

The Boston Globe

Virus upends corporate relocation industry

IDG tweaks its plans to move headquarters
to Needham in response to pandemic

By Jon Chesto Globe Staff - May 12, 2020



*The number of people working from home is apt to be a big factor when companies decide how much office space they need.*JASON HENRY/NYT

There's never a good time for a pandemic. But for Mohamad Ali, chief executive of the tech media company IDG Inc., COVID-19 arrived just before he signed a lease for a new corporate office. Naturally, he revisited his plans.

Ali did end up sealing the deal in April, setting up a move for IDG and its roughly 600 headquarters employees from Framingham to 125,000 square feet at the former PTC campus in Needham next year. But the timing enabled IDG to rethink the interior layout. More separation between

workspaces, and videoconferencing capabilities. Shared areas that are easier to clean. An increase in “hoteling” spots, to accommodate telecommuters who visit only occasionally.

The office, Ali said, will probably become more of an anchor point and a meeting place and less of a place where everyone comes in every day to work.

Of all aspects of the business world that the coronavirus has upended, corporate relocations could be near the top of the list. The once booming office-leasing market around Greater Boston has ground to a near-standstill since Governor Charlie Baker ordered all nonessential workplaces closed in March to curb the virus. The future is hard to envision. But many employers expect big changes, including office layouts designed to be “COVID safe” and more people working from home.

Tamara Small, chief executive at the real estate group NAIOP Massachusetts, said generally speaking, the only local employers planning relocations right now are those with expiring leases, with some tenants simply opting to extend their leases with existing landlords.

In IDG’s case, leases for its three Framingham buildings expire at different times by mid-2021, Ali said. He wanted something more modern than the digs IDG has called home for about four decades. (The space in Needham is similar in size to what IDG uses today, but with better expansion opportunities.) After the pandemic hit, Ali said, IDG reduced its financial risk with the Needham move by adjusting the terms of the lease agreement with Boston Properties, its new landlord.

Ali also wanted everyone under one roof, and he wanted to get closer to Boston. The new location will allow employees who live in the city to reverse-commute to Needham via the Green Line and a shuttle bus. But Ali didn’t want to be too close: IDG considered Boston and Cambridge, but the commute proved to be too difficult. Needham turned out to be a happy medium, with access to talent in the city as well as in the suburbs.

For years, Small has watched suburban companies pack their bags and head into Boston; PTC’s shift to the Seaport in 2019 is one example. It’s too early to say a different trend is emerging, but Small is now hearing employers talk up the suburbs more. Maybe, she said, it’s just for outposts to accommodate workers who are no longer comfortable commuting into the city. One big reason: a widespread reluctance to use the MBTA while COVID-19 remains a concern.

This could become an issue for major cities such as Boston, New York, and San Francisco that rely heavily on mass transit, said John Boyd, a relocation consultant in Princeton, N.J.

Plus, Boyd said, the recession could prompt many cost-conscious employers to rethink pricey downtown real estate in favor of less-expensive options in the burbs. This could bode well for mixed-use projects in suburban locations — developments that offer some urban amenities such as restaurants and apartments but accommodate people with cars. He cited two in Newton, in

particular, that could benefit as examples: one planned for the Riverside MBTA station's parking lot, and another at the former Marshalls Plaza on Needham Street.

In general, though, employers will be seeking smaller offices, even when factoring in new social-distancing protocols. The reason? More companies and workers are comfortable with working from home than ever before.

Even after the pandemic subsides, relocation specialists expect WFH to continue. Tom Stringer, a corporate real estate specialist with the consulting firm BDO in New York, said he expects the number of people working from home to be more of a factor for suburban and rural economies than full-fledged office relocations. The big cities, Stringer said, will still dominate headquarters discussions.

So when will relocations pick up again? That's a tough one. A survey in April by Site Selectors Guild and Development Counsellors International shows relocation consultants are split: About half expect renewed project activity in the final three months of 2020, while the rest said sometime in 2021.

Most do seem to agree on this: The typical corporate office might not ever be the same.