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AN INTEGRATED APPROACH TO REAL ESTATE (PORFOLIO) MANAGEMENT

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Abstract

Real estate management activities evolved with the development of the real estate industry, the needs of property investors and general changes in the market environment. Today, these activities require a comprehensive approach on the one hand, but on the other, are more and more specialized. The paper presents an integrated view of real estate management on the example of a multidimensional basic concept of real estate management developed under German market conditions. Detailed analysis of this concept was preceded by a review of approaches to real estate management made on the basis of literature and own research. It was on this basis that opportunities and application fields of the integrated model of real estate management in Polish market conditions were characterized. The presented concept can be used both as a raster to harmonize real estate management activities and tasks in business practice, as well as a classification scheme for the evaluation of scientific research. This concept is an important step on the way to structuring and organizing real estate management as a professional service according to the indications of management science.

Keywords: *real estate management, integrated approach, portfolio, management dimensions*.

JEL Classification: R30, R33, O18.

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1. Introduction

Social and economic changes that took place in Poland in the early 1990s have led to a significant reevaluation of the real estate industry, especially the emergence and rapid development of the real estate market. These changes gradually began to take shape and institutionalize the sphere of services on this market, which includes activities in the area of real estate management. Fast growing needs for management services, submitted by an increasing number of property owners and investors, have caused the accelerated development of practical, educational and research activities in this area. Simultaneously, the patterns, procedures and provision standards of these services have begun to transfer from countries with a developed market economy and adapt to Polish conditions. An important step to organizing and standardizing the abovementioned management activities was to create a statutory definition of real estate management. According to the original version of this definition, real estate (or property) management consists of making all decisions and taking all activities necessary to maintain the real estate in proper condition in compliance with its purpose, as well as making justifiable investments in real estate. This definition was gradually supplemented with elements of the current administration, and economic and financial management, e.g. the safe use and proper exploitation of real estate, etc. Thus, the legal definition implied a wide scope of problems related to real estate management. It covered both the traditional, static activities of the manager, i.e. administration, servicing and maintenance of buildings and equipment in proper technical condition, as well as the dynamic ones, including the analysis, planning and efficient execution of investments, renovation work, and modernization processes of real estate. Real estate management is a process focused on achieving a number of various (technical, economic, social and environmental) goals pursued by the owners, which is to permanently keep the managed object adjusted to the changeable market, social, and economic environment. Following the recent deregulation of the profession of real estate manager, the above-mentioned definition and professional standards related to it have been formally abolished. Therefore, in order to fill the created gap, there is a need to review the selected definitions and concepts of real estate management that could help to properly integrate, specialize and better organize real estate management activities on more and more complex and globalized markets.

The paper presents an integrated approach to real estate (portfolio) management on the example of a multidimensional basic concept of real estate management developed under German market conditions. Detailed analysis of the framework model was preceded by a review of approaches to real estate management made on the basis of the available literature and the author's own research. On this basis, opportunities and application fields of the integrated model of real estate management in Polish market conditions were characterized. The presented approach takes into account the multidisciplinary and complex nature of modern real estate management, contributes to the better harmonization of the used nomenclature, and is useful from both a practical and theoretical point of view.

2. An overview of approaches to the real estate management

Despite the long tradition of management theory, the theory of real estate management has a much shorter history than the management of production processes (KUCHARSKA-STASIAK, 2000). For a long time, immovable properties were, in fact, treated as objects that allowed production, storage, sale or consumption of the accounted objects (apartments). During that time, the management of real estate was limited to the passive performance of daily activities related to collecting rents, covering operational costs, maintaining the physical object, as well as supervising the contractual requirements and laws in the use phase of real estate (*narrow approach*). The modern theory of real estate management began to develop when it was realized that a real property was an example of a capital good whose market value depended on the quality of management, which could enhance the value of a household, thus affecting its earnings or the owner's income, either from the collection of rent or by realizing a capital gain (e.g. DOWNS, 1981; SCARRETT, 1983). This modern, *broader approach* to real estate management is proactive, comprehensive and strategic, reaching far beyond short-term tasks. It involves looking at real estate (or groups of such assets) in the long term perspective, throughout its life cycle and against the background of a complex and constantly changing market environment (e.g. DUBBEN and SAYCE, 1991; DE CARLO, 1997; DASSO and RING, 1998; KYLE and BAIRD, 1999; DEAKIN, 1999; SCHULTE and SCHÄFERS, 2005; THEN, 2005). In this approach, it is often emphasized that the market value of the property should be preserved or increased using a wide range of competences and responsibilities of the real estate manager, which requires an appropriate education and ethics system.

The evolution of this broader approach, having adopted general business theories (e.g. ANSOFF, 1984; KOTLER, 1997), has led to the formation of three organizational levels of real estate management (MILES et al., 1996). According to these authors, the first level includes *real estate portfolio management* – REPM (portfolio investment policy, performance-analysis portfolio, investment scheme), the second one is *real estate asset management* – REAM (estate policy, performance analysis of estates, marketing policy, relation management, organization and outsourcing), while the third one deals with *property management* - PrM ("daily" administrative, technical, commercial and promotional management). Real estate portfolio management encompasses the strategic management of a group (portfolio) of properties to achieve value and benefit that derives from the management of individual assets (e.g. DUBBEN and SAYCE, 1991; MICHAUD, 1998; VARCOE, 2000). It is defined as a complex, continuous and systematic process of analyzing, planning, managing and controlling real estate portfolios with the predominant purpose of creating an optimal portfolio structure which ensures a balance between the income from and risks of real estate investment. Based on the portfolio theory of capital markets, investment organizations can create a *multi-asset portfolio* covering many different classes of assets, as well as a *single asset portfolio,* dealing only with the resources of real estate assets (BONE-WINKEL, 2000).

In turn, real estate asset management (REAM) is interpreted differently, depending on the context of management and consequent strategic objectives for assets. Overall, as a decision-making process on acquiring, holding and disposing of real property (KAGANOVA and NAYYAR-STONE, 2000), REAM includes considerations regarding the maintenance of the physical, operational and financial integrity of assets in order to achieve the ultimate goal of both the owner and the investment. In the field of *real estate investment management* (REIM), managing real estate assets is to maximize their financial value (Veale, 1989), which allows one to optimize returns on investments by considering various combinations of risk, return and liquidity (SOENS and BROWN, 1994; FRENSCH and FISHER, 2007). However, in *corporate real estate management* (CREM), when a company owns and uses the real estate of its non-real estate business, the main goal is to maximize corporate value or profits. CREM includes activities to ensure that the land and building asset base of an organization is optimally structured in the best corporate interest of the concerned organization. This type of REAM should be integrated with corporate strategy, bringing benefits to the organization's operations and improving the competitiveness of the company's core business (e.g. ZECKHAUSER and SILVERMAN, 1983; VEALE, 1989; AVIS *et al*., 1989; 2000; ROULAC, 2001; THEN, 2005).

The goals of *public real estate asset management* (PREM) are distributed differently than in the private sector, because social benefits and the effective implementation of public tasks and functions by the real property are emphasized here. Additionally PREM focuses on supplying the right quantity of property to public goods and services, supporting local economic development and obtaining revenues from alternative sources (e.g. KAGANOVA and NAYYAR-STONE, 2000; EVERS *et al*., 2002; SCHULTE and SCHÄFERS 2005). There are many interesting studies aimed at improving the efficiency of the public sector by applying some methods, models or procedures developed in the private sector to public real estate asset management, especially in the field of public housing management (e.g. SIMONS, 1993; KEMENY, 1995; DEAKIN, 1999; PRIEMUS et al., 1999; LARKIN, 2000; GRUIS and NIEBOER, 2004; NIEBOER, 2005; FERNHOLZ and FERNHOLZ, 2007; KENLEY et al., 2009, PHELPS, 2011). On the basis of selected studies, it can be generalized that public housing management should be market-oriented, systematic, comprehensive and proactive. Best practice in this field requires the integration of social housing objectives and asset management strategies. In conclusion, it should be emphasized that by developing management strategies for objects (or their stocks), REAM fulfills the explanatory and connective role between the first (REPM) and third (PrM) level of real estate management.

Property management (PrM) in the present approach involves the effective implementation of strategies optimal for the owner on the level of the managed object. It includes many day-to-day activities (administrative, financial, technical, organizational, promotional, etc.) on an operational level. The property manager's aim is to ensure that these activities bring optimal financial benefits to the owner, are efficiently realized, and that the real estate meets the requirements of customers and staff (e.g. DUBBEN and SAYCE, 1991; SOENS and BROWN, 1994; RONDEAU et al., 2006; FRENSCH and FISHER, 2007). In larger commercial or institutional properties, where the management of buildings is more complex, the above tasks have evolved into a specific area of activities referred to as *facilities management* (FM). The European Committee for Standardization defines FM as: "*the integration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities*." It consists of four constituent parts, i.e. space management, technical management, administrative management and management of other services (ZAVADSKAS et al., 2002). Thus, in this type of real estate, the terms of PrM and FM have many similarities, but it seems that property management is more focused on core processes from the owner's perspective related to optimizing financial performance and managing the value of the investment property (accounting and financial management, leasing, marketing, insurance and administration, etc.). FM is more targeted on secondary processes related to ensuring the optimal use and functionality of the developed environment by integrating people, places, processes and technology. The role of FM is both to coordinate as well as supervise safe, secure, and environmentally sound operations, and to maintain these assets in a cost-effective manner (maintenance of air conditioning, electric power, plumbing and lighting systems, cleaning, decoration, security, etc.). It is aimed at creating an optimum working environment for the staff and the long-term preservation of asset value.

3. Basic concept of real estate management - an integrated approach developed in Germany

The main assumptions of the so-called basic concept of real estate management (REM) were first published in a working paper (KÄMPF-DERN and PFNÜR, 2009), and then elaborated on in a study (KÄMPF-DERN, 2009). This concept was developed to achieve a logical, consistent and sustainable real estate management structure and is supposed to become a guideline of the Society of Property

Researchers in Germany. It is intended to create a base for organizing real estate management as a professional service, primarily through the ordering of nomenclature and scope of tasks. Stemming from the theory of management organizations, real estate management (REM) has been treated as a specific sector of management science which deals with designing, directing and developing social systems in the area of real estate economics. Generally speaking, management activities include planning, organizing, steering, coordinating and controlling core activities; in the case of real estate management, all the named activities are performed throughout the entire life cycle of real estate. At the heart of the concept is the idea that today, real estate activities on the one hand require an integrative view, but on the other, are more and more specialized and deconstructed.

The developed concept presents the real estate management structure in a multidimensional approach which consists of three core dimensions (inside the cube) and two situational ones (outside) - Figure 1. The adopted model of a cube represents an integrated view of real estate management and allows the flexible adaptation of the initial construction to specific cases without changing its structure. The three core dimensions characterizing the major aspects of real estate management include criteria such as: the life cycle phase, and perspectives of real estate activities and management levels. Simultaneously, to demonstrate specialization and deconstruction between jobs, departments or even companies, one can imagine the cube being split in smaller and smaller cubes, as necessary. Each of the smaller cubes includes management activities, being a specialized part of real estate management, planning, organizing, steering and controlling the lower level's core processes or other management activities. The three-stage division of the cube in Fig. 1 was introduced only to aid visualization; in fact, there are many more subdivisions and the borders between them are seamless. These core dimensions in the "management cube" have been supplemented by situational (or contextual) criteria, including the real estate segment (type) and location of the property. So, for example, shopping center management activities in Europe are different from managing municipal housing stock in Poland.

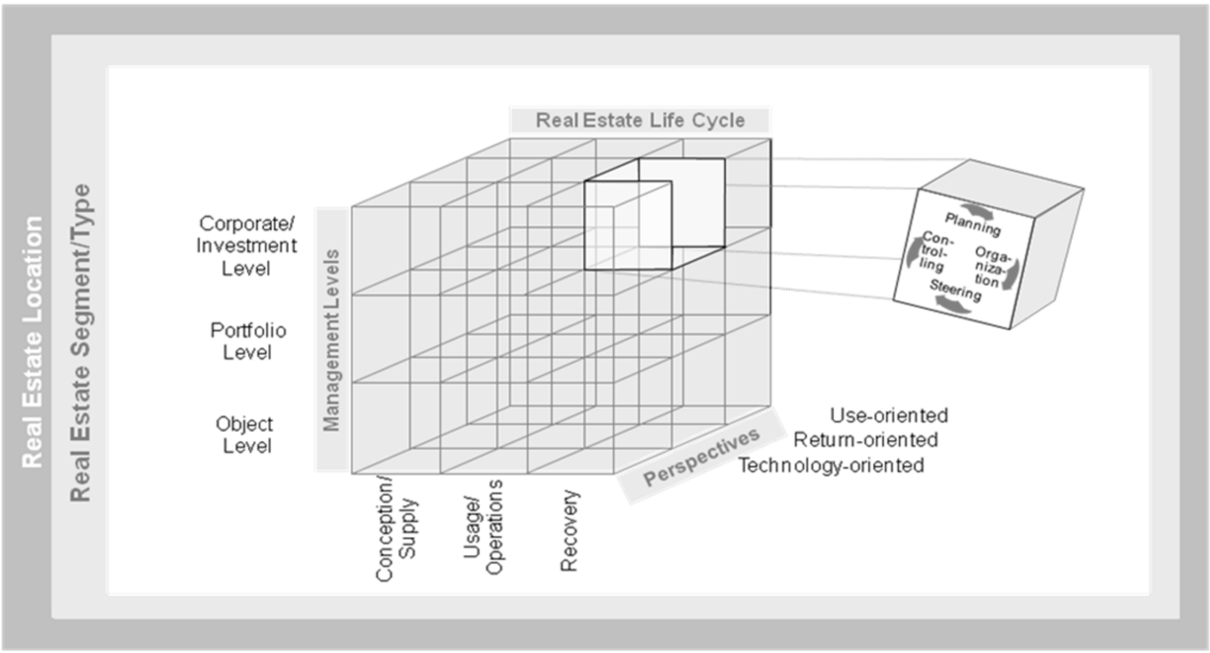

Fig. 1. Basic concept of real estate management. *Source*: KÄMPF-DERN and PFNÜR (2010).

The first dimension to structuring real estate activities are the life cycle phases of real estate. According to the basic process of the transformation of goods, the real estate life cycle has been divided into phases, such as: the phase of conception/supply, the phase of use/operation (usually the longest of the three) and the phase of recovery. In the phase of conception/supply, the needs of investors and users are determined and different options are considered with due diligence; these options (e.g. the acquisition of existing objects, development or reconstructions) are evaluated, and questions of financing are clarified. In the second phase, the real estate is used and the objects need to operate. Within this phase, activities of letting, maintenance, modernization and refurbishment arise periodically. Either at the end of the economic life of an estate or at the end of the use or investment period, the land property and building are sold, recycled and/or further redeveloped. In all phase descriptions it should be noticed, however, that their sequential representation is a model, while in reality, individual phases interact and are significantly reduced or even skipped.

The second dimension in the model represents different perspectives of management, which result from the reasons behind engaging in real estate activities in the first place. An important feature of real estate management over other management disciplines is namely the fact that management activities related to a single and same object are performed to achieve different goals. This creates different perspectives of management which, although largely dependent, require a different management concept to achieve their main goals. Therefore, the second dimension of the analyzed real estate management concept has been divided into the three perspectives, i.e.: technological, return–oriented and use-oriented.

The technological perspective focuses on the physical deployment, maintenance and recovery or disposal of real estate with the goal of optimizing quality, costs and deadlines. The output of the transformation process here is real estate (including land, buildings and infrastructural facilities), meaning quality space at any time it is needed. In this perspective, core activities such as the design, construction and operation of real estate are determined by the architectural and technical conception of the property and its operation. Entities whose main business purpose is located in this area pursue design, construction and operation as the core business of their economic performance. These usually include such entities as: project developers, project managers, architects, planners, builders and real estate facility managers. From a technological perspective, the project and process management of planning and construction are important concepts. With the transition of the real estate to the use/operation phase, project management gives way to inventory management, including maintenance, repairs and facility management. Finally, in the recovery phase of a real estate, demolition management and decontamination become important. Technologically oriented activities should provide the other two perspectives with functional real estate.

Priorities of the finance-oriented perspective are related to the financing of and investment in real estate, so that real estate activities are performed from the viewpoint of capital investments with the goal of optimizing return, limiting risk and increasing liquidity stemming from the real estate investment. The relevant transformation process mainly uses financial and human resources as an input to increase the invested capital. Real estate as an underlying asset is a kind of intermediate product. Real estate assets may include both direct and indirect investment in real estate. It also usually focuses on real estate used by outside entities. Classic actors here are open and closed-end real estate funds, listed property companies, pension and insurance funds, but also foundations, private investors, mortgage lenders and building societies on the financing side. Due to scarce capital and increasingly difficult financing conditions, non-property companies, whose core business is not located in the real estate industry, progressively enter this area. Also, the group of the real estate investment and finance specialist service providers included those who perform activities in the areas of investment, portfolio, asset and property management, as well as investment and transaction advising.

The use-oriented perspective, in turn, focuses on the contribution of real estate space for ensuring its operational performance, to create public goods and services, and to improve living conditions or private welfare, with the aim of optimizing the cost-benefit relation of this contribution. In the relevant transformation process, real estate belongs to resources which may include both property ownership as well as space acquired by lease. Thus, the predominant goal of management activities performed in this perspective is the optimal use of real estate for the specific core business conducted within, such as: retail, services, production, housing or other administrative activities that use "space" as a resource. Classic actors with the use purpose of real estate include households, private enterprises and institutions of the public sector, but also non-profit organizations that use the real estate in the service-creation process. For effective and efficient management activities, partly internal or external services are used.

The perspectives are at the core of management because they focus activities and influence decisions. They become more distinct when these activities specialize and are deconstructed. It should be emphasized that all perspectives should be taken into account simultaneously, as none of them can exist isolated from the other two. Specific management concepts of different real estate types differ only with the system of priorities attributed to these perspectives in each phase of the real estate life cycle. The simultaneous integration of these perspectives, aimed at explaining the interdependence between them but also at discovering similarities and transferability, can significantly improve the efficiency and effectiveness of basic management processes and, thus, all operations undertaken on the real estate.

The third dimension differentiates real estate management activities and tasks between three hierarchical levels by analogy to the typical division into top, middle and lower levels of management applied in practice. Recently featured management levels and appropriate concepts (management activities) assigned to them are as follows (Figure 2):

1. Investment/Corporate Level: Real Estate Investment Management (REIM),
2. Portfolio Level : Real Estate Portfolio Management (REPM),
3. Object Management Level (day-to-day management) divided into:
   - strategic object management (SOM): Real Estate Asset Management (REAM), and
   - operative object management (OOM): Property Management (PrM) and Real Estate Facility Management (REFM).

During the gradual clarification of the model on each level, relevant management concepts have been defined providing insight on the scope of tasks in the planning, organizing, steering and controlling phase (see KÄMPF-DERN, 2009). Particular attention was paid to the return-oriented and use-oriented perspective of real estate management (Figure 2).

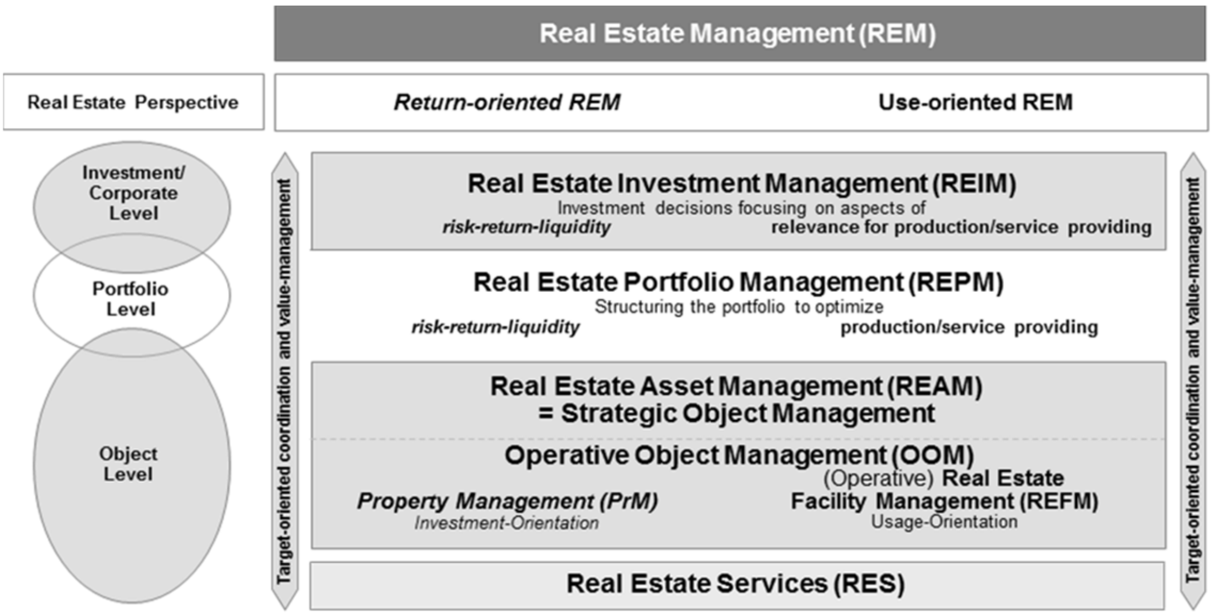

Fig. 2. Real estate management levels and concepts from the return-oriented and use-oriented perspective. *Source*: KÄMPF-DERN (2009).

On the investment or corporate level, REIM is defined as the framework management of real estate portfolios or business areas. It explores the real estate related goals and capabilities of the investor or company, specifies the basis of the fundamental requirements for the investment and divestment decisions, meets demand for the relevant decisions and controls the achievement of their implementation. Therefore, on this highest level, normative investment decisions that guide all real estate activities are to be made. From the return-oriented perspective, the intended balance of risk, return and liquidity are to be defined most importantly, while from the use-oriented perspective, decisions regarding where core activities of the business will take place and whether the corporation intends to buy, lease or rent property are to be covered. In both perspectives, financing and tax implications need to be considered. Thus, normative investment decisions which guide all real estate activities are to be made here, indicating the overall direction of investments and use, especially by methods of financial engineering.

In turn, on the second level, REPM is considered to have derived from the requirements of real estate investment management, the strategic management of bundled real estate stocks (portfolios) where the mutual influence of assets and thus the composition of the property portfolio has an impact on the overall achievement of targets. The aim of the REPM is the construction or preservation of the success potential through the systematic structurization of portfolios. This means that tasks performed in this area include analyzing the current portfolio in respect to the targets set on the first level, specification of real estate segments, building types and regions where to invest, disinvest or lease/rent to reach the targets, and steering and controlling the asset management level, as well as providing other services that realize those plans and reach the portfolio targets. For the return-oriented REPM, the predominant goal is to structure the portfolio to optimize the balance between risk, return and liquidity, while for the use-oriented REM, structuring happens in order to optimize production or service provision. In both cases, portfolio interdependences, meaning the interdependences between object-related decisions to other objects or the entire portfolio, are to be taken into account.

On the third level, the REAM is defined as the strategic management of real estate objects that strives to achieve the goals of an investor or user during the life cycle phase of use/operation and at the interfaces with the conception/supply phase and recovery phase. It is supposed to accomplish or exceed targets specified by REIM or REPM for one or several objects and to identify additional growth potential of value or use related to the real estate. Accordingly, REAM develops strategies for existing as well as prospective real estate objects, and then organizes and controls their implementation. Targets, as well as potential and the respective strategies, can be economic and/or technological, leading to highly differentiated and complex requirements for the asset management function as a nodal point in the center of real estate management. Depending on the perspective, the targets and strategies differ between return-oriented and use-oriented REAM. The real estate management that deals with operative, day-to-day management questions, planning, organization, steering and controlling, letting, maintenance and administration in the interest of the investor during the life cycle phase of use/operation and at the mentioned interfaces is called property management (PrM). It works more with an investment orientation, therefore focuses on economical tasks. However, if the operative object management works more with a use-orientation, focusing more (but not exclusively) on technical and infrastructural tasks, then it is referred to as real estate facility management (REFM). On the object level, the so-called real estate services (RES) which are not treated as management activities have been additionally highlighted. They cover all core real estate related tasks, which include not only accounting or letting, but also marketing or financing activities as well as notary, construction or tax consulting services.

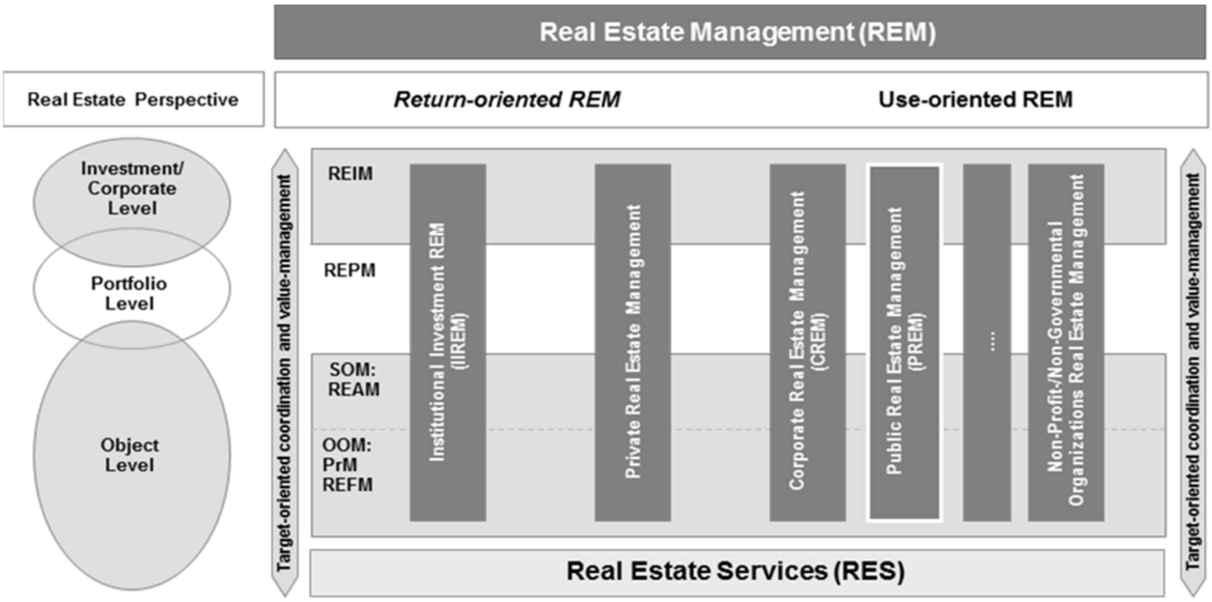

Fig. 3. Specific concepts of real estate management by institutions. *Source*: KÄMPF-DERN (2009).

Considering the above general framework, Fig. 3 shows specific concepts of real estate management according to institutions that are assigned to one or the other perspective of management. It helps to provide orientation for understanding and structuring the numerous management concepts that exist and are continuously evolving.

All the specific concepts cover all management levels but vary in perspective, more specifically, in the degree of return- or respectively use-orientation. This leads to different targets and key performance indicators, as well as different necessary qualifications. Those concepts evolve with specialization as well as increasing requirements, and more complex situations make more distinct concepts necessary.

The authors generally conclude that the management activities for different perspectives are similar on each level but, in terms of detail, can differ a lot depending on the different focus and targets set for them. However, there are no sharp and explicit borders, neither between the management levels nor between the perspectives. Depending on the situation of the individual or corporate investor, the configuration differs so that the borders are blurred. Nevertheless, the nomenclature and statements made can give logical and consistent guidance.

4. Opportunities and application fields of the integrated model in Poland

A basic concept of the REM was prepared by KÄMPF-DERN and PFNÜR (2009) on the example of the German real estate market. This is supposed to be a universal model, covering all existing and developing real estate management activities in a logical and consistent way. Thus, the mentioned concept, like the ordering approach to management activities and tasks, can be transferred without major barriers to real estate markets in transition countries, especially to the real estate market in Poland.

The Polish real estate market was created in the early 90s as a result of wide-ranging processes covering decentralization, liberalization, privatization and the general change to a market economy. Gradually, the Polish real estate market has become one of the most dynamically developing sectors of the national economy as a result of the significant quantitative and qualitative transformations which have occurred there (and continue to occur). There have been changes in the structure of property owners, the public sector has been limited, and new market segments have emerged as a result of internal changes and the appearance of investors and multinational corporations (such as commercial or corporate real estate segments). After the Polish accession to the EU, which accelerated the internationalization and globalization of processes, institutions and practices in the real estate market have been observed. Under these circumstances, real estate management activities have become particularly sophisticated, more and more specialized and deconstructed. They refer to the different functions of real estate in various life cycle phases. In addition, these activities are implemented at multiple levels and from different points of view, as well as involving many actors pursuing different objectives in the market environment. It should be emphasized that the proper adaptation of the basic concept of real estate management to the Polish circumstances requires adequate flexibility and taking into account the specificities of management activities in each sector of the market, including the given mission and predominant goals, the institutional framework, as well as the existing legal and factual limitations.

Possible application fields of the integrated model in Poland may be considered on the background of specific concepts of real estate management by institutions shown in Figure 3.

The first area includes the segments of commercial real estate which are in the possession of both institutional and private investors. Priorities of the REM in this area are related to investment in real estate, so that real estate activities are performed from the viewpoint of capital investment with the goal of optimizing return, reducing risk and increasing liquidity stemming from real estate investment. Institutional investors on the Polish real estate market include, among others, insurance companies, pension funds, and investment funds. These investors create investment portfolios which include real estate as one of the financial instruments. In addition, a few years ago, open and closed-end real estate funds appeared on the Polish market. By purchasing investment certificates, customers of these funds may invest in real estate in an indirect way. Management of real estate in this area is more complex and multi-level, as it incorporates modern office buildings, shopping and logistics centers, hotels and residential apartment properties. It is implemented directly by investment organizations or outsourced to external companies. The adaptation of the basic concept of real estate management to this market segment is relatively simple, because the real estate operate freely on the common European market and there are few formal restrictions under Polish law. With the development of the market, the segment of commercial real estate held by private investors is also growing. It includes commercial premises for services, trade, or logistics, as well as residential premises for rent (especially in big cities). Some private investors in liaison with developers and banks are building ever larger, diversified real estate portfolios, the management of which requires an integrated approach to ensure the proper coordination of the activities of many actors involved in these processes.

The next field of the real estate market in Poland to which the mentioned basic concept of REM can be applied is the corporate real estate segment. The CREM is an example of a management concept focusing more on use than on the other two perspectives. For the CREM, the optimal use of the real estate for the core business is the predominant goal. Of course technical and economic requirements have to be taken into account simultaneously; these are important secondary goals. It seems that the need for an integrated view on the management of such real estate against the background of a growing real estate market results from both internal and external reasons. Internal causes are related to the fact that after the privatization process, many enterprises in Poland have considerable surpluses of real estate that are not used in the current core business. Establishing an appropriate strategy of maintenance, functional transformation and/or disposal of these properties is, therefore, an important issue from the viewpoint of the financial condition and development possibilities of these corporations. In turn, external causes are related to the globalization of economic activities of companies, which has resulted in the fact that there are more and more large business organizations of a transnational nature in Poland, which have different real estate portfolios located on many local, regional and national markets. Flexible diversification of real estate portfolios on individual markets and a multi-faceted approach to their use in the viewpoint of the core business of corporations will allow for the better utilization of the additional potentials included in these real estates in operational and strategic terms.

Another field of real estate management specified in Fig. 3 includes Public Real Estate Management (PREM). It should be emphasized that, in Poland, there are still much greater resources of public real estate as compared to Western European countries. These resources are in the possession of either the State Treasury (state legal, administrative bodies, and specialized agencies of the state) and local authorities (provincial, district and communal). With their help, disposers of the various types of public real estate resources implement certain public tasks following the formal terms of proper management and legality. It becomes necessary to raise the economic efficiency of the public sector; therefore, the effective transfer of some of the methods, models and procedures developed in the private sector to public real estate management is important. The discussed basic concept of REM can become a useful management framework model with respect to the PREM because management of these resources is a multi-level process, which refers to the functionally diverse real estate portfolios in different phases of their life cycle. This process should take into account not only legal (formal) indications, but also all analyzed perspectives of management activities. A particular area of the PREM in which the adaptation of the above-described basic concept of the REM is possible and purposeful is the sector of housing stock management. In Poland, most public housing in the urban stock is owned and managed either by municipalities (and their organizational units) or by non-profit housing associations (called TBSs) or by housing cooperatives (MUCZYŃSKI and TURBACZEWSKA, 2013). These landlords are multi-level organizations, which typically manage large portfolios of residential properties in the long term perspective. They also have real ability to take decisions and activities in all major aspects of real estate management. These circumstances therefore enable the effective adaptation of the presented multidimensional concept of the REM. The same needs and opportunities relate to other non-profit organizations dealing with services in the area of broadly defined real estate management.

5. Conclusions

The analyses carried out showed that the definitions, objectives, tasks and organizational forms of real estate management have evolved with the development of business activities, needs of property investors and users, and general changes in the market environment of the real estate industry. With increasing economic pressure in the real estate business in a complex and globalized society, real estate management services offered by different specialists are becoming particularly sophisticated.

They refer to the different functions of real estate in various life cycle phases. In addition, these activities are implemented at multiple levels and from different points of view, involving many actors pursuing different objectives in the market environment. On the one hand, higher expectations of investors and users generate vast demand for increasing professionalization of real estate management activities and thus, such activities are more and more specialized. On the other hand, in order to distinguish between the variety of actions assumed by various market participants, the mentioned activities require an integrated approach. These assumptions lay at the heart of the presented basic concept of real estate management, originally developed for portfolios of commercial (and corporate) real estate under German market conditions.

The analyzed concept presents the real estate management structure in a multidimensional approach which consists of three core dimensions and two situational ones. The core dimensions describe the major aspects of real estate management and include criteria such as: the life cycle phase, perspectives of real estate activities, and management levels. In turn, the situational (or contextual) dimensions include criteria such as: the real estate segment (type) and the location of the property. Additionally, the so-called real estate services which are not treated as management activities have been highlighted. They cover all core real estate related tasks, which include not only accounting or letting, but also marketing or financing activities as well as notary, construction or tax consulting services. The presented concept was logically derived from the general management theory which deals with such functions as: planning, organizing, steering, coordinating and controlling core activities in business organizations. These functions are consistently referred to in all of the mentioned core dimensions of real estate management.

The integrated concept of REM is supposed to be a universal model, covering all existing and developing real estate management activities in a logical, consistent and sustainable way. It allows for the flexible adaptation of the initial construction to specific cases without changing its structure. Thus, the concept, as the ordering approach, can be adapted without major barriers to the Polish market conditions, especially to the commercial, corporate and public real estate segments. Proper adaptation requires adequate flexibility and accounting for the specificities of management activities in each market segment, including the given mission and predominant goals, institutional framework, and existing legal and factual limitations.

The presented concept can be used both as a raster to harmonize real estate management activities and tasks in business practice, and as a classification scheme for the evaluation of scientific research. Its deconstruction has a practical use because it indicates areas of proper organization and specialization of management activities within each core dimension, as well as their coordination at the interfaces between them, including creating corresponding systems of accounting and control, planning and development of personnel, corporate culture, etc. In this way, it enables the development of real estate management activities according to the principle of specialization without isolation. In addition, it creates a basis for the current discussion on the terminology, scope of tasks, and principles of professional services in the area of real estate management.

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