

KPI-based real estate development: An empirical investigation of real estate developers' trust in their economic viability analysis

Marianne Wyrwoll

Prof. Dr.-Ing. Elisabeth Beusker

Chair for Real Estate Development

There are numerous methods for assessing the economic viability of construction projects, whereby profitability is measured using various indicators. These indicators provide a condensed overview and can be used to summarise key information. However, important variables can be unintentionally overlooked. Neglecting to incorporate prospective developments into property investment decisions carries significant risks. This paper examines the real estate developers' trust in their KPI-based methods. The survey illuminates the current methods employed by real estate developers and their satisfaction with these methods. An online survey was conducted among real estate developers based in Germany to investigate their reliance on the methods they use and which risk factors they believe are not yet considered, both now and in the future. Different types of real estate developers, company sizes and asset classes were taken into account. The results indicate that real estate developers generally have confidence in the methods they use. Nevertheless, it is evident that sustainability criteria are still not sufficiently incorporated into their profitability analyses. However, the research findings indicate that trust in these analyses varies depending on the position within the organisation, ranging from the simple application of standards to the establishment of comprehensive policies.