How Dutch municipalities manage their public real estate

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Dutch Public Real Estate

• Definition & size

• Questionnaires [2008-2015]

• Trends in Public Real Estate Management

• Further (PhD)-research
How Dutch municipalities manage their public real estate

Definition & Size

• The Netherlands

12 provinces
393 municipalities
41,526 km²
16.9 million citizens
Definition & Size

• Definition – Dutch perspective

All properties that physically facilitate public functions (identified as such by society) according to its destination or use

The specific characteristic of the public real estate relates to (a) a building related common social activity and (b) providing and facilitating the needs of stakeholders from a recognized public interest

Vlak, 2007
Veuger, 2014
Definition & Size

• Definition – Dutch perspective

All properties that **physically facilitate public functions** (identified as such by society) according to its destination or use

The specific characteristic of the public real estate relates to (a) a **building** related common social activity and (b) providing and **facilitating** the needs of stakeholders from a recognized **public interest**

Vlak, 2007

Veuger, 2014
Definition & Size

- Size
  85.5 million m² worth €157 billion

Graph: Dutch real estate in m²

- Public Real Estate
- Offices
- Retail
- Industrial

Kadaster, 2012
DTZ Zadelhoff, 2015
IVBN, 2015
DTZ Zadelhoff, 2014
How Dutch municipalities manage their public real estate

Questionnaires [2008-2015]

• Representativeness
• Themes
• 2008: 19pg
  2014: 593pg
How Dutch municipalities manage their public real estate

Trends in Public Real Estate Management

Increased insight in real estate portfolio

99% of municipalities has full (65%) or partial (34%) understanding of their real estate portfolio

Municipalities have full or partial understanding of their real estate portfolio

No clear understanding of real estate portfolio
# Trends in Public Real Estate Management

Cost reduction as the most topical policy issue

From 2009, this issue is considered most topical

<table>
<thead>
<tr>
<th>Policy Issue</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Cost reduction</td>
<td>93%</td>
<td>89%</td>
</tr>
<tr>
<td>Separating subsidies housing costs - operating expenses</td>
<td>92%</td>
<td>61%</td>
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<tr>
<td>Development of integrated accommodation policy</td>
<td>85%</td>
<td>52%</td>
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<tr>
<td>Improving quality of management</td>
<td>83%</td>
<td>46%</td>
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<tr>
<td>Maintenance of facilities in small villages</td>
<td>77%</td>
<td>30%</td>
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<tr>
<td>Increase revenue</td>
<td>76%</td>
<td>61%</td>
</tr>
<tr>
<td>MFA formation</td>
<td>75%</td>
<td>48%</td>
</tr>
<tr>
<td>Increase user satisfaction</td>
<td>67%</td>
<td>46%</td>
</tr>
<tr>
<td>Cooperation with other municipalities</td>
<td>64%</td>
<td>46%</td>
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<tr>
<td>Integration of tasks within the municipality</td>
<td>62%</td>
<td>46%</td>
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<tr>
<td>Maintenance of facilities in neighborhoods and districts</td>
<td>61%</td>
<td>41%</td>
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<tr>
<td>Physical clustering cultural functions</td>
<td>61%</td>
<td>30%</td>
</tr>
<tr>
<td>Outsourcing of tasks</td>
<td>54%</td>
<td>34%</td>
</tr>
<tr>
<td>- Increasing user satisfaction</td>
<td>47%</td>
<td>34%</td>
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Trends in Public Real Estate Management

Absence of cost-covering rent biggest bottleneck
49% of municipalities are currently experiencing problems

- No cost-covering rent: 23% (2014), 20% (2015)
- Low occupancy rates: 17% (2014), 18% (2015)
- High costs for maintenance and exploitation: 16% (2014), 14% (2015)
- Fragmentation of tasks: 15% (2014), 17% (2015)
- Little multifunctional use: 13% (2014), 13% (2015)
- Lack of expertise: 10% (2014), 8% (2015)
Trends in Public Real Estate Management

Half of the municipalities has a real estate policy
In 2015 63.2% has a municipal property policy (2014: 44%)
How Dutch municipalities manage their public real estate

Trends in Public Real Estate Management

Mostly centrally organized and executed
Decentralized way of organizing doubled between 2012 and 2014

Centrally organized, performed centrally
Centrally organized in a decentralized manner
Decentralized, decentralized implementation
How Dutch municipalities manage their public real estate

Trends in Public Real Estate Management

Increase in quality measurements
70% measures social return without having a clear definition

![Graph showing trends in public real estate management]

- Technical quality
- User satisfaction
- Contribution to policy objectives
- Social return

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Trends in Public Real Estate Management

• Insight: increased insight in real estate portfolio

• Policy themes on public real estate: cost reduction as the most topical policy issue

• Problems in performing public real estate tasks: absence of cost-covering rent biggest bottleneck

• Visions and policies: half of the municipalities has a real estate policy

• Organization of public real estate tasks: mostly centrally organized and executed

• Quality management: increase in quality measurements
Further (PhD-)Research

Social return on investment with public real estate

*About how municipalities have included social benefits in their policy and which factors affect these social returns*

• ‘Trade trends in public real estate’
  *About the relationship between property tax values and transaction prices*

• ‘Public Real Estate Management: 2008 until 2015’
  *About the developments of Public Real Estate Management at Dutch municipalities*

Interested?
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