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## Guest editorial: Integrated corporate real estate and facilities management strategies

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# Guest editorial: Integrated corporate real estate and facilities management strategies

Seven years ago I wrote a paper about the growing connections between Corporate Real Estate Management (CREM) and Facilities Management (FM) (Van der Voordt, 2017). Last year I coauthored the third edition of a Dutch book on Accommodating People, in which we share insights from practice and research about the main components of CREM/FM strategies and how to implement these strategies in briefing processes, business cases, new building projects and management of buildings-in use (Hoendervanger *et al.*, 2022). In this book, connecting CREM and FM with other disciplines like human resource management, information technology and finance and control is a key concept as well. Due to a growing attention to balancing business needs, end-user needs and societal needs, incorporating the required expertise from different disciplines such as environmental psychology, ergonomics, sustainability, circular building and so on is also highly relevant. The establishment of a transdisciplinary workplace research (TWR) platform in 2017 underlines the need to incorporate knowledge from different disciplines in workplace management. Since then, the TWR network organized biennial conferences. Furthermore, TWR started a series of handbooks, edited by Appel Meulenbroek and Danivska (2022). In 2023 a third handbook on methodological approaches for workplace research and management methods has been published as well (Tagliaro *et al.*, 2023).

To add further knowledge to our understanding of how to optimally align corporate real estate and building-related facilities and services to the performance requirements of different stakeholders and society, I made a Call for Papers and asked contributors and readers of this journal for new ideas and research findings on the integration of different perspectives (functional, aesthetic, technical, economic, legal and sustainability), stakeholders' interests, time frames, scale levels and expertise from different disciplines in corporate real estate management. Questions included for instance: how can we weight different values and financial conditions in integrated and value-based business cases, qualitatively and quantitatively? How to bridge the gap between short-term objectives of clients, end-users and other stakeholders, and the long-term impact of changing contexts? How to integrate multi-disciplinary research in strategic, tactical and operational decision-making across the real estate and facility life cycle, including briefing processes, design and managing buildings-in-use? What models and tools are available or should be further developed for data-collection and integrated decision support of CREM and FM. The response to this call resulted in four accepted papers that are presented in this special issue of JCRE.

The first paper by Howard Cooke and Rianne Appel-Meulenbroek presents a multi-disciplinary view on corporate real estate alignment models. It builds on a comprehensive corporate real estate (CRE) alignment model that was derived from a meta-study of CRE alignment models. The paper proposes several modifications based on business and decision-making theory to increase the framework's multidisciplinary strength and to extend the implementation phase. The framework includes four components:



- (1) understanding corporate strategy;
- (2) understanding CRE;
- (3) CRE strategy formulation; and
- (4) CRE strategy implementation.

The framework reflects the workflow of the CRE team. The labels within the four blocks are partly renamed and extended with new labels. The authors recognize that academic material on business is only to some extent incorporated in this paper, and plea for a more extensive research project on the crossover between CRE practice and academia. The sometimes catastrophic consequences of wrong CRE decisions, such as misfits between supply and demand and high levels of vacancy in different sectors, urge to treat CRE as a strategic resource with dynamic alignment between ever-changing demand and supply.

The next paper, by Hiral Patel and Maria Zapata-Lancaster, discusses the importance of integrating views on building performance from different groups within a client organization, such as senior management, human resources, facilities management, information technology and “users.” Different actors may have conflicting values and objectives and different views on design quality. The paper highlights the need for a broader definition of good building performance that goes beyond the lens of the social construction of technology. Decision-makers should in particular incorporate the organizational and experiential expectations of building performance as well. The study is based on an analysis of the archive of renowned workplace consultants DEGW, with a focus on London’s Broadgate development in 1980-the 90s. The study findings reveal how voices from a pluralistic client organization can be addressed. In DEGW’s work, the views on building performance of various stakeholders involved in the everyday use and management of buildings are identified without imposing predetermined agendas or research notions of performance. DEGW developed a so-called Working guide with checklists for different focus groups, and a long list of building appraisal evaluation criteria with respect to building characteristics, image and identity, quantity and quality of space, potential sub-tenancy and the surroundings.

In the third paper, Julia Gravecha and Brenda Groen explore the value of incorporating external and internal coworking solutions into the real estate portfolios of office-based organization. The authors link four perspectives of CREM – general management, asset estate management, facility management and cost control – with 12 added value parameters: satisfaction, image, culture, health and safety, productivity, adaptability, innovation and creativity, risk, cost, value of assets, sustainability and corporate social responsibility. The study is based on a literature review and 12 semistructured interviews with high-level real estate practitioners from large organizations, including users, suppliers and consultants. The findings show that improved adaptability is perceived as the greatest advantage of external coworking solutions. Inspiring and flexible workplaces offered by external coworking suppliers contribute to the image of an attractive employer. The most significant advantage of internal coworking solutions is related to stimulation of innovation, creativity and knowledge sharing. A disadvantage of internal coworking solutions spaces regards increased cultural, security and privacy risks due to the access of external people, and high risks of entering a new market and operating complexity of running an internal coworking space. Some disadvantages of external and internal coworking overlap i.e. the negative effect on the corporate culture.

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The fourth and last paper by Oliver Tannor, Felix Dordaa and John Akparep identifies agency problems in outsourcing of FM in the Ghanaian Retail Sector. Outsourcing is perceived to have cost-saving benefits and strategic advantage like being able to focus on ones' core business and core competencies. An agency problem is defined here as a conflict-of-interest situation where one party is expected to act in another's best interests but does the contrary. The study was carried out using telephone and face-to-face interviews with nine facility managers and six retail property owners. The paper builds on agency theory, which seeks to elucidate the relationship between owners and managers, in this case, the principal delegating work to an agent, the external FM provider. The reported agency problems show to be related to property owners' poor financial commitment towards major repairs and maintenance works when the need arises (partly caused by trust issues with the accuracy and transparency of budget requests), and information asymmetry by improper tenant information sharing and use by FM service providers. Conflicts of interest may result in dishonest and opportunistic behavior to obtain financial benefits. The authors recommend property owners to explore a mixed approach to mitigate the risks of complete outsourcing of FM services, and to preagree a clear path on how tenant information can be shared in FM contracts.

All four studies contribute to a better understanding of the alignment of corporate real estate to the needs of the core business and other stakeholder needs. The papers confirm the trend towards a wider scope of CREM and FM strategies and the integration of multidisciplinary knowledge and views of performance as expected by different user groups, during the whole lifecycle of buildings. The findings of Gravecha and Groen show the advantages and disadvantages of incorporating both external and internal coworking solutions from multiple perspectives. Suppliers of both external and internal coworking space are recommended to cooperate more with the users. Tannor, Dordaa and Akparep point out the importance of appropriate principal-agent relationships between property owners and FM service providers, to avoid conflicts of interest in outsourcing of FM activities. It is an example of how a theory like agency theory, which has its origin in economics and has been applied in other fields like organizational management, marketing, health care, finance, sociology and accounting, may be used in CREM and FM as well, to avoid misalignment of different interests. Patel and Zapata-Lancaster emphasize the need for critical reflection on the conceptualization of "users" and "building" in building performance evaluations. They suggest continuously reviewing the evaluation criteria to match the organization's changing needs to ensure better alignment between organizations and the physical spaces they occupy.

However, incorporating long-time forecasting of the needs of clients, end users and society is becoming more difficult due to the volatility and frequency of change in and outside the business environment. User needs change over time and organizations need to be able to deal quickly with issues that arise, many of which are uncertain or even not known yet. In this context, Cooke and Appel-Meulenbroek emphasize the importance of a flexible mindset and a decision-making structure that is capable of facilitating rapid adjustments. Not only during the formulation of a strategy but also in implementing and monitoring of the implemented strategy. As such, dynamic alignment is a continuous journey. Better collaboration between business and CREM is another prerequisite for a successful CRE strategy that takes into account the iterative and continual nature of strategic alignment. To bridge the "expectation gap" between the demand and supply by continuous user research, different performance aspects and criteria should be synthesized into a holistic conceptual framework. Incorporating a wider perspective on the integration of people, place and process within the built environment may help to further improve the quality of life of

people and the performance of core businesses and to provide a more sustainable environment.

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### Further reading

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### About the Guest Editor

Theo van der Voordt is an emeritus associate professor in corporate real estate and facilities management. His research focuses on the best possible fit between the physical environment and user needs, preferences, and interests, workplace studies and adding value through FM and CREM. Theo van der Voordt can be contacted at: [theovandervoordt@gmail.com](mailto:theovandervoordt@gmail.com)