

**Office real estate : the appeal of French metropolitan cities
- from an employee and a manager perspective**

2014 SIMI: Foncière des Régions' study

Each year, Foncière des Régions conducts a study on major office property trends. This study directly relates to industry-specific issues and its partners' expectations.

For the 2014 edition, Foncière des Régions has decided to put the following subject into perspective through its survey entitled "**Office real estate: the appeal of French metropolitan cities**".

With the French bill on the Modernisation of Public Territorial Action and Affirmation of the Metropolis (*Loi de modernisation de l'action publique territoriale et d'affirmation des métropoles*) enacted in January 2014, which proposes the creation of the future regional metropolitan map, this is an appropriate time to take a fresh look at the strategies behind the establishment of companies at the national level. At a time when companies are increasingly scrutinising their real estate and expanding the geographic scope of their location strategy, and at a time when customers are developing new relationships with space and distance, how do managers and employees perceive the new urban dynamics?

With operations in promising markets such as the Grand Paris and the major regional cities, Foncière des Régions intends to get a better understanding of companies' strategies for establishing themselves in these regions, and in particular of the key criteria to attract managers, while also analysing the expectations of employees. This desire also forms part of a wider forward-looking approach taken by Foncière des Régions.

"Currently, real estate is articulating the major issues of the metropolis of the future: urbanism, economics, infrastructure, peaceful coexistence and environment. Foncière des Régions aims to streamline actions from different players in the city through our daily operations and by conducting sectoral studies such as this one. The results of this survey reflect the importance of issues related to the regional location, appeal, economic vitality and quality of life for both managers and employees. This valuable information has fuelled Foncière des Régions' discussions and projects", said Christophe Kullmann, Chief Executive Officer of Foncière des Régions.

About the study

The survey was conducted on two samples by the Opinionway institute from 3 to 23 October 2014.

- 1- One sample comprised 1,012 people interviewed online via a CAWI system, representing office workers from private sector companies with 250+ employees. The sample was formed

according to the quota method relating to gender, age, socio-professional category, education level and their city of residence.

- 2- Another sample comprised 500 people, interviewed by telephone using a CATI system, representing business managers working for private sector companies with 250+ employees. The sample was formed according to the quota method relating to the size of the company, industry and their city of residence.

1. The issue of metropolitan cities and regions: a sensitive subject for employees and managers.

Employees and, to a greater extent, business managers, express a strong attachment to the area in which they work or the location of their company

Employees and managers are attached to the region in which their company is located. This opinion is **considerably stronger among managers (88%) than among employees (65%)**. Nearly half of all managers (48%) went as far as to say that they were “very attached” to the area in which their company is located.

Whether or not they are located in a metropolis has no impact on the perception that managers have of their region. On the other hand, **69% of employees working outside of major cities stated that they were attached to their region, versus 62% of those living inside major cities.**

2. Converging viewpoints between employees and managers in terms of appeal

Quality of living environment, public transportation and economic vitality are the common determining factors of a region’s appeal. However, their order of importance differs according to employees and managers.

For employees, the quality of living conditions is the requirement that most determines a region’s appeal (57%), ahead of accessibility and the transportation network (48%). Economic vitality and job creation landed in third place (40%), well ahead of safety (29%) and cultural life (21%).

For managers, economic vitality and job creation (55%) were most vital for appeal (55%), ahead of accessibility and the transportation network (53%) and the quality of living conditions (51%).

All of the other requirements regarding a region’s appeal appeared to be much less significant in the comparative analysis of employees and managers. Nonetheless, two major differences in perception were noted: employees attach more importance to **safety**, which landed in fourth place (29%, compared with 21% for managers), whereas managers naturally attach more importance to an **international dimension** (21%, compared with 8% for employees).

Plans to move or re-locate: such plans are primarily due to economic reasons, for managers and employees alike

Managers could consider moving their company for economic reasons, first and foremost: moving closer to their customers (49%), finding more cost-effective offices (47%) or joining a more active and dynamic economic environment (43%).

From the employees’ perspective, **lower living costs was foremost among the reasons that could encourage them to leave the region in which they live and work** (52% of quotes), together with a better climate. The appeal of a more dynamic labour market fell to third place (38%), quite far ahead of the possibility of reducing the commute to work (31%).

According to Frédéric Micheau, Director of the Opinion department of Opinionway: **“For employees, economic motivations caught up with motivations associated with well-being and quality of life**

in the choice of work location. After analysing responses, however, large discrepancies emerged according to the geographic area: employees living outside of major cities sought a more dynamic job market, first and foremost (47%), whereas those living inside major cities were more sensitive to lower living costs (64%) and a better climate (59%).”

3. Urban dynamics: how do employees and managers see past and future urban developments?

Five major cities stood out for managers, both in terms of their development over the past ten years and their potential for the next decade: Paris, Lyon, Bordeaux, Lille and Marseille

- **Over the past decade, Paris’ metropolis has seen the most positive developments, in particular on account of its progress in terms of an international dimension, cultural life, accessibility and transportation network.** According to managers, the trend should continue over the next ten years, with the implementation of the Grand Paris initiative, which expects to bring further advantages in terms of an international dimension, cultural life, not to mention economic vitality and job creation.
- **The Lyon metropolis has established itself as Paris’ primary competitor, ranking second among the major cities having seen positive developments over the past ten years.** Managers felt that this trend should continue thanks to its economic and job creation potential, which far outpaced the other major cities (excluding Paris).
- **The Bordeaux metropolis proved itself fairly well in third place,** drawing on two major assets (past and future) according to managers: **the initiatives of local elected officials and the quality of life.**
- **Lille took fourth place, lauded for its international dimension** and cultural dynamism. The city has raised expectations for the coming ten years, notably through the initiatives of local elected officials.
- **Lastly, the Aix-Marseille metropolis completed this podium of major metropolitan cities, having seen the most positive developments over the past ten years, thanks to greater accessibility and its cultural activities.** The city also sparked high hopes for the next ten years in terms of an international dimension, culture and safety.

From the employees’ point of view, the major metropolitan cities of Paris, Lyon, Bordeaux, Strasbourg and Nantes were popular.

Among employees, Paris, Lyon and Bordeaux were also placed at the top of the list of major metropolitan areas that performed better over recent years. On the other hand, **employees placed Strasbourg and Nantes in fourth and fifth place** on the list. They recognised the positive developments in Strasbourg over the last ten years in terms of an international dimension. As for Nantes, the improved quality of life was applauded.

For **employees, the ideal metropolitan city** in which they would like to work must meet two essential criteria: it must be **close to the sea (55%) and on a human scale (54%)**. Connection to other major European cities (33%), being close to the mountains (21%) or near a border (15%) came out much less important.

As a result, it is not surprising to note that **employees place Bordeaux (23%) and Nantes (20%),** two metropolitan cities that are relatively close to the sea and reasonably sized, among the **top cities in which they would expect to most enjoy living and working.** Lyon (17%) completed this podium, far ahead of Marseille-Aix-en-Provence (12%) and the Grand Paris (11%).

Elected officials and managers: what perception?

Managers who maintain good relationships with elected officials, perceived above all as facilitators.

90% of managers stated that they maintain good relationships with local elected officials of the region in which their company is located (40% of them replied “yes, absolutely”). This statement does not diminish managers’ expectations of regional representatives. Nearly three quarters (73%) wanted more support from them.

At the same time, managers also wanted more support from institutions and support facilities (68%), together with more inter-company initiatives, corporate clubs and management associations (68%). It was clear that **the initiatives of local authorities, although not a key factor in choosing a region in which to establish a business, were still a factor that steered the decision.** Accordingly, financial aid was deemed a priority by 48% of managers, ahead of business services (44%), local taxation (43%) and the quality of public services (42%). The quality of administrative teams in charge of economic development came in last (31%).

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Foncière des Régions, real estate partner

A key player in service sector property, Foncière des Regions has built its growth and portfolio around a key characteristic value: partnership. With a total portfolio of €16bn (€10bn group share) focused on promising markets such as France, Germany and Italy, Foncière des Regions is now the recognised partner of companies and local authorities, which it supports in their property strategies with a dual objective: enhance the value of existing urban real estate assets and develop the real estate of tomorrow.

Foncière des Régions works mainly with blue chip companies (Suez Environnement, Thales, Dassault Systèmes, Orange, EDF, IBM, Eiffage, etc.) in the Offices market. The Group is also active, in a pioneering and relevant way, in two other promising sectors: Residential in Germany and Hotels in Europe.

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