EXECUTIVE SUMMARY

In recent years, the area of corporate real estate asset management (CREAM) has been increasingly discussed and researched by academics, researchers and practitioners. Good corporate real estate asset management practices are essential for any organisation in the management of its real estate assets. This study aims to evaluate the current state of application of CREAM in public sector organisations in the management of its real estate assets, analyse the approach that a selected public sector organisation, that is the Land Office, takes in the management of its real estate assets and the extent to which CREAM is applied. Additionally, the study aims to perform a SWOT analysis of the management of real estate assets by the Land Office and make recommendations relating to the management of its real estate assets.

The methodology adopted for this study is the questionnaire survey and case study method. The questionnaire survey was sent to 21 public sector organisations and their views were sought on the various issues pertaining to the application of CREAM principles in the management of its real estate assets. The Land Office was chosen as a case study.

In general, public sector organisations are using CREAM principles in the management of its real estate assets. They are generally concerned with real estate activities and real estate performance. The various areas which are discussed include organisation and structure, corporate attitudes towards CREAM, structure and goals of a corporate real estate unit, performance evaluation, property objectives and strategic planning, real estate inventory management systems and outsourcing corporate real estate asset management function. With the applicability of CREAM principles in the management of properties by public sector organisations, this implies that Government as a whole would benefit because real estate assets owned by Government would be properly managed and their values optimised. This is especially important because property is a scare resource in Singapore. It could also be observed that public sector organisations do exercise prudence in the management of real estate assets, although their core business is not in real estate.

As for the Land Office, the study observed that the Land Office took the asset management approach in the management of its State properties, especially after the division within the Land Office, that is, State Lands Division (which is responsible in the management of its real estate assets) has been re-organised. The strengths identified include having clear defined mission and goals, a well positioned organisational structure, positive attitudes towards CREAM by management and executives, good teamwork, presence of performance evaluation and a management which is open to new policies/practices and procedures. Weaknesses include lack of strategic planning, weak corporate services, poor staff morale and inexperienced staff, lack of in-house IT expertise, lack of support from lower level staff, lean organisational structure, weak
structure and the low profile of the Land Office. The opportunities identified include the large portfolio of properties managed and an open management operating style. Finally, the threat is a lack of dedicated, committed and experienced staff within the Land Office. The results of the SWOT analysis imply that there is further room for improvement by the Land Office in the management of its real estate assets. From the case study, it is found that very little CREAM is applied in the management of State properties, before the re-organisation of State Lands Division.

Key recommendations which could help improve the management of real estate assets within the Land Office include further review of the organisation and structure within State Lands Division in the form of having more Deputy Directors of branches and section Heads to concentrate on strategic planning, setting up of Administration Section within the Division, increasing the number of lower level staff and outsourcing the various legal matters to external lawyers and recruiting real estate graduates for land administration works and encouraging job rotation. Enhancing government workers’ corporate attitudes towards CREAM is also important. This could be done by exposing executives to property management practices adopted by property management companies by attaching them to private companies or overseas mission. It is also proposed that the Government set up a private company or turn the Land Office into a statutory board to manage the real estate assets.

Besides this, the Land Office could on an annual basis calculate the return on its real estate assets. It is also useful to further define the objectives of the Division. The objectives could be more detailed and be quantifiable. The Land Office could also be more pro-active and initiate multi-agency efforts to devise strategic and effective land policies and practices to help achieve national objectives.

Enhancements to existing real estate management systems could be carried out and monthly or quarterly updating of data could be carried out in the systems. It is useful to keep a centralised management inventory record of all properties and their details instead of having individual management systems for various purposes. Finally, its land portfolio and in-house managed properties could be outsourced to private market agents.

On a concluding note, real estate assets owned by Government should be properly managed and optimised. This is especially important because property is a scarce resource in Singapore. It may be observed that public sector organisations exercise prudence in the management of real estate assets, although their core business is not in real estate. The Land Office has taken a proactive role in the management of its real estate assets and these real estate assets are continuously being optimised, after the re-organisation of State Lands Division.