



News

CONTACT:

Richard Kadzis, CoreNet Global
+1 404.589.3200
rkadzis@corenetglobal.org

Ryan Mitchell, Imre Communications
+1 410.821.8220
cell +1 240.298.8472
ryanm@imrecommunications.com

Corporations Don't See Eye to Eye with Economic Developers and Service Providers over Location Criteria, says New CoreNet Global Research

Access to Markets is Key Location Priority for Corporations, not Economic Developers

ATLANTA, 22 May 2007 – A wide gap exists between how major corporations prioritize location factors versus the economic developers luring them to their geographical areas, according to new CoreNet Global research being released today.

The research suggests a major disconnect between the major parties to a location, or re-location transaction, even with regard to the top priority of a company: access to customers, suppliers and talent.

“Trends in Corporate Real Estate Location Selection: An Economic Development Perspective,” the latest CoreNet Global research, makes recommendations on how Economic Development Corporations (EDCs) can adjust their strategies to better serve their corporate prospects’ needs.

“The goal of our report is to get the companies looking for locations and the people with the locations on the same page,” said Eric Bowles, Director of Global Research for CoreNet Global.

According to the report, co-authored by Claudie Fanning and Richard Kadzis, corporate real estate end users view access to markets as the most important factor in considering a location, but EDCs see market access as substantively less important than the corporations. End users see market access as a factor even more important than cost.

The study also points out that a gap of 30% exists in the perception of the importance of innovation in the selection decision.

In the report, CoreNet Global recommends that:

- Access to markets is a primary criteria for corporate location decisions today, rather than cost control
- Location decisions are increasingly linked to portfolios that are managed on a holistic level as part of the now-prominent corporate integrated portfolio management model
- Economic developers must adopt a portfolio perspective to understand end-users' changing location needs as they relate to companies' global business plans
- This perspective will have significant implications toward EDCs changing their go-to-market strategies and value propositions to decision makers
- There is an increasing trend toward the disintermediation of EDCs providing market demographic and other key information supporting location decisions

“The trend toward integrated portfolio management with which the EDCs must come to grips, is the latest example of how far apart corporations are from the service providers and EDCs trying to earn their business,” Bowles said. He adds that, “the moves towards multi-property sale-leasebacks, and increased lease flexibility are additional examples of how far apart are the partners to any real estate transaction.”

Findings of the report include:

- North America remains the primary choice for corporate locations but many are finding areas in Eastern Europe where they can find inexpensive labor, a decision factor which is driving location decisions towards that geography
- There are wide gaps in how corporations and service providers regard the importance of the quality of labor versus the cost of labor
- Quality of life issues and currency also bleed into the decision factor mix but mainly from the standpoint that the EDCs place a far higher emphasis on their cultural, sports and other lifestyle amenities than do end users and service providers
- Availability of brownfields on which to develop is further evidence of a disconnect between corporations and service providers, as end users prioritize brownfields redevelopment more so than EDCs

The CoreNet Global report is based on a survey conducted in October 2006 of 28 registered experts of 123 who were invited to participate for a 23% response rate.

Segmented by industry role, the respondents are:

- 23% end users
- 16% service providers
- 35% economic development organizations
- 26% consultants

CoreNet Global members manage US \$1.2 trillion in worldwide corporate assets consisting of owned and leased office, industrial and other space. With 7,000 members representing large corporations around the world, CoreNet Global (www.corenetglobal.org) operates in five global regions: Asia, Australia, Europe, Latin America and North America.

###