Project Management in the Real Estate Industry

MASTER OF SCIENCE IN MANAGEMENT
OF PROJECTS AND PROGRAMS

Rabb School of Continuing Studies
Division of Graduate Professional Studies
Brandeis University

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March 2012

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Abstract

This paper presents an overview of project management in those projects dealing with the Acquisition and Development of real estate. Challenges, issues and constraints that may arise for project managers working on these types of projects will be briefly discussed, and reference made to those courses offered in Brandeis University’s Master of Science in Management of Projects and Programs (MSMPP) Program that address those issues and can provide practical assistance in their satisfactory resolution.

ABOUT THE AUTHOR

Denise M. Guérin, JD, PMP, is a principal with Xtspex Consulting Group of Cambridge, MA, a project management consulting firm. Her interests include risk management, project management for professional practices and non-profits, and post-project archiving/documentation. In addition to risk management, she has also taught courses in scheduling, budgeting and resources, contracts and procurement, and business law. She also has more than twenty-five years experience as a business and transactional attorney.
Outside of construction work, real estate as an industry has generally been slow to adopt formal project management methods and techniques. Although inroads in this regard are being made in real estate development projects, the acquisition of real estate assets of any nature is almost never perceived as a “project” in the technical sense of the word. Instead, real estate acquisition is treated as a transaction best handled exclusively by lawyers and other legal personnel, and for which no project management skills or knowledge are required.
Project Management Challenges in Real Estate Acquisition Projects

Obviously and in light of the foregoing discussion, the greatest challenge presented to a project manager on an acquisition project may very well be how to avoid being ignored. Since success is the best guarantor of being taken seriously, the project manager needs to deliver measurable project value. Baselines should be created and actuals frequently monitored against them. Schedules should not simply be adhered to, but efforts also made to optimize those schedules. Budgets must be scrutinized not only for the purpose of saving costs, but also with an eye to recognizing those instances in which application of additional resources (financial or other) will produce exponentially greater value.

Furthermore, the project manager should insure that project progress on these and other subjects are regularly and appropriately communicated to management, the client, the project sponsor and other stakeholders. A good communication management plan is an essential tool.

A substantial portion of the work to be done on an acquisition project revolves around performance of Due Diligence activities. Fundamentally, these activities are no more and no less than what project managers know as the risk identification and risk analysis processes. A sufficiently detailed and comprehensive risk management plan is a bottom-line requirement for these types of projects.

The complicating factor in the management of acquisition projects is that of organizational interfaces. These can include both formal and informal reporting relationships, as well as funding-related constraints and dependencies.

A formal communication plan is the project manager’s best hope of dealing successfully with the challenges posed by organizational interfaces. In addition, the soft skills of negotiation, conflict resolution, team leadership and interpersonal communication are absolutely crucial to the process of “making the deal happen”, which is essentially what the project manager would call the Closing Process of the project.

Frequently, a property acquisition project is but a component of a formal real estate acquisition program. In that instance, the project scope and the project management plan in general must be monitored for continued alignment with the broader goals, objectives and benefits of the program.

The MSMPP courses of particular assistance in dealing with these types of challenges include Foundations of Project Management, Advanced Scheduling and Control, Professional Communications, Negotiating and Conflict Resolution, Risk Management in Projects and Programs, Organizational Leadership and Decision-Making and Program Management: Theory and Practice.
Non-construction real estate development projects most often will take the form of implementing property use changes; for example, an apartment complex is converted to residential condominium properties, or a former elementary school building is transferred to the private sector and transformed into commercial office space. The fact that these projects may be schedule or budget sensitive (in the sense that most projects are routinely so) becomes particularly challenging for the project manager due to their heavily regulated nature. Building or property use changes in the U.S. are uniformly subject to local zoning ordinances, at the very minimum. It is not at all unusual for application to proceed pursuant to such ordinance to then trigger additional state, regional, or even federal review of the project. Even a relatively uncomplicated use change project routinely requires a variety of permits and licenses, from different regulatory agencies, and at multiple milestones...thus creating a perfect storm of opportunities for schedule, budget and resource-availability disasters.

Furthermore, the highly-regulated nature of these projects gives rise to a multiplicity of stakeholders. Early and comprehensive stakeholder identification and analysis, together with regular monitoring and updating, is necessary in order to deal successfully with all stakeholders and defuse many possible project obstacles. Once again, a formal communication plan is imperative.

The MSMPP courses of particular assistance in dealing with these challenges include Foundations of Project Management, Advanced Scheduling and Control, Risk Management in Projects and Programs, Negotiating and Conflict Resolution, and Professional Communications.
Master of Science in Management of Projects and Programs

In summary, the MSMPP seeks to advance project and program management professionals in the field by providing a robust curriculum that balances the hard and soft skills essential of project and program managers. The curriculum is aligned but not tied to PMI Standards, allowing the master’s program to retain its applied focus and while recognizing the relevance of the professional standards.

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