

THE WALL STREET JOURNAL.



GE Headquarters Moving to Boston from Connecticut

By Ted Mann and Jon Kamp, Jan. 13, 2016



GE says about 200 workers will relocate from the Fairfield headquarters, above, to the new building, which will be located in the fast-growing South Boston waterfront. Photo: Bob Child/Associated Press

General Electric Co. said it would move its corporate headquarters from Connecticut to Boston this summer, ending a fierce competition among states to lure one of the nation's largest companies. The conglomerate, which has been based at a campus in Fairfield, Conn., since 1974, said it reviewed 40 locations before selecting Boston. GE said the state and local government offered a package of incentives to offset the costs, without providing details.

Boston's win came amid competition from New York officials, who hoped to bring the headquarters to Manhattan or Westchester County, and from Connecticut officials, who wanted to avoid losing one of its most iconic corporate citizens, if not its largest employer.

GE first publicly threatened its move in June, blaming a Connecticut budget deal that raised corporate taxes and what company officials described as an inhospitable business climate in the state. People familiar with the company's thinking also said GE had outgrown its dated office campus in suburban Fairfield, a relic of a different corporate era that no longer reflected the sort of environment in which the most promising talent wanted to work.

The company has been getting ready to pull up stakes for months. GE has even put the art on the walls inside its Fairfield offices up for sale in an internal auction for employees. GE said Wednesday that it will sell the Fairfield campus as well as two floors of offices it had kept for executives at Rockefeller Plaza in New York City.

Connecticut Gov. Dannel Malloy and economic development officials scrambled to keep the company in Connecticut as officials from other states, including Georgia, Rhode Island and Texas, made pitches of their own to bring the company to town.

The headquarters relocation likely will have little effect on the majority of GE's 360,000-person global workforce. The company said Wednesday that about 200 headquarters staff will relocate and another 600 workers will be based at the new headquarters in the fast-growing South Boston waterfront. The company said it would move some workers into a temporary office this summer and complete the move by 2018.

News of GE's selection of Boston was reported earlier by the Boston Globe.

For most of GE's 124-year history, it was based in New York. The company maintains a global research center and manufacturing facilities around the town of Schenectady, north of Albany. The rest of the company's operations are sprawled across the globe, including its jet-engine business based in Ohio, the power turbine business in New York, and major facilities overseas, including in Hong Kong and London. The company said earlier this month that it would relocate the headquarters of its health-care division to Chicago from London.

The relatively small number of jobs at stake didn't diminish the attraction to state and city officials who hoped to score a major corporate scalp. New York Gov. Andrew Cuomo made an "aggressive" effort to woo GE, a person familiar with the matter said. New York's pitch included a corporate headquarters in New York City, as well as a research facility in Utica, N.Y. State officials still were trying to seal a deal with GE in the past several days, according to people familiar with the matter.

Meanwhile, officials in Connecticut struggled to convince the company to stay. Connecticut offered to help relocate GE out of the Fairfield campus and into Stamford, closer to New York

City and with access to mass transit, interstate highways and the walkable urban neighborhoods Fairfield lacked.

For GE, the move to uproot its executive offices comes amid a broader effort to cut corporate costs and streamline its operations for what it portrays as a new industrial era that will revolve around software innovation as much as bended metal--one that will make it a priority to attract the talented workers who prefer to live and work in cities.

GE and its chief executive, Jeff Immelt, adopted a more-aggressive political posture over the past year, lobbying members of Congress to reauthorize the Export-Import Bank and later publicly removing from its list of possible headquarters sites some of the districts whose representatives opposed GE's position.

In prior decades, GE was based in a landmark skyscraper on Lexington Avenue in Manhattan, before fleeing the city in 1974 for the Fairfield campus, which covers more than 68 acres. The site includes two three-story office buildings, a helipad, TV production facilities and hotel rooms for corporate guests.

The attraction of such suburban office settings has faded, said John Boyd, a corporate relocation consultant. Dramatic improvements in public safety in New York City and a preference among younger workers for urban lifestyles have lured major companies back toward or into cities, he said, and lowered the value of suburban office campuses such as GE's.

"That's one of the issues of our time: the decline of the suburban office complex," Mr. Boyd said. "States like Connecticut and New Jersey lead the nation in vacant suburban office campuses."

Erica Orden contributed to this article.