Optimising Juridical-Financial Flexibility of Corporate Real Estate

Juridical-financial flexibility is the management’s ability to quickly decrease real estate ownership in order to maximise shareholder returns, which is about 65 per cent. How to build an operational model technique that can be used to formulate a CRE strategy for a single corporate? Therefore, this article considers the CRE strategy that optimises the level of juridical-financial flexibility weighs up against the financial implications of mismatches in supply and demand, and is therefore a CRE strategy that optimises juridical-financial flexibility optimising with respect to the costs of not owning real estate due to the loss of collateral.

The research question is: How to build an operational model that Rabo Eigen Steen can use to determine which real estate holding should be selected for a new asset; or how to build an operational model that Rabo Eigen Steen can use to determine real estate lease commitments to local member Rabobanks in their real estate commitment programme? This article will consider the research methodology and the underlying model approach.

Comparing research findings

(1) Grebel used qualitative data and Leman used quantitative data to determine portfolio proportions per property, while the developed operational model combines qualitative and quantitative data to reason the demand into the future and emphasizes on the management of the asset, organisational, and generic variables.

(2) Grubner showed that in 2000, it was desired to own less than 65% of real estate currently owned, while Leman showed that it is more advantageous to have a higher real estate ratio than actually owned in 2000.

(3) The operational model is a combination of Leman’s research since it uses Leman’s owner lease ratio to define the core owned portfolio and applies the peripheral approach to determine the proportion of leased versus owned properties.

(4) Grube compared the needed and desired portfolio and observed a desire for shorter lease commitments, which is in ongoing trend, based on the single case study findings. However, Grubner linked it with shorter business cycles, while the operational model links it with demand uncertainty.

Peripheral approach (based on the three-tiered approach of Gibson & Lizeiri, 1999) Accommodating the volatile demand per user profile (based on Anstein, 2005 in Volkers, 2006)