



NEWS RELEASE

Contact:

Bailey Webb

+1.404.589.3216

bwebb@corenetglobal.org

CoreNet Global State of the Industry Report Examines Corporate Real Estate in a Redefined World

How real estate strategies are quickly becoming business strategies

ATLANTA (March 28, 2012) -- CoreNet Global's new *2012 State of the Industry Report* takes a sweeping view of corporate real estate (CRE) in a redefined world.

The report, released today to 7,000 CoreNet Global members worldwide, captures many of the diverse, assorted, wide-ranging, often-conflicting and extensive factors shaping tomorrow's global business landscape.

Key findings include:

- Even with mobility and telework, employees today prefer to work in the office
- The potential of cloud computing is over-estimated
- There is finally a standard for reliably measuring sustainable practices
- The global economy is the biggest issue facing multinational companies and their corporate real estate executives.

"No guts, no glory," is how one industry executive describes the current mix.

While the report offers ample evidence that the economic climate for corporate occupiers and supply side commercial real estate service providers is improving and that 2011 was a fairly positive year for the industry, a sense of caution prevails.

"These and other developments may very well represent the outer tendrils of better times ahead for the industry," the report notes. "Yet the always-present reality of cost cutting could mean that the tightest spending controls we've ever seen may still lie ahead."

"The global economy is one of the biggest issues we're impacted by," said Jim Scannell, CoreNet Global Chairman-elect and Senior Vice President, Administrative Services for the Travellers Companies, Inc.

Uncertainty can be equated to the unevenness of the global economy, report author Richard Kadzis observes.

“Some regions are more viable for corporate investment and growth than others,” said Kadzis, Editor of *LEADER* Magazine, CoreNet Global’s professional journal. Countries like Brazil, India, Malaysia, Russia and even Vietnam are well positioned for strong growth in the coming months, while China, often viewed as the world’s hottest growth market, will see a cooling off from 10 percent or better GNP growth to 5 to 6 percent in the coming year.

But the more mature economies of the Western world, especially the U.S. and throughout Europe, will “face a day of reckoning” because of sovereign debt, deficit and leadership issues, the report indicates.

“No guts, no glory should be the slogan for the months ahead,” as Thomas Glatte, Head of Global Real Estate for BASF, views the current situation. “As past experience has proven, caution will prevail for most companies. We will see a slow-down in major investment decisions and a substantial rise in ongoing project reviews or delays.”

Globally, the scales have tipped in favor of Asia. “The global shift of business-attention toward the big, emerging markets in Asia is a huge factor,” Glatte stressed.

The CoreNet Global *2012 State of the Industry Report* also underscores how corporate real estate executives hold sway over key business drivers like talent, innovation, productivity, speed to market and sustainability.

There’s an in-depth examination of how emerging work strategies are changing the workplace, and how the economy has increased the adoption of alternative and flexible work strategies now also linked to real-estate-compression trends. For example, space per person already averages 100 square feet or less in Europe, and data show the same will be case for 40 percent of companies in North America by the year 2017. Companies are using less office and work space, but they are making it more inviting, open, progressive and collaborative.

Largely due to the economy, “What started out in the 2009 recession as a real estate strategy has quickly become an overall business strategy,” the report relates.

Yet even with more people than ever being allowed to work from home or other places outside the office, more of them prefer to go to the office. Another key finding with dismal job creation statistics, it’s almost as if workers’ job security outweighs the allure and flexibility of mobile work, 2011 research performed by CoreNet Global and Steelcase finds.

- 70 percent of employees regard the office as the best place to interact with colleagues
- 40 percent of employees believe the office provides better tools and technology

Parts of the new report are based on predictions coming from CoreNet Global's *Corporate Real Estate 2020* transformational research initiative. CRE executives from several hundred major companies globally are contributing their visions to this forward-facing body of work for what business and the workplace will be like by the year 2020.

Some of the key *Corporate Real Estate 2020* "bold statements" include:

- Oil price volatility, supply chain quality, tariffs and other factors will spawn a return of manufacturing to the U.S. This so-called "on-shoring" effect is already under way, and China will turn more toward serving its own growing consumer base and middle class.
- Employees will bring their own technology to work by the year 2020, because most companies can't keep pace with the "relentless advance of technology," especially the continuous introduction of new personal digital devices like tablets and iPhones.
- Cloud computing will be replaced by these "always networked" personal devices, because they will have "near-infinite" memory.
- So-called "green incentives" being offered by a growing number of cities and states are the main reason why sustainability has become the new "sweet spot" for corporations when they make location and expansion decisions.
- The Global Reporting Index, or GRI, will provide a reliable way to measure the impacts and return-on-investment of sustainable practices like energy management, intelligent building systems and reuse of materials to help inform the triple-bottom-line accounting format used today by many publicly traded companies.

The *2012 State of the Industry Report* also offers economic forecasts for the global economy and the commercial real estate sector, in addition to featuring insightful commentary from many senior-level CRE executives and other CRE industry thought leaders.

CoreNet Global is the world's leading association for corporate real estate (CRE) and workplace professionals, service providers and economic developers. Nearly 7,000 members, who include 70% of the Fortune 100 and nearly half of the Forbes Global 2000, meet locally, globally and virtually to develop networks, share knowledge, learn and thrive professionally.

For more information, please visit www.corenetglobal.org.