



Real Estate and FM: There is Plenty to do!

By Koos Groenewoud CFM

An interview with Prof. Hans de Jonge, Professor of Real Estate Management and Development at the Faculty of Architecture of Delft University of Technology, about the relationship between real estate and facility management. He believes that FM needs to be professionalized further in order for it to come into its own in various fields. This will require an increase in knowledge about the relationship between productivity and working environment.

In addition to being Professor of Real Estate Management and Development at the Faculty of Architecture of Delft University of Technology, since 1997 Prof. Hans de Jonge has been Chairman of the Board at the Brink Group. This organization is active in the field of management, consultancy and automation for the building, housing and real estate sector. De Jonge says: "I trained as an architect at Delft University of Technology and have always been interested in science combined with practical applications. I chose architecture because I thought it was a pretty broad field of study that integrated both 'hard and soft' areas of science. During my studies I worked abroad a lot and also for a large firm of architects in Rotterdam. After that, I was asked to set up a contract research team at Delft University of Technology to carry out research and consultancy for public and private clients. Following that, I acted in various executive functions within the Dutch Government Buildings Agency, which was undergoing a major transition from building services to housing services at that time. In 1991, I was asked to set up a new, more commercially oriented course in Delft. From that moment on, I've always combined working in higher education with working in the business world. That course experienced tremendous growth and is still going strong under the name Real Estate & Housing. There have been new initiatives in recent years, such as the creation of two centres: the Centre for People & Buildings (www.cfpb.nl) and the Centre for Process Innovation in Building and Construction (www.cpihc.nl). Seven years ago, in conjunction with Erasmus University and the Rotterdam Development Agency, we set up a new postgraduate Master's programme (Master City Developer)."

Combining two worlds

De Jonge combines teaching with a job in the business world; he has clear reasons for this: "Working on new issues in networks of different specialists, exchanging international experiences and working with students - I've always found it to be particularly inspiring. It keeps you sharp. But at the same time I'm too impatient to work in a university full-time. In the business world I like the dynamism of the market and the need to make decisions in unclear situations based on incomplete information. The tension between these two worlds gives me a lot of energy."

De Jonge also teaches in the USA. He is of the opinion that there are several differences there between the fields of Real Estate and Housing: "Thanks to the scale of organizations and the size of the country, there is a degree of professionalism at the highest level that you find much less often here in the Netherlands. The real estate market is seen predominantly from the supply side, and buildings are mainly considered as investment products. You are very much aware there of the dominance of the private market. On the other hand, for real estate development with a more



Prof. Hans de Jonge

socially oriented approach, we in Europe are more of a role model for the U.S. The field of Corporate Real Estate Management, which I brought over to Europe in the early 90s and expanded in Delft, is more advanced over there."

The Brink Group does not focus specifically on FM; De Jonge explains why this is the case: "The definition of FM that I subscribe to is: 'the integrated management of housing, services and resources'. According to that definition, housing is part of the field. FM has primarily the character of a general management discipline and thus, in my opinion, belongs in general management courses. In the areas in which the Brink Group is active, the focus is more on housing management than on the management of services and resources. In order to have proper housing management you need to have an understanding of the strategic, tactical and operational aspects of housing. The relationship between organization and building(s) plays a key role in this, and a whole range of technical issues needs to be considered. In my view, the strategic and financial impact of real estate and housing decisions is many times greater than those relating to resources and services, which are more at a tactical or operational level. The choice to focus on housing rather than the whole range of FM activities is connected with our firm's market profile."

Office space market

The office space market is growing. New offices and office parks are being built while vacancy rates are still high. What does De Jonge think about that, but also about the office market in general? "A way of thinking that involves clearly delimited market segments fits in perfectly with the principle of the separation of functions, which has dominated urban development for decades. But the essence of urban development now is to have a mix of functions. Because of the unpredictability of future demand and the fact that are no longer that many functions that cause an unacceptable nuisance, flexibility and a mix of functions are possible and indeed necessary. Surplus office space must now be redeveloped or

demolished. This will often involve office premises at the lower end of the market. When there is a surplus of office space, tenants will generally move to better accommodation at a limited additional cost. If you look at the potential for redevelopment, it has been seen time and again that the mono-functionality of an area is a major problem. At Delft we have been carrying out research for more than ten years into the transformation of office buildings, and there are a lot more possibilities than we are currently using. I believe that urban planning should be much more concerned with the development of high-quality urban space than with the actual functions of the buildings. This will also mean that you are less affected by the cycle of 'boom and bust' in the office space market. Unfortunately, the players in the real estate market are often neatly organized into different market segments, and introducing more integrated approaches is often problematic. Nonetheless, there are enormous opportunities."

Finally, we asked Prof. De Jonge what developments we can expect in the facilities field: "We have just been through a period in which there was a great emphasis in FM on cost reduction. It seemed almost as if the main contribution of FM consisted in reducing facility costs. Now we have entered a new period of economic growth combined with the ageing and shrinking of the workforce, resulting in increasing pressure on the labour market. We will see that providing good facilities can make a distinctive difference in the labour market. The added value of FM will once again come into its own in several areas. This requires increased professionalization, which includes an increase in knowledge about the relationship between productivity and working environment. This is precisely the area in which the Centre for People & Buildings is active. There are also market segments in which additional professionalization is both possible and necessary. For instance, the healthcare sector is one of the last sectors in society to feel the impact of market forces. There is plenty to do."

Koos Groenewoud CFM is a member of the FMI editorial team and the founder of the AAA (Triple A) Total Facility Management network organization. He is recently appointed to Facility Manager at DELTA NV, the multi-utility company.