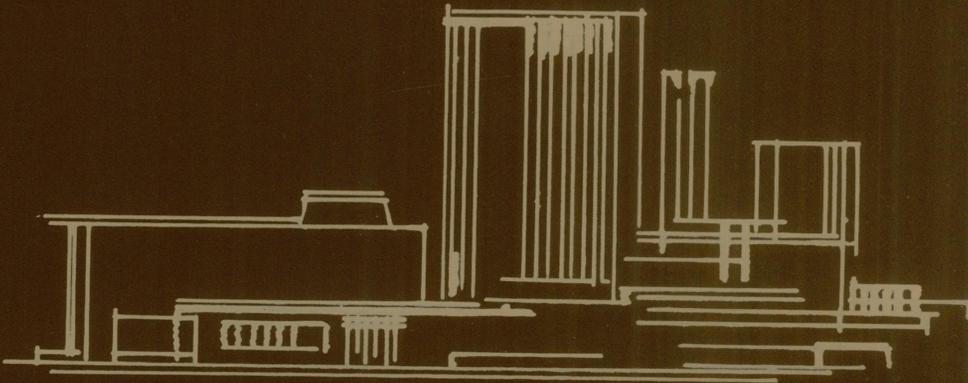
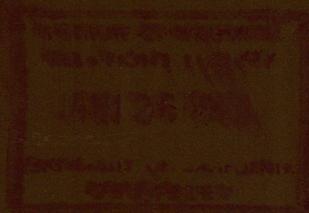


New York

Schlesinger [firm]

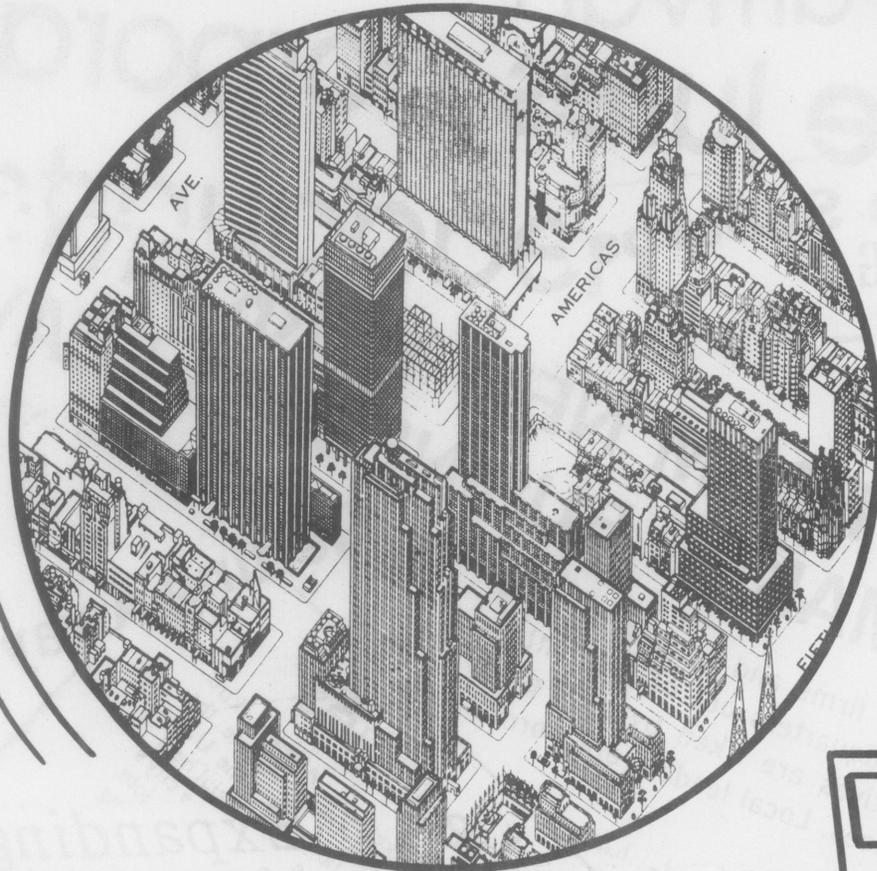
An investigation and analysis
of the location of corporate
headquarters out of New York
city. (Exodus from N.Y.C., pt.1)



SCHLESINGER

INDUSTRIAL REAL ESTATE SINCE 1890

1373 Broad Street, Clifton, New Jersey 07013 • N.J. (201) 473-3400/Out of State (800) 631-8584



INSTITUTE OF INDUSTRIAL
RELATIONS LIBRARY
JAN 26 1979
UNIVERSITY OF CALIFORNIA
BERKELEY



EXODUS FROM NEW YORK CITY, PART 1)

An Investigation And Analysis Of The
Relocation Of Corporate Headquarters
Out Of New York City

by: Robert N. Barratt, Vice President

S SCHLESINGER *firm*
INDUSTRIAL REALTORS SINCE 1890

1373 Broad Street, Clifton, New Jersey 07013 • N.J. (201) 473-3400/Out of State (800) 631-8584

June 1977

tion,
Mach
Stauff
Wright

AT&T's arrival State lures corporate

MOVE TO JERSEY
s only
The two ma
igeles and Sa
er the
w

Moving to the Suburbs FIRMS LEAVING NEW YORK CITY— LATEST FINDINGS

Headquarters

EXODUS FROM NEW YORK CITY WHAT MAKES BUSINESSES LEAVE

New York City faces an
to prevent large com
from leaving

More and more firms and associations are
moving their headquarters out of Manhattan.
Departing executives are irked by high costs
+ failing services. Local leaders are worried.

Getting Away From It All Expanding in Jersey

Union Carbide
to Quit City
ist's total
ie companies
Over the y
n systems
ve their head
il attachm
h

Fleeing the Cities

and the pocketbook. Already skirt-
incapable of affording a U.S.
not afford a U.S. social hem-
and financial creator of a city's
of taxes, culture, jobs
venue share

John Cain Finds Life Is Fuller When Home Is Close to the Office

A House and Job in Su
Permit More Family
Socializing and Recreation

But He Works Longer

By W. STEWART P
Staff Reporter of THE
PRINCETON, N.
ing John C

NEW YORK TIMES

Manhattan's Dropouts
Since the beginning of 1967, these large companies
have moved their headquarters out of Manhat
1970 Sales
(in millions)
228
38
New Local
Greer-Vich C
Ge
G.
50

Migrating Co. Why Companies

sample, said
s to Houston
This means
join the more
had earlier
to Houston.
(New Jersey)
I three major
to Houston. A
aid officials of
ng construction
raped in Rock

Shell's \$25-million trip to N.J.

Exodus to New Jersey

of moving as large a n
as we were thinking al
ord or Greenu
nclusion that
and labor for
money goes
children
examinat
simi
o-Goway, Inc.
Borden, Inc.
Panhandle Eastern Pipe Lines
International, Inc., Co.
Service Corporation
General

More Companies Here Seek Connecticut Sites

By MICHAEL STERNE
Already beyond this prelimi-
stage
around" ants, 1968.

Brokerages cross Hudson Securities tax

MANHATTAN LOSSES IN

Entep
Cr
Jh
ltir
c
st
E

EXODUS FROM NEW YORK CITY

ex·o·dus, n. 1. a going out; a departure or emigration usually of a large number of people. 2. the departure of the Israelites from Egypt. 3. the second book of the Old Testament containing an account of this departure.

PROLOGUE

Since 1967 more than 893 industrial plants moved out of New York State, and 478,000 manufacturing jobs disappeared.

The largest number of this exodus came out of New York City (two out of every three factory jobs lost), and forty-five percent of all the New York State moves (413 companies) re-located to New Jersey.

Connecticut gained 93 firms and the other 387 plants re-located out of the region.

In the same period, corporate headquarters were also exiting from Manhattan, and while many of the moves were well publicized, the totality of the corporate exodus has not been enumerated or appreciated.

The Exodus study was initiated to determine the why, how and wherefore of this phenomenon, the decision processes involved and the benefits derived from the headquarters' relocation.

We expected to compile a list of several dozen departed companies but our investigation revealed that at least 160 major corporate offices had left and at least 27 more headquarters units will move out before the end of 1978.

From the inception of our study and survey (late 1974) to its completion (late 1976) 33 companies moved or announced their intentions to move their headquarters out of New York City. (See pages 2 and 13)

1976 Moves and Announcements

| | |
|--------------------------------|-----------------------------|
| Pittston Co. | Clarkson Industries Inc. |
| Mobil Oil Corp. | United States Steel Corp. |
| General Host Corp. | Cowles Communications, Inc. |
| Time Life Books | Grolier Incorporated |
| Union Carbide Corp. | F & M Schaefer Corp. |
| Texas Gulf Inc. | Rheingold Breweries, Inc. |
| United Brands Co. | General Signal Corp. |
| New York Giants | Vita Food Products Inc. |
| General Public Utilities Corp. | |

One of our original intentions was to enumerate and expound on the reasons for the corporate headquarter moves, but we found that dozens of other reporters and consultants had covered this aspect in sufficient detail; and aside from our findings on pages 9 through 11 and our conclusions in the epilogue of this report, we will simply quote a company spokesman for the Union Carbide Corporation.

"Quality of Life In New York means congestion, fear of crime, poor schools, high taxes, and long commuting times from the suburbs."

The search for a better life is not restricted to firms leaving New York City, it is a national sociological phenomenon affecting almost all of the larger and older cities, which to a great extent are victims of forces they cannot control and will not reverse quickly if at all.

We had intended to report on the "Quality of Life" the fleeing companies found in their new locations, but our input was so great on this aspect as to require a separate report.

Part II of the "Exodus" Study will be completed in 1977.

Alas, alas that great city Babylon....and the voice of harpers and musicians....shall be heard no more at all in thee; and no craftsman, of whatsoever craft there be, shall be found any-more in thee;....and the sound of a millstone shall be heard no more at all in thee; and the light of a candle shall shine no more at all in thee;

Revelations
The New Testament

THE HEADQUARTERS EXODUS

SCORECARD

The middle sixties of our century were a great time for business, life styles, and for many of us the best years of our lives. It was also the "heyday" for New York City as the corporate office capitol of the nation. Manhattan was the "headquarters town" for 138 of the major industrial companies ranked by sales as the "Fortune 500".

Faint rumbles were discernible, as a few major firms exited to the suburbs from 1963 to 1965 without creating any real concern. Until then there had been enough new and growing businesses to replace those that had moved away, dropped off the "500" list or were absorbed by mergers. The demand for Manhattan office space was so great that there was only a 1% vacancy rate in 1968.

The suburban exodus was only a trickle in 1965, but by the end of the decade the outward flow increased and hardly a month passed without a move-out announcement or the creation of a committee or agency to stem the flow. Profound articles in the media and business publications analyzed and explained the trend, as the trickle assumed flood proportions despite pleas from the Mayor and the Governor and legal threats by special interest groups.

By 1972, 24 companies had left the New York list and the exodus continued. When the "Fortune" list for 1975 was published in 1976 another 26 places were missing and the New York City tally was 88 for a loss of 50 places since 1968. The actual net loss was 36 companies; those firms that are still on the "500" list, but located elsewhere. (See Table I on following page).

More and more firms are moving out such key functions as well as accounting, research and development, and computer operations. In other cases, a token executive suite is all that remains, but which is still officially listed as the headquarters' address. Our research reveals that at least 27 of the remaining headquarters have relocated or are moving substantial portions of staff out of the city at this time.

The trek to the suburbs and other areas has become so widespread that it is hard to keep tabs on which companies are left or are planning to leave. Newspaper and magazine articles and other studies usually mention a dozen or so large firms that have left and those that are leaving to emphasize the seriousness of the exodus, but a more accurate index is required to fully appreciate the situation.

Table I, which follows, utilizes the conventional "Fortune 500" list, which we will combine with Table II for our study.

TABLE I
FORTUNE 500 COMPANIES

| <u>YEAR</u> | <u>NEW YORK CITY</u> | <u>SUBURBS METRO. AREA</u> | <u>TOTAL</u> |
|-------------|----------------------|----------------------------|--------------|
| 1968 | 138 | 27 | 165 |
| 1970 | 126 | 31 | 157 |
| 1972 | 114 | 39 | 153 |
| 1975 | 97 | 46 | 143 |
| 1976 | 88 | 51 | 139 |
| 1978 (1) | 75 | 62 | 137 |

From 1968 to 1976 New York City has lost 50 places on the "500" list, despite move-ins by Avon and Norton Simon and the advancement of three city firms to the list.

The true net loss was 56 companies that are now on the list, but located elsewhere.

TABLE II
FORTUNE SECOND 500 COMPANIES AND THE
50 LARGEST RETAILERS + 50 LARGEST UTILITIES

| <u>YEAR</u> | <u>NEW YORK CITY</u> | <u>SUBURBS METRO. AREA</u> | <u>TOTAL</u> |
|-------------|----------------------|----------------------------|--------------|
| 1970 | 100 | 42 | 142 |
| 1975 | 69 | 53 | 122 |
| 1976 | 65 | 57 | 122 |
| 1978 (1) | 52 | 67 | 119 |

(1) Projections based on research, survey results and interviews.

Projections do not account for changes in either list brought about by mergers, reclassifications or additions i.e., 1975 list has five companies, not previously eligible for 1968 list.

New York City will lose a total of 27 companies from both lists between now and 1978; 9 to New Jersey; 7 to Connecticut; 5 to New York State suburbs and 6 to out-of-area locations.

Our initial research proved the "500" list to be inadequate as an index, when we discovered at least 16 of the departed firms were not ranked, but had annual sales far in excess of the lowest ranking (285 million) company on the list. Another 14 departed and unranked firms had greater sales than the cutoff figure (96 million) for the "Fortune 2nd 500 Largest Industrials".

Eligibility for the "500" list, requires that 50% of the total company sales are attributable to manufacturing activities, which has caused General Telephone & Electronics to move on and off the list several times. A score of companies usually switch from the bottom of the "500" list to the top of the "2nd 500" list and vice versa.

The indicators we adopted include: the "500" list; the "2nd 500" list; the "Top 50 Utilities" and the "top 50 Retailers". The "Top 1000 Industrials" have sales of \$915 billion dollars which represent more than 72% of all U.S. industrial sales. The "50 Utilities" and "50 Retailers" have combined sales in excess of \$326 billion dollars.

Our combined index covers 1100 corporations which employ 21,624 891 people (25% of the current national work force), and whose 1975 sales total over \$1,241 billion (80% of the 1975 gross national product).

TABLE III

1100 COMPANIES COMBINED INDEX
COMPANIES HEADQUARTERED IN
NEW YORK CITY

| <u>COMPANIES</u> | <u>500 LIST</u> | <u>2nd 500</u> | <u>Two 50's</u> | <u>Total Firms</u> | <u>Annual Sales (\$000,000) (4)</u> |
|-----------------------------------|-----------------|----------------|-----------------|--------------------|-------------------------------------|
| Base Year 1968 | 138 | 75 (1) | 25 | 238 | \$414,859 |
| Remaining July, 1976 | 90 | 47 | 15 | 152 | \$286,653 |
| Recent (1) Departures | 53 | 25 | 6 | 84 | \$128,206 |
| Leaving through 1978 | 10 | 15 | 2 | 27 | \$ 85,113. |
| Total moving & Departures (2) (3) | 63 | 40 | 8 | 111 | \$213,319 |
| Remaining end of 1978 (2) (3) | 75 | 42 | 10 | 127 | \$201,540 |

- (1) Adjusted-2nd 500 list was first published in 1970.
- (2) Research results.
- (3) Confidential survey replies and published reports.
- (4) 1975 sales figures

SIGN ON A PRESS CLUB BANQUET TABLE

WILL THE LAST COMPANY TO LEAVE THE CITY
PLEASE TURN OFF THE LIGHTS

If all of the departed firms were still located in the City, New York would now be the "headquarters" town for 238 companies with annual sales totaling over 415 billion dollars.

Instead, by the end of 1978, the number of companies in Manhattan will be reduced in the index time period by 46.5% and the annual sales (1975 base) of the original total by 51.5%.

TABLE IV

COMBINED INDEX COMPANIES
DEPARTED AND MOVING
1968 THROUGH 1978

| <u>NEW LOCATION</u> | <u>NO. OF COMPANIES</u> | <u>(\$000,000)</u> <u>ANNUAL SALES</u> <u>1975</u> |
|---------------------------|-------------------------|--|
| New Jersey | 29 | \$ 66,532 |
| Connecticut | 30 | \$ 49,320 |
| New York State Suburbs | 18 | \$ 47,225 |
| Out of Metro Area | <u>34</u> | <u>\$ 50,242</u> |
| TOTAL: | 111 | \$213,319 |

THE BRIGHT SIDE

While the City was losing headquarter units, the suburbs, which constitute the New York Metropolitan Region (as defined by the Tristate Regional Plan Association) were gaining new units. Sixty-eight per cent relocated in the suburbs and 75% of the future relocations are expected to be within the region.

Although the region is expected to have lost 51 places off the combined index by the end of 1978, the actual loss of companies will not be as great. Many companies which have left the list for various reasons are still located here. (SEE TABLE V). Eighteen companies which merged into others are still in the area operating as autonomous units and another 32 firms are still based here without a change in corporate status. In effect, the suburbs have gained 82 companies for the area and the City has lost 81; a net gain of one company for the region.

Furthermore, the region will still be "home" for the greatest number of the elite "Top 100" industrials as illustrated in Table VI.

TABLE V
1100 COMPANIES COMBINED INDEX
COMPANIES HEADQUARTERED IN THE
NEW YORK METROPOLITAN REGION

| <u>AREA</u> | <u>1968</u> | <u>1975</u> | <u>1978 (1)</u> | <u>GAIN (2)</u> <u>OR LOSS</u> | <u>COMPANIES REMAINING</u> <u>IN 1978 ADJUSTED</u> | | |
|---------------------|-------------|-------------|-----------------|-----------------------------------|---|---------------|-------------------------------|
| | | | | | <u>OFF</u> <u>LISTS</u> | <u>MERGED</u> | <u>GAIN</u> <u>OR LOSS</u> |
| New Jersey | 37 | 45 | 60 | +23 | 4 | 2 | +29 |
| Connecticut | 10 | 31 | 41 | +31 | 3 | 2 | +36 |
| New York Suburbs | <u>22</u> | <u>23</u> | <u>28</u> | <u>+ 6</u> | <u>7</u> | <u>4</u> | <u>+17</u> |
| Subtotal Suburbs | 69 | 99 | 129 | +60 | 14 | 8 | +82 |
| New York City | <u>238</u> | <u>166</u> | <u>127</u> | <u>-108</u> | <u>17</u> | <u>10</u> | <u>-81</u> |
| TOTAL | 307 | 265 | 256 | - 48 | 31 | 18 | + 1 |

TABLE VI
FORTUNE "100" COMPANIES
HEADQUARTERED IN THE
NEW YORK METROPOLITAN REGION

| | <u>1968</u> | <u>1972</u> | <u>1975</u> | <u>1978</u> |
|------------------|-------------|-------------|-------------|-------------|
| NEW JERSEY | 1 | 3 | 3 | 5 |
| CONNECTICUT | | 3 | 4 | 7 |
| NEW YORK SUBURBS | <u>3</u> | <u>2</u> | <u>3</u> | <u>5</u> |
| TOTAL SUBURBS | 4 | 8 | 10 | 17 |
| NEW YORK CITY | <u>35</u> | <u>30</u> | <u>21</u> | <u>14</u> |
| REGION TOTAL | 39 | 38 | 31 | 31 |

THE EXODUS STUDY

For more than a year we have been involved in an on-going and in-depth study of corporate relocations out of New York City. Our objective was to determine the why, how and wherefore of this movement, the decision processes involved and the subsequent benefits.

Our information was derived primarily from our direct participation in the "Exodus", as an industrial real estate and relocation consulting firm. As one of the nation's oldest (since 1890) and largest firms in this specialized field, we have been involved in many of the relocations. From our home base in New Jersey, we serve industry and business throughout the state, across America and overseas as well. Our client list includes at least 250 of the nation's largest firms.

In addition to our involvement, we have digested and analyzed the various media and business reports we have collected over the past ten years amounting to over 200,000 words and statistics. . . all of which reinforced our predetermined theories.

In November of 1975, we surveyed the chief executives of 218 of the largest corporations headquartered in Manhattan to gain more insight as to their attitudes and future decisions in regard to relocating. We promised that all responses would be treated in confidence and without notoriety, except for the statistical results and general conclusions.

It should be noted that information concerning any particular company name published herein was obtained from the various media and from public information. None of the individual respondent's replies are identified in any manner.

Simultaneously, we completed a residential study of the senior executives of 188 major corporations, many of which were included in the chief executive survey.

For the survey and the residential study we included only those companies which we considered to be mobile (not tied to the city by custom or charter) thus excluding banks, advertising agencies, stock brokerage firms and others of the same nature.

The results of the Chief Executive Survey are recorded on Pages 9-11 and the residential study on Pages 23 through 33.

PROFILES OF THE COMPANIES

INVOLVED IN THIS STUDY

| | <u>RESIDENCE STUDY</u> | <u>SURVEY PROJECT</u> |
|---|----------------------------|---------------------------|
| Fortune 1st 100 - Industrials | 28 | 29 |
| Fortune next 400 - Industrials | 59 | 63 |
| Fortune 2nd 500 - Industrials | 31 | 35 |
| Fortune Top 50 - Diversified Financials | 5 | 7 |
| Fortune Top 50 - Transportation List | 5 | 5 |
| Fortune Top 50 - Utility List | 4 | 5 |
| Fortune Top 50 - Life Insurance List | 7 | 7 |
| Fortune Top 50 - Retailers | 5 | 6 |
| Unclassified or Non-public | <u>44</u> | <u>61</u> |
| TOTAL | 188 | 218 |
| | | |
| Total annual sales in excess of | 344 billion | 363 billion |
| Total assets in excess of | 390 billion | 404 billion |
| Total number of employees | 6,090,121 | 6,280,423 |

| <u>SALES</u> | | <u>NO. OF FIRMS</u> |
|----------------------------|----|---------------------|
| 50 Million to 99 Million | 4 | 11 |
| 100 Million to 499 Million | 70 | 82 |
| 500 Million to 1 Billion | 37 | 44 |
| 1 Billion+ to 5 Billion | 65 | 68 |
| 5 Billion+ to 42 Billion | 12 | 13 |

SALES FIGURES ARE FOR 1975

SUMMARY OF CORPORATE RELOCATION SURVEY

The first question posed was to determine current attitudes about the City. Forty-three respondents completed the question and some advanced additional reasons. Several mail and telephone queries were received from fervent New York City boosters, which questioned the propriety of the survey.

- (1) What are the major factors which may influence consideration of a Corporate Headquarters' relocation out of New York City? (The results were weighed on a scale of 100)

Weight

- 23 State and City taxes (other than real estate)
- 20 Space costs (real estate taxes, rent and utilities)
- 18 Availability of skilled and efficient employees
- 16 Personnel safety
- 15 General atmosphere of New York City
- 8 Corporate security

Our next question was to determine management's priorities for a new location. ~~Thirty-six respondents~~ completed the question.

- (2) What are your primary criteria for a new Corporate Headquarters' site and/or buildings?

Weight

- 21 Better and faster transportation for key executives and the greatest number of present and future employees.
- 19 Efficiency of operations
- 18 Availability of labor
- 12 Lower space costs (including real estate taxes and utilities).
- 9 Quality and quantity of housing
- 8 Expansion potential (facilities)
- 7 Environmental amenities
- 6 Interstate highway access

Questions 3 to 7 were included for a future project

- (8) If a relocation is considered, which geographic area would be favored? Forty firms responded.

The results were generally predictable and in line with residential patterns and previous relocations.

| <u>%</u> | |
|----------|-------------------------------|
| 30 | Northern New Jersey |
| 30 | Fairfield County, Connecticut |
| 15 | Westchester County, New York |
| 0 | Long Island, New York |
| 25 | Other than above |

The remaining questions verified our residential study in determining residential influence on relocation choices. The results will be discussed in detail in a later section.

PARTIAL MOVE-OUTS

Ominous as the previous statistics may be, they do not reveal the full dimensions of the exodus. Our study lists at least twenty major companies that have moved significant parts of their operations out of town and a dozen more are packing now. The partial moves are not as dramatic as the exodus of an entire company, but in many cases it will have a greater impact.

When Chesebrough-Ponds moved its corporate headquarters it took 300 employees to Connecticut, but when Exxon shifted two divisions to Texas, 600 employees left New York and yet the city is still its corporate headquarters. A.T.&T. still claims the city as its home town but has moved 3,400 employees to New Jersey from 195 Broadway and other city locations and will relocate another 5,000 people across the Hudson in the next two years. Technically New York is still the headquarters, but the entire top staff maintains offices in Basking Ridge, New Jersey.

AMAX and Borden and Eastern Airlines still receive their headquarters' mail in Gotham, despite relocation of most of their headquarters' operations. Our survey also uncovered a half dozen giant companies on the New York list that maintained "headquarters" that can only be regarded as meeting places on New York visits. These 5,000 to 10,000 square foot suites staffed by 20 to 30 people are smaller than the area of the executive men's rooms in their main offices. Two of these "status" addresses will soon phase-out just as the prestige is fading out.

The partial move-outs have taken more than 10,000 executives, and white collar jobs out of the city, adding to the more than 25,000 staff members relocated by the full moves.

NO TRUMPETS

In the mid-sixties, move-outs were often announced at company press conferences, producing front-page headlines and mild regrets from city officials, confident of replacement activities, but by 1972 the fanfares were quieted. Company officials were learning to maintain a low profile and to "keep their mouths shut". Announcements were in the form of a "no comment", and with good reason. Pressure groups and politicians were becoming antagonistic. New York City officials followed RCA to Connecticut and Western Electric to New Jersey to urge suburban communities to reject company relocation plans. The Suburban Action Institute and minority groups harassed those companies and others in New York, and at their proposed new locations, and threatened legal action under the Fair Employment Act. Some companies cancelled moves to the suburbs and in exasperation moved out, a thousand miles or more.

Since then most relocations are now undertaken surreptitiously. Several move-outs during 1975 were completed with little or no publicity. Now, many of the partial move-outs of a department or a division, are a camouflage of a later complete move-out, accomplished by osmosis.

1974 EXITS

General Electric
Cities Service
Martin Marietta
Liggett & Meyers

General Telephone & Electronics
Riegel Textiles
National Starch & Chemical
International Food Service

1975 MOVES

Wheelabrator Frye Inc.
Chromaloy American
United States Steel
Simmons Company

Norlin Music Inc.
Copper Range Co.
Duplan Inc.
Esterline Inc.

Champion International

* See 1976 moves and announcements on Page 2

Despite the previous and continuing exodus, the "Big Apple" will remain, for years to come, the most impressive concentration of private economic power in the world and the center of the New York Metropolitan area, which also shares the same glory.

The suburbs will continue to benefit from corporate relocations and the city, as a region, despite political subdivisions, is still growing...but the core is getting smaller, less desirable and losing much of its importance. This is a national sociological phenomenon, raised to its ultimate degree, in New York City.

Through our survey and interviews, we determined that at least 27 major firms will leave the city completely in the next two years. We suspect this number will be higher, but our projections are conservative and based on only the strongest indications.

We do know that most of the firms we contacted are thinking about, or have thought about, relocating.

THE CHOICE

OUT OF TOWN

Virtually, all the large corporations headquartered in New York City have considered leaving, and until recently the majority have deferred final decisions or decided to stay. Now, according to our investigations and survey, the relocation studies are back on the Chief Executive's desk for review and new studies are underway.

Where this new wave of move-outs will settle will be determined by the reasons for wanting to leave, and whether the exodus is prompted by a need to be in a specific location, or if the motivation is simply to flee the city.

The corporate exodus is not confined to New York City, its plight is shared by the largest and older cities all across the nation. Twenty years ago the the 6 largest cities were the homes of 250 of "Fortune 500" corporations; 50% of the total.

Today those 6 cities - New York, Chicago, Pittsburgh, Philadelphia, Boston and Detroit have 140 headquarters or 28% of the total. The shift has been to smaller cities and suburban towns such as Greenwich, Connecticut; Englewood Cliffs, New Jersey and Southfield, Michigan.

The suburbs of the great cities are claiming most of the big city move-outs, but the most noteworthy trend is the emergence of the "sunbelt" states as a new "mecca" for corporations. Five years ago, the South, Southwest and warm Western states could only claim 39 "500" headquarters. Today, the sunbelt has 102 members of the elite list.

In the same five years, 96 companies on our 1100 Companies Combined Index fled from the ice and snow of the northern cities. In 1970, 168 companies (15% of the index) were in the sunbelt states, increasing to 269 in 1976 (24% of the 1100 Index)

The leading states in the sunbelt migration were Georgia, California and Florida with Texas as the leader. These four states garnered 50 of 86 places gained on the "1100 Index". Eleven of the new headquarters were from New York City which lost 8 other firms to the remaining "sunbelt" states. Of all the out-of-the-area moves by New York firms, 65% were to warmer climates. Analysis of 47 out-of-the-area moves, which also included 14 unclassified firms and seven new, but unpublished moves, gives some insight to the possible motivation for location choices.

Four major oil companies, two natural gas utilities and two leading energy design and engineering firms went to the southwest states. Six film industry companies were relocated to California, the natural habitat of film-makers. Twenty more companies located near their major manufacturing and production facilities. Five other relocations were the result of mergers. All told, at least two-thirds of the moves were by companies returning to locales of their origin.

The typical company moving completely out of the area is for the most part a comparatively late arrival to the city . . . many firms having been here less than ten years. Significantly, not a few of the principal offices have out of town residential addresses as well as other principal offices. The companies are also more likely to be processors or producers of raw materials and commodities, rather than manufacturers.

In another era a Manhattan headquarters was equated with success. The status of a New York address, access to the financial and marketing center of the world, not to mention the glamour and excitement, was considered a major goal of the "American Dream". But that part of the dream doesn't have the same importance to companies moving to the suburbs and especially to the out-of-area move-outs.

DECISIONS

The emerging truth is that companies make location choices for positive reasons and that their decision to relocate at all is based largely on negative reasons. Whether a company moves to California or to New Jersey, the decision is based more and more on personal choice and influenced less by our present society and technology, which now allow this choice.

The motives that compelled a company to move to, or stay in New York or any major city, no longer prevail. The advantages of the big city are now outweighed by its disadvantages, which have been compounded further by increasing social and financial problems.

Basically, corporate headquarters are moving from or staying in New York City because of the personal choices of their chief executives. A relocation decision choice is determined by the nature of the business. If this is not essential, then by the personal preferences of the type management prevail. Analysis of the movements to suburbia enforces this conclusion.

THE SUBURBS

While other parts of the country are benefiting from the migration of corporate riches so long concentrated on Manhattan Island, the New York Metropolitan suburbs, as defined by the Tri-State Regional Plan Association were gaining almost 70% of Manhattan's corporate move-outs. While these companies have left the canyons of the city, their presence is still felt, and affect the economy and life style of the area.

THE SUBURBS
(continued)

One reporter's comment exemplifies the attitude of suburban observers . . . "Watching New York City's economic health the way an anxious relative watches a sick patient; praying for his recovery, but wondering about the will".

Our study of the corporate migration indicated that of all the companies that have moved out of the New York area, none returned to New York, but at least four companies relocated from the suburbs to New York, during the study period.

The object lesson is that despite the bitterness and rivalry created by suburban efforts to attract corporations from New York, it is far better that they stay within the area, with the resultant benefits, than to travel out of sight.

We have found no instance of a headquarters relocation decision to the suburbs that was prompted by a particular enticement effort. Local promotions may determine a particular site, but not the decision to move or the general locale. The suburban-bound companies are generally more diversified and require a higher technology with more complex and diversified skills. They have a greater number of facilities dispersed across the nation and around the world. Most important, they tend to have in common with their management, older and deeper roots in the area and its "establishment".

They locate their new offices, close to the established residential enclaves of senior executives, within 50 miles of New York.

We charted 117 "1100 Combined Index" companies and 75 unclassified movements, which included major divisions of listed companies and multi nationals. All have, or will have, moved out of the city by the end of 1978.

The suburban moves are to Northern New Jersey; Fairfield County, Connecticut and suburban New York State, which includes Long Island, Rockland and Westchester Counties.

It was not possible to determine the number of headquarters' people involved in all these moves and so we used the 1975 revenue figures of the companies involved to give some indication of the relative value of the various suburbs' gains.

TABLE VII

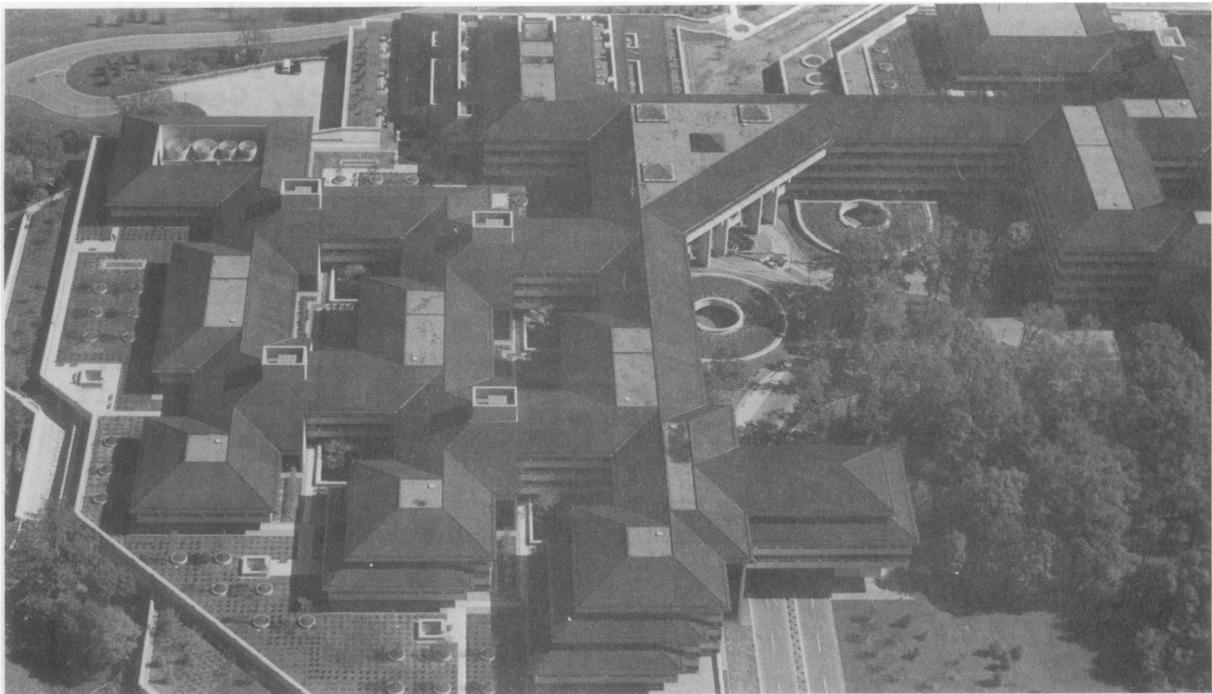
CORPORATE OFFICE RELOCATIONS
DEPARTED AND MOVING

ALL CATEGORIES - THRU 1978

| <u>NEW LOCATION</u> | <u>NO. OF COMPANIES</u> | <u>(\$000,000)</u> <u>ANNUAL SALES</u> <u>1975</u> |
|---------------------------|-------------------------|--|
| New Jersey | 49 | 70,885 (1) |
| Connecticut | 53 | 50,977 |
| New York State Suburbs | 29 | 48,249 |
| | <hr/> | <hr/> |
| | 131 | 170,111 |
| Out of Metro Area | 61 | 51,842 |
| | <hr/> | <hr/> |
| Total | 192 (2) | 221,953 |

(1) New Jersey figure allocates 70% of A. T. & T. revenues. Total would be 52,564 if their sales were deducted.

(2) Includes 117 index companies, 48 non-index companies and 27 partial move-outs.



American Telephone and Telegraph's new headquarters office for 3400 employees of the General Department. This \$110,000,000 complex in Basking Ridge, New Jersey is as big in area as one of the towers of the World Trade Center.

TABLE VII

RECENT DEPARTURES FROM NEW YORK CITY

OUT OF TRI-STATE NEW YORK METROPOLITAN AREA

| | |
|----------------------------------|-----------------------|
| American Petrofina | Dallas, Texas |
| Aramco | Houston, Texas |
| Atlantic Richfield | Los Angeles, Calif. |
| Brown Group | St. Louis, Mo. |
| Cerro Corporation | Chicago, Ill. |
| Cinerama | Los Angeles, Calif. |
| Cities Service Co. | Tulsa, Okla. |
| Coca Cola | Atlanta, Ga. |
| Columbia Gas Systems | Wilmington, Del. |
| Duplan, Inc. | Winston-Salem, N.C. |
| El Paso Natural Gas | El Paso, Texas |
| Elgin National Industries | Chicago, Ill. |
| Ethyl Corporation | Richmond, Va. |
| FMC | Philadelphia, Pa. |
| Filmways, Inc. | Los Angeles, Calif. |
| General Dynamics | St. Louis, Mo. |
| Haven Industries | Beverly Hills, Calif. |
| International Food Service Corp. | Los Angeles, Calif. |
| Johns-Manville | Denver, Colo. |
| M. W. Kellogg Co. | Houston, Texas |
| Kraft Co. | St. Louis, Mo. |
| Liggett & Meyers | Durham, N.C. |
| Mack Trucks Inc. | Allentown, Pa. |
| Macrodyne Industries | Los Angeles, Calif. |
| Martin Marietta | Rockville, Maryland |
| Metro Goldwyn & Mayer Inc. | Culver City, Calif. |
| Middle South Utilities | New Orleans, La. |
| National General Corp. | Los Angeles, Calif. |
| National Sugar Refining Co. | Philadelphia, Pa. |
| Neptune International | Atlanta, Ga. |
| Norcross Inc. | Philadelphia, Pa. |
| North American Sugar Industries | Mobile, Ala. |
| Panhandle Eastern Pipe Lines | Houston, Texas |
| Raymond International | Houston, Texas |
| Riegel Textiles | Greenville, S. C. |
| Shell Oil Co. | Houston, Texas |
| Shelter Resources Inc. | Lyndhurst, Ohio |
| Technicolor | Hollywood, Calif. |
| Twentieth Century Fox | Los Angeles, Calif. |
| VLN | Cleveland, Ohio |
| Ward Foods | Wilmette, Ill. |

PARTIAL MOVES COMPLETED

| | |
|------------------|----------------|
| Eastern Airlines | Miami, Fla. |
| Exxon | Houston, Texas |
| Borden, Inc. | Columbus, Ohio |

TABLE VII

RECENT DEPARTURES FROM NEW YORK CITY

To New Jersey

| | |
|----------------------------------|--------------------|
| A.T. & T. Treasury Dept. | Piscataway |
| Airco, Inc. | Montvale |
| Allied Chemical Corp. | Morristown |
| American Cyanamid Co. | Wayne |
| Atlantic & Pacific Tea Co. | Montvale |
| BASF, American Division | Parsippany |
| CPC International Inc. | Englewood Cliffs |
| Coca Cola of New York | Hackensack |
| Crum & Forster Insurance Cos. | Morris Plains |
| Fedders Corp. | Edison |
| Foster Wheeler Corp. | Livingston |
| Ingersoll-Rand | Woodcliff Lake |
| Inspiration Consolidated Copper | Morristown |
| Jonathan Logan | North Bergen |
| Kraft Foods Division | Mountainside |
| Lummus Co. | Bloomfield |
| Matsushita Electric Corp. | Secaucus |
| National Starch & Chemical Corp. | Bridgewater |
| Oakite Products Inc. | Berkeley Heights |
| Riegel Paper Co. | Milford |
| Scholastic Magazines, Inc. | Englewood Cliffs |
| Tenneco Chemicals, Inc. | Saddle Brook |
| Thomas J. Lipton, Inc. | Englewood Cliffs |
| Union Camp Corp. | Wayne |
| Volkswagen of America, Inc. | Englewood Cliffs |
| Western Union | Upper Saddle River |
| Worthington Corp. | Mountainside |

LOCATING IN 1976

| | |
|------------------------------|---------------|
| A.T.&T., General Dept. | Basking Ridge |
| A.T.&T., Long Lines Division | Bedminster |
| Nabisco | Hanover |
| NL Industries | East Windsor |

PARTIAL MOVES COMPLETED

| | |
|----------------------------|----------------|
| Continental Copper & Steel | Cranford |
| Crompton & Knowles | Fairlawn |
| Eastern Airlines | Woodbridge |
| GAF Corporation | Wayne |
| IBM, Office Products Div. | Mountain Lakes |
| New York Times | Carlstadt |
| RCA Global Communications | Piscataway |
| United Air Lines | Rockleigh |
| Exxon International | Florham Park |

New Jersey
(continued)

PARTIAL MOVES UNDERWAY

| | |
|---|------------------|
| Celanese Corp. | Chatham |
| Dun & Bradstreet (National Information Center) | Berkeley Heights |
| Herzog & Co. | Jersey City |
| Weeden & Co. | Jersey City |

RECENT DEPARTURES FROM NEW YORK CITY

To Connecticut

| | |
|---------------------------------|-----------|
| American Can Co. | Greenwich |
| Avco Corp. | " |
| Bangor Punta Corp. | " |
| Chase Bag Co. | " |
| Chesebrough-Pond's Inc. | " |
| Dynamics Corp. of America | " |
| General Cable Corp. | " |
| General Reinsurance Corp. | " |
| Howmet Corp. | " |
| Lone Star Industries, Inc. | " |
| Microdot Inc. | " |
| Pantasote Co. | " |
| U. S. Tobacco Co. | " |
| American Thread Co. | Stamford |
| Coats & Clark, Inc. | " |
| Combustion Engineering, Inc. | " |
| Continental Oil Co. | " |
| General Telephone & Electronics | " |
| Great Northern Nekoosa Corp. | " |
| Hooker Chemicals | " |
| Moore & McCormack Resources | " |
| Olin Corp. | " |
| Reinhold Publications | " |
| Stauffer Chemical Co. | Westport |
| Richardson-Merrell Inc. | Wilton |
| Ethan Allen, Inc. | Danbury |
| General Electric Co. | Fairfield |

LOCATING IN 1976

| | |
|-----------------------|------------|
| General Signal Corp. | Stamford |
| Uniroyal, Inc. | Middlebury |
| United Parcel Service | Greenwich |

LOCATING IN 1977

| | |
|---------------------------|----------|
| Continental Can Co., Inc. | Rowayton |
|---------------------------|----------|

Connecticut
(continued)

PARTIAL MOVES COMPLETED

| | |
|------------------------------------|----------------------|
| AMAX Inc. | Greenwich |
| Champion International Corp. | Stamford |
| Continental Can Co., Inc. - 2 Div. | Stamford & Greenwich |
| Anaconda Wire & Cable Division | Greenwich |

MOVING IN 1978

| | |
|---------------------|---------------|
| Union Carbide Corp. | South Danbury |
|---------------------|---------------|

RECENT DEPARTURES FROM NEW YORK CITY

To New York State (Westchester and Suburbs)

| | |
|----------------------------|--------------|
| AMF | White Plains |
| British Electric Corp. | Elmsford |
| Dairylea Cooperative Inc. | Pearl River |
| Dictaphone Corp. | Rye |
| Flintkote Co. | White Plains |
| General Foods Corp. | White Plains |
| Genovese Drug Stores, Inc. | Melville |
| Grolier Interstate | White Plains |
| IBM | Armonk |
| Instrument Systems Corp. | Huntington |
| Kane-Miller Corp. | Tarrytown |
| Melville Shoe Corporation | Harrison |
| Molycorp., Inc. | White Plains |
| Pepsico Inc. | Purchase |
| Reichhold Chemicals, Inc. | White Plains |
| Tampax Inc. | Lake Success |
| Thatcher Glass Mfg. Co. | White Plains |
| Waldbaums | Islip |

LOCATING IN 1977

| | |
|--------|----------|
| Texaco | Harrison |
|--------|----------|

PARTIAL MOVES COMPLETED

| | |
|----------------------|--------------|
| Babcock & Wilcox Co. | White Plains |
|----------------------|--------------|

THE COMMUTER SANCTION

TURNED OFF

Prior to the 1960's, a transfer to the big city was coveted as a badge of success and the young executive eagerly competed for access to the glamour and excitement of Manhattan. Today, despite cost of living incentives, the out-of-town managers would just as soon stay away from New York, even at the risk of career setbacks. Furthermore, the senior executive already in the city has had it with the stresses of his city office life and the trauma of daily commuting. He is just as eager to be someplace else.

When the chief executive and his senior staff were principally city dwellers and/or enamored with city life, there were generally a few advocates for relocation. Over the years, the younger ascending executives became less inclined to live in the city, let alone commuting, and preconditioned to the alternatives to a Manhattan office.

This attitude is exemplified by observations of the wife of a former city commuter, whose corporate office is now in New Jersey. "Every so often he has to go into the city on business. He starts tensing up the night before - he just girds himself for that trip."

Objective and subjective responses to our survey indicate the commuting trauma is the prevailing symptom of the "executive relocation syndrome".

KEY FACTORS

Our residential study reveals that 80% of the key executives now live outside the city and that the number of cliff dwelling managers is rapidly declining. Comparison of the base 1974 data with a 1975 audit showed a 7% loss for city dwellers and subsequent increase to the various suburbs.

This evidence of private moves to the suburbs reinforces our conclusion that at least 70% of the firms leaving the city will locate in New York's suburbs. The dominant emerging factor is that these companies will settle in locations convenient to the present and future homes of their key executives.

Since Manhattan was obviously not the center of its employees' residential area, American Telephone and Telegraph Company selected ~~Back~~ Backing Ridge, New Jersey for its new \$110 million dollar general offices. Computer data revealed that most of the personnel, in its downtown New York offices, already lived in New Jersey, mainly along the Erie-Lackawanna Railroad commuting corridor.

TABLE VIII

EXECUTIVE COMMUTER PROFILE
218 COMPANIES

| <u>RESIDENCE</u> | <u>1974 RESIDENCE STUDY (%)</u> | <u>1975 RESIDENCE STUDY (%)</u> | <u>AVG. COMMUTE ONE WAY (MINUTES)</u> | <u>MILES (7) ONE WAY</u> | <u>% OF SUBURBAN COMMUTERS</u> |
|---------------------------------------|---|---|---|------------------------------|--|
| New Jersey (1) | 26.0 | 26.7 | 72 | 28 | 37.29 |
| Connecticut (2) | 19.8 | 17.9 | 85 | 38 | 25.00 |
| Westchester (3) | 15.2 | 15.7 | 65 | 21 | 21.93 |
| Long Island (4) | 10.6 | 11.3 | 75 | 23 | 15.78 |
| New York City (5) | 21.0(6) | 19.7(6) | 35 | N.A. | |
| Out of Tri- State Metro- Region | 7.4 | 8.7 | N.A. | N.A. | |
| TOTAL | <u>100.0</u> | <u>100.0</u> | <u>Median - 74</u> | <u>28.9</u> | <u>100.00</u> |

(1) Ten northeastern counties

(2) Fairfield County (96%)

(3) Includes Rockland County (3.75%) of total

(4) Nassau and Suffolk Counties

(5) Includes all 5 boroughs

(6) At least 10% of the New York City addresses were not legal voting addresses - primary residences were out of the city.

KEY FACTORS
(continued)

Analysis of zip codes revealed that fifty-three percent of all employees involved and seventy-three percent of the management personnel (which constitutes two-thirds of the work force) lived in a five-county area, centered in nearby Berkeley Heights.

Similar studies are underway now in other "headquarters" in Manhattan and will determine the direction of major moves within the Tri-State Region. The studies are initiated or supported by company surveys indicating that a substantial majority of the executives and managers want to move.

TRI-STATE REGION COMMUTERS

The New York Metropolitan Region covers an area of more than 5,000 square miles and includes 16 counties in three states and the Five Boroughs of New York City. It is populated by over 17.5 million people, of which 8 million are denizens of the city. The suburbanites, reflecting national trends, now outnumber the city dwellers by more than a million, and one-half souls.

Although residential factors will have the greatest influence on relocation decisions, all of the four major suburban areas of the region will not necessarily benefit to the same ratio as its share of key executives. Choice will also be influenced by: state and local taxes; costs and availability of sites; access to the city and other parts of the region; as well as the vagaries of chief executives' prerogatives.

Certain axioms however will prevail and a profile of the commuting executive is critical to the assessment of future trends.

Our initial residential study, initiated in 1974, involved 188 major companies (Table X) and the home addresses for their top executives. A survey questionnaire to 208 firms verified and expanded the residential data and provided commutation information. This data was audited again in 1975, but this time for only 167 companies. In the interim, 21 firms had: moved out; gone out of business or will have moved in this current year.

The median distance traveled by the suburban commuter to New York City, in both directions each day, totaled 57.8 miles and his median travel time (portal to portal) was 74 minutes each way.

For comparison, we charted the commuting times of key executives of 14 companies now located in the suburbs. The average commuting time for all executives was 35 minutes, which included those still living in New York City and other suburbs (62 minutes). The executives, living in the same suburban area as their new offices, averaged 26 minutes for portal-to-portal commuting time.

SHANGRI-LA

The following memorandum is pure fiction, and the like of which has never been circulated in any company that we know of. It is, however, a composite statement of unquotable thoughts and some of the answers from the respondents to our Chief Executive Survey and our other investigations.

GENERAL DIVOT CORPORATION
FROM THE OFFICE OF THE
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE

To: All Senior Executives
Subject: Confidential - Headquarters Relocation

As you know, there have been several studies in recent years to determine our continued presence at this location. The first was initiated after the bomb explosion in the main lobby and another after the incidents with the "men's Room Bandit", which promoted our buddy-system for visits to the men's room.

Our former Chairman had strong emotional attachments to New York City and vetoed all recommendations, even after that group of radicals stormed his office.

The lease on our rented space will be up in two years and we are concerned that if we don't sell our main building soon, we won't be able to find a buyer.

John Winston, our Executive Vice President, has had the responsibility of conducting a thorough and impartial location search and we have optioned a beautiful site in Green Hills, near John's Country Club, where we held our last golf outing and about 10 miles from my country place.

The plans for our new home which is sure to be an award winning design, include several amenities to increase morale and efficiency, such as individual bathrooms, separate dining room and kitchen for the senior staff and a pitch-and-putt golf course.

The accounting department has calculated the tax savings and commutation that will accrue to the company and to its staff on the attached statement. For most of you, this savings will amount to the equivalent of up to a 20% pay increase, depending on your final place of residence. Other employees should realize at least a 10% increase through these tax savings.

Now, I know that the city has its attractions, such as the two or more martini lunches, but my counterpart at BHF now located in the suburbs tells me that his people are "healthier and more efficient, even though some of our executives aren't nearly as funny in the afternoon as they used to be".

We will, however, maintain a small executive suite for an undeterminable period, but I expect most of us to operate from our new headquarters -- except for short trips to the City.

As an added bonus, our move will give most of you the greatest gift of all - time. Our computer people programmed all the residential zip codes and community patterns of our staff and compared our city location with the Green Hills' site.

I was astonished to learn that our average commuting time amounted to over 580 hours per year and at Green Hills it would be shortened to 203 hours per year.

A forty-year old executive would save over 9,000 hours, equal to 56 weeks of his life and a new trainee would benefit by more than 99 weeks of time saved. I expect some of you will want to spend a little more time in the office, but think of all the activities you will now have time for, plus the extra energy available for "fooling around".

I want to caution you all to be as circumspect as possible about our relocation activities and to refer all nosy reporters to the Public Relations Department, whose job it is to keep the news out of the media.

B.T. Oper
Chief

The locale of "Greens Hills" in the fictional memo is not specified, but every company considering a new location has a preconception of where it should be. This investigation gives an insight as to where it's likely to be.

NEW JERSEY

The ten counties of northeast New Jersey have a population of 5,300,000 (30% of the region) and cover 2500 square miles (50% of the region) and are the homes of 27% of the executive commuters in this study (37% of the suburban commuters). This group is more widely dispersed, as are the state's corporate headquarters; it currently has 46 firms on the Combined Index more than in any of the other three major suburbs.

The greatest concentration of executives is in eight towns contiguous to and including Summit and Short Hills, which coincidentally is the territory of the membership of the Women's Auxiliary of Overlook Hospital in Summit.

One hundred and eight survey executives (10.3% of the total surveyed) live in this area, which is equal in size to the City of Greenwich, Connecticut. The majority of the New Jersey managers

reside here and in a diamond-shaped area, which has corners in South Orange, Morristown, Bedminster and Plainfield, New Jersey.

Substantial residential enclaves are in: Ridgewood and bordering towns; eastern Bergen County; Rumson and, of course, in Princeton.

The advantages of New Jersey commuter railways are in a sense a detriment. Although the equipment on the all-electric lines of the Erie-Lackawanna Railroad (which services the greatest number of executives) is ancient, the loyalty of its riders is without parallel, its reliability and on-time performance ratios are considerably better than the railroads serving Long Island, Westchester and Connecticut.

The New Jersey executive experiences less commuter trauma and is slightly less pressed to relocate because he has an easier time getting to and from the city.

When he does decide to relocate, he has far greater choice of sites than in Connecticut and Westchester. Although New Jersey has one of the highest population densities, it is still 75% rural and has several hundred "campus type" sites ranging up to 200 acres in size and as low as \$20,000. per acre, all of which are within 50 miles of New York and measuring up to the usual demanding criteria for a corporate headquarters location.

The state's disadvantages are not permanent and in many cases are being overcome. It has the toughest environmental standards in the nation, and although a corporate headquarters building is not affected as much as a factory would be, the red tape involved and bureaucratic approvals has been discouraging.

Completion of two major Interstate Highways, Route #78 and Route #280 has been stalled for years and these roads could provide faster access to the sites most desired for corporate headquarters.

The environmental and highway problems, however, appear to be close to a solution. Our most recent assignment to locate a corporate headquarters is indicative of the cooperation New Jersey officials are now extending. An unexpected problem which may have delayed or discouraged a New York-based corporation from moving here was resolved by officials of the New Jersey Department of Environmental Protection and the Department of Economic Development, within twenty-four hours.

CONNECTICUT

Fairfield County is the abode for all but four percent of the Connecticut commuters in this study, and for all of the "1100 combined index firms" included in this study. The county's land area is 626 square miles, populated by 800,000 people, but most of the survey executives (70%) live in six towns and cities covering about 105 square miles, with approximately 160,000 citizens.

Greenwich, Riverside and Cos Cob have the greatest concentration of executives, 76; and Darien, New Canaan and Stamford claim another 70. This section of Connecticut has only 4.5% of the region's population and 12% of its land area, but it sends 18% of the region's commuters to New York. (25% of the suburban commuters).

In the past seven years it has shown the greatest area increase for the "1100 companies combined index", having gained 20 major firms from New York City, with another eight on the way. Most of these moves were concentrated in the Greenwich and Stamford areas with the furthest move to Danbury; 64 miles from New York City.

Ironically, the phenomenal concentration of new corporate offices in the Greenwich-Stamford area precludes continuation of the same growth rate. Land availability and prices soaring to the \$100,000. per acre range in desirable areas will force companies, looking for large campus-type sites, to reach out to Danbury and beyond - - losing the advantage of proximity to New York City. Some of the large companies considering moving to Connecticut feel that the labor pools of the area have been tapped and that recruiting in the outlying areas is required.

Operating expenses and business taxes, compared to New York City, appear to be about the same, but the Connecticut-bound business now is betting that future increases will be much less in the suburbs.

The "Yankee" commuters travel the greatest distance, and the longest time, to their New York City offices, and this partially explains the state's early success in attracting corporate offices. The commuter syndrome creates more pressure for relief. Our latest audit of residential origins indicates 10% fewer Connecticut commuters are making the trek to the city than last year; joining their relocated companies in their home state.

WESTCHESTER

Long celebrated in song and prose, the names of many of its 36 communities are familiar to people across the nation. Although it covers only nine percent of the region's land area and has 4.6 percent of its population, Westchester is home for 15.7 percent of the region's commuters. (22 percent of all suburban commuters). It offers the quickest access to New York of the suburban areas, except for eastern Bergen County in New Jersey and especially from a nine-town area concentrated in 60 square miles in the southeastern corner of the county. Seventy percent of the survey managers live there, with the greatest number (78) concentrated from Scarsdale, Bronxville and Rye.

Twelve of the combined index firms are located here, along with many branch offices of New York City-based firms. Most are clustered along the Cross Westchester Expressway between White Plains and Connecticut. Land prices, which have quadrupled in the last ten years to \$100,000. up to \$120,000. per acre, are responsible for a shift to high-rise office buildings, rather than campus-type complexes. Companies looking for more expansion room are now looking north, beyond Armonk, which is 35 miles from the City.

A large pool of office help and an excellent highway network has and will continue to attract suburban-bound firms but the county's disadvantages are synonymous with the City. Companies determined to avoid high state corporate taxes and personal income taxes, might well head for New Jersey or Connecticut.

One Company, Flintkote, fairly new to the county from New York City, is hedging its bets. It recently decided to split its headquarters in White Plains and is shifting half of its operation to Oradell, New Jersey and the balance to Connecticut.

LONG ISLAND

The executive commuter towns of Nassau and Suffolk Counties are no less desirable than any other in the region but the smallest percentage of survey commuters live there, despite its largest percentage of the regions' suburban population. (27% of the suburbs' population in 24% of their area).

A twenty-five square mile area on the northwestern part of the island is the home for 58 (52%) of its executives with all but ten of these residing in Port Washington, Manhasset and Great Neck. Only nine of the "Combined index" headquarters are located here and most of these are "home-grown" by resident founders.

None of our survey respondents indicated any preference for relocating here, but conversely none of the respondent firms had any significant number of Island commuting executives. The notorious Long Island Railroad is partially to blame for its small share of relocating headquarters, but its main drawback is its geography. New York City is in its way, blocking its view and its access to the rest of the country.

TABLE IX
1975 AREA RESIDENCE SUMMARY

| <u>AREA</u> | <u>CHAIRMAN NO.</u> | <u>CHAIRMAN PRESIDENT NO.</u> | <u>VICE CHAIRMAN NO</u> | <u>PRESIDENT NO.</u> |
|--------------------------------|-------------------------|---------------------------------------|---------------------------------|--------------------------|
| New Jersey | 13 | 6 | 7 | 30 |
| Connecticut | 15 | 6 | 10 | 25 |
| Westchester | 14 | 3 | 6 | 15 |
| Nassau/Suffolk | 7 | 1 | 4 | 12 |
| New York City | 27 | 13 | 12 | 35 |
| Out of Tri-State Metro Area | <u>3</u> | <u>2</u> | <u>2</u> | <u>5</u> |
| Total Known Addresses | 79 | 31 | 41 | 122 |
| Address Not Available | <u>24</u> | <u>7</u> | <u>5</u> | <u>34</u> |
| Total of All Executives | 103 | 38 | 46 | 156 |

NOTE: 1. Percent of (1173) known addresses applied to unknown total.

Table X on the opposite page compares the above residence summary with the residences of 400 executives from New York City companies, randomly selected from Standard and Poor's Register (1975), none of which are included in the above study. The 188 company study excluded brokerage firms, advertising agencies, financial institutions, smaller industrial and service industries. The random selection included many of these exclusions and a significant difference in home addresses is noted.

TABLE IX
SENIOR EXECUTIVES OF 188 COMPANIES

| <u>EXECUTIVE</u> <u>VICE PRES.</u> <u>NO.</u> | <u>SENIOR OR</u> <u>GROUP V.P.</u> <u>NO.</u> | <u>VICE PRES.</u> <u>NO.</u> | <u>AREA</u> <u>TOTAL</u> <u>NO.</u> | <u>EXTEN-</u> <u>SION</u> <u>NO.</u> | <u>ALL</u> <u>EXECS.</u> <u>%</u> | <u>1976 AUDIT</u> <u>167 COMPANIES</u> <u>%</u> |
|---|---|---------------------------------|---|--|---|---|
| 36 | 33 | 74 | 199 | 273 | 26.0 | 26.7 |
| 27 | 22 | 50 | 155 | 208 | 19.8 | 17.9 |
| 17 | 27 | 33 | 115 | 160 | 15.2 | 15.7 |
| 17 | 20 | 20 | 81 | 111 | 10.6 | 11.3 |
| 21 | 20 | 33 | 161 | 221 | 21.0 | 19.7 |
| <u>11</u> | <u>10</u> | <u>29</u> | <u>62</u> | <u>78</u> | <u>7.4</u> | <u>8.7</u> |
| 129 | 132 | 239 | 773 | 1,051 | 100% | 100% |
| <u>64</u> | <u>50</u> | <u>94</u> | <u>278</u> | | | |
| 193 | 182 | 333 | 1,051 | | | |

TABLE X

| <u>AREA</u> | <u>EXECUTIVES</u> | |
|-----------------|-------------------|----------|
| | <u>NO.</u> | <u>%</u> |
| NEW JERSEY | 103 | 25.75 |
| CONNECTICUT | 76 | 19.00 |
| WESTCHESTER | 79 | 19.75 |
| NASSAU, SUFFOLK | 52 | 13.00 |
| NEW YORK CITY | 90 | 22.50 |

TABLE XI

LEADING KEY EXECUTIVE COMMUNITIES **

The following 36 communities are the abodes of 50% of the executives of the 188 major firms headquartered in New York City. The rest live in 129 other communities.

| <u>NEW JERSEY</u> (15.90%) | <u>MILES</u> | <u>WESTCHESTER AREA</u> (11.5%) | <u>MILES</u> |
|----------------------------|--------------|---------------------------------|--------------|
| * Short Hills | 23 | * Scarsdale | 19 |
| * Summit | 25 | * Bronxville | 15 |
| * Ridgewood | 23 | * Rye | 25 |
| Chatham | 26 | Larchmont | 20 |
| Glen Rock | 22 | New Rochelle | 18 |
| Princeton | 52 | Armonk | 32 |
| Rumson | 52 | White Plains | 24 |
| Westfield | 25 | Mamaroneck | 22 |
| Morristown | 33 | Harrison | 24 |
| Madison | 28 | Briarcliff | 31 |
| Montclair | 17 | | |
| Murray Hill | 29 | | |
| | | | |
| <u>CONNECTICUT</u> (16.5%) | <u>MILES</u> | <u>LONG ISLAND</u> (6%) | <u>MILES</u> |
| * Greenwich | 30 | * Port Washington | 21 |
| * Darien | 40 | * Manhasset | 16 |
| * New Caanan | 45 | * Great Neck | 17 |
| Riverside | 32 | Sands Point | 23 |
| Stamford | 35 | Brookville | 26 |
| Westport | 47 | Huntington | 34 |
| Fairfield | 53 | | |
| Cos Cob | 31 | | |

*29% of the executives reside in 12 suburban towns.

Note: Miles = To Columbus Circle.

** five or more executives.

TABLE XII

AREA RESIDENCE SUMMARY

CHIEF EXECUTIVE AND APPARENT SUCCESSORS

| <u>AREA</u> | <u>CHIEF EXECUTIVE OFFICER</u> | | | <u>HEIR APPARENT</u> | | |
|------------------|--------------------------------|------------------|------------|----------------------|------------------|-------------|
| | <u>No.</u> | <u>Exts. (2)</u> | <u>%</u> | <u>No.</u> | <u>Exts. (3)</u> | <u>%</u> |
| New Jersey | 34 | 39 | 20.7 | 37 | 48 | 25.5 |
| Connecticut | 28 | 33 | 17.6 | 29 | 37 | 19.7 |
| Westchester Area | 24 | 27 | 14.4 | 21 | 28 | 14.9 |
| Nassau Area | 15 | 17 | 9.1 | 14 | 18 | 9.6 |
| New York City | 58 | 66 | 35.0 | 30 | 36 | 19.2 |
| Out of Area | <u>5</u> | <u>6</u> | <u>3.2</u> | <u>18</u> | <u>21</u> | <u>11.1</u> |
| SUBTOTAL | 164 | 188 | 100.0 | 149 | 188 | 100.0 |
| ADDRESS UNKNOWN | <u>24</u> | | | <u>39(1)</u> | | |
| TOTAL | <u>188</u> | | | <u>188</u> | | |

(1) Address unknown or apparent heir not obvious.

(2) Percent of (294) known chief executives.

(3) Percent of (479) subordinate executives' addresses applied to unknown total.

EPILOGUE

REQUIEM

The corporate exodus is not of a transitory nature. Nothing can change or reverse the suburban relocation trend, except drastic changes in our society.

The second wave of corporate camp followers - the accounting, law, consulting, investment banking, data processing, office supply firms and other ancillary functions are joining the corporations in the suburbs, and further compounding the situation.

A recent New York Times' survey of top industrial companies still in the city offered little encouragement. The advantages of New York City was considered to be "less important than they were five years ago" to 77.5% of the respondents. Sixty-five percent indicated that a New York headquarters would be "less important five years from now" and fifty-five percent indicated that "future headquarters growth would be directed out of the city."

Our study results confirm their attitudes and the future erosion of the city's corporate headquarters units. By 1980 our projections indicate that there will be more of the "1100 Index Companies" located in the suburbs than in the city, and that by 1982 there will be fewer than 110 Index Companies remaining in the city, down from 238 in 1968.

Furthermore, those remaining will have reduced their "in-city" functions, and moved many of their "Paper factory operations" to other locations.

WHERE THE LION SLEEPS

"Chaotic commuting, air and noise pollution, crime, power shortages, bombs, strikes, payroll taxes -- the list of the city ills has become a litany to be recited over drinks at executive lunches, the business clubs and the commuter bar cars. Caustic comments become conversations, become company inquiries, become consultant studies and soon another company is considering leaving a city for a suburb."

When this study was initiated we half expected to discover dramatic profound reasons for the corporate headquarters' exodus. What we really found was a profusion of excuses for not staying.

The same disadvantages prevailed when many of the fleeing companies located to the city. Granted the ills have intensified, but prior to the past ten years they were tolerated.

What are the deserting companies looking for in the suburbs and what have the newly-established firms found? The most repeated phrases heard in our investigations were "Quality of Life" and "Life Style."

One executive, whose company relocated, came closest to the truth when he observed, "There has always been an agony-ecstasy ratio in New York, we left when the balance tipped over to too much agony".

We found that a new philosophy effects where and how men conduct business today as well as the general society and the singular factor which makes this philosophy practical is that today's executives have a choice.

There are alternatives to in-city corporate offices and this option has been brought about by evolving social mores and made possible by technological improvements.

The corporation can locate wherever it wants to be and invariably its new den is close to the homes of its chief and senior executives and as indicated in Table XII (page 33), this is and will be a suburban address for the majority of the current chief executives and for at least 80% of the heir apparents to the chief executives' office.

When the man who kept a pet lion in his home was questioned as to where the huge beast slept, he replied, "wherever it wants to".

June, 1977

ROBERT N. BARRATT
VICE PRESIDENT
LOUIS SCHLESINGER COMPANY

Schlesinger Company is a nationwide industrial real estate company headquartered in Clifton, New Jersey.

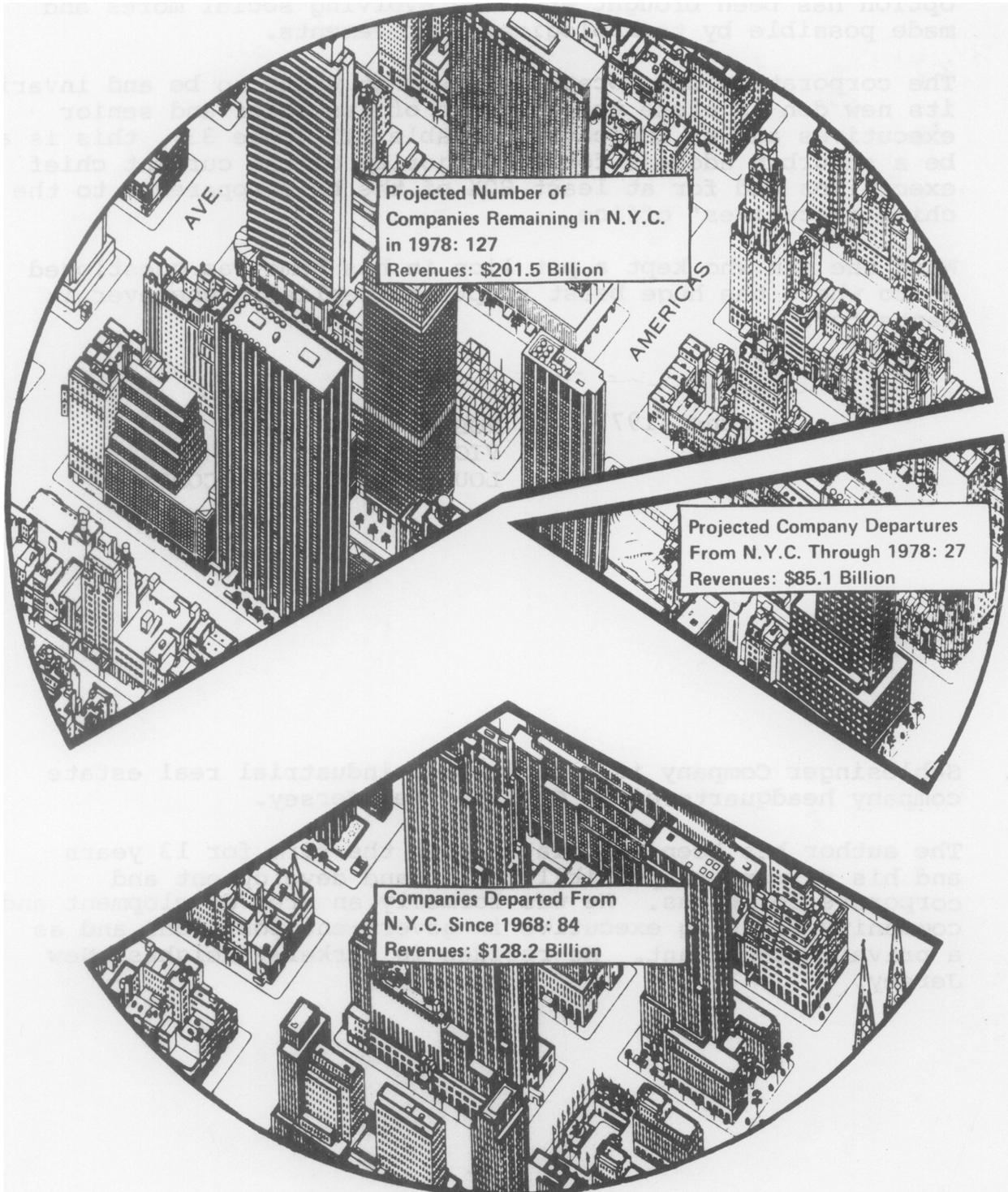
The author has been associated with the firm for 13 years and his primary responsibility is land development and corporate relations. He was formerly an area development and community planning executive in government positions and as a private consultant. He resides in Berkeley Heights, New Jersey.

Combined Index Companies Headquartered in N.Y.C. - 1968-1978

*Revenues Based On 1975 Reports

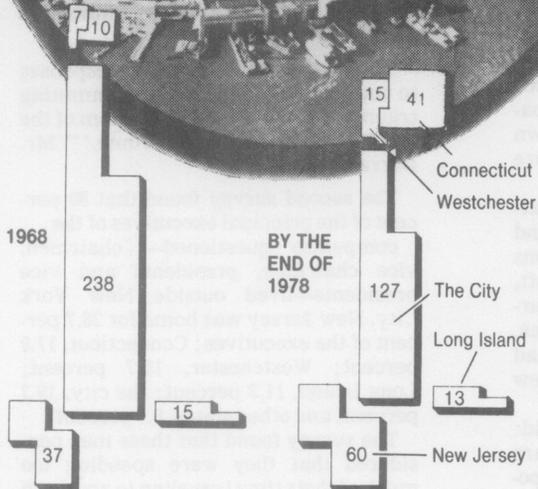
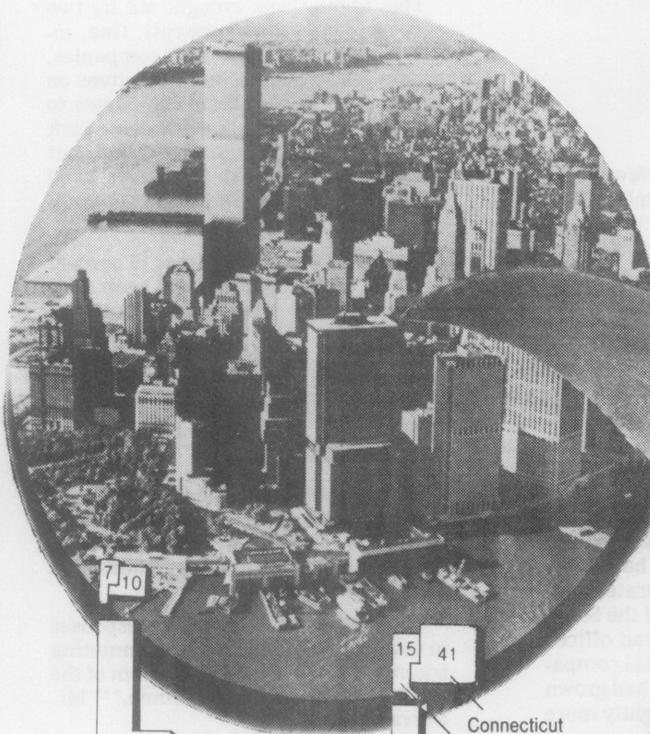
Companies Headquartered in N.Y.C. in 1968: 238

Revenues: \$414.9 Billion



Reprinted From The New York Times

SUNDAY, AUGUST 14, 1977



Corporate Moves: New York Region Holds Its Own

The figures show the number of large corporate headquarters in New York City and the metropolitan region

By MICHAEL STERNE

WHEN Maurice Chevalier was asked, as he frequently was in his last years, how he felt about life as an octogenarian, his stock reply was, "Well, when I think of the alternative . . ." The same kind of reply is heard these days when business and political leaders are asked how they feel about the continuing movement of New York City companies to New Jersey, Westchester County, Long Island and Connecticut. For both suburban and city leaders, the alternative to be avoided is the relocation of companies to distant sunbelt states. Their concern is real, because some New York concerns are moving to Georgia, Florida, Texas and California.

But most of the movers, according to a new study by an industrial real-estate executive, are still resettling in New Jersey, New York and Connecticut. And that means that the personal incomes, the profits and the tax revenues generated by these companies are continuing to quicken the economy of the whole metropolitan area. The study was done by Robert N. Bar-

Continued on Page 6

Additional Copies
Available From

S / **SCHLESINGER**
INDUSTRIAL REALTORS SINCE 1890

1373 Broad Street, Clifton, New Jersey 07013
N.J. (201) 473-3400/Out of State (800) 631-8584

Corporate Moves: Region Still Strong

Continued From Page 1

ratt, executive vice president of Schlesinger, a real estate concern in Clifton, N.J. It examined corporate relocations from New York City more broadly than earlier studies, which had focused only on the 500 largest industrial companies. Mr. Barratt considered retailers and utilities, as well as second-rank industrials, and examined how many of the 1,100 largest such companies maintained headquarters in the three-state region.

He found that in 1968, 238 of the 1,100 had had their head offices in New York City and 69 had had headquarters in the suburbs—37 in New Jersey, 10 in Connecticut and 22 in Westchester and on Long Island. By the end of 1978, the study showed, New York City's total will have dropped to 127, while the number in the suburbs will have risen to 129—with 60 in New Jersey, 41 in Connecticut and 28 in Westchester and on the Island.

Over the 10 years, the city will have lost 108 big-company headquarters, and the suburbs will have gained 60. But those figures exaggerate the city's losses and do not fully show the suburban gains.

This is so because some of the companies that have dropped out of the top-1,100 category still are in business and in the region. They no longer show up on the list because their sales may not have grown as much as those of other concerns, or because they may have been merged with other companies.

When these corporations are added to the list, it can be shown that the city's losses amount to 81, the suburbs' gains to 82, and that, for the region as a whole, there is a net gain of one.

The Schlesinger study also found that this year and next year, 27 of the 1,100 largest companies that now have offices in New York City will be moving out. Some of these moves, such as Continental Can's planned relocation to Rowayton, Conn., have been announced. Others were disclosed to Schlesinger in confidential surveys and have not yet been made public.

The continuing hold of this region on companies that move out of New York City is shown by the new headquarters sites chosen by the 27. Only six are moving to distant states. Of the others, nine are coming to New Jersey, seven to Connecticut and five to Westchester.

Mr. Barratt's study also discloses that New York is not the only big city losing major companies to suburban communities. It shows that 20 years ago the six largest cities were the homes of 250 of the 500 largest industrial corporations.

Today the six big cities—New York, Chicago, Pittsburgh, Philadelphia, Boston and Detroit—have only 140 of the 500. Their share of the top 500 has dropped from 50 percent to 28 percent.

Commenting on this trend, Mr. Barratt said: "The search for a better life is not restricted to firms leaving New York City. It is a national sociological phenomenon affecting almost all the larger and older cities, which, to a great extent, are victims of forces they cannot control and will not reverse quickly, if at all."

Though their own suburbs are the major gainers when big-city companies move, the sunbelt states also have been growing as centers for corporate headquarters. In 1970, the states of the South and the Southwest had the head offices of 39 of the largest 500 industrial companies. By last year, their share had grown to 102 of the 500 biggest, or slightly more than 20 percent.

Most of this growth, however, is attributed to the growth of companies and industries indigenous to those regions rather than to relocations. Mr. Barratt, looking at the 1,100 biggest manufacturing, utility and retailing companies, found only 19 in the sunbelt that had previously had headquarters in New York City.

Summing up, Mr. Barratt said: "While other parts of the country are benefiting from the migration of corporate riches so long concentrated in Manhattan, the New York suburbs were gaining almost 70 percent of the move-outs. These companies have left the canyons of the city, [but] their presence is still felt and affects the economy and life style of the area."

There has been much research and speculation on what factors determine where a company goes when it moves. Some have suggested, only half facetiously, that the direction of the move al-

**By 1978, New Jersey
will have 60 new
office headquarters**

ways is toward the chairman's country club. The Schlesinger study found that the principal reason behind most choices was the desire to cut commuting time for executives and other important employees.

This finding was brought out by two surveys done by Mr. Barratt. One, involving 218 major New York companies, sought the views of chief executives on where they wanted their companies to be. The other, covering 188 New York concerns, was designed to find out where their principal executives lived and how much time they spent commuting.

The first survey found that 75 percent of the company chiefs would keep their concerns in the metropolitan region if they moved. Their choices: 30 percent would go to northern New Jersey; 30 percent to Fairfield County in Connecticut; 15 percent to Westchester; none to Long Island, and 25 percent to other parts of the country.

Asked to list their primary criteria for a new head-office site, most chose better and faster transportation for key executives and for the greatest number of present and future employees.

"Objective and subjective responses to our surveys indicate that commuting trauma is the prevailing symptom of the 'executive relocation syndrome,'" Mr. Barratt said.

The second survey found that 80 percent of the principal executives of the companies questioned—chairmen, vice chairmen, presidents and vice presidents—lived outside New York City. New Jersey was home for 26.7 percent of the executives; Connecticut, 17.9 percent; Westchester, 15.7 percent; Long Island, 11.3 percent; the city, 19.7 percent, and other states, 8.7 percent.

The survey found that these men considered that they were spending too much of their time traveling to and from work. The median distance of the one-way trip for the suburban executives was 57.8 miles and took 74 minutes.

To a remarkable degree, the survey found, the leaders of the 118 companies questioned have chosen a select group of communities for their residence. Fifty percent live in only 36 communities.

In New Jersey, the communities favored most by the executives are Chatham, Glen Rock, Madison, Montclair, Morristown, Murray Hill, Princeton, Ridgewood, Rumson, Short Hills, Summit and Westfield.

In Connecticut, they are Cos Cob, Darien, Fairfield, Greenwich, New Caanan, Riverside, Stamford and Westport.

On Long Island, they are Brookville, Huntington, Great Neck, Manhasset, Port Washington and Sands Point.

In Westchester, they are Armonk, Briarcliff, Bronxville, Harrison, Larchmont, Mamaroneck, New Rochelle, Rye, Scarsdale and White Plains.

Other things being equal, the survey indicates that future corporate moves will be not necessarily to these towns, but to sites within easy commuting distance of them.

"The corporation can locate wherever it wants to be, and invariably its new den is close to the homes of its chief and senior executives," Mr. Barratt concluded. ■