Air Products: Construction of new Lehigh Valley headquarters on the table

Anthony Salamone, The Morning Call
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Air Products’s sprawling 235-acre campus in Trexlertown. The company told employees Thursday it is exploring opportunities for its headquarters. The possible changes include building a new headquarters in the Lehigh Valley. (Air Products/CONTRIBUTED PHOTO)
TREXLERTOWN — Air Products has told employees it is exploring opportunities for its corporate headquarters, including one scenario that would involve building a new base of operations elsewhere in the Lehigh Valley, within a "reasonable commuting distance" from the current campus.

That is one of four scenarios the industrial gases giant outlined to employees at a meeting Thursday morning, with the other three options involving renovation and modernization of its existing 235-acre campus in Trexlertown.

No matter what the company ultimately decides, CEO Seifi Ghasemi stressed the company is committed to keeping its headquarters, where approximately 2,000 people work, in the Lehigh Valley, spokesman Art George said. Ghasemi also told workers that he wants a main facility that reflects the "world-class company" that is Air Products, George said.

The company said it expects to make a final decision by the end of the year and for it to be a "multi-year process."

The company has hired an outside consultant to assess its options, which are:

• Retain its existing Trexlertown campus and perform routine maintenance and necessary upgrades.

• Significantly transform the main administrative buildings, gutting and rebuilding them from the ground floor. Consolidate and rebuild its industrial gases research and development facilities.

• Completely demolish the existing administrative buildings and construct new office space and laboratories.

• Build a new headquarters and lab facility elsewhere "within a reasonable commuting distance from its current campus" at 7201 Hamilton Blvd. The company would then explore a sale of the Trexlertown campus.

George said under the first three scenarios, there may be a reduction in the company's campus footprint. Some campus buildings are vacant, though George could not provide specifics on what percentage is unoccupied. The company said most of its headquarters facilities are more than 30 years old, outdated, and have increasing and costly maintenance requirements.
‘We see opportunity for growth here,’ John Rolando says about company’s future in the Lehigh Valley.

Air Products’ sprawling headquarters, reminiscent of a university campus or a center for research, was first constructed in the mid-1950s, about 15 years after the company was founded in Detroit by the late Leonard Parker Pool.

Through the decades, the headquarters emerged as a simple yet powerful symbol of corporate culture that also came to symbolize something else, namely the move of American business from the city to suburbs, according to the 1990 book "Out of Thin Air," which chronicles Air Products' first half-century.

As recently as June, Ghasemi publicly stated the company's commitment to the Valley, despite slashing hundreds of local jobs in a corporate-wide restructuring.

"We're not going anywhere," Ghasemi said, responding to a question about the company during a speech he gave to the Greater Lehigh Valley Chamber of Commerce.

About 2,000 out of Air Products' 3,000 Lehigh Valley employees work at the headquarters, George said. The rest work at other company locations in Allentown, Bethlehem and elsewhere. The company is one of two Fortune 500 companies based in the Lehigh Valley, and is also one of the region's largest employers. The company employs about 16,000 people worldwide.

Tony Iannelli, the Chamber's president and CEO, said he believes Air Products will keep its word.

"Air Products feels the need to assess its physical plant," Iannelli said. "Like any internationally successful company, they could go anywhere in the world. They have chosen to make that commitment in the Lehigh Valley, and I applaud that."
Don Cunningham, president and CEO of the Lehigh Valley Economic Development Corporation, said Air Products is evaluating real estate space options within the Lehigh Valley, but did not have any specific information on the company's plans.

Air Products has a presence in downtown Allentown, occupying the entire fourth floor of the Two City Center office building. If Air Products has designs on moving more employees downtown, there will be no shortage of office space to welcome them. City Center Corp. is building the 12-story Tower 6, due to open next year, and has another office tower called Five City Center on the drawing board.

City Center CEO J.B. Reilly said he "not had talks" with Air Products to rent additional space.

Air Products also could consider relocating to the proposed Waterfront development along the Lehigh River. Mark Jaidl, a banker and developer who is one of the principals behind the Waterfront, declined comment.

Air Products' plans are in line with what other major companies are doing with their corporate headquarters, said John Boyd Jr. of the Boyd Co. Inc., a corporate site selection firm in Princeton, N.J. He said companies today want more collaborative, smaller work spaces, noting how the average square footage per worker has dipped to about 90 square feet vs. approximately 125 square feet 30 years ago.

Another factor, Boyd said, deals with companies' branding. "A company wants to position its headquarters to attract new talent and position it as a company looking forward toward the future," he said. He also pointed to Guardian Life Insurance Co. of America's consolidation into a new, modern regional office complex off Route 512 in Northampton County as an example.

The headquarters property also has three tenants, Intertek Group, an inspection, product testing and certification company based in London; Versum Materials, a spinoff company formed out of a division of Air Products last year; and Evonik Industries AG of Germany, which acquired Air Products' performance materials division in January.

Evonik employs about 200 employees, Versum has 158 employees, and Intertek employs 46 people at Air Products' headquarters. Last fall, Versum announced it was moving about three-dozen administrative employees to a neighboring business park, as it shifted its corporate headquarters to Tempe, Ariz.

Air Products ranks 288th on the latest Fortune 500 company list. Air Products stock closed at $135.18 Thursday, down 6 cents.