industry gatherings remain a sea of dark suits and white faces, in contrast to the composition of the life science industry playing a big part in the region’s economic boom. That the real estate industry remains a predominantly white male preserve in 2017 is the result of decades of neglect, executives and diversity advocates agree, and a tendency to fall back on tight-knit social networks to fill job openings.

“That’s our Achilles heel,” said Taidgh McClory, a partner at CBRE/New England and one of a handful of top-level minority executives in the local industry. “The way people get recruited traditionally into this business is very passive on our side. It’s very easy for companies to wait for the talent to find them. When you do that, the talent all looks the same.”

But this year could mark a series of turning points in the industry’s outreach to minority communities.

Millennium Partners has hired KAGE Growth Strategies, which led a widely hailed minority participation program at the Aloft and Element hotels in South Boston, as diversity consultant for its proposed 775-foot-tall office and condominium tower in Winthrop Square. Wellesley-based Harbinger Development is in talks with KAGE on a similar arrangement for the 411-room Marine Wharf hotel set to break ground this year at 660 Summer St. in the Seaport District. And nearly three dozen companies have signed onto an expanding summer internship program for minority college students interested in commercial real estate careers.

The attempts to increase diversity come at a critical juncture, with jobs in the local industry peaking but the real estate market entering a mature phase.

NAIOP Massachusetts, the Needham-based commercial real estate development organization, had more than 1,700 members at the end of 2016 – an all-time high.

By contrast, the only local organization representing minority developers, the African-American Real Estate Professionals New England chapter, went on hiatus for a year before being revived in January 2016. It currently has fewer than two dozen active members, according to a board member, Saeed Coates, president of Andover-based developer GPG Cos.

And while the city of Boston’s population is increasingly diverse, its workforce still trails in that regard. Nearly 78 percent of the more than 440,000 jobs in the city were held by whites in 2014, according to research provided by the Boston Planning and Development Agency.

**Hotel Projects Hailed As Model**

Seeking to improve minority opportunities, NAIOP Massachusetts partnered with Urban Land Institute-Boston/New England last summer on a pilot program called Commercial Real Estate Success Training (CREST). Four developers hired college students from diverse backgrounds for summer internships. Close to 35 brokerages, development firms and consultants have agreed to participate this summer.
“We don’t have a lot of diverse students interested in the real estate business,” said David Begelfer, CEO of NAIOP Massachusetts. “Part of our job is to encourage students to get involved in the many facets of commercial real estate. This is not going to solve the problem, but it’s a start.”

CV Properties partnered with Dedham-based KAGE Growth Strategies and University of Massachusetts-Boston on a career academy during development of the Aloft and Element hotels in South Boston. Beginning in 2014, they placed 57 students from diverse backgrounds in 10-week summer internships with consultants on the hotels. Minorities also comprised nearly 23 percent of the construction workforce, as KAGE worked with construction manager Suffolk Construction to select subcontractors.

“Massport aimed high and every firm stepped up,” said Milton Benjamin, president of KAGE Growth Strategies. “When Massport set the bar it did, it was an aggressive one.”

Eamon O’Marah, managing partner of Harbinger Development, said KAGE will play a similar role at the Marine Wharf hotel expected to break ground this year.

“There are a lot of very capable young professionals who might not be aware of the great careers that exist in our field. KAGE and Milton Benjamin are a great conduit to reach out to these people and fold into our business,” O’Marah said.

Kirk Sykes, a developer, architect and former chairman of the Federal Reserve Bank of Boston, said Massport’s aggressive minority participation standards showed how the public sector can move the diversity needle.

By contrast, the Central Artery Tunnel project and the Seaport District building boom were missed opportunities for minority developers to build wealth on multibillion-dollar projects, Sykes said.

“I’ve built communities with a pencil, a brick and a dollar, and I believe a dollar works best as far as making change happen,” said Sykes, a senior vice president at New Boston Real Estate Investment Funds. “My concern is that we in Boston have the worst wealth gap in America.”

According to a Federal Reserve Bank of Boston “Color of Wealth” report released in 2015, white households in Greater Boston have a median wealth of nearly $248,000. Black households’ net worth was close to zero. Sykes said Massport’s requirements could be a template for Gov. Charlie Baker’s “Real Estate Asset Leveraging” program, in which the state is selling 85 parcels in 41 communities to developers for housing and commercial projects.

Cofounded in 1987 by Patrick Lee, an African-American financial official in the Dukakis administration, Boston-based developer Trinity Financial counts women and minorities as 57 percent of its current workforce and 46 percent of its positions with a title of vice president or higher.

Diversity is a core company value; it’s also a competitive advantage, said Kenan Bigby, a managing director who joined Trinity in 2000.

“We’re working in very diverse communities, so having colleagues that reflect the communities works to our advantage,” Bigby said.

Coates, a tech engineer-turned-developer, bristles that minorities are often pigeonholed as specializing in urban development projects. The Rensselaer Polytechnic Institute graduate has acquired nine properties since switching to a real estate career in 2004 and obtaining an MBA from MIT in 2012.

With so few minority executives locally, stereotypes are common in business and networking meetings, Coates said.

“I’ve never owned any property in Roxbury or Mattapan, and I don’t stick to the quote-unquote ‘hood,’” Coates said. “I want to be in the Seaport District just like any other investor. I’m a predator and I’m out to compete.”

Coates tried his hand in the private equity side of the business but found career advancement limited by a lack of mentorship. That points toward a lost opportunity for the industry, he said.

“When the investment committee is making a decision, there are a lot of smart people in the room but there’s also a tendency toward groupthink,” he said.

With some of the largest workforces in the industry, brokerages are a potential landing spot for entry-level candidates. But real estate has a hard time standing out, with graduates eyeing careers in the booming tech and
life science industries, said Jim Elcock, president of Colliers International Boston. Of the 136 local Colliers employees who identify their ethnicity, 16 percent are minorities, Elcock said.

“Given that Boston is a melting pot, I would like for our brokerage team to be part of that mosaic,” Elcock said. “Sometimes we just don’t see people considering us in their job search because it doesn’t sound exciting or [like it is] a good fit.”

To counter that perception, Colliers sponsors internships for students from Boston Public Schools and local colleges. A two-year associate program offers structured training and pays early career candidates on salary rather than commission.

CBRE/New England has widened its net for its crop of 10 summer interns, McClory said. A decade ago, most had ties to the firm. In the past four years, CBRE has reached out to college real estate programs and clubs to seek more diverse candidates.

“Traditionally, candidates find out about this business through their family and friends networks,” McClory said. “If you have an uncle (in the business), that may be a distinct advantage compared to someone else who is not aware of commercial real estate as a path. If you asked a high-schooler what’s the path of a commercial broker, they would scratch their head.”