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Marion Weatherhead

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Preface

The air is heavy with change, and the property world is not exempt. The property slump of 1989 was felt by many and heralded as a dramatic occurrence, yet it is probably of minor significance compared with the real estate consequences of the information revolution.

The information revolution is rapidly freeing many activities from location and time – they can be undertaken anywhere (or almost anywhere) and be instantly accessed globally.

In the past many businesses had little choice over location, as too many aspects of their activities focused on a specific location. For many, the only issue was to obtain the necessary space as cheaply as possible. As businesses gain freedom over location they also gain the responsibility to use real estate (if it is necessary!) competitively. It has become a matter of strategic importance.

This has meant that business managers, real estate managers and their advisers need to gain new skills. They need to reach beyond their traditional knowledge and learn much more about what drives decisions in each other's fields.

This book has been written to help bridge the divide by introducing business managers and real estate managers to the changing role of real estate in corporate business. The focus is on the importance of real estate, not in isolation but as an integral part of corporate strategy.

However, the book does much more than discuss and illustrate this importance. It has been written to provide active help. The process of reaching the point where a business can make effective decisions that incorporate real estate considerations is explained.

It is then supported by information about new technologies and the way in which businesses are subsequently changing their use of real estate, together with a discussion of the corporate finance issues. The specific features of real estate, such as the choice of tenures and the problems of obsolescence, are discussed. Practical help is also provided to assist real estate and business managers develop, present and implement corporate strategy incorporating real estate. Finally, as some of the UK's leading companies have already begun this process, seven case studies review their experiences.

Throughout the book very practical guidance has been given about sources of further information. These range from sources of basic information to

sources of up-to-the-minute ideas to help readers continue to keep up to date as the process of change moves rapidly forward.

Everyone is still very much on a learning curve. This book has been written to help develop understanding, to help managers gain new skills and to assist MBA and real estate postgraduate students extend their studies.

The aim is to inspire UK businesses to seek to become more competitive in their use of real estate, not only in order to be profitable in their home markets but also to increase their global competitiveness – both now and in the future – as younger business and real estate managers climb up corporate hierarchies. We need more world-class companies. The UK ranks 6th in the world for its gross domestic product, but in the 1994 World Competitiveness Report was only 14th for national competitiveness. Appreciating the strategic importance of real estate is an important step in the bid to improve profitability for UK companies operating from a densely populated country with expensive real estate.

Marion Weatherhead
October 1996