

## 5 Things to Know About ESG Investing in CRE



When it comes to investing, holding a diversified portfolio is a key for successful and safeguarded wealth generation. Commercial real estate professionals can benefit by investing in a multitude of areas to spread out their wealth and generate a stable stream of passive income.

ESG investing is gaining momentum within commercial real estate - making it a great arena for professionals in this industry to start exploring. If you're new to this form of investing, here's a 101 on all things ESG investing in CRE:

### Why's ESG So Popular?

ESG is the acronym for environment, social, corporate governance. These investments are all stock categories, so ESG investing quite literally means investing in stocks based on environmental, social and corporate governing considerations.

ESG investing lies in strategic stock analysis to find the very best potentials to bolster your investor portfolio. As such, due diligence is required to start dipping your toes into ESG investments. Staying on the cutting edge of these stocks demands a solid amount of research combined with a forward-thinking mindset that predicts changes.

### CRE Pros Need to Know...

Investing in these specific areas means that commercial real estate professionals need to know about a company's overall impact on these three prominent issues.

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It's important to remember how investment decisions make an impact on the world - for both better and worse. ESG investing is all about looking at the long term effects of your investments, which inevitably ties to the profitability of an innovative idea.

When exploring ESG investments, commercial professionals need to be researching the ways in which each company's stocks are influencing the three different categories.

For example, a stock investment falling under the environmental bracket would look at how the company manages its carbon footprint, waste removal and pollution. Social investments would require an analysis of the business' employee benefit plans, team diversity and social development projects. Corporate governance investors need to know about executive perks, board of director compensation and voting policies.

ESG investors use these factors to make their investment decisions. This investment opportunity finds success by digging deeper into the long term of a project, taking the stock investment process to another level. It's not just about the financial standing of a stock. Instead, ESG investing looks at all of the details.

### Tips for CRE Investing

Here are a few tips to help you get started with ESG investing:

Let impact investing guide your strategy. Impact investing focuses on company stocks that have made active steps to benefit the environment or social projects.

“Conscious capitalism” is an ESG term that outlines the system where shareholders and business owners work together based on common goals or interests. This merger of money and means can greatly propel an investment forward.

SRI (or socially responsible investing) happens when investors exclude certain companies and stocks that do not meet their quality standards. Using this as a consideration can help guide your acquisitions.

In the world we live in today, people are caring more and more about environmental, social and corporate governance issues. This is causing many investors to adopt the ESG model into their investment strategies, helping to strengthen their portfolios and expand their wealth - all in good conscience.

