

Managing Corporate Real Estate: Leading and Emerging Practices

A LONGITUDINAL STUDY

by CBRE & CoreNet
Global, presented by
CBRE Institute

DATA GATHERED H2 2024
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Preface

CBRE Institute and CoreNet Global have a long-standing partnership monitoring the established and emerging practices in the Corporate Real Estate (CRE) industry.

Our longitudinal research initiative surveys CRE leaders from around the world.

This year's findings represent the views of CRE leaders responsible for a combined global portfolio of nearly 1.6 billion sq. ft.

Research topics span five key categories:

01.
Mission
and Key
Initiatives

02.
Enterprise
Alignment

03.
Organizational
Structure

04.
Technology
and Analytics

05.
Outsourcing
Service
Providers

01

Mission and Key Initiatives



Highlights of Findings

- Most global CRE teams (83%) cite enabling the core business as their overarching purpose, but what exactly does this mean? CRE teams have been enabling the business since formal CRE departments were first established.
- CBRE Institute finds that both CRE and business leader perspectives have shifted over the last several years.
- While CRE has always been responsible for areas such as expense management and on-time delivery of projects, the team now has a more codified connection to business success. For instance, Lines of Business (LOBs) see the impact that real estate costs have on their ability to meet financial plans. The timing of new store openings can make or break the meeting of growth goals. And the physical workplace can attract top talent and foster company innovation. Ultimately, CRE's impact on the business is now understood in-depth. And this new mindset is having a ripple effect throughout the CRE team—from mission and initiatives to team structure, business intelligence and performance measures.

MISSION AND KEY INITIATIVES

CRE’s elevated mission and purpose

This year’s survey findings solidify the recent trend of an evolving CRE mission and purpose. CRE has become a department whose overarching mission is **business enablement**.

These findings coincide with an uptick in partnerships with functional groups outside of CRE (e.g., Human Resources and Information Technology) and an increased use of business intelligence. CRE’s role has expanded well beyond its traditional boundaries, impacting core business functions in areas such as talent recruitment and retention, decarbonization and risk mitigation.

That said, expense management remains a priority. Given that real estate is generally a corporation’s second- or third-largest expense, we do not see CRE’s focus on financial stewardship diminishing—but rather sharing equal billing.

Figure 1: How would you describe the primary mission and priorities of your CRE organization? Please select your top 5 objectives.

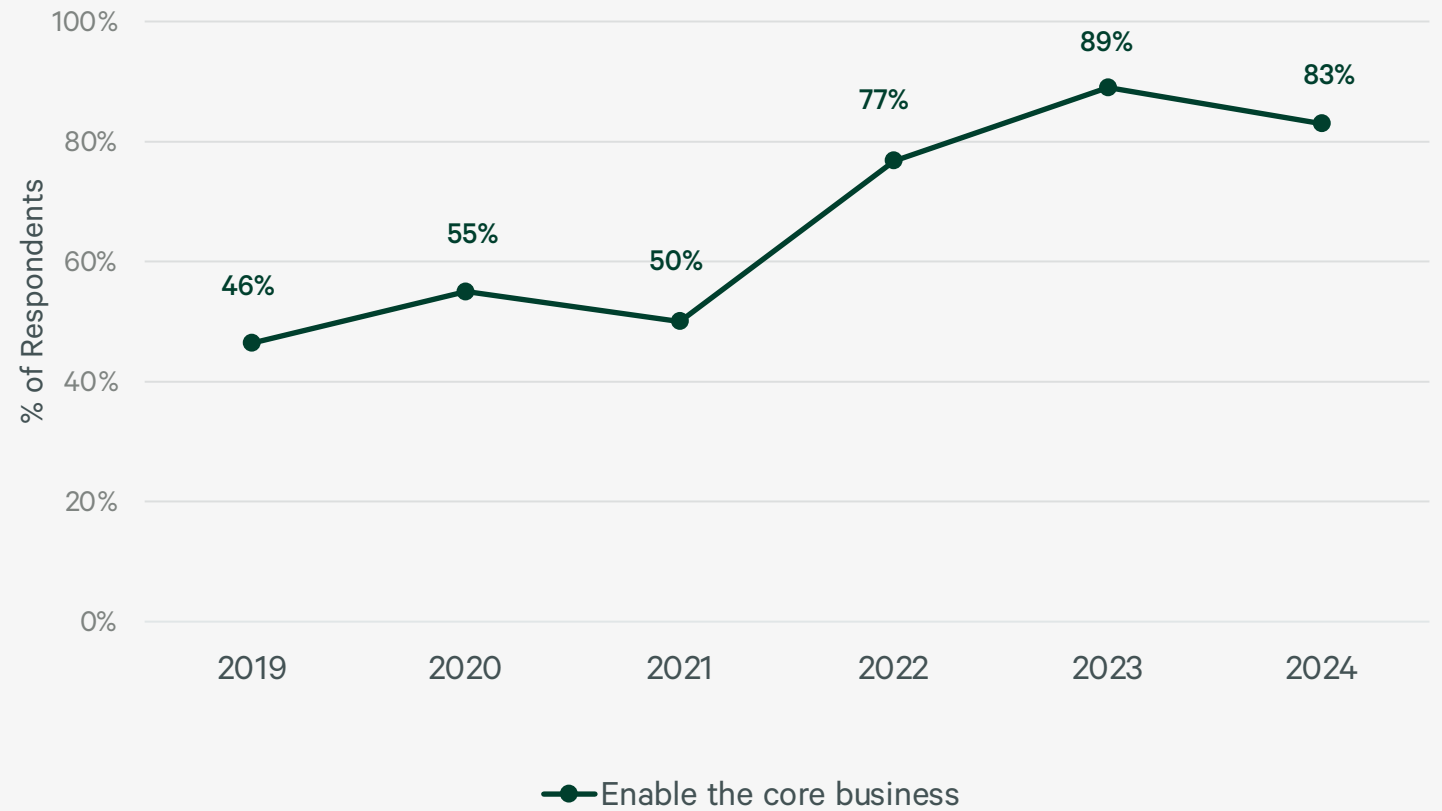


Source: CBRE Institute, H2 2024.

Longitudinal snapshot

The number of CRE leaders who view their role as an enabler of business success nearly doubled during the last six years.

Figure 1a: Longitudinal Snapshot



Source: CBRE Institute, H2 2024.

Key initiatives

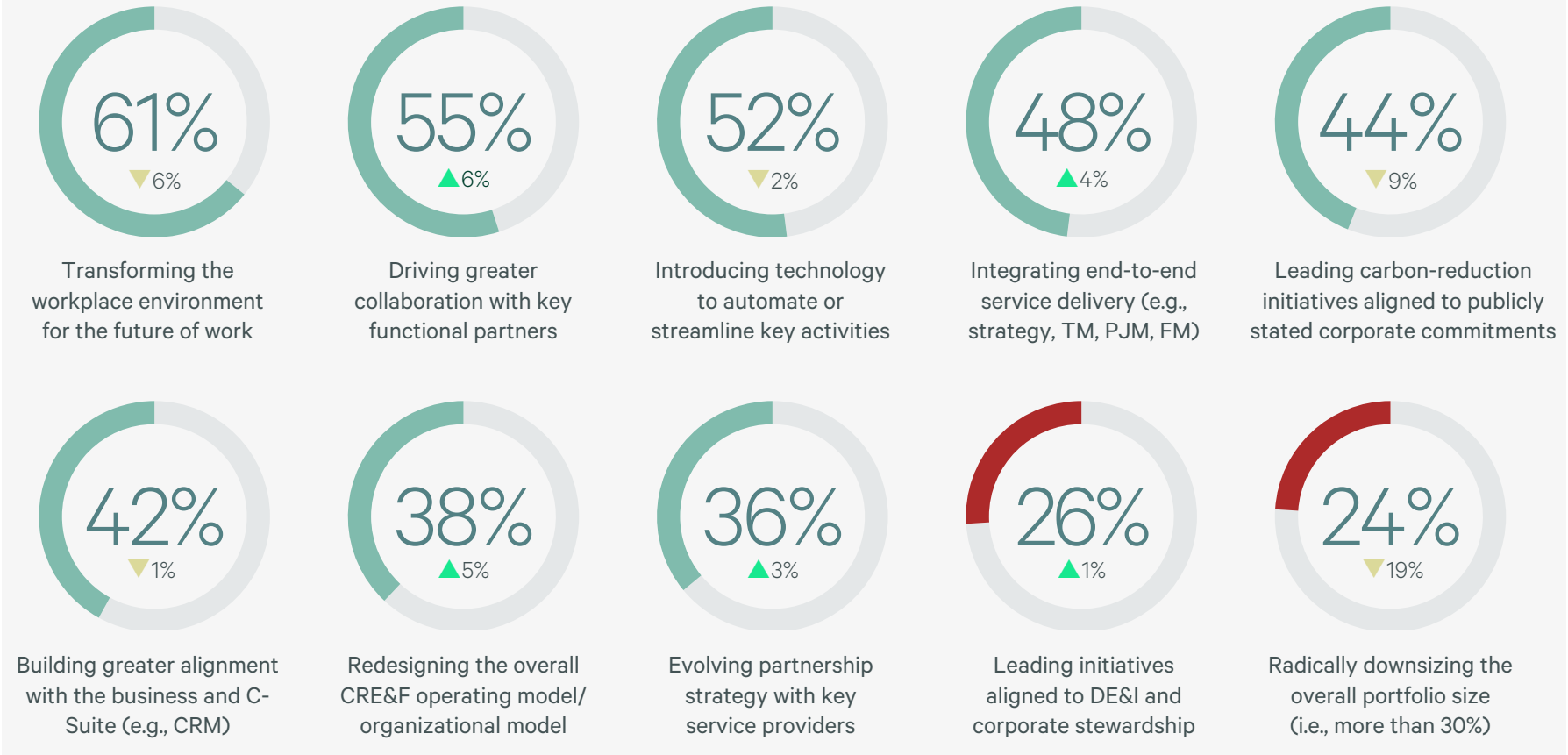
CRE leaders expect to lead numerous strategic initiatives simultaneously throughout 2025.

The most common business-enablement initiatives are transforming workplace experience and working with key functional partners.

Notably, over a third of CRE departments are reorganizing their internal departments (38%) and/or evolving their outsourcing partnership strategies (36%).

Fewer CRE departments have Diversity, Equity and Inclusion (26%) initiatives underway. And significant real estate plans such as radically downsizing portfolios have diminished in focus (24%). Please see CBRE’s annual occupier study for further evidence that major portfolio optimization efforts are decreasing.

Figure 2: What innovative/transformational initiatives are CRE pursuing or planning to pursue in the next 12 months? Please select all that apply.



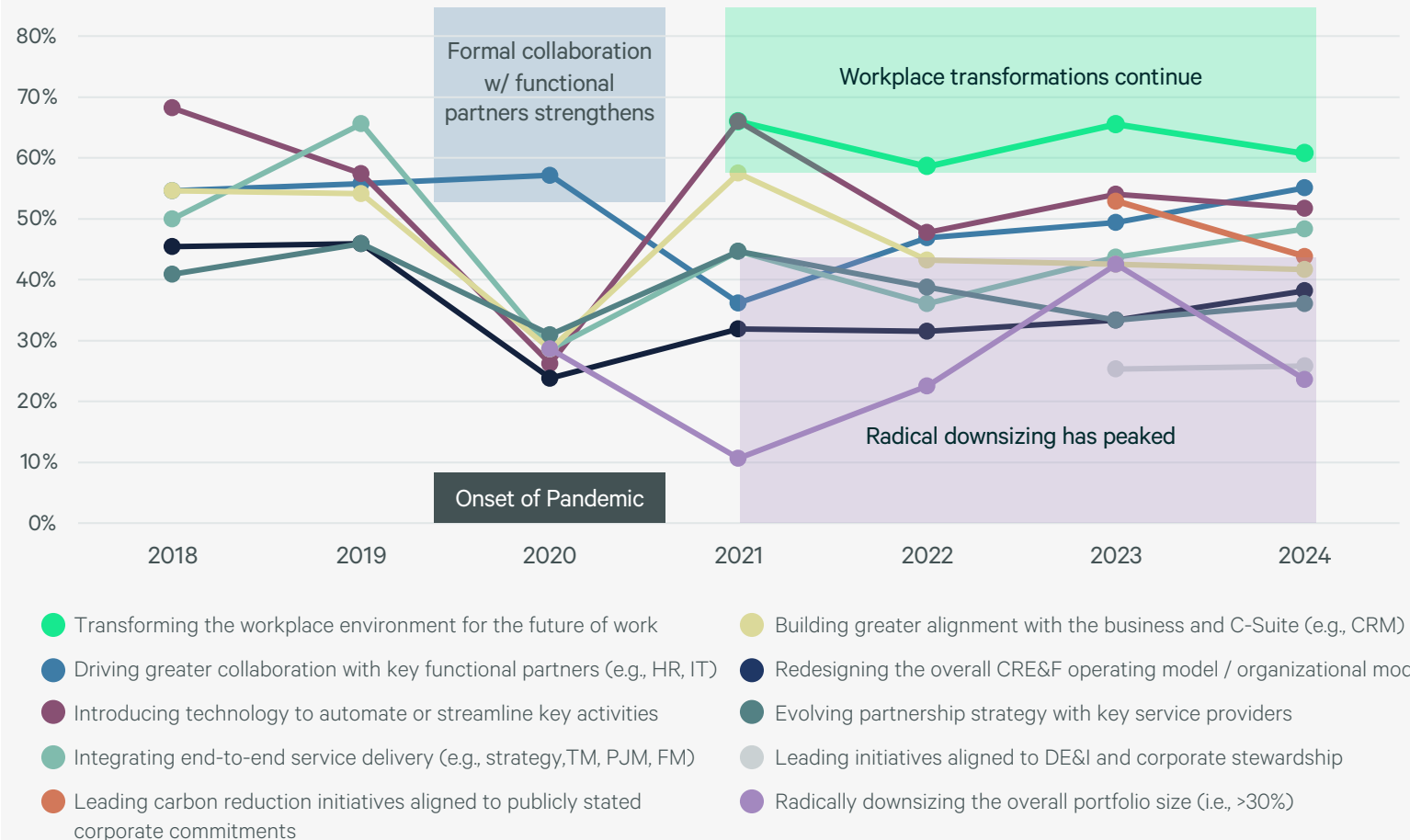
Source: CBRE Institute, H2 2024.

Longitudinal snapshot

It is interesting to explore how particular initiatives have increased/decreased in importance throughout the years. Three noteworthy findings include:

- Collaboration with functional partners became paramount during the pandemic. While this alignment temporarily dropped, we've seen a continual increase since 2021.
- Workplace transformations have been the top CRE initiative for four years running, and there is all indication this trend will continue.
- Radical portfolio downsizing appears to have peaked, with a major reduction in optimization initiatives after a two-year increase.

Figure 2a: Longitudinal Snapshot



Source: CBRE Institute, H2 2024.

02

Enterprise Alignment



Highlights of Findings

To enable business success, CRE must have strong working relationships throughout the company. This year teams are enhancing those connections across all areas of the enterprise:

- Lines of Business (LOBs): Client Relationship Management (CRM) and portfolio planning have become standard practices to ensure alignment with the business, with nearly half of CRE leaders (49%) now having well-established functions for one or both.
- Partner Functions: Formal alignment continues to build between CRE and partner functions such as HR, IT, procurement, legal, finance and safety— with governance through project-based committees (65%).
- C-Suite: Most CRE teams (70%) are involved in confidential, strategic merger and acquisition (M&A) activity at the earliest stages.
- Further, the performance metrics tied to the CRE department are similarly aligned to the business—with the top three metrics focused on employee engagement, BU satisfaction, and cost avoidance.

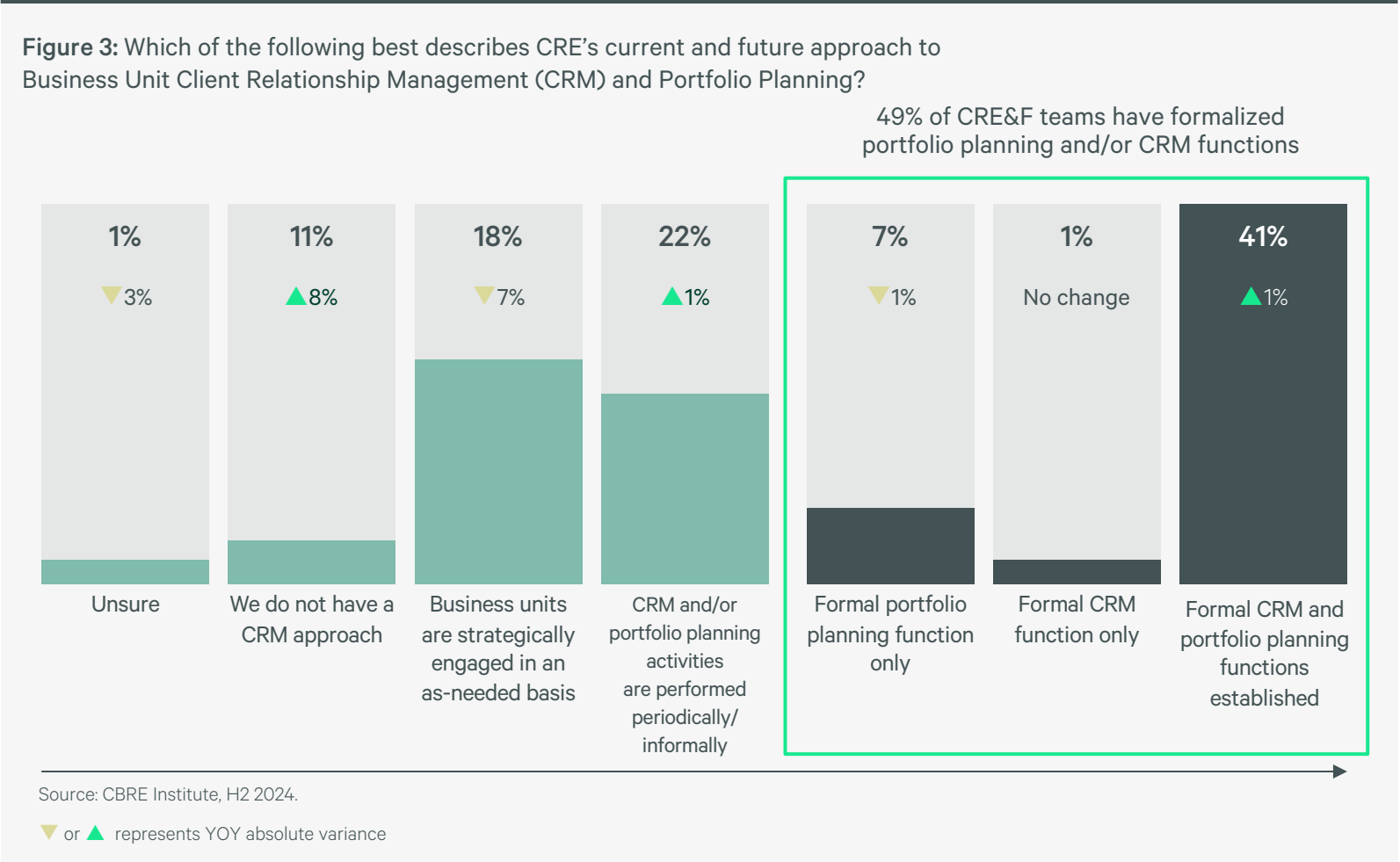
ENTERPRISE ALIGNMENT

CRM and portfolio planning

CRM and portfolio planning remain strategic approaches to ensure alignment with the business, with nearly half of CRE leaders (49%) now having well-established functions for one or both.

CRM, whether via individual team positions or CRE functions, is key to understanding the needs of the LOBs. Further, formalized portfolio planning is becoming vital in the world of hybrid work.

Figure 3: Which of the following best describes CRE’s current and future approach to Business Unit Client Relationship Management (CRM) and Portfolio Planning?



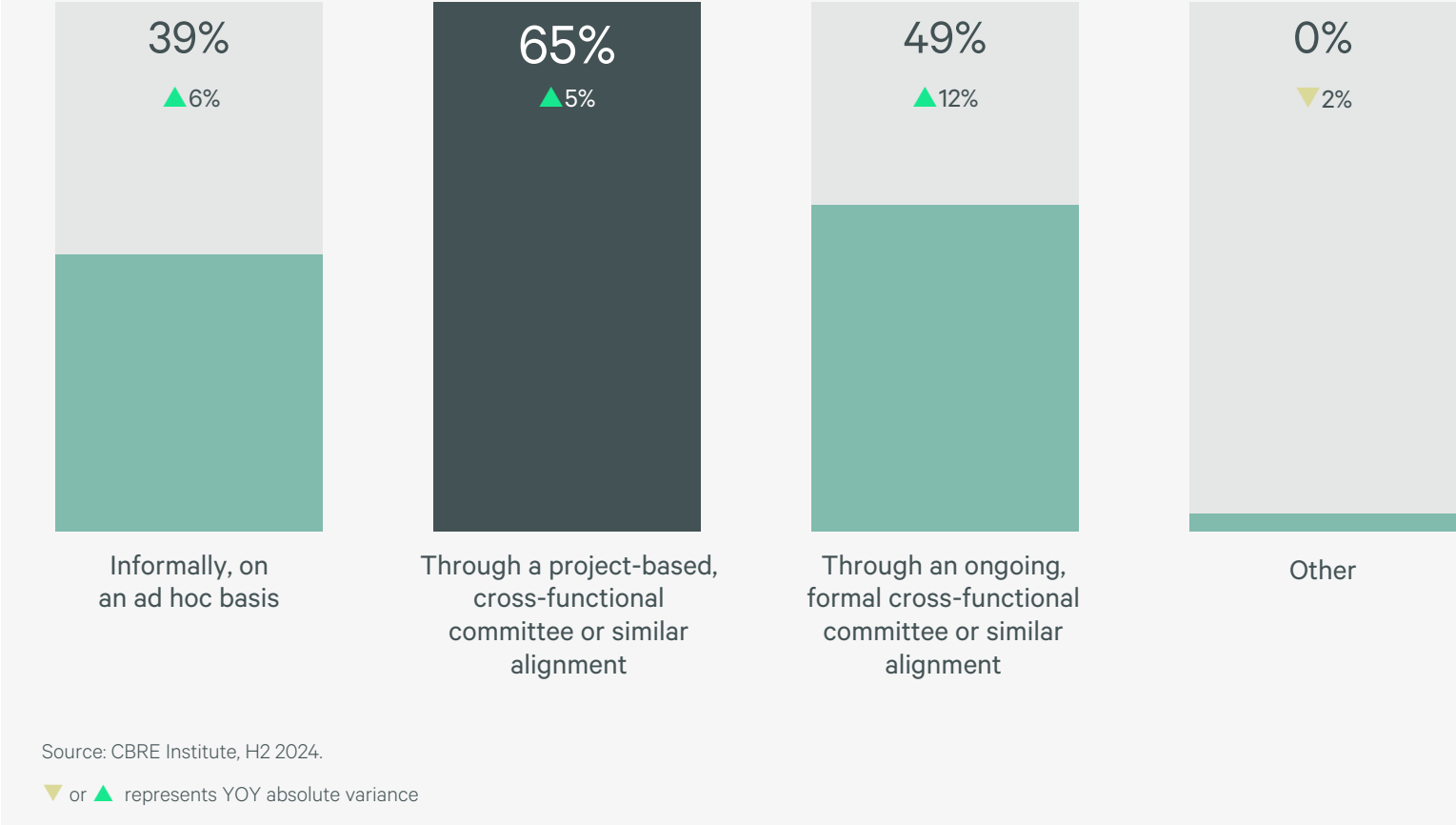
ENTERPRISE ALIGNMENT

Increased alignment between CRE and other functions

Alignment between CRE and partner functions such as HR, IT, procurement, legal, finance and safety continues to solidify. This cross-functional team is commonly referred to as a Decision-Making Unit, or DMU.

In 2024, most CRE leaders noted participation in project-based, cross functional committees (e.g., standardizing hybrid-work policies), a five-percentage-point increase from last year.

Figure 4: How does CRE engage with partner functions (e.g., HR, IT, procurement, legal, finance, HSE, etc.)? Please select all that apply.



ENTERPRISE ALIGNMENT

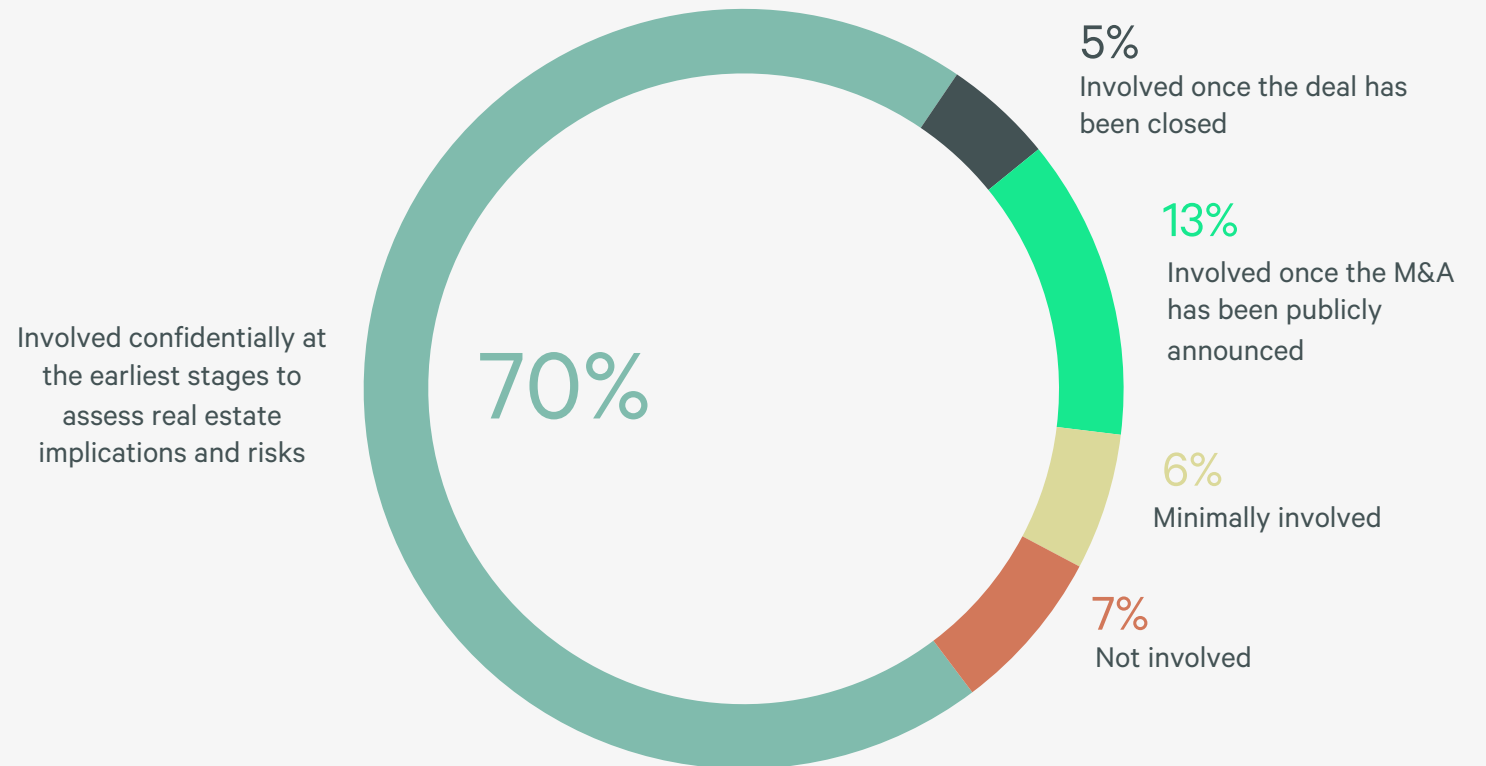
Strategic M&A activity

Most CRE teams (70%) are involved in confidential, strategic M&A activity at the earliest stages.

This is an excellent example of a CRE mission focused on business enablement—as the real estate strategy can have implications to the balance sheet and enterprise risk in both the short and long term.

While last year saw relatively little M&A activity globally, analysts expect an increase this year. This leads CBRE Institute to recommend CRE leaders begin proactively preparing their M&A standards and processes for business success.

Figure 5: Which statement below best describes CRE's typical level of involvement with strategic M&A activity?

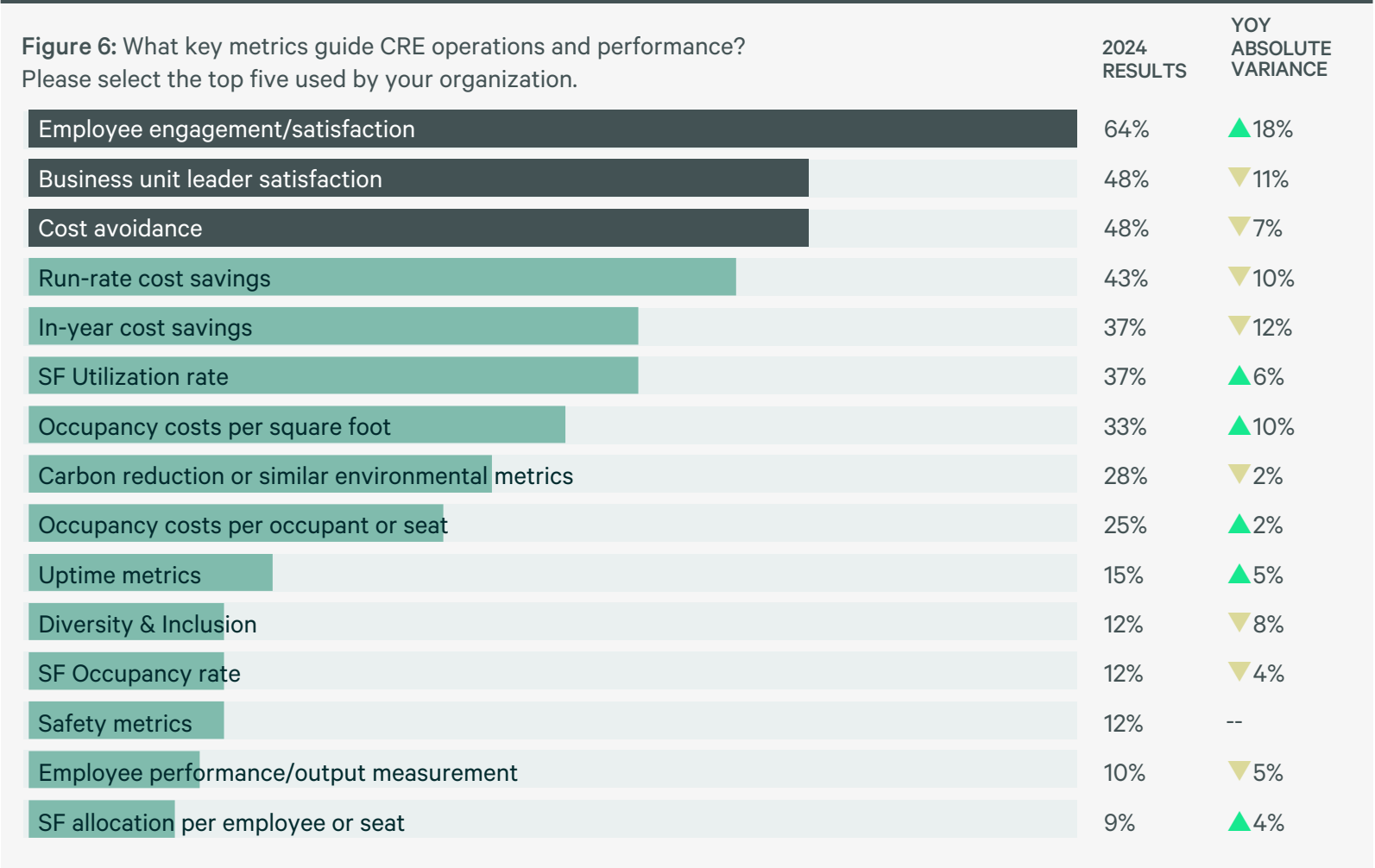


Source: CBRE Institute, H2 2024.

CRE performance metrics

The standard set of CRE performance metrics has shifted in the last year. CRE teams are measured on the effectiveness of the work experience for both employee satisfaction and business success—while at the same time managing the bottom line efficiently.

Of note, employee engagement/satisfaction has catapulted to the top of the list. As employee sentiment takes center stage, CRE departments around the world are discussing how to define and measure this broad category—exploring topics such as effectiveness, efficiency, retention and more.



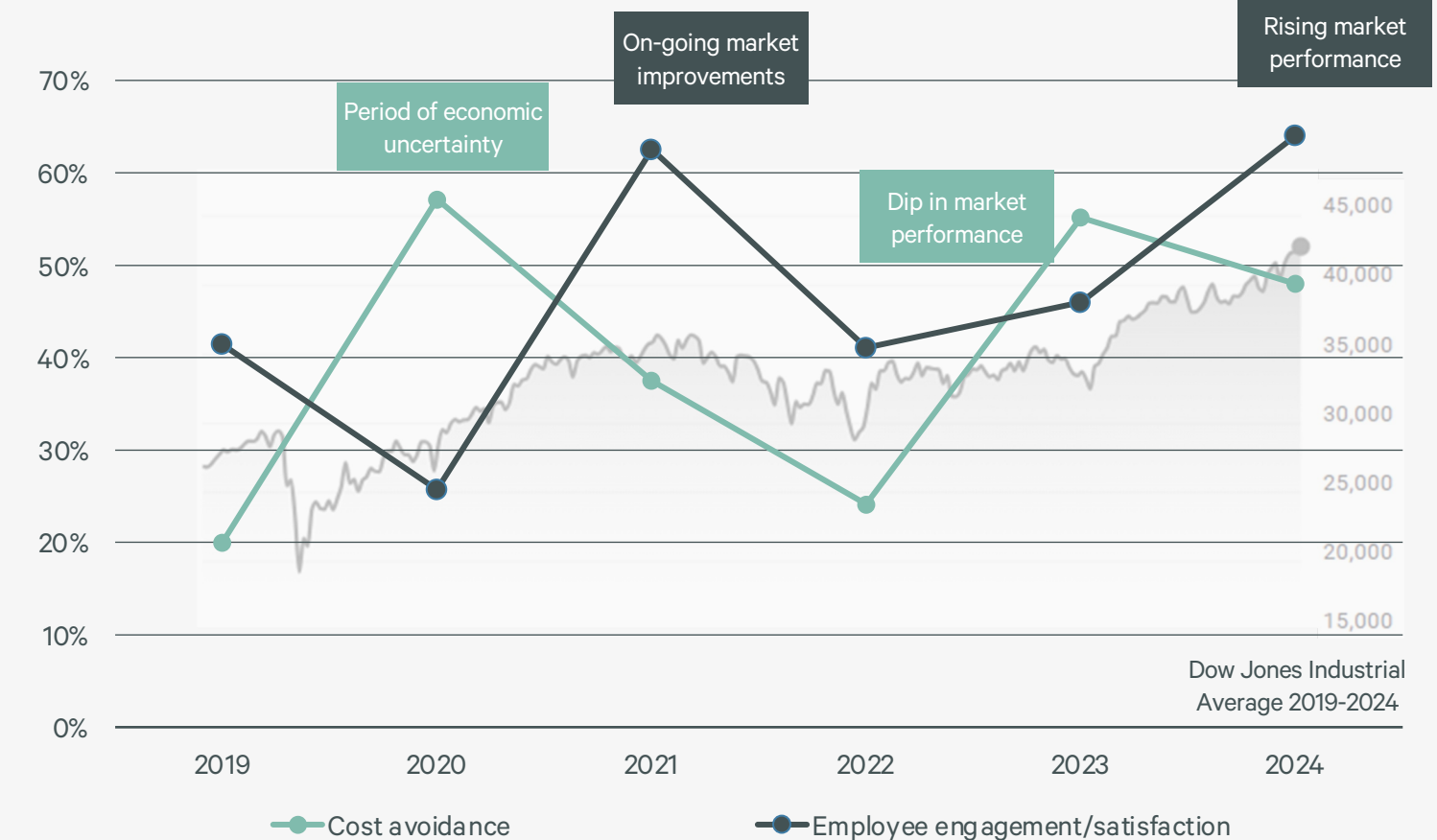
Source: CBRE Institute, H2 2024.

Longitudinal snapshot

The priority of financial- and employee-related metrics tends to fluctuate based on macro-economic and other factors.

- CBRE Institute explored the correlation of these surging employee engagement metrics to the Dow Jones Industrial Average (DJIA).
- This is illustrated in the graph to the right, which depicts employee engagement and cost savings metrics against the DJIA. As the DJIA has risen, more focus (and more resources) are given to employee engagement initiatives, with less focus on cost savings.

Figure 6a: Longitudinal Snapshot



Source: CBRE Institute, H2 2024.

03

Organizational Structure



Highlights of Findings

- Portfolios look very different today than they did pre-pandemic. This, coupled with the fact that CRE teams have new and expanded goals, is resulting in CRE teams reevaluating their organizational structure and design.
- While 58% of CRE leaders are anticipating some near-term organizational changes within their teams, one in four CRE leaders also anticipate a major restructuring during the next 12 months.
- Considering their mission to enable the business, it makes sense that CRE teams seek new or different skills. Our research shows the most in-demand skills are gravitating away from tactical execution and toward strategic functions: workplace strategy (52%), reporting and analytics (52%), portfolio planning (44%), CRM (43%), and financial acumen (41%).

ORGANIZATIONAL STRUCTURE

Team reorganizations

Given how the composition of most real estate portfolios has changed in recent years, CRE leaders are re-evaluating the structure and skill sets of the teams managing those portfolios.

While 58% of CRE leaders anticipate some form of near-term organizational changes within their teams, one in four CRE leaders anticipate a major restructuring during the next 12 months. In related research, CBRE Institute conducted our largest-ever organizational design research study during the summer of 2024, which provides insights into the structure of CRE departments around the world.

Figure 7: Is the CRE organization anticipating any organizational changes during the next 12 months?
Please select all that apply.



Source: CBRE Institute, H2 2024.

ENTERPRISE ALIGNMENT

New and different skills required

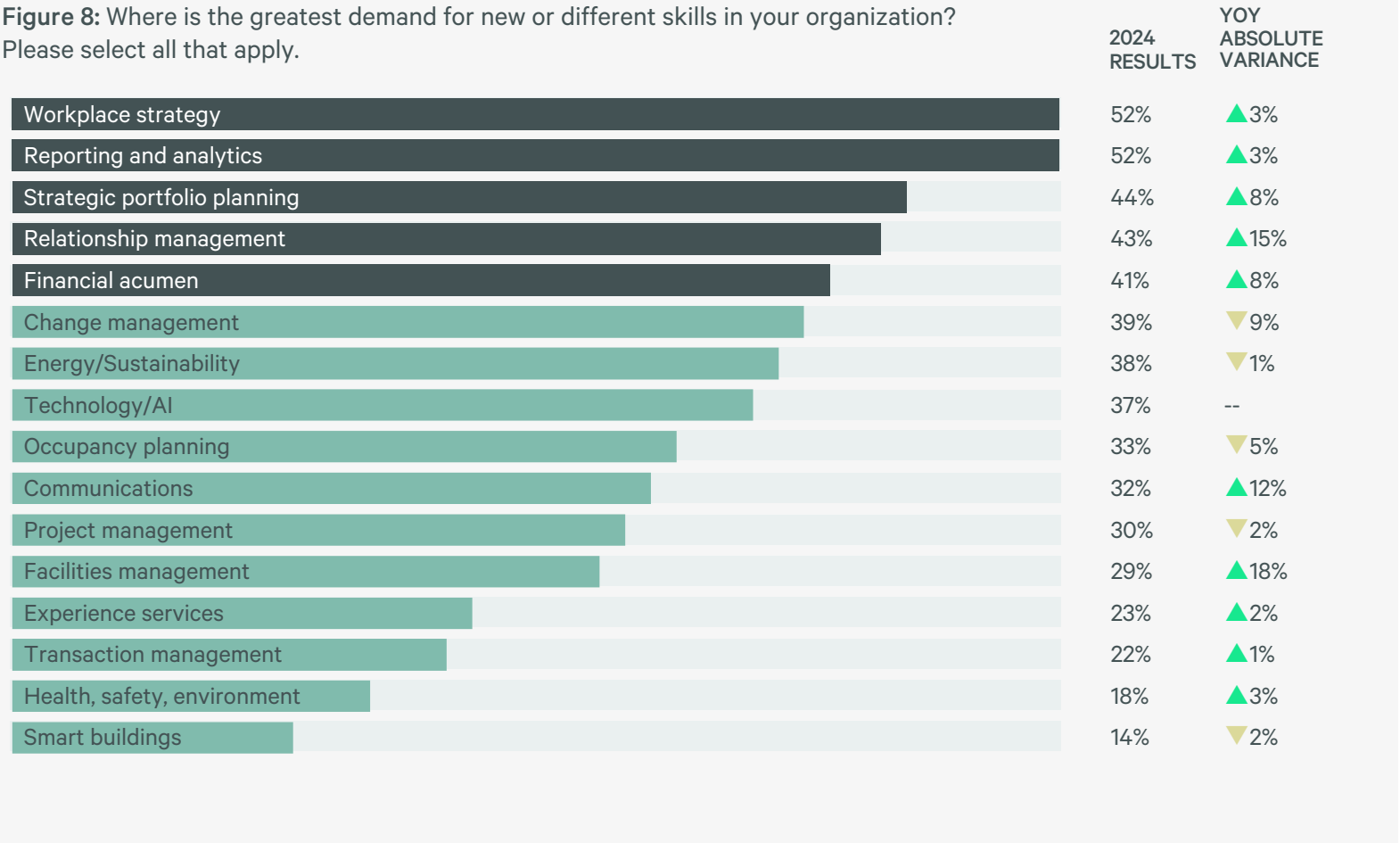
As CRE leaders reflect on their elevated mission and optimized portfolios, the need for new or different skills gravitates toward strategic functions and away from tactical execution.

The top five new or different skills needed within CRE teams include workplace strategy, reporting and analytics, portfolio planning, CRM and financial acumen.

Of note, workplace strategy is most often project-based (generally over two to four years), unless the portfolio is large and diverse. CRE teams ramping up internally for this skill today may find themselves over-staffed in the future.

Lastly, traditional functions (e.g., facilities management, project management, transaction management) are typically staffed via internal teams and/or service providers.

Figure 8: Where is the greatest demand for new or different skills in your organization?
Please select all that apply.



Source: CBRE Institute, H2 2024.

▼ or ▲ represents YOY absolute variance

ORGANIZATIONAL STRUCTURE

CRE reporting structure

The most common C-level reporting hierarchy for CRE is the office of the Chief Financial Officer (CFO).

While the pandemic did see an increase in reporting into Human Resources (HR) leadership, most sectors have since reverted to hardline reporting into the finance function.

In fact, this year marks the highest number of CRE teams reporting into finance since our longitudinal research began—with four out of 10 CRE teams reporting into the CFO or equivalent.

Figure 9: Into which of the following C-level executives does CRE ultimately report?

	2024 RESULTS	YOY ABSOLUTE VARIANCE
Chief Financial Officer or equivalent	41%	▲ 4%
Chief Human Resources Officer or equivalent	18%	▲ 8%
Chief Executive Officer or equivalent	11%	▲ 6%
Chief Operating Officer	8%	▼ 8%
Chief Procurement Officer or equivalent	7%	--
Chief Administrative Officer	7%	--
Chief Information Officer or equivalent	1%	▼ 2%
Other	7%	▲ 1%

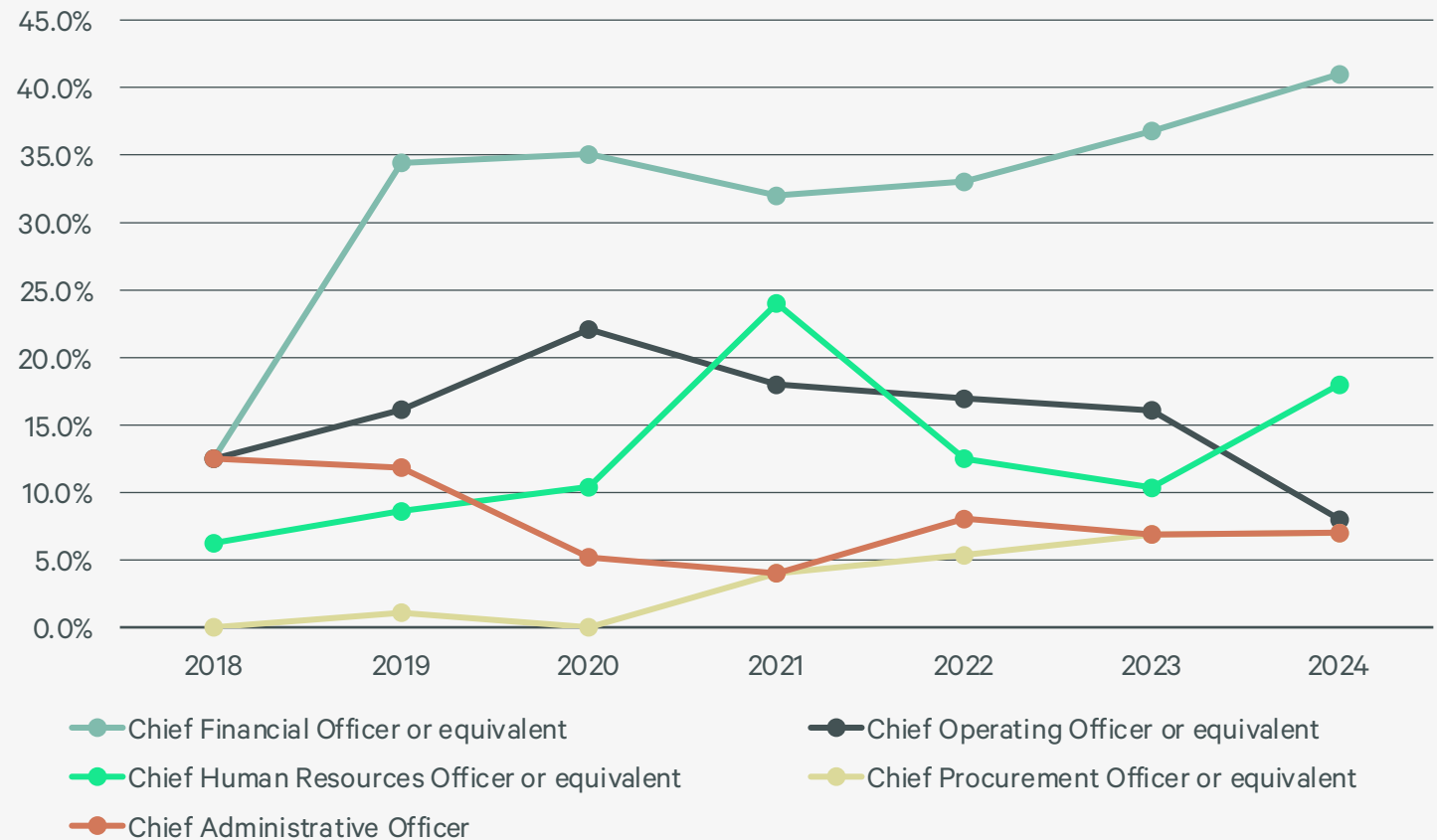
Source: CBRE Institute, H2 2024.

Longitudinal snapshot

While CHRO reporting structures initially spiked during the pandemic, CFO continues to be the predominant reporting hierarchy.

- CBRE Institute explored the correlation of these surging employee engagement metrics to the Dow Jones Industrial Average (DJIA).
- This is illustrated in the below graph, which depicts employee engagement and cost savings metrics against the DJIA. As the DJIA has risen, more focus (and more resources) are given to employee engagement initiatives, with less focus on cost savings.

Figure 9a: Longitudinal Snapshot



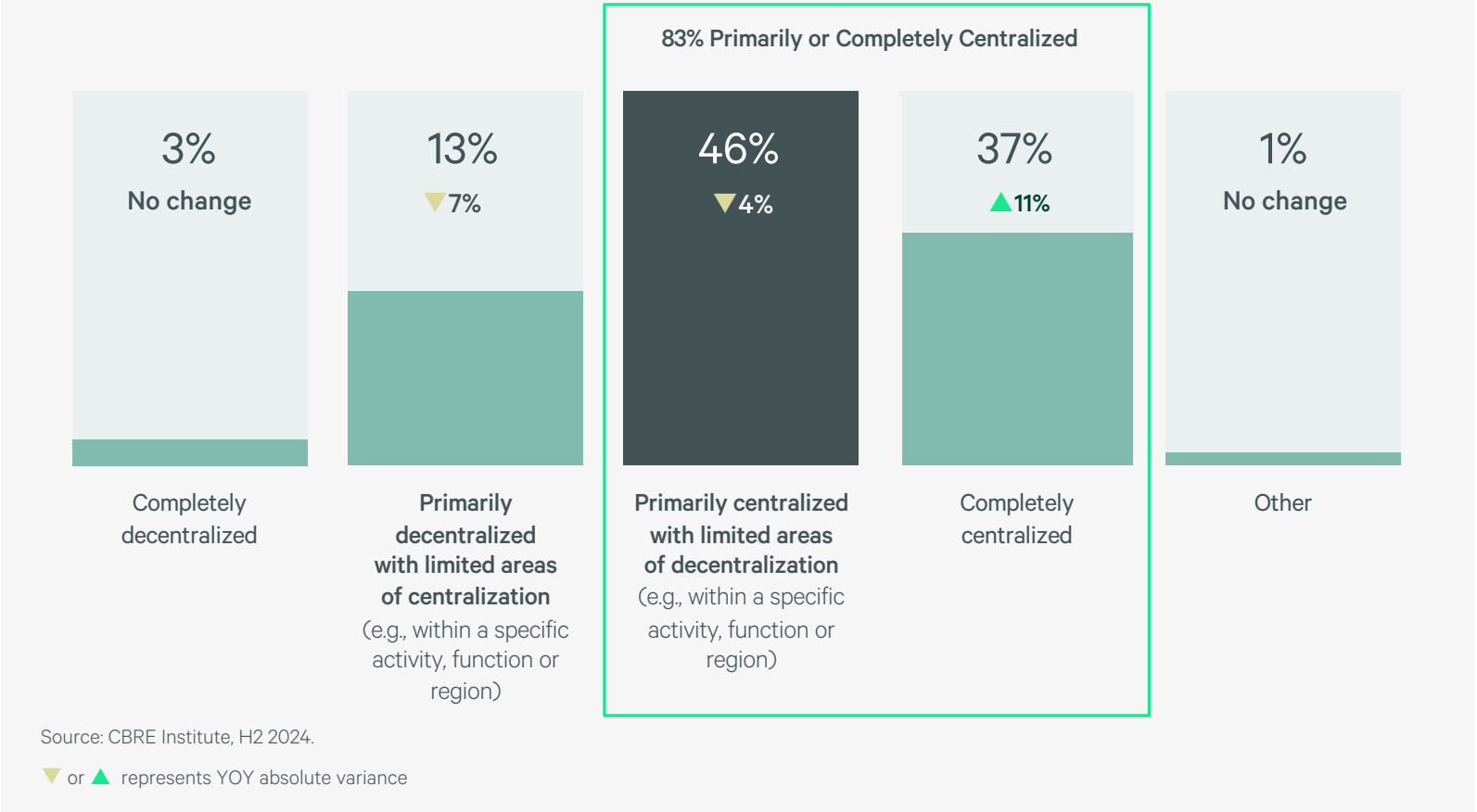
Source: CBRE Institute, H2 2024.

Centralization of CRE responsibilities

With 83% of respondents noting CRE’s management structure is either primarily or completely centralized, this has become a best practice and industry standard.

Property types least likely to be centralized under CRE’s leadership include manufacturing, data centers and retail.

Figure 10: Which of the following best reflects CRE’s management structure?



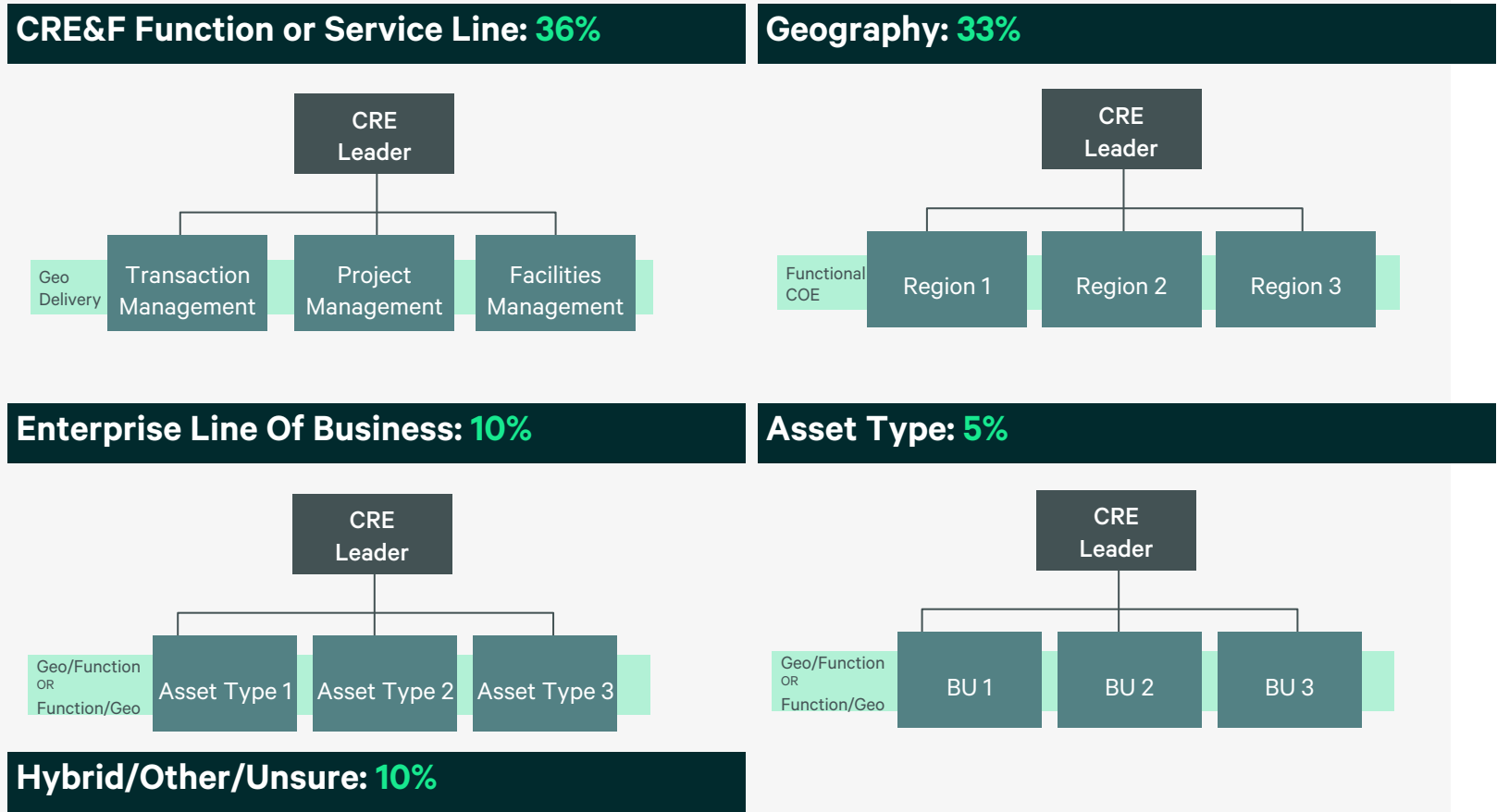
ORGANIZATIONAL STRUCTURE

CRE organizing principle

Consistent with prior years, CRE teams are most often organized by function/service area (36%) or geography (33%).

However, CRE departments typically will adopt matrix organizations with either function or geography as the dominant axis.

Figure 11: Which of the following best reflects CRE’s management structure?



Source: CBRE Institute, H2 2024.

ORGANIZATIONAL STRUCTURE

CRE reporting structure

While most functional departments within companies and organizations have standard titles (e.g., Accounting, Legal, Marketing), the CRE function does not.

This year we added a new question to our study, “What is the official name of your department?” Interestingly, nearly every stated department name was slightly different.

Titles run the functional gamut from Facilities or Real Estate to Workplace—with many also officially including descriptors such as Corporate or Global.

Figure 12: What is the official name of your department that oversees the corporate real estate/workplace function? [COMPREHENSIVE LIST OF OPEN-ENDED RESPONSES]

Real Estate	Workplace	Corporate	Facilities/ Facility	Global	Facilities/Facility Management	Enterprise
35	16	15	15	12	7	2
<ul style="list-style-type: none">• All C Suite• Commercial Properties• Corp services• Corporate Properties• Corporate Real Estate• Corporate Real Estate & Facilities• Corporate Real Estate & Facilities Operations• Corporate Real Estate and Facilities• Corporate Real Estate and Workplace• Corporate Real Estate and Workplace Services• Corporate Real Estate Management• Corporate Real Estate & Workplace Solutions (CREW)• Corporate Real Estate and Workplace Strategy (CREW)• Corporate Services (2)	<ul style="list-style-type: none">• CRE• CREFS• eCrew• Employee Experience• Enterprise Real Estate• Enterprise Real Estate Services• Facilities, Real Estate & Strategy• Facilities Management• Facilities Management and Real Estate• Facility & Real Estate Management• Financial Officer• Global Corporate Services (2)• Global Facilities, Environments and Health Safety• Global Operations• Global Real Estate• Global Real Estate (GRE)• Global Real Estate	<ul style="list-style-type: none">• Global Real Estate• Global Real Estate (GRE)• Global Real Estate and Facilities• Global Real Estate and Workplace• Global Real Estate Services (2)• Global Real Estate, Facilities Management, and Workplace Services• Global Workplace Solutions• GREF• National Real Estate Services• Operation Excellence Group• Overseas Buildings Operations• Real Estate• Real Estate & Facilities• Real Estate & Incentives• Real Estate & Workplace• Real Estate and Facilities• Real Estate and Facilities Management• Real Estate and Facility Management	<ul style="list-style-type: none">• Real Estate and Property Development• Real Estate and Workplaces Services• Real Estate Management - Infrastructure and Facilities Management• Real Estate Operations• Real Estate Services• Real Estate, Workplace & Mobility• Workplace• Workplace Resources• Workplace Services (2)• Workplace Solutions• Workplace Strategy & Site Operations			

Source: CBRE Institute, H2 2024.

04

Technology and Analytics



Highlights of Findings

- Technology and analytics have become vital to CRE's mission of business enablement. With greater access to data and continuous advancement in AI and machine learning, CRE teams are able to offer new and different insights at the business level.
- In fact, use of CRE data for business-focused engagement rose 7% from last year's study.
- Given lease administration's critical importance, CRE leaders see these tools as the most impactful CRE technology (4.2 on 1-5 scale), followed by financial planning and occupancy management (both 4.0 on 1-5 scale).
- Interestingly, the majority of CRE leaders note they have started data centralization and automated reporting but recognize the breadth of opportunities that lie ahead.

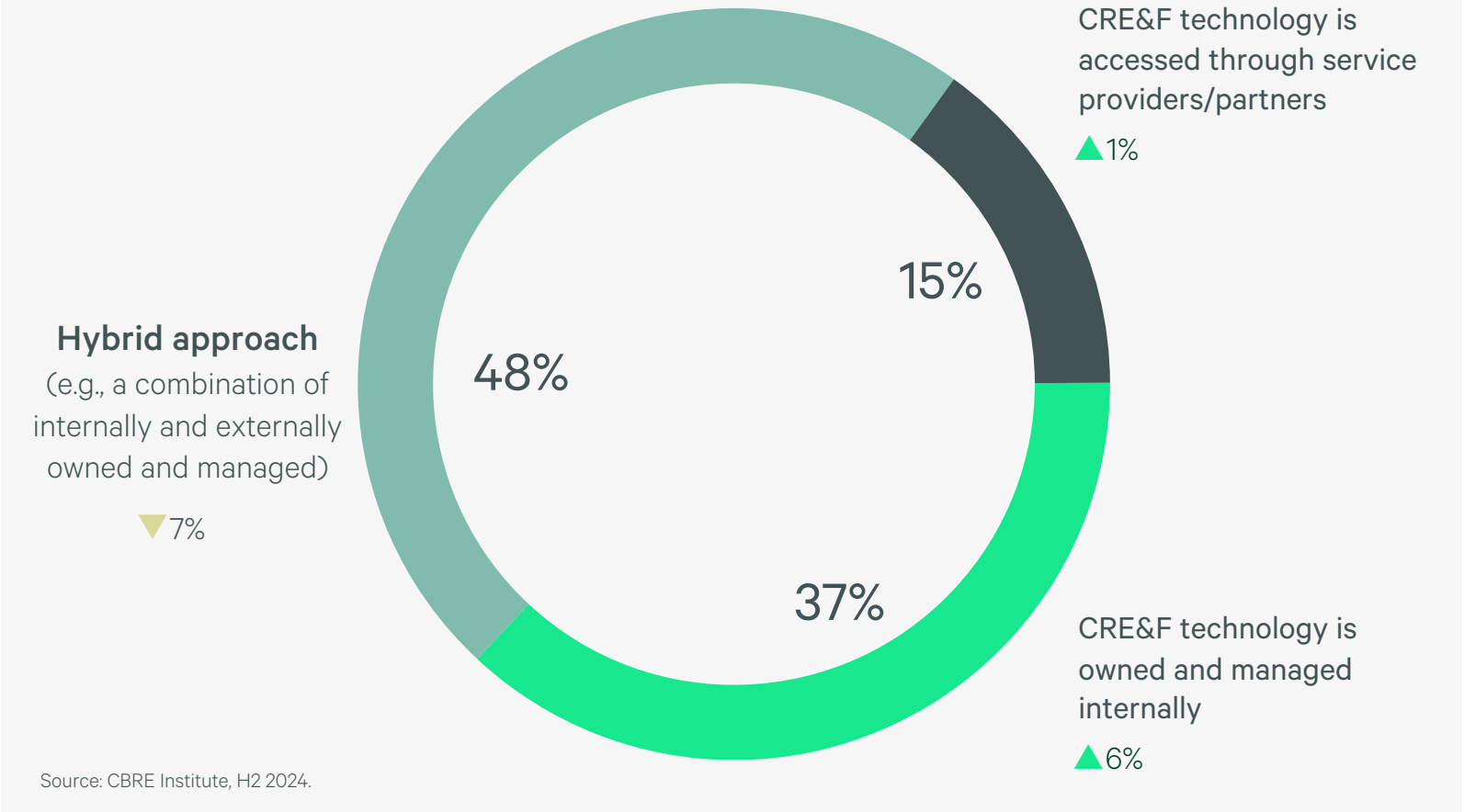
TECHNOLOGY AND ANALYTICS

CRE’s technology strategy

A hybrid approach remains the most common CRE technology strategy, combining internal and external technology. However, this year CRE teams are notably reverting to a strategy where their technology is solely owned and managed internally.

This trend may be due to the growing use of AI and generative learning.

Figure 13: What statement best describes your CRE&F technology strategy?



TECHNOLOGY AND ANALYTICS

Use of CRE data

2024 saw a spike in the use of CRE data for business-focused engagement, with 75% of CRE departments leveraging their data for reporting and analysis to the business.

Figure 14: Which statements best describe how CRE uses data?
Please select all that apply.



Source: CBRE Institute, H2 2024.

TECHNOLOGY AND ANALYTICS

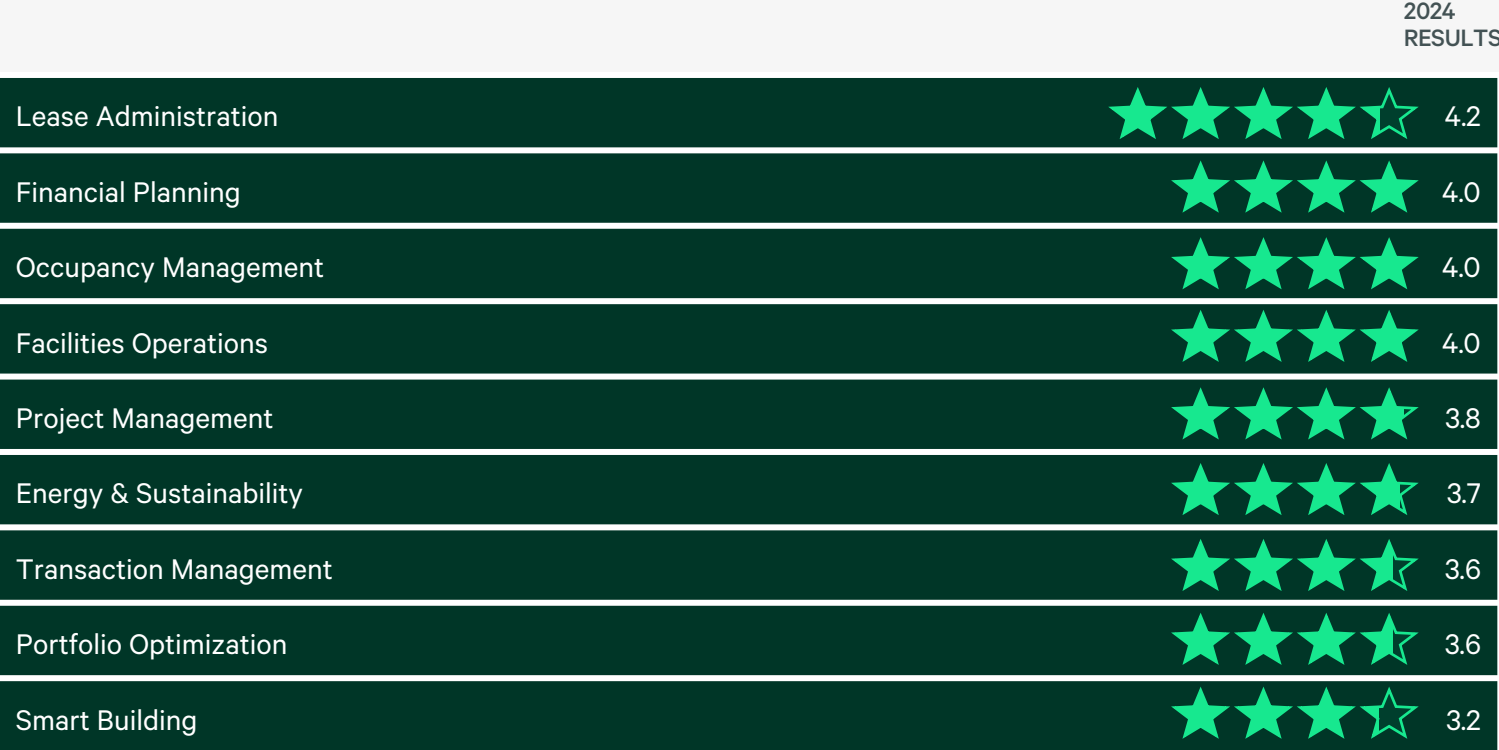
Impact of technology tools

New this year, CBRE Institute asked CRE leaders to rate the impact of their various technology tools.

Lease administration is viewed as having the most significant impact to the enterprise (4.2 on a scale of 1 to 5). Given lease administration technologies have been in place for many years to mitigate critical date risks, CRE’s rating of the technology’s impact is well placed.

As the adoption of AI and generative learning within CRE grow, CBRE Institute anticipates smart building technologies could see a similar level of enterprise-wide impact.

Figure 15: How does your CRE organization view the impact of the technology tools that support each of the following functionals? (Scale of 1 – 5, with 1 being Low Impact and 5 being Significant Impact).



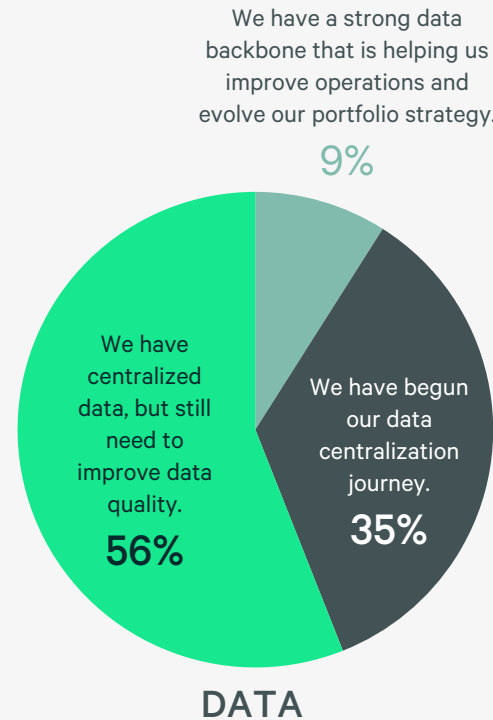
Source: CBRE Institute, H2 2024.

TECHNOLOGY AND ANALYTICS

Data and automated reporting strategies

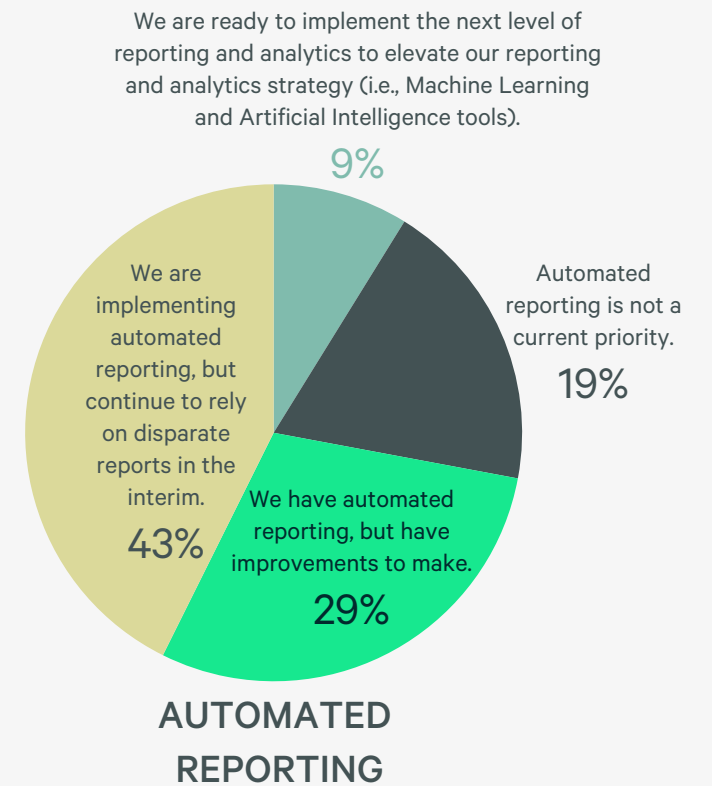
In another new question this year, CBRE Institute explored CRE's data and automated reporting strategies. Across the industry, many CRE departments have started data centralization and automated reporting but acknowledge there is still work to be done.

Figure 16: How would you best describe your current data and reporting strategies? Please select one response for Data and one response for Automated Reporting.



Source: CBRE Institute, H2 2024.

*Variance from 2022



05

Outsourcing Solutions



Highlights of Findings

- As CRE departments continue to evolve their mission and agency within the enterprise, partnerships with outsourcing providers are strengthening service delivery.
- Demand for CRE-related outsourcing solutions is expected to see a major spike in areas including Project Management, Facilities Management, Technology and Energy & Sustainability.
- While the top outsourcing strategy is now partnering with a single supplier globally (23%), many CRE departments continue to partner with multiple firms by function and/or geography.

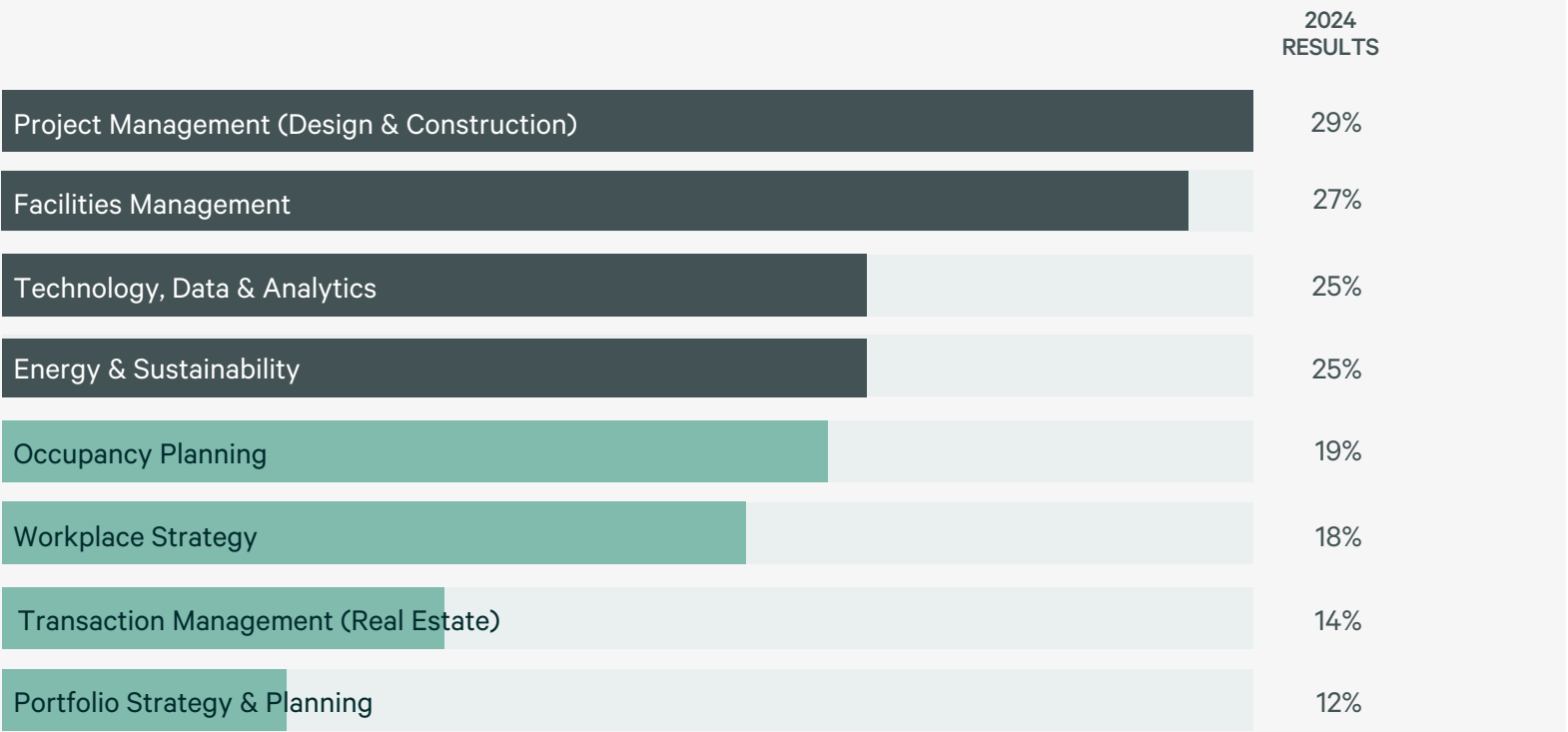
OUTSOURCING SOLUTIONS

Demand for outsourcing solutions

In the next one to three years, the greatest demand for CRE-related outsourcing solutions is expected to be within Project Management, Facilities Management, Technology & Analytics and Energy & Sustainability.

While areas such as Transaction Management and Portfolio Strategy & Planning do not show large increases in demand, most CRE departments are likely already leveraging outsourcing providers for these functions.

Figure 17: Looking out 1-3 years, how will your outsourcing strategy increase by function?



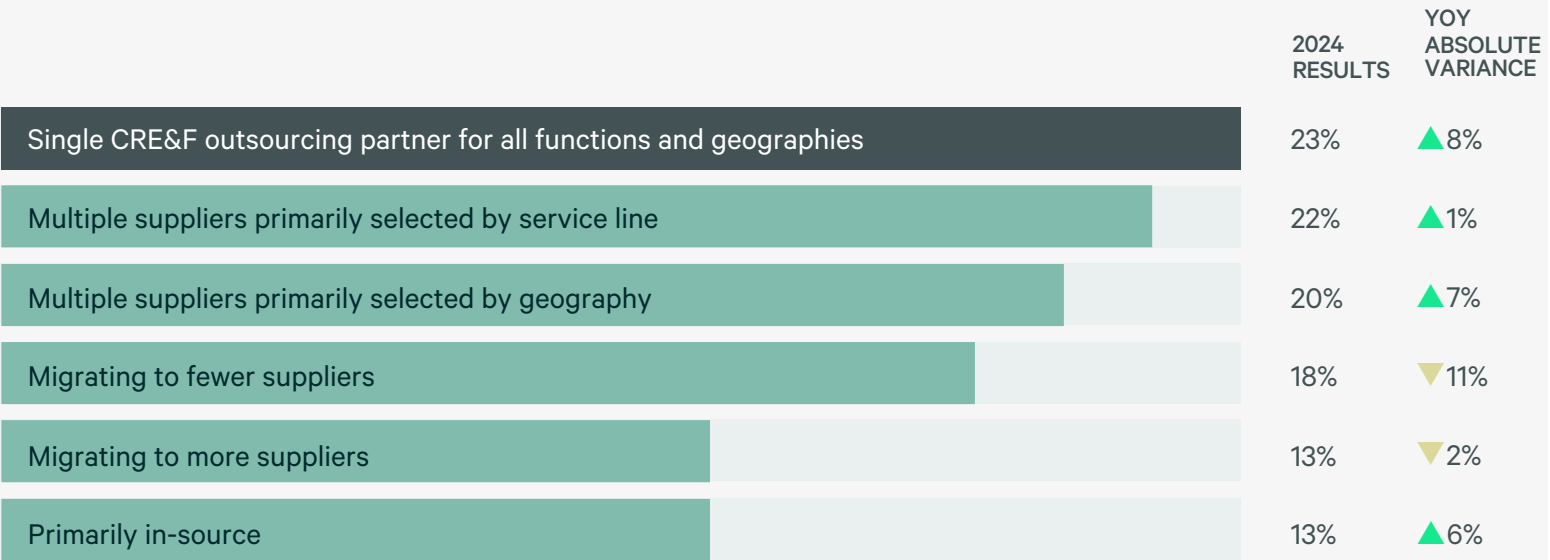
Source: CBRE Institute, H2 2024.

OUTSOURCING SOLUTIONS

Outsourcing strategies

The top outsourcing strategy is now partnering with a single global supplier (23%); however, this is not yet an industry-wide standard. Many CRE teams continue to select multiple providers by either service line (22%) or geography (20%).

Figure 18: What is your current CRE outsourcing strategy and how do you expect it to evolve over the next 1-3 years?
Please make appropriate selections from each column.



Source: CBRE Institute, H2 2024.



Conclusion

Having gone through tremendous change in recent years, CRE teams are now finding themselves grounded in new norms; however, AI and generative learning may soon result in another phase of disruption.

Right now, CRE teams are embracing their role of enabling business success, finalizing portfolio optimization and looking ahead to carbon reduction and climate resiliency initiatives.

To maintain a future-forward stance, CRE teams are being proactive in a multitude of ways—from re-evaluating internal team structure and use of service providers to investing in CRE data and business intelligence strategies.

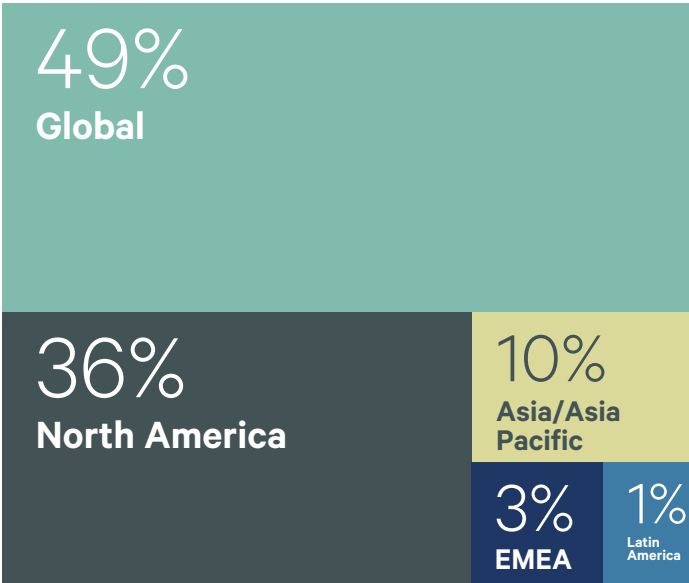
Appendix

APPENDIX: STUDY PARTICIPATION

Geography

This year’s study surveyed 89 CRE leaders during H2 2024. Respondents averaged 23.3 years of industry experience and oversee combined portfolios of nearly 1.6 billion sq. ft. worldwide, with an average CRE organization of 63 full-time employees and an average portfolio size of 21 million sq. ft.

Figure 19: What is the geographic remit of your organization/role?



Source: CBRE Institute, H2 2024.

Industry

Participation spanned an array of industry sectors, with the greatest representation coming from financial services and technology, media and telecommunications.

Figure 20: Which industry sector best describes your company? Select one.



Source: CBRE Institute, H2 2024.

About CBRE

CBRE's ability to harness multi-dimensional perspectives through strategic partnering, integrated solutioning, and data insights serves our clients' ambition in every industry sector. Each day, CBRE is serving a diverse range of clients with an integrated suite of services, including facilities, transaction and project management among many others. We manage **more than 7.3 billion square feet** of space for occupiers and investors across **100+ countries** and have a comprehensive investment strategy focused on providing differentiated services for our clients.

About CoreNet Global

CoreNet Global is a non-profit association, headquartered in Atlanta, Georgia (U.S.), representing nearly 10,000 members in **50 countries** with strategic responsibility for the real estate assets of large corporations. The organization's mission is to advance the practice of **Corporate Real Estate (CRE)** through professional development opportunities, publications, research, conferences, designations, and networking in 46 local chapters and networking groups globally.

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