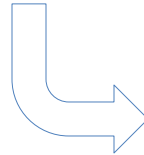


and to optimize

How to manage a Real Estate Portfolio – Overview



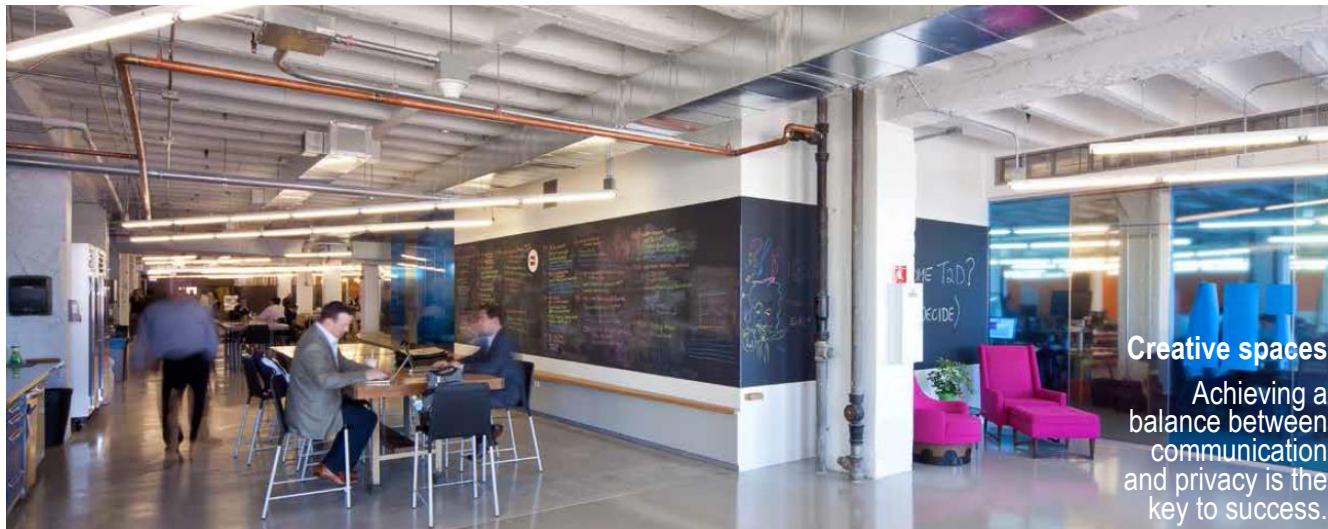
- ✓ Manage RE Portfolio
- ✓ Optimize RE Portfolio
- ✓ How to save money on rent and charges

INTRODUCTION:

This document is to give an overview for managing Real Estate portfolios with key elements.

THE PERFECT OFFICE

Want to know what a perfect office is about? please [click here](#) to read more how to create a **High Performance Workplace**



Creative spaces
Achieving a balance between communication and privacy is the key to success.



Real Estate Portfolio

How to manage a Real Estate Portfolio

For some large organization, managing a real estate portfolio can be a real burden without an appropriate structure. Portfolios can be managed in an Excel sheet, but using an Integrated Workplace Management System (IWMS) it could be more efficient (See screenshot example on the right)

1) Standardize: Focus on the outcome, it will define the income; what information do I need to handle the real estate portfolio? Forget for now the details, just work on high level details. Output information:

- Geographical details (country, city)
- Operational number (Business units, Department, Number of staff, total area, desk/staff expansion)
- Financial overview (Cost: leases & charges, Maintenance, Depreciation, upcoming projects)

2) Collect: All information should be collected centrally within the IWMS system or an Excel document. Appoint global delegates for regular updates.

3) Manage: A good way to manage a portfolio is using KPI's (Key Performance Indicator) Some example below: Costs per building, Costs per desk/employee, Costs per m2, Occupancy by site, leases by Expiration (Years), Area per dept, Area per desk/employee, etc...

Improve the analysis and management of real estate assets to align the portfolio with the organizational mission

4) Evaluate: To run effectively a real estate portfolio is to evaluate all steps on a periodical basis. You need to cyclically evaluate:

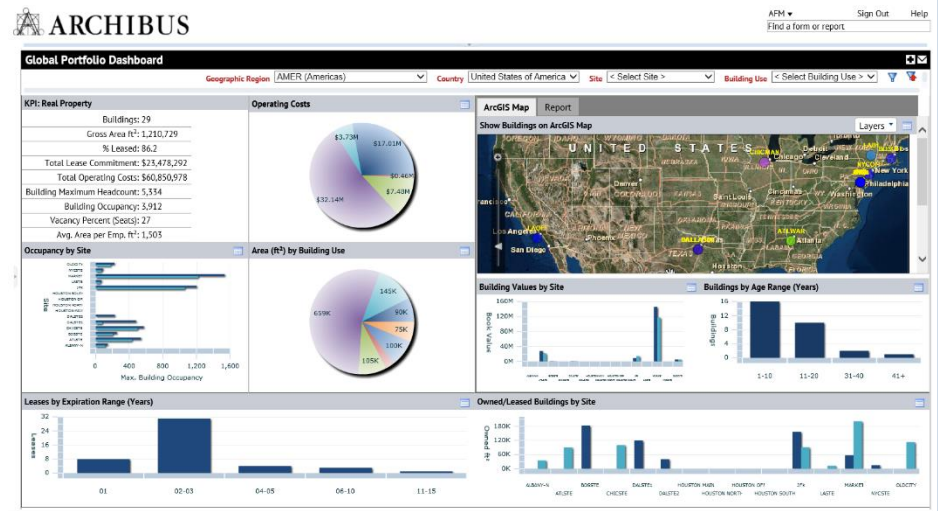
The required output information

The quality/quantity of the delegated information collection

The managed KPI's for the portfolio

5) Don't miss the date: set-up a clear calendar of actions and prior necessary steps to not miss important dates such as end of lease notice period, lease renewal, etc...

Below an example of Integrated Workplace Management System (IWMS) proposed by Archibus (www.archibus.com)




Real Estate Portfolio

How can you optimize a Real Estate Portfolio

With an Integrated Workplace Management System (IWMS), it can provide a single interface for all needed tasks and offer multiple benefits.

1) Better Results: with all centralized information, it makes easier for facilities staff to offer the right service, quickly answer incoming questions and connect departments to the right resources to solve their occupancy-related problems. It also takes better care of buildings with a proper maintenance program and plan the capital expenditures in advance, helping to manage cash flows.

2) Optimize Space Efficiency: Vacant spaces cost money, track used and vacant spaces/desks, then adjust your facilities for better efficiency and, if necessary, change space allocation, surrender or sublease unwanted space – Then save money on rent and operational cost.

 [See study case on saving rent on page 4](#)

3) Ecological Buildings You can compare buildings in energy consumption. With an IWMS, you can quickly extract best practices from your most efficient buildings and make necessary changes at your least efficient ones. Beyond reducing your company's environmental impact, this practice can also help to reduce occupancy costs.

Real Estate Portfolio Optimization: the alignment of real estate and Facilities with strategic business objectives.

Strategic objectives that drive Real Estate Portfolio optimization often include reducing operating costs, changing the location and size of the current workforce, attracting new talent and improving employee satisfaction, increasing operational flexibility and reducing business risk. Implement expertise in workflow and business process, real estate and facilities management, architecture, project management, workplace strategy, and finance to develop, study and recommend real estate portfolio plans that best support the strategic objectives.

[Click here](#) to learn more how turn your office into a high performance workplace

Portfolio Optimization

- Alignment of portfolio with the corporate business plan.
- Review of real estate performance against objectives.
- Best in class review of estate function.

Value Enhancement

- Unlocking value through planning.
- Review of the portfolio to identify short/medium term value creation opportunities.
- Value creation through review of options available together with a review of the asset to identify potential value reduction issues to reduce the chance of price reductions.

Cost reduction

- Organisational design and process improvement.
- Identification. Selection and implementation of a portfolio reduction.
- Strategies for surplus property reduction.
- Proven real estate cost reduction strategies.

Study Case

How companies can reduce rent cost when being Flexible?

* Or improve your existing premises by implementing additional common areas (meeting room, refuge, touch-down, break-out area,...)

⇒ More people per square meters

Workplace strategy is the big trend in the office environment. Sharing the workplace is getting common.

Scenario:

- Remove closed offices, create efficient open areas (*Achieving a balance between communication and privacy is the key of the success*)
- Create alternative workplaces where people can achieve their work; meeting rooms, touchdown, break-out areas, refuge, cafeteria,...

New ways of working: no dedicated desk, but desks sharing. Staff can work everywhere within the premises or outside the office (travel, home,...)

Workplace Utilization Rates



Away from
Workspace
20 %



Empty
Workstations
30 %

Knowing that on the average 30% of workplace are not occupied full time. Let's reduce the number of workstation to 20% (flex desk)
>New specs for the study case (on the right) :
200 workstations (previously 250)

Study Case:

An international company would like to implement its HQ with a headcount of 250 people.

Option dedicated desks

250 people x 14 m ² /p. = 3'500m ² (initial specs)		
Rent:	3'500m ² x 650\$/m ² /yr	2'275'000
Charges:	3'500m ² x 70\$/m ² /yr	245'000
Electricity:	3'500m ² x 30\$/m ² /yr	105'000
<i>Average cost per desk and per year: \$ 10'500</i>		Total \$2'625'000

Option FLEX desks (less 20% of total desks)

200 people x 14 m ² /p. = 2'800m ² (revised specs)		
Rent:	2'800m ² x 650\$/m ² /yr	1'820'000
Charges:	2'800m ² x 70\$/m ² /yr	196'000
Electricity:	2'800m ² x 30\$/m ² /yr	84'000
		Total \$2'100'000

Savings on rent & charges per year: \$525'000
Savings on a lease term (10 years): over \$5 m.

A company will probably not change offices to go to a smaller place, but with flex desks, and flexibility, the company will gain circa 20 % of space to implement common areas to offer a better working place to its staff. (*in the above scenario; 700 m² for alternatives working areas: meeting room, refuge, touch-down, break-out area, etc*)