How Dutch municipalities manage their public real estate

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How Dutch municipalities manage their public real estate

Dutch Public Real Estate

- Definition & size
- Questionnaires [2008-2015]
- Trends in Public Real Estate Management
- Further (PhD)-research

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Definition & Size

• The Netherlands

  12 provinces
  393 municipalities

  41.526 km²
  16.9 million citizens

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Definition & Size

• Definition – Dutch perspective

All properties that physically facilitate public functions (identified as such by society) according to its destination or use

The specific characteristic of the public real estate relates to (a) a building related common social activity and (b) providing and facilitating the needs of stakeholders from a recognized public interest

Vlak, 2007
Veuger, 2014
Definition & Size

• Definition – Dutch perspective

All properties that **physically facilitate public functions** (identified as such by society) according to its destination or use

> Vlak, 2007

The specific characteristic of the public real estate relates to (a) a **building** related common social activity and (b) providing and **facilitating** the needs of stakeholders from a recognized **public interest**

> Veuger, 2014
How Dutch municipalities manage their public real estate

Definition & Size

• Size

85.5 million m$^2$ worth €157 billion

Graph: Dutch real estate in m$^2$

- Public Real Estate
- Offices
- Retail
- Industrial

Kadaster, 2012
DTZ Zadelhoff, 2015
IVBN, 2015
DTZ Zadelhoff, 2014
Questionnaires [2008-2015]

- Representativeness
- Themes
- 2008: 19pg
  2014: 593pg
How Dutch municipalities manage their public real estate

Trends in Public Real Estate Management

Increased insight in real estate portfolio
99% of municipalities has full (65%) or partial (34%) understanding of their real estate portfolio

Municipalities have full or partial understanding of their real estate portfolio

No clear understanding of real estate portfolio
Trends in Public Real Estate Management

Cost reduction as the most topical policy issue
From 2009, this issue is considered most topical

- Cost reduction
- Separating subsidies housing costs - operating expenses
- Development of integrated accommodation policy
- Improving quality of management
- Maintenance of facilities in small villages
- Increase revenue
- MFA formation
- Increase user satisfaction
- Cooperation with other municipalities
- Integration of tasks within the municipality
- Maintenance of facilities in neighborhoods and districts
- Physical clustering cultural functions
- Outsourcing of tasks

From 2009, this issue is considered most topical.
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Trends in Public Real Estate Management

Absence of cost-covering rent biggest bottleneck
49% of municipalities are currently experiencing problems

- No cost-covering rent: 23% (2014), 20% (2015)
- Low occupancy rates: 17% (2014), 18% (2015)
- High costs for maintenance and exploitation: 16% (2014), 14% (2015)
- Fragmentation of tasks: 15% (2014), 17% (2015)
- Little multifunctional use: 13% (2014), 13% (2015)
- Lack of expertise: 10% (2014), 8% (2015)
Trends in Public Real Estate Management

Half of the municipalities has a real estate policy
In 2015 63.2% has a municipal property policy (2014: 44%)
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Trends in Public Real Estate Management

Mostly centrally organized and executed
Decentralized way of organizing doubled between 2012 and 2014

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Centrally organized, performed centrally
Centrally organized in a decentralized manner
Decentralized, decentralized implementation

<table>
<thead>
<tr>
<th>Year</th>
<th>Centrally Organized, Performed Centrally</th>
<th>Centrally Organized in a Decentralized Manner</th>
<th>Decentralized, Decentralized Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>60%</td>
<td>24%</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>49%</td>
<td>20%</td>
<td>31%</td>
</tr>
<tr>
<td>2015</td>
<td>59%</td>
<td>15%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Trends in Public Real Estate Management

Increase in quality measurements
70% measures social return without having a clear definition
Trends in Public Real Estate Management

• Insight: increased insight in real estate portfolio

• Policy themes on public real estate: cost reduction as the most topical policy issue

• Problems in performing public real estate tasks: absence of cost-covering rent biggest bottleneck

• Visions and policies: half of the municipalities has a real estate policy

• Organization of public real estate tasks: mostly centrally organized and executed

• Quality management: increase in quality measurements
How Dutch municipalities manage their public real estate

Further (PhD-)Research

Social return on investment with public real estate

About how municipalities have included social benefits in their policy and which factors affect these social returns

• ‘Trade trends in public real estate’
  About the relationship between property tax values and transaction prices
• ‘Public Real Estate Management: 2008 until 2015’
  About the developments of Public Real Estate Management at Dutch municipalities

Interested?

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