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Siemens expects higher savings through more efficient real estate management

Annual cost reductions of up to €400 million from 2014

Siemens AG is reckoning with much higher savings from more efficient real estate management than previously expected. By bundling the worldwide responsibility for all real estate activities under the roof of the internal real estate specialist Siemens Real Estate (SRE), the annual costs are to be reduced by over €250 million from 2011 and by up to €400 million from 2014 by comparison with the level of 2008. “We have been very successful with our program to optimize administration costs and now want to increase the efficiency of our real estate management. We will achieve this by significantly improving surface area productivity and coordinating the infrastructure services,” said Joe Kaeser, Siemens CFO. The implementation of the program for bundling the real estate activities will at first entail costs totaling an estimated €300 million by fiscal 2013 due to the reduction of unused spaces and the consolidation of real estate.

Siemens announced the program for bundling the real estate under one roof in November 2008, and at the time estimated that this would result in annual savings of €200 million. The future real estate portfolio will comprise around 18 million square meters of office and production space worldwide. SRE previously administered around two-thirds of this space. Concentrating the resources with SRE should, for example, result in more efficient space utilization, the reduction of empty property and the optimization of service and supplementary rental costs.

With this move, the number of employees in the real estate area will number around 5,000 worldwide. SRE handles the company’s real estate management, development and utilization. In fiscal 2009, SRE had revenue of around €1.8 billion, and income before income taxes of €341 million.

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www.siemens.com.

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