



## NEWS RELEASE

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## Corporate Real Estate Function is Increasingly More Aligned with Overall Business Strategy, M&A and Divestiture Activities

**ATLANTA (May 17, 2011)** – Once considered only a back office operation, the real estate and facilities (RE&F) function is now fully aligned with broader corporate strategic priorities, according to nearly two-thirds (63 percent) of respondents to a survey conducted by CoreNet Global and Deloitte.

More than half (56 percent) of survey respondents said that RE&F input is important to the strategic M&A/divestiture decision-making process, while an additional eight percent indicated that RE&F input was “critical” to the decision making process and able to steer strategic decisions based on specific analyses and insights.

Respondents indicated that RE&F was typically involved in the M&A transaction decision making either at the initial concept stage (22 percent) or prior to the final decision and internal announcement (59 percent). Conversely, 27 percent said that RE&F provides analytical support without having a “seat at the table” during the decision-making process; and, eight percent reported that RE&F has no part of the strategic M&A/divestiture decision-making process.

“What we are seeing is an increase in the perceived value of the RE&F function,” said Richard Kadzis, Vice President of Strategic Communications at CoreNet Global. “However, the transition is not complete. Many RE&F professionals still believe that the RE&F function is not given enough weight in the M&A decision process.”

Respondents indicated that the most important areas relative to RE&F in commercial due diligence were understanding the leased space profile (48 percent) and owned assets (26 percent).

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“Understanding the RE&F-related commitments, liabilities, and risks is key to properly planning for the anticipated run-rate post-transaction. Given the upcoming changes in lease accounting, the leased space profile will continue to be of significant importance in RE&F due diligence—and an area where RE&F teams can be invaluable during pre-deal planning and throughout the deal life cycle,” added Kadzis.

Just 33 percent of the respondents said that a potential target’s real estate and facilities portfolio was a key component in the pre-acquisition analysis effort.

“Clearly we need to work toward greater acceptance and understanding of the data and measures that RE&F can provide,” Kadzis said.

“While the one-time and recurring costs associated with a newly integrated or separated portfolio may not ‘make or break’ every deal, some transactions can be significantly impacted by the real estate & facilities costs, as well as by the benefits,” said Francisco J. Acoba, a leader in Deloitte’s capital and real estate transformation practice.

The CoreNet Global and Deloitte study was conducted online in June 2010 and completed by 92 senior-level RE&F executives. Two-thirds (66 percent) of the respondents work for companies with 10,000 or more employees. Organizational headquarters for respondents were in the Americas (78 percent), EMEA (13 percent) and Asia Pacific (8 percent).

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