

# Real Estate Market

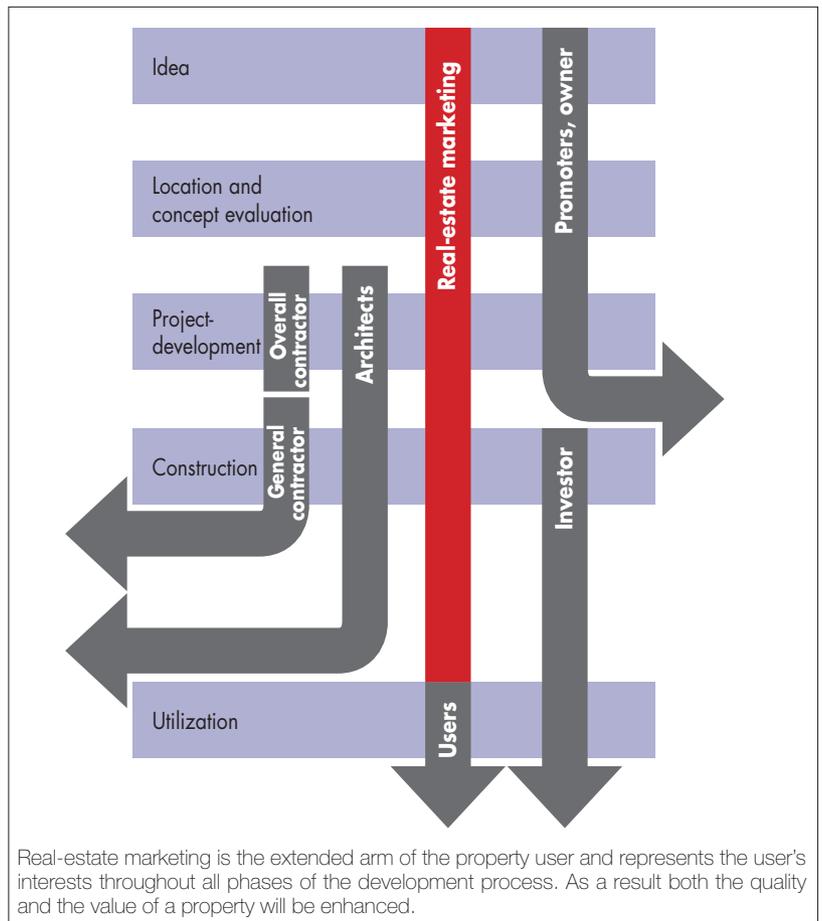
# Creation of Added Value through Marketing

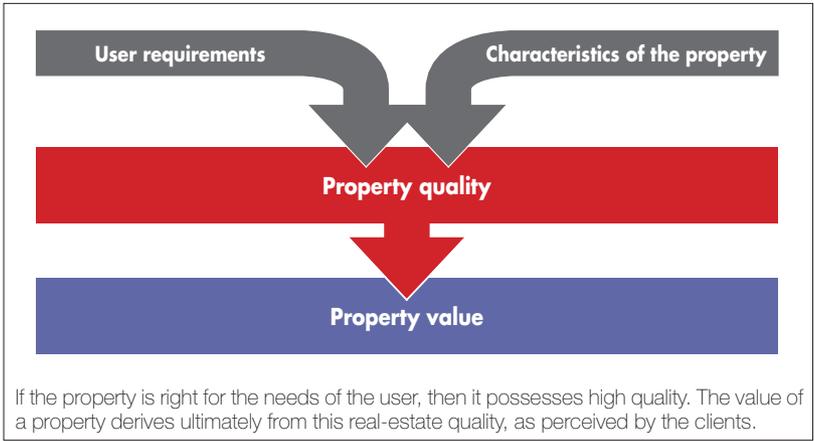
How much a property is worth is ultimately always determined by the user. Since, however, the user becomes involved in the development process only right at the end, as the tenant or owner, there is a need for marketing that is committed to his requirements from the start. In this way real-estate marketing can increase the value of a property.

The value of a property is determined by its quality

The process of property development can be divided into three phases: the idea, the evaluation of location and concept, and the project development. These are followed by actual realization, and the phase of its utilization. At a given moment a new idea causes the development process to start all over again and leads, for

example, to a change of use and/or a rebuild. The objective of real-estate development consists in creating a high-quality property. The higher the quality of the property in relation to the investment turns out to be, the more successful is the development. But anyone who then a priori equates high quality in a property with expensive building materials, high K-value, attractive architecture or similar factors, is mistaken. Assessment of qual-





ity in relation to value is performed exclusively by the users. And for them the quality is right if their requirements for the building are met. The value of a property is thus determined by the users. Many people working in the real-estate field still have trouble in grasping this fact.

**Marketing as the advocate of the interests of future users**

From the initial idea for a property until it is put into use, a great many people are involved, such as, for instance, promoters, landowners, architects, professional planners, public authorities, building contractors, general contractors, overall contractors or investors. As a rule the user becomes involved in the development process right at the end, that is to say only when he signs the rental agreement or purchases the property. The problem here is that at that moment all important decisions about the design of the property have already been made. What makes the problem worse is that as a rule the previous decision-makers have already left the development process. They can certainly still be called to account for deficiencies in planning or construction. If, however, the basic concept of the property is not consistent with its use, nobody feels responsible. An advocate is lacking who champions the interests of the future user from the beginning. Real-estate marketing undertakes this role. Its task is to tailor proposals to

the needs of clients, and to communicate these credibly. It is therefore worthwhile to have the following questions clarified by real-estate marketing specialists: Who is expected to use the property? What are the needs of this target group? What characteristics must the property therefore possess? Or, in short: how can high quality in a property be achieved?

**Real-estate marketing: early and independent**

The course is set for the success of a property in the initial phases of the property-development process. As the project progresses, corrections become ever more expensive. Conversely, the effect on costs diminishes with time. Since great attention is paid to operating costs (for instance for technical operation, security or energy), the most important category of costs, that of the property remaining vacant, is often neglected. Real-estate marketing must therefore ensure that the property meets the users' requirements or, even better, exceeds their expectations.

If real-estate marketing is to be successful, it must be independent both financially, organizationally as well as regarding ideas. Thus, for instance, a marketing organization which is part of a general contractor or architects office involved in the project can hardly have the necessary independence to represent the interests of future users without prejudice. The requirement for independence

in terms of ideas has its justification in the fact that marketing is not a technical process, but a way of thinking. Therefore an architect or civil engineer who as a sideline believes himself to be a marketing specialist as well cannot be the right choice. What is sought is an organization which credibly combines both marketing and real-estate know-how on the basis of sound training and experience.

**Market-relevant success factors**

From the market point of view, the following factors for the success of real-estate projects therefore emerge. The users' interests must be taken into consideration from the start. Independent real-estate marketing must put forward these interests at an early stage, and be fully committed to them. Real-estate marketing must not be merely cosmetic, but must carry weight in decisions. Only in this way can added-value be created for properties. ○



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