

With an 80/20 split, SA's property sector is still dominated by white male executives



By Leila Dougan

**A recently released report on diversity in the property sector paints a sobering picture of an untransformed industry. *Business Maverick* spoke to some of the worst offenders fingered as lacking diversity on an executive level.**

In 2021, 81% of executive directors in the South African real estate investment trust (REIT) sector were male, with just 19% female representation, according to a report on the state of gender diversity in the listed real estate sector released by the Women's Property Network on Thursday, 6 October 2022. The average for the past nine years shows male executive directors making up 85% and female directors just 15%.

The race split is just as stark. In 2021, 76% of executive directors were white and just 24% were people of colour. From 2013 to 2021, an average of 78% of executive directors were white, with people of colour representing 22% at the executive level.

#### No shortage of talent

In 2021, six out of 24 REITS listed on the JSE had 100% white, male executive directors. They were the Accelerate Property Fund (APF), Fairvest Property Holdings, Hyprop Investments, Indluplace Properties, Spear REIT and Texton Property Fund. In a webinar to launch the report (see below), real estate analyst Pranita Daya said the numbers were particularly distressing because there was no shortage of talent in the workforce.

Data shows a healthy number of the non-executive workforce comprise women and people of colour. "There are companies that don't have a single female executive on their board despite having more than 50% representation on an entity-wide basis," Daya said.

According to the 2020 State of Transformation Report for the South African Property Sector released in 2021 by the Property Sector Charter Council, the property market contributes R5.8-trillion to South Africa's GDP.

Ann-Maree Tipoo, portfolio manager at Ninety One, said the sector was much too important to remain untransformed.

"Looking at the real estate environment from an investment perspective, it's one of the asset classes where the whole country participates... The whole country uses it. The whole country has a need for it. Whether it be in retail or commercial or industrial, we operate in these spaces. And, yet, we have such a small subsector represented in terms of driving strategy for these assets that the whole country makes use of," Tipoo said.

Tipoo questioned whether opportunities and risks were being missed because of "a myopic view from an investment perspective". "Are we actually managing these assets in the best way possible? Are those executive committees and executive teams thinking about the correct capital allocation? Are they thinking about what we need built in the country? You have a team of people making decisions on behalf of the whole country and they only represent a small subset," Tipoo said.

Speaking to *Business Maverick*, Quintin Rossi, chief executive officer of Spear REIT Limited, said the report "isn't accurate".

The report "is referring to executive directors, not executive management. It's not an accurate reflection because you have to differentiate between executive directorship and executive management," he said.

"As a property investment firm, our chief investment officer, who is responsible for driving the growth strategy of the business from an investment perspective, is female. I think that public officers should have been included in the report," he said.

Rossi said that although his company was "highly diverse", there was "no silver bullet" to transformation.

"We're a Western Cape-only business so we don't have a national footprint. We only operate in the Western Cape. So, from a resource [perspective], finding the right person is a factor," he said.

In an emailed response, Darren Wilder, CEO of Fairvest Limited, said the company was "100% aligned with transformation. We currently have a person of colour in the C-suite (representing 25% of the C-suite)".

A spokesperson for Accelerate Property Fund admitted in an email that their executive team comprised "four white male directors", but that its position was "not unique in the sector" considering the number of REITs in the sample who have exclusively white, male executives.

“These executives have deep knowledge and experience of the business and have all played an instrumental role in the company’s successful navigation of the Covid-19 lockdown periods and current headwinds,” spokesperson said.

- Accelerate Property Fund requested that their response be published “verbatim and in its entirety”. It can be viewed here:  
[https://www.scribd.com/document/600906980/Accelerate#from\\_embed](https://www.scribd.com/document/600906980/Accelerate#from_embed)
- Fairvest Limited’s full response can be viewed here:  
<https://www.scribd.com/document/600906982/Fair-Vest>
- Spear REIT Limited’s response can be viewed here:  
<https://www.scribd.com/document/600906983/Spear-Response>
- *Business Maverick* emailed questions to Texton Property Fund, Hyprop Investments and Indluplace Properties for comment but did not receive a response by the time of publication.

#### ‘It’s a no brainer’

Dr Kolosa Madikizela completed her PhD on the South African construction industry at the University of Cape Town. In her research, she interviewed 24 leaders and described the sector as “white, male dominated, untransformed and lacking diversity”.

She said her findings and lessons could be applied across the industry, including to portfolio management, asset management and facilities management.

She said getting women to the table and “ticking a box for BEE” but not including them in decisions, not giving them voting rights and not getting them to participate in strategy was counterproductive.

“No one is disagreeing that diversity is important and gender diversity is important. It is the commitment that is lacking,” she said.

Madikizela added that the culture of organisations needed to shift, fostering an environment that allowed women to flourish in leadership roles. She said diversity includes people living with disabilities and young people. She criticised the number of men “past retirement age” at executive and board levels as they were not creating space for young people to enter the industry.

“If you have leadership diversity, plus organisational diversity, plus gender diversity, plus skills diversity, you’re going to have a thriving and competitive industry. It’s a no brainer. You’re going to have improved calibration and innovation. You’re going to have improved skills,” she said.

“Organisations that are not transformed, that are not creative, that don’t have diverse teams will die a slow death. It’s unsustainable. They won’t be able to grow and diversify their businesses,” she told *Business Maverick* over the phone.

#### Legacy issues need to be addressed

Although there is a gross underrepresentation of women and people of colour at executive level, Daya said the trajectory was promising when it came to non-executive directors, particularly in the race category where 2021 saw 51% white representation and 49% people of colour.

The male-female split in the REIT sector at a non-executive level still needed work, with 30% of women and 70% males.

“This statistic is particularly underwhelming just because typically there is more scope for [a more diverse] composition on a non-executive director board [where] appointments are not restricted to financial qualifications or backgrounds. So, ultimately, the pool of talent you have available is a lot more extensive and for that reason we would like to see a much better representation of females on a non-executive level as well,” she said.

“A lot of these compositions have remained stagnant from 2013 and something that needs to be addressed as we draw attention to the need for diversification,” Daya said. “Without a doubt, more needs to be done.” **BM/DM**

*The article can be read at the following url: <https://www.dailymaverick.co.za/article/2022-10-16-with-an-80-20-split-sas-property-sector-is-still-dominated-by-white-male-executives/>*