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Measuring the added value in Corporate Real Estate alignment by using the Preference-based Accommodation Strategy design procedure

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One of the long-standing issues in the field of corporate real estate management (CREM) is the alignment of an organisation's real estate to its corporate strategy. Extensive research into existing approaches brought valuable insights into steps, components and variables that are needed in the alignment process. Despite that, it is not clear if existing approaches had much uptake in practice and they fall short in a number of aspects. In most models little to no attention is given to the design and selection of the alternative portfolio that adds most value to the organisation. Furthermore, university campus managers have indicated that they need better information and tools to support campus decision making.

The Preference-based Accommodation Strategy design (PAS) procedure is a tool to enhance CRE decision making and has been developed to remove these gaps. In the PAS design procedure decision makers define criteria and iteratively test and adjust these criteria by designing new real estate portfolios. The portfolio design that adds most value to the organisation, i.e. has the highest overall preference is suggested as the portfolio that optimally aligns real estate to corporate strategy. The PAS procedure is iteratively repeated with the participants in a series of interviews and workshops. Two pilot studies have been performed at the Delft University of Technology (DUT). The study into the portfolio of lecture halls showed that stakeholders were able to use the procedure successfully. This paper reports the pilot study for their portfolio of food facilities. The objective of this research is to test if participants are able to perform the PAS procedure. Therefore a mathematical model of the group decision making process is designed and tested.

This pilot study also reveals that the participants by completing the steps in the PAS procedure are able to express their preferences accordingly. They designed an alternative portfolio with a higher overall preference score than their current real estate portfolio. In addition, the design method is evaluated positively. The positive results suggest that designing a strategy by using the PAS procedure is a suitable approach to alignment. The PAS design procedure enables CRE managers to determine the added value of a real estate strategy. Because the PAS design method is generic in nature it can be used for a wide range of real estate portfolios.

Keywords: Corporate real estate management, decision-making, alignment, decision support system, preference measurement

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