

Book Review

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This section of the *Journal of Real Estate Literature* contains reviews on textbooks, professional books and other scholarly books that are appropriate to real estate. Areas of interest include, but are not limited to, mortgage markets, real estate investments, real estate finance, asset and property management, real estate development, corporate real estate, valuation, and other areas related to real estate. If you have an interest in reviewing a book, please contact Thomas Musil.

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Managing Government Property Assets: International Experiences. Olga Kaganova and James McKellar, Editors. 438 pages. The Urban Institute Press, Washington, D.C., 2006

Reviewed by: Elaine Worzala, Johns Hopkins University.

Managing Government Property Assets: International Experiences is a compilation of the work of seventeen authors who have focused their careers on helping central, regional, and local governments become better owners, managers, and users of their real estate assets. It is edited by two prominent researchers in the area of public sector property—Olga Kaganova from the Urban Institute and James McLellar from York University in Toronto, Canada.

The international context of the book provides the reader with a very rich, comparative approach that examines both the practices found in developed economies, as well as the more recent practices being developed in the emerging economies. In some cases, the latter group is more advanced because they have had the opportunity and expertise provided by some of the authors of this book to establish new systems and they are not “bogged down” in inherited systems passed down for generations.

The early chapters outline common problems associated with the management of government-owned property assets. The cases of Canada, Australia, New Zealand, and France are explored. All are countries in which central governments have reformed property asset management as part of an overall effort to improve public sector efficiency and address issues of sustained fiscal deficits and growing public debt.

At the municipal level, the book offers a strategic view of the municipal balance sheet and draws upon asset management experiences in the United States, Switzerland, and Germany. Authors lay out the lessons that have been learned from municipal asset management reform in countries with emerging markets. The book then focuses on special instruments and information systems that are now being tried in some countries, including special purpose corporations and public-private partnerships (PPPs). In conclusion, the book sets out a reform framework for countries and cities that want to start reforms and suggests topics for further research and examination.

The compilation of essays results in some interesting findings:

- First, prior to the reforms introduced by governments such as Canada, Australia, and New Zealand, management of real property assets has been badly handled in all types of economies.
- Asset management by local governments varies widely even within one country, and often is either absent or embryonic.
- Even in a regime of direct democracy, such as Switzerland, citizens have the illusion that when democratic rules are respected, efficiency follows. Within the Roman-law systems, the emphasis is on the ownership of material assets, not their maintenance, management, or potential for delivering economic benefits. Most likely, this focus on ownership per se is implicitly adhered to in many countries and trumps all other

considerations, including effective asset management. This unspoken principle appears to guide politicians, who often find that voters are more concerned with retaining a public asset than utilizing it wisely.

- Politics is at the heart of government decision-making when it comes to managing real property assets. This is what sets this area apart from the private sector and makes it difficult to apply asset management models from the private sector. Eliminating political influence from governmental decisions “is like removing sand from the beach,” as the authors of the chapter on U.S. cities proclaim. Politicians often have legitimate and appropriate concerns about the management of public property, from promoting economic development to responding to concerns of their constituents. It is important to understand the vagaries of politics and the impact on real property asset management and decision-making.
- Finally, even in countries that make systematic reform efforts, it takes an inordinate amount of time to gestate programs and produce results, with a timeline often measured in decades, not years.

Generalizing the experiences of reform countries, the book offers a ‘road map’ to guide a country in moving forward with its own asset management reform program. This road map leads to higher efficiency, fiscal discipline, and government accountability. Implementing this road map requires addressing several major issues, which, if ignored, will stand in the way of reform measures. There are no easy answers for these issues, and in some cases, no clear consensus of opinions but the chapters in the book provide a starting point for the debate.

This book avoids prescriptive solutions. The focus is on analyzing various international experiences to identify transferable concepts and practical approaches to managing government property assets. The hope is that any country, region, or city with the will to introduce substantial reform can build upon a record of experiences in other regimes, including successes and failures. The book also underscores the need for more research and analysis on asset management. The hope is that the book will encourage more countries to launch reforms, experiment more broadly, and contribute to the record of successes that are essential to making progress around the world in managing government property assets.

The book will become an excellent resource for many individuals working in the property sector. Its most obvious target is employees and politicians in the public sector that are charged with managing these assets. However, the real estate professional that is primarily involved in the private market can assist and in some cases manage the assets for the public sector so they too should be equally interested in reading the book. The authors highlight areas where outside expertise is essential. Hopefully, if lessons are learned from the book, private sector skills, services, and expertise will be demanded by the public sector to more efficiently manage governmental property assets. Therefore, the book should attract a wide audience including students of public policy, real estate, economic development, and urban economics.