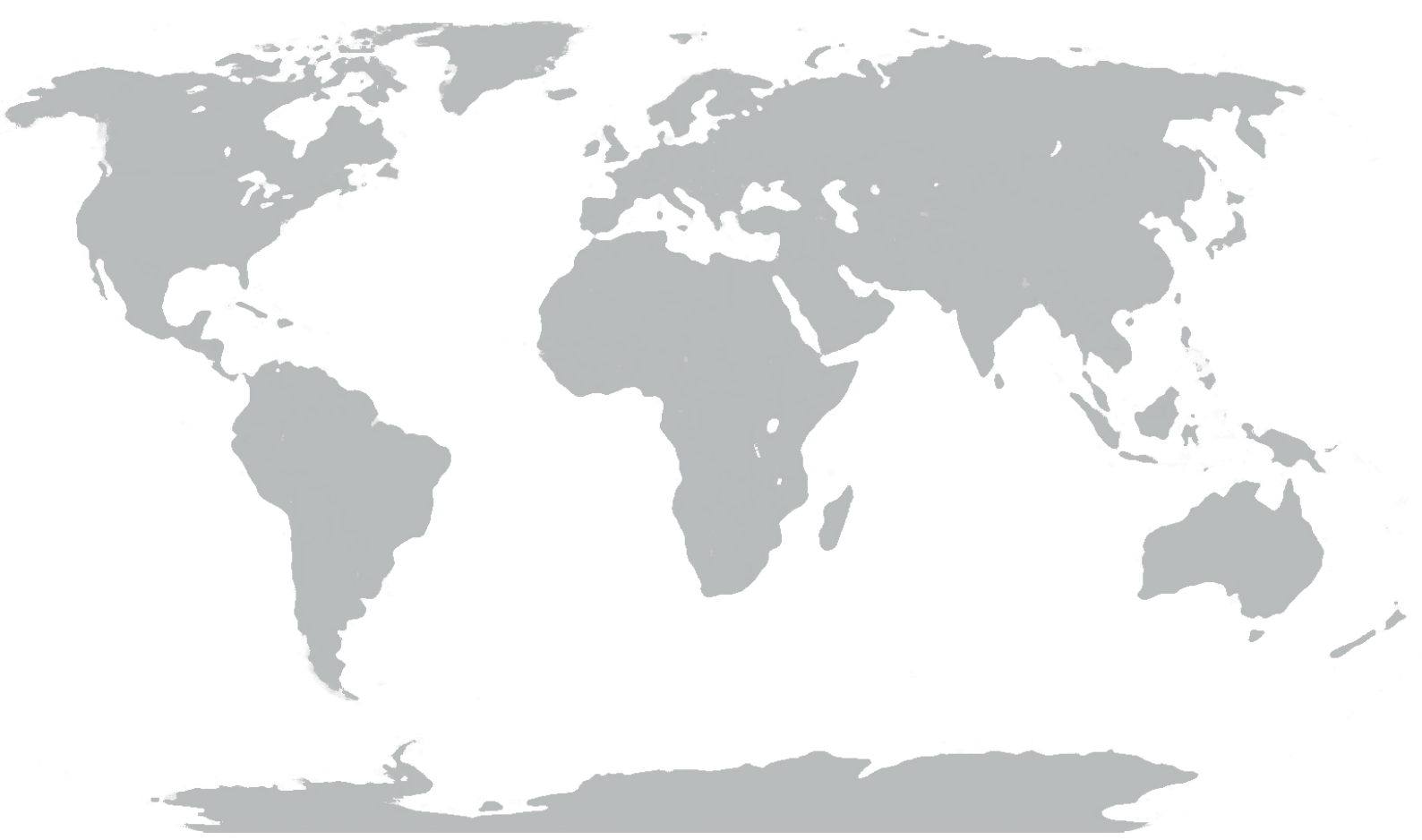


PMRE MONITOR 2014

Process Management Real Estate Monitor



Megatrends and their influence in the real estate industry

Management Summary

Megatrends are ubiquitous, but which of them do affect the real estate industry? In collaboration with the steering committee ten megatrends were identified, which not only have a central influence on society, but also have a crucial relevance to the real estate industry. These range from the digitalization along to globalization of financial markets and to the consequences of demographic change.

The research model of the market study first reveals two questions: Which are the relevant major trends for individual companies and which do affecting the entire real estate industry? This is followed by a risk-reward analysis of the trends and most recently, the question is raised of how megatrends affect various real estate and business goals.

Sustainability is the trend number 1. From a business perspective and also in terms of the entire real estate industry sustainability is rated with the highest relevance. This result is reflected in the current market happenings: Hardly a press or a corporate report is released, which does not contain the keywords sustainability, sustainable certification or green building.

For the investigation of other trends the perspective of companies and the perspective of the entire real estate industry will be distinguished. For companies, the trends digitization and centralization take the places 2 and 3. In regard to the real estate industry, the trends are urbanization and demography, which are particularly high of importance.

Megatrends are not constant but evolve dynamically. Some trends are yet only in the initial phase and their grade of influence is increasing, others have already reached the peak and will decline in the future. From the perspective of the companies the trend demography is evaluated with the greatest growth, closely followed by the trends new working environments and internationalization.

For the real estate industry, the future importance of the new working environment is also estimated to be high. As even more explosive, however, digitalization and centralization are assessed. On the single identified decreasing trend, the companies and the real estate industry do agree: it is assumed that the influence of the currency crisis is declining.

In addition to the assessment of the development tendencies of megatrends, possible opportunities and risks were examined, resulting of a mega trend. The trends sustainability, digitalization, new working environments and centralization are associated with clear potential opportunities. Rated significantly with risks, however, the trends are globalization of financial markets, respectively the increasing volatility of financial flows, regulation and currency crisis.

If from the individual trends, opportunities or risks do arise, it is useful to respond on the trends. Especially to take advantages of opportunities or to counter risks. Therefore, the degree of implementation, respectively the conversion of a trend into a company, will be of interest. The trends centralization, sustainability and digitalization are opportunities, which are already implemented by the companies. With a lesser degree of implementation, the trend of new working environments is within the promising opportunity trends to which the companies already have responded.

The grade of implementation along the risky trends is differently designed. This includes trends, such as the globalization of financial markets and the currency crisis. The results show that the degree of implementation is low and companies are not sufficiently prepared to respond to potential risks.

But which opportunities and risks arise in detail? To answer this question, the effect of implementation was measured in various real estate and business goals. The hypothesis is, the more extensive the implementation of a trend, the stronger the effect on the achievement of goals.

The results indeed show positive effects: sustainability increases the success of the companies, digitalization increases the opportunities for acquisitions and the regulations ensure efficient processes. In addition to these and other positive results, also first negative tendencies are shown. The stronger the commitment to sustainability regulations, the more difficult is the construction management getting. The trend sustainability thus caught in a typical development dilemma. The sustainability is highly relevant and has already been implemented on the first stages. For a complete implementation and also for the achievement of full efficiency in construction management, necessary standards and routines are lacking.

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