



NEWS RELEASE

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CoreNet Global State of the Industry 2011: Crisis Yields Opportunity

Report Details Trials and Success of Corporate Real Estate as Industry Assumes Leading Enterprise Role

ATLANTA, GA (31 March, 2011) – Released today, CoreNet Global’s **2011 State of the Industry** (SOTI) report notes Corporate Real Estate’s (CRE) evolving enterprise role as the global economy and real estate end users seek cost-effective opportunity amidst economic recovery.

Real estate stands as the second- or third-largest cost center for any enterprise, so, during the recession, executives in the CRE role faced a strategic mandate to reduce costs and better align with both the C-Suite and business units. Successful fulfillment of this role emphasized CRE’s importance as a lever of broader business functions, an increasingly important role that those in the industry need to maintain to further drive improved results both in terms of real estate and overall financial success.

“I believe we’ve proven over the past year or so that we can be effective first responders in a crisis, and the leadership we should continue to develop and evolve is how do we increase our sphere of influence, our strategic alignment with the organization when there is no crisis or burning mandate,” said Craig Robinson, President of Corporate Services at Cassidy Turley. “The only thing we know for certain is the past is no indication of the future.”

Though different countries and regions are at varying stages of recovery – with China, India and emerging markets posting the strongest growth – the SOTI report points to positive economic sentiment and outlook and prospects for corporate real estate executives to continue to prove their mettle after playing a leading role during the latest recession.

“Even though we must still work through significant financial, political and economic risks in 2011, we’re clearly back on track with a number of positive, long-term real estate trends,” said Angela Cain, CEO of CoreNet Global. “It’s a remarkably different feeling than this time last year. Last year, there was still fear of a double-dip recession, and the recovery was unstable.

“Now, companies are more confident due in part to the solid economic growth that’s beginning to permeate across all economies,” Cain said. “Businesses are investing again, and in the CRE world, we’re seeing a steady recovery in most leading markets.”

The 2011 SOTI report utilized CoreNet Global research and input from leading CRE executives and service providers from around the world to analyze the state of the industry and its trajectory. The 2011 SOTI marks CoreNet Global’s fourth edition of the report, which also has examined CRE’s function in a rapidly globalizing business environment and discovering opportunities inherent in any downturn.

Among the 2011 SOTI’s findings, top CRE professionals crystallized corporate mandates to centralize corporate real estate functions and reduce costs, and, by doing so, created a stronger strategic relationship with the enterprise’s C-suite. Business alignment – gaining a seat at the table with business unit leaders to better understand their needs – and adding breadth and depth to the skillset CRE requires now and in the future represent a positive shift in the workplace industry. Industry leaders accomplished this and helped the enterprise navigate a global economic downturn.

“We’ve been in crisis mode for a few years now, and I’ve always said you never want to miss a crisis and turn that into an opportunity,” said **Peter Affleck**, executive general manager, real estate, for Australian financial services firm Suncorp Business Services.

The SOTI report also underscores the intersection of corporate real estate, technology and human resources as each applies to location strategies and the never-ending search for talent. The intersection reveals key office environment enablers to support a multi-generational workplace, including aspects such as ensuring an inviting, productive and collaborative location; creating a space where people like to come to work, like their coworkers and like what they’re doing; and locations that are vibrant, diverse, centrally located with good access to amenities and transit. The workplace isn’t a singular “place” anymore.

“One of the great things happening right now is the entire concept of workplace, because it’s more than just physical space,” said **Larry Ebert**, Executive Vice President

at Grubb & Ellis. “More companies are embracing mobility and looking at the workplace as a way to leverage talent to a competitive advantage.”

That workplace evolution plays a role in the war for talent, both within the CRE industry and the enterprise, SOTI reports. The evolution is largely driven by the new and next generation of workers. To attract and retain these future employees, companies now are creating more open, upwardly mobile, collaborative – and unassigned – workspaces accompanied by larger break rooms, café areas and other on-site amenities. Many companies are building CRE strategy and entire campuses around these concepts and initiatives to recruit and retain the best and brightest.

SOTI also explores FASB 13 and its impact on CRE and anticipated lease accounting changes. While not finalized, the Financial Accounting Standards Board’s new regulations are expected to shift real estate and other leases from the balance sheet’s “operating lease” categorization to capital-lease status, where they are recognized as a liability. Some industry projections estimate that more than \$1.3 trillion would be transferred to U.S. corporate balance sheets, with roughly 70 percent of that total involving real estate leases. Implementation of the new rules is expected to take place between 2013 and 2015.

“Once the final standards are issued, I believe further education and the exploration of efficient ways in implementing those changes and generally promoting those concepts and best practices are paramount to understanding fully this tectonic event,” said **Sven Pole**, Senior Vice President of CB Richard Ellis, Global Corporate Solutions.

Ultimately, though, SOTI takes a strategic view of the CRE function and its evolution and further alignment with enterprise business units and peers in IT and HR and how each group can converge to maximize workplace and location decisions.

“It behooves us to be more articulate in explaining the ways in which CRE can positively impact the business unit, and we won’t do that by using the language of CRE but rather by using the language of the business and having leaders who are much more in tune at translating and interpreting business unit strategy into the real estate implication,” said **Matthew Fano**, Vice President of Real Estate for Coca-Cola Refreshments USA, Inc., and CoreNet Global’s 2011-2012 Chair.

CoreNet Global is the world’s leading association for corporate real estate (CRE) and workplace professionals, service providers and economic developers. Our 7,000 members, who include 70 percent of the top 100 U.S. companies and nearly half of the

Global 2000, meet locally, globally and virtually to develop networks, share knowledge, learn and thrive professionally.

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