



## Delayed Value Realization of FASB Lease Investments

By: Louis J. Battagliese Jr. SIOR – Jackson Cross Partners LLC

In the years leading up to the 2019 Transition Date for ASC 842 and IFRS 16, we authored a couple of articles on FASB's Gift and Moneyballing CRE where we projected that the significant investment in new systems, data assembly, financial integration and new processes and controls would pay substantial dividends in the overall asset management of many companies. These benefits included:



1. Development of a cross-functional system of truth that would enhance proactive planning and decision making.
2. Shine a spotlight on the "Flexibility Premium" that most companies pay when simply renewing leases over periods that can often span decades.
3. Integration of contract administration, accounts payable and financial reporting systems that are part of labor-intensive processes with limited audit and cross-validation.
4. Improved data analytics and reporting to provide better information for proactive portfolio management.
5. Engagement of Finance and Treasury in understanding the long-term impact of lease vs. own decisions.
6. Building new controls over leasing decisions and instituting improved controls over decentralized contracting authority.

*continued on page 7*

## Member Spotlight

**Debra Aungst**

Director of Interiors,  
Jacobs



### I chose to join CoreNet because...

Diverse group of industry professionals who share common goal of learning new perspectives which inform the future of real estate locally, nationally and globally. Plus, we are a really cool group of people!

### The CoreNet event I am most looking forward to is...

Engaging in virtual events in 2021 that are different and think a little outside of what has become a very standard virtual touchpoint box!

*continued on page 7*

## Welcome New Members

Nicole Anacleto	•	MovePlan Group
Peter Babigian	•	Cerami & Associates, Inc.
Dave Binder	•	Pfizer Incorporated
Valerie Fontaine		Vestian Global Workplace Services
David Garwood		Cushman & Wakefield
Conor Gelches	•	Vanguard
Karianne Gelinis		Lehigh Valley Economic Development Corporation
Steven Haralambidis	•	Commsult
Robert Henry	•	Chubb
Kieara Hilll	•	CBRE
Steve Kettinger	•	Pfizer Incorporated
Laura Miller	•	Brandywine Realty Trust
Tia Ryan		Jacobs
Freddy Vallecillo	•	Chubb
Adrienne Waldron		Cresa
Steve Wereley	•	Olympus

# Membership

## What Can CoreNet Mean for YOU?!!

The Greater Philadelphia Chapter is an essential forum to bring peer colleagues together from all real estate functions... from end users to service providers and economic developers. Being a member helps to create lasting, value-added relationships in a casual environment. We urge you to consider this opportunity to enhance your professional well-being through Connecting, Growing, Learning and Belonging! Join or renew your membership today!

JOIN NOW ▶

TIME TO RENEW? ▶



## Executive Committee

Greater Philadelphia Chapter

President:

**David Kontra** • GE

Vice President/President-Elect:

**Lea Ann Molinuex** • Verizon

Treasurer:

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CoreNet Global

133 Peachtree Street, N.E., Suite 3000

Atlanta, GA 30303

## Letter from the President

Dear Fellow Chapter Members,

The New Year brings welcome change and I'm optimistic about the prospects for 2021 and beyond. No doubt there are challenges to overcome, first among them defeating the pandemic having such a dire effect on the country while severely impacting the lives of people across our region. The economy, government institutions, race relations: there's a lot to address. But if the coming months truly bring upon the promise of vaccination, maybe we can finally turn the corner, return to some form of normalcy, and move forward as a nation. Personally, I'm ready for a big comeback!

The Philadelphia Chapter persevered in a tough environment in 2020 and is well positioned for a successful run in 2021. To date we've seen a high membership renewal rate and continue to attract new members to the Chapter. I can't say enough about the commitment of our annual sponsors who have continued to partner with our Chapter during a difficult time and who have been instrumental in our success over the years. Every slot on the Board of Directors is filled while growth in committee participation remains strong across the Chapter. Moving forward we will place more emphasis on diversity and inclusion by aligning to CoreNet Global's educational programs and by creating a committee focused on addressing diversity in Corporate Real Estate.

I urge everyone to stay engaged with CoreNet as we all consider our returns to the office and debate the future of corporate real estate in a post-COVID world. The impact of the last year to our industry is well known but there is so much more to discuss and consider as we think about the future of corporate real estate. While the Philadelphia Chapter will kick-off the year with a virtual slate of programs, we're also planning for the day we can return to in-person events when it is safe to do so.

While I was disappointed the Eastern Regional Symposium (ERS) was postponed until next year, I'm excited about what we have planned in the interim and the impact on Philadelphia. Our Chapter will participate in an ERS virtual event in May entitled Reframe the Future: Cities, Workplaces, and Lifestyles as we continue to leverage the ERS platform for the benefit of our members. Looking ahead I'm pleased to announce the ERS will be returning to Philadelphia in 2022 and held at Drexel University!

I wish everyone a healthy and prosperous New Year and look forward to connecting with you throughout 2021. As always, if you're on LinkedIn, Twitter, or Instagram please give us a follow to stay connected with the Chapter!



Regards,

A handwritten signature in black ink, appearing to read 'David Kontra'.

David Kontra, GE

President, CoreNet Global Philadelphia Chapter

## Find Us on Social Media





# Winter Social

February 25th • 4:30 - 6:00 PM

Kicking off the year with our first ever free to members Winter Social event. Second City will be providing comedic entertainment, followed by virtual networking for all attendees. Grab a drink, make some connections and get ready to laugh.

All proceeds from non member fees will be donated to Philabundance

**Register Today!**



## CoreNet Global Corporate Real Estate Awareness Week

March 15 – 19, 2021

It's time to celebrate the corporate real estate (CRE) profession! CoreNet Global is pleased to announce the first annual Global Corporate Real Estate Week, March 15-19, 2021. This week is designed to commemorate, educate, inform, and connect the world to all that our often under-recognized profession does to advance the economy – and the people, places, and spaces where work gets done.

In addition to a professional awareness campaign, CoreNet Global will offer engaging, virtual content and activities each day across multiple time zones. [Click here](#) for more information.

## Coffee Break Series

Grab a cup of coffee and join your colleagues at CoreNet Philadelphia for our monthly coffee conversation series. Each month will feature a new guest moderator and topic.

### February 19:

Coffee Break sponsored by **IA | Interior Architects:**  
**Sustainability: What's YOUR why?**

### March 11:

Coffee Break sponsored by **HOK**



**Register Today!**

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# CORENET EASTERN REGIONAL SYMPOSIUM

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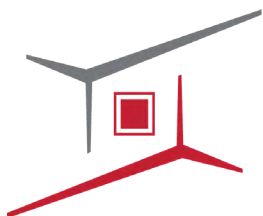
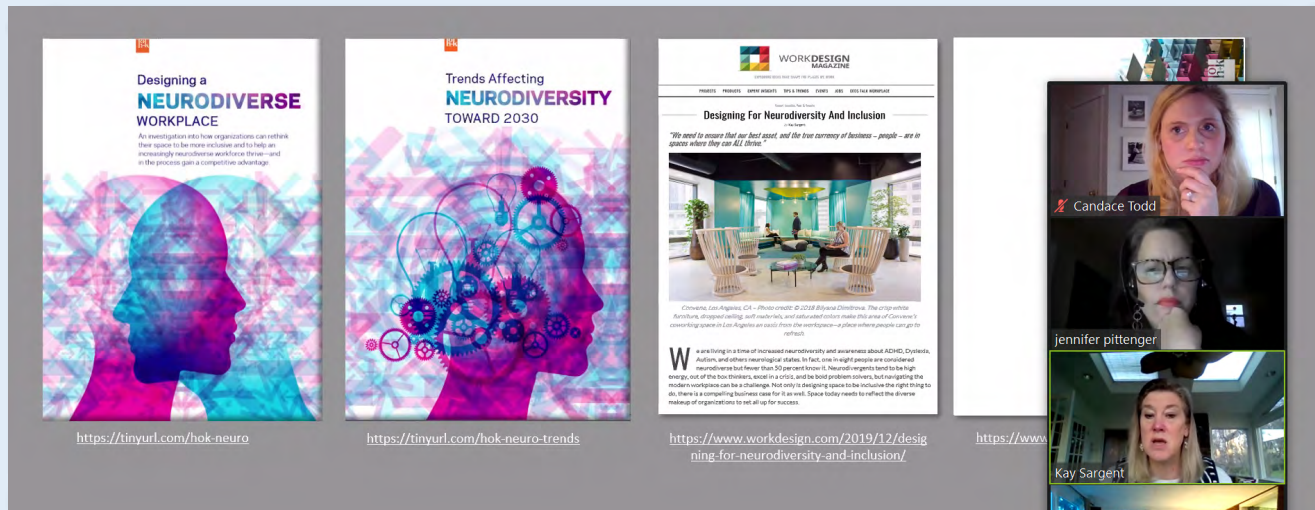
**REFRAME the FUTURE:**  
Emerging Trends for Cities,  
Workplaces, and People





# Neurodiversity and Workplace Inclusion

The first event of the year kicked off with a thought provoking topic on Neurodiversity and Workplace inclusion. While many organizations are strategizing for re-entry into the workplace, they have broadened their horizons to include considerations that go beyond the norm. This discussion explored the different neuro-sensitives, how they impact 1 in 8 individuals and how we can implement design solutions to address them. The benefits of being proactive with design and policies to create an inclusive work environment is not a trend, instead, it is our responsibility as professionals to utilize the knowledge we have and make a change.



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# Philabundance

The CoreNet Global Philadelphia Chapter's Community Reinvestment Committee organized an event on November 30th at Philabundance's Hunger Relief Center in South Philadelphia. This year was the chapter's seventh annual event supporting Philabundance, the region's largest hunger-relief organization.

Philabundance provides food to 90,000 individuals each week in the Delaware Valley. One in five people in the Philadelphia area faces hunger, of which 30 percent are children, and 16 percent are seniors.

Six volunteers sponsored by CoreNet spend three hours packaging approximately 4,700 lbs. of food products for distribution to neighborhood distribution programs and 350-member agencies including food pantries, shelters, and emergency kitchens in nine counties in Pennsylvania and New Jersey.

The Community Relations Committee will organize another event at Philabundance in 2021.



## Call for Volunteers!



CoreNet Philadelphia is looking for eager volunteers! There are many ways to get involved such as helping a [committee](#), presenting or organizing a webinar, writing an article for the newsletter, and more. Please [let us know](#) if you are interested!

**NOTE:** You must be a CoreNet member to volunteer for a committee.



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While there have been many impacts related to the COVID-19 pandemic, one of the less reported, long-range lost opportunities is the pause placed on longer term structural change projects. There are a few examples of this phenomenon that reveal the impact.

1. Many public companies, in the urgency to meet the financial reporting deadlines, omitted the legal lease terms when building their lease data sets, instead planning that supplemental work for “Phase 2”. Unfortunately, when the pandemic and shutdown occurred, they were left manually scrambling to review lease clauses for Default, Eminent Domain, Force Majeure and others that had not been fully abstracted in Phase 1.

2. The planned integration between Lease Administration and Lease Accounting was not fully perfected in 2019, so a number of large companies have split solutions between two or three new systems managed by different groups. Along with creating opportunity for error and reconciliation, this approach will add significant cost in maintaining multiple datasets over the long term.

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3. Private companies that anticipated a 2020 transition and invested early in building their new systems and process have taken the two-year extension by FASB as an opportunity to pause the projects. Unfortunately, this will lead to stale and unreliable data and may require a greater level of effort

to reconstitute the original work before 2022, along with the delay in benefiting from improved process and information.

Disbanding the cross-functional teams that were building new systems and processes has brought back the more siloed approach to corporate asset management. As companies face difficult staffing decisions and cost cutbacks while the economy

recovers, managing the overall cost of real estate and asset financing remains a golden area of savings opportunity. In many cases, real estate, fleet and equipment leasing can represent more than 15% of all SG&A costs and is far and away the least managed element of corporate expense. With hundreds of millions, and sometimes billions, of dollars of spend, the promise of significant savings opportunities remains. With the foundation of the systems and data already built, the only impediment may be getting the band back together and moving forward with Phase 2.

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## Volunteer Spotlight *continued from page 1*

### **When I'm not at work or at CoreNet events, you'll find me...**

These days – in front of my screen! On the occasional, socially distanced outing – have been day-tripping to the beaches and state parks for a change in scenery and to reap some serenity...

### **I am originally from...**

Harrisburg, PA.

### **The best piece of advice I ever received is...**

Find a job that you can keep learning – once you become stagnant, you become irrelevant.

### **My favorite thing about Philly is...**

The people – we keep it real.

### **If I had to take a tourist to one Philly area destination, it would be...**

Philadelphia Museum of Art, with a side stop at Jim's Steaks on South Street.

### **Growing up, I wanted to be...**

An architect – didn't stray too far!

### **My favorite vacation destination is...**

Paris, France.

### **The best book I've read is...**

Oh – to name just one – that's tough. I would say the best book I read thus far in 2020 was Know My Name by Chanel Miller.





## Diversity & Inclusion Certificate Program

The CoreNet Global Diversity & Inclusion Certificate Program covers a broad range of diversity and inclusion topics through a series of seven webinar recordings. CoreNet Global is committed to doing all we can, using our collective power, to eliminate discrimination and promote equality in the workplace. Discrimination in any form – including due to race, skin color, national origin, gender, gender expression, sexual orientation, disability, religion, or age – must be erased in the places we live and work. [Click here](#) to learn more.

### Don't Miss These Events!

Feb 19:

**Coffee Break sponsored by  
IA | Interior Architects:  
Sustainability: What's YOUR why?**

Feb 25:

**Winter Social**

March 11:

**Coffee Break sponsored by HOK:**

March 15-19:

**Global Corporate Real Estate Awareness Week**

May 17:

**CoreNet Virtual Eastern Regional Symposium**

July 27:

**Annual Golf Outing**

Visit the [events section](#) of the chapter website for more information and to register.

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