



E SMITH
REALTY PARTNERS

Center of Excellence



A close-up photograph of a succulent plant, likely a Sedum or similar species, featuring small, pointed, yellowish-brown leaves. The plant is set against a dark, textured background. The image is framed by a circular border.

**CENTER OF EXCELLENCE
RISK MITIGATION**



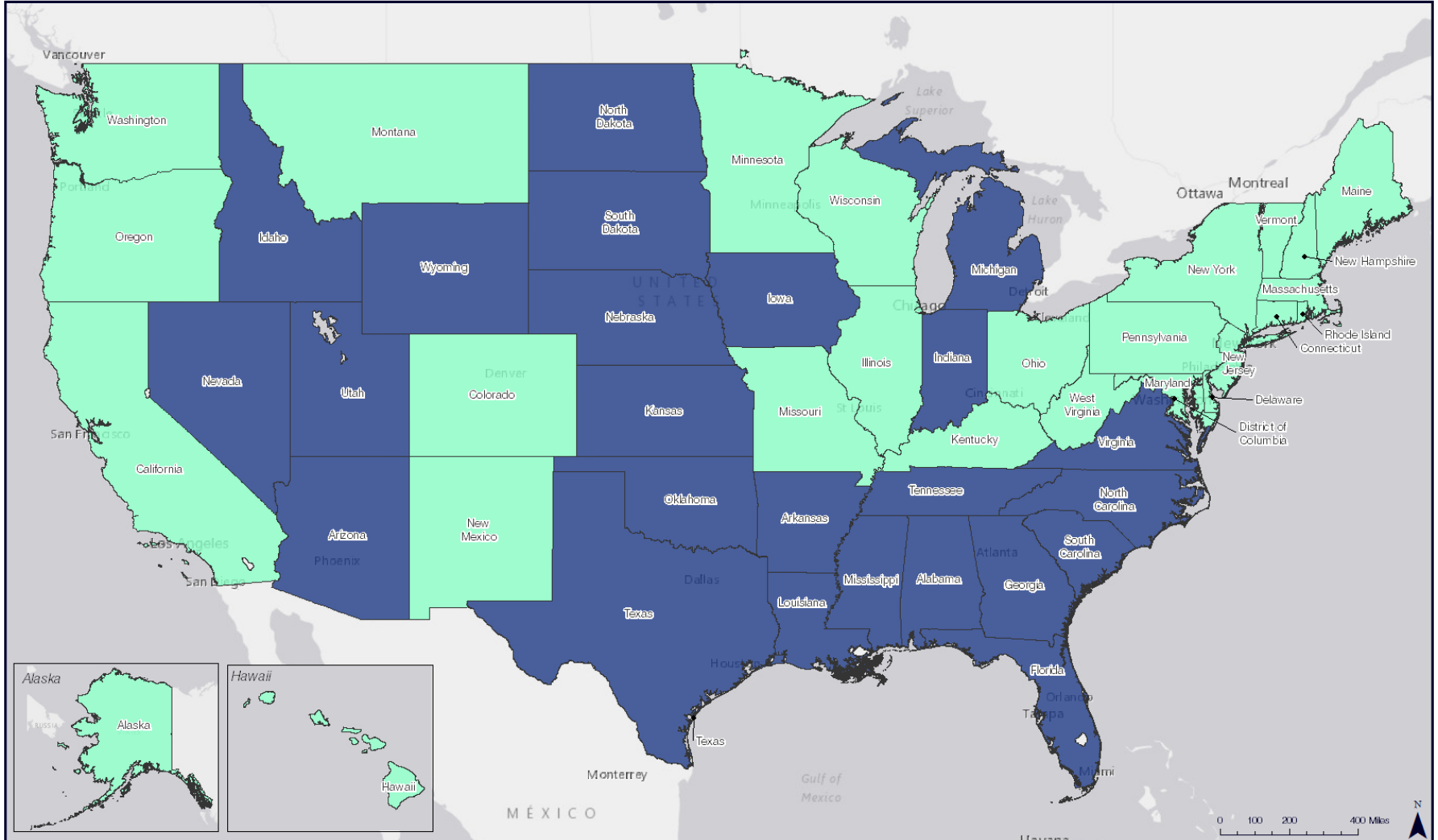
What Makes a Market Successful

RIGHT TO WORK STATES

UNITED STATES
RIGHT TO WORK STATES

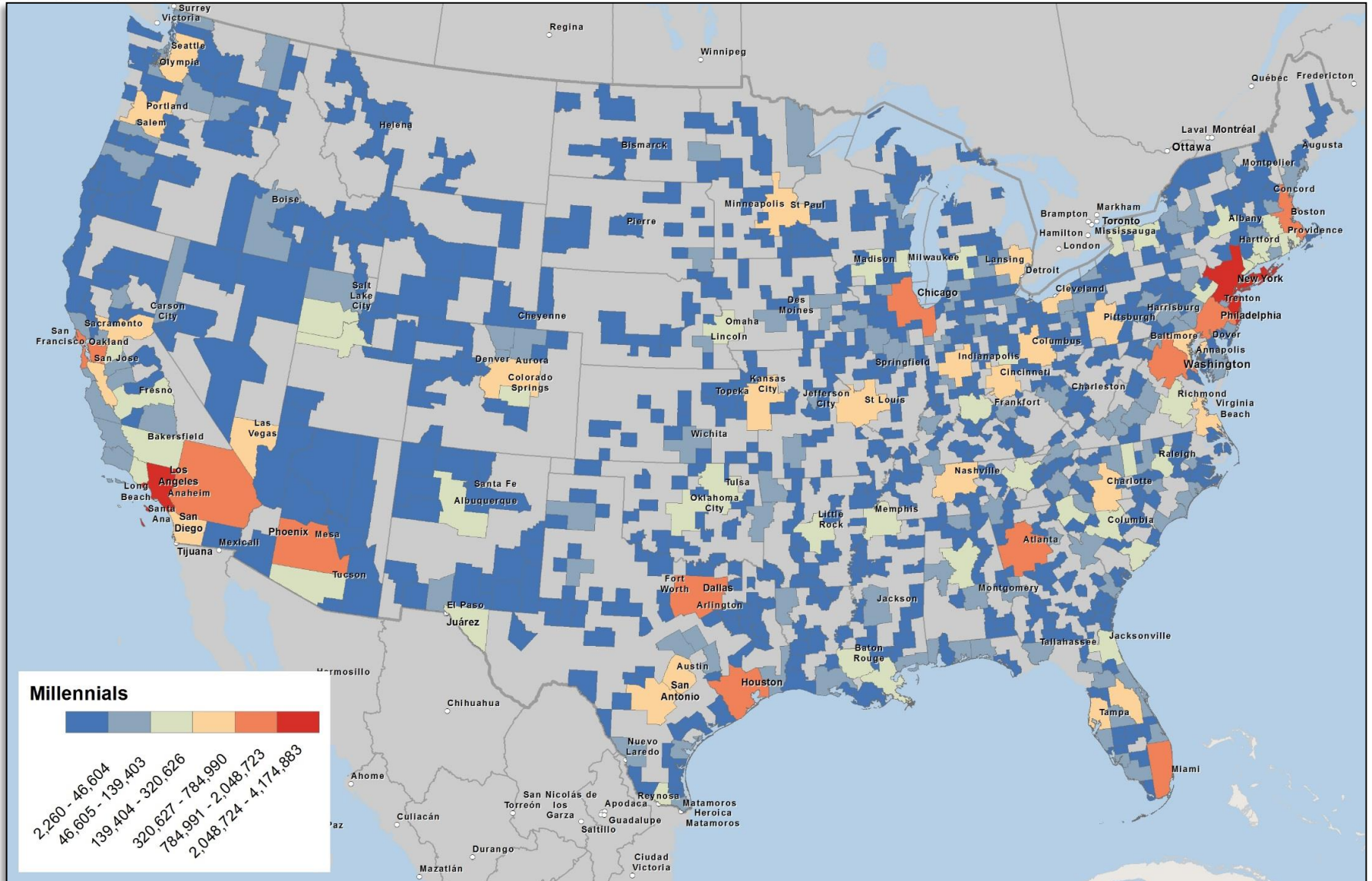
This map shows the states by right to work status

- Not Right to Work
- Right to Work

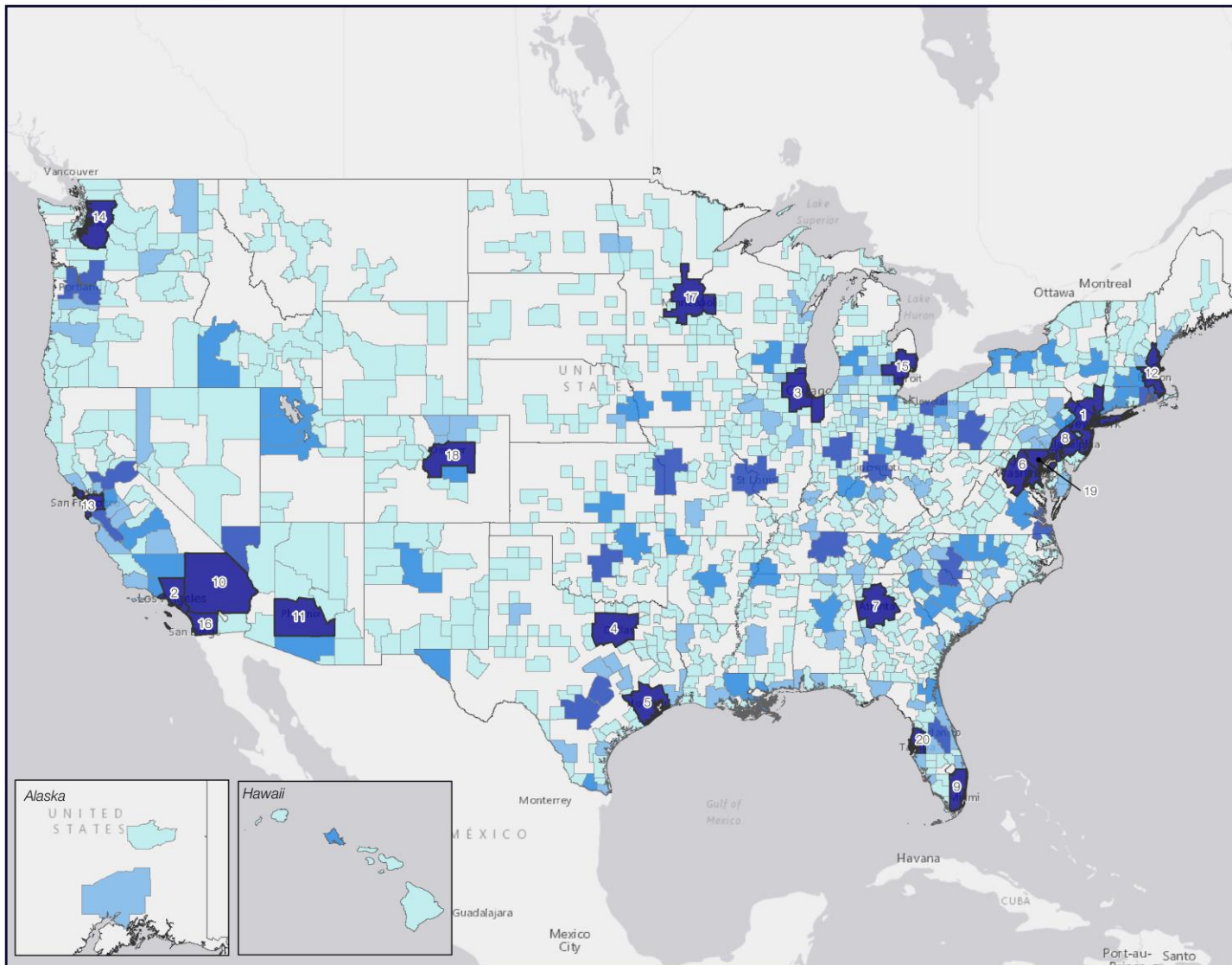




MILLENNIAL POPULATION IN 2015



MILLENNIAL POPULATION IN 2020



UNITED STATES 2020 MILLENNIAL POPULATION BY MARKET

This map shows the markets with the largest population of millennials in year 2020. Millennials will likely make up half of the work force by this time.

Millennial Pop 2020



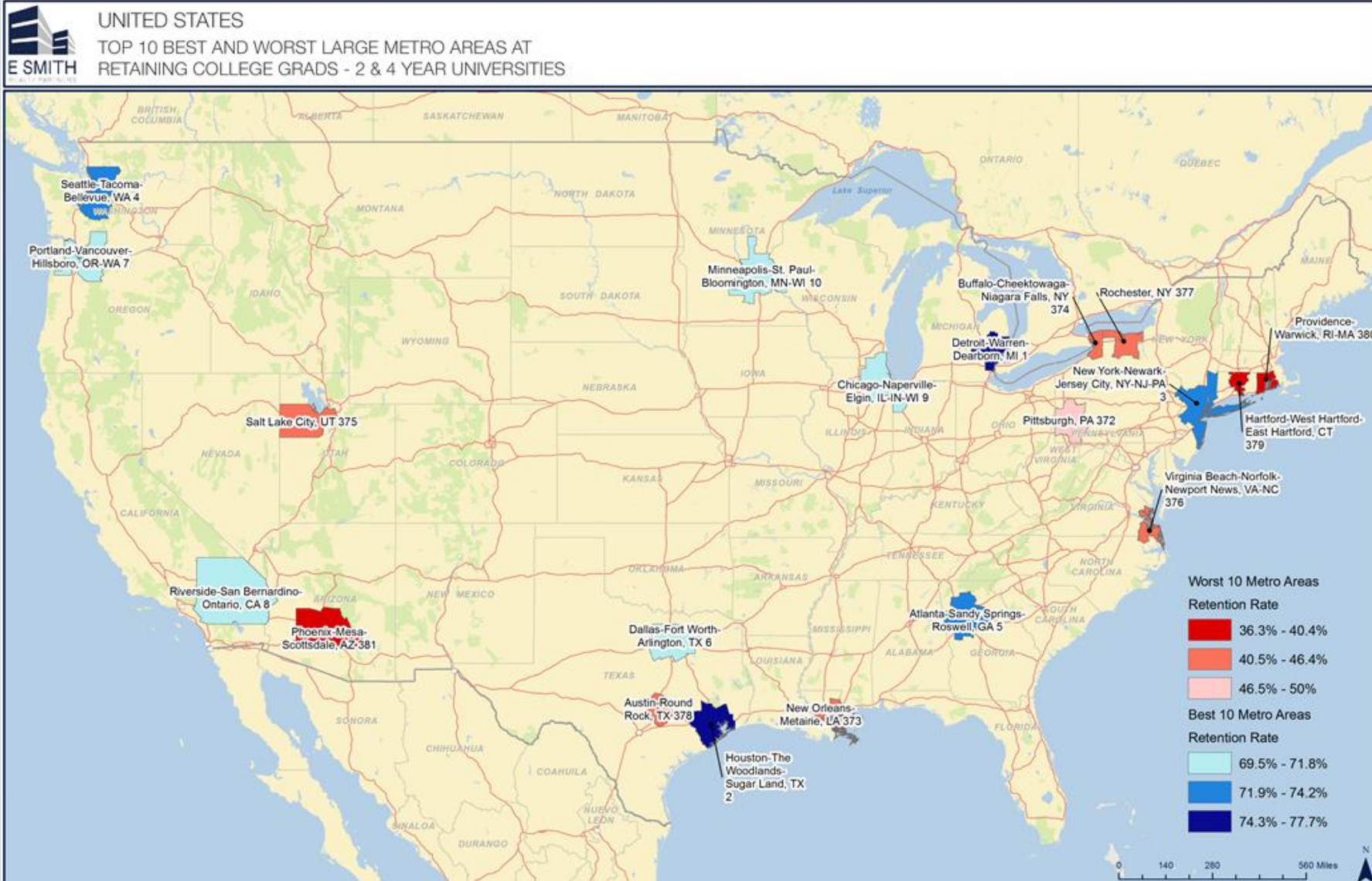
Market	Millennial Pop.
1 - New York-Newark-Jersey City, NY-NJ-PA	6,929,582
2 - Los Angeles-Long Beach-Anaheim, CA	4,912,183
3 - Chicago-Naperville-Elgin, IL-IN-WI	3,339,553
4 - Dallas-Fort Worth-Arlington, TX	2,655,876
5 - Houston-The Woodlands-Sugar Land, TX	2,546,719
6 - Washington-Arlington-Alexandria, DC-VA-MD-WV	2,201,685
7 - Atlanta-Sandy Springs-Roswell, GA	2,041,815
8 - Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	2,037,387
9 - Miami-Fort Lauderdale-West Palm Beach, FL	1,933,767
10 - Riverside-San Bernardino-Ontario, CA	1,675,483
11 - Phoenix-Mesa-Scottsdale, AZ	1,669,330
12 - Boston-Cambridge-Newton, MA-NH	1,654,146
13 - San Francisco-Oakland-Hayward, CA	1,587,382
14 - Seattle-Tacoma-Bellevue, WA	1,342,181
15 - Detroit-Warren-Dearborn, MI	1,314,219
16 - San Diego-Carlsbad, CA	1,250,975
17 - Minneapolis-St. Paul-Bloomington, MN-WI	1,221,656
18 - Denver-Aurora-Lakewood, CO	999,463
19 - Baltimore-Columbia-Towson, MD	948,654
20 - Tampa-St. Petersburg-Clearwater, FL	921,055

0 120 240 480 Miles

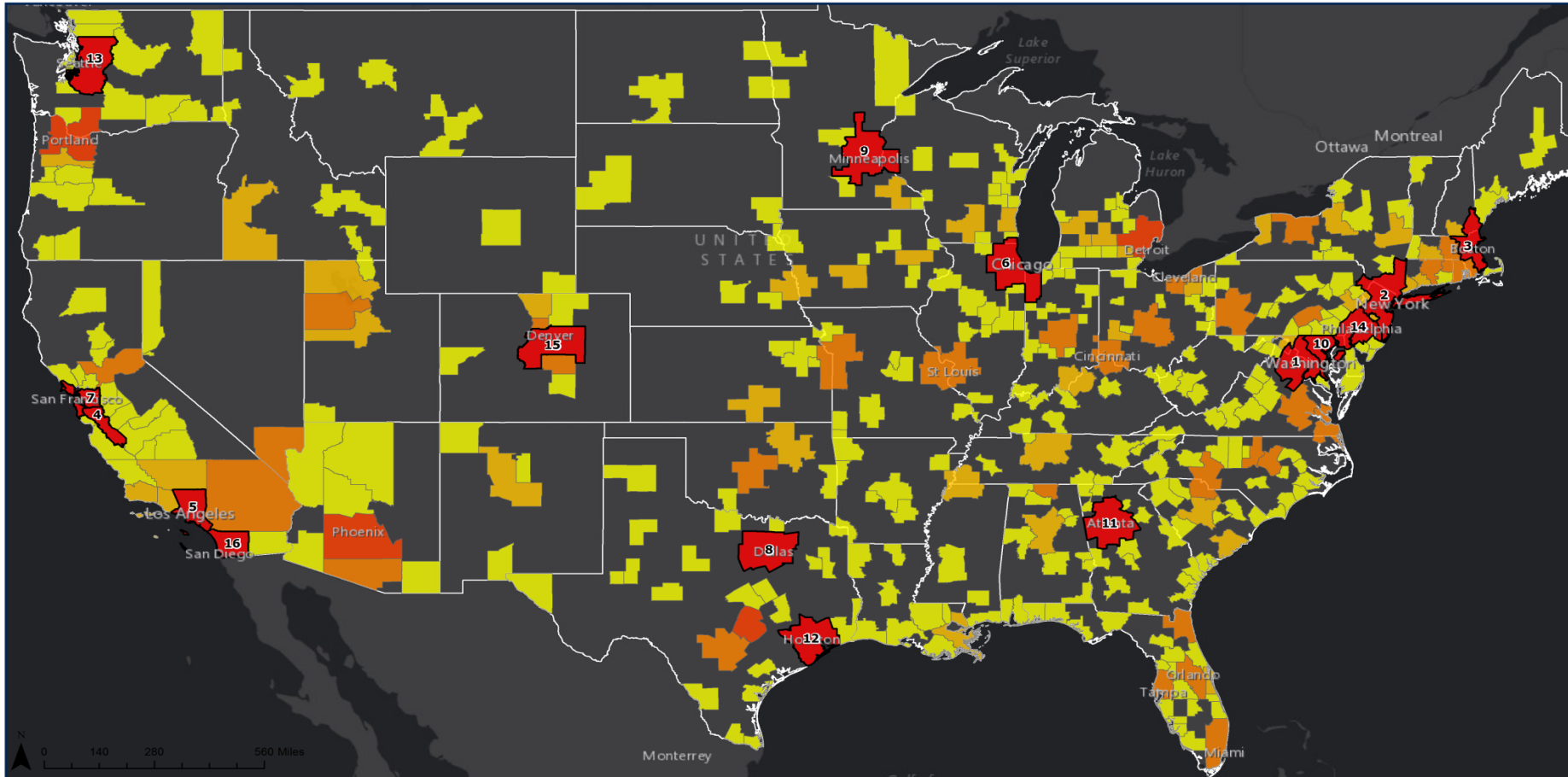




BEST AND WORST US METROS FOR RETAINING COLLEGE GRADS



TOP US TECH SAVVY MARKETS



Tech Savvy Markets Top 16 US Metro Areas For Developer & Systems Engineering Jobs

This map shows the number of jobs per Metropolitan Statistical Area.

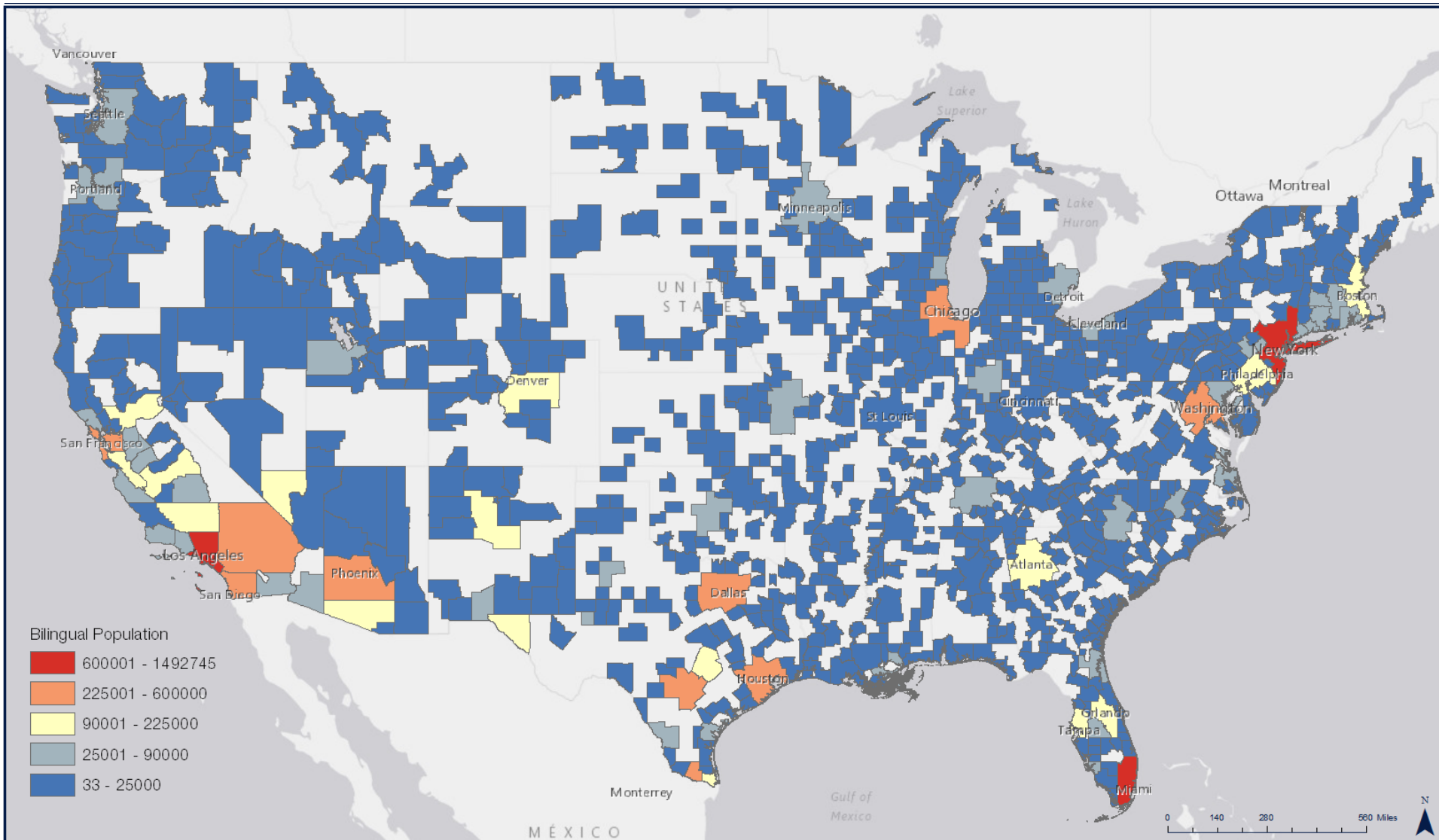
Developers/Systems Engineers Number of Jobs	Color	Range
10,001 - 54,112	Red	10,001 - 54,112
6,001 - 10,000	Orange	6,001 - 10,000
2,001 - 6,000	Light Orange	2,001 - 6,000
830 - 2,000	Yellow	830 - 2,000
12 - 829	Light Yellow	12 - 829

Number of Jobs in Top 16 Markets

1 - Atlanta, GA: 13,204	9 - Minneapolis-St. Paul, MN-WI: 14,022
2 - Baltimore, MD: 13,669	10 - New York, NY-NJ-PA: 29,198
3 - Boston, MA-NH: 28,176	11 - Philadelphia, PA-NJ-DE-MD: 12,171
4 - Chicago, IL-IN-WI: 25,659	12 - San Diego, CA: 10,003
5 - Dallas-Fort Worth, TX: 20,981	13 - San Francisco-Oakland, CA: 22,926
6 - Denver, CO: 10,605	14 - San Jose, CA: 26,642
7 - Houston, TX: 12,712	15 - Seattle, WA: 12,430
8 - Los Angeles, CA: 26,291	16 - Washington-Alexandria, DC-VA-MD-WV: 54,112



BILINGUAL SKILLS



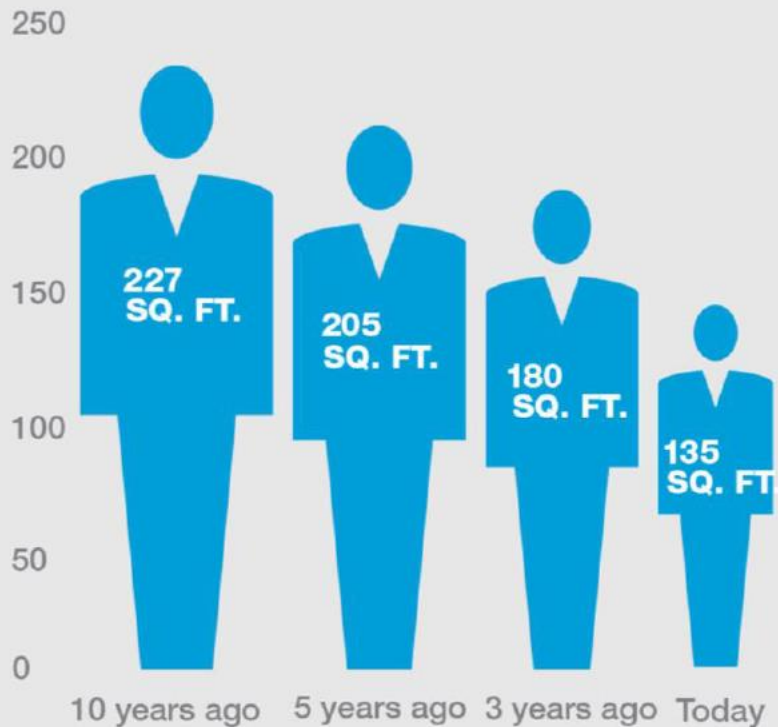


What Makes a Building Unique

WHAT DOES THE COE OF THE FUTURE LOOK LIKE?

Average square footage per person targets have declined steadily

Square Footage per Person Targets



CENTERS OF NON-EXCELLENCE



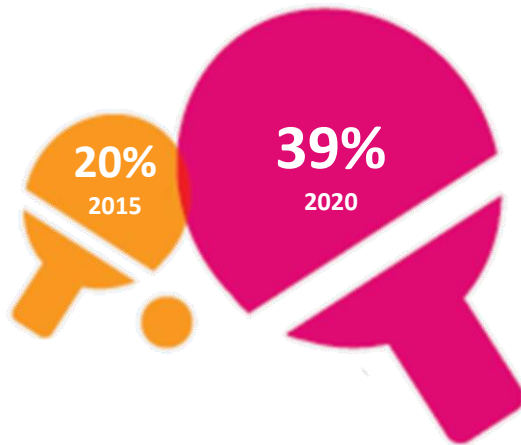


THE FUTURE CENTER OF EXCELLENCE



CHANGING SPACE NEEDS

Informal meeting spaces will nearly double



“Companies are allocating greater amounts of space for informal meetings today and expect the proportion of casual spaces will further expand in the next 5 years.”

Source: 2015/2016 Knoll Workplace Executive Survey

Delivering a Positive Workplace Experience

Describe a positive workplace experience.



“In their quest to deliver a positive workplace experience, workplace executives hone in on a few particular attributes that describe these environments.”

Source: 2015/2016 Knoll Workplace Executive Survey

RISE OF NEW TYPES OF SPACE



Unassigned Workstation

image source: skyline construction

RISE OF NEW TYPES OF SPACE



Scrum Space

RISE OF NEW TYPES OF SPACE

Café/Lounge



RISE OF NEW TYPES OF SPACE



Project Rooms

RISE OF NEW TYPES OF SPACE



Touchdown/Hotel

image source: Steelcase

RISE OF NEW TYPES OF SPACE

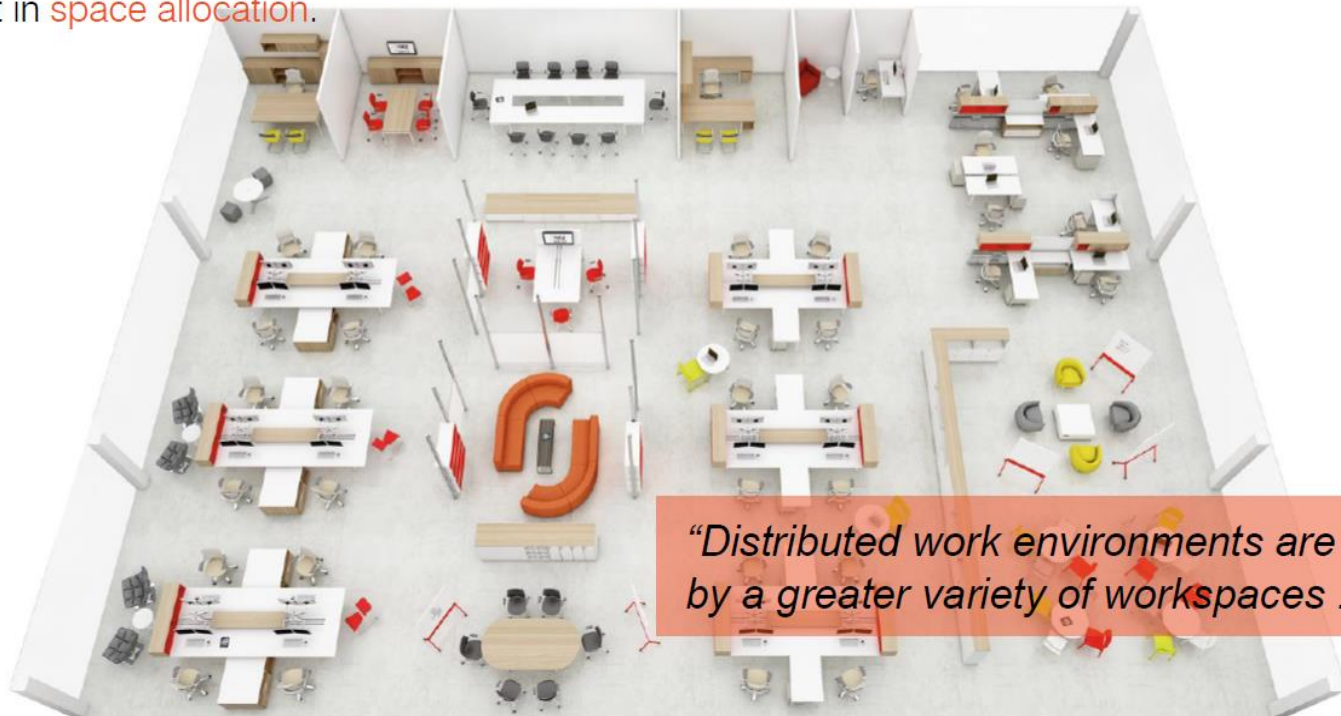


Active/Lounge

image source: linkedupnow

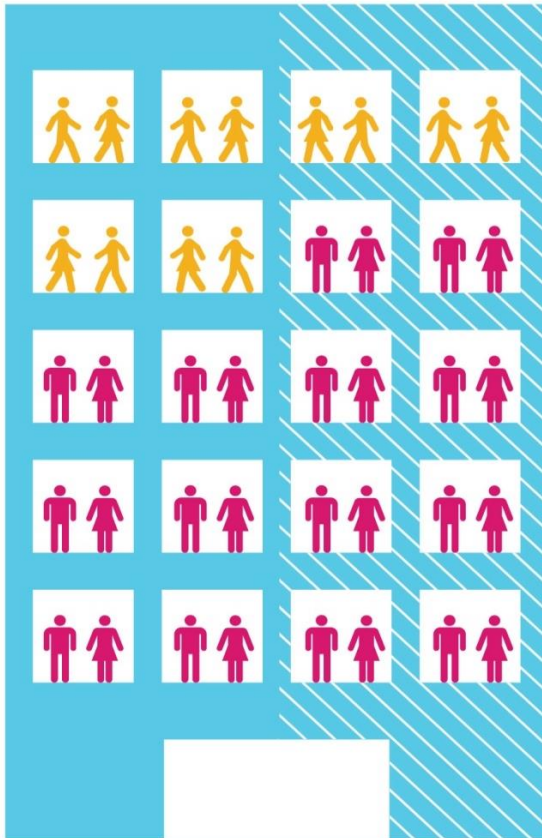
DISTRIBUTIVE WORK ENVIRONMENTS

As employees work in an increasingly social, **mobile**, and **collaborative** fashion, we need to support the complexity and unpredictability of these work patterns. Distributed work models are driving a profound shift in **space allocation**.



“Distributed work environments are characterized by a greater variety of workspaces .”

WANTED SPACE AND WASTED NIGHTS



Inside organizations:

50% of all workspace is wasted space.*

70% of all employees are disengaged in their work.**

Bottom line? Disengagement adds up to an estimated cost of ***one trillion dollars a year.*****

*CoreNet

**Gallup

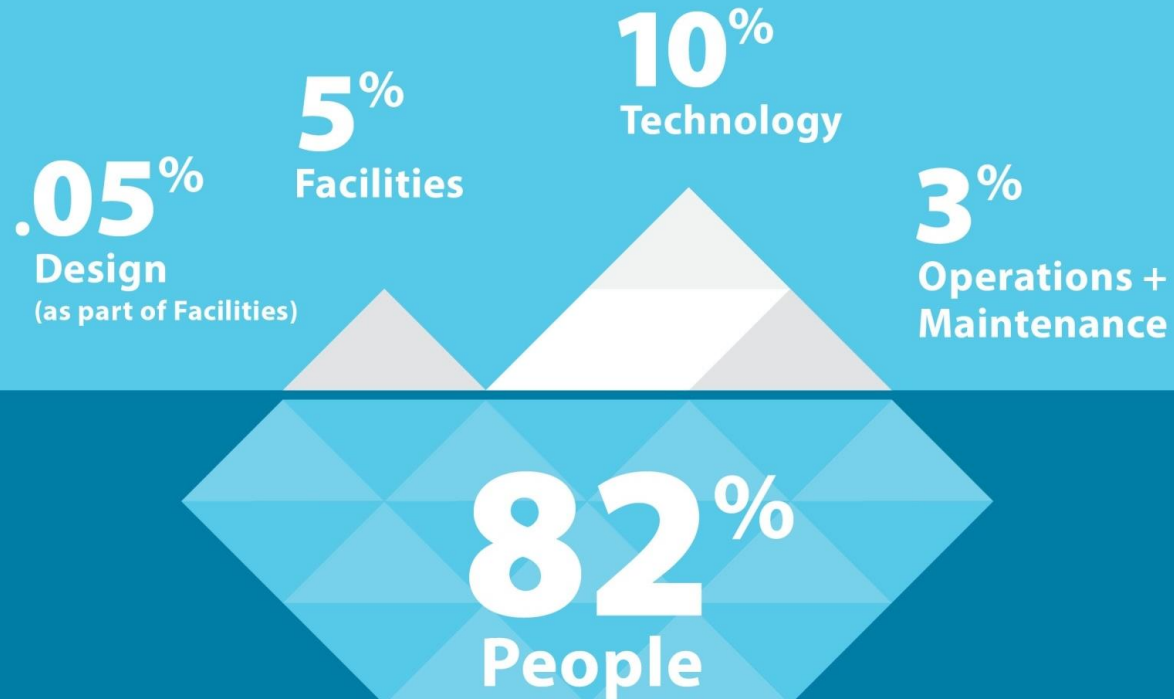
ENGAGED VS. TOXIC EMPLOYEES





AVERAGE COST OF A BUILDING

Most space decisions are financially driven.
The average cost of a building:



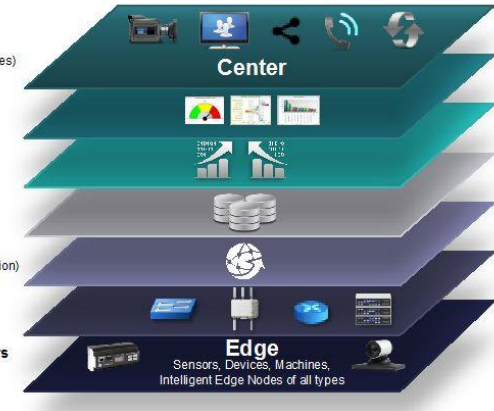
THE INTERNET OF THINGS

- › Mesh Networking / Wireless
- › Voice-over-IP (VoIP) / IP Paging
- › Integrated Information Availability
- › ACD, IVR, CTI
- › IP Sound Masking
- › IP - CCTV, IP - Security
- › IP based IBS / BAS
- › Digital Signage
- › IP Based Audio/Visual
- › Cloud Services
- › The Wireless Office
- › Mobility / BYOD
- › DAS / Cellular
- › IP LED Lighting

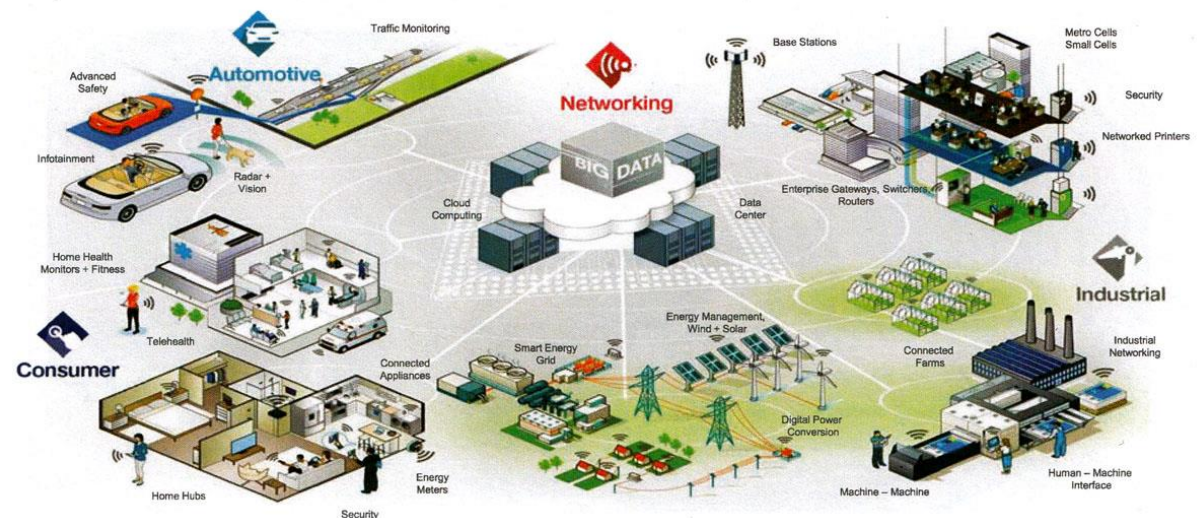
Internet of Things Reference Model

Levels

- 7 Collaboration & Processes**
(Involving People & Business Processes)
- 6 Application**
(Reporting, Analytics, Control)
- 5 Data Abstraction**
(Aggregation & Access)
- 4 Data Accumulation**
(Storage)
- 3 Edge Computing**
(Data Element Analysis & Transformation)
- 2 Connectivity**
(Communication & Processing Units)
- 1 Physical Devices & Controllers**
(The "Things" in IoT)



The Internet of Things



LOOKS ARE NEVER DECEIVING



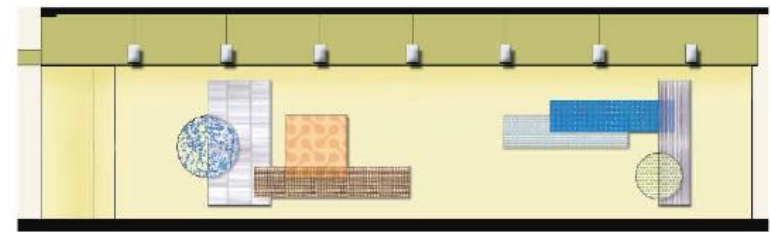
FLOOR PLAN



SITE PLAN



FRONT ELEVATION



INTERIOR ELEVATION



BEFORE



AFTER



**Conceptual
Southeast Skyview**



Conceptual Southeast Streetview



What are the Differentiators



LABOR MARKET SUSTAINABILITY

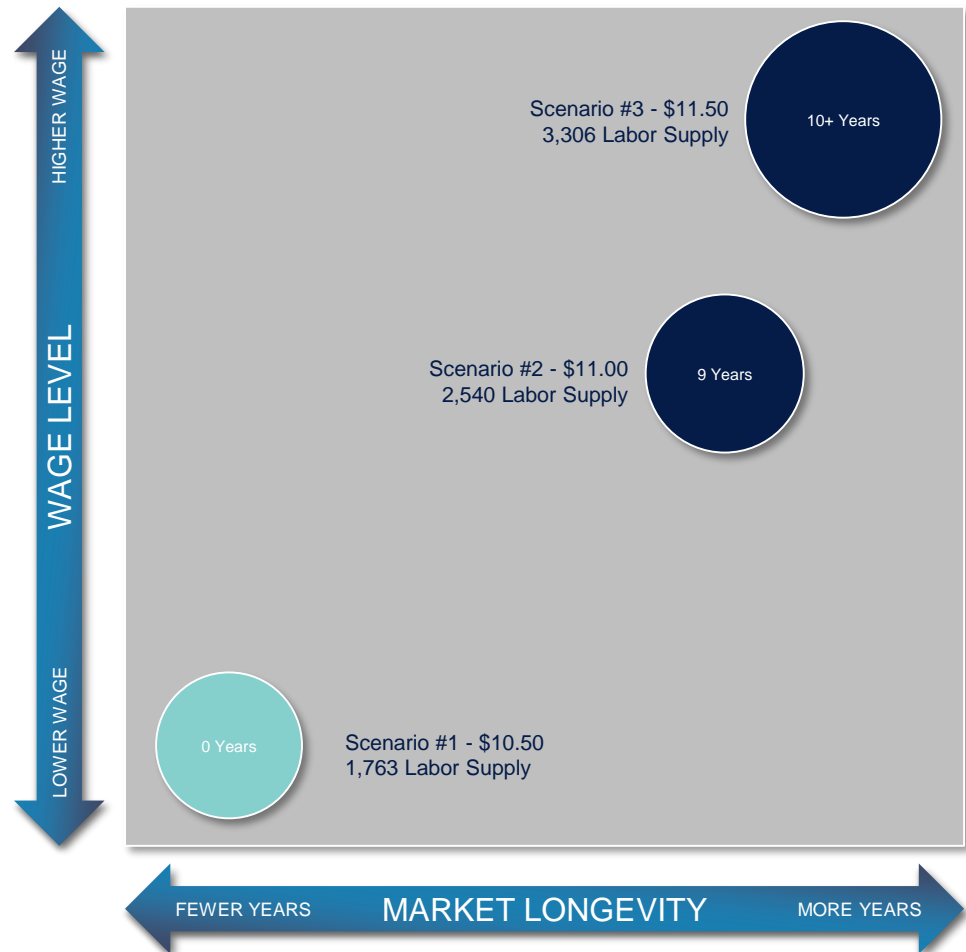
When Labor Demands Exceed Supply

TYPICAL CHALLENGES

- What is long term supply of workers with targeted skill sets?
- Will raising wages increase our ability to attract qualified applicants?
- How long will the supply of workers satisfy our demand at target wage levels?
- What effect will wage pressure have on the workforce in the next 10 to 20 years?

PLANNING FOR THE FUTURE

- Develop long-term labor market strategies
- Integrate real estate and workforce planning
- Determine impact of wage fluctuations
- Analyze the supply and cost of workforce in existing markets over time
- Parallel labor planning with other critical business issues such as facility planning and client contracts



EDC... LEAD... BY EXAMPLE

What is the role of the
Economic Development Corporation?



Improving the
skills of the work
force



Reducing the
costs of doing
business



Providing
resources to
ensure that
companies can
thrive in the global
economy



KNOW YOUR COMPETITION IS NOT ONLY IN THE U.S.

Sample savings

- **Assumptions:** Company X is a service provider that qualifies under the Act with \$10MM in gross revenues and \$2.5MM net income before taxes. Its current corporate state tax rate is 7% and its federal rate is 35%.
- **See the Savings:**

Company X in the U.S.	
• State Corporate Tax:	\$175,000
• Federal Corporate Tax:	<u>\$875,000</u>
• Total Tax:	\$1,050,000

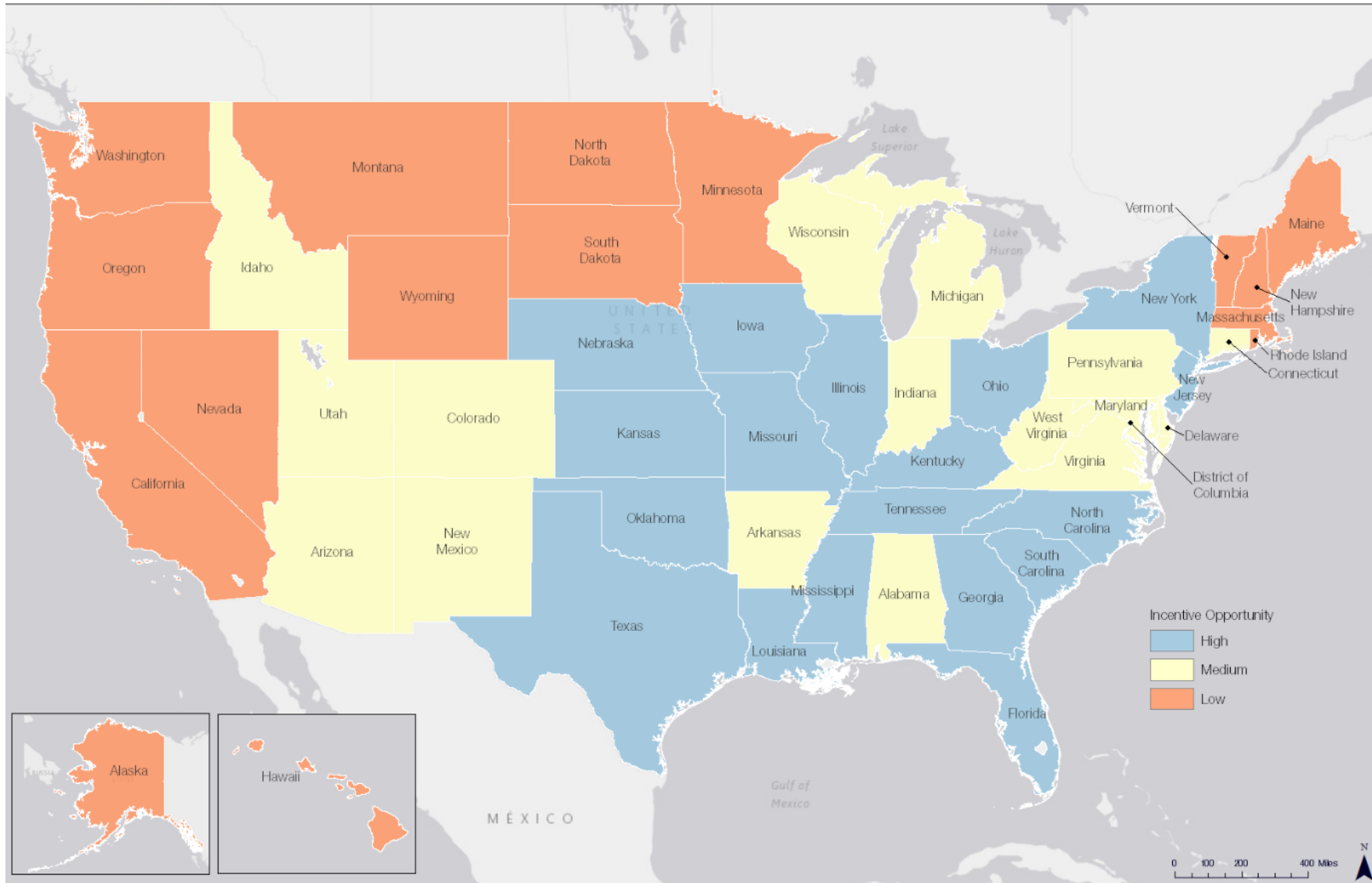
Company X in Puerto Rico	
• Puerto Rico Corporate Tax:	\$100,000 ¹
• Federal Corporate Tax:	<u>\$0²</u>
• Total Tax:	\$100,000

Total Annual Savings: \$950,000

¹ Assumes no gross receipt tax from Puerto Rico municipalities, which would amount to just \$20,000 in this example after the 60% exemption under Act 20.

² Puerto Rico companies do not pay federal taxes on Puerto Rico source income.

AN INCENTIVE STRATEGY IS CRITICAL





ARE THEY FOR REAL???

- Incentives should be connected with specific industries and projects that align with the state and community's economic development policies.
- Incentives should be performance-based.
- Incentives should be discretionary — funded by programs like withholding taxes, with governing agencies having flexibility to reward amounts based upon the strength of the project and its economic impact on the state and community.
- If tax credits are utilized, programs that can be monetized or converted to cash should be available.

NO, SERIOUSLY



1. Workforce

- Many companies look for a built-in workforce when scoping new locations.
- Does the community have a large enough population to sustain the company's employment needs, and if not, can they get it somewhere else?
- A viable workforce is also one with a variety of education and skill levels and a community with increasing educational opportunities.

NO, SERIOUSLY



2. Real Estate

- Business and how we work are changing.
- Traditional work environments and real estate planning processes are not keeping pace. Organizations are turning to workplace as a strategic asset.
- Development of Workplace Strategies including flexibility, telecommuting, free seating, collaborative environments and other workplace solutions are designed to enable talent attraction and retention, enhance collaboration and achieve cost savings.

NO, SERIOUSLY



3. Effective Leadership

- Local leaders and government entities play a big role in economic development, and it's important that they are effective in their roles.
- Collaboration between officials, businesses, and the local economic development group is crucial to a successful project.

NO, SERIOUSLY



4. Location

- Location is everything, as some say.
- Each industry has a different set of location requirements needed for optimal performance.
- A community that offers those to prospective businesses may have an advantage over one that does not.

NO, SERIOUSLY



5. Incentives

- Incentives vary by state and by community and each offer something a little different to a business.
- Some incentives are geared towards specific industries.
- The wider variety of incentives a community has access to, the more appealing it becomes to prospective industries.



DO YOU BELIEVE ME?

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E SMITH REALTY PARTNERS ROLE

As Managing Director for E Smith Realty, Jeff Pappas represents corporate clients on a national and international basis, managing their global real estate strategy through location advisory and labor market analytics. With over 22 years of experience, Jeff is vital in assisting companies in identifying, evaluating, and selecting the optimal location for their capital investments.

CAREER HIGHLIGHTS

Conducted site analysis projects in every region of the United States and Canada, as well as multiple markets within Europe, Asia, Latin America, and Africa.

Widely published on site selection issues and methods, labor market analysis and economic development; recent topics include: labor market evaluation, labor force trends and emerging international BPO markets.

Keynote Speaker at the Devott Global IT and Sourcing Summit 2015 in Tianjin, China.

PREVIOUS EXPERIENCE

Experience includes location analysis, economic research, financial analysis, site evaluation, real estate negotiations, strategy assessments, and marketing analysis.

Negotiated over 6 million square feet of call center locations in areas that include the US, Canada, Mexico, Central and South America, the Caribbean, United Kingdom, Asia and the Philippines.

PROFESSIONAL AFFILIATIONS/RECOGNITION

Power Broker of the Year – 2010, 2011, 2012, 2013 & 2014 – D CEO Magazine

Top Broker in DFW – 2014 – Dallas Business Journal

Top 50 Site Consultants in the United States – 2014 – Consultant Connect

Top 50 Latin America Power Ranking List – 2012 & 2013 - Nearshore Americas

EDUCATION

Jeff earned a Bachelor of Behavioral Science degree in Communications from Hardin Simmons University, where he also played collegiate soccer. He is an active member and donor of the Nasher Sculpture Center, AT&T Performing Arts Center and is a major underwriter for Café Momentum in Dallas.