

# The Boston Globe

## GE's move reflects headquarters trend: choosing cities over suburbs



REUTERS/file 2015

**By Jon Chesto** Globe Staff January 19, 2016

When Lee Moreau and his colleagues at Newton-based design consultancy Continuum began to look for a new home two years ago, the focus quickly turned to more urban locations.

Forget about office parks in Framingham or Waltham. Moreau and his team wanted to be in the city, a place where they could easily mingle with other like-minded creative types. In June, that will happen when they pile into a renovated property in South Boston's marine industrial park.

“To be an island is no longer a relevant solution for an innovation consultancy,” said Moreau, who is organizing Continuum’s move. “We need to be deeply embedded in a culture that wants to change the world and create the future.”

General Electric’s announcement last week that it will abandon the suburban setting of Fairfield, Conn., for the South Boston waterfront reinforces Moreau’s decision to head down the Mass. Pike into Boston. It also reflects a trend that has taken hold in major metro areas during the past five years, as more employers move into dense urban areas to better compete for Millennial-aged workers who have no interest in the burbs — or even in owning a car.

People used to move to where the jobs are located. Now, increasingly, it’s the jobs that are moving to be closer to people.

“Companies want to move to where the talent is located,” said John Boyd, a corporate relocation specialist in Princeton, N.J. “That tends to be in major cities, throughout the country.”

This trend, to some extent, parallels another shift in the workplace: less office space allocated per worker. Thirty years ago, Boyd said, employers typically figured on 200 square feet per office worker. Today, it’s more like 125, in part due to the rise in collaborative work environments and telecommuting. That, however, makes it financially feasible to be in the city, where space is at a premium.

When Continuum’s 140 employees leave the suburbs this spring, they’ll join a fast-growing exodus. Software firm Acquia moved from Burlington to downtown Boston last year when it was time to expand. Sneaker-maker Converse, meanwhile, established a hipster-friendly headquarters near North Station, leaving the humdrum environs of North Andover behind.

Other firms that have made the move into the city over the past five years include marketing firms Allen & Gerritsen and Racepoint Global. And Biogen chief executive George Scangos famously reversed his predecessor’s decision, deciding in 2011 to move the biotech firm’s headquarters back to Cambridge’s Kendall Square after only about a year out in the Weston woods.

The interest in Boston’s commercial real estate was particularly high in the final months of 2015: Leasing activity for office space surged 18 percent from the same time a year ago, according to Lisa Strope, a research manager at brokerage Jones Lang LaSalle.

Potential employees know that if you move downtown, the options for lunch spots and watering holes go from dismal to endless.

“In Waltham, there was a guy in a truck who came to sell you coffee and doughnuts,” said Racepoint chief executive Larry Weber, who moved his firm to Boston from Waltham in 2012. “How depressing is that?”

Being close to Logan International Airport is also a big advantage, particularly to firms with out-of-state or overseas locations and clients. For people like Weber who work on State Street, one of Logan's terminals can be reached by cab in under 15 minutes.

"I'm sure GE is thinking, 'Wow, Logan is right there,'" Weber said.

For tech firm LogMeIn Corp., moving from Woburn to Boston in 2013 proved to be crucial. Being in the city would help recruit young employees skeptical of trekking to the suburbs. Nearly 300 workers made the move three years ago. Today, about 500 people fill the headquarters on the South Boston waterfront, a number that could double over the next four years following an expansion this month to a second building across Summer Street.

Moving into the city came with its own challenges. Goodbye free parking, hello traffic jams. But Bill Wagner, the company's chief executive, said the headaches are worth it: "It really changed the dynamic of our hiring."

The rush continues. Design and engineering software firm Autodesk last week shifted its 200 Boston-area employees from Waltham to the Seaport, in the same innovation-oriented building that Continuum plans to occupy. And Harvard Business Publishing next month will move 350-plus employees from Watertown to Brighton, just inside the Boston city limits.

Don't cry for the suburban office park owners — at least not yet. Many of them in recent years remade their tranquil settings to give them more of an urban feel, placing restaurants and stores within walking distance of the cubicle farms. Plus, suburban offices are often much less expensive than their downtown counterparts.

A number of major employers remain committed to the suburbs. Big companies such as travel website operator TripAdvisor and shoe maker Wolverine Worldwide, for example, recently opted for new campus-like settings.

But John Boyle, executive managing director at brokerage Cushman & Wakefield's Boston office, said a building's character and ambience matter to recruiting more than it used to. That makes the old industrial structures in such places as Boston's Fort Point much more appealing than anonymous, glass-enclosed offices surrounded by nicely trimmed lawns could ever be.

"There's a lot more of a connection now between real estate and brand recognition," Boyle said. "The sleepy suburbs with the trees and the pond is not necessarily what many technology companies are looking for. They want to have activity, buzz, and a sense of place."