

A nighttime photograph of a modern city skyline. The image is partially obscured by a large white diagonal shape that cuts across the top right. The visible part shows several tall, illuminated skyscrapers with glass facades reflecting the city lights. In the foreground, there are curved light trails from traffic on a road or bridge, creating a sense of motion. The sky is a deep blue, suggesting dusk or dawn.

CORPORATE REAL ESTATE MANAGEMENT TREND STUDY

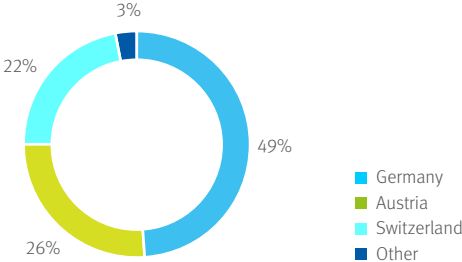
2024

**DREES &
SOMMER**

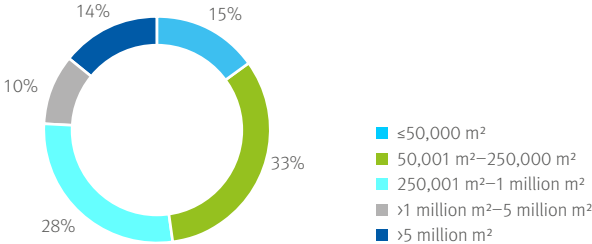
About the participants

273 real estate managers from various sectors took part in the study. Most of the participants came from the DACH area (German, Austria, and Switzerland).

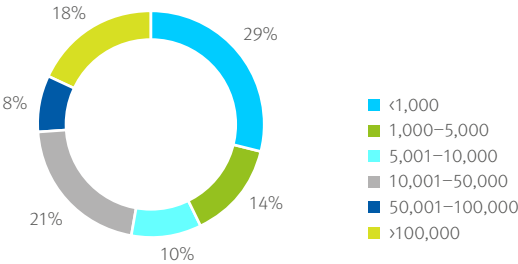
BREAKDOWN OF COMPANIES BY COUNTRY



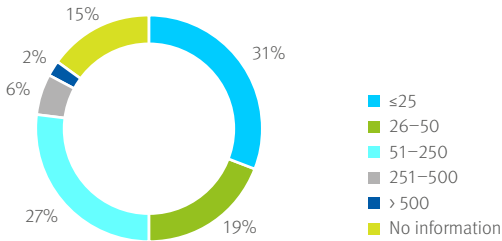
REAL ESTATE PORTFOLIOS OF THE RESPONDENTS



TOTAL NUMBER OF EMPLOYEES IN THE COMPANY



TOTAL NUMBER OF EMPLOYEES IN THE REAL ESTATE ORGANIZATION



Structure of the corporate real estate management trend study

-
- › **REAL ESTATE MANAGEMENT ORGANIZATION**
 - › **TRENDS IN REAL ESTATE MANAGEMENT**
 - › **DIGITALIZATION, TOOLS, AND ARTIFICIAL INTELLIGENCE**
 - › **SUSTAINABILITY AND ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE)**
-

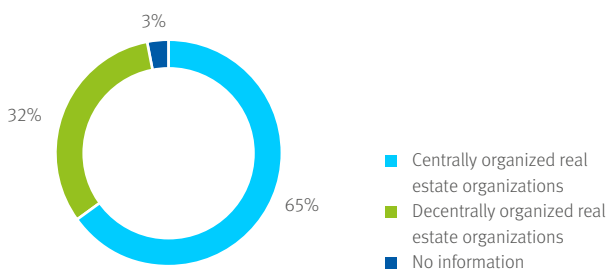
In February 2024, 273 real estate managers from a wide range of sectors took part in the corporate real estate management trend study. The main sectors represented were industry, the real estate sector, finance, and insurance. In an online survey, the participants answered over 30 questions on trends and challenges in real estate management and organization. The focus was on operations, the importance of ESG, and the handling and acceptance of digitalization topics. The questions were on the use of digital tools and artificial intelligence (AI). The aim of the study was to capture a picture of the mood for 2024 and to show developments compared to the previous year.

KEY FINDINGS FROM THE STUDY

- › The function of real estate organizations as owner representatives remains largely unchanged. In addition to pure real estate issues, property managers are increasingly focusing on ESG measures and the implementation of digitalization solutions in day-to-day business.
- › The transparency of processes in corporate real estate management has improved compared to the previous year. This is due to modern technologies and digital tools such as CAFM systems or portfolio management tools, which provide a deeper insight into the processes.
- › Most respondents expect benefits from digitalization, including improved processes, greater efficiency, and lower operating costs. However, many respondents feel that digital solutions fail due to user-friendliness and a lack of knowledge about how to use new systems.
- › Half of the respondents attend events and industry-specific conferences on the topic of AI. The vast majority of companies also state that using AI could improve the analysis of large amounts of data. More than half also expect a future change in work processes and job profiles.
- › Operator risks have decreased in the last two years. Only a few of the companies surveyed still state that they have operator risks that cannot be resolved.
- › When it comes to sustainability, the focus is on ESG regulations. More than half of the companies are already working with a clearly defined ESG strategy. In the CREM area in particular, the ESG corporate strategy has so far been integrated only in part. In terms of budget planning, many of the respondents feel that improvement measures are still given too little priority when planning capex measures.

Real estate management organization

WHAT IS MOST LIKELY TO APPLY TO YOUR CURRENT REAL ESTATE ORGANIZATION IN TERMS OF CENTRALIZATION/ DECENTRALIZATION?



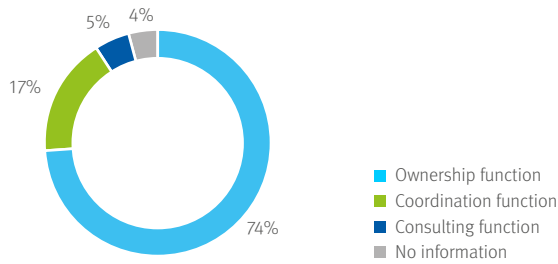
“The trend toward centrally organized real estate management continues unabated. In our experience, companies with a professional, central CREM (corporate real estate management) unit clearly benefit from this organization as they develop more efficient solutions for current challenges and implement them more quickly and successfully. This can be seen, for example, in the transparent handling of costs and real estate, but also in the professional implementation of ESG and sustainability issues within the company.”

ADDITIONAL ADVANTAGES THAT RESULT FROM THIS:

- › More efficient and more stringent implementation of the corporate strategy and the resulting real estate strategy
- › Centralized provision of relevant information and KPIs
- › Successful establishment of consistent IT and tool strategies



WHAT FUNCTION DOES YOUR REAL ESTATE ORGANIZATION PERFORM?

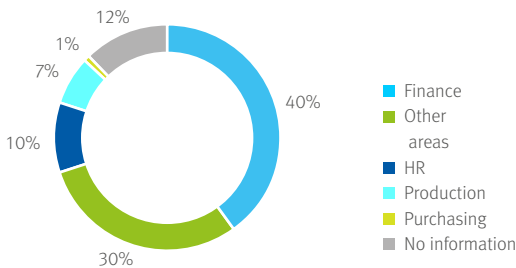


THE OWNERSHIP FUNCTION

The function of real estate organizations as owner representatives remains largely unchanged.

“The owner function is of crucial importance for real estate organizations as they bear responsibility for the entire life cycle of corporate real estate. In recent years, CREM organizations have increasingly developed into strategic partners for locations, production, and workplaces. They are also reliable internal partners for ESG, sustainability, and digitalization right through to the core business.”

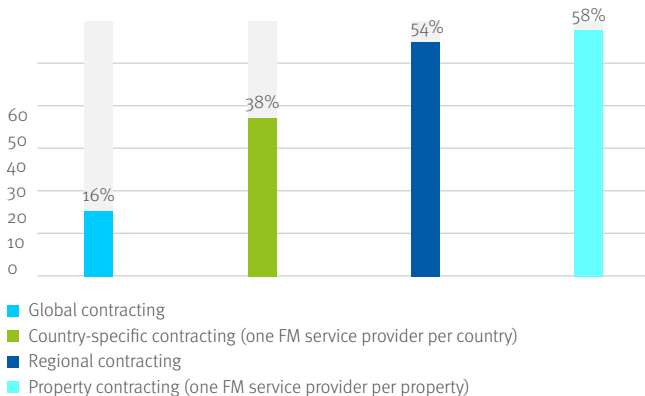
TO WHICH HIGHER-LEVEL UNIT IS THE REAL ESTATE ORGANIZATION ASSIGNED?



FINANCE AND OTHER AREAS

As in the previous year, the majority of the organizations surveyed categorize themselves as being in the finance area. A third of the companies state that their real estate organization is assigned to other areas.

WHAT CONTRACTING MODELS DOES YOUR COMPANY USE FOR FACILITY MANAGEMENT IN RELATION TO THE REGION?

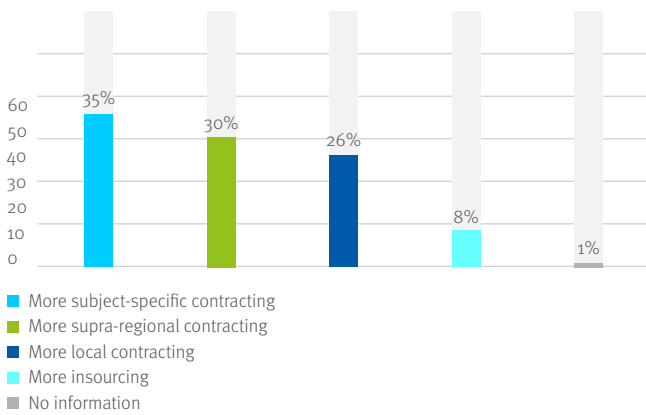


“Companies often decide to combine facility management services and contract providers with comprehensive service offerings. They want to reduce their costs and optimize their control capacities. However, there are situations in which it makes sense to outsource certain services individually. For example, this may be the case for warranty issues that may arise in connection with the construction of plants or specialized production facilities.”

CONVINCING BENEFITS OF PACKAGE-BASED CONTRACTING

As in the previous year, the majority of companies assign FM services on a property basis. In addition, 54 percent of respondents tend to award contracts regionally.

WHAT IS THE TREND IN THE CONTRACTING OF OPERATIONAL FACILITY MANAGEMENT SERVICES?



SUBJECT-SPECIFIC AND SUPRA-REGIONAL

Just over one third of the respondents value specialized service providers for operational facility management services. 30 percent state that they mainly award contracts on a supra-regional basis.

NUMBER OF FM CONTRACTING MODELS IN RELATION TO THE LOTS?

- 56% Package-based contracting (e.g. for maintenance cleaning, security, maintenance, catering)
- 45% Contracting of individual specialized lots (trades: technical, infrastructural, and commercial building management)
- 43% Integrated facility management
- 36% Contracting of individual lots
- 28% Contracting of individual services
- 1% No information

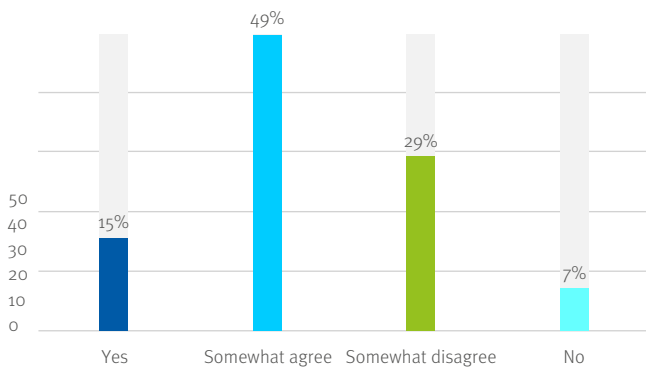
Multiple answers possible

“Small-scale contracting is still not the trend; the trend is increasingly moving toward networked and supra-regional contracting. This minimizes the effort involved in tendering and managing FM services and enables portfolio management with fewer and fewer employees.”



Trends in real estate management

DO YOU AGREE WITH THE FOLLOWING STATEMENT?
“PROACTIVE REAL ESTATE MANAGEMENT STILL FAILS
DUE TO A LACK OF TRANSPARENCY!”

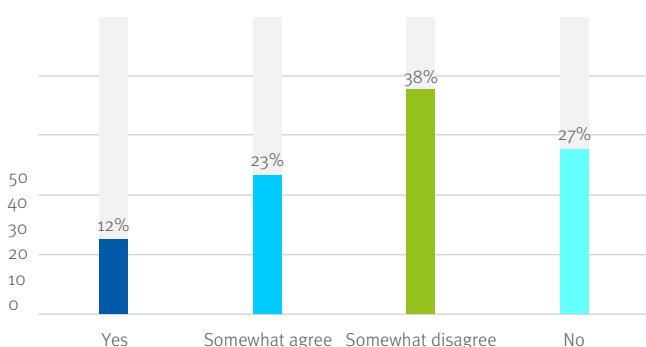


“There are definitely positive developments in terms of improving transparency in real estate management. Modern technologies and digital tools such as CAFM systems or portfolio management tools provide deeper insights into processes and up-to-date, precise, and continuous knowledge.”

MORE TRANSPARENCY FOR MORE EFFICIENCY

More than 60 percent of real estate managers lack transparency in their processes. However, there are signs of improvement compared to the previous year (80 percent).

DO YOU AGREE WITH THE FOLLOWING STATEMENT?
“FORWARD-LOOKING AND RELIABLE BUDGET PLANNING
IS NOT THE RULE!”

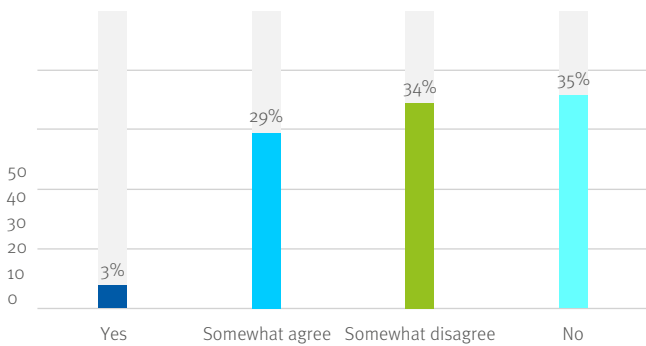


Real estate companies can use forward-looking budget planning to deploy their resources more efficiently. Budget planning in property management has improved significantly in recent years.”

SUCCESS CAN BE PLANNED

As a rule, the companies surveyed do not lack forward-looking and reliable budget planning for costs related to real estate. 65 percent are aware that success can be planned.

DO YOU AGREE WITH THE FOLLOWING STATEMENT? “REAL ESTATE MANAGEMENT IS ALL ABOUT GENERATING SAVINGS!”

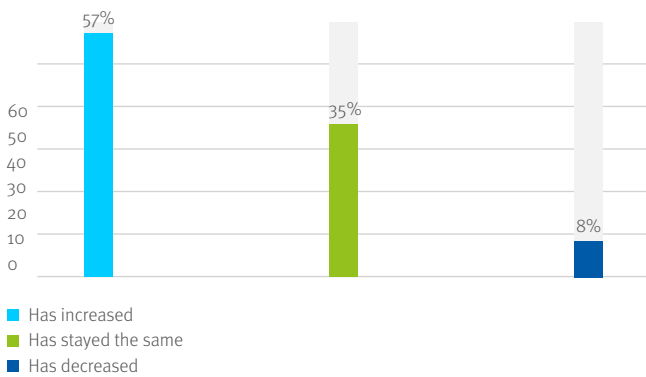


“Real estate management is also about increasing value, tenant satisfaction, sustainability, and risk management. While cost savings are an important aspect, a holistic approach with several factors must be taken into account. This is the only way to ensure the long-term success and value retention of real estate.”

QUALITY BEATS COSTS

The importance of quality compared to cost savings is increasing in real estate management. 69 percent of respondents state that the assessment of quality is becoming more important than generating savings. In the previous year, 53 percent held this opinion.

TO WHAT EXTENT HAS THE IMPORTANCE OF SPECIFIC KEY PERFORMANCE INDICATORS (KPIs) FOR MANAGEMENT AT PORTFOLIO AND PROPERTY LEVEL CHANGED?

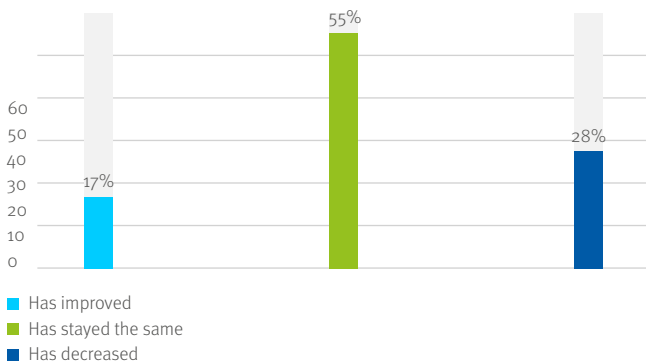


“KPIs have developed into a multi-faceted tool that supports the strategic management, efficiency, and sustainability of real estate portfolios. KPIs used to focus mainly on financial aspects such as rental income and costs.”

COMPREHENSIVE KEY FIGURES

More than half of respondents think KPIs have become more important for management at portfolio and property level.

HOW HAS THE QUALITY OF YOUR EXTERNAL SERVICE PROVIDERS DEVELOPED IN THE PREVIOUS YEAR?

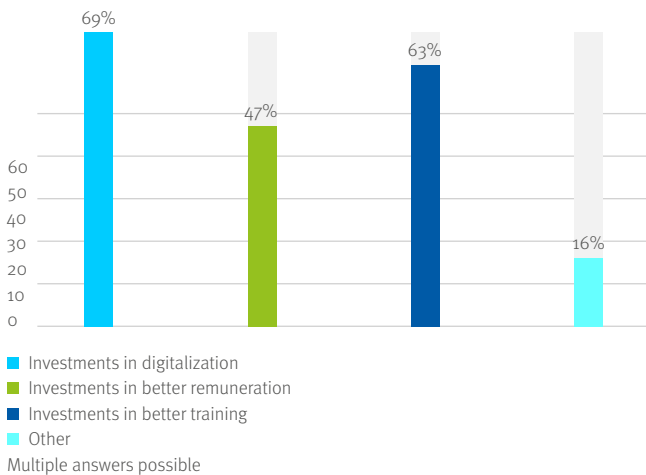


ALARMING SIGN

Contrary to the general trend toward process improvement, less than 20 percent perceive an improvement in service quality.

“In the eyes of clients, there is a lack of tangible further development in many areas throughout the industry. This is mainly due to the following vicious cycle. In order to improve processes, investments need to be made in digital solutions, for example. The contractors point out that the clients would have to bear these costs (at least proportionately). The clients point to the process optimizations, which then only affect the contractors. So everyone waits for each other and little happens.”

IN YOUR OPINION, WHAT ARE THE BEST MEASURES TO COUNTER THE SHORTAGE OF SKILLED WORKERS?

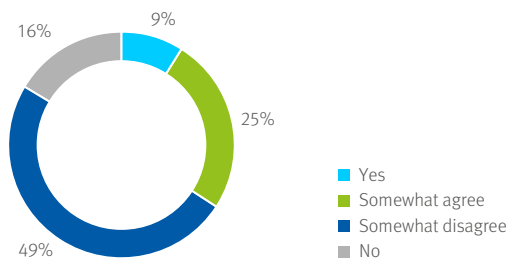


INVESTMENT IN TRAINING AND DIGITALIZATION

The majority of respondents see investment in digitalization as an opportunity to counter the shortage of skilled labor. However, investment in better training and remuneration also achieved high approval ratings.

“Some gaps can be closed by using digital tools. Improving training is also seen as an effective measure against the shortage of skilled labor. This should be practical, future-orientated, and appropriately remunerated. In practice, we think that in investing in the further development of our own employees is a great opportunity.”

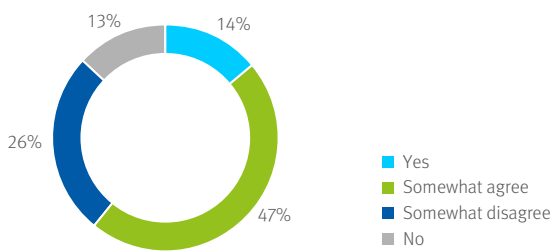
DO YOU AGREE WITH THE FOLLOWING STATEMENT? “WE HAVE LATENT OPERATOR RISKS, BUT WE CANNOT CURRENTLY RESOLVE THEM.”



MORE SAFETY

Unlike last year, more than half of the respondents stated that they had no latent operator risks that could not be resolved. Only nine percent confirm such operator risks. In the previous year, the figure was 19 percent.

DO YOU AGREE WITH THE FOLLOWING STATEMENT? “TRENDS SUCH AS SUSTAINABILITY, WELLBEING, MOBILITY, AND DIGITALIZATION ARE NOT YET SUFFICIENTLY ANCHORED IN THE REAL ESTATE STRATEGY.”



MORE MEANS MORE

Over two thirds of the real estate managers believe that relevant topics such as sustainability, mobility, or wellbeing are not sufficiently anchored in the real estate strategy.

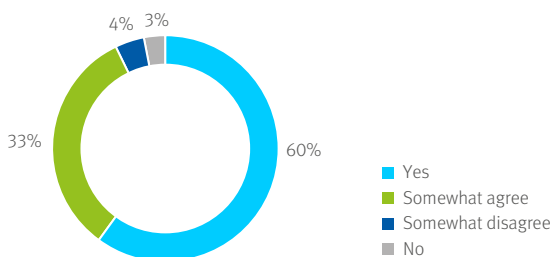
“The non-transparent and unstructured delegation of operator responsibility often leads to disruptions in fulfilling operator obligations. In the last two years, operator risks have been seemingly reduced thanks to better structures, more transparent reporting, and clearer delegation.”

YOU CAN SEE DETAILED FINDINGS AND BEST PRACTICES ON THE TOPICS OF NEW WORK, HEALTH, AND WELLBEING IN OUR TREND STUDY:

 **WORKSPACE BENCHMARK**

DIGITALIZATION

DO YOU AGREE WITH THE FOLLOWING STATEMENT?
“DIGITALIZATION WILL BECOME INCREASINGLY IMPORTANT
IN REAL ESTATE MANAGEMENT IN THE FUTURE.”



CHALLENGING CONDITIONS

Most respondents recognize the importance of digitalization for the future of real estate management.

WHAT ARE THE BIGGEST CHALLENGES OF DIGITALIZATION?

63% Lack of standardization and interoperability of digital tools

58% Lack of digital skills among employees

56% Investment costs for implementing digital tools, systems, and processes

44% Lack of awareness of the benefits and opportunities of digitalization

39% Data security and data protection

Multiple answers possible

CHALLENGING IMPLEMENTATION AND LACK OF STANDARDS

Over half of the respondents listed lack of standards, high investment costs, and employee skills as the biggest challenges for digitalization in real estate management.

“Digitalization has become indispensable not only in the core business, but also in the areas of real estate, production, and the provision of jobs. However, the associated challenges are more important than in the past. Unfortunately, many great ideas still fail to come to fruition because the projects are not set up and supported properly.”

WHAT ARE THE BIGGEST OPPORTUNITIES OF DIGITALIZATION?

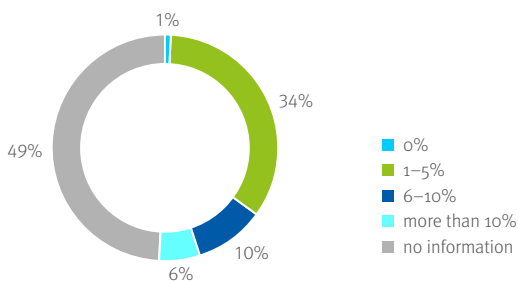
- 82% Optimization of processes through digitalization
- 74% Increased efficiency/reduced costs in operation
- 69% Increased transparency through availability of digital documents
- 50% Greater service quality
- 34% Increased employer attractiveness for young professionals as new colleagues
- 23% Generates new business models (e.g. additional letting of office space in the evening)

Multiple answers possible

OPTIMUM PROCESSES AND MORE EFFICIENCY

82 percent of respondents stated that the biggest opportunity from digitalization is improved processes. Most respondents also expect increased efficiency and lower costs in operation.

HOW MUCH IS YOUR COMPANY INVESTING IN DIGITALIZATION ANNUALLY (PERCENTAGE OF TURNOVER)?



THE COST FACTOR

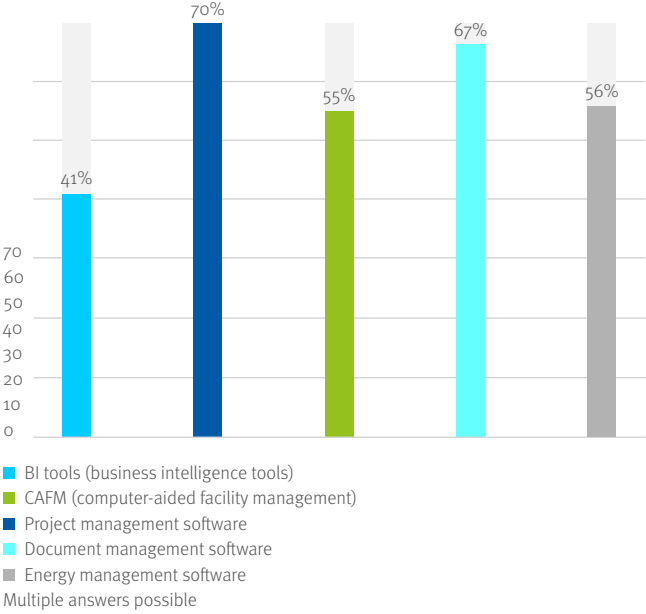
In the previous year, half of the responding companies invested up to five percent of their turnover in digitalization annually. But this year it is just one third. This is because the economic situation is tightening the budget of what real estate managers can spend on necessary digitalization measures.

“Property managers have certainly become more critical when it comes to the opportunities offered by digitalization. This is not because they are generally questioning the benefits, but because lip service—often on the part of service providers—is often followed by a lack of action.”

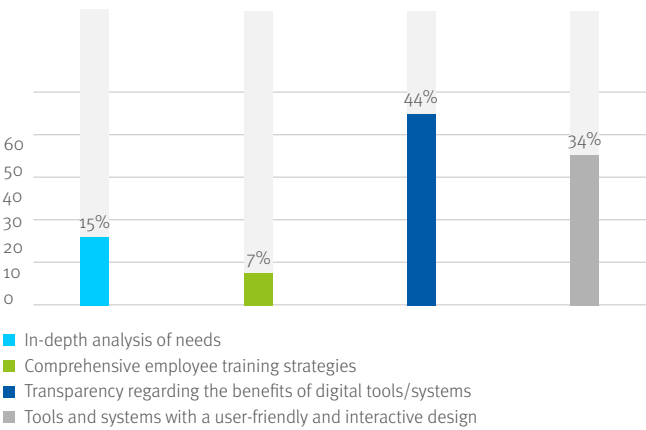
“The high costs and transparency of what the tools can achieve are often a barrier. For many property managers, there is also a lack of user-friendliness, so they shy away from investing too much.”



WHICH DIGITAL TOOLS AND SYSTEMS DO YOU USE IN THE CONTEXT OF REAL ESTATE MANAGEMENT?



IN YOUR OPINION, HOW CAN THE ACCEPTANCE OF DIGITAL TOOLS AND SYSTEMS BE INCREASED?



IT MUST BE USER-FRIENDLY AND TRANSPARENT

44 percent of respondents believe there needs to be more transparency regarding the benefits of digital tools and systems to increase acceptance among employees. One third of respondents also stated that acceptance would increase if they were more user-friendly.

“Modern technology still needs a bit more time — partly because users also need time. This is mainly due to the fact that we still need to convince people internally.”

IN YOUR OPINION, WHAT IMPACT HAS AI HAD ON THE REAL ESTATE INDUSTRY?

- 40% Increased efficiency and automation of processes
- 29% Development of new products and services
- 56% Changes to work processes and job profiles
- 85% Improved analysis of large amounts of data
- 20% Increased competitiveness
- 3% No information

Multiple answers possible

CHANGES CAUSED BY AI

85% of the responding companies state that using AI in the real estate industry will improve the analysis of large amounts of data. More than half also expect a change in work processes and job profiles.

HOW DO YOU PROMOTE CONTINUOUS INNOVATION IN THE FIELD OF AI IN YOUR COMPANY?

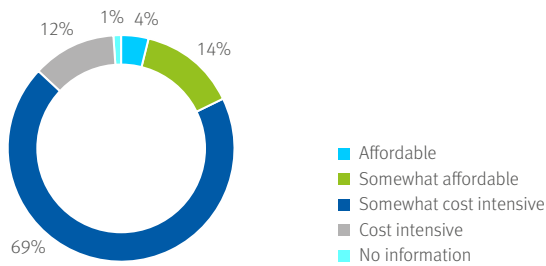
- 32% Cooperation with external research institutions and start-ups
- 26% Establishment of internal innovation labs or research departments
- 43% Training and further education for employees working in AI
- 51% Participation in industry-specific conferences and events
- 23% Establishment of incentive systems for innovative ideas and projects
- 16% No information

Multiple answers possible

“The focus is clearly on increasing efficiency and automation. Practice shows that anyone who wants to remain competitive in the future must not close their eyes to artificial intelligence.”



HOW DO YOU ASSESS THE COST-BENEFIT RATIO WHEN IMPLEMENTING NEW TECHNOLOGIES IN YOUR BUILDINGS?



THE COST-USE TRAP

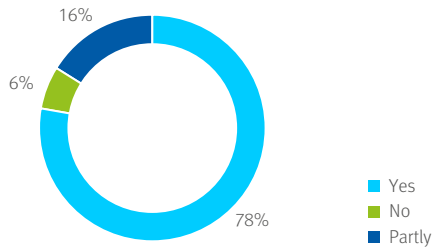
More than 80 percent of respondents do not consider the costs to be proportionate to the benefits of new technologies.

“It is no secret that digitalization initially requires a lot of investment before the desired efficiency effects such as improved processes, lower costs, and fewer liability risks can be achieved. That is why many shy away from the high investments. However, those who introduce digital solutions too slowly will eventually fall by the wayside.”



Environmental Social Governance (ESG)

ARE YOU FAMILIAR WITH THE TOPIC OF ESG AND THE ASSOCIATED REQUIREMENTS FOR COMPANIES?

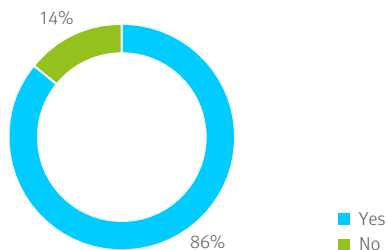


“Companies are increasingly taking on ESG requirements. It is crucial for them and their CREM departments to act. This is the only way to avoid future adverse effects on organizational alignment, processes, and the entire company and real estate portfolio.”

SUSTAINABILITY HAS ARRIVED

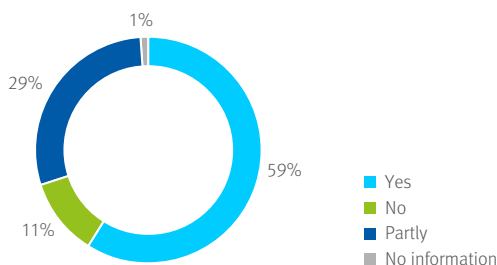
Only 22 percent state that they are not or only partially aware of ESG and the associated requirements. Last year, this figure was just under one third, and in 2022 it was even half.

IS THERE A CENTRAL OFFICE FOR CORPORATE SUSTAINABILITY MANAGEMENT IN YOUR COMPANY?



“The topic of sustainability has become an integral part of companies. Only a few still do not have a company-wide contact such as a Chief Sustainability Officer (CSO).”

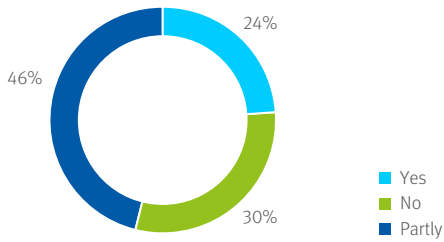
DOES YOUR COMPANY ALREADY HAVE AN ESG STRATEGY IN PLACE?



STRATEGIC IMPLEMENTATION OF ESG

59% of the companies are already working with a clearly defined ESG strategy. This represents an increase of five percent compared to the previous year.

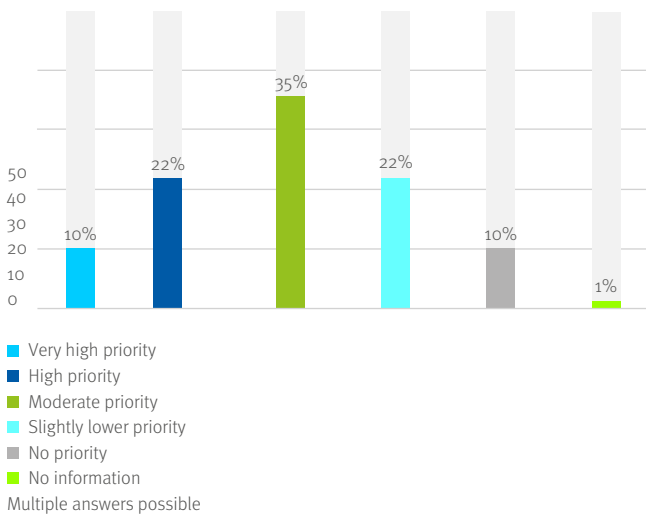
DOES YOUR COMPANY ALREADY HAVE AN END-TO-END ESG STRATEGY FOR THE REAL ESTATE DEPARTMENT?



ESG DOES NOT YET PENETRATE EVERY CREM DEPARTMENT

The vast majority of participants confirmed partial or full integration of the ESG corporate strategy into their CREM area. 24 percent of respondents—i.e. more than in the previous year (19 percent)—stated that they have an ESG strategy that is coherent with the overall corporate strategy.

HOW HEAVILY DO YOU PRIORITIZE MEASURES WITH ESG RELEVANCE IN YOUR CAPEX PLANNING?



Lack of investment in ESG

Only just over 30 percent of respondents give ESG improvement measures a higher priority in their budget planning.

“In the medium term, companies are wasting their money if ESG measures continue to have so little priority in their capex planning. It is not only the social and political pressure on companies to orientate themselves toward sustainability aspects that is increasing. This is also accompanied by a fall in the value of the properties concerned, while their fungibility decreases and their rentability deteriorates.”

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