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Outsourcing in Real Estate: People first

Putting people at the heart of real estate outsourcing

Introduction

Real estate investment managers face rising complexity, tighter margins, and growing investor expectations. Even if you already work with external providers for property management or leasing activities, outsourcing can be a powerful lever for tackling core businesses challenges, by making your operating model more lean, scalable and resilient.

However, outsourcing does not happen at the push of a button. As a transformation process, your people are at their heart and can ultimately make or break it. If you focus only on cost and efficiency, you risk resistance, disruption and a loss of critical knowledge. This article explains how you can avoid that.

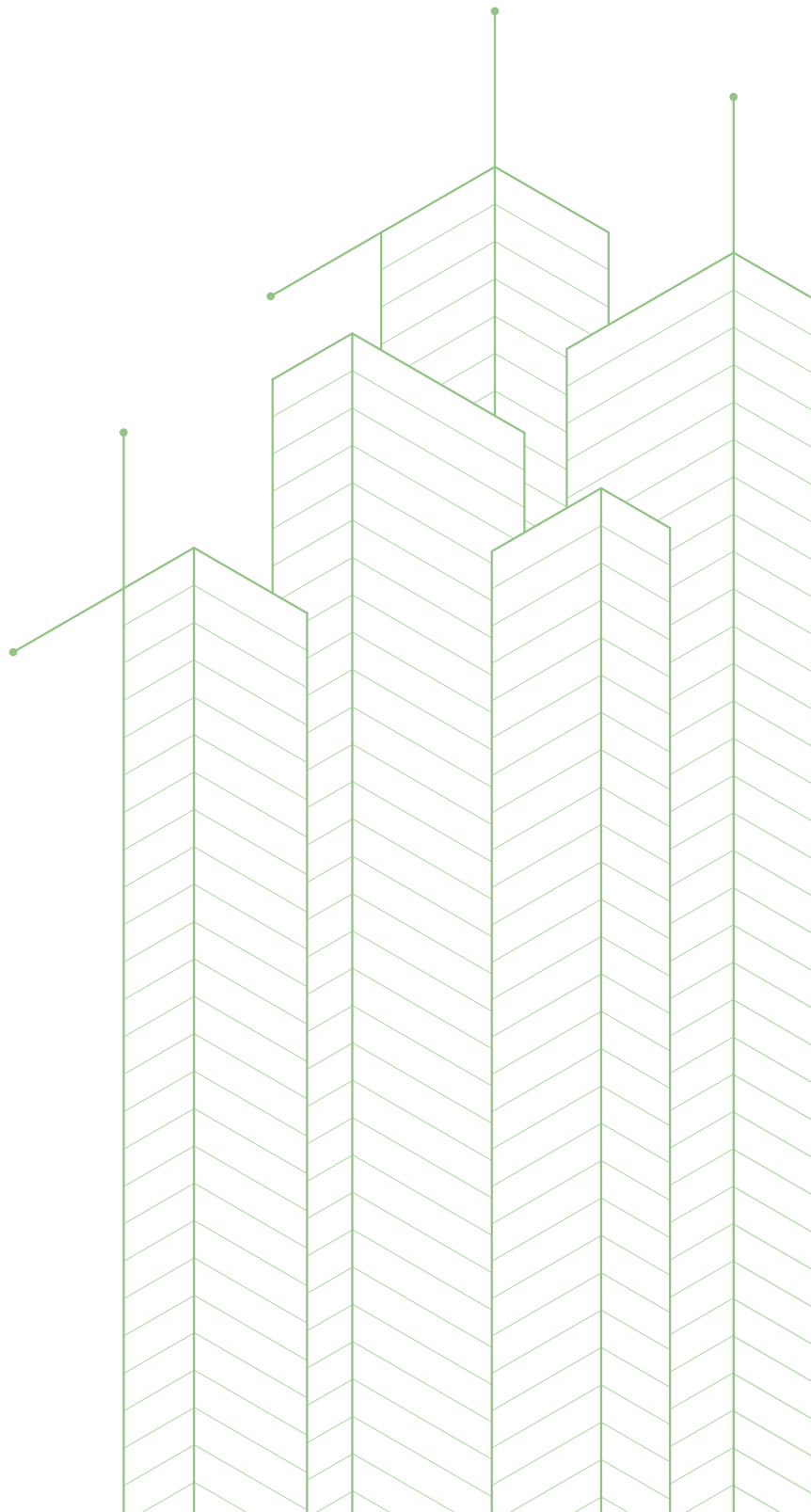




How outsourcing is changing your operating model

As real estate investment management firms expand their service coverage and client base, they increasingly face pressure from their clients and capital providers (such as property owners, pension funds and insurance companies) to manage costs and focus on core real estate activities. In response, many firms are outsourcing selected investment and fund management activities. To meet evolving customer and investor expectations, your operating model needs to be efficient, scalable and technology-enabled.

Outsourcing selected activities can help you streamline operations, get scalability, resolve talent shortages in certain markets, and redirect internal resources toward higher-value tasks such as asset acquisition, capital raising, and investor relations. The success of that shift depends strongly on how you engage and support your people.





Where outsourcing is growing

Across the market, several outsourcing trends are shaping how real estate investment is managed in different domains, at fund, asset or Special Purpose Vehicle (SPV) level. You may recognize some of these in your own organization.



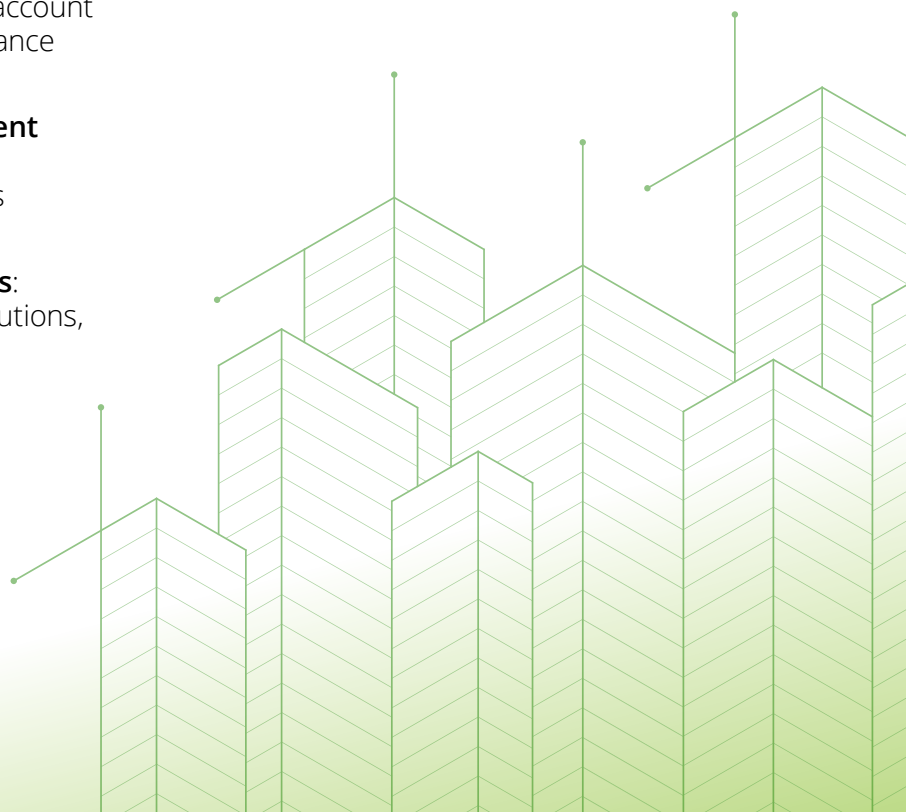
Finance outsourcing

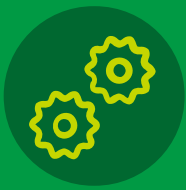
SPVs are central to structuring and financing your investments. However, it can be difficult to scale the management of SPV administration, accounting and internal tax reporting, especially across multiple countries.

At the same time, the fund layer itself is becoming more complex. Regulatory reporting, investor transparency and cross-border fund structures are all placing heavier demands on in-house finance teams. As a result, many firms consider outsourcing some activities:

- **Fund accounting:** NAV calculations, capital account maintenance, waterfall models and performance fee calculations.
- **Fund administration and fund management support:** regulatory and investor reporting, compliance support and coordination across service providers.
- **Transfer agency (TA) and investor services:** investor onboarding, capital calls and distributions, registers, and reporting to LPs.

These non-core activities are less differentiating from a pure real estate management perspective, but still technically demanding. Outsourcing them enables you to benefit from a provider's geographic reach, regulatory familiarity and access to scarce skills, at both fund and SPV level. They can help you meet local and fund-level requirements and deliver timely, accurate reporting to investors and regulators, enabling your own teams to focus on fundraising, investment decisions, and actions that drive portfolio and fund performance.





Property and facility management

Property and facility management are essential to tenant experience and asset performance, but they are operationally intensive. Outsourcing daily operations and maintenance allows your internal teams to focus on strategic asset selection, positioning and capital allocation.

With the right providers, you can maintain properties to market standards and use better data to support decisions at portfolio and fund level.



Why revisit your sourcing strategy?

Cost reduction is often a starting point, but rarely the sole reason. External providers can bring deep regulatory knowledge, local insights and technology capabilities that are expensive to build in-house.

Many organizations find it useful to step back and review the wider operating model, rather than considering individual outsourcing decisions in isolation. This helps clarify which activities you want to retain in-house, where you want to build a center of excellence (e.g., financial control, investor reporting or capital raising), and which activities are better delivered by specialized external providers.

For pan-European or global actors, this strategic lens becomes even more important. For example, you might want to:

- Consolidate fragmented local processes into a regional or global center of excellence.
- Standardize how you work internally and with providers across markets, to gain consistency and better data.

Consider a lift-out model, where parts of your current internal team are transferred to, and hired by, the service provider, which preserves knowledge while moving to a more scalable cost base. You may also want more flexibility, to scale services as portfolios grow or contract, and to redeploy internal resources to activities that can improve investment performance or operational and risk control. In several Deloitte-led outsourcing projects for pan-European real estate companies, operational cost reductions in the range of 10% to 35% (projected) were identified, with outsourcing as a key contributing factor.. Outsourcing can also help your organization gain from the more mature practices and data-driven decision support of providers.



Rationalization and shared services

After years of outsourcing or through business acquisition, many organizations find their provider landscape fragmented, with different vendors for each country or process. Rationalizing providers helps you simplify governance, reduce duplication and strengthen accountability.

Some organizations also create centers of excellence and shared services centers. Centers of excellence concentrate expertise, methods and oversight of outsourced services. Shared services focus on execution—for example SPV accounting or compliance—often locating them where skills are more available. Together, such centers can support consistency and continuous improvement across your sourcing model.



Challenges you need to anticipate

If not managed carefully, outsourcing can lead to significant challenges. You may experience inefficiencies and lack of control if roles and responsibilities are not clearly defined, and miscommunication between internal teams and providers can affect investor reporting, tenant service and speed of decision-making.

Service quality might differ between vendors or countries. If expectations about “standard” activities are not clearly aligned, you may experience extra charges and frustration on both sides. Cultural and language differences can also hinder collaboration, especially in nearshore or offshore models. These issues are manageable, but they require attention to governance and people, not just contracts.



Four people-related orthodoxies to challenge

01

“Employees will resist change anyway”

You may expect resistance when you announce outsourcing, particularly if people fear job losses or don't understand the rationale. In such cases, rumors spread and productivity falls.

A structured change approach can make a clear difference. Visible leadership support, with regular communication and transparent updates about the vision and benefits help keep employees informed.

A change network of trusted employees can act as local ambassadors, answer questions and relay concerns, making messages more credible across the organization. Often, outsourcing can offer people growth opportunities that go beyond their current, operational roles.

02

“Top management decides; employees are informed later”

Decisions about outsourcing are often taken by senior leadership and advisers, then communicated once the model is defined. Although this may seem efficient, it risks overlooking the operational realities and alienating the people who hold critical knowledge.

Involving middle management and key employees early in the program can improve both its design and implementation. They can flag risks, suggest practical solutions and act as a sounding-board through feedback loops. This co creation fosters a greater sense of ownership and usually speeds up execution.

03

“Outsourcing only affects outsourced roles”

If you view outsourcing only through a financial lens, you may underestimate its impact on the wider organization. Outsourcing a function such as leasing will change processes and interfaces that can also affect property management, asset management, marketing and investor reporting functions.

A structured change impact assessment helps you map which roles, processes and capabilities are affected. Based on this analysis, you can plan upskilling, redeployment or, where necessary, respectful exits. This reduces disruption and helps you retain key talent.

04

“Cultural differences will block success”

Working with nearshore or offshore providers can create cultural friction, in communication, hierarchy or work-life expectations. If ignored, these differences can damage trust and performance.

You can address this by defining shared values and service principles, creating regular meetups or on-site visits and offering intercultural training. Simple collaboration guidelines often have a strong effect on how effectively internal and external teams work together.

Conclusion: Make outsourcing a people-driven change

Outsourcing in real estate investment management is set to grow as the industry becomes more competitive and complex. To make it become a true source of value, you need more than a solid business case and a strong contract. You also need a clear focus on people: how roles change, how knowledge is retained, and how teams collaborate across organizational and cultural boundaries.

When you challenge common orthodoxies and invest in communication, involvement and capability-building, you can transform your operating model while sustaining a cohesive and motivated workforce that is ready for the next phase of growth.





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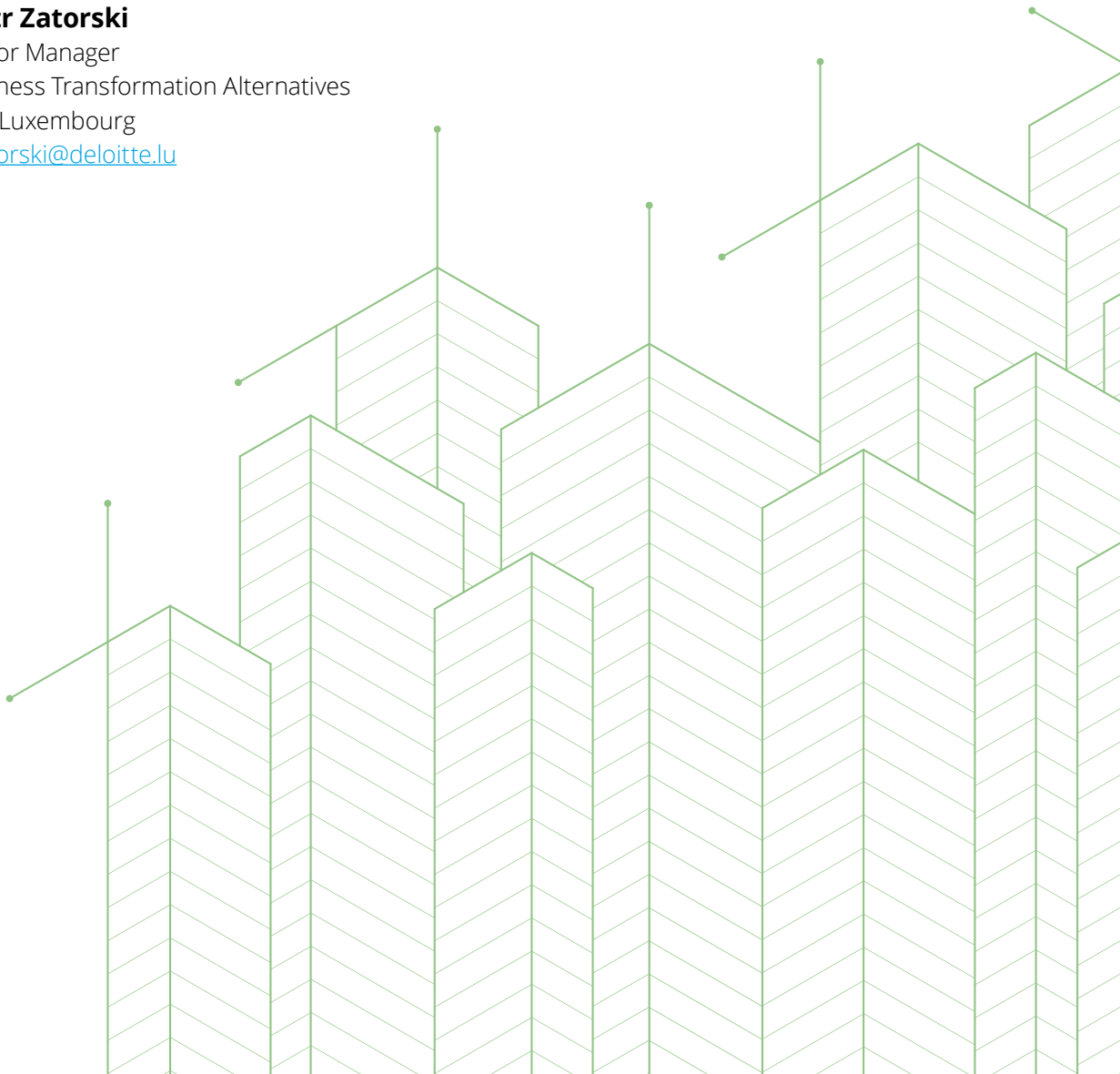
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