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# Factors influencing corporate office relocation

A comparison of three Gothenburg business districts  
Master's thesis in Design and Construction Project Management

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### SUMMARY

The development of a city requires the creation of appealing alternatives to the central business district (CBD). This thesis aims to explore why office-based companies choose to move from one location to another. Based on a literature review of factors that influence the decision of companies to relocate, 13 interviews with rental brokers, property owners and tenants have been conducted. These interviews have been held with managers from companies located in the Gothenburg CBD and two emerging office districts, Masthuggskajen and Gårda. The interviews provide insights into the decision-making process of companies and the practical challenges and considerations involved in a move. Findings indicate that companies may move for primarily three reasons: employer branding, facility improvements and location. The critical factor in the choice of an office is the location, but the definition of a good location varies depending on the company's specific needs and values. The pandemic has affected companies' needs, to prioritize factors such as comfort and services to a higher extent. Thus, the focus on work-life balance is valued among the employees. Furthermore, the study shows that the property owners focus on creating buildings with a "concept" that offers a broad range of services and facilities beyond the traditional office to fulfil the needs of the tenants. Although the companies stated that the cost is a decisive factor when relocating, it is not the most important one. Companies are willing to pay premium rent to get a modern and unique office.

Keywords: CBD alternatives, city development, decision-making process, employer branding, office relocation, remote work, skilled workforce



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Alfred Haraldsson and Erik Håkansson, Gothenburg, June 2023.



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# 1. Introduction

In Gothenburg, the office market consists of approximately forty different office and business districts (Evidens, 2015). Due to the city's rapid growth and development, particularly in its outer areas, there has been an increasing demand for office space as companies seek to establish their presence or relocate to this thriving city. However, relocating an office in Gothenburg can be a complex and time-consuming process, especially with the growing competition for prime office space.

One of the challenges in defining the office market in Gothenburg is specifying its central business district, CBD. The CBD is typically defined as the commercial and financial hub of a city, where there is a concentration of office buildings, retail shops, and other businesses. However, in Gothenburg, it is difficult to specify the exact boundaries of the CBD. Engström (2020) defines the CBD in Gothenburg as the district within the city's moat, hence this definition will be adopted in this study. This district includes popular commercial and retail streets such as Brunnsparken, Kungssportsavenyn, and Östra Hamngatan. However, with the expansion of the city towards the districts of Masthuggskajen and Gårda, a new CBD may be developing, as evidenced by the development of new office spaces in those districts, such as Brick Studios, Våghuset, Kineum and City Gate (Colliers, 2022; Cushman & Wakefield, 2022b). Recently CBD has been developed with the Platinan project and the upcoming project of Kvarteret Johanna, but there is still a trend with companies relocating towards Masthuggskajen and Gårda.

As Gothenburg's outer areas continue to grow, businesses have a variety of choices for their new office location. Whether you are a small business looking for a cost-effective solution or a large corporation seeking premium office space, relocating your office in Gothenburg can be a streamlined and successful process with the right support and resources. Studies have shown that companies often relocate within the nearby districts (Christersson & Culley, 2018).

The pandemic has modified the standards of what an office should be offering. It is becoming increasingly important for an office to have access to services that facilitates the employees' everyday life. Thus, the focus of the study is to investigate which factors drive companies to relocate.

## 1.1. Background

A corporate relocation is an event that can have a substantial impact on employees, companies, and the organization's economy (Christersson & Culley, 2018). While long-distance relocations have been widely studied and discussed, the impacts of short-distance relocations have not been adequately addressed. This is even though short-distance relocations, i.e., relocations taking place within the same geographic district, can have significant impacts on employees and companies. As rents continue to climb in Gothenburg, there is a growing interest among investors in office spaces (Colliers, 2022). This rise in transaction activity and competition between investors has led to a decrease in yield requirements and an increase in property values.

Short-distance relocations can result in changes in means of commuting, loss of workforce, and changes in employee ways of working and productivity. Hanssen (1995) investigated the impact of relocating from a CBD to a suburban district and found that car usage among employees increased from 25% to 41%. According to Greenhalgh (2008), a company that only relocated 6 kilometres lost half of its workforce, which is a factor that also needs to take into consideration. On the other hand, Brown et al. (2010) studied positive employee experiences and satisfaction due to a relocation of an office and identified gains in comfort, productivity, health, and well-being. Additionally, Morgan and Anthony (2008) stated that a short-distance relocation can change employees' ways of working and productivity.

The commercial-property industry is facing a difficult period as tenants adjust to the new reality of remote work. Many companies have recognized that working from home is here to stay and are downsizing their office space accordingly. As a result, vacancy rates have hit record highs in cities around the world, including Hong Kong, London, and Paris (The Economist, 2023). This has been reflected in a sharp decline in global investment in offices, which fell by 42% last year compared to a 28% drop in property investments. A recent study by Gupta et al. (2022) suggests that offices in New York could lose 40% of their value between 2019 and 2029, which is equal to \$453 billion in lost value.

The cooling economy is evident in the office market through a decrease in demand from tenants and an increase in vacancy rates. As the supply of office spaces grows, rent growth becomes subdued and eventually leads to a decline in actual rents (Colliers,

2022). In the third quarter of 2021, Gothenburg’s CBD had a vacancy rate of 5% (Cushman & Wakefield, 2022a). Table 1 presents vacancy rates for 2022, meaning that the vacancy rate in CBD has increased by one percentage point.

Table 1. Vacancy rate and the average rent for districts in Gothenburg city (Cushman & Wakefield, 2022b).

District	The vacancy rate, %	Average rent, SEK/m <sup>2</sup>
CBD	6.0	3,000
Gårda	4.5	2,400
Masthuggskajen	10.0	2,500

At the beginning of 2023, the vacancy rate in CBD had increased to a level of 9.5%, which is the highest point in nearly 20 years (Bahlenberg, 2023). Which is a significant increase from 6% and 5% in the last two years. Despite an inflow of newly constructed office spaces, vacancy rates have increased in both newer and older premises, but at a slightly lower rate in the newer premises due to the high demand for the newly constructed offices.

Christersson and Culley (2018) studied the relocation patterns of Finnish headquarters and found that companies tend to move to locations that are close to their old locations. This suggests that the distance between the old and new location is an important factor in the relocation decision process. According to Christersson and Culley (2018), the mean distance of company relocations was found to be 29.2 km, with the median distance being 4.65 km. The minimum distance recorded was 10 m and the maximum was 1076.5 km. 67.8% of the relocations were within 10 km, while 82.5% were within 25 km. The question remains whether this relocation pattern also can be observed in other cities like Gothenburg, and what factors are central in the decision to stay or leave the district. Understanding these factors can provide valuable insights for both companies and policymakers in shaping the economic landscape of a city.

## 1.2. Problem formulation

The city of Gothenburg is expanding with new establishments in the districts such as Masthuggskajen and Gårda attracting significant attention (Göteborgs Stad, n.d.-a; n.d.-b). However, this growth is also leading to the relocation of offices, which has raised

interest in the driving factors behind this trend. The purpose of this study is to identify and analyse the key factors that are driving the relocation of offices in Gothenburg, with a specific focus on the newly developed districts of Masthuggskajen and Gårda in comparison with today's CBD.

### 1.3. Purpose

The results of this study will provide insights into the underlying motivations and drivers of office relocation in the city, as well as the challenges and opportunities that exist for businesses and city planners in this rapidly changing landscape. By understanding these factors, the city of Gothenburg can make informed decisions about its future development and take steps to ensure that it continues to attract and retain businesses, even as it evolves and expands. The goal of this study is to provide a comprehensive and evidence-based understanding of the factors that are shaping the city's office districts, based on knowledge from rental brokers and property owners in the selected districts. The findings of the study can provide useful insights for companies looking to relocate their offices in Gothenburg and what factors to focus on.

### 1.4. Research questions

- ❖ *What factors influence the decision-making process of office-based companies to relocate to a different district in Gothenburg city?*
- ❖ *What are the differences in office location attributes, accessibility, and services in Gårda, Masthuggskajen, and CBD?*

### 1.5. Limitations

This study has two key limitations. Firstly, the focus of the study is limited to companies with a headcount of at least 20 employees. This means that smaller companies with fewer employees are not included in the scope of the research. This decision was made since the smaller companies with fewer employees could have a personal preference, resulting in findings that do not apply to larger companies. However, the findings in this study could still be relevant to companies with 20 employees or less even though they are not included in this study. Secondly, the study is limited to office-based companies located in Gothenburg city, in the districts of CBD, Gårda, and Masthuggskajen. While these districts are important commercial hubs in the

city, the study does not consider other districts of Gothenburg or companies located outside of the city.

It is important to understand these limitations as they might affect the results and conclusions drawn from the study. However, the focus on companies with a headcount of at least 20 employees provides valuable insights into the relocation experiences and challenges faced by mid-sized to large companies in Gothenburg. Similarly, the focus on the districts of CBD, Gårda, and Masthuggskajen provides a detailed understanding of the office relocation market in these key commercial hubs in the city.

## 2. Literature review

In the following chapter, theories will be presented which will be used to generate interview questions and for comparison with the empirical results.

### 2.1. Location

The location of a company's office is a critical factor that can have a significant impact on its success. As businesses grow and expand the need to relocate their offices increases. Thus, it could lead to the advantage of new opportunities or address specific needs for the company. The decision to relocate an office involves a complex set of factors including the cost of the move, the availability of suitable office space, and the potential impact on employees and customers. However, one of the most important factors that companies must consider when relocating is the location itself. Previous research has identified the importance of office location for office communications and productivity (Goddard, 1971). In addition, Ihlandfeld and Raper (1990) state that the location of a business affects everything from the company's brand identity and visibility to the cost of doing business and the availability of skilled labour.

#### 2.1.1. Prime location

The office-location model is a theoretical framework used by Dunning and Norman (1987). This model aims to explain the decision-making process of international companies when choosing the location to establish their overseas offices. The model considers the main motives that drive these companies to establish offices abroad. Motives such as market size and the need for a personal presence to understand the choice of location. The model is based on the premise that different international companies have different reasons for establishing overseas offices and that these reasons drive their choice of location. For instance, a company looking to enter a new market will consider the size of that market as an important factor in determining the location of its office. On the other hand, a company seeking to have a physical presence in a specific region will consider factors such as the availability of travel and communications facilities, labour, and support services.

According to Hu et al. (2008), factors such as availability of materials, transportation options, and high-tech support play a key role in firms' relocation decisions, while internal factors such as sales and employment do not play a significant role.

Distinguishable differences were found between the factors that explain past and future decisions, with local supply of skilled labour, local tax structures, and lower relative labour costs being influential in future decisions but not in past behaviour.

Knoben et al. (2011) describe how the impact of external resources on firm relocation decisions may vary. The study presents a mechanism that explains why relocations at varying distances can have different effects on firm performance. Furthermore, it highlights how location dynamics can be leveraged by firms to gain access to resources that can result in a competitive advantage. Note that not all forms of agglomeration are viewed favourably by firms, as some tend to avoid regions with high localization levels.

When selecting locations for offices, companies often prioritize prime locations. This is because these locations offer several benefits, such as easy access to customers, suppliers, and employees. The prime location also has a high level of visibility and prestige which can enhance a company's brand image and reputation (Barovick & Steele, 2001). The authors also emphasize that the prime location can provide a higher level of security as they are often located in districts with lower crime rates. The prime location is also providing companies with a competitive advantage, as they can attract top talent and establish their presence in a desirable location. However, the prime location also comes with a premium cost which can be a significant but necessary expense. Gunnelin and Söderberg (2003) investigate the relationship between location and cost in the office rental market in Stockholm. They suggest that location is a significant determinant of rental costs, with offices located in prime locations commanding higher rents. Further on, they argue that the prime location and the premium rent reflect the positive externalities associated with being located in a desirable district, such as access to service and transportation infrastructure.

The value of the location is also discussed by Hoendervanger (2017), who investigated the implementation of activity-based work in a Dutch company. The company moved to a prime location in Groningen, Netherlands, to attract and retain talent. The implementation of an activity-based working method enhanced the company to improve collaboration and communication between the employees. Additionally, it enabled them to reduce their office space requirements by 40%. The new prime location also provided easy access to public transportation, restaurants, and other amenities, which made it an attractive workplace for employees. The prime location provided a

modern and professional image that aligned with the company's values and goals, enhancing the company's brand recognition.

### 2.1.2. Relocation distances

Brouwer et al. (2004) identify four main factors that can influence a firm's relocation decision. These are cost, market access, human capital, and infrastructure. Cost includes the initial costs of relocation as well as the long-term costs associated with the new location. Market access refers to the company's ability to access markets and customers in the new location. Human capital relates to the availability of skilled labour in the district, and infrastructure refers to the physical infrastructure in the district that can support the company's operations.

Rau et al. (2019) observed that relocations resulted in increased car usage among employees. The study shows that companies who consider relocating need to bear in mind the everyday mobility practices of their employees, as ignoring these needs could lead to economic, social, and environmental costs. The economic costs include loss of productivity due to disruptions in employees' daily commutes and reductions in their satisfaction levels. This could harm the overall performance of the company. The social costs may include changes in the employees' personal lives due to the relocation of the office, such as the need to invest in a car. The environmental costs may include increased traffic and air pollution because of the increased car usage.

Weterings and Knobben (2012) argue that short-distance relocations within municipalities and labour market regions are mainly driven by growth. The need to accommodate the firm's growth is a primary motivating factor for such relocations. In contrast, longer-distance relocations are more strongly influenced by regional conditions, as firms seeking to relocate over long distances tend to be motivated by opportunities in other regions. This conclusion contradicts the existing notion that fast growth leads to high mobility and that the relationship between growth and relocation is different for short versus long distance relocations. The study's findings also contribute to the debate on whether firms prefer or dislike regions with a higher spatial concentration of firms or innovative firms. Specialization and urbanization act as "keep factors", meaning that firms located in regions with a higher concentration of firms in the same or related industries are less likely to move to other regions. However, higher

levels of innovation function as a “push factor” for firms seeking to relocate over longer distances.

## 2.2. Premises

When considering relocating, companies need to consider various factors to ensure that the new premises meet their requirements. Two essential aspects to consider are the services and amenities offered by the building and the adaptability of the premises to meet the tenants’ specific needs.

### 2.2.1. Services

Abel (1994) discusses the essential criteria for companies to consider when relocating their offices. Proximity to major road networks, a modern and prestigious building, good car parking, flexible space at the right price, and a comfortable and secure working environment are the key factors in choosing new premises.

The design and management of the workplace can also reflect its service aspects. Nenonen and Lindahl (2017) propose that the Nordic workplace concept highlights the significance of establishing a productive and comfortable work environment that accommodates the employees' requirements. To achieve this, it is essential to provide various amenities such as gym facilities, healthy food options, and opportunities for socializing. Additionally, the Nordic workplace concept is evolving by shifting its emphasis from regarding the office as a city to regarding the city as an office. This implies a more substantial integration of the workplace into the neighbouring community by offering access to services such as childcare, health care, and transportation. This helps to enhance the work-life balance of employees.

When a corporation relocated from the CBD, a case study done in Oslo showed a notable change in travel habits (Hanssen, 1995). Despite the suburban location being well-served by public transportation, interviews with employees done before and after the transfer showed that car usage grew from 25% to 41% while public transportation utilisation declined from 61% in the inner-city location to 46% there. The proportion of public transport passengers who had to make one or more transfers on their way to work jumped from 8% to 28%.

### 2.2.2. Office design

In addition to the services, the need for office space that can be adapted to the occupier's specifications is mentioned by Abel (1994). The author also suggests that environmental concerns are becoming increasingly important when choosing premises. Creating a sustainable and eco-friendly workspace is necessary when promoting a healthy indoor environment. The energy-efficient premises is reducing the negative impact on the building, leading to a minimized effect on the global environment as well.

The study by Kim and de Dear (2013) explored how open-plan office layouts affect satisfaction at work. Although these layouts are thought to foster communication and teamwork, they also come with downsides such as excessive noise and compromised privacy. Analysing data from the Centre for the Built Environment (CBE) survey, the researchers found that occupants evaluated Indoor Environmental Quality (IEQ) differently based on the degree of enclosure in their workspace. Enclosed private offices outperformed open-plan layouts in areas like acoustics and privacy.

The consequences of a specific layout within an organisational or work culture environment are complex and rely on several elements. As a result, layouts should not be regarded as a single design variable that completely determines the outcomes of an optimisation problem (Couch & Messimer, 2022). Rather, the outcomes are a product of several variables at work, whether rooted in organisational culture or ingrained in regional preferences. To determine the most effective layout for a specific organisation or culture, it is critical to establish a link between the preferences of a given time, the practices contained within the domain of these preferences, and the resulting reactions from the implementation and utilisation of these practices.

Three main characteristics of the open office plan are high space utilisation; high universality for the workstation; and a significant emphasis on public spaces. This leads to increasing the ratio of communal space to personal space, stimulates organic team development, reduces clutter, and places a strong emphasis on communal spaces. The open office layout aims to group personal spaces (Couch & Messimer, 2022).

### 2.2.3. Remote work

Olson (1983) claimed that remote office work had the potential to reduce the need for physical office space as it allows employees to work from home or other remote locations. This could have implications for the location decisions of firms when relocating their offices. While the article is quite old, the ideas presented by the author are still relevant today, especially considering the recent shift towards remote work caused by the COVID-19 pandemic. The pandemic has further accelerated the trend towards remote work and has made it even more pressing for firms to rethink their approach to office space.

Ramani and Bloom (2021) present how the COVID-19 pandemic has caused significant changes in work and economic activity. The study found evidence of the "donut effect" in migration patterns and real estate markets in the US, with 9% of the population and 16% of business establishments moving out of the centres of large cities to the suburbs, leading to a 20% price growth divergence from city centres. This effect is primarily seen in the largest metros, with little evidence in smaller metros. Although Gothenburg in comparison to cities in the US is a smaller city, the effect is still relevant here since it is the second largest city in Sweden and therefore probably could result in the same patterns. Furthermore, this study concludes that hybrid remote work is more common, leading to workers staying closer to their place of work than full-time remote workers tend to do. This could lead to persistent movement of tax revenues and high-wage workers to the suburbs, reducing demand for public transportation, and potentially making cities more liveable.

Before the pandemic, companies fiercely competed for prime offices in major urban centres and focused on solutions that were thought to promote collaboration, such as open-office and co-working (Boland et al., 2020). This new experience allows employees to find more productive ways to spend their time, and many have discovered greater flexibility in balancing their personal and professional lives. As a result, many organizations are rethinking their approach to work and considering ways to access new talent pools with fewer locational constraints and reduce real-estate costs.

Organizations and individual employees have different preferences and needs. While some have thrived in the remote work environment, others have struggled to adjust.

Virtual collaboration has worked well in some cases, but not in others. The shift to remote work has challenged traditional assumptions about the role of offices and is likely to continue to evolve in the future (Boland et al., 2020).

### 2.3. Cost

Brouwer et al. (2004) emphasize that firms are more likely to relocate to districts where they can access a larger pool of skilled labour, have better access to infrastructure and services, and enjoy a lower tax burden. These findings suggest that factors such as access to human capital and the regulatory environment of the location play a significant role in the decision to relocate.

According to Christersson and Rothe (2012), factors that drive organizations to relocate can be categorized into three main areas: costs, benefits, and externalities. The decision to relocate is influenced by a complex interplay of these factors, and organizations must carefully consider the economic impacts before deciding to move. In terms of costs, organizations may incur expenses related to the physical move, such as transportation and installation of equipment, lease termination fees, and other costs related to closing the current office. Additionally, there may be costs associated with training employees on the new location and systems, providing temporary housing, and other expenses related to the transition. These costs can be substantial and may negatively impact the company's bottom line in the short term.

On the beneficial side, organizations may experience increased efficiency and productivity because of the relocation (Christersson & Rothe, 2012). This can occur through the consolidation of operations, better access to markets and resources, or other advantages provided by the new location. For example, relocating to a more central location can improve the accessibility of the office for both employees and clients, leading to increased productivity and revenue.

In addition to the cost and benefits factors, externalities also play a role in the decision to relocate. Externalities refer to the broader economic impacts that may result from the relocation. According to Christersson and Rothe (2012), these can include the creation or loss of jobs, changes in local property values, and other impacts on the surrounding community.

## 2.4. Company

The decision to relocate a company's office involves a complex process influenced by several factors. Employer branding, the size of the firm, and remote work are some of the important factors that can affect the decision to relocate a company's office. Effective employer branding helps organizations attract and retain top talent by creating a positive image of the company as an employer, while the size of the company influences the decision to relocate based on sunk costs and acquisition activities.

### 2.4.1. Employer branding

Employer branding can be an essential aspect of a company's overall branding strategy (Backhaus & Tikoo, 2004). It involves creating a positive and attractive image of the organization as an employer, which helps the company attract and retain top talent. Additionally, it enhances the company's reputation and standing in the industry, making it a desirable partner for other organizations. As noted by Backhaus and Tikoo (2004), managers have recognized the value of employer branding in a competitive job market. Companies with a strong employer brand are better equipped to attract and retain talented employees.

A move can be challenging for organizations when it comes to attracting and retaining competent employees in the new location. As explained by Foster et al. (2010), employer branding is an indispensable tool that helps organizations attract and retain top talent by creating a positive image of the organization as an employer. This process involves promoting the company's values, culture, and benefits to both existing and potential employees. Wilsak (2014) argues that effective employer branding can help organizations differentiate themselves from their competitors and attract highly skilled workers who share their values and beliefs.

The office is a symbol of the company's image and status in the industry (Wilsak, 2014). It reflects the company's culture, values, and identity. Therefore, relocating an office can have a significant impact on the organization's overall branding strategy. Organizations are advised to communicate effectively with their employees when relocating to a new location. This can be done by utilizing employer branding strategies to create a positive image of the company and its culture, values, and benefits. This

helps employees to understand and accept the move, reducing any negative impact on their morale.

The COVID-19 pandemic has disrupted traditional recruitment methods and has highlighted the importance of employer branding in attracting and retaining top talent. As remote work has become more prevalent, organizations have had to adapt their employer branding strategies to communicate their culture and values to employees working from home. According to Nelke (2021), effective employer branding is even more critical in the current business environment. Organizations must adapt their employer branding strategies to communicate their culture and values to both existing and potential employees, regardless of their location.

#### 2.4.2. Size

The firm relocation decision is a complex process that is influenced by various factors such as internal factors (e.g., size of the firm), external factors (e.g., market size), and location factors (e.g., region). According to Brouwer et al. (2004), a thorough understanding of these factors is essential to inform and contribute to regional policy guidance and has wider implications in regional planning policy. They also investigate the effect of the factors on the decision to relocate by analysing data on firms' relocation behaviour in 21 mainly European countries between 1997 and 1999. The authors also found that acquisition and take-over are the main reasons for firm relocation. Larger firms are less likely to relocate as they incur higher sunk costs, and firms that have been involved in a merger or an acquisition activity are much more likely to relocate than other firms. Location factors such as market size and region of location also play a role in the decision to relocate. Brouwer et al. (2004) argue that firms that serve larger markets are more likely to relocate and firms settled in North Europe have higher chances of relocation, than firms located in South Europe.

According to Greenhalgh (2008), the behaviour of small and large firms in the relocation decision-making process can be differentiated. Small firms tend to prioritize proximity to customers, while large firms consider access to infrastructure, transportation, and suppliers. The decision-making process differs in companies depending on the size when it comes to relocation. In small firms, the decision is often made by the business owner.

### 3. Methodology

In the following chapter, the research design, data collection methods and the data analysis procedures used in the study will be presented. The chapter will address criticisms of the study, including validity, reliability, and ethical aspects.

#### 3.1. Research design

The study adopted a qualitative research design, using in-depth interviews as the main method of data collection. Bell et al. (2019) stated that this structure creates opportunities to obtain opinions, perceptions, and other subjective aspects from the respondents. The study followed a semi-structured approach qualitatively to achieve a saturated result. The data was collected through 13 interviews with tenants, property owners, and office brokers. Hence it creates an opportunity to retain a broad perspective on the driving forces. Furthermore, a questionnaire survey was not selected in the interview study due to the authors wanted to give the interviewee room to elaborate on the topic. This contributed to a conversation and a more relaxed situation and gain information that would be thought to retrieve from a survey. A quantitative study also was feared to result in a low response rate. Even though some sources in the literature study are written in the 20<sup>th</sup> century it is still relevant for the research. Some concepts in the literature study regarding office relocation have not changed throughout the years.

#### 3.2. Selection of participants

The focus of the thesis is to study relocation in Gothenburg city. The interview study included three groups of participants: tenants, rental brokers, and property owners. The tenants were included in the study to provide insights from their experiences and perspectives when relocating and therefore was the largest category in terms of interviewees. The inclusion of property owners is important due to their motivations and decision-making processes regarding rental properties. The property owners are also key stakeholders in the rental market and an important part to include in the study. The rental brokers provided insights on the driving forces from their perspective and illustrated a different point of view compared to the tenants and property owners. The following process describes the selection of tenants for the study.

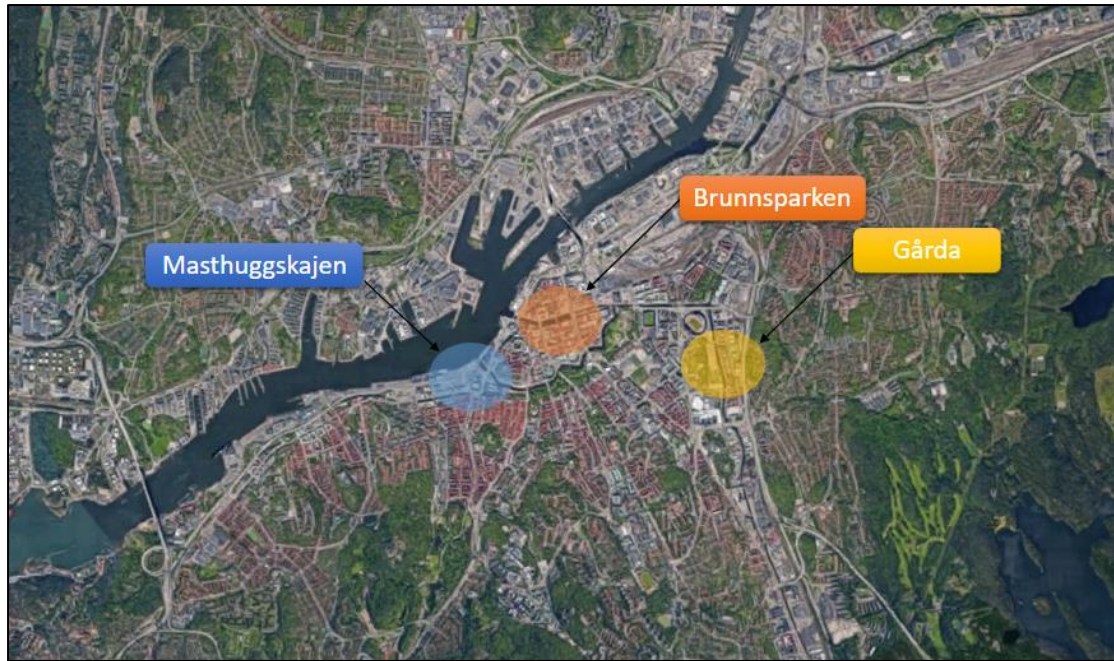


Figure 1. Gothenburg city with the focus districts highlighted.

The first step was to identify the population of interest, which in this case was all companies located in the regions of Brunnsparcken (the original CBD), Gårda, and Masthuggskajen, according to Figure 1. This was done by using public information from Google to find companies located in the selected districts. Elof Hansson Properties also provided contact information about their tenants. Finally, the companies that met these criteria were compiled into a list of 21 companies. Further on, to be included in the list, companies had to meet the following criteria: (a) be located in Gothenburg city, (b) have at least 20 employees, and (c) show willingness to participate in the study. From the list of companies, a random sampling technique was used to select a subset of companies to participate in the study. This was done by assigning a number to each company in the list and using a random number generator to select the sample.

Table 2. Responding companies in the survey and their location in Gothenburg city.

Participant	Location	Group
B1	Brunnsparken	Tenant
B2	Brunnsparken	Tenant
G1	Gårda	Tenant
G2	Gårda	Tenant
M1	Masthuggskajen	Tenant
M2	Masthuggskajen	Tenant
M3	Masthuggskajen	Tenant
PO1	-	Property Owner
PO2	-	Property Owner
PO3	-	Property Owner
RB1	-	Rental Broker
RB2	-	Rental Broker
RB3	-	Rental Broker

Three companies that relocated from CBD to Masthuggskajen were identified as potential participants for the interview study. However, despite repeated attempts to contact them, these companies declined to participate in the study. As a result, the data collection for the study was based solely on the responses of the participating tenants, rental brokers, and owners in Masthuggskajen, Gårda, and CBD districts. Although the lack of participation from these companies may limit the generalizability of the findings, the data gathered from the participating groups still provided valuable insights into the factors influencing office relocation decisions in these districts.

The selection of rental brokers and property owners differed from the selection of tenants. For the selection of rental brokers, the person had to be operating in Gothenburg. From a list of ten brokers operating in the Gothenburg region, three brokers were randomly selected. The same procedure was applied to the property owners as well. However, they also had to fulfil the requirement of owning properties in the selected district.

The randomly selected companies were contacted by email or phone to explain the purpose of the study, the selection process, and the potential benefits of participation. Companies that expressed interest were provided with further details about the study,

including the research questions and the expected time commitment of 30 minutes. The final sample of companies that agreed to participate in the study and met the criteria was a total of 13 companies, including seven tenants, three rental brokers, and three property owners.

### 3.3. Data collection

The in-depth interviews were conducted during the spring of 2023 with each participant to gather detailed information about their experiences and perspectives. The semi-structured interview guide, see Appendix A, was constructed based on the theories from the literature review. The interviews were set to be approximately 30 minutes and were conducted over Zoom and Microsoft Teams, and supplementary questions were sent via email after the interviews if needed.

### 3.4. Data analysis

Thematic analysis is a widely used method for analysing qualitative data that involves the identification and exploration of patterns or themes within the data. According to Bell et al. (2019), thematic analysis is a flexible and adaptable method that can be used to analyse a wide range of qualitative data, including interviews, focus groups, and other types of textual data. The thematic analysis involves a systematic process of identifying patterns within the data, which can be used to generate insights and understanding about the research question. One of the key principles of thematic analysis is an inductive approach to data analysis. This means that the analysis is grounded in the data itself rather than being guided by preconceived categories or theories. As explained by Bell et al. (2019), this allows the researcher to discover patterns and themes that may not have been anticipated at the outset of the research. Thematic analysis is also concerned with understanding the context in which the data was produced, considering the social, cultural, and historical factors that may have influenced the production of the data.

The process of conducting a thematic analysis typically involves several steps, as outlined by Kiger and Varpio (2020). These steps include data preparation, familiarization with the data, theme development, review and refinement, and data interpretation. The data should be read and re-read to gain a deeper understanding of the content and to identify potential themes or patterns that may emerge from the data.

The next step is to code the data, which involves identifying and labelling segments of text that are relevant to the research question. This was done by colour labelling and categorizing the most central answers of the study. Once codes had been identified, themes could be developed, which are broader patterns or categories that emerge from the codes.

### 3.5. Validity and reliability

Since the interviews were conducted in Swedish the entire interview study had to be translated into English before starting with the coding and analysing. This leaves room for misreading and misunderstanding. Thus, to ensure the quality of the translations both authors participated in all interviews and double-checked the translations of the transcriptions. The study is conducted with mid-sized to large companies in Gothenburg, the result may not be suited for companies outside this frame. However, the three different categories of respondents strengthen the validation of the study.

To ensure the reliability of the data the same set of questions was asked to all participants in the same category, see Appendix A. Further on, the data was analysed using a thematic approach to guarantee that the data were analysed consistently and transparently.

Recruiting companies to participate in the study was challenging due to concerns about confidentiality and reputation. However, to ensure confidentiality, respondents were guaranteed anonymity. Despite these efforts, twelve companies declined participation, resulting in findings that may not fully represent the experiences of all companies. Recruiting tenants proved more difficult than recruiting rental brokers and owners. As a result, the sample of companies included in the study may not be fully representative of the broader population of companies affected by the issue being explored.

Nevertheless, the researcher believes that the insights gained from participating companies provide valuable contributions to the body of knowledge on the topic. It is important to acknowledge these potential limitations to the study's generalizability, but it is equally important to recognize that the study's findings are based on the experiences of those who did participate and can still be informative in understanding the phenomenon under investigation.

### 3.6. Ethical aspects

The study utilized anonymous interviews as a method to protect the identity of the participants and ensure their confidentiality. This was an important aspect of ethical research practice, as it addressed several key concerns. Anonymous interviews can reduce social desirability bias, as participants are more likely to be truthful and provide honest answers without fear of being identified (Bryman & Bell, 2017). They can also increase participant comfort and willingness to participate, as well as ensure participant safety by protecting sensitive or confidential information. Furthermore, anonymous interviews can help ensure that the findings are based on accurate and trustworthy data, which is critical for the validity and reliability of the study. Overall, the use of anonymous interviews was an important aspect of the study, as it helped to protect the rights and confidentiality of participants and to ensure that the findings were based on accurate and trustworthy data.

Since the study is done in collaboration with Elof Hansson Properties it has been important to show transparency towards the interviewees by explaining the purpose of the study and mentioning that Elof Hansson Properties is involved since some of the interviewees may be competitors.

## 4. Empirical results

This chapter presents the findings from the interview study conducted with the 13 participants, presented in Table 2, to understand the value of various factors in their decision-making process when choosing an office location. The interviewees were categorised into three groups: tenants, property owners, and rental brokers.

### 4.1. Location

The location is a crucial factor that was mentioned by all the respondents. Several interviewees implied that the location is the single most crucial factor when deciding where to relocate. When asked the question “What were the three most prioritized factors when relocating?” many respondents answered “location, location, and location”. However, all three rental brokers state that the definition of good locations depends on the type of company and what sector they are operating in.

#### 4.1.1. Prime location

The location of the office is an essential factor when relocating and the districts in Gothenburg have their advantages and disadvantages. Districts around Masthuggskajen are close to the public transportation system with only a couple of metres to the tram and busses, while Gårda has a little further distance from public transportation. On the other hand, Gårda is closer to the airport and easily accessible by car due to its location close to the highway.

The company employing M2 recently moved within Masthuggskajen which was a choice based on several factors. They valued the proximity to lunch restaurants in the district and the possibility of easily getting there by bike, car, or public transportation. Another factor that affected the decision was the location of the employees’ homes. Most of the employees is living in the western part of the city hence making Masthuggskajen a great location for their office. However, the idea of leaving the city centre to be even closer to the employees’ homes was not on the table. The rent is significantly lower outside the city centre, but it would be more difficult to set up physical meetings with clients as well as lose the connection to the facilities that the city centre offers according to M2.

RB1 and RB2 believe that the next generation, generation Z, will be more attracted to the district of Masthuggskajen than the current CBD. RB1 stated, “We can see tendencies on the market that the youth to a greater extent values the closeness to city life”. While seniors value comfort factors such as accessibility by car and closeness to their homes to a larger extent. Both RB1 and RB2 stated that companies want to attract youths and new graduates, thus the CBD is expanding and drifting towards Masthuggskajen.

Respondent G2 highlighted that the closeness to customers and municipal properties was a key factor in their decision process. Hence, it would streamline their everyday work. Gårda is a strategically located district in the eastern part of the city. PO3 also mentions that the location was highly prioritized and that the most important aspect in the choice of location was the distance to Landvetter Airport. This factor was strengthened by G2 who emphasised that they had a couple of requirements that needed to be fulfilled in their new office and one of them was the accessibility to the airport in a reasonable time.

#### 4.1.2. Relocation distances

Some of the interviewees answered that the relocation took place in the proximity of their old offices. RB2 described how it used to be said that companies always move within the same block as their previous office was located. The situation in Gothenburg with new office buildings at Gårda and Masthuggskajen has bucked the trend according to RB2. The relocation distances varied a lot for M3 since they merged their previous offices into one. B1, B2, and M2 expressed that they wanted to stay within the same geographical area since they were familiar with the district. However, this was not the case for M3.

Other examples of companies that did not move within the same district were G1 and G2. The relocation of G1 and G2 was due to the growth of their business. Since the proximity to customers was not a decisive factor for G2, the relocation meant they moved to another district of the city. M2 strengthens the myth about companies choosing an office in proximity to their old office. M2 mentioned another aspect as to why the relocation distance was short. According to them, many of the employees lived close to their old office which meant that the possibility to change office but remain in

the same district was preferable. Another company that also valued its old location highly was B1. This was not because of the proximity to customers or employees living nearby, but because their business model is highly dependent on accessibility to public transportation. B2 stated in line with B1, that the proximity to public transportation and the closeness to the station was the most important decision when relocating, meaning the relocation distances were not that far. None of the respondents implied that their previous location was bad or decisive in their relocation decision.

## 4.2. Premises

Proximity to public transportation and services are important factors for offices. Having access to public transportation allows employees to easily commute to work and can help attract talent from a wider district. It was made clear from the interviews that adaptable office space could also help attract and retain employees, as they can feel that their needs are being considered and their workspace can be tailored to their work style. Multiple new offices in Gothenburg have put new demands on what the premises should offer.

### 4.2.1. Services

All the respondents stated that service in the office is important in the decision process. However, the preferable factors vary depending on the company and its operating sector. The property owners agreed that they want to create a “concept” instead of a traditional office, meaning that the concept should follow a theme and include several services making it comfortable and luxurious for the tenants and their employees.

According to M1, the proximity to activities and restaurants was essential for the employees hence it is a way to attract the employees back to the office instead of working from home. The property owners' ambition of creating a concept around the newly constructed building, was also decisive. B1 on the other hand focused more on the location of the office. The company wished to be located at the centre of the city, both for transportation opportunities and proximity to customers, but also to advertise themselves. Apart from the proximity to public transportation, the company employing M1 prioritises the value of proximity to greenspaces and restaurants. According to B1, the definition of a good location is also dependent on the employee's private life situation. The senior employees tend to demand parking spots, with the possibility to

charge their electric vehicle during work hours, while the junior employees are more likely to value the closeness to city life.

Proximity to public transportation, accessibility by car and possible to ride your bike to work are factors highly valued by the tenants. M2 stated that there should not be obstacles with travelling to the office since it would lead people to work from home. Thus, the company employing M2 has chosen a location that is close to public transportation and easy to reach by car. All the respondents mentioned that accessibility was in their top three most prioritized factors when choosing where to relocate. Five out of seven tenants also mentioned that the proximity to public transportation was as valuable as accessibility by car, while two others valued accessibility by car higher.

Masthuggskajen is a strategically located district from many perspectives according to the property owners. It is close to Haga station, in the Västlänken new underground railway system under construction, and it is well integrated with the tram system. PO1 also indicates that a garage is accessible both for cars and bicycles adjacent to their buildings. Moreover, the municipality also planned to construct a cableway between Masthuggskajen and Lindholmen to connect the districts across the river, according to PO1. The project was later withdrawn but the districts will still be connected through ferries. However, none of the tenants in Masthuggskajen mentioned that the closure of the cableway affected their choice of location.

Gårda is also a strategically located area in another perspective. The fact that the district is close to the highway and closer to the airport enables easier commuting to meet up with international clients. However, all three of the rental brokers are sceptical towards the public transportation around Gårda. They indicate the district is not as well integrated into the tram system nor the bus routes as the districts of Brunnsparcken and Masthuggskajen. On the other hand, both PO2 and PO3 say that a new bus route will be introduced to the district in the coming years, financed by the stakeholders of the district's newly constructed buildings, implying that it will be easier to commute by public transportation to Gårda in the future. Furthermore, the current lack of public transportation has not affected the rental of the newly constructed buildings. PO3 indicated that they have not seen any tendencies of companies to choose other districts over theirs because of this but highlights the upcoming bus route and that the district is well integrated into the highway system, enabling communication by car instead. M1

and M3 emphasized that they considered a move to Gårda, but that the current public transportation network was one of the decisive factors that they chose Masthuggskajen instead. M2 never considered a move to another district since they were satisfied with their current location and the proximity to restaurants and nature.

B1 stated that they value the proximity to the central station only a couple of hundred metres from their office. B2 also stress the weight of closeness to the central station and so it is part of their strategic plan to easily meet up with clients. Also, the implementation of Västlänken will not affect the preferable choice of location among the respondents located at Brunnsparken.

#### 4.2.2. Office design

A perspective mentioned by PO1 is the possibility for companies to design their office layouts since the building is newly constructed. PO3 makes a point of how new buildings attract companies that prioritize having top modern facilities to please their employees, but also to reflect what kind of company they are.

M2 did not relocate to show an image of being an attractive employer. M2 emphasized that their relocation was heavily due to the possibility to design their office landscape. Their new office is in a new building which facilitated this process. M1, who is located in the same district, highlighted the importance of the possibility of designing their own office from scratch. Choosing the colour of the walls and designing their office for social interaction was something that M1 liked, but it was also clear that this was more of a bonus rather than a demand. Another person who pointed out the significance of being able to adapt the office according to their needs was G2. Their business requires quiet meeting rooms which was a challenge to achieve in their former offices since the buildings were very old. G2 also made it clear that their new office did not need to be newly constructed, but it was the best option available when they looked at offices supporting their business.

#### 4.2.3. Remote work

The pandemic has affected the need for office space. Six out of seven tenants stated that the employees at their company work from home at least once a week. Therefore, companies have transformed the design of their office spaces from traditional separate-room offices to activity-based offices. Since the whole workforce is not present at the

office at the same time, it eliminates the need for desks for the entire workforce. RB3 thinks that the pandemic has put new demands on what the employees want from an office. The opportunity of working remotely means that companies will have to find new ways to attract employees to the office. RB3 emphasized the significance of chatting with colleagues in real life since these types of small talk often are the start of new business ideas. RB1 also agreed with the idea that it does often require something more than just an ordinary office these days. The possibility of having a gym or other services in proximity to the office can enhance the likelihood of employees coming into the office. PO3 spoke about how companies handled the introduction of remote work, as an effect of the pandemic, differently. In general, PO3 thinks that companies ask for less office space post the pandemic, but it is also caused by economic factors since new buildings tend to have higher rent.

A post-pandemic effect is a higher demand for remote work. M1 described how it is common that new potential employees ask about the possibility of working remotely. M1 also pointed out that they do not have any regulations about how many times a week they want the employee to attend the office. Instead, they focus on having an attractive office so that the employees actively choose to not work remotely. The office habits have not changed for all the interviewed companies. According to M2, the opened doors for remote work have not influenced their decision-making in terms of what office they wanted. G2 stated that remote work did not influence their choice of office since their workforce often is at the office. Other factors were of higher significance for them to take into consideration.

B2, on the other hand, explained that the COVID-19 pandemic has significantly impacted their company's view on office spaces. Their focus has always been on securing prime office space. However, as remote work has proven effective for many of their employees, the need for physical offices has decreased and the company is now more willing to relocate to a smaller office. Yet, they still value the proximity to the city centre and the facilities it offers since it also provided access to new talent pools. This shift has allowed a more flexible approach to work, increasing productivity while promoting a better work-life balance for their employees.

### 4.3. Cost

The relocation of the company employing G1 led to an increase in rent per square metre. The company was previously divided into three separate offices, so the opportunity to merge the business into one office was a key factor. RB1 mentioned that a significant difference between new offices and older ones is the ventilation. New offices have superior ventilation which makes it possible to have more people sitting closer. Thus, although the rent in the new offices is higher per square metre, the total rental fee might not have to be higher since the employees can sit closer to each other and the premises still fulfil the requirements for an indoor climate. The company employing M1 recently moved to Masthuggskajen and tells that the rent in the new location is significantly higher. However, this decision is motivated since the company will look like a modern and attractive employee and thus attract new competence and talents. M1 also said that the status of the office affects how others look at the company. For instance, a company with a modern office with good facilities in an attractive location not only attracts employees but shows that this is a company on the rise and doing well. Thus, making the higher rent more reasonable for the company.

All tenants stated that their rent had increased since their move to the new location and five out of the seven tenants have moved to a newly constructed building. M3 said that they would increase their rent regardless of if they stayed in their current office or if they relocated. However, the company employing M3 was also about to merge their offices in Gothenburg into one, making the increased rent more defensible since the rent per employee would decrease. Also, even though the rent increased in all cases the higher rent resulted in added value among the employees and higher motivation.

Respondent G2 stated that although the rent is higher in a newly constructed office they needed premises appropriate for their business which motivated a higher cost. Both rental brokers agreed that the cost has increased in recent years and that the cost and location are the two most important factors when relocating. Moreover, RB1 described that some companies post the pandemic are struggling to attract employees back to the office. Therefore, they needed to offer more comfortable and modern facilities, and increased rent was inevitable for the company.

#### 4.4. Company

In the following section, the results from the interview study will be presented from a company perspective. The section is divided into two parts: employer branding and size.

##### 4.4.1. Employer branding

Employer branding is a significant factor for all tenants. The tenants stated that they want a location that reflects their brand and image. G2 said, “We are located at the top floor of the building since it aligns with the company’s direction and ambitions”. Also, the geographical location of the building was of less significance since they wanted to strengthen their status and image towards their competitors. Furthermore, the company also believes that the location and the facilities of the building will be a dealbreaker in attracting competence. PO1 emphasized that to attract tomorrow’s workforce and talents, companies focus on having offices located centrally so that cars are not needed to get to the office. PO1 believed that this is a strategy used by the companies at the forefront of recruiting talents. RB2 believed that a significant factor when choosing a new office is to create “some kind of buzz” for the employees, e.g., a rooftop terrace or a beautiful view. RB2 also mentioned an example of a big company in Gothenburg that is bound to change office in the future to a climate-neutral building. According to RB2, this is a way of showing what type of company they want to be and that it will reflect their goals and ambitions. The rental broker RB1, said

*The location may differ a lot in importance depending on what type of company it is. If, let us say for example, Spotify would set up an office in Gothenburg the location would be of the highest importance since they would want to attract competence.*

Interviewee M3 explained that the company did not relocate for the sake of being an appealing employer and attracting competence, it was more of an additional benefit. M3 underlined how the new office should be seen as a venue for meetings in the future internally, but also for customers and new potential workers. Neither M2 relocated to show an image of being an attractive employer.

Moreover, RB3 stated that they have been involved in relocating processes where companies value the sustainability of the office as the most important factor, since it is

a current issue and will be beneficial for the company over a long time. Furthermore, RB3 also emphasizes that companies could have it stated in their vision and aims, meaning that the stakeholder's in the company wants them to fulfil these criteria when relocating since it promotes the company in a good way.

#### 4.4.2. Size

The size of the company emerged as a significant factor influencing the need for office premises, as revealed by the responses from the tenants. Five out of seven tenants stated that they had outgrown their previous office space and required an upgrade in terms of space. This finding indicates that as companies grow, their office space requirements tend to increase as well. For instance, respondent M1 mentioned, "We outgrew our previous coworking space and needed to find an office to accommodate all of our employees". Respondent M2 confirmed this sentiment, stating, "As our team expanded, we needed a larger office space to provide a comfortable working environment and more suitable for our business."

Additionally, two companies, G1 and M3, reported that the relocation was driven by a reorganization of their offices in Gothenburg to consolidate all their offices into one location. This consolidation resulted in an increased need for office space to accommodate the unified operations of the company. This finding indicates that company restructuring or consolidation efforts can impact office space needs, with larger space requirements arising from such changes.

On the other hand, Respondent B1 emphasized that they needed to scale down their office space due to a decrease in the number of employees and a transition from a traditional cellular office to an activity-based office. Respondent B2 shared a similar experience, as they could see many empty desks several days of the week, meaning their need for office space had decreased. However, B1 and B2 both state that slightly larger premises are a strategy to attract employees to the office instead of working remotely. This finding suggests that office space needs can also be influenced by factors such as changing workforce dynamics, office layout preferences, and recruitment strategies.

#### 4.5. Important factors

All the interviews ended with the question: “List your top three most important factors when relocating”.

Table 3. Most important factors when choosing an office according to the respondents.

Factor	Mentions
Location	13
Modern premises	8
Cost	5
Adaptable premises	4
Public and private transport	3
Employer branding	2
Service and facilities	2
Space	1
Proximity to exercise	1

According to Table 3, companies' decisions to relocate their office within the Gothenburg district are influenced by several factors. There were similarities in some of the responses, which could be combined into a single factor. For instance, all respondents mentioned “location” as the most critical factor when considering relocation. However, it could be argued that "public and private transport" could be considered a part of the "location" factor, as some respondents who referred to transportation may have only answered "location" and vice versa.

The three most frequently mentioned factors were location, modern premises, and cost. The location was cited by all respondents as the crucial factor, as it can have a significant impact on a company’s accessibility, visibility, and image. Modern premises were also highly prioritized by many companies since they seek to provide an attractive and comfortable working environment for employees. Finally, the cost was also a significant factor, as companies always strive to minimize the cost and have a reasonable cost per square metre.

## 5. Analysis and discussion

This chapter analyses the findings from the interview study comparing them with the existing literature, examining the driving factors behind companies' decisions to relocate to different city districts. Relocation is often an inevitable aspect of a company's growth, necessitated by the increasing need for space, facilities, and attractive locations. This is particularly important for growing companies that must accommodate a growing workforce and attract new talent. Through a comparison of findings with the literature, this analysis aims to contribute to a deeper understanding of the complexities associated with office relocation for companies, providing valuable insights for decision-makers in the field of corporate relocation strategies.

### 5.1. Location

The importance of prime location and relocation distances in office relocation was underlined by both the interviewees and the literature. Factors such as accessibility and service offerings emerged as critical in decision-making, and a one-size-fits-all approach is not suitable. Comparative studies across different regions provided insights into various factors. The integration of location dynamics and service offerings can provide a competitive advantage and supply employees' needs. The need to accommodate growth is a primary motivating factor for short-distance relocations within the municipality.

#### 5.1.1. Prime location

The importance of location as a critical factor in office relocation decisions was emphasized by all respondents in the study, aligning with the popular saying among real estate professionals, "location, location, location". The findings of this study indicate that the definition of a good location may vary depending on the type of company and the sector they operate in, as highlighted by RB1 and RB2. Suggesting that the specific needs and preferences of different companies and industries should be considered when evaluating office relocation options. This finding is in line with the office-location model proposed by Dunning and Norman (1987), which suggests that different companies may have different reasons for establishing overseas offices and that these reasons drive their choice of location.

Location, accessibility, and service offerings emerged as critical factors in the decision-making process of companies when relocating their offices, in line with the existing literature (Dunning & Norman, 1987; Hu et al., 2008; Knoblen et al., 2011). The definition of a good location may vary depending on the type of company and the sector they operate in, underscoring the need to consider the specific needs and preferences of different companies when evaluating potential office relocation options. Companies, property owners, and rental brokers should carefully assess the accessibility and service offerings of potential locations to ensure that the chosen office space meets the unique requirements of the company and its employees.

Moreover, conducting comparative studies across different regions or countries provide insights into the role of cultural, economic, and regulatory factors in office relocation decisions. The findings of this study suggest that a one-size-fits-all approach may not be suitable when it comes to office relocation decisions, and a thorough understanding of the specific needs and preferences of different companies and industries is important. This implies that companies should carefully evaluate and prioritize the factors that are most relevant to their industry and type of business when making office relocation decisions. Additionally, Barovick and Steele (2001) claim that the prime location can provide a higher level of security since they often are in districts with lower crime rates. However, our study could not confirm this statement and security was not a decisive factor for any of the tenants.

Furthermore, the integration of location dynamics and service offerings can provide a competitive advantage for companies in attracting and retaining talent, enhancing employee well-being and productivity, and ultimately contributing to the overall success of the company. Office spaces that provide not only physical space but also a unique experience and services that cater to the needs of employees can be more appealing to companies looking to relocate. This highlights the importance of considering the idea of creating a "concept" or a holistic experience in office development, and how this approach can differentiate office spaces in a competitive real estate market.

The location is undoubtedly a critical factor in the decision-making process when relocating. In the interview study, it is presented that all respondents state that location is the single most important factor when relocating. However, all the rental brokers

state that the location of Gårda is “a bit off” and not as well integrated with the tram and buses in the public transportation system as Brunnsparken and Masthuggskajen. However, PO2 stated that there will be a Gårda bus route in the coming years to make it easier for employees in their daily commuting. On the other side, Gårda is closer to the airport and more easily accessible by car, making it an attractive location for businesses that require frequent air travel or have many employees who commute by car. Other factors such as access to public transportation, and proximity to key clients or suppliers are still more prioritized.

M2 believes that accessibility is essential in enabling employees to reach the office without hindrance, both by car and public transportation. Consequently, the company employing M2 has fulfilled both these criteria when selecting its location in Masthuggskajen. All respondents agreed that accessibility was one of the most important factors in their decision-making process, with five out of seven tenants valuing proximity to public transportation as highly as accessibility by car.

#### 5.1.2. Relocation distances

Cost, market access, human capital, and infrastructure are the four key elements that influence a firm's relocation choice, according to Brouwer et al. (2004). Companies that have relocated their offices recently took these factors into account. Both B1 and B2, for example, regarded their prior location highly not because it was close to consumers or staff, but because their business model is significantly reliant on public transportation. M2, on the other hand, stated that the relocation distance was short because many of their employees lived near their old workplace, and shifting offices while staying in the same district was preferred.

The study by Christersson and Culley (2018) suggests that companies often tend to relocate within the same districts. This was also the case for the companies B1, B2, and M2, who preferred to relocate within the same district as before. On the other hand, none of the other interviewees confirmed that the proximity to their previous location had been a decisive factor in their decision-making process. Further on, Rau et al. (2019) observed that relocations can have unintended consequences, including increased car use among employees, leading to economic, social, and environmental costs. Companies such as G1 and G2, which are located in Gårda, will be more

dependent on car use since the location is at a distance from bus and tram stops. However, the rental brokers are sceptical towards the longer commuting distance for public transportation, as it will be an obstacle until the bus route is completed.

According to RB2, the situation in Gothenburg with new office buildings at Gårda and Masthuggskajen has bucked the trend of companies often moving within the same block as their previous office. M3 is an example of a company that merged its previous offices into one, leading to varied relocation distances. Their experience aligns with Weterings and Knobens (2012) argument that the need to accommodate a firm's growth is a primary motivating factor for short-distance relocations within municipalities and labour market regions. Nonetheless, the factors mentioned by Brouwer et al. (2004) also apply to M3, as cost, market access, human capital, and infrastructure can have long-term impacts associated with a new location.

Greenhalgh (2008) observed that a company that relocated only six kilometres lost almost half of its workforce, but this was a statement that could not be strengthened by our respondents. Our study showed that companies prioritized the factor of retaining employees; otherwise, the companies could move to the outer areas of the city. The study found that employees of companies who recently relocated have had positive effects since they could work out and do errands during the lunch break, as well as switch places in the activity-based office during the day. This goes in line with both Brown et al. (2010) and Morgan et al. (2008) who express indirectly that a short-distance relocation could have positive effects on comfort, productivity, health, and well-being. Summing up, we discovered no clear relocation pattern for the companies, where some preferred to stay in the same district as before while others preferred to move to another one. The companies that have moved to another district did so mainly due to attracting competence and upgrading to modern facilities.

## 5.2. Premises

Respondents emphasized the need for proximity to transportation options and the availability of amenities that enhance employee well-being and productivity. To make informed decisions about office relocations, a thorough understanding of the needs of different companies is necessary. A majority of the interviewed companies valued the possibility to design their new office from scratch, which was facilitated since most of

the office buildings were new. The design of the office environment should reflect the company's culture and values to promote employee well-being and productivity.

### 5.2.1. Services

Service offerings were identified as a significant factor in the decision-making process of companies when relocating their offices. All three property owners emphasized the idea of creating a “concept” instead of a traditional office, with a theme and several services to make it comfortable and attractive for tenants and their employees. M1 stated that the “concept” of the building was an important factor and, in the end, decisive for their decision to relocate to Masthuggskajen.

Accessibility of the premises emerged as a consistent theme in the interview study, with all respondents considering it as a key aspect. Proximity to public transportation, accessibility by car, and availability of biking routes was highly valued by tenants, supported by the research of Hu et al. (2008), who highlight the importance of transportation options and high-tech support in firms' relocation decisions.

Respondents B1, M1, and M2 emphasized the significance of service offerings in their decision-making process when choosing an office. The property owners aim to create a “concept” instead of a traditional office by integrating several services that make it comfortable and luxurious for tenants and their employees. M1 values proximity to activities and restaurants to attract employees back to the office after the COVID-pandemic, while B1 prioritizes location in the city centre to advertise themselves and have access to customers. Additionally, B1 mentions that senior employees to a larger extent demand parking spots with the option to charge their electric vehicle during work hours, while junior employees value proximity to city life. By prioritizing the well-being and work-life balance of employees, companies can create a more attractive and productive workplace that contributes to the success of their business, a finding that is aligned with the literature.

### 5.2.2. Office design

Abel (1994) highlights the importance of environmental concerns in choosing premises, while PO3 suggests that new buildings attract companies that prioritize having top modern facilities to please their employees and reflect what kind of company they are. While modern facilities may offer better environmental features, this may not always

be the case, and companies may need to make trade-offs between environmental concerns and other priorities. A study by Giffinger and Haindlmaier (2007) supports the idea that companies often prioritize modern facilities, but it also emphasizes the importance of sustainable and energy-efficient buildings in reducing environmental impact. As mentioned by RB3, one company chose their office based on the CO<sub>2</sub> emissions and sustainability standards of the buildings. This highlights the need for property owners to consider both modern facilities and environmental concerns in their office design and construction to be attractive towards potential tenants. When evaluating potential offices to relocate to, it is essential to consider the design and management of the workplace, as it directly impacts employees' productivity and satisfaction. Nenonen and Lindahl (2017) highlight the importance of a comfortable and productive work environment that accommodates employees' needs, which was something that was confirmed by the interviews.

Another conflict is between the emphasis on open office plans and the need for quiet meeting rooms or personalized office space. While an open office plan may encourage organic team development and reduce clutter, it may not always meet the specific needs of all employees or organizations. Therefore, a well-designed office layout may need to incorporate a balance of both communal and personalized space to accommodate various work styles and preferences. A study by Kim and de Dear (2013) supports the idea that open office plans can increase communication and collaboration but notes that they can also lead to increased noise levels and decreased privacy. Our study suggests that a well-designed office layout should balance open spaces with quiet rooms and personalized workstations to meet the needs of different employees.

Overall, it is important to consider the various factors involved in office layout and design and to recognize that there may not be a solution that pleases everyone. Instead, companies should consider their unique needs and preferences and work with designers and architects to create a productive and healthy work environment. In addition to the potential conflict mentioned above, it is worth noting that PO1 emphasizes the importance of creating a comfortable and welcoming office environment that reflects the company's culture and values. A study by Oseland and Heath (2018) supports the idea that a well-designed office environment can improve employee well-being and productivity by promoting a sense of belonging and connectedness to the organization.

Furthermore, M1 and M2 highlight the importance of flexibility and adaptability in office design to accommodate changing needs and preferences. This may be particularly relevant in the current era of remote work and hybrid work models, where employees may require more flexibility in their office space. A study by Brand et al. (2019) emphasizes the importance of designing offices that can accommodate changing work styles and preferences, such as using flexible furniture and modular layouts. The study suggests that designing for flexibility and adaptability can improve employee satisfaction and well-being.

### 5.2.3. Remote work

The COVID-19 pandemic has significantly impacted the way people work, and as a result, the need for office spaces has changed according to M1. The shift towards remote work has caused changes in migration patterns and real estate markets, leading to a "donut effect" where people and businesses move out of the city centres to suburbs (Ramani & Bloom, 2021). However, our study has not shown any tendencies that companies are willing to move to the suburbs. Hybrid remote work has increased in recent years, which has made the central location more convenient for employees. Thus, the "donut effect" is not easily identified in Gothenburg.

As companies rethink their approach to work, they are considering ways to reduce real estate costs and access new talent pools with fewer locational constraints (Boland et al., 2020). This has resulted in a transformation in the design of office spaces from traditional separate-room offices to activity-based offices which was described by RB3. Since the entire workforce is not present in the office at the same time, the need for desks for the entire workforce is eliminated as described by PO3. However, RB3 emphasized the value of having face-to-face interactions with colleagues in the office, as this can often be the starting point for new business ideas.

M1 also noted that remote work has become a significant factor in attracting new employees. Companies that offer the possibility of remote work tend to be more attractive to potential candidates. Therefore, some organizations need to find new ways to attract employees to the office. RB3 spoke about the significance of creating an attractive office space, and G2 stated that other factors besides remote work were also essential in their decision-making when choosing an office.

The pandemic has challenged traditional assumptions about the role of offices, with companies focusing on solutions that promote collaboration, such as open-office and co-working, before the pandemic (Boland et al., 2020). However, remote work has shown that employees can find more productive ways to spend their time and discover greater flexibility in balancing their personal and professional lives (Boland et al., 2020). Therefore, the pandemic has changed what employees want from an office, which RB3 pointed out. Companies need to find a way to balance the benefits of remote work while still maintaining face-to-face interactions and promoting collaboration in the office.

### 5.3. Cost

The decision-making process of companies considering relocation is heavily influenced by economic factors. Interviews conducted with tenants, property owners, and rental brokers revealed that the cost of office space is a critical consideration when relocating. One key factor identified was the opportunity to merge multiple offices into one, as seen in the case of the company employing G1. Despite the higher rent per square metre in the new location, the company saw the benefits of improved facilities, particularly superior ventilation, which allowed for more efficient space utilization and closer seating arrangements for employees. This suggests that companies may prioritize the overall benefits of new office space, such as improved working conditions and employee satisfaction, even if it comes at a higher cost.

Similarly, the company employing M1 recently moved to a location with significantly higher rent but justified the decision by highlighting the positive impact on their company image and ability to attract new talent. This aligns with the findings of Brouwer et al. (2004) and Christersson and Rothe (2012), which emphasized the need for access to skilled labour and the overall attractiveness of a location in the decision to relocate. The status of the office and its facilities were seen as indicators of the company's success, further justifying the higher rent.

All tenants in the study reported an increase in rent since their relocation, with the majority moving to newly constructed buildings. Despite the higher costs, many tenants recognized the added value among employees and higher motivation resulting from the improved facilities, such as from modern amenities and comfortable working

environments. This suggests that companies carefully evaluate the benefits and costs associated with relocation, considering the potential positive impacts on their workforce and overall business performance.

The rental brokers in the study also acknowledged the increasing costs in recent years and emphasized the significance of cost and location as important factors in relocation decisions. RB1 further noted that some companies are struggling to attract employees back to the office, particularly post the pandemic, and therefore need to offer more attractive and modern facilities, which may result in increased rent. This highlights that the corporate real estate market is dynamic and companies' priorities change depending on economic and social conditions.

#### 5.4. Company

Moving an office can be prompted by various factors, such as proximity to services, the need for a new office design, and the size of the company. As companies grow, they may require more space or a more prestigious location to accommodate their expanding workforce. The relocation distance can influence the decision to move office since companies may seek a location with better access to talent, markets, or key customers and suppliers.

##### 5.4.1. Employer branding

Employer branding has become an indispensable tool for companies to attract and retain top talent, particularly when faced with the challenge of relocating to a new location. As noted by Backhaus and Tikoo (2004), effective employer branding creates a positive and attractive image of the organization as an employer, helping organizations to differentiate themselves from their competitors and attract highly skilled workers who share their values and beliefs. This is particularly important for companies like G2, who prioritize having an office that aligns with their direction and ambitions. In the words of G2, "The geographical location of the building was of less significance since we wanted to strengthen our status and image towards our competitors." This highlights the aspect of creating a strong employer brand that can be communicated effectively to potential and existing employees. Further on, Backhaus and Tikoo (2004) stated that employer branding in relocation to customers could enhance their reputation and make

them desirable partners for other organizations. However, this could not be confirmed nor denied through our study.

Another fundamental aspect of employer branding is the design and layout of the office space, particularly in new constructions. This is an opportunity for companies like M2 and M3 to create a venue for meetings with both internal and external stakeholders, including potential employees and customers. As noted by PO3, new buildings are particularly attractive to companies that prioritize having top modern facilities to please their employees and reflect their values as an organization. RB1 also emphasizes the importance of location, particularly for companies like Spotify, which would prioritize having an office in a central location to attract top talent.

Effective employer branding is also critical in the current business environment, as remote work has become more usual. As noted by Nelke (2021), companies must adapt their employer branding strategies to communicate their culture and values to both existing and potential employees, regardless of their location. This is particularly important for companies like RB2, who prioritize creating a "buzz" for their employees through amenities such as rooftop terraces and beautiful views. RB2 also highlights the importance of sustainability and climate-neutral buildings as a way of reflecting their goals and ambitions as an organization.

Employer branding is an essential aspect of a company's overall branding strategy, particularly when moving to a new location. Companies strive towards creating a positive and attractive image of the organization as an employer (Foster et al., 2010). This is particularly important for companies like G2, M2, and M3, who prioritized having an office that reflects their direction, ambitions, and values.

As stated by respondent RB3, the sustainability factor is also important for the brand and image of some companies. By relocating to an office with a low impact on the environment the company can demonstrate their commitment to reducing their environmental impact and promoting sustainable practices, which could be important when attracting younger talents. However, none of the responding tenants mentioned that the sustainability of the office had been under consideration when relocating.

#### 5.4.2. Size

Our findings highlight the dynamic relationship between company size and office space requirements. While larger companies tend to require more office space due to their increased workforce and operations, other factors such as office layout preferences, consolidation efforts, and workforce dynamics can also impact office space needs. These findings can be valuable for companies and real estate professionals in making informed decisions about office space planning and management strategies based on their specific requirements and goals.

Greenhalgh (2008) highlights that small and large firms have different priorities in the relocation decision-making process. Small firms tend to prioritize proximity to customers, while large firms consider access to infrastructure, transportation, and suppliers. This is consistent with the experiences of M1 and M2, which are companies that have grown and needed to find a larger office space to accommodate their employees.

Thus, size of a company is a significant factor influencing the need for office premises. This is evident in the responses from the tenants, including M1 and M2, who both reported needing a larger office space due to growth. On the other hand, B1 and B2 reported needing to scale down their office space due to a decrease in the number of employees and a transition to an activity-based office. Interestingly, B1 and B2 also mentioned that slightly larger premises were a strategy to attract employees to the office instead of working remotely. This suggests that office space needs can be influenced by changing workforce dynamics and recruitment strategies, which could impact companies such as M1 and M2 as they continue to grow and compete for talent.

G1 and M3 reported needing to relocate due to a reorganization of their offices in Gothenburg to consolidate all their offices into one location. This finding indicates that company restructuring or merging can impact office space needs, with larger space requirements arising from such changes. While this is not directly related to the factors influencing relocation decisions discussed in the study by Brouwer et al. (2004), it highlights the potential impact on office space needs of internal factors such as corporate restructuring.

## 6. Conclusion

This study aimed to explore the reasons behind the relocation of companies in Gothenburg and the impacts it has on businesses and employees. By focusing on the newly developed districts of Masthuggskajen and Gårda, in comparison to the CBD around Brunnsparken, this study sought to identify and analyse the key factors driving the relocation of offices in this growing city. As a consequence of the pandemic companies' needs have changed when choosing their office location. Meaning, it has become increasingly important for the employer to attract back employees' to the office from working remotely, hence making the need for services and amenities that promote the employees' work-life balance essential.

To answer the first research question, *what factors influence the decision-making process of office-based companies to relocate to a different district in Gothenburg city*, this study has found that businesses relocate their offices for a variety of reasons, such as cost savings, access to new talent pools, improving the facilities and employer branding. The findings suggest that the critical factor in the choice of an office is the location. However, the definition of a good location can vary depending on the specific needs and values of the company. Some companies value factors such as accessibility by car and access to chargers for electrical vehicles higher than closeness to public transportation. The office is not only the premises but also a symbol for the whole company. A modern office sends signals to the public that the company is healthy and developing. An attractive office also supports contact with potential stakeholders and facilitates the recruitment of new employees. In order to achieve a more reliable answer the study would most likely benefit from having interviewees from offices that were not newly constructed.

To answer the second research question, *what are the differences in office location attributes, accessibility, and services in Gårda, Masthuggskajen, and CBD*, the study indicates that all three locations could be defined as good locations. CBD (Brunnsparken) is in the city centre, as the definition indicates, and close to the main station as well as in a neighbourhood with a wealth of services and amenities. However, there is a trend in Gothenburg that companies are drifting towards Masthuggskajen and Gårda when deciding to relocate. CBD is expanding as well with the newly constructed Platinan and the Kvarteret Johanna coming project. The study implies that the

companies value the central location of the Brunnsparcken district and its accessibility by public transportation and car. Masthuggskajen has a good location with regard to the public transportation system, while Gårda is easily accessible by car but at least not yet as well integrated with the public transportation system. The relocation process can have a significant impact on employees, particularly in terms of job satisfaction and work-life balance. A good location enables companies to attract employees, customers and deliver more profit to the shareholders. As a result of the pandemic remote work has become more common among employees, according to the study. Since employers want to attract employees back to the office, the need for a comfortable office with many services and amenities has become more prioritized by employers. The study highlights that companies have done a transition in what factors they value in premises, from only location to more looking for a “concept” that offers a broad range of services and something extra beyond the classic office.

The findings from this study suggest that the relocating companies need to be aware of their priorities. Companies must determine their priorities, including cost savings, access to talent and modern office spaces. The location is the essential factor but its importance may vary depending on the company’s values, vision, and employee preferences. To maintain job satisfaction and promote work-life balance, it is important to ensure that the new office meets employees’ needs and expectations. By involving employees in the decision-making process companies can make the relocation successful.

For property owners, it is important to provide amenities and services that meet the needs of tenants. As the city is growing the need for something extra is needed to attract companies to relocate their office to another city district. It is shown in the study that the idea of a “concept” is prioritized by the property owners and valued by the tenants. The study also shows that the rent was not the most important factor when relocating. This means that property owners can create something unique to satisfy the needs of expanding companies that are willing to pay premium rent. Thus, potentially leading to a higher profit for the property owners.

An area of further research that could be explored is the impact of new developments on existing commercial districts. For example, the establishment of Kvarteret Johanna close to Brunnsparcken may have implications for the extent of the CBD. Researchers

could examine whether the CBD will ultimately expand towards Masthuggskajen and Gårda, or if it will remain concentrated on Brunnsparcken because of this new development. Since Gothenburg city is developing at a fast pace it will also be interesting to see what will happen with the older premises when companies relocate to newly constructed ones. Another interesting topic of research is the possible correlation between stakeholders' preferences for office location and where they live.

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## Appendix A - Interview guide

### Formal questions to all interviewees:

- Is it okay if we record the interview?
- Could you briefly tell us about yourself and your role?

### Questions to Tenants:

- How did the decision-making process go when you choose to relocate?
  - Have the employees been involved in the decision-making process to relocate the office?
- Why did you relocate your office?
- How far have you moved your business?
- What was the most important factors?
  - Which factors on the property and office are attractive?
    - Office spaces, distribution of workplaces, indoor climate, parking spaces, comforts...
  - How important was the accessibility to the road network and public transportation?
  - How have office habits changed after the pandemic? Can you see any tendencies that people work from home in a larger extent?
    - Does this have any impact on the need for the size of the office space?
  - Did you consider proximity to customers when relocating your office?
  - Do you think it is an advantage or disadvantage to having competitors in the same, or nearby, building?
  - Is the standard of the premises important for the company/staff?
  - Was it important to relocate to attract competence to the company?
  - How have cultural aspects such as proximity to public life been important to the decision?
  - What importance have the economic factors played in the moving process? Was that decisive for the choice of relocating?
  - Has it been important that the property has an "international character" with many international companies?
- Based on the above aspects, which three aspects was most important to your decision?

### **Questions to Rental Brokers:**

- What trends do you see in the office market in terms of where companies want to relocate to?
- What is the main reason why companies choose to move?
- What factors do you consider to be the most important for companies when choosing to change locations?
- How are rents affected by the establishment of many new offices outside the city centre, such as in Gårda and Masthuggskajen?
- Do you see a trend of more companies choosing to leave the CBD and move towards Masthuggskajen and Gårda?
- How do you think the office market will look in the future?
  - Do you see any difference before and after the pandemic in the market?
  - Will "remote work" become more common?
  - How do you think it will affect where companies choose to locate their business? Will they move in or out of the city centre?
- What three aspects do you consider to be the most important in the decision-making process of choosing a location?

### **Questions to Property Owners:**

- Why did you choose to build in this location?
- What is the most attractive feature of the location?
- What are the most important factors that customers/companies look for in new locations? And how do you work to meet them?
- How do you think the office real estate market will look in the future?
  - Will "remote work" become more common?
  - How do you think it will affect where companies choose to place their business? Will they move in or out of the city centre?
  - What do you focus on when designing spaces, and what do you think customers value?
- What is the vacancy rate in your office properties?
  - How do vacancy rates differ between Gårda, Masthuggskajen, and the CBD?
- What types of companies are you trying to attract to the district?

- Are you trying to attract companies that are located nearby? Are they more likely to move?
  - Do you feel that attracting talent is an important factor in getting companies to move to a district /building?
- What attracts companies to move to the district where you have your properties?
  - Are there any special reasons why companies decide to move from other neighbourhoods?
- What are the three most important aspects of the office/property to attract companies?



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