PART I - EXPLORATION

As a result of declining revenues from municipalities and changing regulations, the accountability and efficiency of municipalities becomes increasingly important (Kaganova and Nayvor-Stone, 2000; Tzaelaar and Schonau, 2010). Despite of the large and complex real estate portfolios of municipalities, municipalities lag behind commercial parties in the field of professional real estate management (Simons, 1994, Kaganova and Nayvor-Stone, 2000; Apel-Meulenbroek, e.a., 2005; Bakker, 2011). It appears that municipalities do not use uniform categorization of municipal property, and half of the Dutch municipalities have no or insufficient justification for real estate decisions (Kappes, 2009; LDOG, 2010). While the technical and Dutch municipalities both have limited insight in the municipal real estate portfolio (Simons, 1994, Kaganova and Nayvor-Stone, 2000; LDOG, 2010; Noorderduurse, 2010; Tzaelaar and Schonau, 2010). In addition, centralization of municipal real estate departments is limited, with the result that divided ownership and management of the municipal portfolio leads to a suboptimal result (Kaganova and Nayvor-Stone, 2000; Vastgoedmarkt, 2011b).

Professional real estate management means strategic steering with real estate: to achieve an optimal balance between the technical, financial, and strategic values of real estate. Currently, municipalities give priority to gaining insight in their municipal real estate portfolio (Tzaelaar and Schonau, 2010). The ultimate goal, strategic steering with real estate, is recognized as a next stage of professional real estate management (Tzaelaar and Schonau, 2010). Inventory and classifying the municipal real estate portfolio improves accountability, shows where priorities lie, and makes strategic steering on the real estate portfolio possible. This may result in savings, more profit, and possibly hidden reserves can be disengaged (Kaganova and Nayvor-Stone, 2000; Kuijmtma, 2010). Table 2 shows the score of resources and increasing transparency and accountability (Tzaelaar and Schonau, 2010).

The following main question was subtracted from previous information: How can municipal real estate management be improved by developing an instrument that: (1) links the municipal organizational objectives with the municipal real estate strategy; (2) gives insight in indicators that give insight into the technical, functional, and strategic score of the municipal real estate portfolio; and (3) advises which real estate actions and related considerations help to improve the performance of the municipal real estate portfolio?

PART II - THEORY MUNICIPAL REAL ESTATE MANAGEMENT

Corporate Real Estate Management (CREM) can be seen as an example for municipal real estate management, because the ownership of real estate is not the primary goal of the municipal organization. However, because of the political context, amount of different users, and different municipal real estate types, municipal real estate management can better be compared with Public Real Estate Management (PREM).

The main objective of municipalities is to achieve political goals, generating social return. This research provides more transparency in this ‘immeasurable’ concept. By providing insight into variables that measure (realized) social return. And by providing insight in some examples of social return, which overlap the municipal policy fields. This insight into the potential consequences of real estate actions, may lead to conscious and strategic acting.

To be able to use municipal real estate as a fifth production tool and to contribute to organizational goals, it is recommended that the real estate strategy is derived from the municipal objectives. This study provides an overview of municipal organizational goals, real estate strategies, operational decisions, indicators, real estate actions and interconnections between these aspects, which are found in the analyzed international studies, dissertations, and thesis reports (figure 1). Based on the literature, this figure represents a list of items that are grouped according to similarities.

De organizational goals represent the four CREM domains and provide insight into the activities required for the municipal real estate to contribute optimally to the municipal organization (Den Heijer, 2011). A real estate strategy is a plan in which a choice is made for the value to steer on. The operational decisions derive from the real estate strategies and show how the real estate strategies can be realized on operational level. The indicators make clear which information is important for creating insight in the municipal real estate portfolio, to determine whether the municipal real estate portfolio contributes to the municipal organizational goals. Depending on the score of the real estate object on the chosen indicators, several real estate actions and considerations are recommended by different authors, to achieve the most optimal real estate portfolio.

PART III - DESIGNING AND TESTING

The different organizational goals, real estate strategies, operational decisions, indicators, and interconnections (figure 1) act as building blocks for a model that links the municipal organizational goals to the real estate strategy, and gives an overview of indicators that give insight into the technical, financial, functional, and strategic score of the municipal real estate portfolio (figure 2). Figure 3 represents the steps in the model: Strategic steering with real estate: 1) the (municipal) organizational goals linked with the real estate strategies; 2) the real estate strategies linked with the operational decisions; and 3) the operational decisions linked with indicators.

Testing

Purpose of the interviews is to determine if the municipal real estate portfolio contributes to the municipal organizational goals. And to give an advice how real estate can be used to achieve the municipal organizational goals. The interviews consists out of three components: 1. In the first part of the interview is asked which criteria are set for the municipal real estate, and which goals that the municipality desire to achieve. 2. In the second part, the model ‘Strategic steering with real estate’ and ‘guided learning’ procedure serve as means by which organizational goals, real estate strategies, indicators, and operational decisions can be named, completed or specified. Which provides insight into the specific situation of the municipality of ‘s-Hertogenbosch. 3. The third and final part of the interviews checks to what extent the real estate portfolio of municipality ‘s-Hertogenbosch meet these requirements. Through the measurement of preference of the interviewees, a score will be given on chosen criteria for ten real estate objects.