

The Federal State is within its buildings

The Belgian State Buildings Agency (Régie des Bâtiments) manages properties occupied by the Belgian State or operated on its behalf. The Agency has adopted a new strategy aiming to decrease the space allocated to each full time equivalent (FTE). Dirk van Geystelen, Director General of Real Estate Strategy and Management for the State Buildings Agency, explained the strategy to us.

A new standard for the occupation of Federal administrative buildings was approved by the Council of Ministers in June 2012. This standard sets out a surface area of 13.5 m² per corrected full time equivalent (FTE) for these buildings. The 13.5 m² include the office areas along with local support function space such as small meeting rooms, kitchenettes, photocopier zones etc. The 13.5 m² do not include circulation routes, technical areas or sanitary facilities. We call this 'primary space'.

The word 'corrected' applied to the FTE signifies the fact that an adjustment is made according to the function of these 'FTE' persons. Persons working in a bookshop, for example, or a restaurant, or drivers, do not need office space. A correction is also applied for persons who are often on business outside the office (site controllers, inspectors etc.). By taking these elements into consideration, the Agency is able to determine the number of persons who really make up the FTE figure and who need office space. This standard has now been established and each time a request for space is received, it is analysed in line with this standard. If the request is for Liège, or Namur, it starts by checking whether space is available in buildings already in our portfolio, whether they are owned or rented. All of the 'clients' of the Agency are Federal public services.

What do you do if you don't have suitable available space?

If we have to have a new building constructed, or look for one on the letting market, we always apply this new standard. This is based on a program of standardised needs which takes note of the corrected FTE figure and of the necessary provision for specific areas (restaurants, libraries, large meeting rooms, firing ranges, reception rooms etc.).

Does this standard apply to buildings already occupied?

For those buildings we already occupy, we are monitoring them to see if they respond to the real needs of our clients. In the past, we had around 20 m² of space per FTE. We carried out a screening of all our rental contracts and started by selecting some twenty buildings which we knew we were still going to occupy for a long time. For this monitoring exercise, we start by measuring the primary space we have available in the building – the offices, restaurants, kitchenettes and local support services zones – but not the horizontal and vertical communications, nor the sanitary installations or technical areas. So this means just the space which is genuinely used for carrying out the client's core business. A comparison between the primary space capacity of the building and the program of our client's needs will certainly reveal a gap in some cases between the current situation and that set down by the new standard. We are absolutely certain that the occupation of certain buildings is not optimal and efficient.

In a case of non-conformity with the standard, what will you decide to do?

After a certain time we hope to have a clear view over these twenty or so buildings. We may decide to lay them out differently in order, in particular, to locate other services in them. A good example is the Kamgebouw in Bruges: the occupation of the building is not optimal and we know we can accommodate other services in it. We could install a service of the Agency itself, or a Federal service, or the Social Security which is currently located in another building in Bruges. This latter is the property of the State. If we vacate this building we could sell it. In other cities we may probably find buildings which we rent and which are not optimally occupied. In these cases, the lease contracts could be terminated when they arrive at their term over the coming years.

rationalising the space

What about the costs associated with these potential removals?

We do indeed have to carry out this calculation and there is a good example in Brussels. We wished to bring together the mobility and transport service which is currently housed in two buildings – the CCN at the North Station and City Atrium in the same zone. We were considering bringing them together in City Atrium. This would give us a rental saving of 1.6 million Euros every year, with removal costs 5 to 6 million Euros. This is something we decided was worthwhile as we recovered the investment in four years. Where the building we occupy in Brussels is concerned, we would like to carry out the same exercise despite the high removal costs.

You manage around 1,400 buildings for the State, of which around 500 are rented. Are these rented buildings your prime target?

We would indeed like to limit the portfolio of rented buildings because they currently represent an annual expenditure of 480 million Euros. The government is obviously asking us to make savings. We own some 4.8 million square metres, a figure which varies from month to month, and we rent 2.8 million. But it shouldn't be forgotten that we are not only talking about administrative buildings such as offices which the State owns: there are also the prisons, the law courts, the museums... and these represent a high number of square metres. Amongst the 2.8 million square metres we rent, around 2.2 million are administrative in nature.

What is your overall objective in terms of reducing the space you rent?

We wish – in time – to reduce the average office space of 20 m² per FTE to 13.5 m², in other words reduce by almost a third. This is a significant objective. If everything proceeds as we wish – and in time once again – we estimate that it should be possible to reduce rental costs by 60 to 80 million Euros per year. This remains a theoretical figure for the moment. We are also going to draw up a master-plan of all the administrative space in Brussels, in order to follow the important changes to come over the next few years and see how we can optimise our occupation.



Dirk van Geystelen,
Director General of Real Estate
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Are you also considering selling buildings?

We put all buildings up for sale which are no longer used for a public function. To carry out the sale, the buildings are transferred to the Acquisition Committee of the 'Finance' Federal Public Service. This Committee acts as our solicitor. So all buildings which are vacated and which can no longer be used for a public function will be sold. We have often been reproached in the press because some buildings are unoccupied, but there are some very specific cases. For example, gendarmes have a right to a lodging until their retirement, which means that some units become available before others. It is sometimes better in such a case to wait until all the units within a single complex are empty, in order to sell the complex as a 'lot' to an investor. We have recently been negotiating this somewhat ambiguous situation with the police. It will now be possible to sell certain of these complexes with a clause which respects and protects the right to a lodging of these former gendarmes. There are 1,000 apartments of this type in our portfolio. Overall, the vacancy level in buildings we rent is relatively low, around 2.9%. Across the whole of our portfolio, we have to carry out sales of buildings to the tune of 25 million Euros in 2013, 2014 and 2015.

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