

CORENET GLOBAL'S

# THE LEADER

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MAY / JUNE II

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REAL ESTATE  
& WORKPLACE

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# Leadership

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# Connecting the Dots: The New Definition of Client for Economic Developers

BY ROBIN RONNE AND DEL BOYETTE

For many years, the value proposition for economic developers to invest and participate in CoreNet Global has been built on the premise that “by doing so, you will have the opportunity to meet and establish relationships with the directors of corporate real estate (CRE) for major end user companies and market directly to them the benefits of locating one of their company’s new facilities in your state, region or community.” From CoreNet Global Summits to local Chapters, the race was on to meet and greet as many end users as possible through sponsorships, private dinners with key members of leadership teams and other entertainment venues.

But the ongoing effects of the recent Great Recession have caused many

economic development entities to dramatically reduce or even eliminate such events, as their own funding sources and discretionary budgets were also significantly reduced.

On a parallel track, the budgets of CRE departments have also undergone an equally significant cost reduction process that, for many public and private companies, has produced a dramatically smaller and leaner internal staff in order to provide maximum portfolio management at the lowest-possible overall cost. To that end, many of the primary functions of CRE related to site selection – state and local community evaluation, labor force evaluation, site and facility options and incentive negotiations – have now been outsourced to real estate service providers and site selection consultants in a far greater

manner than ever before, a trend that is firmly established and will only continue to increase over time.

Which creates the conundrum for economic developers: “Just who is my client, and to whom should I strategically spend my limited time, energy and money to establish and maintain relationships to achieve the greatest benefit and return on my investment – the end users, brokers or site selection consultants?” And increasingly the answer to that question is “all of the above.”

Past examples of the increased need for economic developers to establish and maintain relationships with each segment of the location assessment process include the following:





➤ When JPMorgan Chase (JPMC) began the multi-year process of site selection for the relocation of its Global

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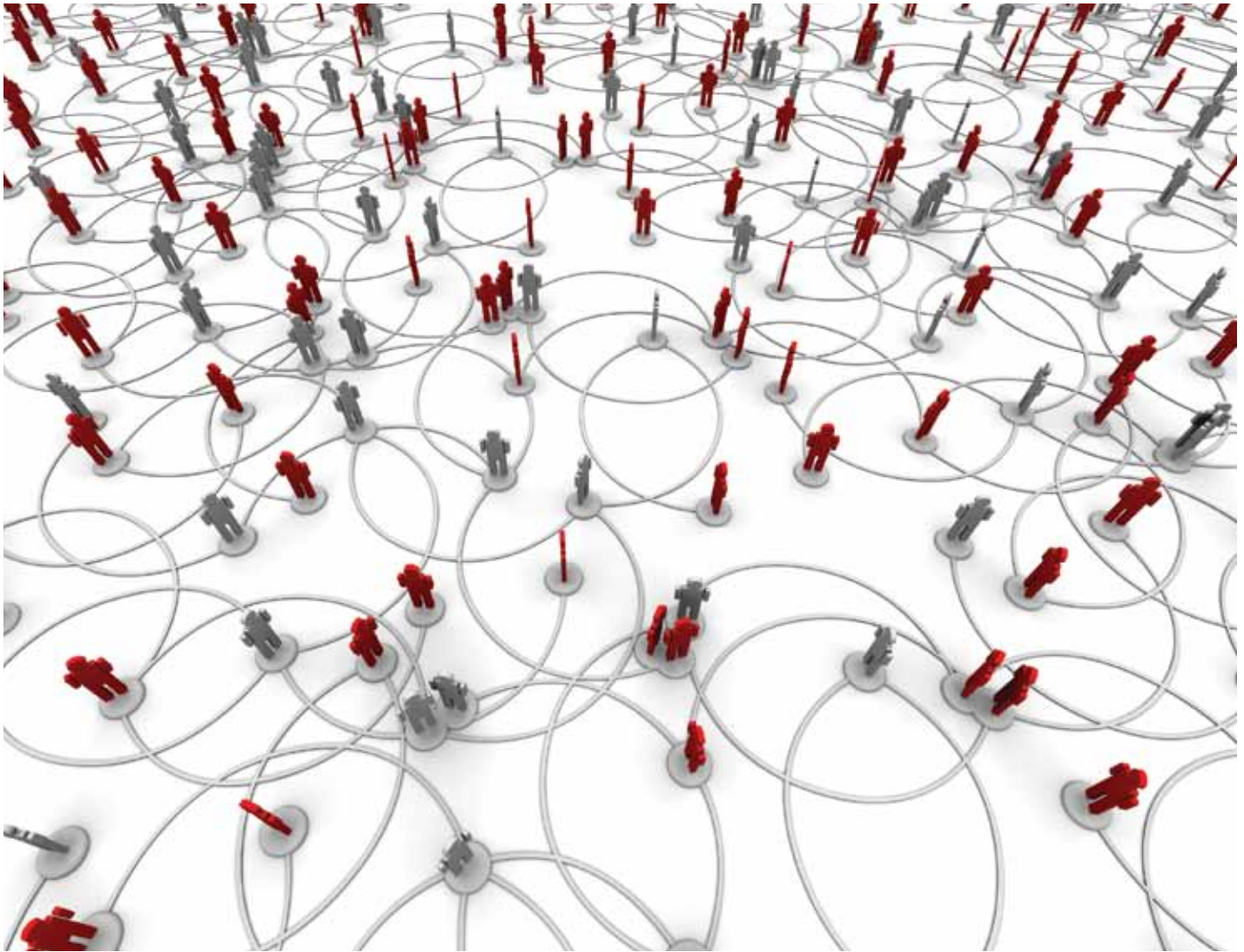
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Treasury Technologies division from New York City in response to the Federal Reserve white paper on decentralizing mission-critical facilities, it initially turned to Ernst & Young's Global Locational Advisory Services Group to evaluate states and communities with the requisite competitive overall cost and labor availability. In addition, the facility negotiations were conducted by Jones Lang LaSalle, and the incentive negotiations were conducted by Biggins Lacy & Shapiro. Each of those firms established competitive benchmarks for their respective areas of expertise before making their recommendations to JPMC, and the end result was a new 450,000- sq.-ft. (41,806-sq.-m.) campus in Tampa, Fla.

The key point is that each of those

entities – JPMC as the corporate end user, along with Ernst and Young, Jones Lang LaSalle and Biggins Lacy & Shapiro as service providers – are all long-time, active members of CoreNet Global. In fact, Ernst & Young presented a case study overview of the entire site selection process, including the key participants, at a CoreNet Global Summit.

When Citigroup began a multi-year process for its new global prototype campus to enable the co-location of multiple business units under one roof, it turned initially to Location Advisory Services for state and community labor force evaluations and Cushman & Wakefield for available site evaluations. Their recommendations to Citicorp resulted in a new 650,000-sq.-

ft. (60,387-sq.-m.) campus in Tampa, Fla. Once again, all key project participants – from Citigroup as the end user to Location Advisory Services and Cushman & Wakefield as service providers – are CoreNet Global members

When the Depository Trust and Clearing Corporation (DTCC) began investigating options outside Wall Street to comply with the requirements of the Federal Reserve's white paper post-September 11 "Nearshoring" effort for national and international financial services mission-critical operating facilities, they turned to Partners National Real Estate to conduct their site selection analysis. After reviewing numerous options throughout the Southeast, DTCC settled on an existing facility in Tampa, Fla., for their Southern

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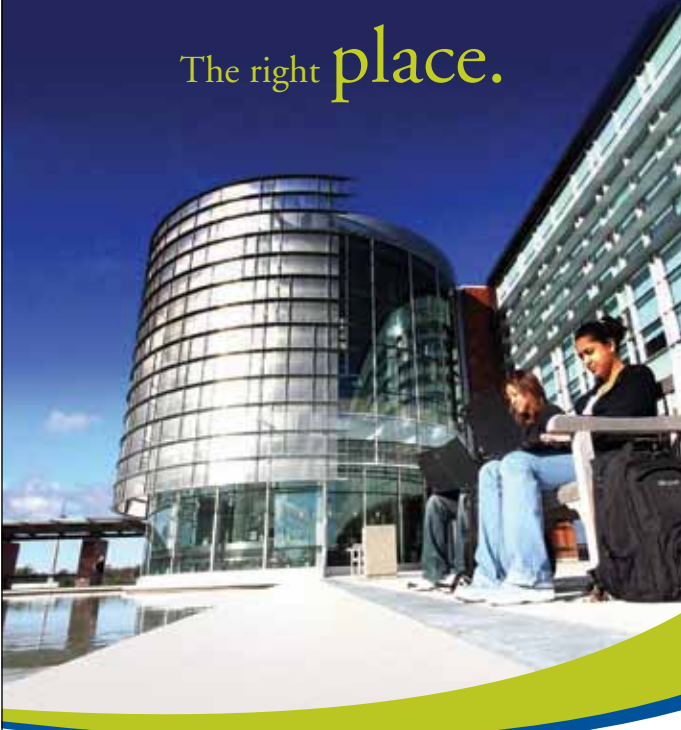
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Operations Center, and their incentives negotiations were provided by Biggins Lacy & Shapiro.

The facilities landlord, Highwood Properties, was represented by Cushman & Wakefield. And as in previous examples, real estate service providers Partners National Real Estate and Cushman & Wakefield, along with incentives negotiators Biggins Lacy & Shapiro and the facility's owner/developer Highwoods Properties, are all active CoreNet Global members.

As Larry Richey, Cushman and Wakefield's Senior Managing Director in Tampa stated, "Twenty years ago, a firm that was moving into a new market didn't really hire real estate advisor representation. That's no longer the case. Today companies like ours are very actively involved in representing corporate America and business service firms."

So instead of complaining that "There just aren't enough end users around" or "All you see are those darn brokers," economic developers would do well to understand that now, more than ever before, the definition of their "clients" needs to recognize that they must include CRE brokers and site selection consultants on an equal standing with the CRE end user representatives. Successful state, regional and local economic development entities that proactively accept this change will be much more successful than those who do not, and the option to do so rests solely in their hands.

#### About the Authors



Robin Ronne is Managing Director of the CEO Council for the Greater Fort Lauderdale Alliance where he directs a new targeted headquarters recruitment initiative. He has more than 35 years of experience in managing and directing corporate marketing and economic development programs.



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For more information on this topic, please visit CoreNet Global's Knowledge Center Online.

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