

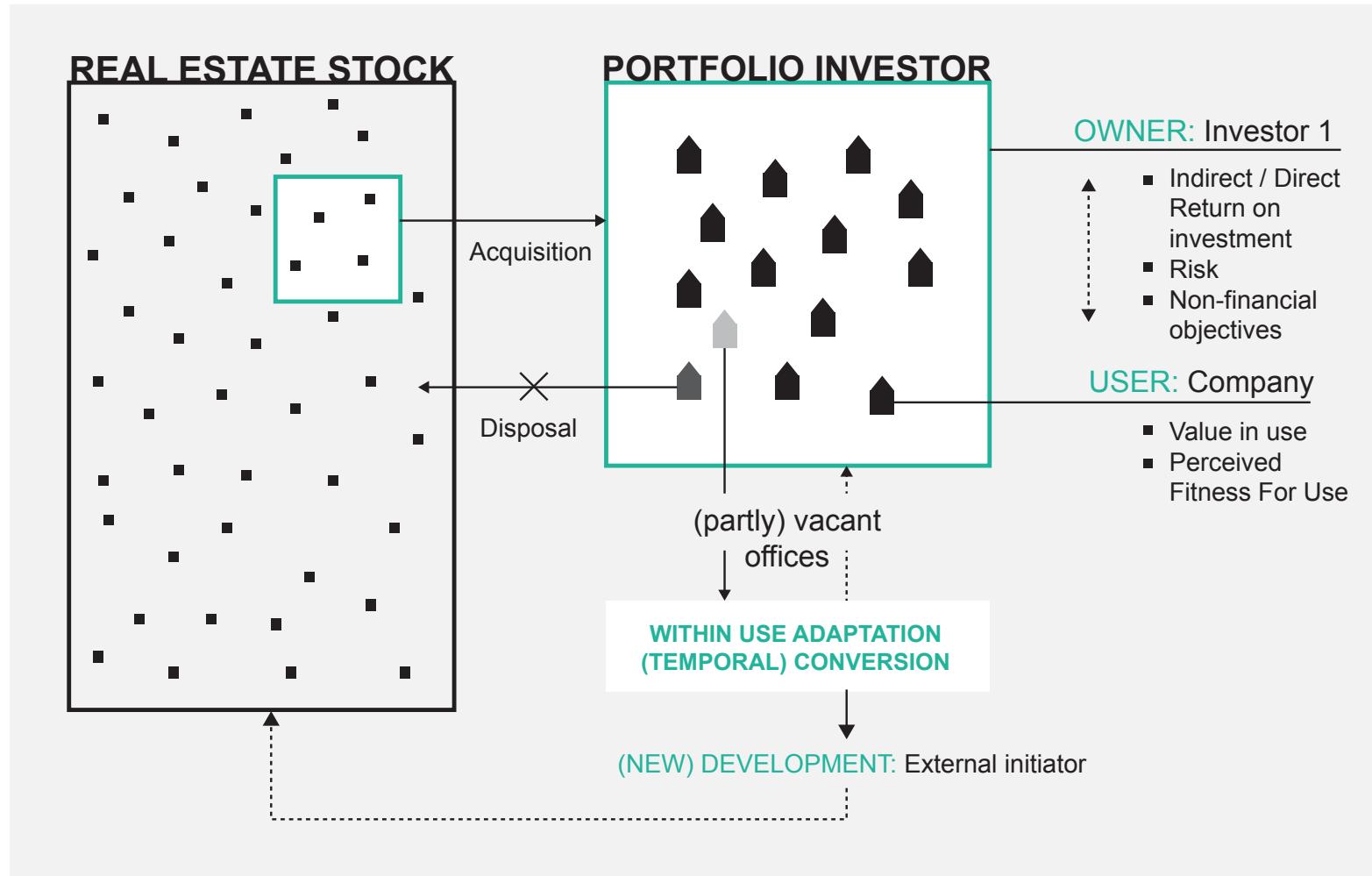


# NOW HIRING

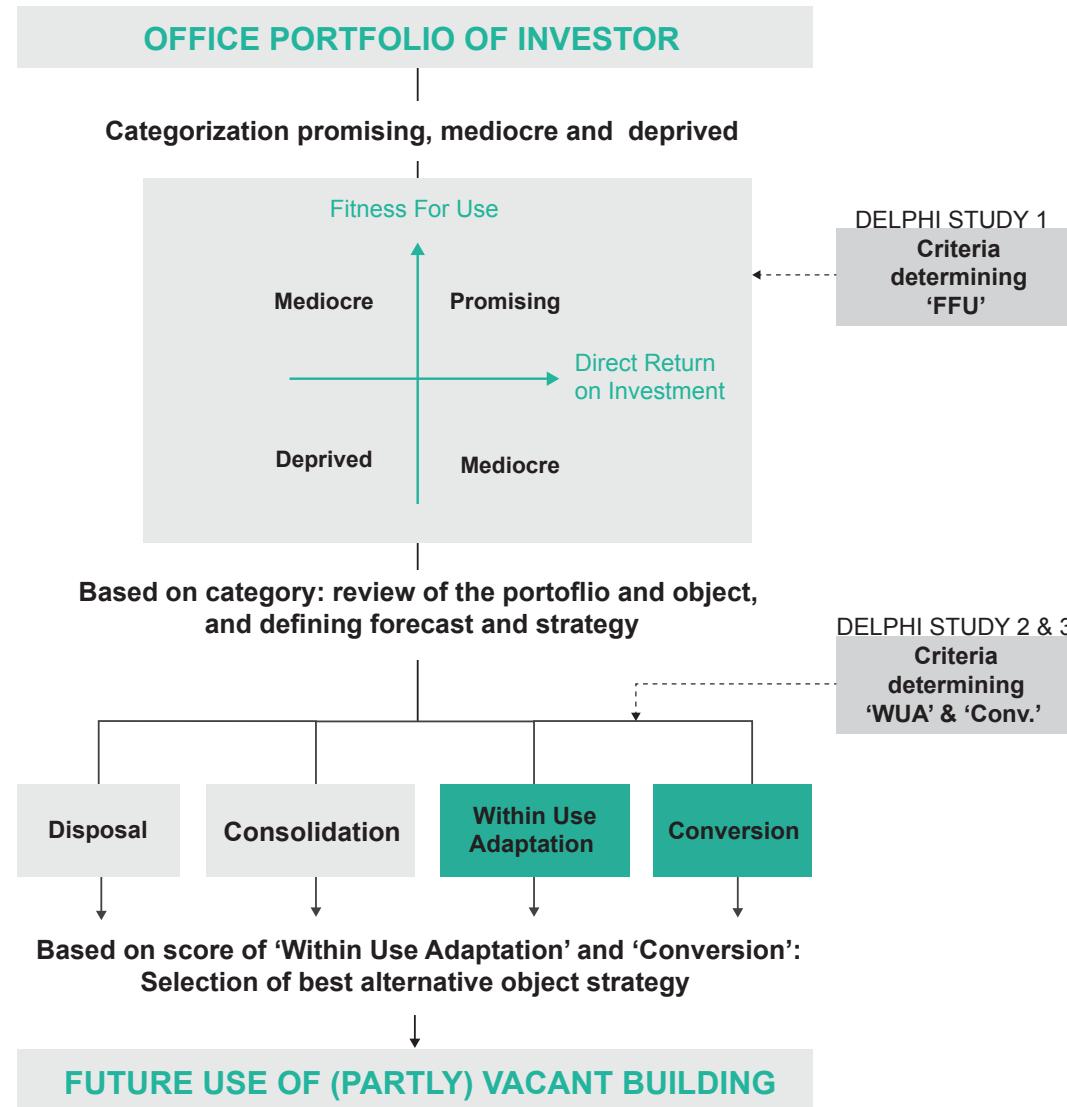
WANTED: USER OF TOMORROW FOR SPACE OF THE FUTURE

A management decision support system for the value-add and core-plus office investor to determine the future use of vacant offices

# PROBLEM AREA

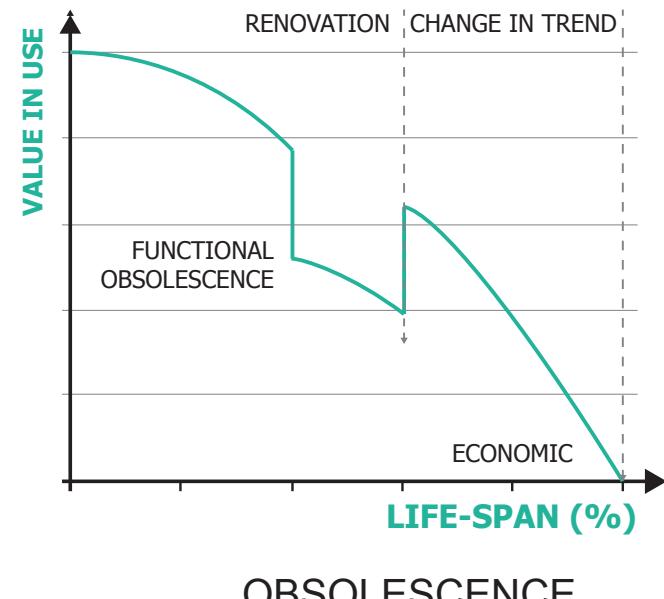
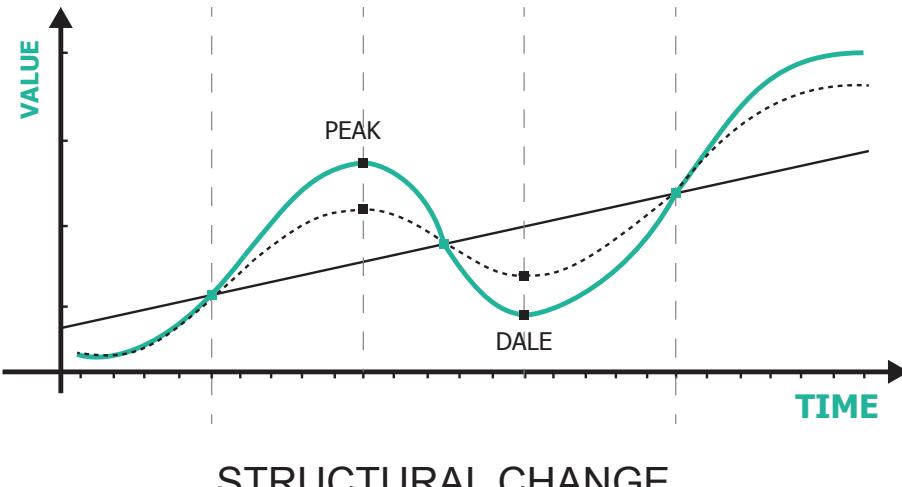


# PROBLEM AREA



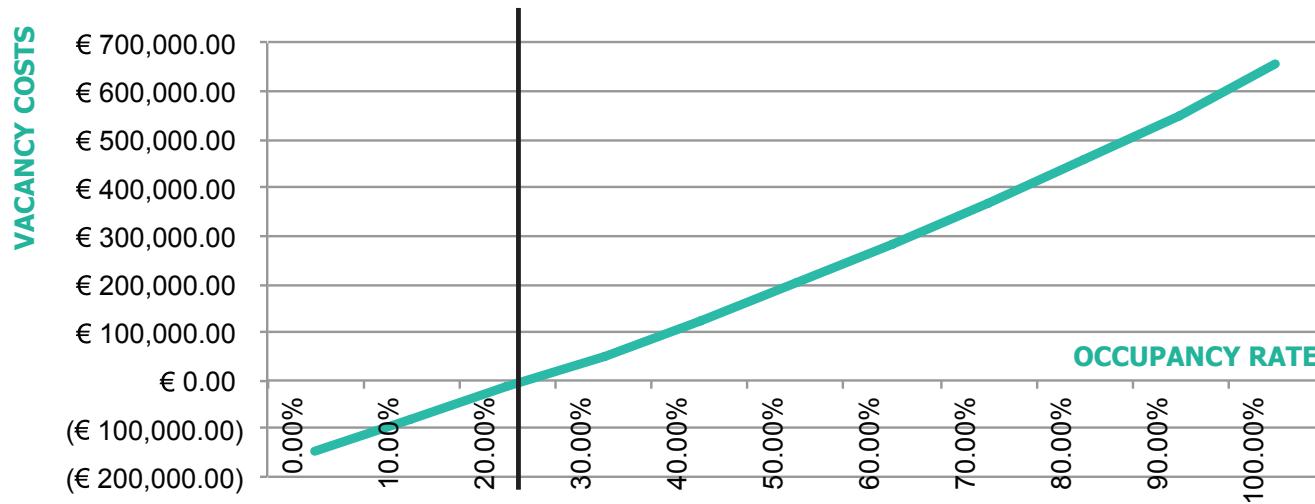
# REAL ESTATE MARKET

- Depreciation of office buildings
- Structural change in real estate market
- Strong negotiating power of tenant
- Change of strategy of investors



# COSTS OF VACANCY

- Vacancy costs consist of constant and variable costs
- Turning point from negative to a positive direct return is an occupancy rate of ca. 30%



# DELPHI STUDY

- Three partial Delphi studies:
  - Fitness For Use
  - Within Use Adaptation
  - Conversion
- Determining criteria based on:
  - Literature study
  - Consultation with experts
  - Consultation NSI
- Weighting of selected criteria:
  - Market level
  - Location & Building level
- Two rounds

---

## DELPHI PANEL 1 Fitness For Use

Expertise		
Academics	Professor / PhD teacher at real estate related education	1
Practioners	Asset management	3
	Portfolio management	1
	Asset valuation	2
	Project development	1
Governmental officials	Municipality	2
<b>TOTAL</b>		<b>10</b>

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## DELPHI PANEL 2 Within Use Adaptation

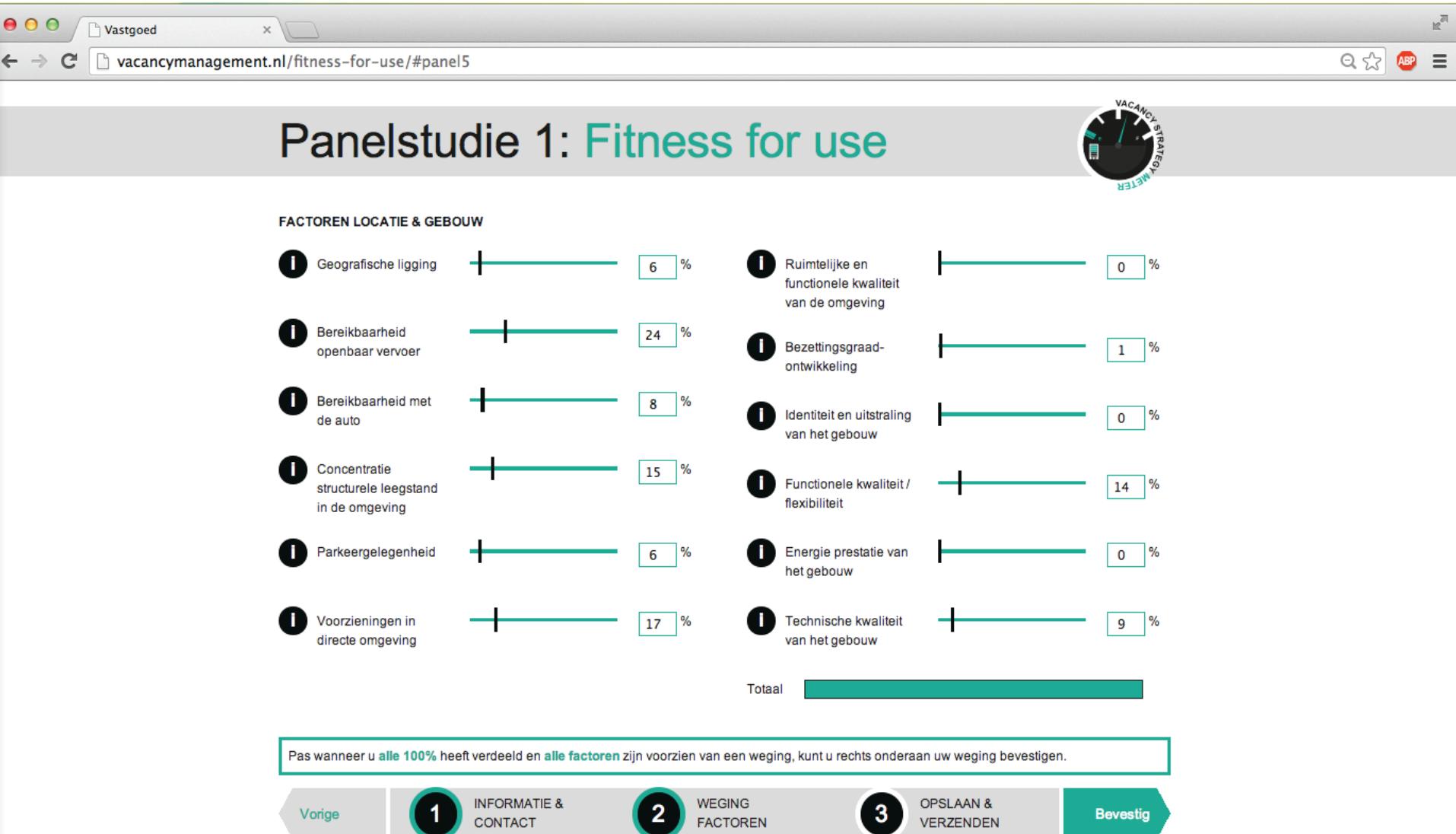
Academics	Professor / PhD teacher at real estate related education	2
Practioners	Consultancy	3
	Asset management	1
	Portfolio management	1
	Project development	1
	Architects	2
<b>TOTAL</b>		<b>10</b>

---

## DELPHI PANEL 3 Conversion

Academics	Professor / PhD teacher at real estate related education	2
Practioners	Consultancy	3
	Project development	1
	Architects	2
Government officials	Municipality	1
<b>TOTAL</b>		<b>9</b>

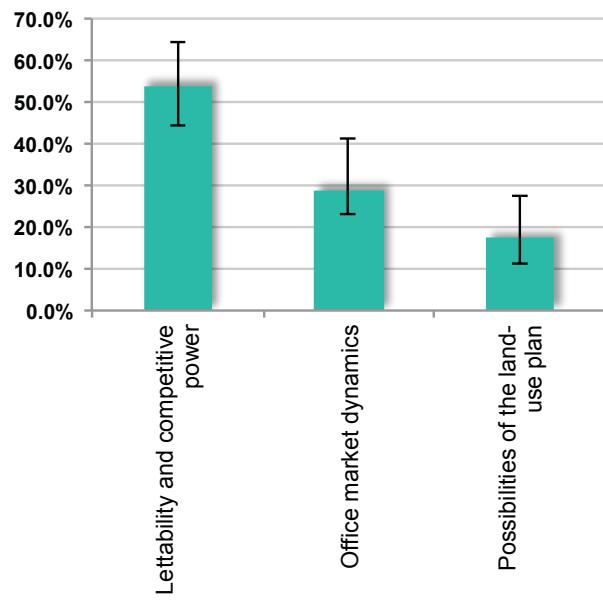
# DELPHI STUDY



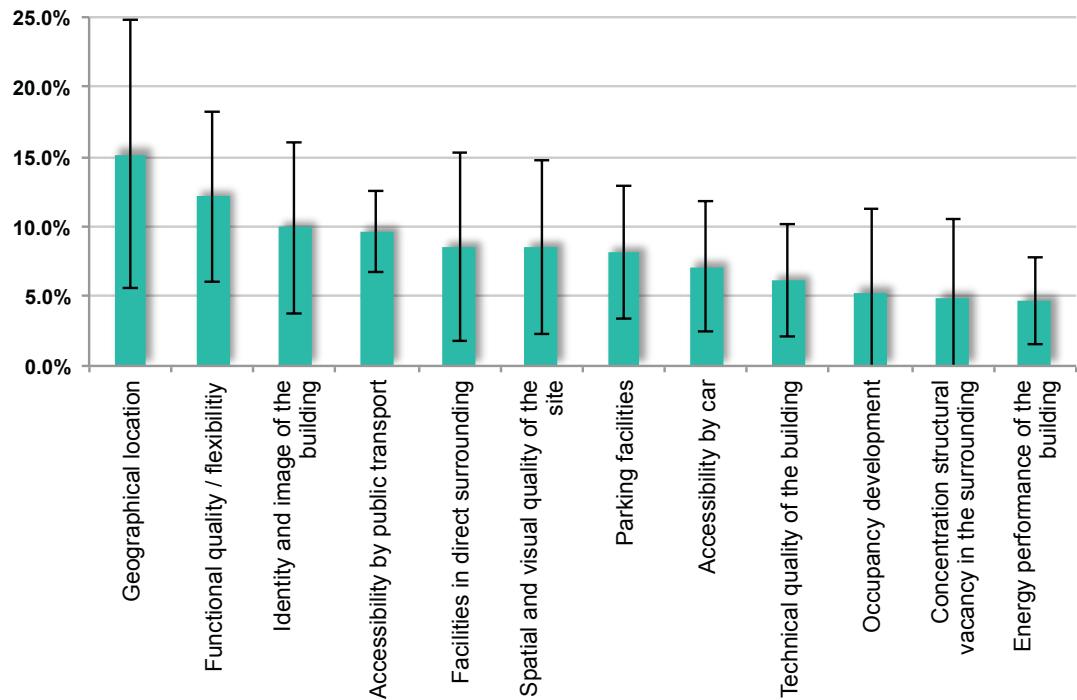
# DELPHI STUDY RESULTS

## FITNESS FOR USE

Market level



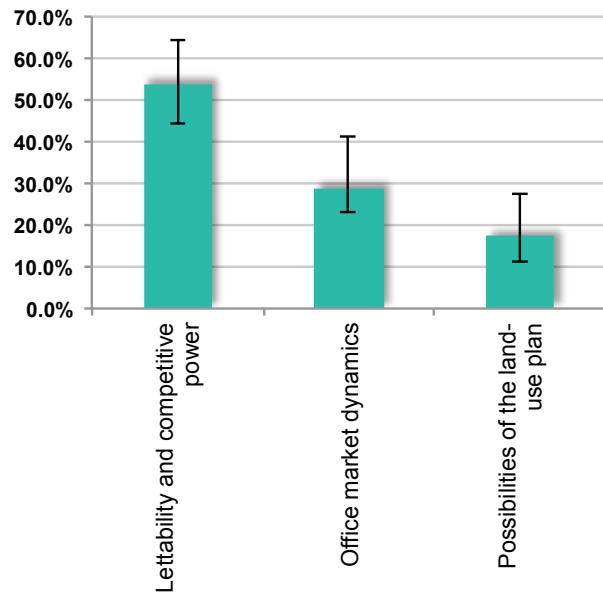
Location and Building level



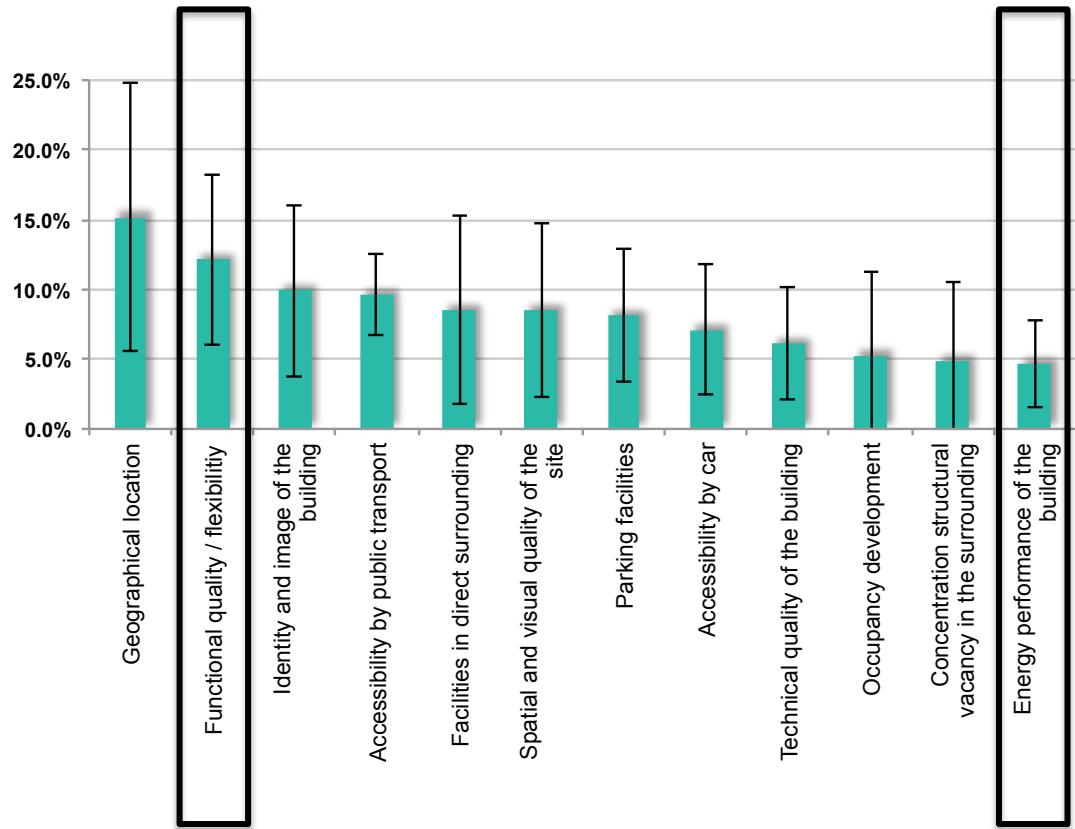
# DELPHI STUDY RESULTS

## FITNESS FOR USE

Market level



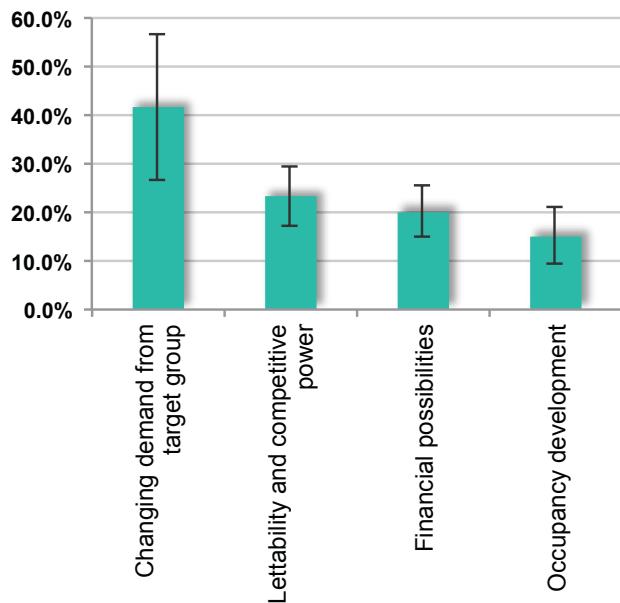
Location and Building level



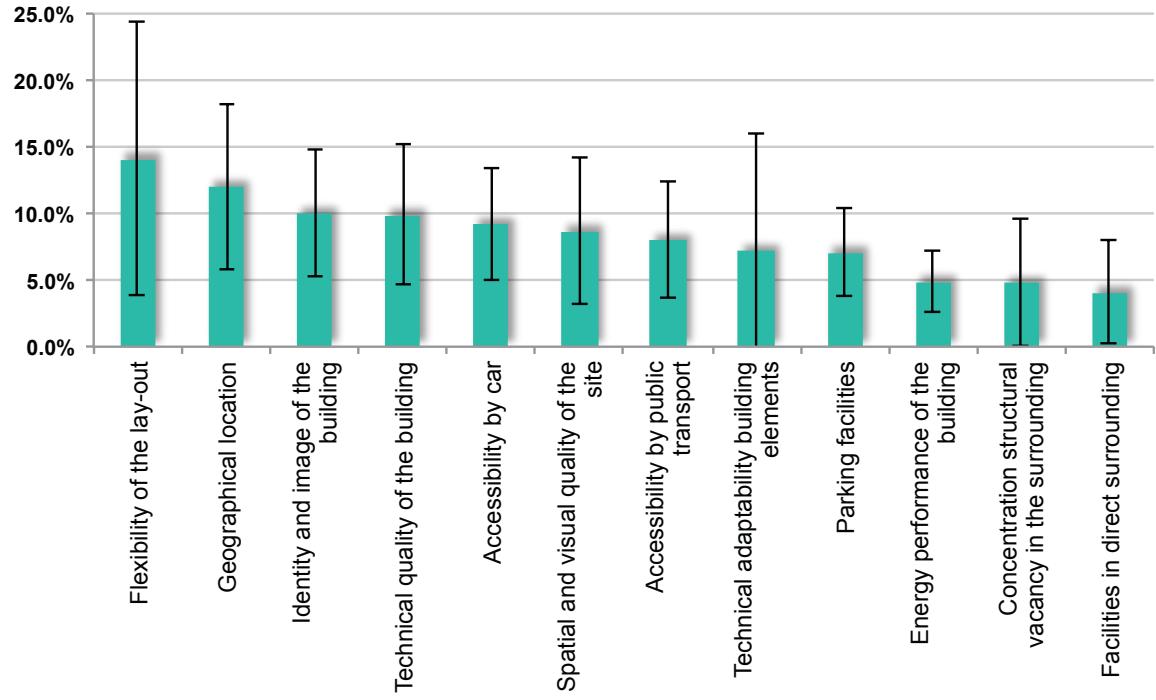
# DELPHI STUDY RESULTS

## WITHIN USE ADAPTATION

Market level



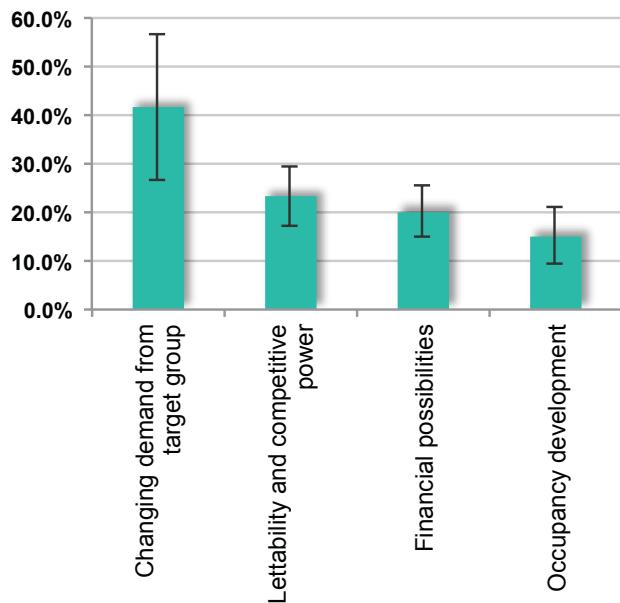
Location and Building level



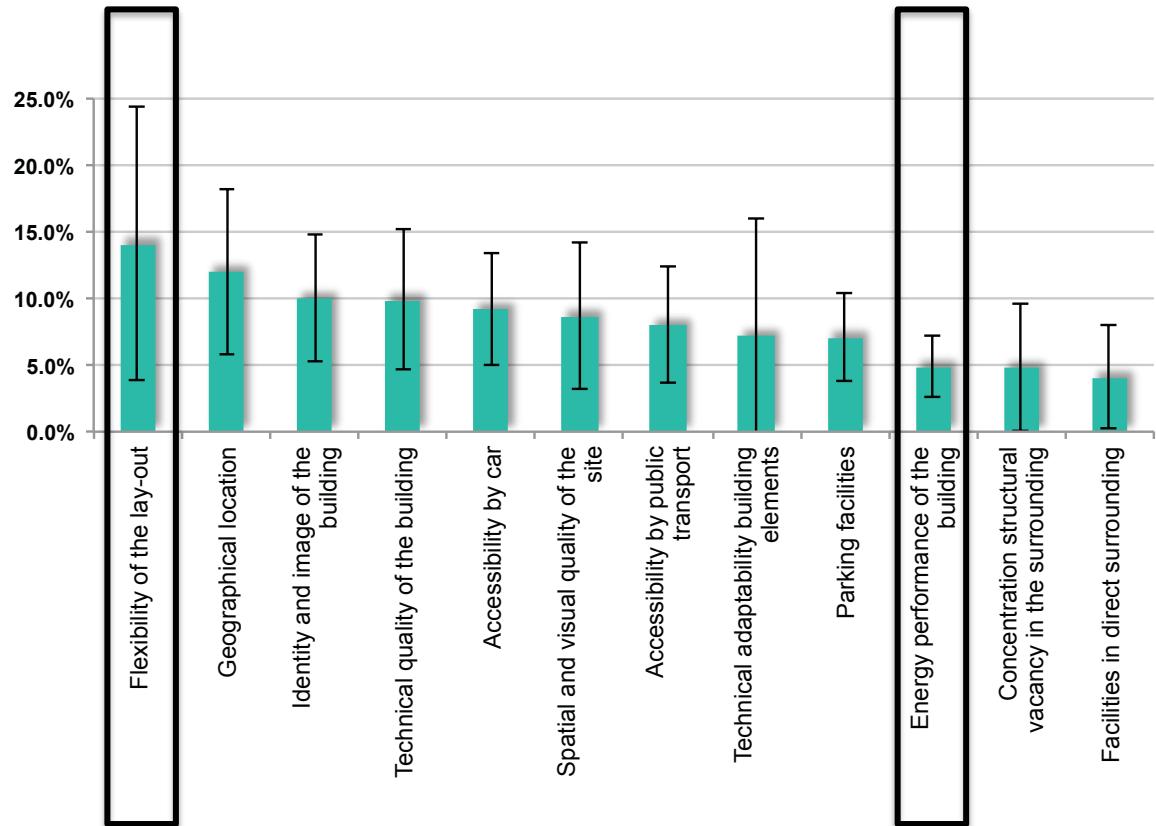
# DELPHI STUDY RESULTS

## WITHIN USE ADAPTATION

Market level



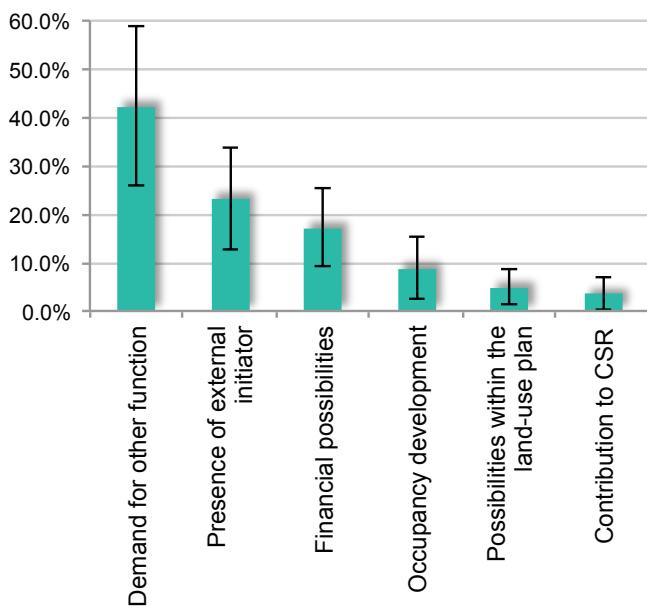
Location and Building level



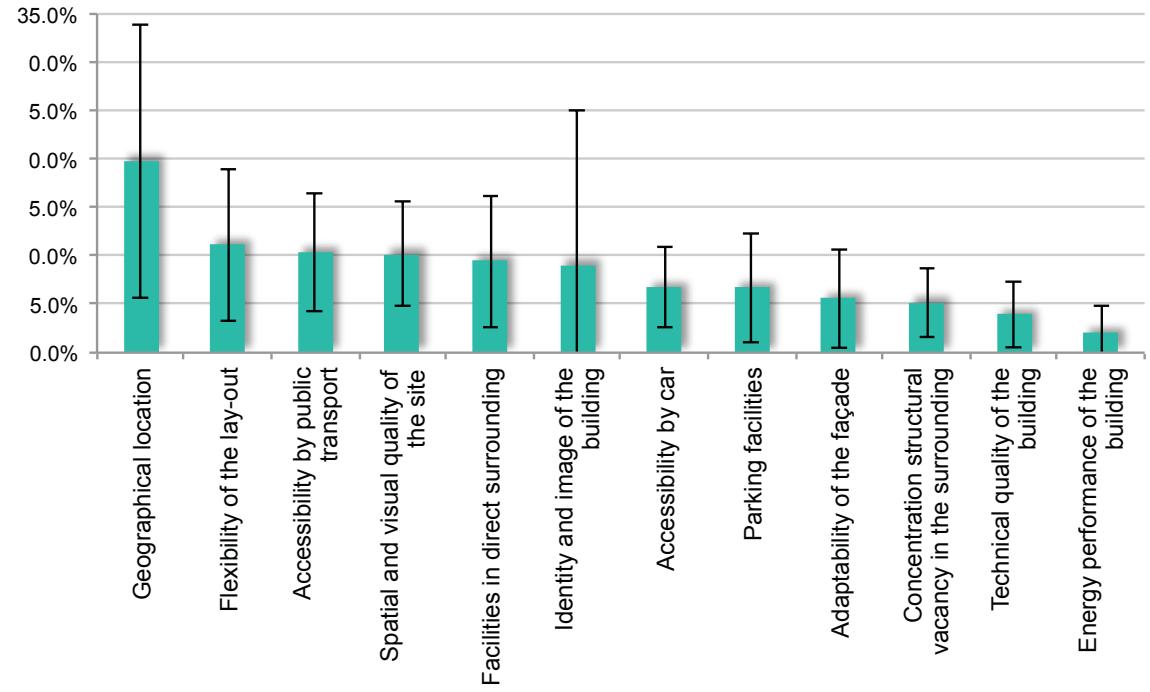
# DELPHI STUDY RESULTS

## CONVERSION

Market level



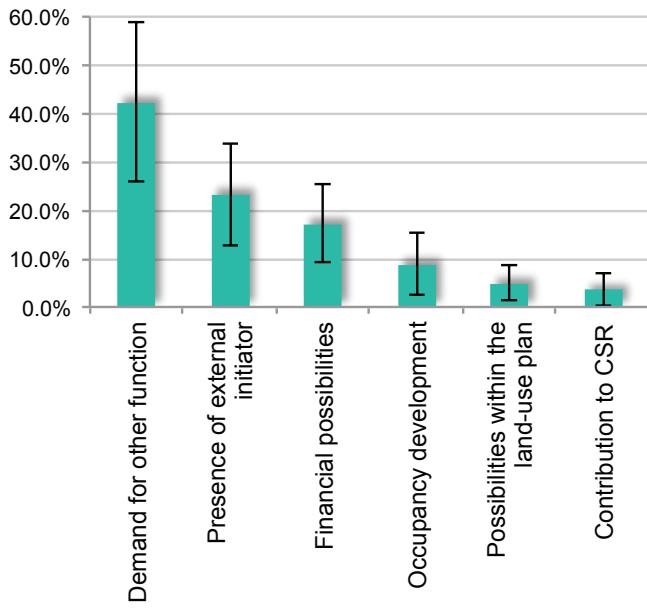
Location and Building level



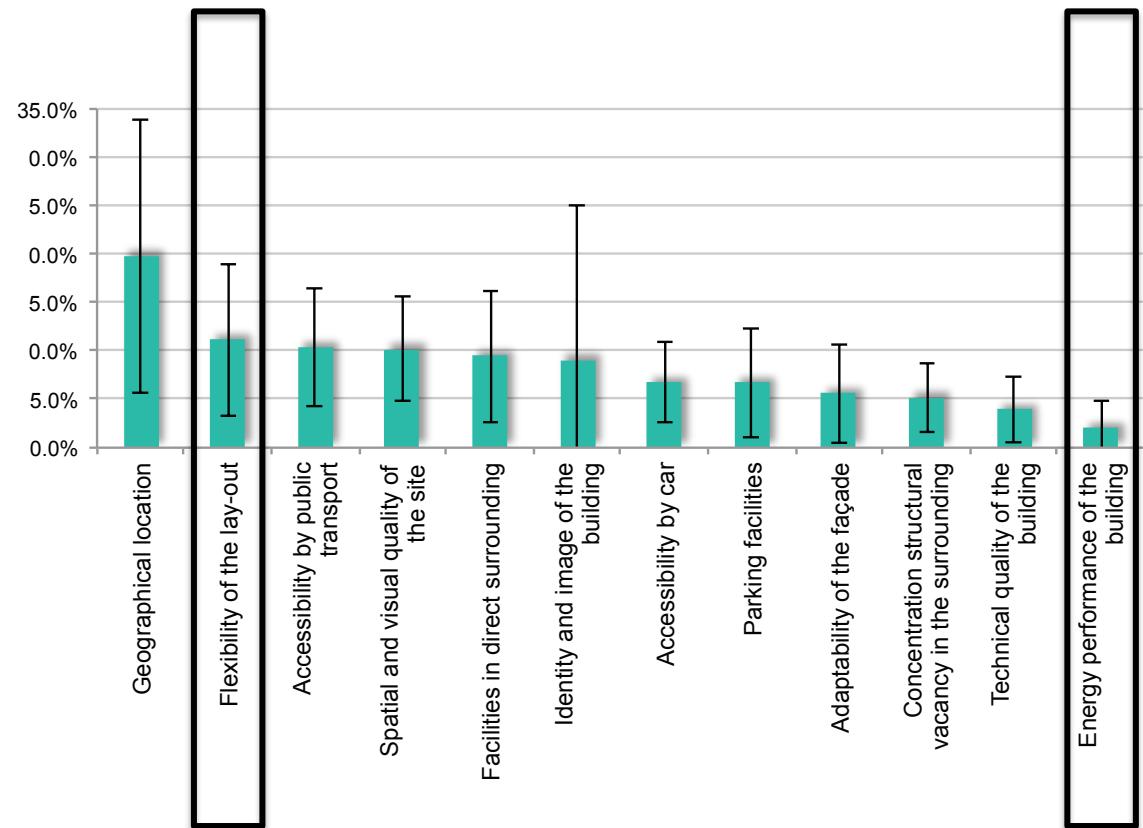
# DELPHI STUDY RESULTS

## CONVERSION

Market level



Location and Building level



# DELPHI STUDY RESULTS

## TOP 3

### Location and Building level

#### FITNESS FOR USE

Geographical location  
Functional quality / flexibility  
Identity and image of the building

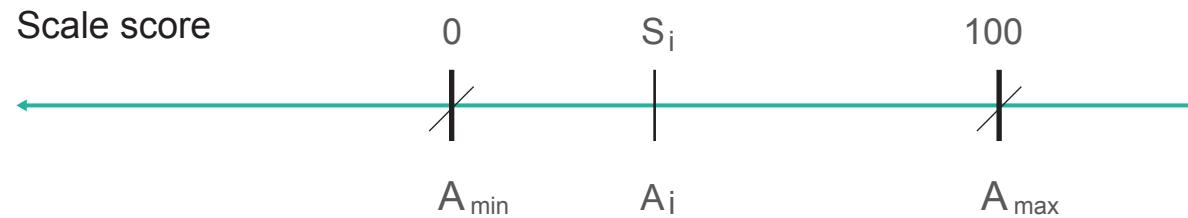
#### WITHIN USE ADAPTATION

Flexibility of the lay-out  
Geographical location  
Identity and image of the building

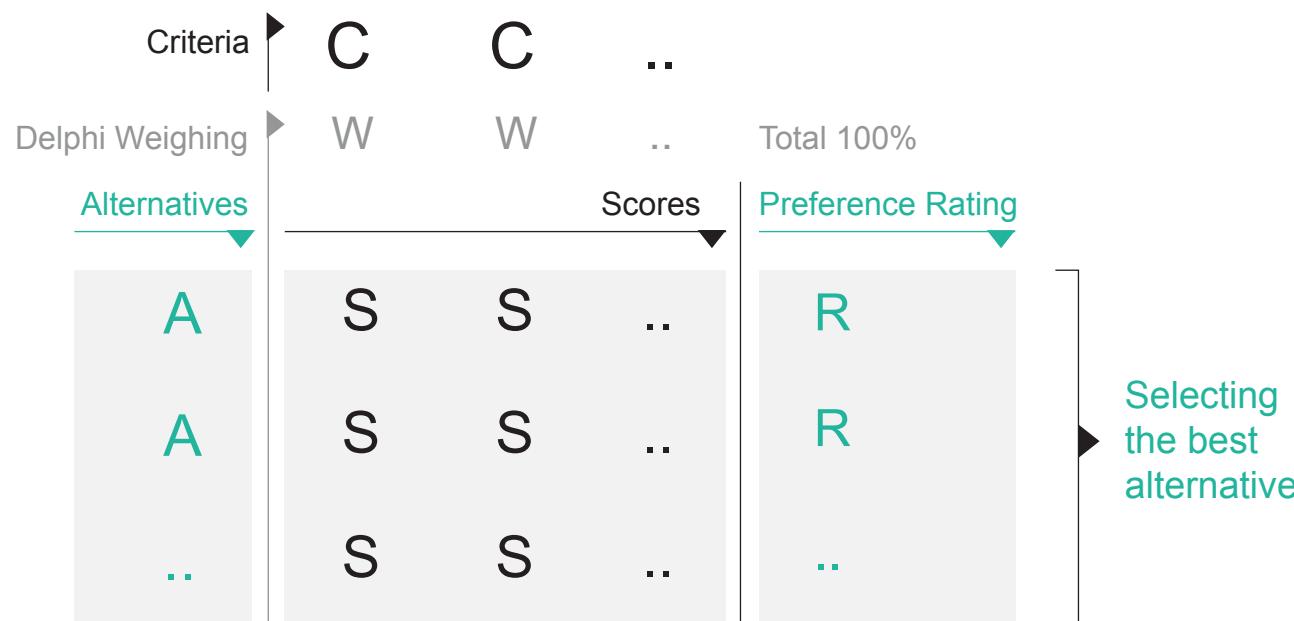
#### CONVERSION

Geographical location  
Flexibility of the lay-out  
Accessibility by public transport

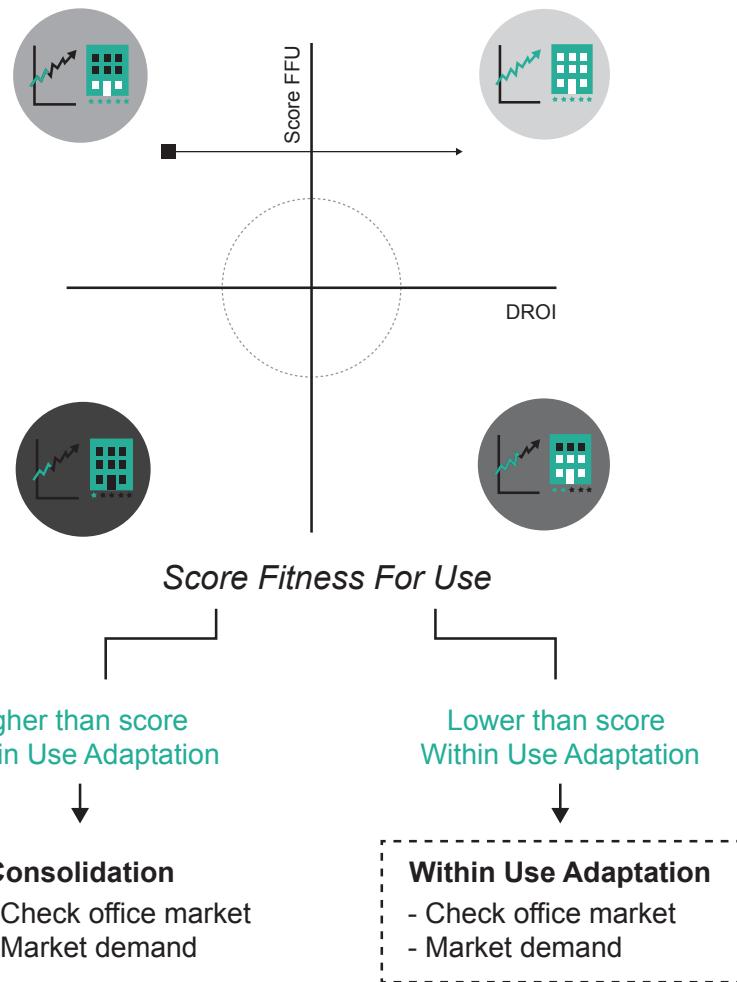
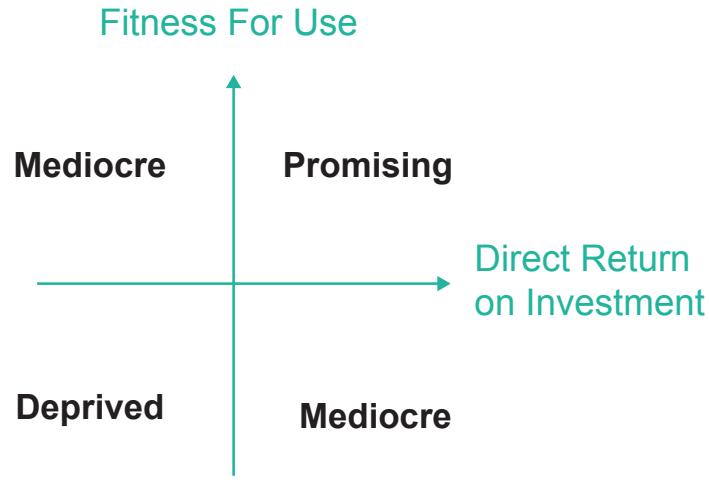
# PREFERENCE MEASUREMENT



Preference measurement alternative A - A..

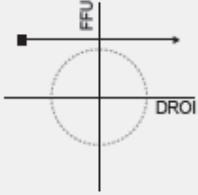


# MANAGEMENT DECISION SUPPORT SYSTEM (MDSS)





## 2. MEDIOCRE FFU ↑ DROI ↓



Scores: FFU: 70,4 WUA: 75,8 CONV: 67,3

### Main qualities:

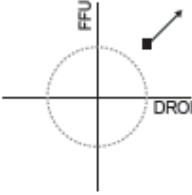
- Accessibility by car;
- Parking facilities;
- Flexibility of the lay-out;
- Technical quality of the building.



Score Fitness For Use ↑



## 1. PROMISING FFU ↑ DROI ↑



Scores: FFU: 87,9 WUA: 86 CONV: 83,3

### Main qualities:

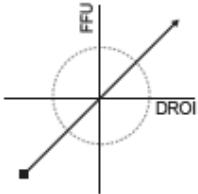
- Competitive power;
- Location city centre and station;
- Parking facilities;
- Facilities in direct surroundings.



Direct Return on Investment →



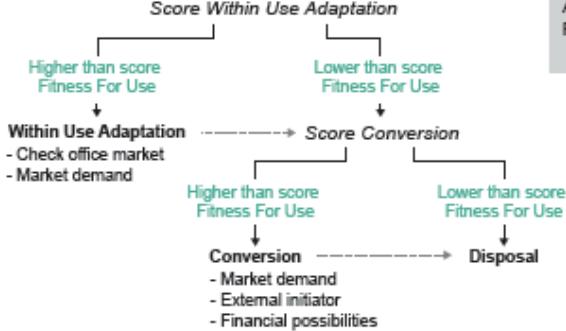
## 4. DEPRIVED FFU ↓ DROI ↓



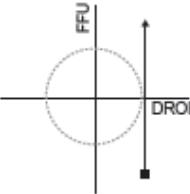
Scores: FFU: 52 WUA: 52,3 CONV: 58,3

### Main qualities:

- Location nearby city centre;
- Accessibility by car & public transport;
- Parking facilities.



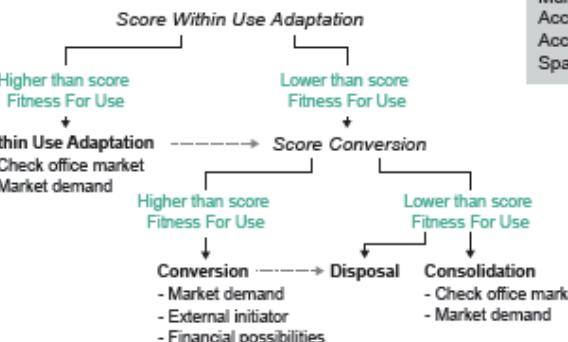
## 3. MEDIOCRE FFU ↓ DROI ↑



Scores: FFU: 59,8 WUA: 59,8 CONV: 60,9

### Main qualities:

- Multi-functional location;
- Accessibility public transport;
- Accessibility by car;
- Spatial and visual quality.



# CONCLUSION

- >> Indication of the **decision-making criteria** and their relative importance of the office investor
- >> Vacancy management enables insight in the **qualitative and quantitative (mis-)match** on portfolio level
- >> The **characteristics of the office building** influence the decision-making for future use and financial performance
- >> Based on the Delphi studies, **buildings are compared and rated** to describe the possibilities for different types of future use
- >> A **Management Decision Support System** adds value to the current decision-making of the value-add and core-plus office investor by presenting different possible alternatives

# RECOMMENDATION

## >> Supporting:

- detailed considerations on portfolio level for future use of offices;
- hold/sell analysis;
- investment decision-making;
- forecasting.

## >> Using the MDSS model in daily practice:

- reflecting on the performance of the office portfolio by the whole team;
- supporting discussion and strategy-making.

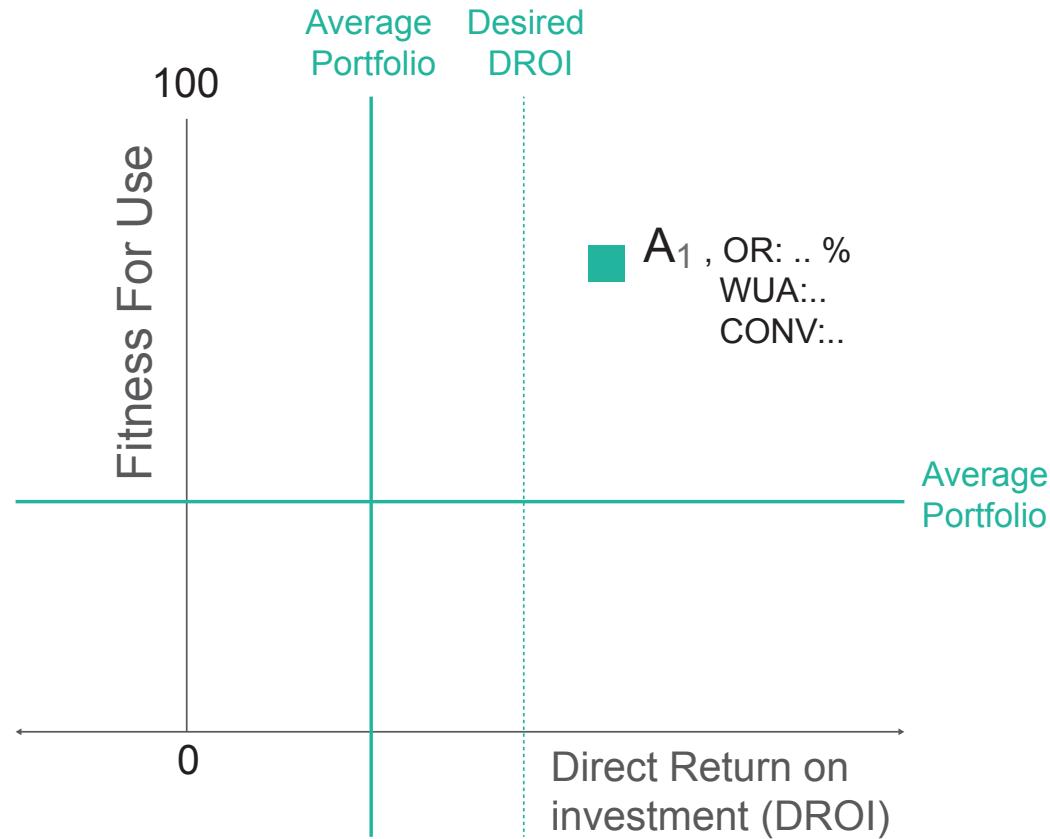
## >> Making implicit decision-making criteria explicit

## CONTACT

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E-mail: [sjanne.borst@nsi.nl](mailto:sjanne.borst@nsi.nl)



## FITNESS FOR USE

Criteria	C <sub>1</sub>	C <sub>2</sub>	C <sub>3</sub>	C <sub>4</sub>	C <sub>5</sub>	C <sub>6</sub>	C <sub>7</sub>	C <sub>8</sub>	C <sub>9</sub>	C <sub>10</sub>	C <sub>11</sub>	C <sub>12</sub>	Preference rating R <sub>1</sub>
Weighing in %	15,2	9,6	7,1	4,9	8,1	8,5	8,5	5,3	9,9	12,1	4,7	6,1	→ = 70,4
<b>SCORE Oude Middenweg</b>	<b>12</b>	<b>78</b>	<b>96</b>	<b>100</b>	<b>99</b>	<b>55</b>	<b>60</b>	<b>57</b>	<b>65</b>	<b>100</b>	<b>100</b>	<b>80</b>	

