

## Editorial Board ‘thought piece’

# Perceptions and perspectives: Fresh thinking required?

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To an outsider, the world of real estate is wrapped in mystery, jargon, complexity, rules and regulations which sometimes seem illogic and highly frustrating. To the ordinary person — and especially tenants and buyers — it sometimes feels as though they are Alice Through the Looking Glass, stumbling around trying to make sense of a confusing parallel universe, which, unlike Alice, also requires them to spend vast amounts of money.

Certainly, many of us in the property industry have heard tenants/buyers cry out in utter exasperation, ‘Why can’t things be simpler and easier?’ or that other real stinger, ‘I’m the client, why aren’t I getting the service I’m paying for?’ and then we wonder why the public views our sector with such disdain or opprobrium.

Regardless of whether occupiers/end users of real estate are right or wrong in their thinking and views, and whether or not they are justified in seeing our industry in such a negative light, this drives me to consider why people view things differently. No doubt it all boils down to how each of us perceives a certain situation, but we as an industry have to step back and ask ourselves certain questions. How come we have different perspectives even on the same topic? Who has the best view of the situation? It also brings to mind that great George Eliot quote from *Middlemarch*: ‘It is a narrow mind which cannot look at a subject from various points of view’.

I for one am a great proponent of seeing the bigger picture and the broader view — not just in the property world, but in all situations — and continually urge people

to see beyond the narrow confines of their particular ‘bubble’ or specialised silo. In this particular instance, however, the questions I ask myself about perspective and various viewpoints are focused on the corporate real estate (CRE) ecosystem.

Indeed, just the label itself is open to misinterpretation; CRE is not a generally known term outside the sector. There are multiple views on this at the moment, although looking back on CRE’s relatively short history to the 1980s, the aim of its founders’ focus was to ‘professionalise’ the management of a corporation’s real estate with an internal perspective. This has led to the huge variety of perceptions in how CRE is seen today.

What interests me is how practitioners view the term CRE. Is it the sole preserve of those who describe themselves as dealing with property, space, real estate within a corporation or enterprise? Does it encompass those who are the outsourced service providers? In fact, could it also include all of those who supply spaces and places?

To further complicate matters, the outside world — and even the C-suite — views our sector as a complete mystery, especially the baffling distinctions between CRE and facilities management (FM). I am often asked, ‘Why are there two different professional titles?’, since many people perceive them as having broadly the same responsibilities and functions within an organisation.

My short, generalised answer is: CRE focuses on an organisation’s property portfolio, the life cycle of a corporation’s estate from beginning to end, while FM is primarily an operational role, managing the

day-to-day running of an organisation's facilities — in other words, as many outsiders sadly view them, taking care of the bogs and boilers!

For years, though, my perception has been that FM and CRE should have a more integrated approach, beyond just managing aspects of bricks and mortar, to think more about the workplace as a whole — an ecosystem, which benefits the organisation they serve.

In reality, most CRE practitioners are focused on the transactional aspects, with the greatest emphasis placed on the deal, the lease or sale, the fit-out work and construction. This is perceived as where the greatest value lies in terms of profit and fees; great store is placed on negotiating £1 off a quoting rent, getting a fee discount from a provider, or securing a low construction cost figure. All of these are episodic in nature, with little thought given to the whole life cycle of operating the building over time.

In parallel, the approach to providing a new building to an occupier follows a similar philosophy: find a site, get consent to build as much as one can, find a tenant and move on. Apart from contractual liabilities such as warranties, the majority of those in the supply of space see this as the end of the process.

Again, this smacks of short-termism, which does little to enhance real estate's reputation and also highlights its greatest fault line. As far as the industry is concerned, their 'clients' are the property or investment companies, it is their needs and profits which are paramount in the scheme of things. In other words, the tenant who pays rent or the occupiers who shell out fortunes to buy property are discounted as 'clients'. One can see why tenants/occupiers are frustrated at how they are, in the main, overlooked by the industry and why they hold the pervasive low opinion of the property industry. To be fair, there have been moves in recent years

by the more enlightened on the supply side to consider who the real consumer is and to take some tentative steps to becoming more customer-focused. Changing mindsets, however, does take time.

This is, somewhat understandably, due to the real estate industry having a well-defined path to follow, which is extremely profitable, and the inertia to change is underpinned by the default view that 'if it ain't broke, don't fix it'.

## A CLARION CALL TO CHANGE

Times are 'a-changing', however; things are reaching breaking point and need to be fixed fairly quickly. Managing a property portfolio used to be all about the cost-control agenda, in which efficiency was the only factor we cared about, and a great deal of water has passed under the bridge since those days. Much of the change so far is based on tinkering with the existing model and making minor adjustments to the system. For example, the emergence of the CRE sector in the early 1990s spawned the creation of corporate services teams in the large surveyor firms to provide a focused service. This expanded as corporates pushed for more outsourcing of support services, which also included the FM element.

We all have to come to terms with the reality that our lives as CRE professionals are changing dramatically and it is no longer just about doing good real estate deals, efficiently operating the facilities or delivering good construction solutions, etc. For many CRE leaders, it has been frustrating to see the lack of progress towards our sector now being perceived as a true strategic resource.

There is a burning need to develop a new, strategic perspective alongside the delivery of robust tactical solutions. We need to understand that most business leaders agonise about creativity, innovation and talent. How can we help with this? We need to think beyond efficiencies and reducing costs to

delivering added-value services and expertise which enable and support the business.

As a first step, for all those who remain comfortable in our own silos, it is time to lift our heads above the parapet and capture what is going on in the outside world. For me, this first step towards aligning with the business is a critical item on our survival plan.

The perfect storm is brewing, by combining the drive for ultimate flexibility with the, as yet, little appreciated or understood shift in the nature of how space is consumed. At this juncture, we really do need to challenge some long-standing thinking. We need to take on board that for the most part we are ignoring the issue, by persisting in trying to work in a 20th-century straitjacket of behaviours, processes and procedures as if nothing has happened — as if we have not experienced the seismic shift of the digital revolution and not realised that the umbilical cord of 'one person, one desk' has broken and that office occupancy has changed irrevocably.

The other fundamental area in which perception often varies is how we see the workplace, with most people still equating the workplace with the office; yet there are many millions of people who do not work in an office. This can be seen in the rise of agile or flexi-working and the arrival of co-working disruptors, who have added another dimension to the workplace landscape and

highlighted the notion that there is no 'one size fits all' in the way we work.

That is why we collectively — and especially those in CRE — need to seek fresh perspectives and take on board that the long-established principles of operating offices are crumbling before our very eyes. We need to start a dialogue with our clients, the organisations both large and small, and see how they operate in the 21st century and how we can best serve and add value to their businesses. Furthermore, we need to think more about the purpose of 'office buildings' and the role they play in our working lives but also in our towns, our cities and, more importantly, in our precious environmental ecosystem.

Given the rapidly changing nature of the game for those of us interested in the built environment and particularly regarding the space where people work in today, we can no longer accept the status quo and the entire property sector has to come out of its closeted, complex world of old-fashioned practices and jargon. We need to broaden our view in accepting the changes taking place, since it is in our power to direct that change and benefit from its wider perspective.

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