

## 2023 Spencer Stuart Real Estate Sector Snapshot

Boards of real estate companies in the S&P 500 index tend to be smaller and longer tenured than S&P 500 boards. The sector — comprised of 30 companies — generally aligns with the S&P 500 on a variety of other governance metrics.

- » The average age of independent directors on real estate boards is 63.6 years, compared to 63.3 years for S&P 500 boards.
- » The youngest average age of a real estate board is 58.8 years, the oldest is 71.9.
- » Real estate boards average 10.1 directors, smaller than the 10.8 average of S&P 500 boards.
- » Independence of real estate boards averages 85%, matching the 85% for S&P 500 boards.
- » The average board tenure of independent directors on real estate boards is 8.5 years, higher than the 7.8 average for the S&P 500 and second highest of all sectors.
- » The longest-tenured real estate board averages 13.3 years.

## New independent director backgrounds

Fifteen real estate companies — 50% of the sector — added at least one independent director over the past year, lower than the 53% for the S&P 500 universe. Appointees averaged 59.6 years of age, higher than the 58.0 average for all independent directors joining S&P 500 boards and tied with the energy sector as second oldest. First-time directors represented 30% of independent directors joining real estate boards — shy of the 31% for the S&P 500.

Fifty-two percent (52%) of the 23 independent directors joining real estate boards are actively employed, compared to half (50%) of independent directors joining S&P 500 boards this year.

Real estate boards recruited in 2023 the lowest percentage of P&L leaders of all sectors.

	2023 Real Estate	2023 S&P 500
<b>CEOs</b>	<b>35%</b>	<b>30%</b>
<i>Active</i>	9%	14%
<i>Retired</i>	26%	16%
<b>Chairs/presidents/COOs</b>	<b>4%</b>	<b>4%</b>
<i>Active</i>	4%	2%
<i>Retired</i>	0%	2%
<b>Functional leaders</b>	<b>13%</b>	<b>16%</b>
<b>P&amp;L leaders</b>	<b>4%</b>	<b>10%</b>
<b>Financial backgrounds</b>	<b>26%</b>	<b>27%</b>
<i>Financial executives/CFOs/ treasurers</i>	17%	15%
<i>Investment managers/investors</i>	9%	7%
<i>Bankers/investment bankers</i>	0%	2%
<i>Public accounting executives</i>	0%	3%
<b>Academics/nonprofit executives</b>	<b>4%</b>	<b>3%</b>
<b>Consultants</b>	<b>0%</b>	<b>2%</b>
<b>Legal</b>	<b>13%</b>	<b>3%</b>
<b>Others</b>	<b>0%</b>	<b>5%</b>
<b>Total</b>		
<i>Active</i>	52%	50%
<i>Retired</i>	48%	50%

## Board leadership

The chair and CEO roles are separated at 77% of real estate boards — higher than the 59% for the S&P 500 index and the highest of all sectors. Executive chairs are in place at 20% of real estate boards, tied with the communication services sector as the second highest of all primary sectors and higher than the 15% of the S&P 500 index. Half (50%) of real estate boards have an independent board chair, outpacing the S&P 500 at 39% and the second highest of all sectors. Sixty three percent (63%) of real estate boards have an independent lead director, below the 65% of S&P 500 boards.

## 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.

	2023 Real Estate	2023 S&P 500
Annual elections of directors	97%	89%
Majority voting for directors	93%	88%
Stock ownership requirements for directors	100%	93%

The compensation and nominating/governance committees of real estate companies meet least often, on average, of all sectors.

	2023 Real Estate	2023 S&P 500
<b>Board meetings</b>		
Size (avg #)	10.1	10.8
Meetings (avg #)	7.1	7.6
Board committees (avg #)	3.7	4.2
<b>Audit committee</b>		
Size (avg #)	4.1	4.5
Meetings (avg #)	7.2	8.2
<b>Compensation committee</b>		
Size (avg #)	4.1	4.3
Meetings (avg #)	4.9	5.8
<b>Nominating/governance committee</b>		
Size (avg #)	4.4	4.4
Meetings (avg #)	3.9	4.6

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

	2023 Real Estate	2023 S&P 500
<b>Committees</b>		
Finance	17%	26%
Executive	27%	25%
Science/tech/cyber	3%	15%
Environmental/health/safety	3%	13%
Risk	3%	12%
Legal	0%	6%
Social responsibility	0%	6%
Investment	10%	3%
Strategy	3%	1%
Innovation	0%	1%
DEI	0%	1%

## Turnover policies

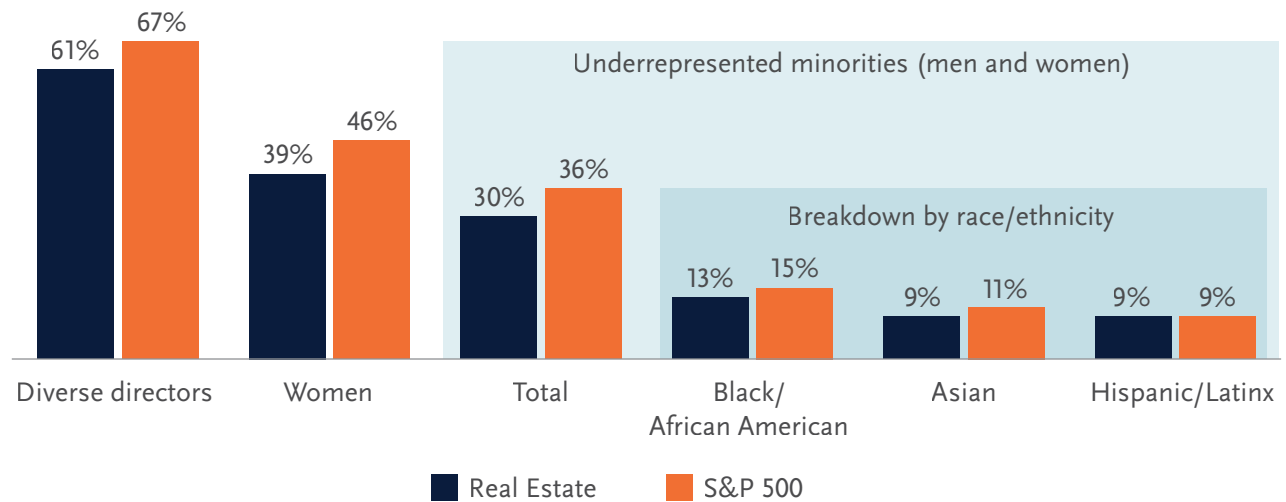
The real estate sector has the highest percentage of term limits of all sectors.

	2023 Real Estate	2023 S&P 500
<b>Mandatory retirement policy</b>		
<i>% companies</i>	57%	69%
<i>Retirement age (avg yrs)</i>	74.7	74.0
<b>Tenure policy</b>		
<i>% companies</i>	17%	8%
<i>Tenure limit (avg yrs)</i>	13.8	14.4
<b>Material change resignation policy</b>		
<i>% companies</i>	90%	88%

## Diversity — real estate sector 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 61% of the 23 independent directors joining real estate boards over the past year, below the 67% of independent directors joining S&P 500 boards and the lowest of all sectors. The sector added the lowest percentage of women of all the sectors.

### DIVERSITY OF INDEPENDENT DIRECTORS JOINING REAL ESTATE BOARDS



## Diversity — real estate boards

Diversity of real estate boards aligns with the S&P 500.

	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	47%	33%	12%	5%	6%	23%	93%	37%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

## Diversity — board leadership

Other than women independent chairs, the diversity of the real estate sector's board leadership falls below the S&P 500. It ties with the industrials sector for the lowest percentage of lead directors who self-identify as underrepresented minorities.

	2023 Real Estate	2023 S&P 500
<b>Independent chair</b>		
% women	20%	18%
% underrepresented minority	7%	8%
<b>Independent lead director</b>		
% women	11%	15%
% underrepresented minority	5%	12%

## Real Estate companies

- » Alexandria Real Estate Equities
- » American Tower Corporation
- » AvalonBay Communities
- » Boston Properties
- » Camden Property Trust
- » CBRE Group
- » Crown Castle International Corp.
- » 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



## About Spencer Stuart

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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](http://www.spencerstuart.com).

