

GAUGING THE LONG-TERM IMPACT OF REAL ESTATE DECISIONS							
<p>“Risk” and “Reward” are often mostly seen as financial, but must also include legal and environmental issues, as well as considerations of how the facility will be perceived. Criterion “C” is important in circumstances of strictly finite resources, which need not be specifically financial: Limited management or labor availability would also be included. Lastly, criterion “D” represents the multifaceted vagaries of the larger marketplace, such as energy prices, rapidly changing financing markets or a tightening credit market. The example shown is a matrix used to help make a decision about the relocation of a corporate headquarters to a neighboring community in Massachusetts.</p>		1. ASSET ACQUISITION/ DEVELOPMENT	2. POSITION IN THE MARKET: DEVELOPMENT, RENOVATION AND REPOSITIONING	3. COST-SAVING UPGRADES	4. CORPORATE/CIVIC RESPONSIBILITY	5. OPERATIONS & PREVENTIVE MAINTENANCE	6. EMPLOYEE PERFORMANCE
	A. RISK: CONSEQUENCE OF FAILURE	Failure to perform according to pro forma, through higher capital or lease costs	Inadequate or inappropriate space could hinder R&D or growth	Greater efficiency of HVAC and electrical systems unrealized	Poor neighborhood relations; future projects jeopardized	Failure at critical times could jeopardize life safety, business continuity	Diminished employee comfort, satisfaction, convenience could reduce productivity
	B. REWARD: POTENTIAL VALUE OF SUCCESS	Higher ROI than other investment opportunities	High quality property will reflect well on corporate image	Energy efficiency saves money and environment	Perceived community leadership makes future development easier	Increased comfort, efficiency, and cost effective service	Workspace that is a tool for productivity will increase profitability
	C. IMPORTANCE: RELATIVE BENEFIT OF RESOURCE ALLOCATION VS. OTHER OPTIONS	Can a higher return on capital be realized elsewhere?	Real estate image is a symbol of a company’s priorities	Can the money be spent differently in areas like R&D or pay with greater return (e.g., R&D or benefits)?	What are other opportunities to improve business and community?	Is time spent being proactive less than being reactionary?	Is employee satisfaction better addressed through other benefits?
	D. COMPETITIVE ENVIRONMENT: PERSPECTIVE OF THE GLOBAL MARKETPLACE	This location is in a high growth, first class location with educated workforce	Location in Massachusetts is perceived as part of the “Technology Highway”	LEED certification is seen as good for recruitment and environmental stewardship	Receptivity to other industries can be a stimulus that attracts complementary businesses	Is the status of basic infrastructure a hindrance or an allure to the company’s relocation?	Are benefits, costs of living, and lifestyle more or less attractive than elsewhere?