

## 2024 Spencer Stuart Real Estate Sector Snapshot



Boards of 30 real estate companies in the S&P 500 index tend to be smaller, older and longer-tenured than S&P 500 boards.

- » The average age of independent directors on real estate boards is 64.2 years, higher than the 63.4-year average for S&P 500 boards.
- » The youngest average age of a real estate board is 59.4 years, the oldest is 70.8 years.
- » Real estate boards average 10.1 directors — the smallest of all sectors — compared to a 10.8 average of S&P 500 boards.
- » The independence of real estate boards averages 85%, matching the 85% average for S&P 500 boards.
- » The average board tenure of independent directors on real estate boards is 8.6 years, higher than the 7.8 average for S&P 500 boards.
- » The longest-tenured real estate board averages 14.3 years.

## New independent director backgrounds

The 30 real estate sector boards added 24 new directors to the boardroom in the past year. Among the real estate companies, 53% added at least one independent director while 17% added more than one.

Appointees averaged 60.6 years of age, higher than the 58.2 average for all independent directors joining S&P 500 boards. First-time directors represented 13% of independent directors joining real estate boards — lower than the 34% for the S&P 500 and the lowest of all sectors. NextGen directors (aged 50 or younger) comprised 8% of the sector’s incoming class — the lowest of all sectors — compared to 14% of the S&P 500’s incoming class.

Forty-two percent (42%) of the independent directors joining real estate boards are actively employed, compared to 52% of independent directors joining S&P 500 boards this year.

Real estate boards recruited in 2024 the highest percentage of financial executives — including the highest percentage of investors, highest percentage of bankers (tied with financial services) and lowest percentage of CFOs — of all sectors. It added the lowest percentage of CEOs (active or retired) and functional leaders of all sectors.

### NEW INDEPENDENT DIRECTOR BACKGROUNDS

	2024 Real Estate	2024 S&P 500
<b>CEOs</b>	<b>13%</b>	<b>30%</b>
<i>Active</i>	0%	16%
<i>Retired</i>	13%	14%
<b>Chairs/presidents/COOs</b>	<b>0%</b>	<b>3%</b>
<i>Active</i>	0%	1%
<i>Retired</i>	0%	2%
<b>Functional leaders</b>	<b>0%</b>	<b>16%</b>
<b>P&amp;L leaders</b>	<b>8%</b>	<b>8%</b>
<b>Financial backgrounds</b>	<b>54%</b>	<b>29%</b>
<i>Financial executives/CFOs/treasurers</i>	4%	15%
<i>Investment managers/investors</i>	34%	7%
<i>Bankers/investment bankers</i>	17%	5%
<i>Public accounting executives</i>	0%	2%
<b>Academics/nonprofit executives</b>	<b>0%</b>	<b>2%</b>
<b>Consultants</b>	<b>4%</b>	<b>3%</b>
<b>Legal</b>	<b>13%</b>	<b>3%</b>
<b>Others</b>	<b>8%</b>	<b>6%</b>
<b>TOTAL</b>		
<i>Active</i>	42%	52%
<i>Retired</i>	58%	48%

## Board leadership

The chair and CEO roles are separated at 73% of real estate boards — higher than the 60% of S&P 500 boards and highest of all sectors. Executive chairs are in place at 17% of real estate boards, versus 14% for the S&P 500. Independent chairs lead 43% of real estate sector boards, compared to 39% of the S&P 500. Two-thirds (67%) of real estate boards name an independent lead director compared to 66% of the S&P 500.

## Board organization and process

Compared to the S&P 500, a higher percentage of real estate boards have declassified boards, majority voting for directors and stock ownership requirements for directors. The real estate and utilities sectors are the only ones where all boards have mandatory stock ownership policies.

### DIRECTOR ELECTIONS AND STOCK OWNERSHIP

	2024 Real Estate	2024 S&P 500
Annual elections of directors	97%	91%
Majority voting for directors	93%	89%
Stock ownership requirements for directors	100%	94%

Real estate board committees tend to be smaller and meet less frequently than the S&P 500 averages.

### BOARD AND COMMITTEE SIZE AND MEETINGS

	2024 Real Estate	2024 S&P 500
<b>Board</b>		
<i>Size (avg #)</i>	10.1	10.8
<i>Meetings (avg #)</i>	7.0	7.7
<i>Board committees (avg #)</i>	3.7	4.2
<b>Audit committee</b>		
<i>Size (avg #)</i>	4.1	4.5
<i>Meetings (avg #)</i>	6.9	8.1
<b>Compensation committee</b>		
<i>Size (avg #)</i>	4.0	4.3
<i>Meetings (avg #)</i>	5.0	5.7
<b>Nominating/governance committee</b>		
<i>Size (avg #)</i>	4.2	4.4
<i>Meetings (avg #)</i>	3.9	4.6

The most common additional committees for the real estate sector are: executive; finance; and investment (tied with the financial sector for most of all sectors).

### PREVALENCE OF STANDING COMMITTEES

Committees	2024 Real Estate	2024 S&P 500
Finance	17%	26%
Executive	20%	25%
Science/tech/cyber	3%	17%
Environmental/health/safety	3%	13%
Risk	3%	12%
Social responsibility	0%	7%
Legal	0%	5%
Investment	10%	3%
Strategy	0%	1%
Innovation	0%	1%

## Turnover policies

The real estate sector has the highest percentage of term limits of all sectors but one of the lowest percentages of mandatory retirement policies for directors.

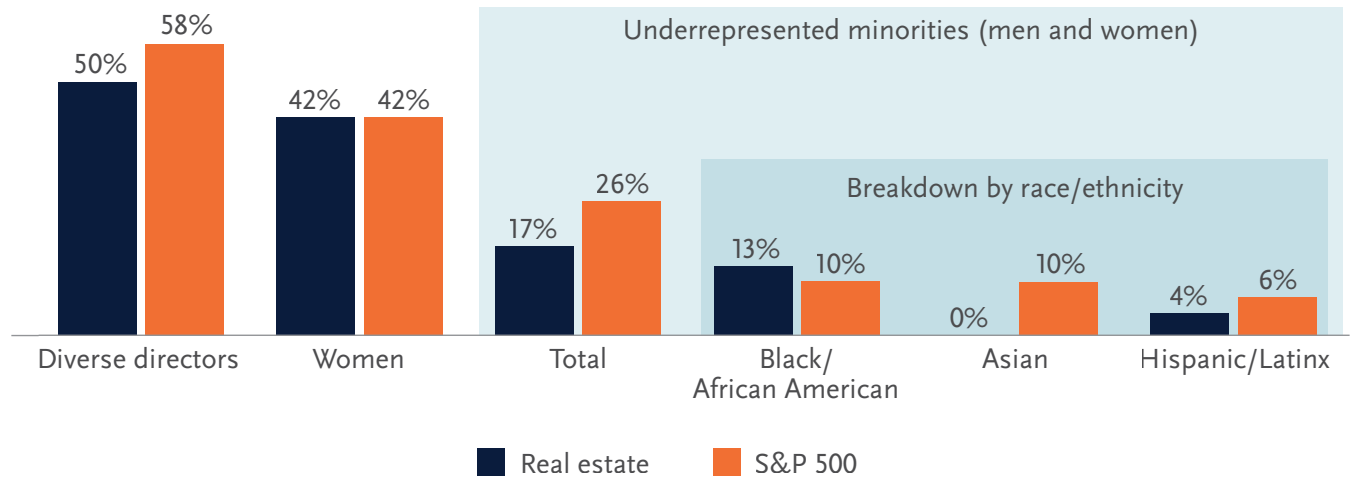
### TURNOVER POLICIES

	2024 Real Estate	2024 S&P 500
<b>Mandatory retirement policy</b>		
<i>% companies</i>	47%	67%
<i>Retirement age (avg yrs)</i>	75.1	74.1
<b>Tenure policy</b>		
<i>% companies</i>	17%	9%
<i>Tenure limit (avg yrs)</i>	13.8	14.7
<b>Material change resignation policy</b>		
<i>% companies</i>	100%	89%

## Diversity — real estate incoming class

Directors from diverse communities — defined using the Nasdaq definition of directors who self-identify as female and/or an underrepresented minority (Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities), and/or LGBTQ+ — constituted 50% of the 24 independent directors joining real estate boards over the past year (along with utilities the lowest of all sectors) compared to 58% of independent directors joining S&P 500 boards. The real estate and energy sectors were the only ones appointing no Asian directors in the past year.

### DIVERSITY OF INDEPENDENT DIRECTORS JOINING REAL ESTATE BOARDS



## Diversity — real estate boards

Less than half (46%) of directors serving on real estate boards are diverse (the second lowest of all sectors) compared to 50% for the S&P 500. The sector ties with the energy sector for the lowest percentage of Asian directors. Compared to other sectors, it has the lowest percentage of boards with three or more underrepresented minorities.

### DIVERSITY OF ALL REAL ESTATE BOARD DIRECTORS

	Diverse directors	Women	Underrepresented minorities (men and women)				Boards with...	
			Black/African American	Asian	Hispanic/Latinx	Total	3 or more women	3 or more URM*
Real estate	46%	34%	11%	4%	5%	21%	93%	30%
S&P 500	50%	34%	12%	6%	4%	24%	91%	48%

\* URM refers to underrepresented minorities

## Diversity — board leadership

The real estate sector has the highest percentage of women board chairs of all sectors.

### DIVERSITY — BOARD LEADERSHIP

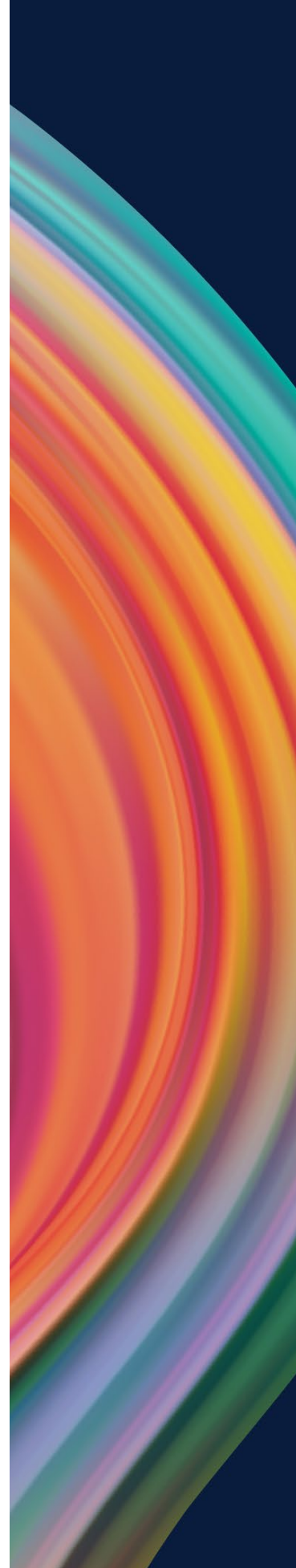
	2024 Real Estate	2024 S&P 500
<b>Independent chair</b>		
% women	31%	18%
% underrepresented minority	8%	7%
<b>Independent lead director</b>		
% women	20%	20%
% underrepresented minority	5%	11%





## Real estate companies

- » Alexandria Real Estate Equities
- » American Tower Corporation
- » AvalonBay Communities
- » Boston Properties
- » Camden Property Trust
- » CBRE Group
- » CoStar Group
- » Digital Realty Trust
- » Equinix
- » Equity Residential
- » Essex Property Trust
- » Extra Space Storage
- » Federal Realty Investment Trust
- » Healthpeak Properties
- » Host Hotels & Resorts
- » Invitation Homes
- » 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
- » Ventas
- » VICI Properties
- » Welltower
- » Weyerhaeuser Company





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