

# 2019 REIT Board Composition & Diversity



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# 2018-2019 REIT Board Composition & Diversity

## Introduction & Overview:

Scrutiny across the composition of public Boards and focus on gender diversity has continued to rapidly gain momentum since this issue emerged back in 2017. The conversation was largely catalyzed with the “fearless girl” statue on Wall Street commissioned by State Street Global Advisors, with other leading institutional investors quickly backing the call for gender diversity. Now within the past year, both leading proxy advisory firms have incorporated gender diversity into their voting policy guidelines and the State of California made headlines on this topic as well:

- Effective as of January 1, 2019, Glass Lewis will generally recommend voting against the Nominating Committee Chairperson of a board that has no female members, and pending broader circumstances, may recommend against other Nominating Committee members as well.
- Effective for annual meetings on or after February 1, 2020, Institutional Shareholder Services (“ISS”) may issue adverse voting recommendations against Nominating Committee Chairpersons (or other directors on a case-by-case basis) at companies in the Russell 3000 or S&P 1500 indices with no women directors on the board.
- SB 826 was passed in the State of California that will require public companies headquartered in California to have a minimum of one female on its board of directors by December 31, 2019; by December 31, 2021, this minimum will be raised to at least two female board members for companies with five directors and at least three female board members for companies with six or more directors.

Last year Ferguson Partners issued a first of its kind, in-depth look across public REITs to ascertain how the industry was performing in this critical area. As we reported last year, 2018 marked the first time ever that the majority of all newly hired outside/non-employee directors were female, which significantly outpaced that of the broader public marketplace.

Although the analyses herein are largely focused on gender diversity based on the focus placed on this issue by various constituencies as noted above, we have introduced a brief first look at diversity beyond gender as all forms are important and should not be overlooked in this important conversation.

This year we sought to take a deeper dive and understand whether last year would be a one-off response to investor calls for change or the beginning of a longer term trend...

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## Topline Findings

### Majority Of New REIT Directors Are Female

- Of the 119 newly elected, non-employee/outside REIT directors, there was a nearly even split with approximately one-half (50.4%) being female. This reflects the second consecutive year in which the number of new female directors eclipsed that of new male directors, perhaps indicative of the start of a longer term trend and more balanced approach.
- For the second consecutive year, new female REIT directors elected in 2019 outpaced that of the broader public marketplace. Although the gap has narrowed from that found last year, there was still an approximate 1,390 basis point differential in the amount of new female REIT director hires versus that observed across the Russell 3000 (50.4% for REITs vs. 36.5% across the Russell 3000).

### Fewer Boards Have No Females; One REIT Has Over 50% Female Representation

- Last year (2018), approximately 17% of REIT boards had exclusively male directors, whereas this number has fallen to just below 10% in 2019.
- REITs continue to fare better than their Russell 3000 counterparts, as just below 16% of the latter continue to have no female directors on their boards.
- On the other end of the spectrum, Taubman Centers, Inc., with 5 female board members, is the lone REIT to have in excess of 50% female representation (5 out of 9, or 56%, are female).

### Larger Companies Have Higher Levels Of Gender Diversification

- Smaller capitalization companies have a lower degree of gender diversification (e.g., REITs with less than \$1 billion of total capitalization had an average of 8.8% female representation) whereas larger sized companies have higher levels of gender diversification (e.g., REITs with in excess of \$15 billion of total capitalization had an average of 23.5% female representation).
- The above findings are consistent in nature with companies across the Russell 3000. As reported in NACD's 2018-2019 Public Company Governance Survey, nano-sized companies had 11.8% female representation whereas for nearly every larger size category thereafter, there was a higher degree of female representation, culminating in mega-sized companies having an average of 27.3% average female representation.

### Males Still Comprise The Vast Majority But The Gap Continues To Narrow; Boards Are Younger

- Boards continue to be mostly male (80.4% of REIT board members); however, the gap has narrowed in the industry by approximately 210 basis points between 2018 and 2019 and by 560 basis points between 2017 and 2019.
- Separately, REIT boards have been getting slightly younger. In 2015 the average age of newly elected directors was 60, and that has since dropped to 58 in both 2018 and 2019.

### Diversity Beyond Gender Lags

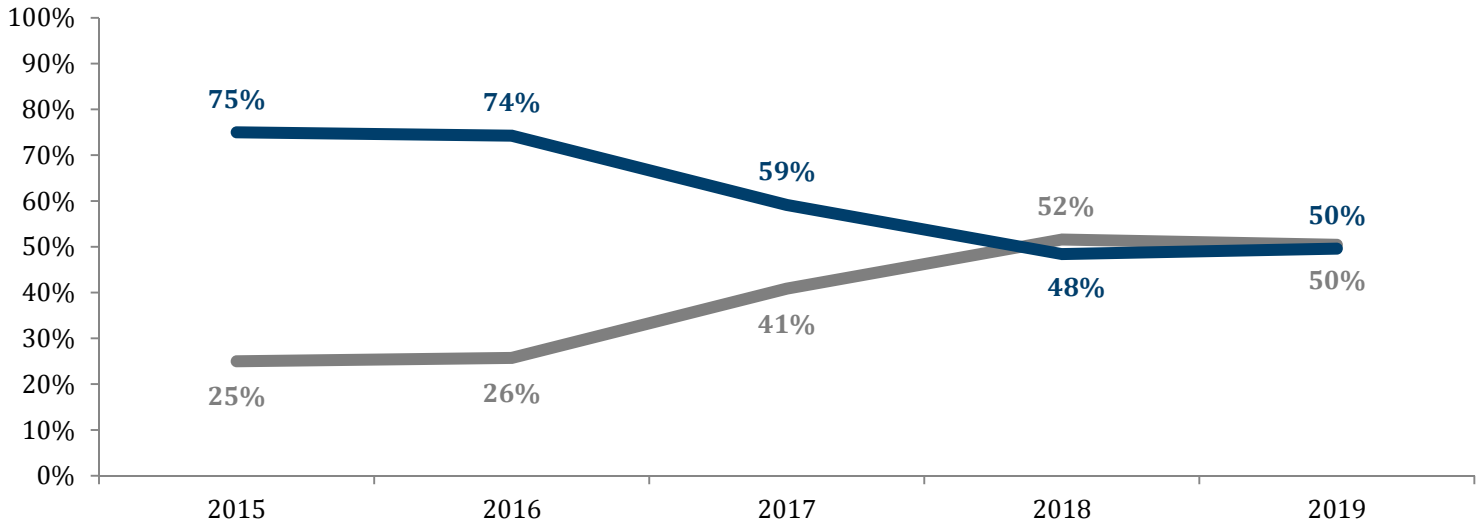
- Perhaps overshadowed by the investor community, diversity beyond gender has not been as much of a focal point but should also be emphasized. While REITs are faring well on gender diversity, according to ISS Analytics, only 7.7% of new REIT director hires were minorities, which was less than half of that reported across the Russell 3000 and that saw 15.6% of all new director hires as minorities.
- This marks the third straight year that REITs have lagged the Russell 3000 in terms of the percentage of new director hires that are minorities.

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**Figure 1. Percentage of Newly Elected REIT Directors 2015-2019**

## Gender of Newly Elected Directors - REITs

— % Female Elected    — % Male Elected

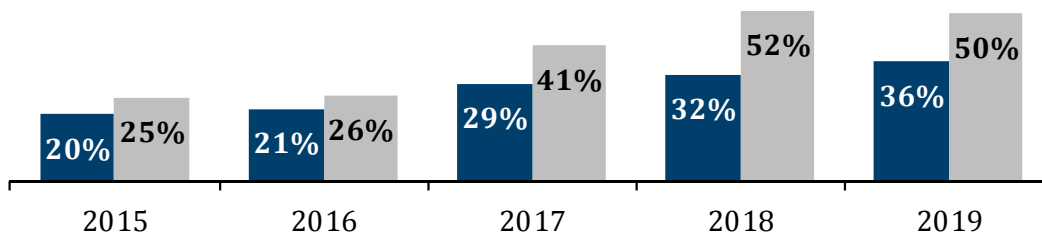


*\*For 2019, 50.42% are female and 49.58% are male (each rounded to 50% in chart above)*

**Figure 2. Percentage of Newly Elected Directors 2015-2019: REITs vs. Russell 3000**

## % of New Director Seats to Female Directors

■ Russell 3000    ■ REITs



# 2018-2019 REIT Board Composition & Diversity

Figure 3. Percentage of Total Directors That Are Male and Female 2019: REITs vs. Russell 3000

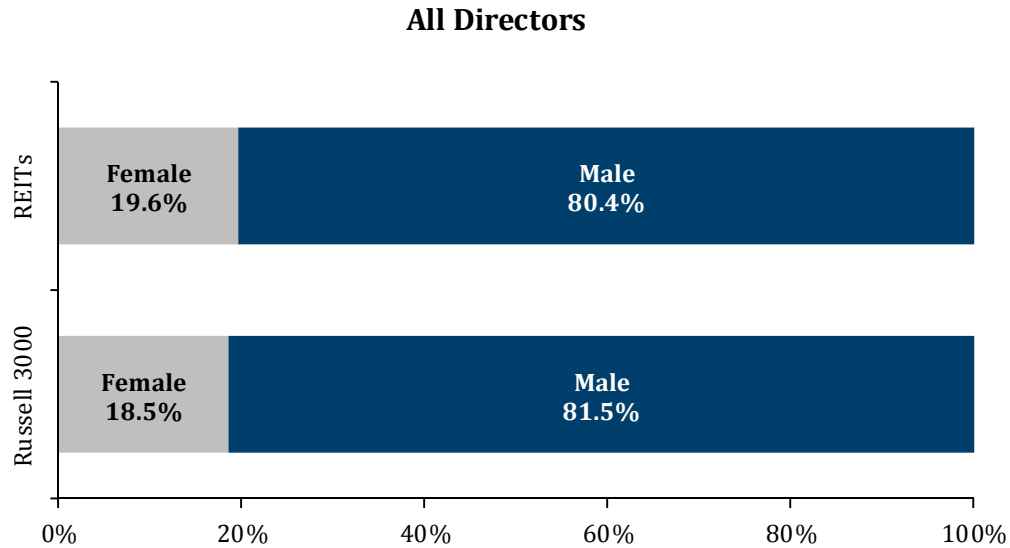
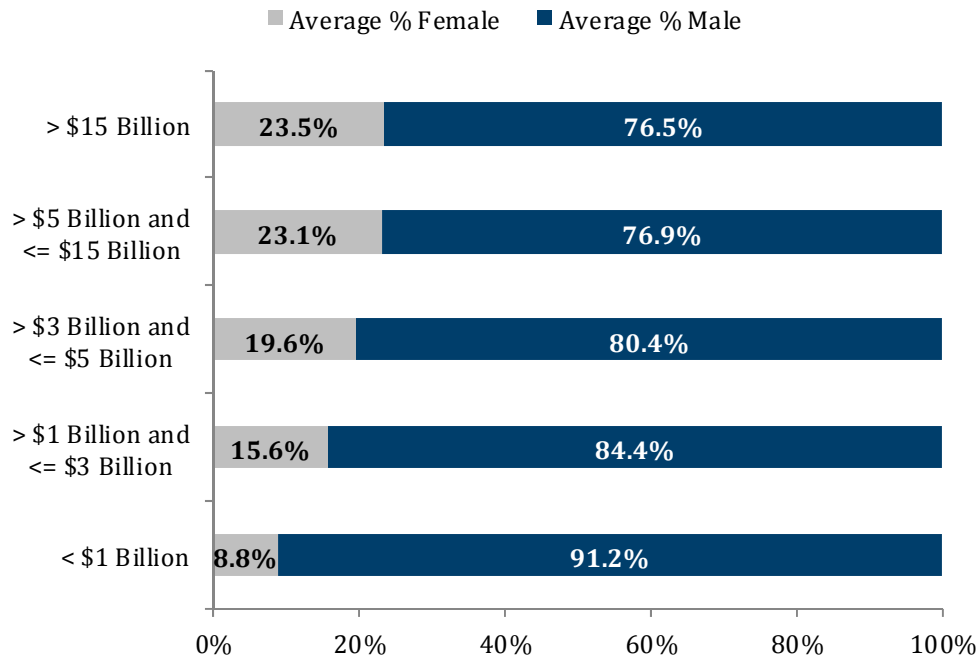
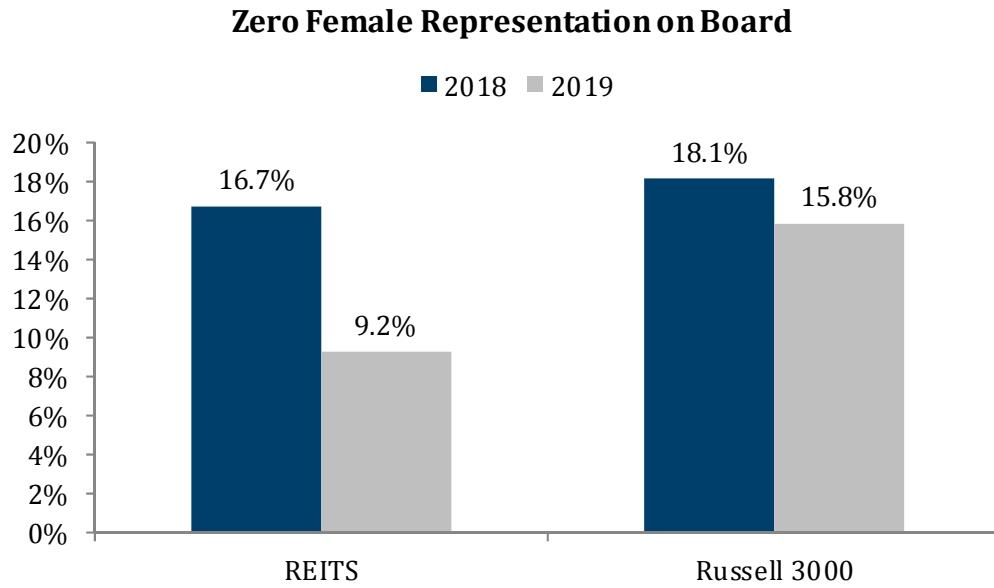


Figure 4. Average Percentage of Male and Female REIT Directors in 2019 by Total Capitalization

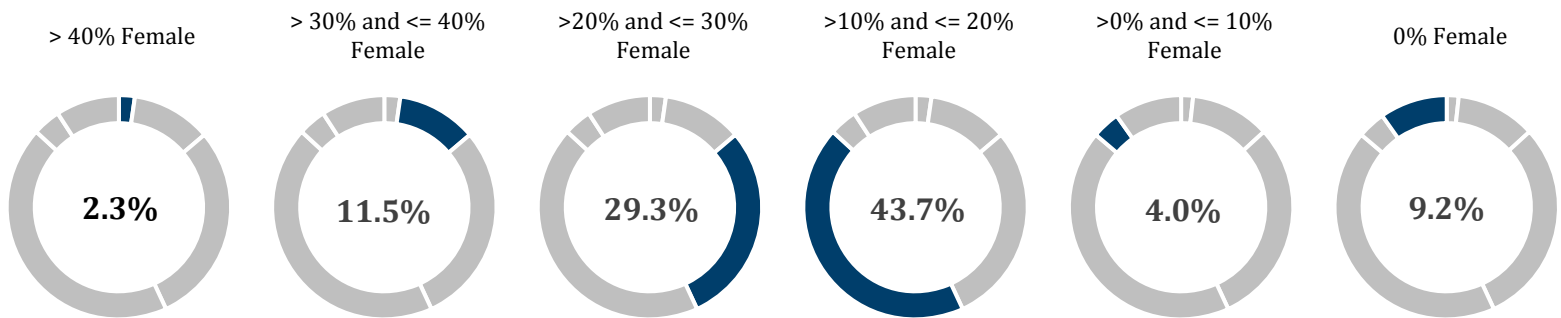


# 2018-2019 REIT Board Composition & Diversity

**Figure 5. Percentage of Boards with Zero Female Representation 2018-2019: REITs vs. Russell 3000**



**Figure 6. Percentage of REIT Boards With Various Female Composition 2019**



# 2018-2019 REIT Board Composition & Diversity

Figure 7. Average Age of Newly Elected REIT Directors 2015-2019

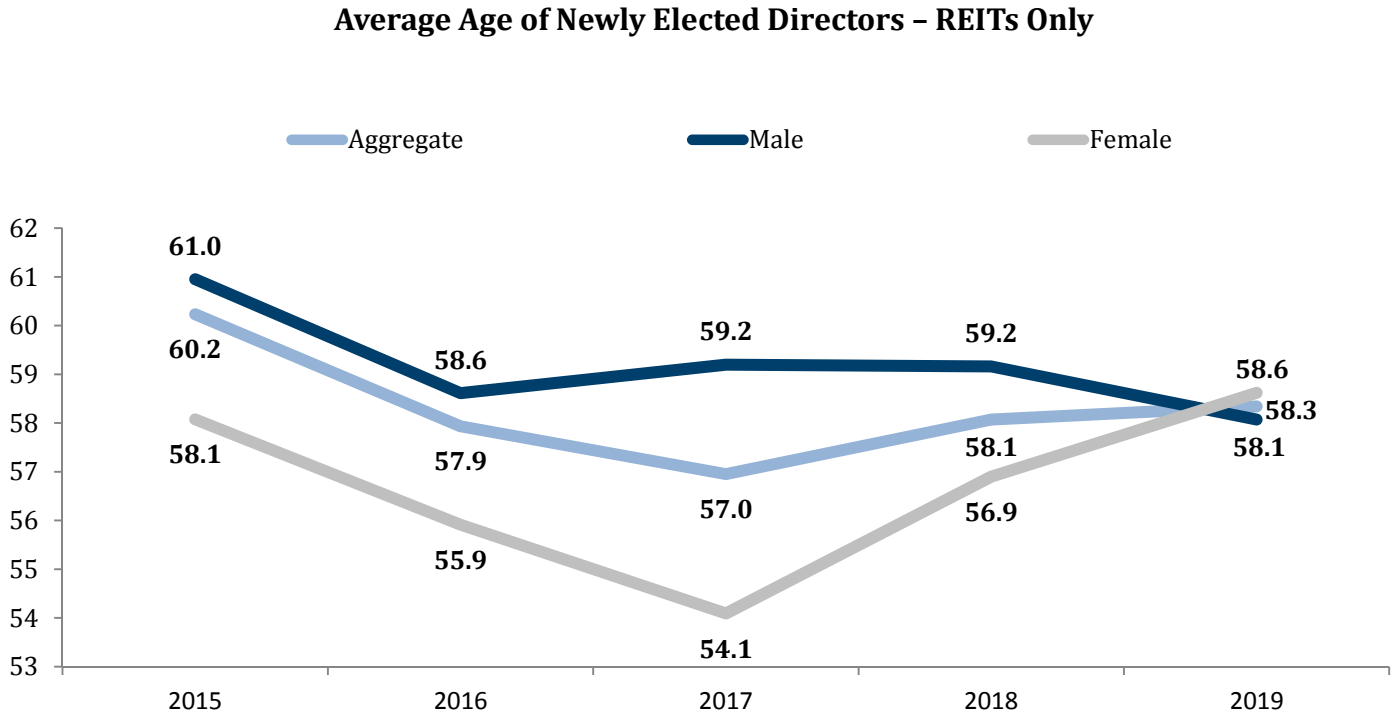
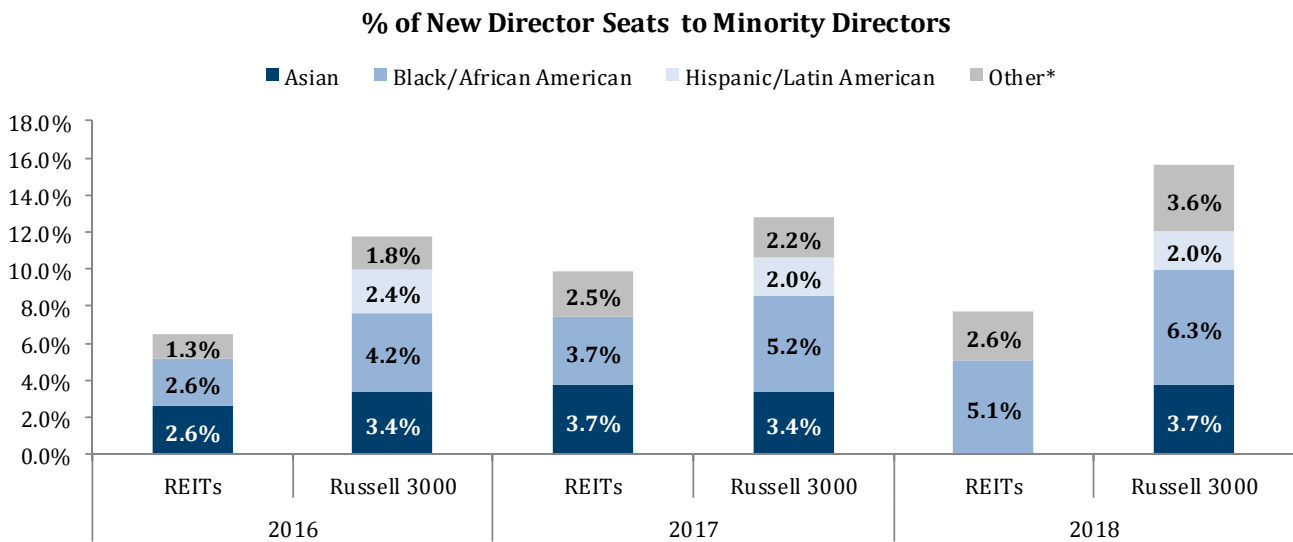


Figure 8. Percentage of Newly Elected Minority Directors 2016-2018: REITs vs. Russell 3000



\*Other includes Indian, Middle Eastern and Native American/Alaskan Native  
 Source: ISS Analytics

# 2018-2019 REIT Board Composition & Diversity

## Public REITs with 5 Women Directors:

Annaly Capital Management Inc.

Mack-Cali Realty Corporation\*

Taubman Centers, Inc.

## Public REITs with 4 Women Directors:

Boston Properties, Inc.

Welltower Inc.

## Public REITs with 3 Women Directors:

American Tower Corporation

Apartment Investment and Management Company

Brixmor Property Group Inc.

Camden Property Trust

CoreCivic, Inc.

CubeSmart

Duke Realty Corporation

Equity LifeStyle Properties, Inc.

Equity Residential

Essex Property Trust, Inc.

Global Medical REIT Inc.

HCP, Inc.

Investors Real Estate Trust

Iron Mountain Incorporated

Kimco Realty Corporation

KKR Real Estate Finance Trust Inc.

Macerich Company

Office Properties Income Trust

Paramount Group, Inc.

PennyMac Mortgage Investment Trust

Redwood Trust, Inc.

Regency Centers Corporation

RLJ Lodging Trust

RPT Realty

Simon Property Group, Inc.

SITE Centers Corp.

Spirit Realty Capital, Inc.

Ventas, Inc.

Weyerhaeuser Company

*\*Two of Mack-Cali Realty Corporation's women directors were nominated by Bow Street LLC and subsequently elected by Mack-Cali Realty Corporation's shareholders.*



## 2018-2019 REIT Board Composition & Diversity

### Public REITs that Added More than 1 Female Director in 2019 (sorted alphabetically):

CorePoint Lodging Inc.  
Mack-Cali Realty Corporation  
RPT Realty  
SITE Centers Corp.  
Spirit Realty Capital, Inc.  
Taubman Centers, Inc.  
Welltower Inc.

### Public REITs with the Highest Percentage of Female Representation on their Board:

#1 Taubman Centers, Inc. – 56%  
T#2 Annaly Capital Management, Inc. – 45%  
T#2 Mack-Cali Realty Corporation – 45%  
T#4 HCP, Inc. – 43%  
T#4 RPT Realty – 43%  
T#6 AGNC Investment Corp. – 40%  
T#6 LTC Properties, Inc. – 40%  
T#6 Senior Housing Properties Trust – 40%  
T#6 Welltower Inc. – 40%  
T#10 Apartment Investment and Management Company – 38%  
T#10 CubeSmart – 38%  
T#10 Investors Real Estate Trust – 38%  
T#10 Kimco Realty Corporation – 38%  
T#10 KKR Real Estate Finance Trust Inc. – 38%  
T#10 Office Properties Income Trust – 38%  
T#10 SITE Centers Corp. – 38%

## 2018-2019 REIT Board Composition & Diversity

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

T#26 HCP, Inc. - 43%	T#233 UDR, Inc. - 25%
T#34 Welltower Inc. - 40%	T#298 Equity Residential - 23%
T#49 Apartment Investment and Management Co. - 38%	T#298 Simon Property Group, Inc. - 23%
T#49 Kimco Realty Corporation - 38%	T#316 Realty Income Corporation - 22%
T#63 Boston Properties, Inc. - 36%	T#316 SL Green Realty Corp. - 22%
T#63 Host Hotels & Resorts, Inc. - 36%	T#316 Vornado Realty Trust - 22%
T#78 Essex Property Trust, Inc. - 33%	T#360 AvalonBay Communities, Inc. - 20%
T#78 Ventas, Inc. - 33%	T#403 Public Storage - 18%
T#134 American Tower Corporation - 30%	T#438 Crown Castle International Corp. - 17%
T#134 Macerich Company - 30%	T#438 Mid-America Apartment Communities, Inc. - 17%
T#134 Weyerhaeuser Company - 30%	T#438 Prologis, Inc. - 17%
T#233 Iron Mountain Incorporated - 25%	T#470 Alexandria Real Estate Equities, Inc. - 12%
T#233 Duke Realty Corporation - 25%	T#470 SBA Communications Corporation - 12%
T#233 Extra Space Storage Inc. - 25%	T#479 Digital Realty Trust, Inc. - 11%
T#233 Federal Realty Investment Trust - 25%	T#479 Equinix, Inc. - 11%
T#233 Regency Centers Corporation - 25%	

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## Research Methodology

This report compares the board practices and director demographics of 209 REIT boards with the board practices and director demographics of the companies included in the Russell 3000 Index as of December 2018. For the REITs under review, data corresponding to 2019 was reported by the companies in regulatory filings submitted to the Securities Exchange Commission during 2019. The data largely reflects board composition as of each company's annual shareholder meeting in 2019, most of which occurred between April 1 - June 15, 2019 (comparisons are made to prior years and that reported in historical annual meetings). The data was collected and analyzed by FPL as well as supplemented, particularly for the broader marketplace, by BoardEx, Equilar®, ISS Analytics, and the NACD within various publications and as cited throughout.

## Contact

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