

CASE STUDY



CIGNA LABORPLAN™ & MARKET ASSESSMENTS



CHALLENGE

- **Portfolio Strategy and Acquisition Evaluation: Location Optimization**

CIGNA sought guidance in evaluating their portfolio of over 6.2 million square feet, in conjunction with nearly 1 million square feet, newly attained through their acquisition of Great West. In addition, immediate evaluation of their presence in St. Louis, MO due to a pending lease renewal. CIGNA was challenged to evaluate the operating cost and quality of their locations. Recognizing that labor was their greatest cost driver, CIGNA requested analysis on their top 20 locations by employee size, including over 18,153 employees.

Quick Facts

- 7.2 million square feet
- Analyzed top 20 locations
- Total employees: 18,153
- \$14 million annual savings potential
- Revised renewal decision

Analysis to Date

Longevity: 20 Locations
Benchmark: 44 locations
Market Assessment: St. Louis

Services

- LaborPlan™
- Cost Comparison
- Portfolio Optimization
- Demographic Benchmarking
- Market Assessment

CBRE Contact:

Jim Trobaugh
Senior Vice President
Labor Analytics Group
T 602.735.5599
F 602.735.5762
jim.trobaugh@cbre.com

SOLUTION

Labor Analytics Group ("LAG") devised a 3 phase approach for CIGNA's immediate requirements:

Phase I – Evaluate 20 CIGNA markets for longevity, quality and sustainability of labor market, including cost comparison across locations to achieve similar quality labor force

Phase II – Demographically benchmark newly acquired Great West portfolio of 44 locations for initial assessment of acquired portfolio

Phase III – Market assessment of St. Louis to evaluate if labor market is sustainable in order to make informed lease extension decision.

RESULTS

Through LAG's LaborPlan™ analysis, LAG demonstrated a premium between CIGNA's highest and lowest cost locations for labor of nearly 13% of their current payroll, or \$14 million, annually. This equated to nearly \$18.50 per square foot for the examined portfolio. In addition, LAG ranked the locations for longevity and provided recommendations optimal strategy surrounding expansions and consolidations. LAG's demographic benchmark of the Great West portfolio provided CIGNA additional insight into the new portfolio. Finally, LAG's assessment of St. Louis, including wage surveys, competitor surveys and interviews with local employers reversed CIGNA's decision on the St. Louis, MO with CIGNA ultimately deciding to renew their lease in St. Louis, MO for the short term.