Your next move

A handy guide to office relocation (or lease renegotiation)
Your guide to office relocation

Your lease is about to expire. Your space needs or business have changed. You’re curious what other options are out there.

Whatever your reasons for considering a move, this stage is filled with unknowns.

Should you expand within your building? Find a new one altogether? Or would renovating your current space be enough to improve workflow?

Once you come to that decision, there are things to consider as you inevitably change over the course of your lease. Five or ten years is a long time to be stuck in the same location under the same terms.

Markets fluctuate, employees multiply, new technologies emerge. One thing is certain: you need to make room for the future even if you can’t predict it.

Whether that means a moderate renovation or full-tilt relocation, this guide will help you start the discussion. So that if and when you decide to move (and even if you don’t), you’ll know exactly what to expect.

Size matters

*The size of your company will determine both the time the move will take and the type of lease terms you’re likely to get.*

- **6-50 employees**
  - 3-6 month process
  - <5 year lease

- **1-5 employees**
  - 30-90 day process
  - <1 year or month-to-month lease

- **51-100 employees**
  - 6-9 month process
  - 5-10 year lease

- **100+ employees**
  - 18-24 month process
  - 10+ year lease
The move process

Whether it takes 12 weeks or 12 months, your move can be split into three phases: Planning, selection, and build out. This guide will cover what to expect in each phase, tools to use, and common pitfalls to avoid along the way. Then we’ll wrap up with an FAQ.

Let’s get started.
Part 1: Planning

Your move strategy is about more than picking a new building. A real estate decision can affect every facet of your business: productivity, revenue, wellbeing, sustainability and future success.

- What are your company’s broader business objectives?
- Which real estate decision will support those goals?
- How fast is your growth rate? Do you need flexible terms?
- What’s your exit plan when the lease ends?
- Who is your workforce and what is their work style? Where are they currently located?

Plan your strategy

Assess your needs

It’s hard to improve if you don’t know where you stand. Identify inefficiencies in your current workspace, decide how the new space should function and present the plan to stakeholders.

- How can operations improve?
- What style of building suits you?
- Enclosed office or small cube? How many square feet per employee?

### Traditional 8x8 cubicle
200-225/person per s.f.

### Bench style seating
150-175/person per s.f.
Executive and programming questionnaire
Get insight from leadership on the scope of the project and the function of the space. Questions may include:

- Rate the quality of your existing floorplan. How do you define quality?
- What do you want to prioritize most? Customer image? Cost? Recruiting new talent?
- How important are informal meeting areas?

Commute analysis
Traffic patterns affect your location strategy. Where do employees and prospective talent live, and how long is the average commute?

Demographics analysis
Conduct workforce research to figure out who will be using the space. Is your staff multigenerational? What are their needs?

Headcount growth and space analysis
How many executives do you have? Engineers? Sales? Project future headcount by staff level.
Dangers to avoid

Four common pitfalls and ways to C.Y.A. (cover your assets).

**Taking too long to get started**
Time is your biggest asset. Procrastinating in Phase 1 is perhaps the biggest mistake you can make when considering a move.

- **C.Y.A.**: It’s never too early to start thinking about your occupancy plans. Kick off initial discussions no less than 6-9 months before your lease expires. (Your timeframe will grow as your company does.)

**Not building internal consensus throughout the process**
Many companies get ready to execute on a new lease only to have the deal go sour because they lack board approval or executive consent.

- **C.Y.A.**: Avoid a late-stage veto by keeping the entire team informed with updated documents each step of the way.

**Assuming you don’t need to assess the market**
Just because you plan to renew your lease doesn’t mean you shouldn’t look elsewhere. The biggest threat you can make to your landlord is a strong case for moving out. This is the last thing they want, because they’d be forced to make the space “market ready,” pay leasing commissions and carry the expense for vacant space.

- **C.Y.A.**: Gain negotiating leverage by touring the market and understanding your options. Your landlord will work hard not to lose you.

**Not exercising renewal options**
Renewals without negotiations are dangerous. Why? Even in a stay-put scenario you may find future growth options within your building, need base building improvements, or simply want new paint and carpet in your space.

- **C.Y.A.**: There are ways to protect your future flexibility in your lease: termination options (in the event that you decide to leave), rights of first offer on adjacent suites (so that you have first dibs on new spaces in your building), and contraction rights (if your needs change and you’re using less space).
Part 2:

**Selection**

Take your time and explore a spectrum of spaces. Knowing your options will help you create competition and achieve more advantageous terms when it comes time to negotiate.

**Compare locations**

Talking through a requirement is one thing, seeing options and providing real-time feedback is another.

- **Tour the market** and objectively evaluate each property.
- **Request and compare proposals** from different building owners.
- **Conduct test fits** to see how the space would actually look and function if you worked there.
- **Build consensus** among your team on a well-informed site selection.

**Negotiate your lease**

If you’re going to seek external advice in any stage, make it this one. It is crucial that you understand all of the costs and risks associated with each property along with the terms you’re agreeing to.

- Maintain **ongoing market awareness** so you know what terms are reasonable.
- Insist on **future protection clauses** in case your needs change.
- Perform proper **physical due diligence** so you’re not surprised by building issues later.
Tools to use

- **Market conditions analysis**
  Is the area landlord or tenant favorable? What are average asking rents?

- **Financial analysis**
  Compare buildings by impact on cash flow and P&L.

- **Qualitative analysis**
  Compare buildings by location, image, functionality, views, proximity to amenities and more.

- **Base building analysis**
  Compare buildings by structure, safety, efficiency and access.
Dangers to avoid

Three common pitfalls and ways to C.Y.A. (cover your assets).

Being too rigid about your preferred location
If you’re only looking at buildings with similar rent to what you’re paying now—and prospective landlords know that— you’ve completely demotivated them to give you a better deal. On the flip side, if they learn that you’re touring less expensive spaces, then they may ease up on business terms.

• C.Y.A.: Try to be flexible in this stage. Open yourself up to less expensive markets you might not normally consider. And don’t just say you are—actually tour a few. Doing so will give you more negotiating leverage in your preferred market.

Not thoroughly inspecting a building
Many tenants overlook one of the biggest liabilities in a new lease: the base building systems and condition of the premises, i.e. the physical condition and safety of the building. Poor infrastructure is an obvious red flag, but building enhancements can be just as concerning. When a landlord makes a significant improvement to their building (such as adding a new roof or replacing the HVAC), those associated costs are often billed back to tenants over the duration of the lease.

• C.Y.A.: A proper inspection and lease protection can prevent a large liability from a capital improvement project.

Putting all your eggs in one basket
Real estate is often an emotional decision. When viewing locations, you may find yourself saying “this space is perfect; we have to have it.” But too many companies put all their effort into a single building, and for one reason or another it falls through. They’re then forced to go back out to market and start from the beginning.

• C.Y.A.: Always have a suitable backup. Even when you believe you’ve found the perfect spot, you shouldn’t stop searching. Finding a suitable alternative is critical.
Part 2: **Buildout**

The last phase of your move and yet the longest and most likely to deviate from the plan. Be as specific and diligent as possible in this phase to minimize hiccups, and time and cost overages.

Build out your space

Plan your build out like the highly-choreographed performance that it is. There’s no such thing as being too detailed in this phase.

- **Build a team** or have a project manager do it for you
- **Prioritize communication** across project phases and stakeholders.
- **Beware of risks** such as cost escalation, legal obstacles, business interruption and delayed speed to market
- **Keep employees in the loop** as construction progresses. What (and when) can they expect from the new space?

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Move in

Begin coordinating your move during construction, up to 24 weeks before your move-in date.

- **Plan:** define roles, resources, budget, timing, change messaging and vendors
- **Communicate:** prepare employee welcome materials and move instructions
- **Transfer:** finalize security, mail and technology moves
- **Organize:** label day 1 tasks, directions, workstations, keys and layout
- **Confirm:** check inventory, end of lease terms, final invoices and do a walk-through of your old space
Three common pitfalls and ways to C.Y.A. (cover your assets).

Taking on more than you can handle

Picking a team, a contractor, a layout, the furniture—all while trying to maintain business as usual. It’s enough to say, “never mind our office is fine.” Planning and executing a space build-out can eat up a lot of time, especially for bigger projects and those with surprise costs. Nobody likes surprises in Phase 3.

• C.Y.A.: Don’t spread yourself too thin. A project manager can oversee your building’s construction and the move in so you can stick to what you know best.

Failing to successfully close out the project

• There is nothing worse than applying for your certificate of occupancy only to find out there is a pesky zoning ordinance that wasn’t addressed in your plans.

• C.Y.A.: When you first get your permit at the start of construction, make sure you find out exactly what it takes to obtain your final certificate of occupancy. Then be diligent about inspections and track them as they’re completed in weekly meetings.

Change order mismanagement

Despite all the planning that went into your build-out, you may need to change your mind at some point. Unless the changes are due to construction setbacks or obstacles outside your control, it’s probably going to cost you. When you request a change order for something that wasn’t in the original bid, you can expect the building owner to be pretty reluctant to approve the increases. In that case, you’ll be responsible for making up the cost.

• C.Y.A.: As much as you can, identify the scope of work in crystal-clear language up-front and in writing.
FAQ

How far in advance should we be thinking about a move?
Earlier than you probably think. Even if you’re not moving and just renegotiating your lease, it is critical that you give yourself enough time to make a decision.

Timelines vary per project, but a good rule of thumb is to begin Phase 1 no less than 6 to 9 months before your lease expires. (Your timeframe will grow with your company—the bigger you are, the further ahead you’ll want to start planning. For our recent lease renewal for about 2,000 employees, we started asking “Should we stay or should we go?” two years prior to our lease expiration.)

Which internal stakeholders should be included in this process?
Build consensus among the executive team and senior leadership to ensure an efficient process. Making sure you have the right team on board from the beginning is critical. If you approach your move on a unified front, employees will be confident in the final decision.

What if I can’t determine my head count but we need to make a decision?
It can be difficult to determine exact headcount, especially if you’re in growth mode, but growth metrics can help you make an educated guess. Growth metrics can vary from industry to industry but looking at trends from similar companies can help establish a baseline.

How do I know which cities or neighborhoods we should be looking in?
That depends on what you value most: Cost and economic incentive? Accessibility to transportation and major highways? An appealing sense of community? Through employee interviews, market surveys, price sensitivity analyses and other tools, you can compare each location’s resume against the feedback from your team.

Should we consider employee opinion during selection? To what degree?
An initial employee survey can help inform leadership about location selection, and subsequent engagement throughout the process will ensure that the space is built out to best accommodate employee needs & preferences.
How in-depth are test fits? Does the building owner provide this or do we work with outside vendors?
Both options are available. Whether working with the owner or an outside vendor, it’s very important to see how a space will lay out with test fit. Building owners often already have a mock-up of the space that they can quickly tweak to give you a sense of what’s possible. Outside vendors often provide a more detailed, high-level test fit in hopes of securing your business.

In recent years, advancements have been made in virtual test fits. Now, using a computer or tablet and some software (and even VR headsets), you can take a virtual 3D tour of space with nearly endless test fit options. Talk about getting a feel for the space.

If we do relocate, what’s the best way to manage employee concerns about change?
In any type of change, you should train employees so they feel informed and prepared. But the best way to ensure a smooth transition is to make sure leadership is hearing them. That’s where HR and internal communications come in. Select change agents to prevent feedback from getting lost. And above all, communicate—regularly and throughout the process. Especially once the project is over.