



FACILITIES DESIGN & MANAGEMENT



Portfolio Management In The New Era

By Barry Saywitz

In the new era of real estate management, corporations will be looking for innovative ways to increase bottom line profits, control costs, and streamline processes. The continuing evolution of advanced technology, as well as continued corporate growth through expansion and acquisition, require corporations that have significant real estate portfolios to re-evaluate how they monitor, maintain, and address their real estate issues. Many corporations have looked to outsource a number of functions related to their real estate portfolios. In addition to brokerage transactions, we may see a trend toward outsourcing lease administration, construction management, and strategic planning.

Brokerage Services

With respect to brokerage services, today's commercial real estate brokerage firm is far different from those of the past. In order for a corporation to successfully implement an outsourcing program, it will need to align itself with a brokerage vendor that

has the capabilities to identify potential sites for new leases or relocations. Having a single point of contact is also imperative to create standardization for the corporation's portfolio and its lines of communication to its operating entities and branches throughout the organization.

This process begins with the brokerage vendor's understanding of the client's business plans, its business issues as they relate to the real estate, and its goals and desires for the future. The brokerage vendor should have local market expertise and produce results in a timely fashion. The single point of contact should be the "quarterback," coordinating within its own organization to ensure that the client's goals and objectives are conveyed to each local market. A complete outsourcing of brokerage services should include, but not be limited to, relocations, lease renewals, expansions, disposition, subleasing, and acquisition services. It is imperative that a standardized process be formulated from the onset to ensure that as different

requirements occur, the integrity of the process remains the same.

When in search of a real estate outsourcing vendor, a company should view its vendor as a business partner. The difference between a business partner relationship and that of contractual services varies greatly, not only in each party's interpretation of the relationship but the implementation as well. Those companies that provide real estate services and view their relationship as a means to expand, will have a tendency to apply a more thorough and creative approach to addressing real estate issues. Those vendors who apply a transaction approach will typically be less concerned with the micro issue of closing the transaction and collecting a fee. The relationship between a corporation and its real estate vendor needs to be a "win-win" situation for both parties. The vendor must view its role as a cost protection device for the corporation as well as implementing a real estate program consistent with the company's overall business plan.

Reprinted from Facilities Design and Management magazine