

2022 Spencer Stuart Real Estate Sector Snapshot

Boards of real estate companies in the S&P 500 — a group of 29 businesses — tend to be longer tenured and lower paid than S&P 500 boards overall.

- » Real estate boards average **10.3** members, slightly below the 10.8-member average for S&P 500 company boards.
- » The average tenure of independent directors on real estate boards is **9** years, longer than the S&P 500 average of 7.8 years and the longest of all the S&P 500 primary sectors. The maximum average tenure of real estate boards is 13.4 years.
- » The average age of independent directors on real estate boards is **63.9** — slightly higher than the S&P 500 average of 63.1. They have a maximum average age of 70.9.
- » Just **48%** of real estate boards have a mandatory retirement age, compared to 70% of S&P 500 boards overall.
- » The average mandated retirement age for directors in this sector is **74.4**, the same as the S&P 500 average.
- » Independent directors represent **86%** of all directors on real estate company boards — identical to the 86% in the S&P 500 universe overall.
- » These boards' average compensation is **\$277,164**, lower than the \$316,091 average for S&P 500 boards overall and the lowest of all primary sectors.¹

¹ This is average compensation excluding chair pay. The average compensation including chair pay is \$282,675 for real estate firms, and \$322,015 for S&P 500 firms overall.

Diversity

The diversity of real estate boards is generally aligned with the S&P 500 universe. Directors from historically underrepresented groups (defined as individuals who self-identify in one or more of the following categories: women, underrepresented racial or ethnic groups and the LGBTQ+ community) represent 45% of directors on real estate boards, compared with 46% of S&P 500 boards.

Women represent 32% of real estate board members in 2022, the same proportion as S&P 500 directors in general.

Directors from underrepresented racial or ethnic groups (defined as Black or African American, Asian, Hispanic or Latino/a, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races) constitute 22% of real estate board directors, equal to the S&P 500.

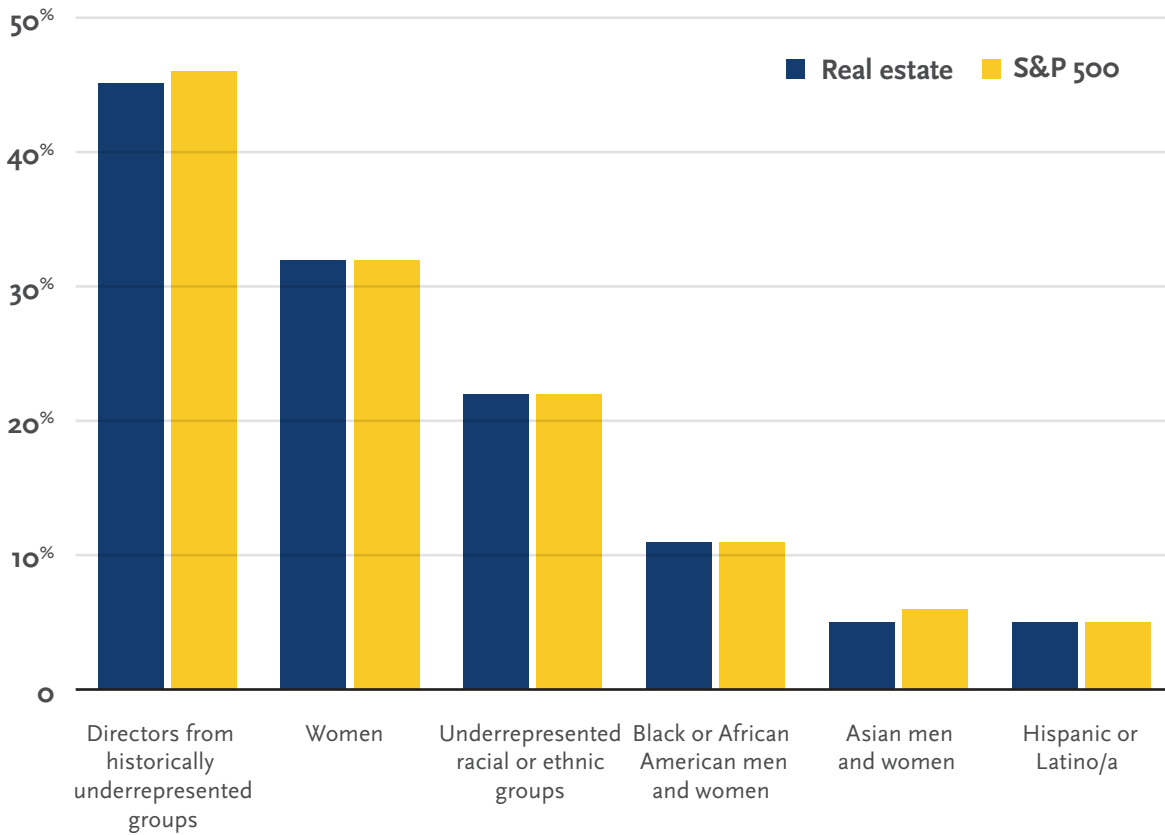
The real estate sector is also the same as the S&P 500 universe when it comes to the proportion of Black or African American directors (11%) and Hispanic or Latino/a directors (5%). Asian directors constitute 5% of real estate boards, slightly lower than the S&P 500 total of 6%.

Three percent of real estate boards have no Black or African American, Hispanic or Latino/a or Asian directors, compared with 1% of S&P 500 boards. Eighty-six percent of real estate boards have three or more women directors, compared with 81% of S&P 500 boards overall.

Both the real estate sector and the S&P 500 index fall short of reflecting U.S. demographics. According to the U.S. Census Bureau, 51% of the U.S. population are women and 42% identify as Hispanic or Latino/a (18.5%), Black or African American (13.4%), Asian (5.9%), American Indian or Alaska Native (1.3%) and multiracial (2.8%).

Nearly half (48%) of real estate companies disclosed director-specific race or ethnicity details, compared with 39% of all S&P 500 companies. Only 38% of real estate companies disclosed a commitment to adopt a Rooney-Rule-like policy, which requires boards to include individuals from underrepresented groups in the candidate pool when recruiting new directors. This is significantly lower than the 50% of S&P 500 companies that have adopted this rule.

DIVERSITY OF REAL ESTATE SECTOR BOARDS



56%

of new independent directors in the real estate sector are women

New independent director backgrounds

A total of 395 new independent directors joined S&P 500 boards in the past year, down from 456 in 2021. Real estate companies represent 6% of S&P 500 companies overall, and the sector accounts for 16 of these new directors — 4% of the total.

All new directors in the real estate sector are from historically underrepresented groups, the highest of all sectors and compared to 72% among S&P 500 boards overall. Real estate boards appointed the highest percentage of women (56%), Black or African American (50%) and Hispanic or Latino/a directors (13%) of all sectors.

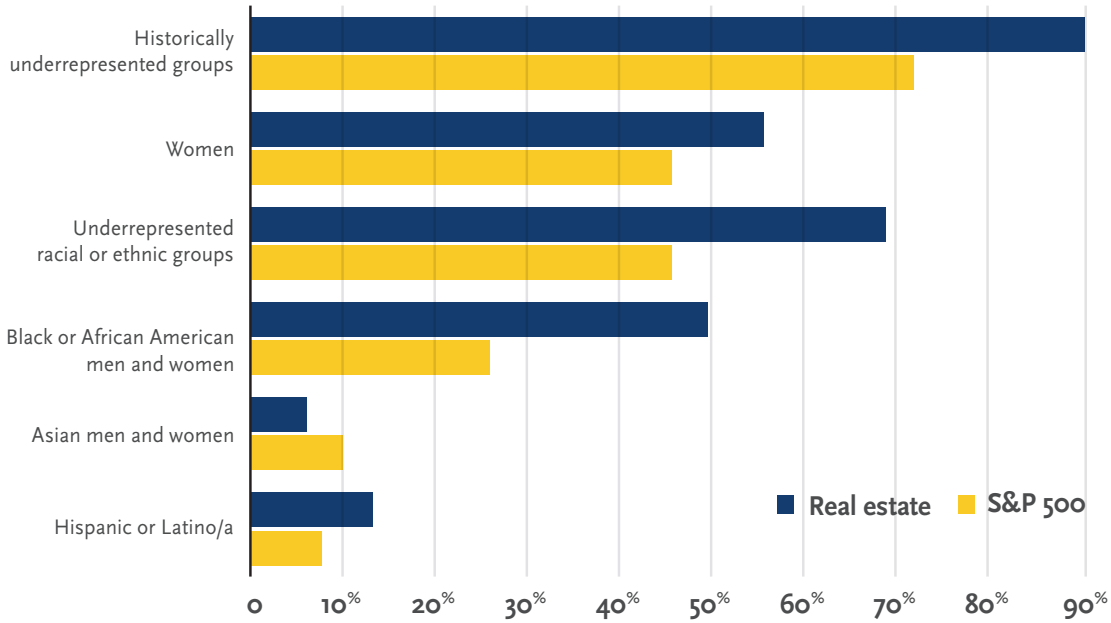
Over the past year, 13% of real estate boards added more than one independent director. Appointees average 55.9 years of age, younger than the 57.3 average for all independent directors joining S&P 500 boards. First-time directors represent 31% of independent directors joining real estate boards — lower than the 34% average.

Of this incoming class, 19% are next-gen directors (aged 50 and younger), slightly higher than the overall S&P 500 index (18%). Only 25% of new directors are retirees, compared with 44% for the S&P 500 overall.

In the real estate sector, 75% of new directors are actively employed compared to 56% of independent directors joining S&P 500 boards.

From a functional perspective, finance/accounting executives constitute 50% of new directors to real estate boards — the highest proportion of these executives of any sector. Of these, 25% are bankers/investment bankers. Only 13% of new directors are CEOs — the lowest of all sectors.

DIVERSITY OF NEW INDEPENDENT DIRECTORS JOINING REAL ESTATE SECTOR BOARDS



NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	Real estate sector	S&P 500 overall
CEOs	13%	23%
<i>Active</i>	13%	12%
<i>Retired</i>	0%	11%
Chairs/presidents/COOs	0%	3%
<i>Active</i>	0%	2%
<i>Retired</i>	0%	1%
Line/functional leaders	31%	20%
Division/subsidiary leaders	0%	13%
Finance/accounting executives	50%	22%
<i>Financial executives/CFOs/treasurers</i>	6%	12%
<i>Investment managers/investors</i>	19%	6%
<i>Bankers/investment bankers</i>	25%	4%
<i>Public accounting executives</i>	0%	1%
Academics/nonprofit executives	0%	4%
Consultants	6%	2%
Legal	0%	5%
Others	0%	7%

Board leadership

Our research shows that 72% of real estate companies separate the chair and CEO roles — higher than the 57% S&P 500 average and the highest of all sectors.

Independent chairs are in place at 45% of real estate companies, compared with 36% of the overall S&P 500 index. This is the second-highest of all primary sectors. Of the real estate sector's independent chairs, 8% are women and 8% are from underrepresented racial or ethnic groups; the S&P 500 overall figures are 14% and 9%.

Sixty-nine percent of all real estate companies have an independent lead or presiding director, just above the 68% average of the S&P 500.

Board organization and process

Real estate boards and committees meet less frequently than any other S&P 500 primary sector, with 7.2 meetings per year compared with an overall S&P 500 average of 8.3. They also have fewer committees, averaging 3.8 compared with an average of 4.2 across all S&P 500 firms.

Only 3.4% of real estate companies have classified boards, the lowest percentage of all primary sectors. In contrast, 11.2% of S&P 500 companies have classified boards.

While 70% of S&P 500 boards have adopted mandatory retirement policies, only 48% of real estate boards have adopted age limits for directors — the second-lowest percentage of all S&P 500 primary sectors. The average mandatory retirement age of real estate boards is 74.4, the oldest of all S&P 500 primary sectors.

BOARD ORGANIZATION AND PROCESS

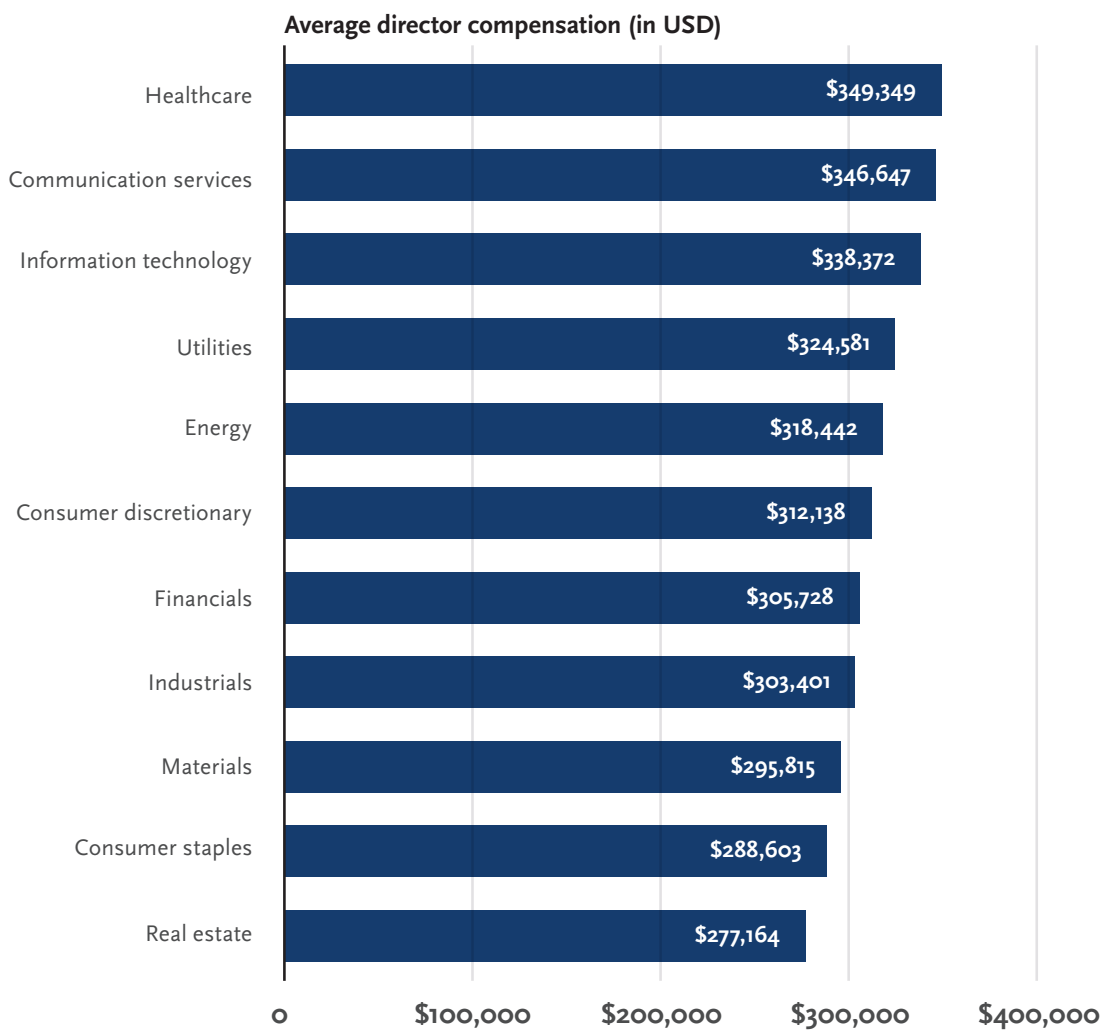
	2022 Real estate	2022 S&P 500
Classified board	3.4%	11.2%
Board meetings (avg #)	7.2	8.3
Board committees (avg #)	3.8	4.2
Audit committee		
<i>Size (avg #)</i>	4.2	4.4
<i>Meetings (avg #)</i>	7.2	8.2
Compensation committee		
<i>Size (avg #)</i>	4.0	4.3
<i>Meetings (avg #)</i>	5.2	6
Nominating/governance committee		
<i>Size (avg #)</i>	4.2	4.5
<i>Meetings (avg #)</i>	3.8	4.7
Mandatory retirement	48%	70%
Retirement age (avg)	74.4	73.8

Compensation

The average compensation of directors on real estate sector boards is \$277,164, lower than the \$316,091 average for S&P 500 boards and the lowest of all primary sectors.²

Compared with the S&P 500 average, directors on real estate boards receive a higher percentage of their compensation in cash (38% vs 37%) and a lower percentage is paid as stock option grants (4% vs 5%). Over half (56%) is paid as stock grants, equal to the overall S&P 500 total.

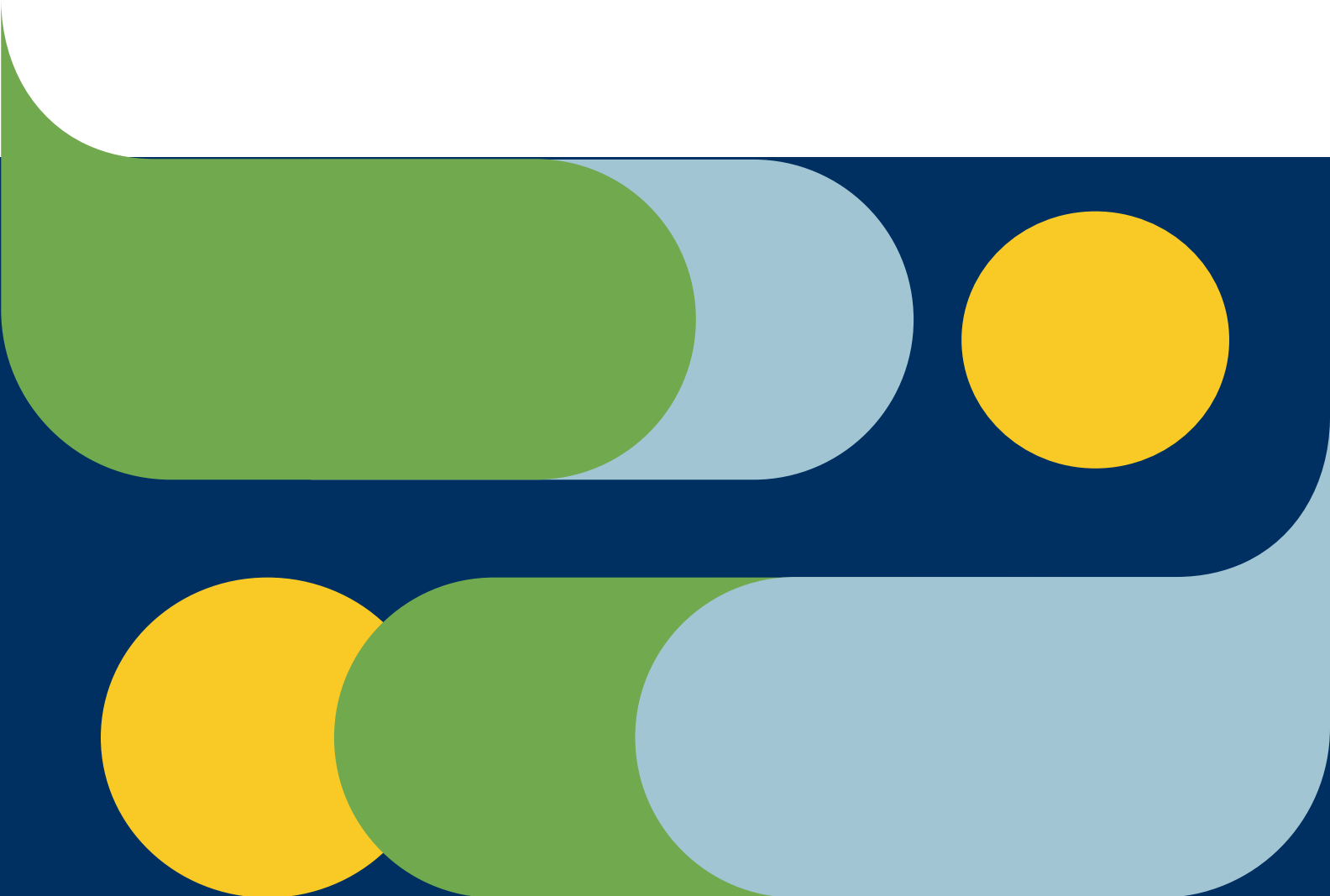
AVERAGE DIRECTOR COMPENSATION



² Excluding independent chair's fee. Average compensation including independent chair's fee for real estate boards is \$282,675.

List of real estate sector companies

- » Alexandria Real Estate Equities
- » American Tower Corporation
- » AvalonBay Communities
- » Boston Properties
- » Camden Property Trust
- » CBRE Group
- » Crown Castle International Corp.
- » Digital Realty Trust, Inc.
- » Duke Realty Corporation
- » Equinix
- » Equity Residential
- » Essex Property Trust
- » Extra Space Storage
- » Federal Realty Investment Trust
- » Healthpeak Properties
- » Host Hotels & Resorts
- » Iron Mountain
- » Kimco Realty Corporation
- » Mid-America Apartment Communities
- » Prologis
- » Public Storage
- » Realty Income Corporation
- » Regency Centers Corporation
- » SBA Communications Corporation
- » Simon Property Group
- » UDR, Inc.
- » Vornado Realty Trust
- » Welltower
- » Weyerhaeuser Company



Editor's note

This data draws on the latest proxy statements from 489 companies filed between May 1, 2021 and April 30, 2022.

“Historically underrepresented groups” is defined to mean an individual who self-identifies in one or more of the following categories: i) women ii) underrepresented racial or ethnic groups iii) LGBTQ+ *when disclosed*.

- » “Underrepresented racial or ethnic groups” is defined to mean an individual who self-identifies as one or more of the following: Black or African American, Asian, Hispanic or Latino/a, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races (multiracial).
- » The Asian category includes individuals of Indian descent, consistent with U.S. Census Bureau methodology.
- » LGBTQ+ is defined to mean an individual who self-identifies as any of the following: lesbian, gay, bisexual, transgender, or as a member of the queer community.

The content presented herein is for informational purposes only. Spencer Stuart has presented this information in good faith and in accordance with applicable laws. Diversity information contained hereunder was compiled from a variety of sources, and we believe it is directionally accurate; however, we do not warrant the accuracy of such information. You agree not to use this information in violation of any applicable law.

Data in tables may not total 100% due to rounding.

About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

Stay up to date on the trends and topics that are relevant to your business and career.

