



2022 REIT Diversity Across Boards and Executives

SEPTEMBER 2022

Intro



It was just five years ago (2017) when the first call to action on board diversity took place, with State Street Global Advisors installing the Fearless Girl Statue on Wall Street, one day ahead of International Women’s Day. Fast forward to 2022, in which investor policies have evolved from a requirement of what was originally having a single female board member to those ranging from at least 30% of the board being gender diverse to others having not just a female board member as the measurement but also diversity from an underrepresented group (inclusive of race, ethnicity, sexual orientation, etc.). Investor pressure certainly remains, and based on our findings the real estate investment trust (“REIT”) industry has responded. For the

first time, we observed multiple REITs that disclosed having LGBTQ+ board members. At the same time, while progress has been made, due to a limited number of new board seats that open each year, it may be a number of years more before parity exists across gender diversity and likely even more so across broader forms of diversity.

Ferguson Partners has been actively tracking the evolution and progress of board diversity across the U.S. public REIT marketplace since the initial investor guidelines were enacted. This year marks our 5th edition and our very first to examine whether there exists a relationship between the degree of board diversity and company performance.

REIT Board Diversity and Performance: Dedicating Real Estate on the Board to Diverse Directors Correlates to Increased Performance

A number of studies, such as McKinsey's Delivering Through Diversity (2018), Boston Consulting Group's Diversity and Innovation Survey (2017), etc., have found that more diverse boards and management teams produce better financial outcomes. In March 2018, Wells Fargo Equity Research published an analysis, *Real Estate: It's a Man's World on REIT Boards But it Pays to Include Women*, which examined the relationship of diversity and performance in the REIT industry from 2006 to 2017. The conclusion at that time was that there is a correlation between diverse boards (then defined only as gender diversity) and REIT returns.

As the degree of board diversity has significantly increased since 2017, and now with five full years of data, we performed an extensive analysis across 134 publicly traded, internally-managed equity REITs to ascertain whether there is a relationship or correlation amongst REIT boards deemed to have a higher degree of diversity and the level of total shareholder returns over various time periods.

Our methodology involved first classifying each REIT board's percentage of diversity across gender, race, and ethnicity. We then evenly bifurcated the group of REITs into those found to have a higher degree of board diversity (the top 67 REITs) – which we observed as those with 32% or more, on average, board diversity across at least three years to those that had a lower degree of board diversity (the bottom 67 REITs). Thereafter, we analyzed the total shareholder returns across these two groups over a trailing 1-, 3-, and 5-year timeframe as of June 30, 2022 - to be included in the analysis, each REIT had to be publicly traded for the entire timeframe.

As can be seen on the following page, REIT boards that are in the top 50% by diversity have outperformed those REIT boards in the bottom 50% by diversity, across each timeframe examined (1-, 3-, and 5-years). We have provided the total shareholder return data, which is defined as change in stock price plus dividends paid, on both a compounded, annual return basis and a cumulative return basis.

Compounded, Annual Returns

	1-YEAR	3-YEAR	5-YEAR
TOP 50% BOARD DIVERSITY	-8.8%	2.1%	4.8%
BOTTOM 50% BOARD DIVERSITY	-10.0%	-0.2%	0.5%
DELTA	120 BPS	230 BPS	430 BPS

Correlation is not causation, and as such, we cannot say that more diverse boards lead to higher returns than those observed by less diverse boards. Many variables exist, though it should also be noted that there was a very close divide in terms of the number of companies within each asset class/property sector having top 50% and bottom 50% board diversity.

Cumulative Returns

	1-YEAR	3-YEAR	5-YEAR
TOP 50% BOARD DIVERSITY	-8.8%	6.6%	26.6%
BOTTOM 50% BOARD DIVERSITY	-10.0%	-0.6%	2.7%
DELTA	120 BPS	720 BPS	2,390 BPS

However, we are able to conclude that more diverse boards have produced higher returns than those with less diverse boards.

In order to account for as long of a period of time across the most recent five years and impact of diversity, the timeframes above are each trailing as of June 30, 2022.



Key Statistics

2,390_{bps}

reflects the median level of cumulative outperformance over 5-years for those boards rated in the top 50% of board diversity vs. those in the bottom 50% of board diversity

5th

straight year that at least 50% of all new REIT directors were female; also 5th straight year that REITs have outperformed the Russell 3000 in this regard

36%

of REIT boards have at least 30% or more female representation

767%

increase in the number of REIT boards that have at least 4 or 5 female directors between 2018-2022

53%

of new REIT board members that are a (racial/ethnic) minority

24%

year-over-year increase in the number of REIT boards with at least one minority director

~2_x

increase in the number of REIT boards having at least one minority board member across the past two years

124%

increase in the number of Black REIT board members from 2020 to 2022

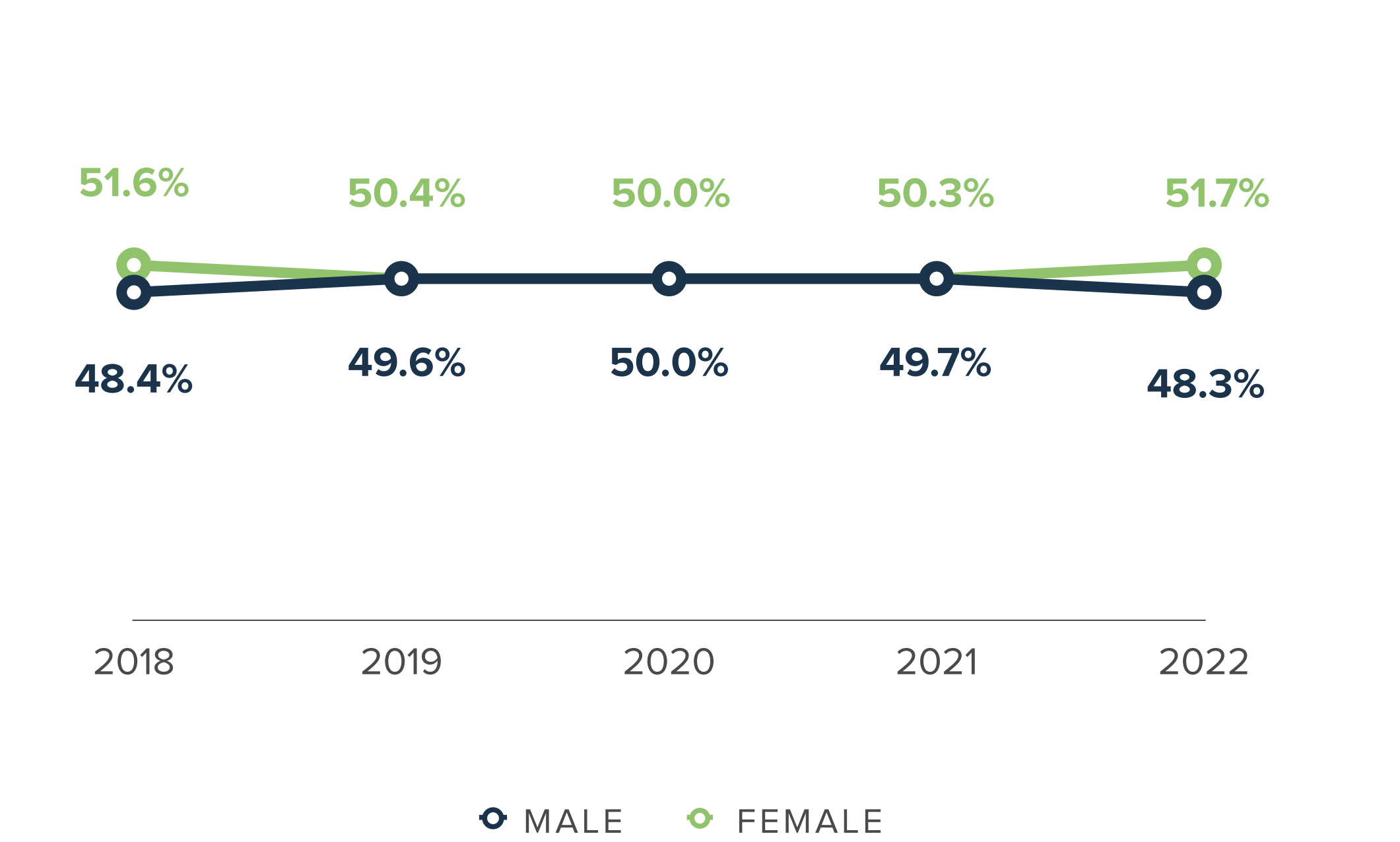
Gender

DIVERSITY



Percentage of Newly Elected REIT Directors
2018–2022

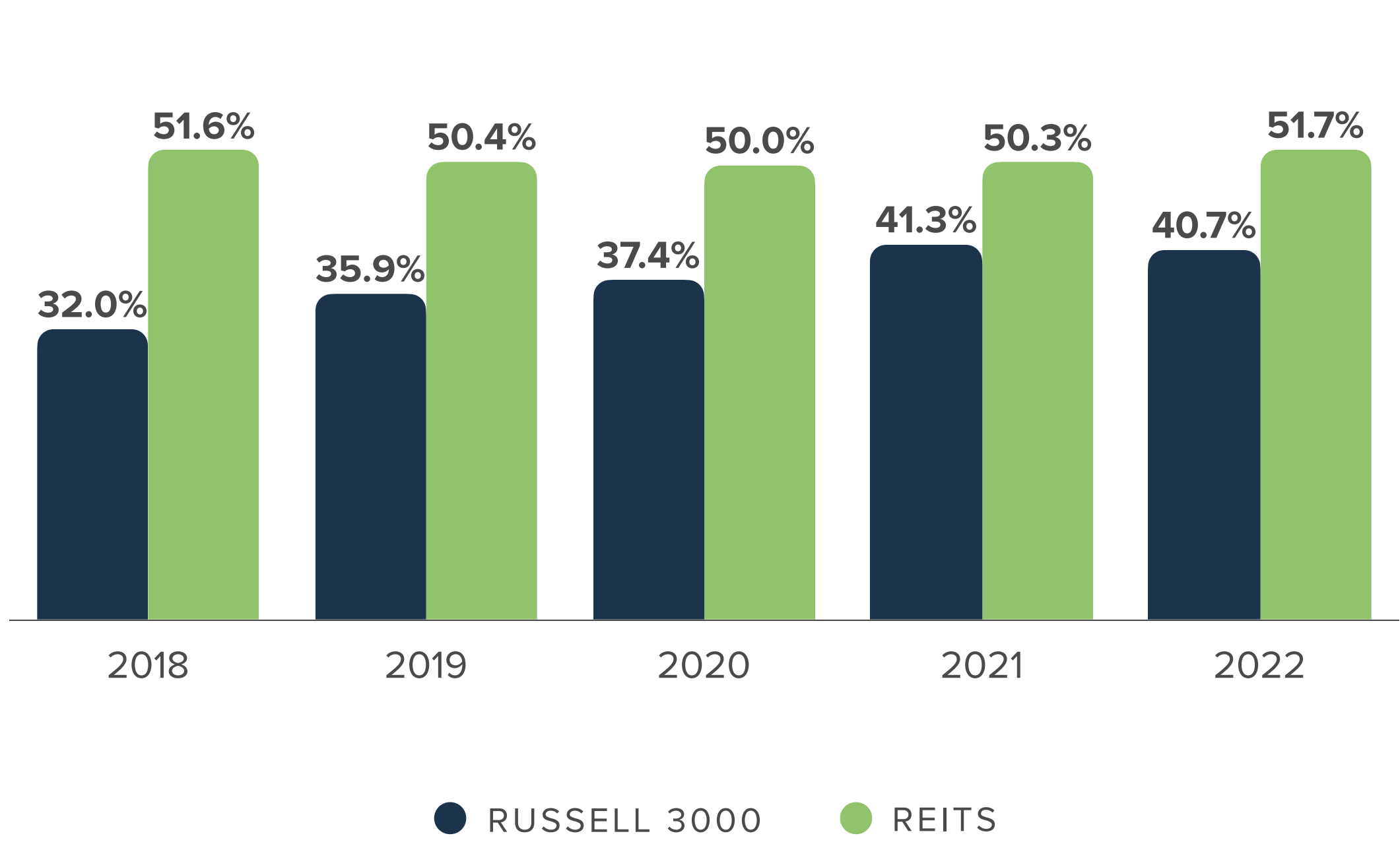
FIGURE 1



For the fifth straight year and since the initial focus on gender diversity, females have represented at least 50% of all new board directors.

Percentage of Newly Elected Female Directors
2018–2022 REITs vs. Russell 3000

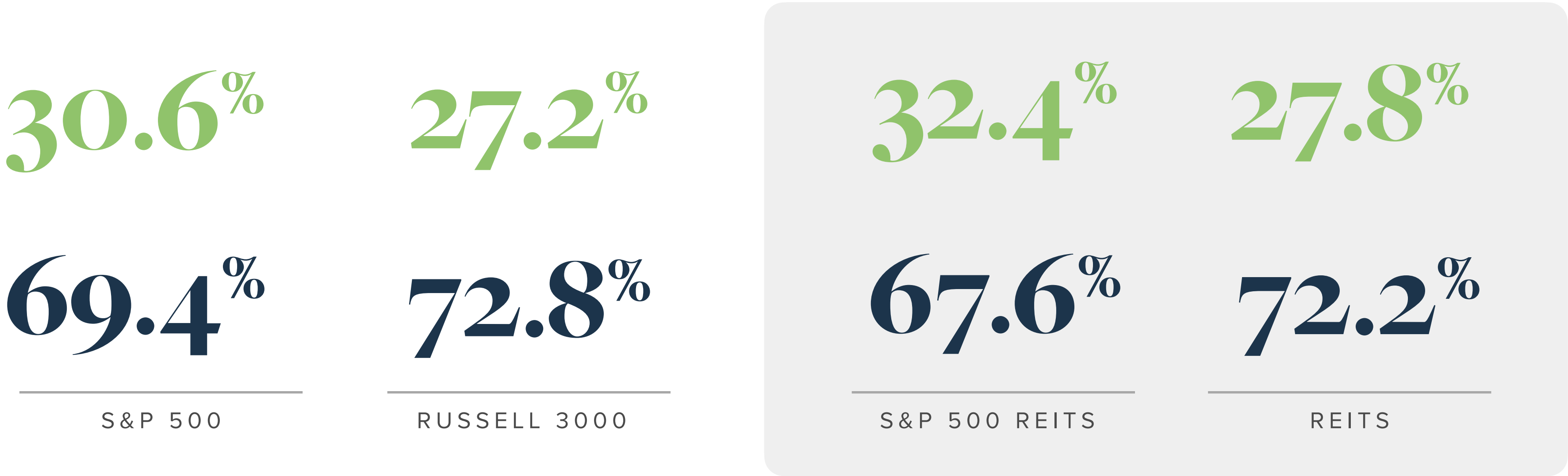
FIGURE 2



For the fifth straight year, the percentage of females of all new board seats at REITs has eclipsed that compared to the Russell 3000.

Percentage of Total Directors That Are Male and Female 2022

FIGURE 3

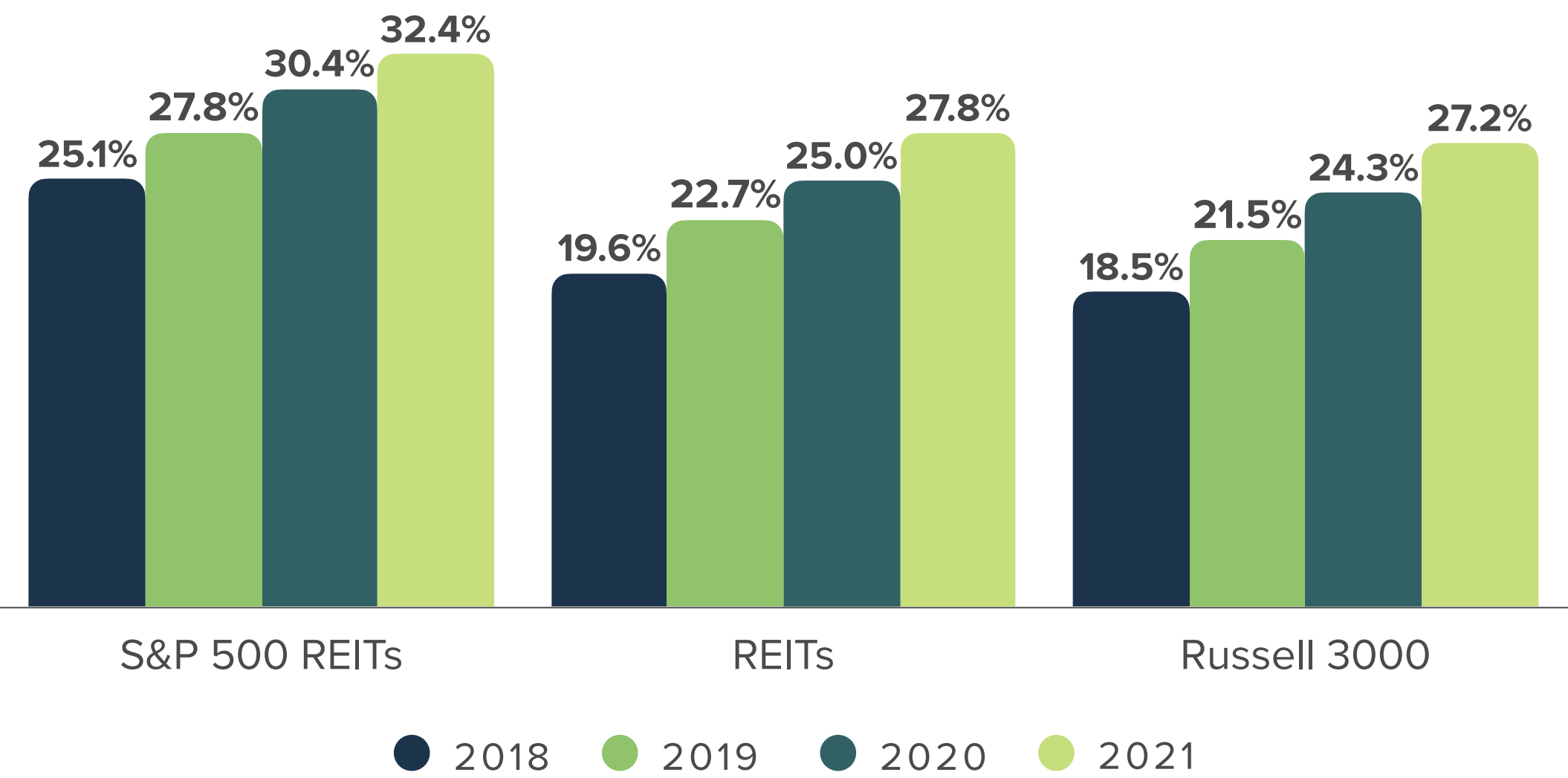


● FEMALE ● MALE

REIT boards have a slightly higher overall percentage of female composition than that found across the broader public marketplace.

Year-Over-Year Female Representation on Boards

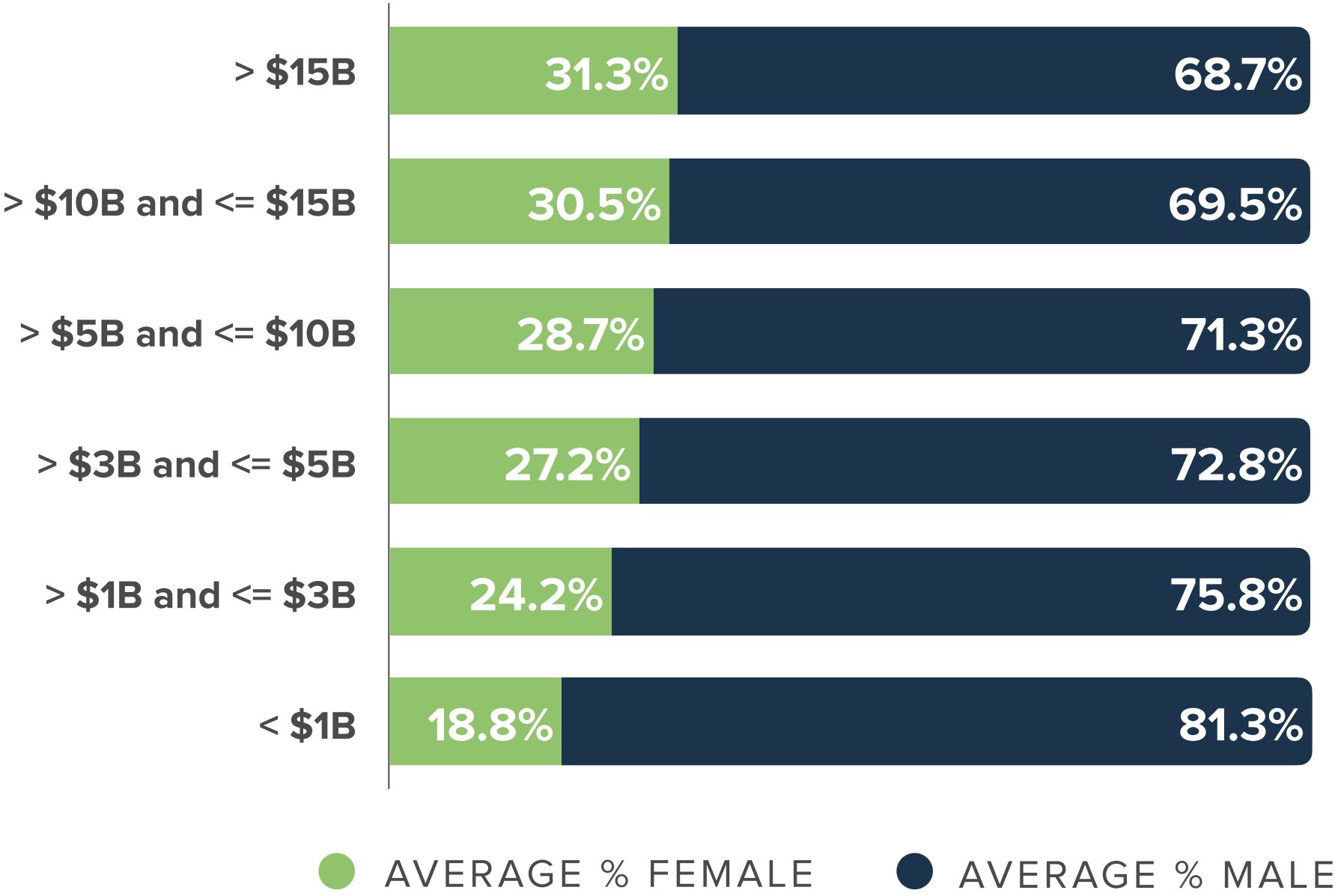
FIGURE 4



In looking back five years ago, when female representation on REIT boards was 17.5%, based on the same trajectory, it would take approximately 8.5 years in order to reach full parity of female/male directors.

Average Percentage of Male and Female REIT Directors in 2022 by Total Capitalization

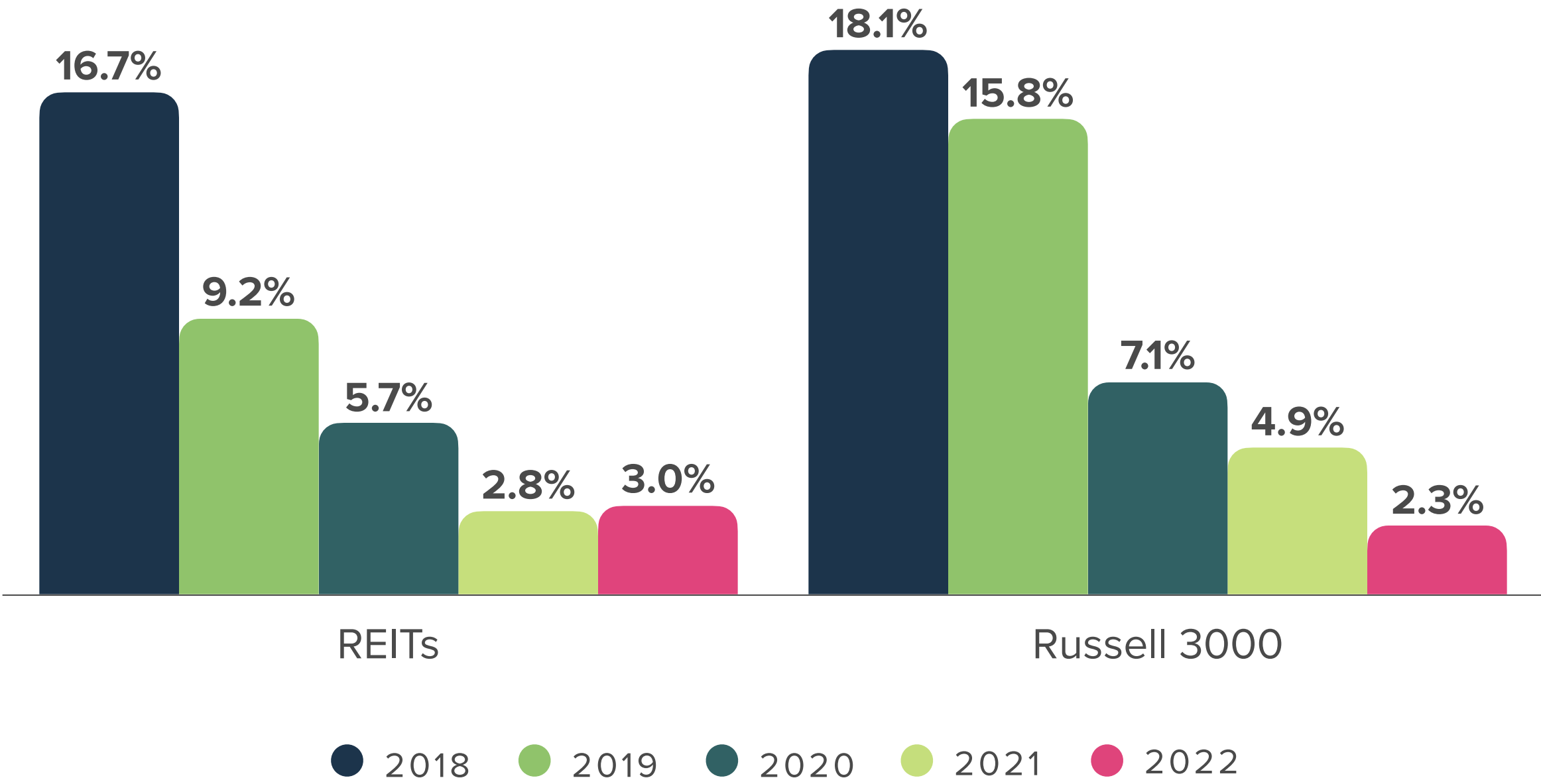
FIGURE 5



The larger the company, the higher percentage of female representation.

Percentage of Boards with Zero Female Representation 2018–2022: REITs vs. Russell 3000

FIGURE 6



The percentage of boards with zero females has dropped below 5%.

At the end of Q1 2021, only 144 companies, or 4.9% of the Russell 3000, had all-male boards. Notably, 34 companies that were previously all-male added a female in the past quarter, or 19.1% of the companies in that camp. Just one year ago, 205 companies had all-male boards.

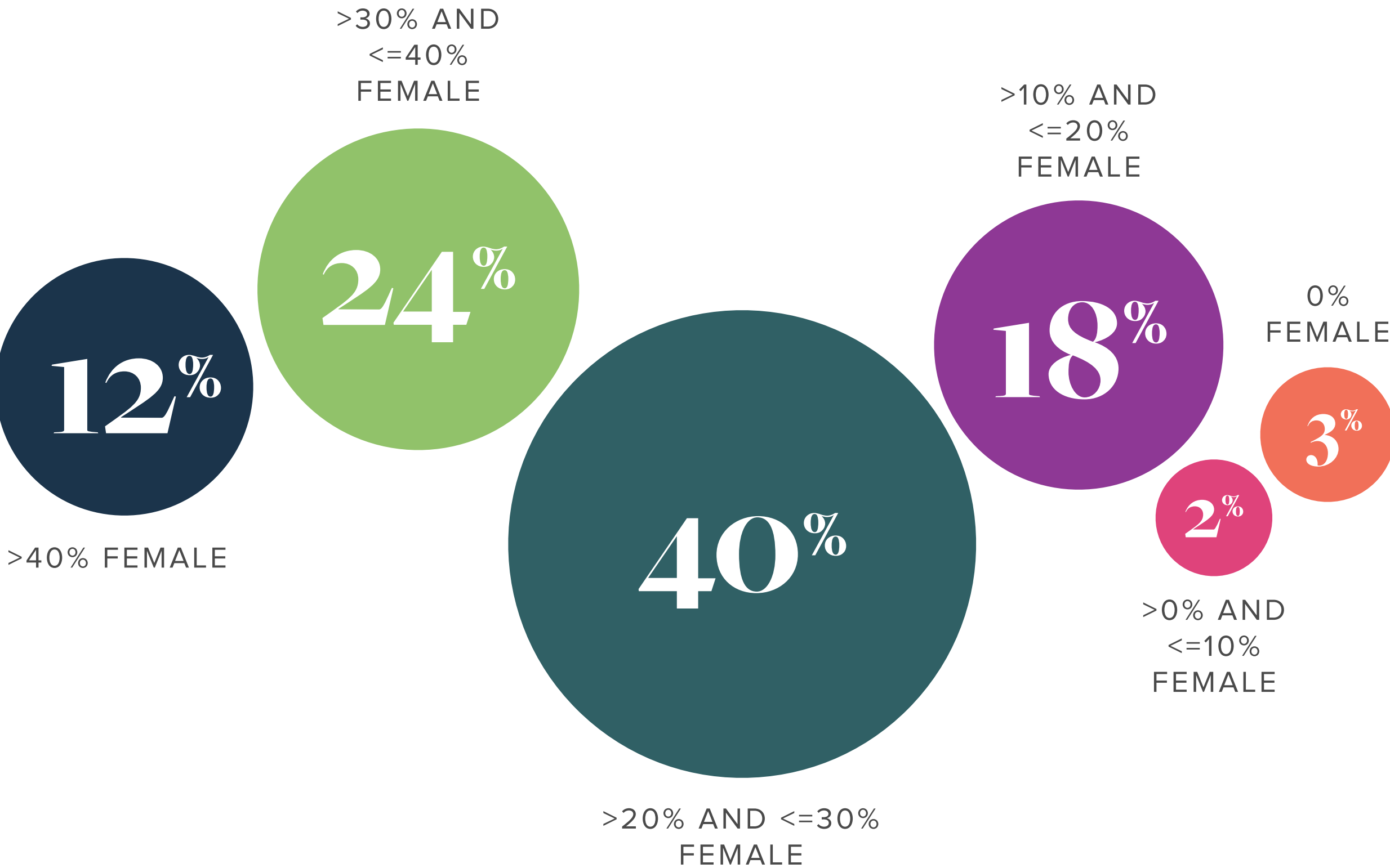
Source: Q1 2021 Equilar Gender Diversity Index.

Companies with Zero Female Representation Within REITs

YEAR	STOCK TICKER				
	CLPR	SELF	IHT	MDRR	PW
2022					

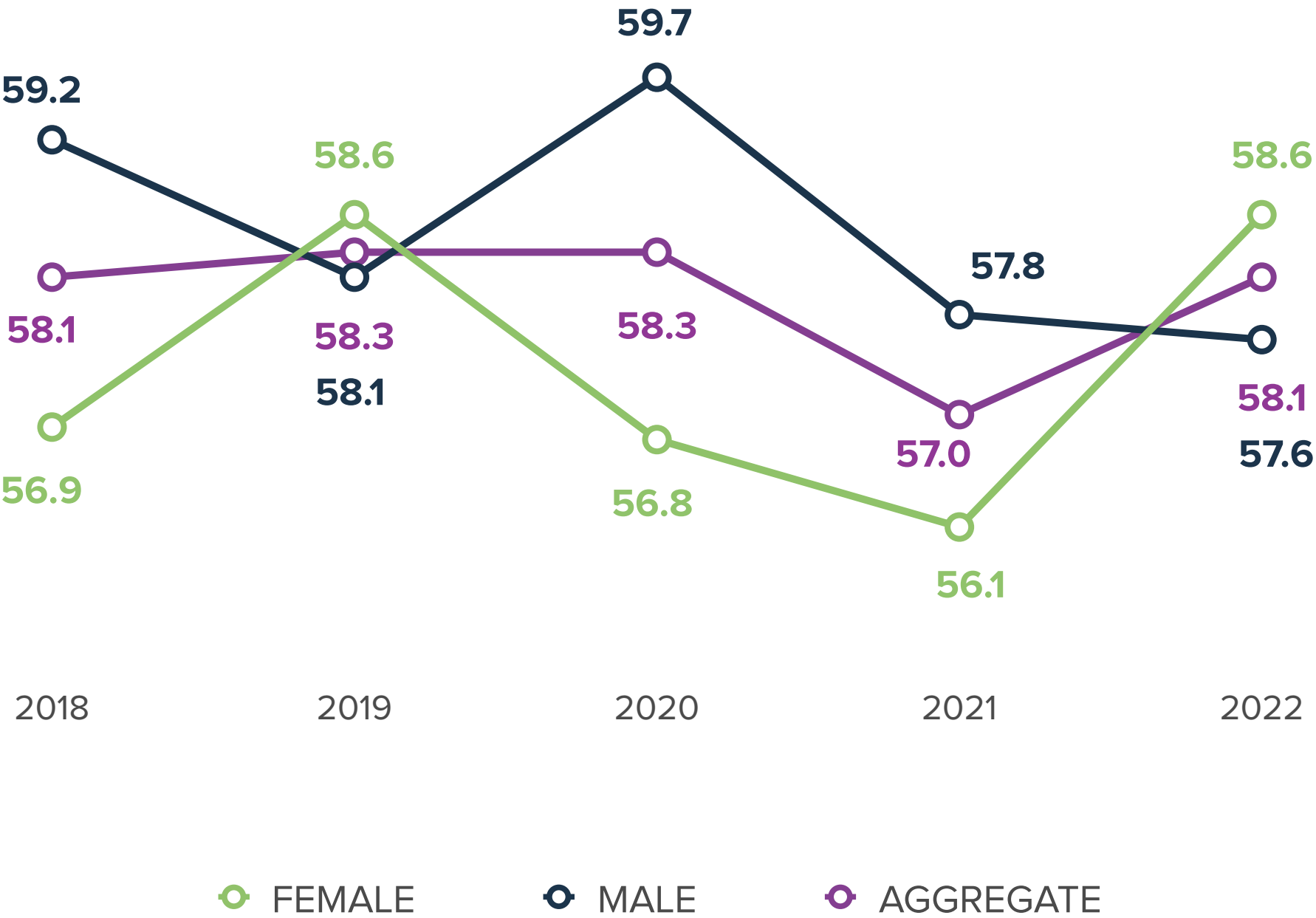
Percentage of REIT Boards with Various Female Composition 2022

FIGURE 7



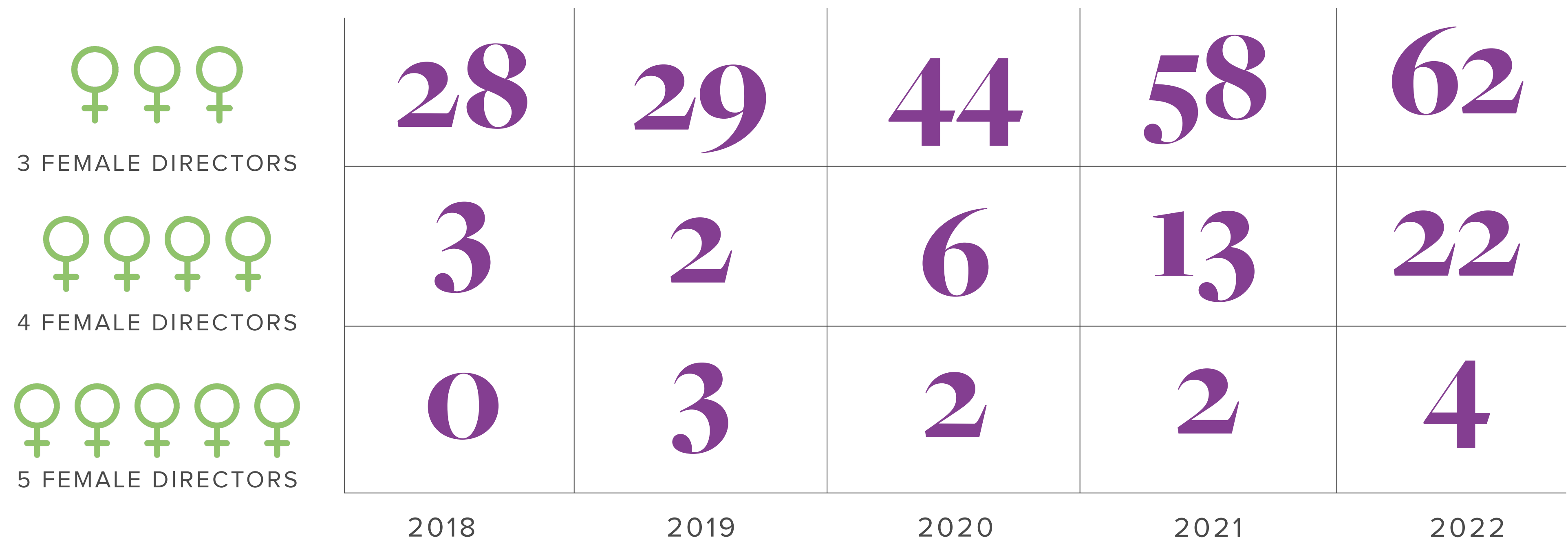
Average Age of Newly Elected REIT Directors 2018-2022

FIGURE 8



Percentage of REIT Boards with Various Female Composition 2018-2022

FIGURE 9



100%

Increase in boards
with five females
2020-2022

69%

Increase in boards
with four females
2021-2022

184%

Increase in boards with
three or more females
2018-2022

767%

Increase in boards with
four or five females
2018-2022

Public REITs with Three Female Directors

AGNC Investment Corp.	Kite Realty Group Trust
Alexandria Real Estate Equities, Inc.	KKR Real Estate Finance Trust Inc.
American Campus Communities, Inc.	Lamar Advertising Company
American Homes 4 Rent	LTC Properties, Inc.
AvalonBay Communities, Inc.	LXP Industrial Trust
Blackstone Mortgage Trust, Inc.	Medical Properties Trust, Inc.
Braemar Hotels & Resorts Inc.	Mid-America Apartment Communities, Inc.
BrightSpire Capital, Inc.	Modiv Inc.
Brixmor Property Group Inc.	NETSTREIT Corp.
Camden Property Trust	Omega Healthcare Investors, Inc.
CareTrust REIT, Inc.	PotlatchDeltic Corporation
Centerspace	Prologis, Inc.
Chimera Investment Corporation	Rayonier Inc.
Cousins Properties Incorporated	Redwood Trust, Inc.
Crown Castle International Corp.	Regency Centers Corporation
Digital Realty Trust, Inc.	Rexford Industrial Realty, Inc.
DigitalBridge Group, Inc.	RLJ Lodging Trust
Douglas Emmett, Inc.	RPT Realty
Equinix, Inc.	Sabra Health Care REIT, Inc.
Equity LifeStyle Properties, Inc.	SITE Centers Corp.
Essential Properties Realty Trust, Inc.	SL Green Realty Corp.
Essex Property Trust, Inc.	STORE Capital Corporation
Federal Realty Investment Trust	Sun Communities, Inc.
Four Corners Property Trust, Inc.	Sunstone Hotel Investors, Inc.
Franklin BSP Realty Trust, Inc.	The Macerich Company
Global Medical REIT Inc.	UDR, Inc.
Global Net Lease, Inc.	UMH Properties, Inc.
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	VICI Properties Inc.
Healthcare Trust of America, Inc.	Vornado Realty Trust
Hudson Pacific Properties, Inc.	W. P. Carey Inc.
Invitation Homes Inc.	Xenia Hotels & Resorts, Inc.

Public REITs with Four Female Directors

Apartment Income REIT Corp.
Apollo Commercial Real Estate Finance, Inc.
Boston Properties, Inc.
Duke Realty Corporation
EPR Properties
Equity Residential
Healthpeak Properties, Inc.
Independence Realty Trust, Inc.
Iron Mountain Incorporated
JBG SMITH Properties
MFA Financial, Inc.
Office Properties Income Trust
PS Business Parks, Inc.
Realty Income Corporation
Retail Opportunity Investments Corp.
Seritage Growth Properties
Simon Property Group, Inc.
Spirit Realty Capital, Inc.
Ventas, Inc.
Welltower Inc.
Weyerhaeuser Company
Wheeler Real Estate Investment Trust, Inc.

Public REITs with Five Female Directors

American Tower Corporation
Annaly Capital Management, Inc.
PennyMac Mortgage Investment Trust
Public Storage

S&P 500 Public REITs Ranking within the S&P 500 Index Based on Percentage of Female Representation on Their Board

RANK	COMPANY	%			
T#10	Healthpeak Properties, Inc.	50%	T#253	Camden Property Trust	30%
T#41	Weyerhaeuser Company	44%	T#253	Crown Castle International Corp.	30%
#54	Federal Realty Investment Trust	43%	T#253	UDR, Inc.	30%
T#69	Welltower Inc.	40%	T#253	Vornado Realty Trust	30%
T#92	Alexandria Real Estate Equities, Inc.	38%	T#300	Simon Property Group, Inc.	29%
T#92	American Tower Corporation	38%	T#314	Digital Realty Trust, Inc.	27%
T#111	Boston Properties, Inc.	36%	T#314	Prologis, Inc.	27%
T#111	Equity Residential	36%	T#314	Regency Centers Corporation	27%
T#111	Iron Mountain Incorporated	36%	T#376	AvalonBay Communities, Inc.	25%
T#111	Public Storage	36%	T#376	Host Hotels & Resorts, Inc.	25%
T#111	Realty Income Corporation	36%	T#376	Kimco Realty Corporation	25%
T#111	Ventas, Inc.	36%	T#376	Mid-America Apartment Communities, Inc.	25%
T#161	Duke Realty Corporation	33%	T#437	Extra Space Storage Inc.	22%
T#161	Equinix, Inc.	33%	T#437	SBA Communications Corporation	22%
T#161	Essex Property Trust, Inc.	33%			

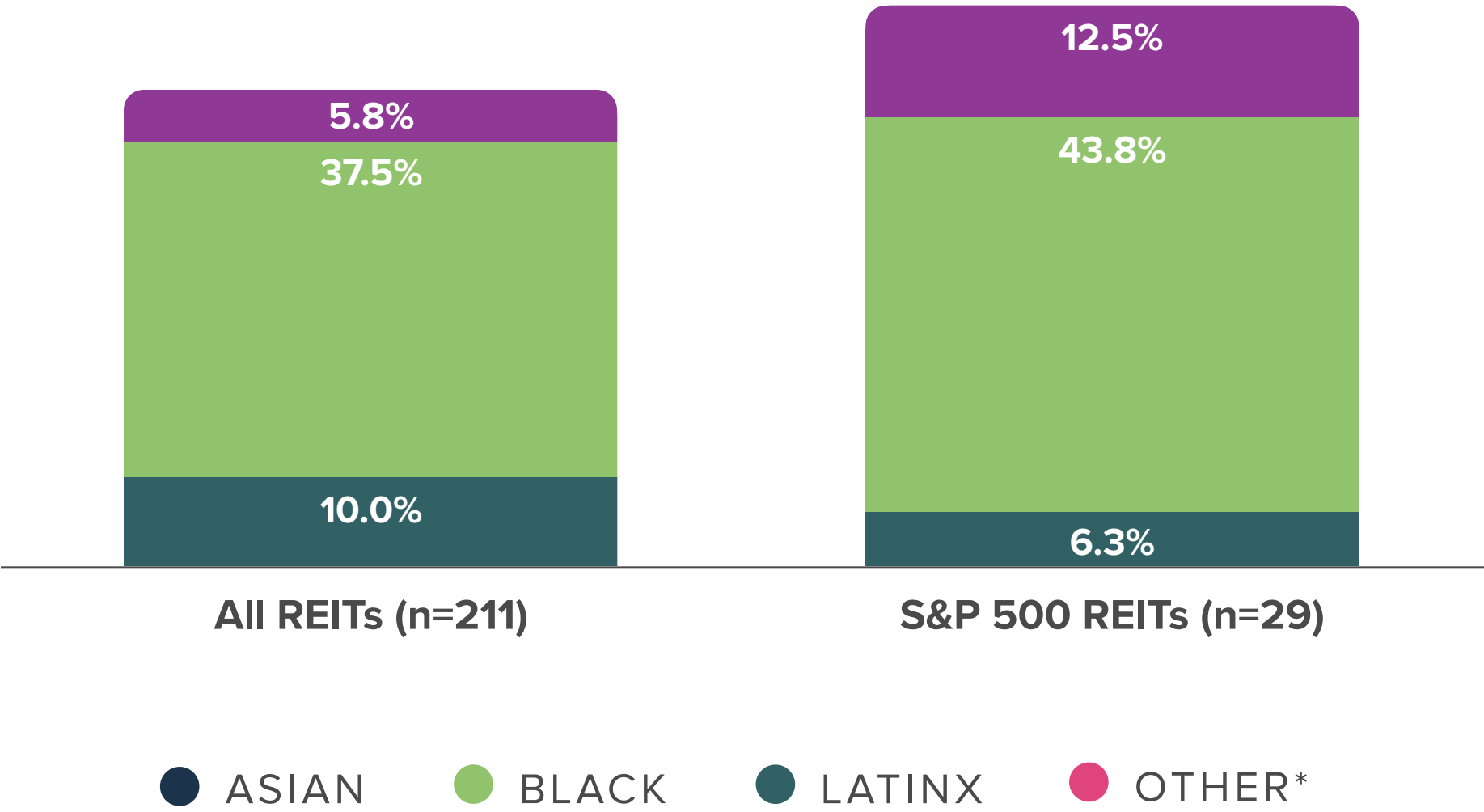
Racial & Ethnic

DIVERSITY



New Board Seats to Minority Directors 2021-2022 by Ethnicity

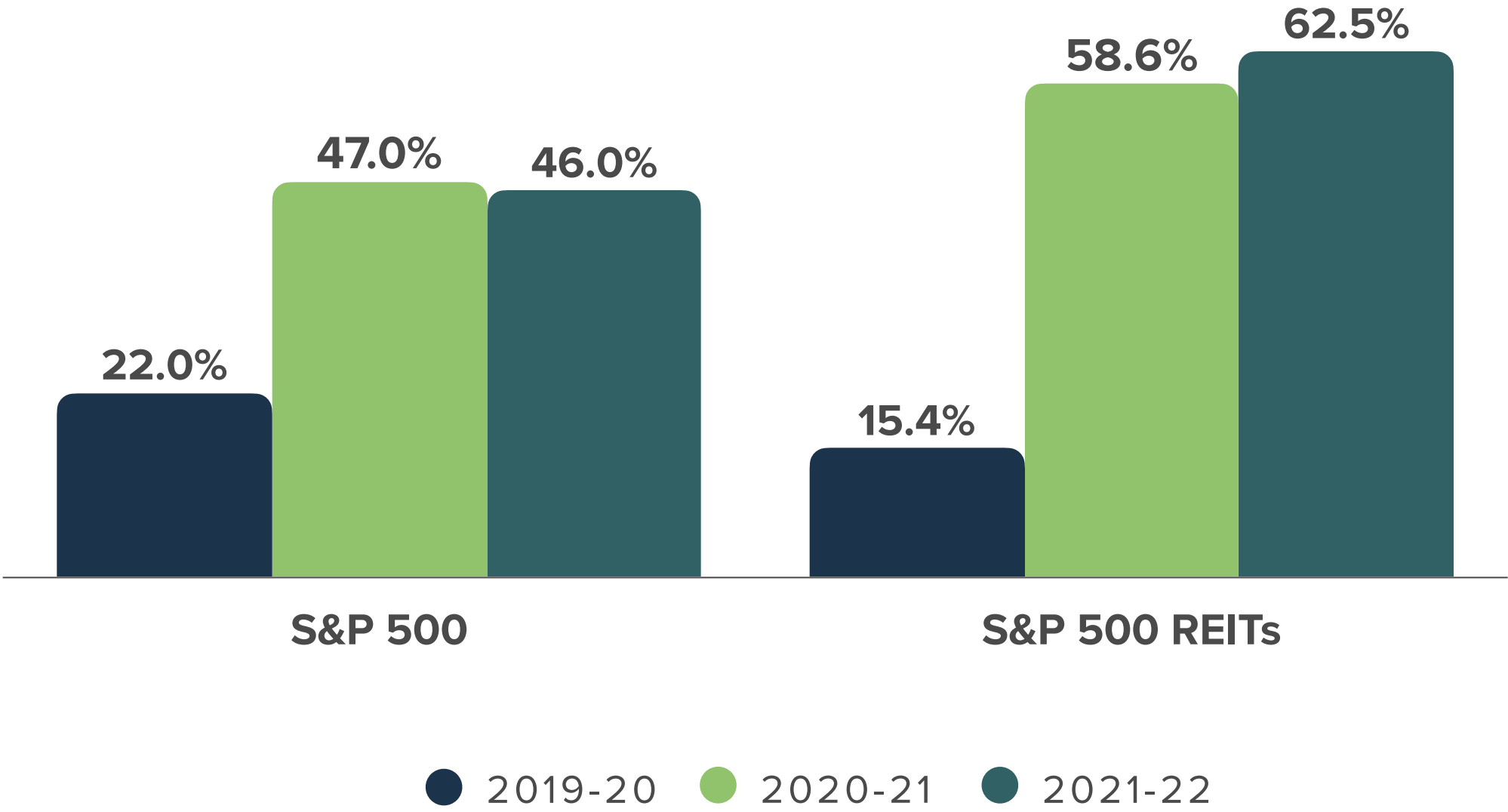
FIGURE 10



Over 50% of new board seats went to minority directors, slightly higher (63%) with S&P REITs.

New Board Seats to Minority Directors 2019-2022 by Year: S&P 500

FIGURE 11

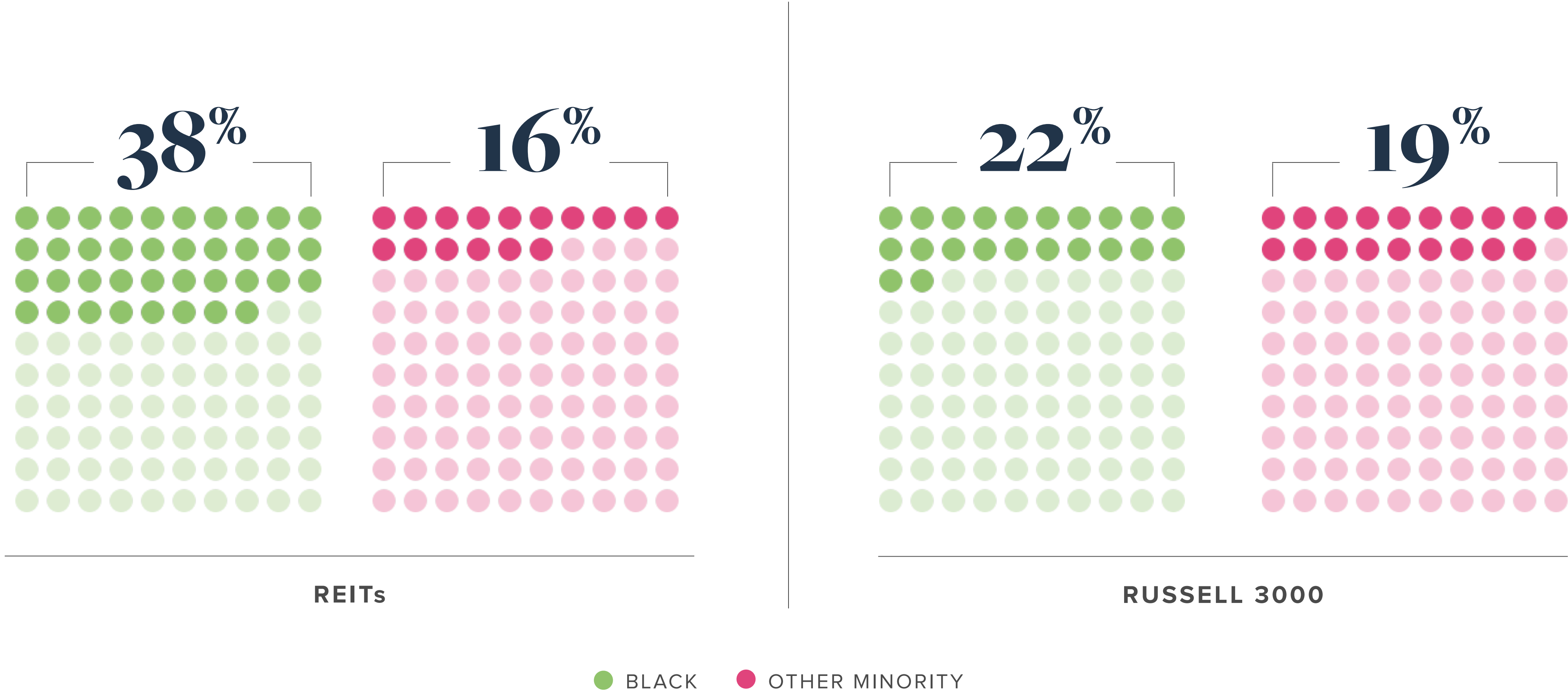


For the second straight year, REITs have a higher percentage of new minority board members when comparing S&P 500 REITs vs broader S&P 500.

*Other includes Middle Eastern and Native American/Alaskan Native. Individuals of Indian descent have been counted as Asian, which is consistent with U.S. Census Bureau methodology.

New Board Seats to Minority Directors 2021–2022: Black and Non-White Individuals

FIGURE 12



**Other includes Middle Eastern and Native American/Alaskan Native. Individuals of Indian descent have been counted as Asian, which is consistent with U.S. Census Bureau methodology.*

Total Minority Board Seats 2022

FIGURE 13

	ALL REITs (n=1,735)	S&P 500 (n=299)	RUSSELL 3000 (n=27,091)
ASIAN	4.0%	3.0%	7.0%
BLACK	8.6%	12.0%	6.2%
LATINX	2.4%	4.7%	2.7%
OTHER*	1.0%	2.3%	0.8%

While challenges remain to increase representation of ethnically diverse board members, an industry analysis of the Equilar 500 offers further insight on the state of board diversity. Companies across most industries—with the exception being energy—within the Equilar 500 had at least 40% of board seats composed of diverse directors.

In an industry analysis by Equilar, real estate companies within the Equilar 500 surpassed the halfway mark with 53.5% of board seats composed of diverse directors and had the highest percentage of ethnically diverse board members at 29.1%.

The real estate industry is followed by utilities (27.3%) and technology (26.0%) - energy companies had the lowest representation of ethnically diverse board members at 15.4%.

**Other includes Middle Eastern and Native American/Alaskan Native. Individuals of Indian descent have been counted as Asian, which is consistent with U.S. Census Bureau methodology.*

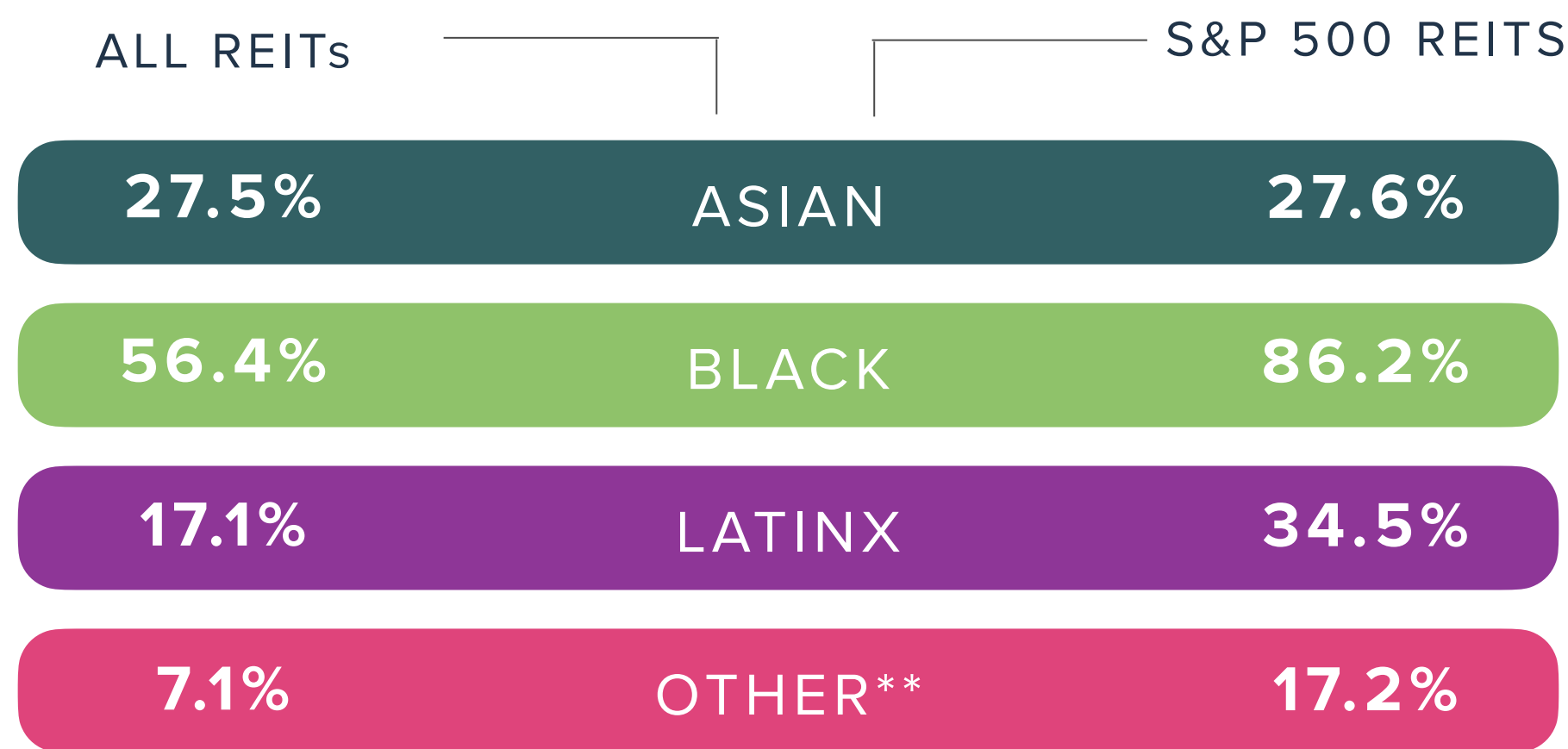
Total Minority Board Seats 2022

FIGURE 14



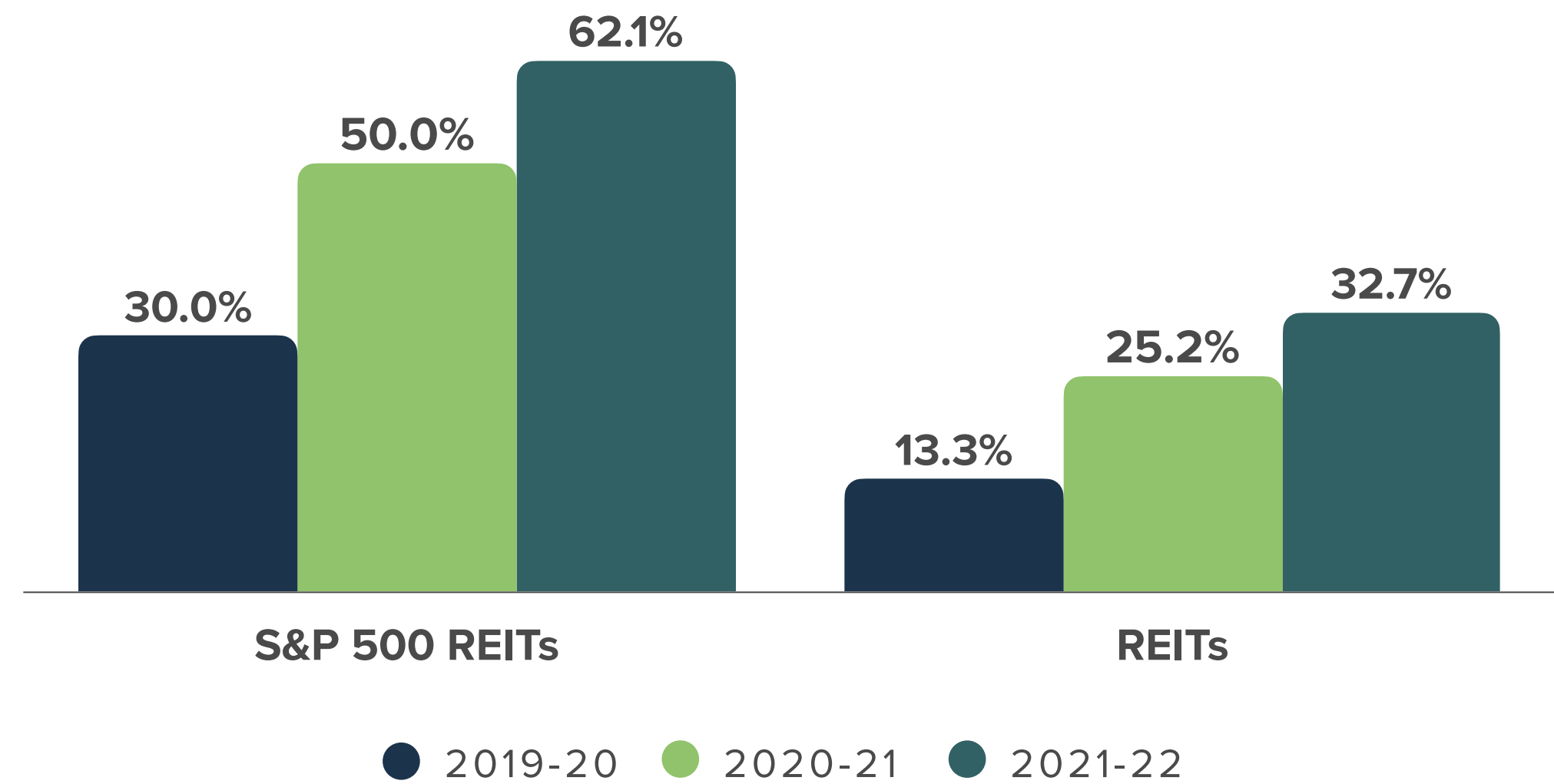
REIT Boards with at Least One Minority Director 2021-2022*

FIGURE 15



% of Boards That Have 2 or More Minority Directors

FIGURE 16



*Across the 79.6% of ALL REITs and 100% of the S&P 500 REITs that have at least one minority Director, the classifications are listed below.
**Other includes Middle Eastern and Native American/Alaskan Native. Individuals of Indian descent have been counted as Asian, which is consistent with U.S. Census Bureau methodology.

Minority Board Seats of Various Composition

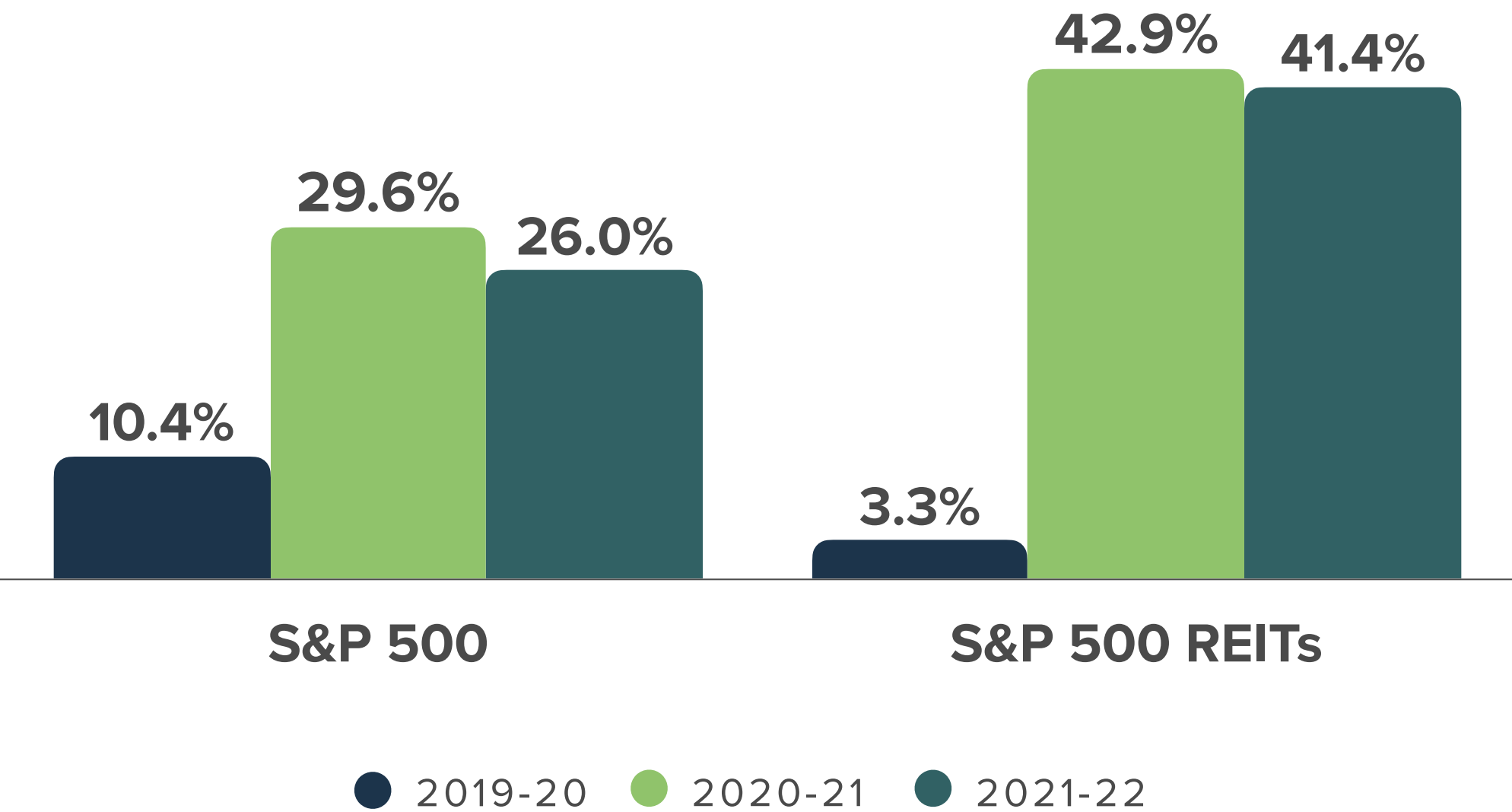
FIGURE 17

<div>0</div> <div>DIRECTORS</div>	72.5%	43.6%	82.9%	92.9%	20.4%
<div>1</div> <div>DIRECTOR</div>	23.2%	44.5%	14.7%	5.7%	46.9%
<div>2+</div> <div>DIRECTORS</div>	4.3%	11.8%	2.4%	1.4%	32.7%
	ASIAN	BLACK	LATINX	OTHER*	ALL MINORITIES

**Other includes Middle Eastern and Native American/Alaskan Native. Individuals of Indian descent have been counted as Asian, which is consistent with U.S. Census Bureau methodology.*

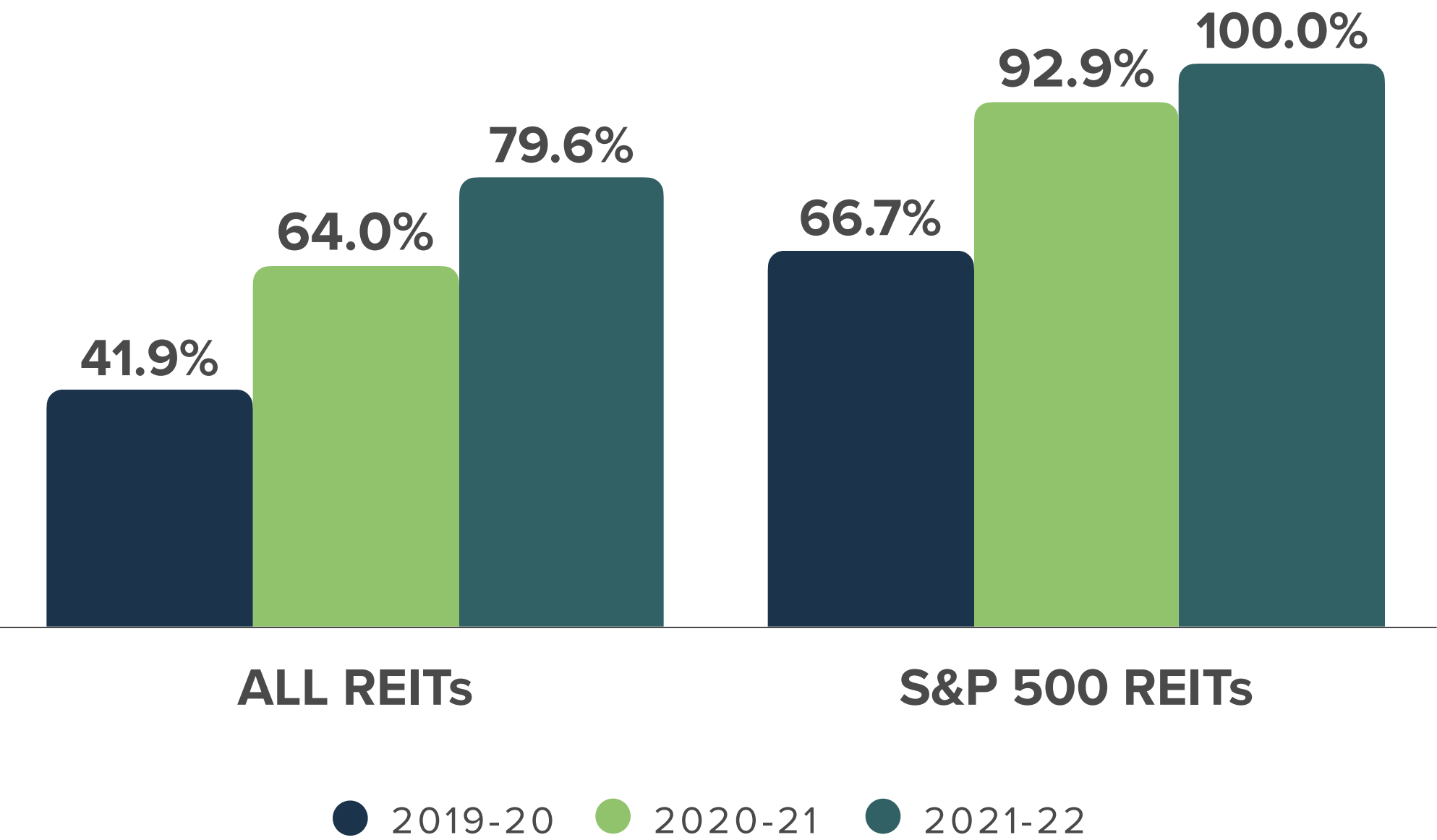
Percentage of Companies That Added a Black Director for Each Period

FIGURE 18



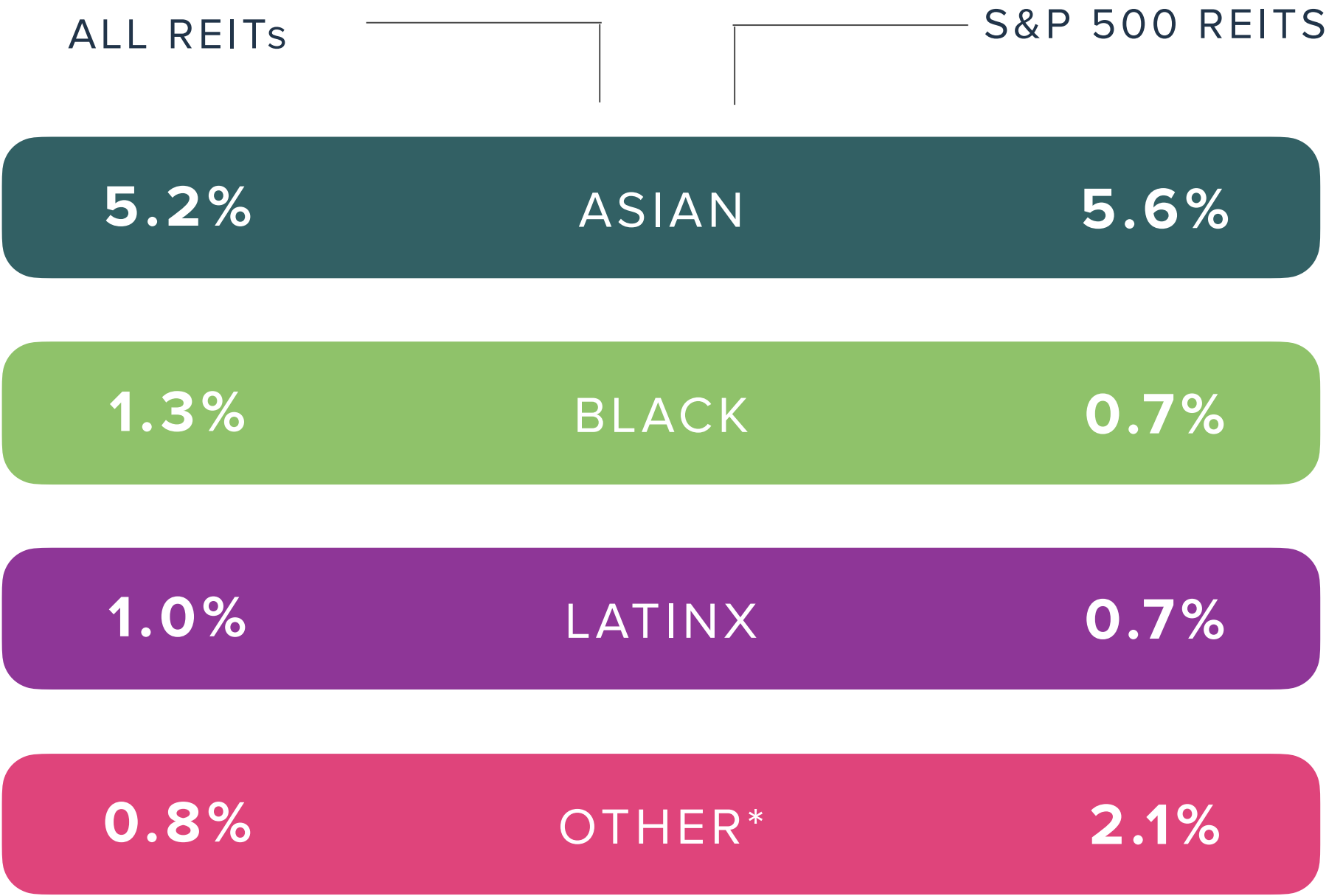
REIT Boards with At Least One Minority Director Year-Over-Year

FIGURE 19



Percentage of Minority Named Executive Officers

FIGURE 20



**Other includes Middle Eastern and Native American/Alaskan Native. Individuals of Indian descent have been counted as Asian, which is consistent with U.S. Census Bureau methodology.*

Female REIT CEOs 2022

FIGURE 21

CEO	COMPANY
Katie Keenan	Blackstone Mortgage Trust
Jennifer F. Francis	Diversified Healthcare Trust
Marguerite Nader	Equity LifeStyle Properties, Inc.
Wendy L. Simpson	LTC Properties, Inc.
Tamara D. Fischer	National Storage Affiliates Trust
Lisa Palmer	Regency Centers Corporation
Leslie D. Hale	RLJ Lodging Trust
Andrea Olshan	Seritage Growth Properties
Mary Fedewa	STORE Capital Corporation
Debra A. Cafaro	Ventas, Inc.
Bonnie Wongtrakool	Western Asset Mortgage Capital

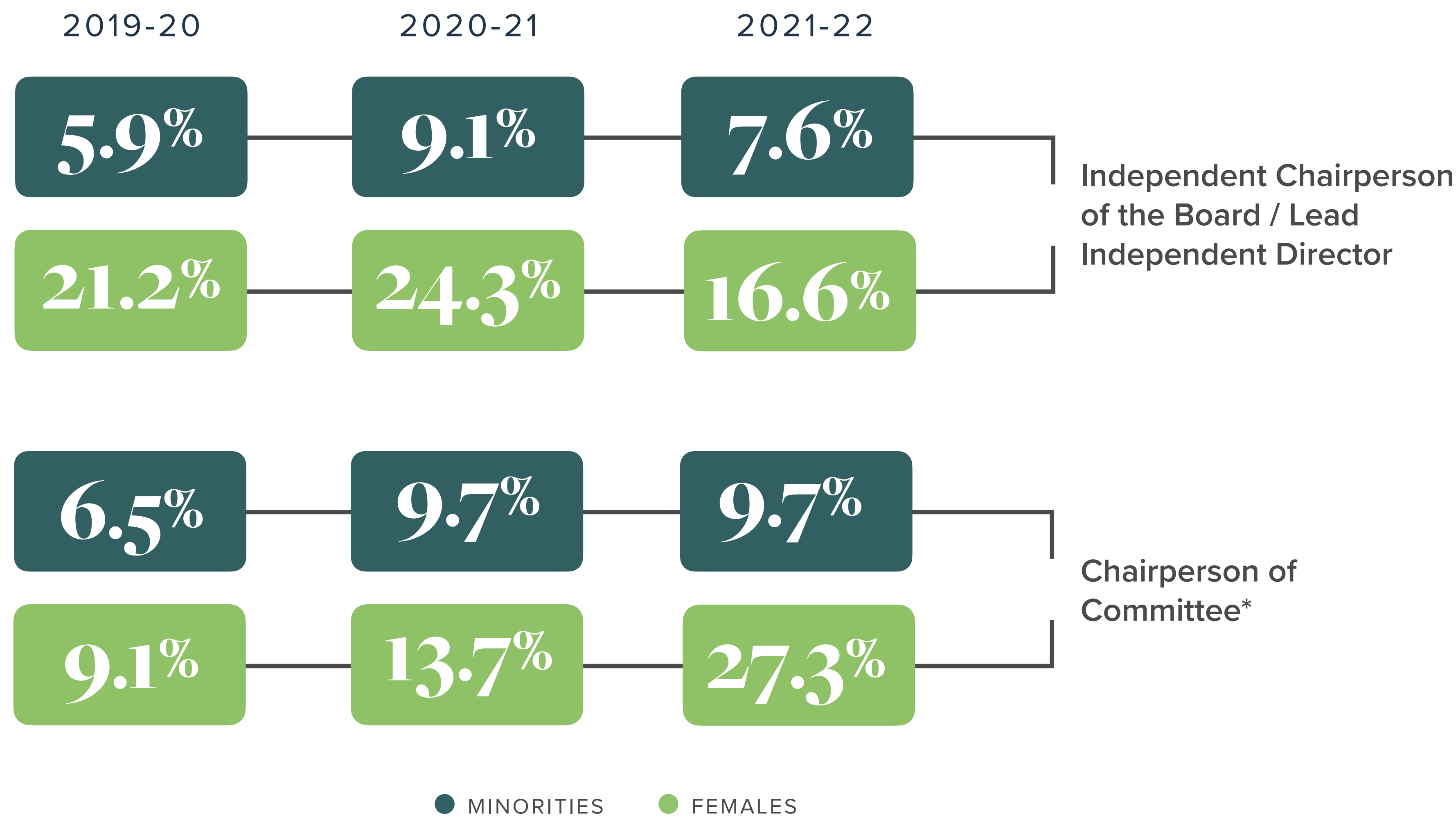
Leadership

DIVERSITY



Percentage of Minorities and Females in Board Leadership Positions Year-Over-Year

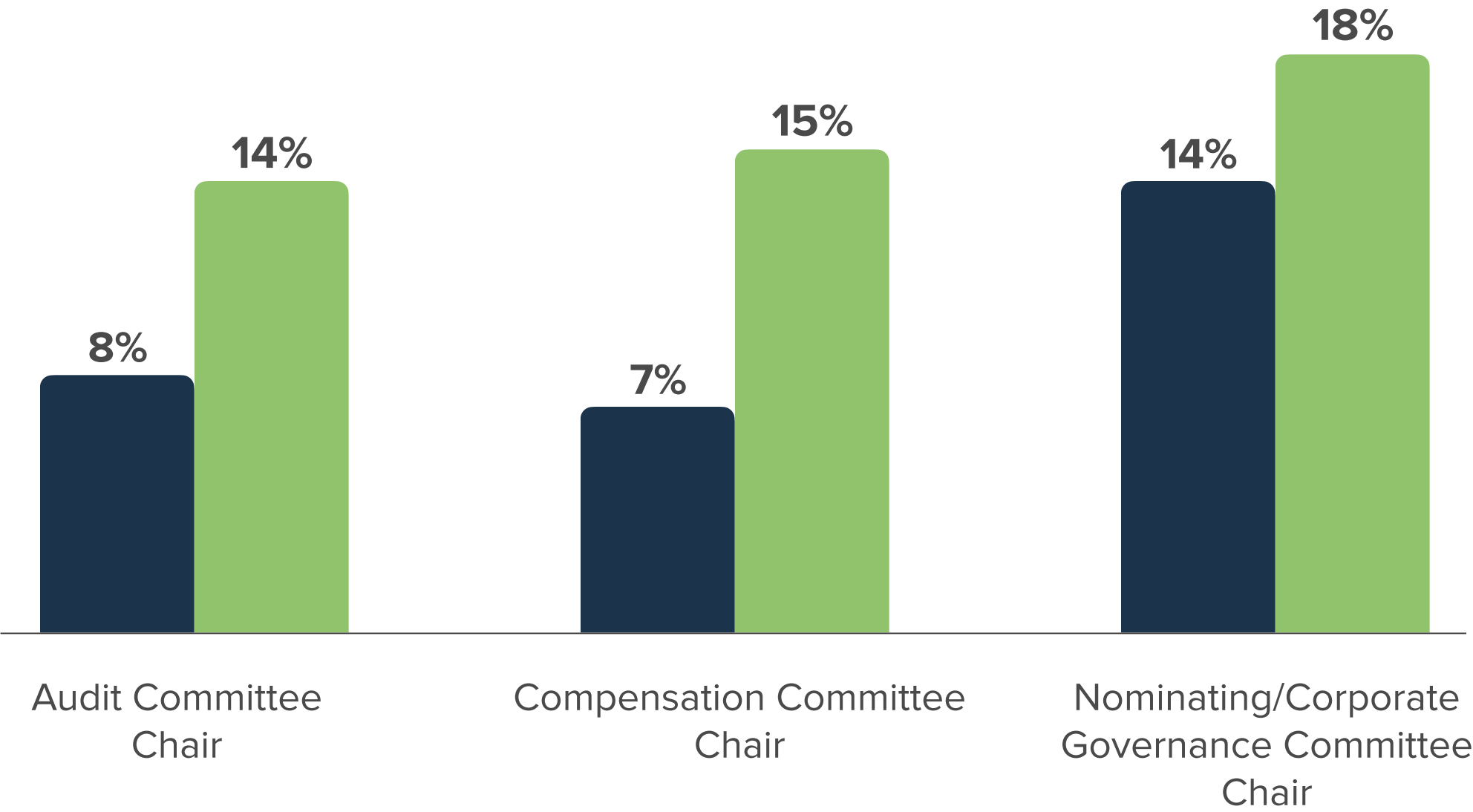
FIGURE 22



*Committees include Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee

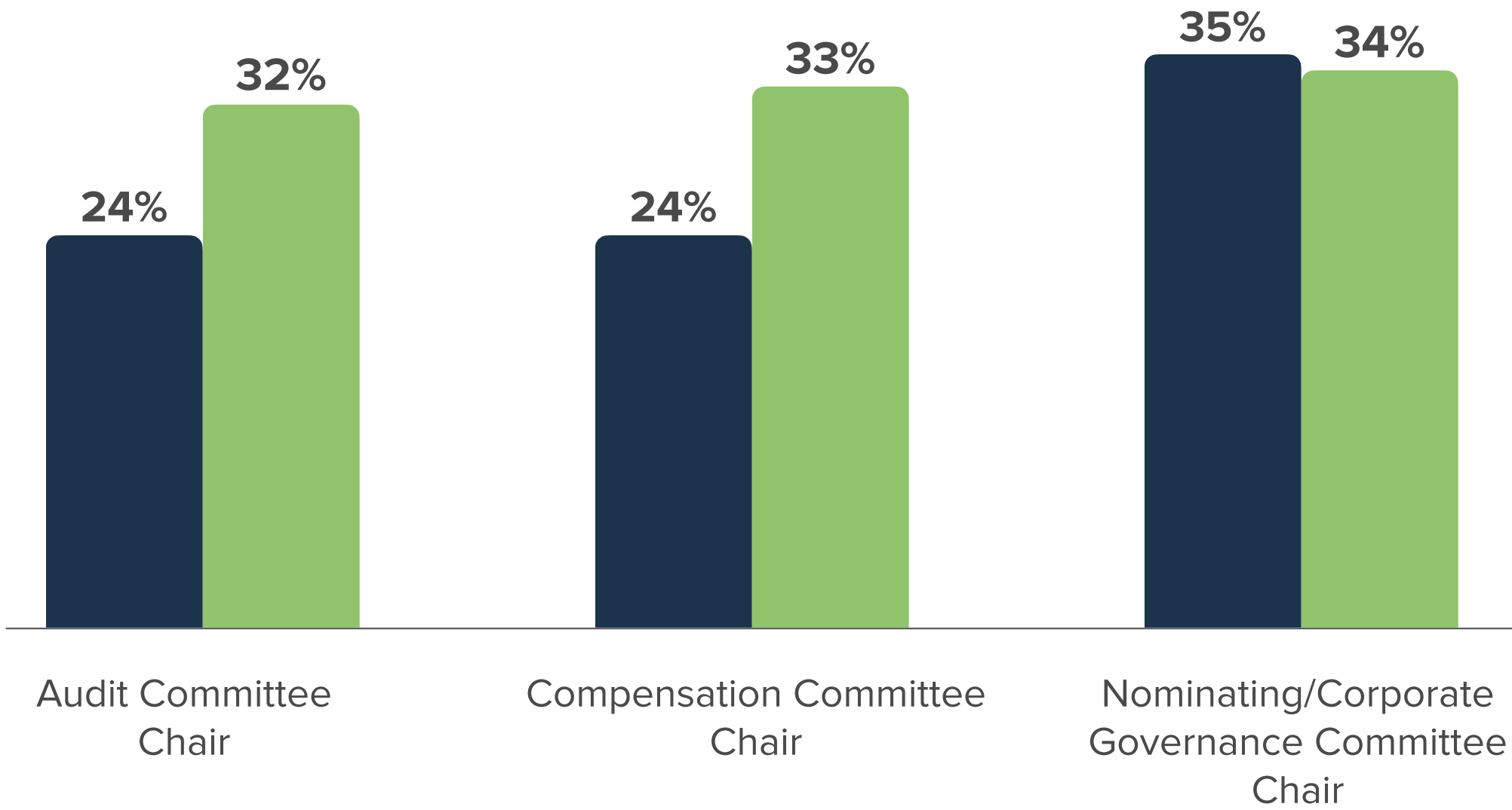
Percentage of Minorities in Board Leadership Positions Year-Over-Year: S&P 500 REITs vs. S&P 500

FIGURE 23



Percentage of Females in Board Leadership Positions Year-Over-Year: S&P 500 REITs vs. S&P 500

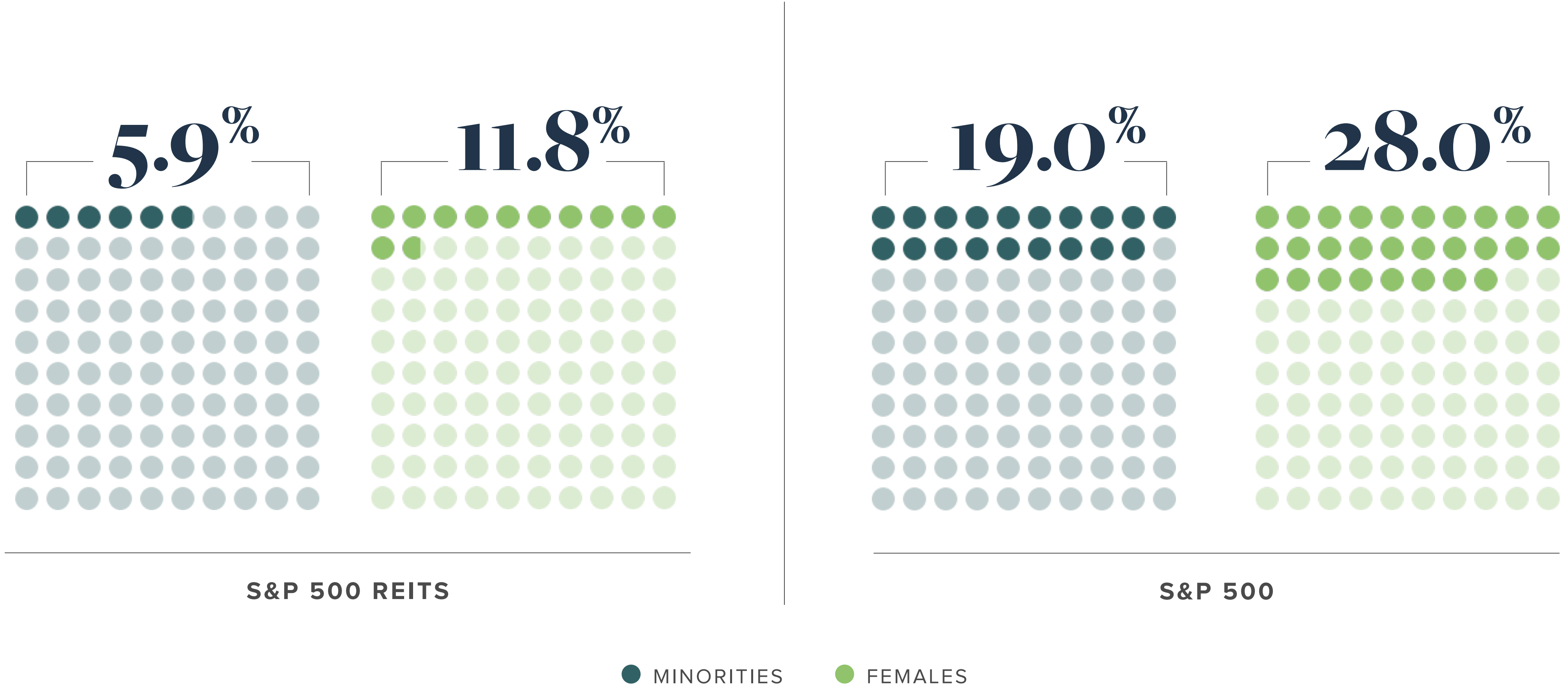
FIGURE 24



● S&P 500 REITs ● S&P 500

Percentage of Minorities and Females in Leadership Positions (Independent Chairperson/Lead Independent Director):
S&P 500 REITs vs. S&P 500

FIGURE 25





Research Methodology

This report analyzes director and executive demographics across 211 and 167 U.S. public REITs, respectively, the latter excluding externally managed REITs. For the REITs under review, data corresponding to 2022 was reported by the companies in regulatory filings submitted to the Securities Exchange Commission during 2022 and also further examined across company websites and crosschecked, as required, across other internet sources, such as LinkedIn, Bloomberg, etc. Externally managed REITs were only included for the director analyses and a total population of 1,735 REIT directors were examined. The 715 total REIT executive positions examined were based on NEOs publicly disclosed in regulatory filings. With respect to board composition, the data largely reflects such as of each company's annual shareholder meeting in 2022, most of which occurred between May 1 – July 1, 2022 (comparisons are made to prior years and that reported in historical annual meetings). The data was collected and analyzed by Ferguson Partners Consulting as well as supplemented, particularly for the broader marketplace, by BoardEx, Equilar®, and the NACD within various publications.



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