

# Bridging the fit-out gap

Exploring the relationship between  
tenants and landlords to enable circular  
practices in office buildings

P5 presentation | Tim Fierens



# Overview

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# 1. Introduction

Problem statement  
Research questions





# 1. Introduction

Background --> Problem --> Research questions



Figure 2



Figure 3

# 1. Introduction

Background --> Problem --> Research questions

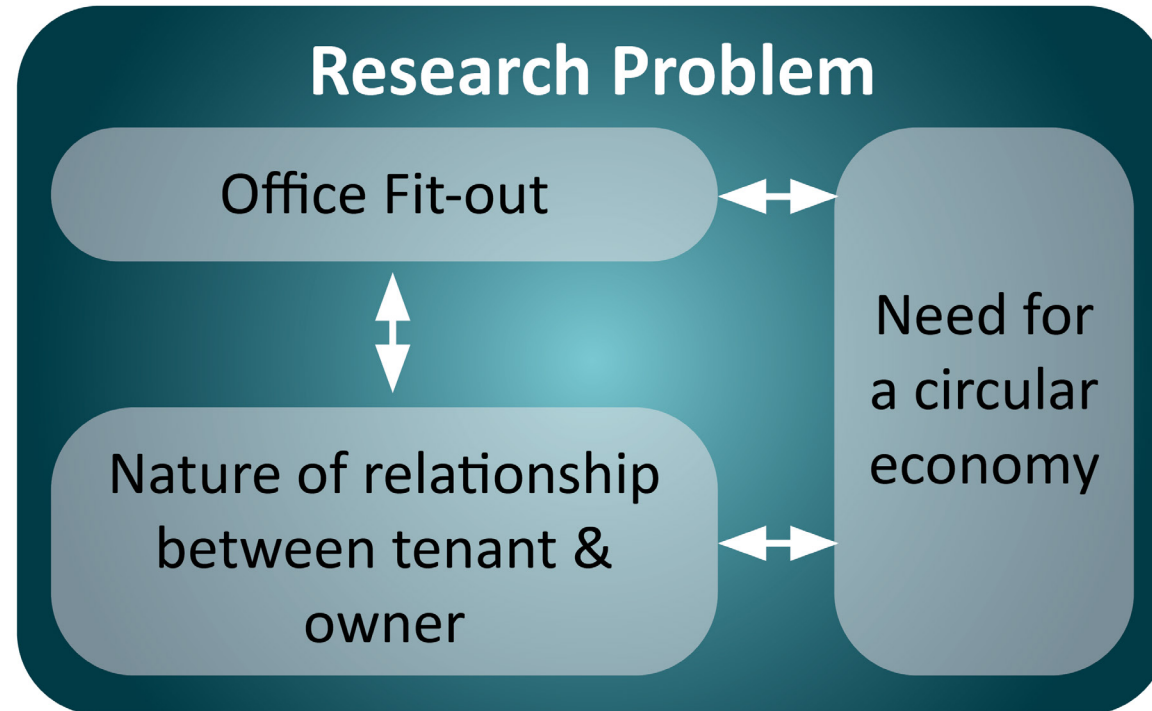
**Every 5 years**

**6 tons of waste**  
per 100 m<sup>2</sup>



# 1. Introduction

Background --> **Problem** --> Research questions



# 1. Introduction

Background --> **Problem** --> Research questions

## Research gap

- 1** Lack of research on circular practices in office fit-outs and the challenges and opportunities related to its adoption.
- 2** Limited study on the tenant - landlord relationship in corporate real estate and the potential to enable practices.
- 3** Insufficient investigation on the power of different stakeholders in a fit-out project to overcome or address challenges and opportunities.

# 1. Introduction

Background --> **Problem** --> Research questions

## Research aims

- 1** An overview of the challenges and opportunities related to the adoption of circular practices in office fit-out projects.
- 2** Identify the determinants and arrangements in the tenant - landlord relationship that have potential to enable circular practices.
- 3** Recommendations regarding which stakeholder should take responsibility for which opportunity or challenge.

# 1. Introduction

Background --> Problem --> Research questions

“How can the tenant – landlord relationship facilitate the process from a traditional to a circular fit-out in office buildings?”

# 1. Introduction

Background --> Problem --> Research questions

**1**

## **Circular fit-out:**

How does a circular fit-out differ from a traditional fit-out?

**2**

## **Relationship:**

What defines the tenant-landlord relationship in corporate real estate?

**3**

## **Process:**

What challenges and opportunities are linked to the adoption of circular fit-outs?

**4**

## **Determinants:**

What are the determinants between tenant and landlord that facilitate this process?

**5**

## **Improve:**

What formal and informal arrangements between tenants and landlord can promote circular fit-outs?

# 2. Research Methods

# 2. Research methods

## Methods

### Literature review



To create the theoretical framework, data is gathered by reading and analysing academic and scientific papers, as well as grey literature.

### Case studies

(Interviews + Project documentation)



Interviews with the key stakeholders of the case studies and project documents help understand the tenant-landlord relationships and the challenges in and opportunities related to the adoption of circular practices in office fit-outs.

### Expert interviews



Carried out with two subject-matter experts as a validation technique to strengthen the reliability of the findings and outcomes from earlier methods.

# 3. Theoretical research

# 3. Theoretical research

Circular fit-out --> Tenant-landlord relationship

## What is an office fit-out?

The office fit-out is concerned with the scenery and settings of workplace space. It converts the building structure into office space. Individual workspace areas, support spaces (such as meeting rooms, conference rooms, waiting areas, storage, and so on), and circulation space are all part of an office fit-out.

# 3. Theoretical research

Circular fit-out --> Tenant-landlord relationship

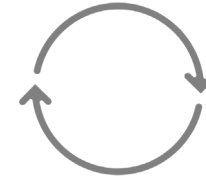
## SQ1: How does a circular fit-out differ from a traditional fit-out?

### Traditional fit-out



- **Linear model**, addressing immediate needs without long-term sustainability considerations.
- Emphasis on current functionality and aesthetics, prioritising **new materials** and having limited reuse.

### Circular fit-out



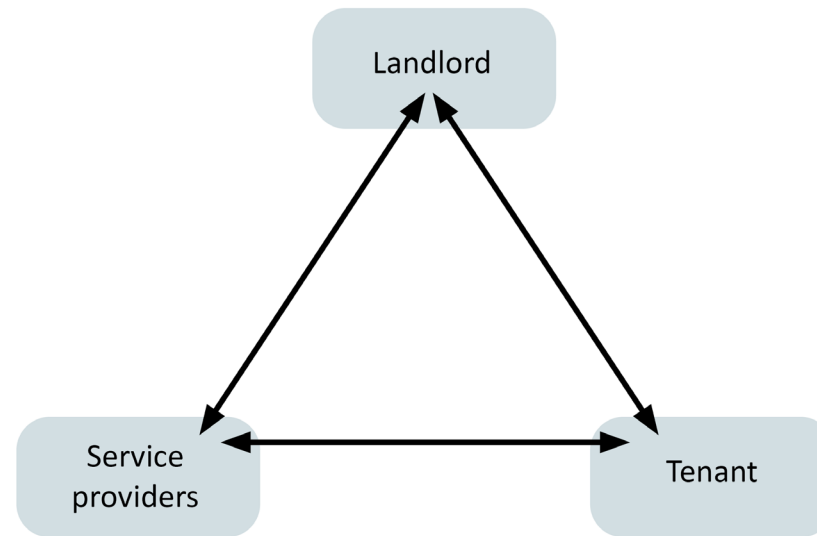
- Aligns with **circular economy** principles, minimizing waste and pollution using the 9R principles.
- Focus on smarter material use, design, and manufacturing to reduce environmental footprint.
- Emphasis on keeping materials and products **at their highest value** through upstream and downstream measures.
- Specific standards for circular office fit-outs not defined, existing tools focus on sustainability but serve as a starting point.

# 3. Theoretical research

Circular fit-out --> Tenant-landlord relationship

## What is the tenant-landlord relationship?

The tenant-landlord relationship is a business relationship between a selling organisation (landlord) and a buying organisation (tenant).



# 3. Theoretical research

Circular fit-out --> Tenant-landlord relationship

## SQ2: What defines the tenant-landlord relationship in corporate real estate?

### Relationship connectors (formal and informal arrangements)

- Information exchange
- Operational linkages
- Legal bonds
- Cooperative norms
- Buyer/supplier adaptation

### Relationship determinants

#### Environmental

- Market structure
- Dynamism
- Internationalisation
- Position in the broader market
- The social system

#### Organisational

- Size
- Structure
- Strategy
- Product
- Price
- Place
- Promotion

#### Personal

- Personal attributes (physical)
- Behaviour
- Expertise

#### Relational

- Commitment
- Ethical profile
- Sharing of information
- Communication
- Conflict
- Balance of power
- Satisfaction

# 3. Theoretical research

Circular fit-out --> Tenant-landlord relationship

## Overview and input for the empirical research

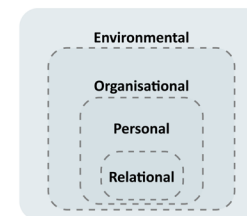
### Relationship Determinants *non-arrangeable*

Adapted from Kempeners (1995), Rasila (2010)



### Relationship Connectors *arrangeable*

Adapted from Cannon & Perreault (1999)



Relationship Dimensions  
Adapted from Kempeners (1995), Holmlund (2007)



# 4. Empirical research

# 4. Empirical research

Criteria --> Overview --> Interviewees

	CRITERIA	REASON	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5
REQUIRED	The office fit-out is realised	Allows to evaluate the process	✓	✓	✓	✓	✓
	The office fit-out incorporates at least 1 R-principle	Scope	✓	✓	✓	✓	✓
	The office space is leased	Scope	✓	✓	✓	✓	✓
	The office is part of a multi-tenant building	Multi-tenant buildings and single-tenant buildings have different characteristics	✓	✓	✓	✓	✓
DESIRABLE	The office fit-out is recent (max 2 years old)	Allows to examine the current practices	✓	✓	✓	✓	
	Select complementary cases that present different R-principles or derivatives of the rethink principle	Studying different R-principles could reveal different opportunities and challenges	✓	✓	✓	✓	✓
	Access to the lease agreements	Leases usually contain design guidelines imposed by the landlord for office design	✓	✓	✓		

# 4. Empirical research

Criteria --> Overview --> Interviewees



## Private

Large tenant  
Large landlord  
1000 sqm  
2023  
New Lease  
5 year lease  
Fit-out present  
Lease & Fit-out negotiations combined



## Private

Large tenant  
Small landlord  
850 sqm  
2024  
Renewed lease  
5 year lease  
Fit-out present  
Lease & Fit-out negotiations combined



## Government

Large tenant  
Medium landlord  
3560 sqm  
2022  
New lease  
15 year lease  
No fit-out present  
Lease & Fit-out negotiations combined



## Private

Large tenant  
Small landlord  
1150 sqm  
2023  
New lease  
9 year lease  
No fit-out present  
Lease & Fit-out negotiations combined



## Private

Small tenant  
Medium landlord  
350 sqm  
2014  
New lease  
5+5 year lease  
No fit-out present  
Lease & Fit-out negotiations combined

# 4. Empirical research

Criteria --> Overview --> Interviewees

INTERVIEWEES	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5
<b>Tenant</b>		Project manager EMEA (4)		Facility manager Benelux (10)	Project manager (13)
<b>Landlord</b>	Asset manager (1)		Asset manager (7)	Facility / Property manager (11)	
<b>PM</b>	Cost manager (2)	Project manager (5)	Project manager (8)		
<b>Additional</b>	Broker (3)	Designer (6)	Designer (9)	Hospitality manager flex-office (12)	

## Exploratory interviews:

Process & Project discussion

- Applied circularity strategies
- Opportunities and challenges
- Relationship determinants
- Relationship connectors (arrangements)



# 5. Analysis

# 5. Analysis

Overview --> Strategies --> SQ3 --> SQ4 --> SQ5 --> Stakeholder power analysis

## Current practice

**Negotiation  
process and  
applied circularity  
strategies**

## SQ3

**Opportunities and  
challenges**

## SQ4

**Relationship  
determinants**

## SQ5

**Relationship  
connectors**

## Recommendations

**Stakeholder power  
analysis**

# 5. Analysis

Overview --> Strategies --> SQ3 --> SQ4 --> SQ5 --> Stakeholder power analysis

## Negotiation process and applied circularity strategies:

Based on R-principles within the scope of the tenant - landlord

### Applied circularity strategies

	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5
Refuse		No new suspended tiled ceiling			No suspended tiled ceiling
Reduce	Sqm reduction	Sqm reduction		Sqm reduction	
Reuse	Desks, Chairs, Floor, Ceiling, Some internal walls	Reuse ceiling tiles		Desks, Chairs, Cabinets	
Repair & Refurbish	Repair, painting and cleaning work on ceilings, walls and floors				
Design for adaptability				Free standing phone booths & furniture Minimal fixings to the wall	
Design for disassembly			The carpet tiles are not bonded with tar or laid in rubber	Minimum number of internal walls Demountable walls	Free-standing phone booths and furniture - easy to dismantle
Material passports		Known what materials are in the building + arrangements with suppliers to take them back			
Procure sustainable materials		Procuring materials with a low-carbon footprint	Procuring reused furniture	Procuring durable, long-lifespan materials	Procuring reused materials for the office partitions, the glass panels, carpet tiles - Product-as-a-service workstations

### Negotiation factors

- Fixed elements
- Flex-office space
- Reuse old fit-out
- Quality criteria
- Fit-out cost contributions
- Sharing of information
- Certifications

# 5. Analysis

Overview --> Strategies --> **SQ3** --> SQ4 --> SQ5 --> Stakeholder power analysis

Opportunities	Financial advantages	Design from materials	Supplier involvement	Product-as-a-service	Service Layer
	Improvisation	Product-as-a-service	Improvisation	Lease duration	Legislation
	Attracting personnel	New Suppliers	Image – First Mover	ESG Lease	Fees of fit-out partner
	Market place				
Challenges	Personalisation Constraints	Time Management	Market mismatch	Underdeveloped materials and installation methods	Fixed elements
	Managing prejudice	New Suppliers & Uncertain quality	User behaviour	Cultural acceptance	Legislation
	Circle of Blame	Managing expectations	Efficiency of reuse process	Storage	Fees of Fit-out partner
	Financial disadvantage	Design from materials	Build-back requirement		

## Opportunities and challenges:

SQ3: What challenges and opportunities are linked to the adoption of circular office fit-outs?

Expert validation:

- 24 unanimously validated in green
- 2 not unanimously validated in red
- 8 added by experts in blue

# 5. Analysis

Overview --> Strategies --> SQ3 --> **SQ4** --> SQ5 --> Stakeholder power analysis

## 1. Cross-case analysis

Recurring determinants identified in the cases that positively influenced circular practices

## 2. Generic analysis

To show how often each determinant was mentioned directly and indirectly by interviewees. A high frequency suggests importance.

## 3. Expert linking

Experts linked the identified opportunities and challenges to a specific determinant that could aid in enabling or addressing an opportunity or challenge.



## Relationship determinants:

SQ4: What are the determinants between tenant and landlord that facilitate this process?

PERSONAL	RELATIONAL
Behaviour Expertise	Commitment Communication Sharing of information
ORGANISATIONAL	ENVIRONMENTAL
Product Strategy Price	Social system

# 5. Analysis

Overview --> Strategies --> SQ3 --> SQ4 --> **SQ5** --> Stakeholder power analysis

## 1. Cross-case analysis

Recurring connectors identified in the cases that influenced circular practices

## 2. Generic analysis

To show how often each connector was mentioned directly and indirectly by interviewees. A high frequency suggests importance.

## 3. Expert linking

Experts linked the identified opportunities and challenges to a specific connector that could aid in enabling or addressing an opportunity or challenge.



## Relationship connectors:

SQ5: What formal and informal arrangements between tenants and landlords can promote circular fit-outs?

### 1. Legal bonds (*formal arrangement*)

- Addressing lease duration, uncertain quality, product-as-a-service...

### 2. Information exchange (*Informal arrangement*)

- Addressing circle of blame, new suppliers...

### 3. Cooperative norms (*Both formal and informal*)

- Addressing improvisation, managing expectations...

### 4. Buyer/supplier adaptation (*Both formal and informal*)

- Addressing legislation...

# 5. Analysis

Overview --> Strategies --> SQ3 --> SQ4 --> SQ5 --> **Stakeholder power analysis**

## Stakeholder power analysis:

Experts were posed with the query: “Who has most power to overcome a certain challenge / to enable an opportunity?”

	<b>Tenant</b>	<b>Landlord</b>	<b>Consultant</b>
Opportunity	Supplier involvement	Improvisation	Supplier involvement
	Attracting personnel	Product-as-a-service	
	Lease duration	Legislation	
		Service layer	
		Lease duration	
Challenge	Managing prejudice	Fixed items	Circle of blame
	Time constraints		Managing expectations
	Cultural acceptance		Time constraints
	Personalisation constraints		Fees of fit-out partner
			New suppliers
			Uncertain quality

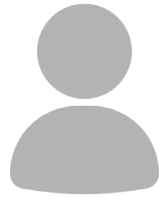
A large, empty room under renovation. The room has a high ceiling with a grid pattern and a floor made of large, light-colored tiles. On the left, there is a long wall of windows with a white ledge. In the center, there are several stacks of white chairs with red seats. To the right, there are stacks of white panels, a stack of white buckets, and a stack of red boxes. The room is brightly lit, and the overall atmosphere is clean and modern.

# 6. Discussion

# 6. Discussion

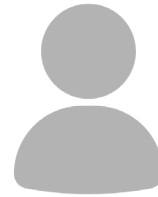
Stakeholders --> Relationship determinants --> Relationship connectors --> Circularity

## Tenant



- Based upon the cases, size of the tenant does play a role in circularity implementation
- Pushed by one party, in 4 of the 5 cases this is the tenant

## Landlord



- Based upon the cases, size of the landlord does not play a role in circularity implementation
- Landlord involvement via fixed elements, which is Dutch market specific
- Ambiguous fit-out quality criteria

## Consultant



- Consultant influence varies based upon expertise of tenant company

# 6. Discussion

Stakeholders --> Relationship determinants --> Relationship connectors --> Circularity

## Environmental

Most significant push element for circularity is the determinant 'social system'.

## Organisational

Business strategy is the most important element

The product is considered more important than the price, because of all its difficulties and constraints

## Relational

Communication and information exchange are an important prelude to reaching a lease agreement

## Personal

Major influence of individual representatives

# 6. Discussion

Stakeholders --> Relationship determinants --> **Relationship connectors** --> Circularity

## Legal bonds



- Most important connector
- Increasingly contain clauses: sustainability, ESG, green lease
- Adresses complex, fragmented ownership structure
- Long leases encourage additional investment in fit-out



## Negotiation process

<b>Cooperative norms</b> 	<b>Information exchange</b> 	<b>buyer/supplier adaptation</b>
------------------------------	---------------------------------	----------------------------------

Most carbon reduction potential is realised during the negotiation phase of the lease agreement, where specific clauses regarding material usage could be discussed

# 6. Discussion

Stakeholders --> Relationship determinants --> Relationship connectors --> **Circularity**

**1**

No fit-out can be considered entirely circular

**2**

Circularity does not necessarily equate to sustainability and net-zero

**3**

Emphasis in corporate environments on net-zero carbon emissions, as it's quantifiable unlike circularity



# 7. Conclusion & Recommendations

# 7. Conclusion & Recommendations

Answer to the main RQ --> Recommendations

“How can the tenant – landlord relationship facilitate the process from a traditional to a circular fit-out in office buildings?”

## Answer :

### Relationship connectors:

**Lease Agreement:** Clear roles and responsibilities, define ownership structure, promoting circularity clauses and sustainable design guidelines.

### Relationship determinants:

Effective **communication**, both formal and informal

**Expertise** and **behaviour**

Building **commitment** through long term leases

Adapting **business strategies** to support circular practices and to overcome **product** challenges

# 7. Conclusion & Recommendations

Answer to the main RQ --> Recommendations

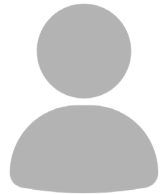
## Recommendations to approach the tenant-landlord relationship:

	Tenant	Landlord	Consultant
Opportunity	Supplier involvement	Improvisation	Supplier involvement
	Attracting personnel	Product-as-a-service	
	Lease duration	Legislation	
		Service layer	
		Lease duration	
Challenge	Managing prejudice	Fixed items	Circle of blame
	Time constraints		Managing expectations
	Cultural acceptance		Time constraints
	Personalisation constraints		Fees of fit-out partner
			New suppliers
			Uncertain quality

# 7. Conclusion & Recommendations

Answer to the main RQ --> Recommendations

## Tenant



- Clear business strategy regarding sustainability
- Proactively engage with suppliers
- Subtle brand identity personalisation
- Company culture that embraces reuse

## Landlord



- Clear business strategy regarding sustainability
- Investing in fixed elements
- Offer product-as-a-service and flex office space to tenants
- Expertise to assess fit-out condition
- Prepare for upcoming legislation

## Consultant



- Encourage sustainable practices
- Demonstrate expertise
- Partnerships with mature, circular suppliers and demolition companies
- Manage time constraints
- Manage expectations regarding price and limitations regarding design and quality
- Break the circle of blame
- Create long-term relationship via facility services
- Include a carbon incentive in the fee

A modern conference room with a long white table, orange chairs, a large screen, and a book on the table. The room has a light-colored wall with a textured pattern and a whiteboard. The table is set with a water carafe, glasses, and a book. The text "8. Limitations & future research" is overlaid in blue.

# 8. Limitations & future research

# 8. Limitations & future research

Limitations --> Future research

**1**

**Replicability and comparability**

**2**

**Bias and subjectivity in interpreting results**

**3**

**Scope and depth - exploratory focus**

**4**

**Time constraints and lack of interest of some stakeholders**

# 8. Limitations & future research

Limitations --> Future research

**1**

**Second-hand market  
understanding**

**2**

**Ownership  
structures**

**3**

**Carbon footprint  
analysis**

**4**

**Fit-out design  
guidelines**



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 TU Delft