



## NEWS RELEASE

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### **CoreNet Global Research Highlights Corporate Real Estate's Strategic Role in Combating Effects of Economic Downturn**

**ATLANTA, GA (15 March 2010)** -- CoreNet Global research conducted during the worst recession in modern time shows that corporate real estate (CRE) helped lead corporate strategy in 2009 and early 2010 in battling the effects of the economic downturn with long-term solutions for optimizing future business growth.

These and other major findings are summarized in CoreNet Global's annual **State of the Industry Report**, to be released this month. The report synthesized research results from the past 12 months of research about a variety of major business drivers like real estate portfolio consolidation.

CoreNet Global is the world's leading professional association for corporate real estate executives, service providers and economic developers.

According to the Report, corporate real estate responded effectively to the C-Suite call for immediate bottom line impact after Black October 2008 with rapid cost savings, higher-than-usual reduction of space, faster-than-normal uptake of mobility and other workplace solutions, and greater emphasis on sustainable practices such as energy efficiency and green buildings over more intensive LEED certification efforts.

Although there is still a tendency for corporate real estate to be seen as a cost-cutting toolbox, research points to it becoming a more proactive strategic partner within the enterprise. As large multinationals were forced to gain control of assets and measure their performance for long-term goals, they began to rely more heavily on corporate real estate as a proactive strategic partner to the business, according to CoreNet Global Board of Directors member **Mark Gorman**, a partner and senior managing director at Newmark Knight Frank and former head of Nortel's corporate real estate efforts.

"Long-term strategy is actually becoming a reality," said Gorman. "I have to give credit to this crisis. There really is true strategic thinking and planning going on now in a very meaningful way."

Even so, CRE executives are still battling the “boom or bust” phenomenon characterizing last decade’s economy. As economic cycles become more compressed, CRE’s ability to be effective is challenged by cost-cutting pressure, or what CoreNet Global’s 2009 State of the Industry Report described as “value creation versus value protection.”

That is why, at the outset of the downturn, cost reduction as an immediate fix to the crisis was prevalent with more than 40 percent of respondents (in an October 2008 survey of CoreNet Global Summit attendees). Deferral of capital projects rated the highest for approximately 70 percent of respondents. Restructuring leases was next most popular, followed by office-space redesign and densification, reduced or deferred maintenance, early lease termination options and acceleration of projects reducing costs.

“It’s not surprising. In times of crisis, people are going to look at what they can change to impact the bottom line, but the changes are no longer cyclical,” Gorman said. The difference is that executives are starting to move away from the vicious cycle where long-term strategy meant surviving the quarter.

Alternatively, this emphasis on portfolio consolidation as a primary cost-reduction action has provided the business case for adopting or expanding the use of Alternative Workplace Strategies (AWS) such as workplace mobility in the corporate real estate portfolio, as a CoreNet Global/Steelcase study demonstrated. In this study, 69 percent of the 194 corporate real estate respondents indicated that they employ AWS, and 73 percent are doing it to reduce costs.

As a CoreNet Global/Jones Lang LaSalle survey showed, sustainability also played a role in elevating real estate and corporate real estate professionals within the enterprise. An average of 28 percent of respondents indicated they are highly involved in every aspect of their companies’ sustainable endeavors compared with 18 percent in 2008. Further, more than 40 percent rated sustainability of “medium” importance in enhancing interaction with senior management, and more than 40 percent gave high importance to sustainability as an expression of personal values and contributor to professional development.

With 6,500 individual members based in more than 50 local and regional chapters worldwide, CoreNet Global is the only professional association that brings together all facets of the CRE industry to develop global networks based on common interests and opportunities. For more information, please visit [www.corenetglobal.org](http://www.corenetglobal.org).

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