

The Emerging Archipelago: Why Relocation has Become a Defining Corporate Discipline



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20th April 2026

During Knight Frank's recent panel session at the CoreNet Global APAC Summit in Kuala Lumpur, relocation wasn't simply discussed as a workplace refresh. It was discussed as strategy: how organisations make relocation decisions when operating environments are volatile, cost pressure is persistent, and business models are being reshaped. That framing is revealing, because it captures what relocation has become. It is no longer simply about where a company is based; it is about how a company stays functional and competitive as conditions change.

Relocation as Strategy not Refurbishment

A year on from "Liberation Day", the defining shift is not simply that tariffs rose as trading arrangements became more variable and complex. It is that many businesses have had to accept a more uncomfortable truth: the rules of global trade can change quickly, and the cost assumptions under long-term decisions can flip faster than real estate strategy can respond. In practical terms, that has made highly centralised, streamlined operating models feel more fragile than they did a few years ago. Many organisations are now designing for more friction, more variance and more interruption - because the alternative is being caught with a footprint built for a world that no longer behaves the same way.

This is where a subtle metaphor helps. The corporate footprint is starting to look less like one dominant landmass and more like an emerging archipelago: connected nodes, each with a clearer purpose, some of them duplicating critical capability for resilience. The key qualification is central to the argument: this shift is emergent rather than complete. The archipelago is not "done". It is forming. Firms are adding nodes, testing alternatives, and moving functions in phases - often while still relying heavily on legacy centres of gravity.

That matters because it changes what relocation "means". In the old model, relocation was an occasional, high-disruption step. In an emergent archipelago, relocation becomes part of a continuing sequence: small moves and medium moves that gradually redraw the corporate map. This is why CRE leaders increasingly describe relocation not as a single project, but as a discipline that must be repeated, refined, and managed as a portfolio capability.

Five Key Themes

01

Relocation has moved from an occasional event to an operating discipline.

It now sits alongside transformation, cost, risk and talent – not behind them.

02

'Liberation Day' didn't just change tariffs; it changed assumptions.

Many firms are now planning for higher friction and more frequent policy shocks as part of the baseline.

03

The corporate footprint is becoming an archipelago – but it is still forming.

This is an emergent shift, happening in phases and unevenly, not a completed redesign.

04

Relocation intent is already high.

(Y)OUR SPACE showed that 40% put a high likelihood on the relocation of core facilities over the next 3 years – driven by obsolescence, cost, workstyle change, and deep transformation.

05

Supply risk is global and increasingly concentrated in the 'right' slice of stock.

The constraint is less 'space' and more 'future-ready space, in the right place, at the right time'.

From One Hub to Many Nodes

The archipelago idea is not a prediction that every company will become decentralised, and it is not a claim that headquarters no longer matter. It is a description of something more specific: the growing tendency for organisations to move away from dependence on one or two oversized hubs and toward a network of specialist nodes - each node doing fewer things, but doing them better, and each node playing a clearer role in the overall operating system.

In a centralised model, the logic is straightforward. You concentrate people and decisions, reduce duplication, simplify governance, and optimise for efficiency. When the external environment is stable, that model can be powerful. But when trade, regulation and geopolitical risk become less predictable, the same model can become brittle. A single-hub structure can look elegant on paper while being vulnerable in practice - because disruption concentrates in the same place that decision-making concentrates.



The archipelago response is not to abandon efficiency. It is to introduce optional routes and alternative ways of keeping the business moving. Some nodes exist to access talent. Some exist to stay close to customers. Some exist to reduce exposure to one regulatory regime. Some exist because a function has moved offshore and now needs a different kind of onshore “home”. Some exist because redundancy has become rational: a back-up location for a critical activity is cheaper than downtime when the world is volatile.

But it is equally important to be honest about what this looks like while the transition is underway. Most organisations are building the network while the old system is still running. That creates a messy middle phase that leaders need to plan for: two sites briefly doing one job while processes settle; interim solutions while a long-term project is delivered; a new hub gaining authority while the old hub retains specialist knowledge and influence. The end state might be clearer and more resilient, but the transition requires careful design and realistic expectations about complexity.

This is why relocation is becoming a discipline. It is one of the few levers that can translate operating-model change into physical reality. And because the archipelago is still forming, relocation becomes a sequence of decisions, not a one-off event. The measure of leadership becomes less “did we move?” and more “can we keep reshaping the map without losing performance?”

Cost, Capability and Obsolescence are Doing the Pushing

Relocation is sometimes discussed as an office debate - hybrid work, employee expectations, amenities. That is part of the picture, but it is rarely the core driver. The deeper drivers are operational, and they have sharpened.

First, there is *cost* - not just rent, but the cost of running the business. Many organisations are under pressure to protect margin while still funding change. That forces tough choices: which locations still earn their keep, which functions can be delivered more efficiently elsewhere, and where the organisation is over-paying for space that no longer supports performance. In that context, relocation becomes one of the few tools that can deliver both a cost reset and an operating upgrade - if it is done well.

Second, there is *workstyle*, but in a more mature sense than the binary “office versus home.” The modern workplace is being judged less by attendance and more by output: does the environment improve collaboration, speed up decision-making, support learning, and help teams perform? That raises the bar for buildings. Space that is merely “fine” can become a drag on culture, productivity and recruitment. As a result, some relocations are not ultimately about moving cities; they are about moving into space that can support how the organisation now works, with layouts and services that match the real pattern of use.

Third, there is *transformation*. Organisations restructuring, digitising, re-platforming, acquiring, splitting, or reshaping supply chains often find that their legacy footprint reflects an older version of themselves. Relocation becomes the moment when real estate is forced to catch up with business strategy. It is also where internal trade-offs become visible: the new operating model may need different locations, different adjacencies, different types of space, and different levels of flexibility than the old one. This is why many relocation projects feel politically hard: they often surface competing priorities between finance, HR, operations, IT and leadership.

Finally, there is *obsolescence* - and it has teeth. Many facilities are not just old; they are increasingly mis-matched to modern requirements: energy performance, digital infrastructure, resilience, and adaptability. Once a building becomes a constraint, relocation becomes less optional. It becomes a performance decision: can the organisation operate effectively inside the limits of this asset, or does it need a step change?

Put together, these forces explain why relocation intent can rise even in a world where headcount growth is not booming. Many organisations are not expanding; they are *re-balancing*. They are replacing obsolete space, repositioning functions, consolidating where it makes sense, duplicating where it reduces risk, and upgrading into space that performs. In an emerging archipelago, that kind of re-balancing becomes a recurring requirement, not a once-in-a-decade event.



One reason relocation is being more regularly considered and scrutinised is that it is one of the few levers that can solve several problems at once. A well-chosen move can reset cost, reduce operational risk, improve talent access, and upgrade the workplace experience in one step. The opposite is also true: poorly designed relocations tend to fail in predictable ways—underestimating internal resistance, losing key people, over-engineering the workplace, or selecting space that looks impressive but doesn't work day-to-day. Relocation has become less forgiving, which is why it now demands deeper discipline upfront.

Leadership Moves First, the Footprint Follows in Phases

One of the defining features of the current relocation cycle is modularity. Instead of lifting and shifting an entire organisation in one move, firms increasingly relocate the leadership core or a set of critical functions while keeping operational depth elsewhere. This reflects a simple reality: continuity matters, and in a volatile environment, a phased move can be less risky than a single irreversible bet.

Modular relocation often starts with decision-making. Where leadership sits affects speed, governance, client proximity, and the ability to coordinate a distributed organisation. Moving leadership can therefore reposition the corporate centre of gravity without forcing every function to move at once. It also allows a company to test the new model - how it recruits, how it collaborates, how it manages culture - before committing to a larger shift.

Re-weighting is the companion pattern. Many relocations now behave less like “exit” and more like “re-balance.” A new headquarters location becomes the front door for leadership and external signalling, but the legacy location remains an important node because it holds expertise, specialist teams, or operational depth. This is particularly common in sectors undergoing consolidation, or in organisations that want the benefit of a new hub without the disruption of abandoning an old one.

This is exactly how an emerging archipelago forms in practice: not by abandoning the old island, but by building a second one and then gradually redefining the role of each. For some organisations, the “new island” is a client-proximate node. For others it is a talent node. For others it is a governance or coordination node. The sequence can differ, but the logic is similar.

It also changes where relocation risk sits. The biggest relocation failures are rarely caused by lease terms alone. They are caused by mis-sequencing, internal resistance, under-estimating change management, losing key talent, or delivering space that looks good but doesn't support how teams operate. The relocation story is therefore as much about programme governance as it is about property selection. Organisations that treat relocation as a one-off transaction tend to be surprised by these risks. Organisations that treat it as a repeatable discipline tend to manage them better.

One additional implication matters. In modular relocations, leadership movement can outpace the organisation's ability to adapt processes, data flows and decision rights. That can create a gap: the new hub is in place, but the organisation still behaves as if the old hub is in charge. This is one reason relocations sometimes feel underwhelming in their first year. The physical move happens faster than behavioural change. That is normal—but it needs to be planned for.

Practically, the biggest benefit of modular relocation is that it allows a company to learn while it moves. It can test how a new location recruits, how hybrid teams collaborate, how culture travels, and how clients respond—before it commits to a larger footprint shift. But that only works if governance is explicit. Who owns the programme? How are trade-offs resolved? What decisions are “local” versus “global”? Without that clarity, modularity can drift into indecision, and the organisation can end up running two models longer than intended - doubling complexity and cost. A clear sequence and clear decision rights turn modular relocation from a cautious compromise into a strategic advantage.



The Knight Frank View

The winners won't be the firms that 'pick the right city' once. They'll be the firms that build a footprint that can keep on moving – sequenced, modular, and resilient. Portfolio strategy is now about preserving option value: the ability to pivot, scale, and re-balance without breaking momentum.



Giulia Grigolato

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The Constraint Isn't Space, It's Future-Ready Space on your Timeline

If relocations are becoming more frequent, supply is what raises the stakes. The key point is not that “there is no space.” The key point is that, across global markets, space that meets modern requirements - well located, adaptable, technically capable, resilient, and increasingly sustainability-aligned – is not being delivered at a pace commensurate to demand.

This is a global pattern with local variations. In some markets, occupiers still have options in aggregate, but quality space is where competition concentrates. In others, vacancy might be higher today, yet future choice is limited because speculative development has been muted, projects have been postponed, or the pipeline is uncertain. In those markets, “plenty of space” can become “limited space that works” surprisingly quickly once demand turns.

Timing is the hidden pressure. Relocation programmes take time: internal approvals, business case development, design, delivery, stakeholder management, and operational planning. When the best product is scarce, and when pipeline uncertainty rises, the cost of delay is not only financial. It is strategic: the business can miss the window to secure the building that genuinely solves the operating requirement.

Asia-Pacific illustrates the nuance well. In the near term, several APAC markets still offer choice for cost-conscious occupiers, and headline rental growth may remain muted. But forward-looking pipeline dynamics matter. In APAC, new office completions are forecast to fall sharply in 2027, tightening the development pipeline. When supply thins, the market can turn faster than board decision cycles, which makes early optionality valuable. The risk is not simply paying more rent; it is losing the scarce, future-ready product that supports the operating model.

Continental Europe often exhibits a different version of the same timing risk: vacancy can be elevated (underpinned by secondary and obsolete stock), yet future optionality may still narrow if speculative development remains limited. For occupiers, this creates a trap: assuming that availability today guarantees availability tomorrow, particularly in the top end of the market where product differentiation is greatest.

The simplest way to say this is also the most accurate: the constraint is less “space” and more future-ready space, in the right place, at the right time. In an emerging archipelago, this matters because each new node is limited by what the local market can actually deliver. In some places, the “island” can be built quickly. In others, it becomes a bottleneck that slows the whole network.



Talent-led Redistribution is Reshaping What Stays, What Moves and Why

Offshoring is re-emerging as a stronger lever for more businesses, across more sectors, because cost and efficiency programmes have moved back to the centre of the corporate agenda. But offshoring today is not simply “move support work to save money.” It is increasingly about talent, speed, and capability, often combined with cost advantage.

The panel discussion in Kuala Lumpur discussion reflecting how occupiers talk about this in practice. In that setting, offshoring was framed as a way to access specialised capability at globally competitive cost, and to build capacity without over-stretching high-cost hubs. In the same discussion environment, many organisations described their offshoring efforts as successful, and the primary driver was talent rather than real estate cost alone. That matters because it positions offshoring as an operating model choice, not a tactical saving.

Offshoring then interacts with relocation in two powerful ways.

First, it changes what the onshore footprint is for. If certain functions shift offshore, the remaining onshore space often shifts toward leadership presence, collaboration, client engagement, and innovation. The office becomes less of a production floor for routine work and more of a platform for high-value interaction. That can reduce floorspace requirements while increasing the premium on quality, location and technical performance. In other words, offshoring can shrink the footprint while increasing the value of what remains.

The Knight Frank View

“The question is no longer ‘where do we go?’ – it’s ‘what role does each location play in the system? When portfolios become multi-node, clarity beats size: define the job of every hub, align it to talent and operations, and secure future-ready space early enough to make the strategy executable.”



Francesco Demarco

Head of Global Portfolio Solutions, APAC

Recent Relocation Examples Across the World

Company	Company Scale	What Changed	From / To	Date (when reported)	Trend Illustrated
Wells Fargo	Large	Wealth Management HQ moved	Business HQ to West Palm Beach, USA	Jan 2026	Leadership follows client / capital gravity
Public Storage	Large	Corporate Q Relocation (with retained legacy presence)	Glendale, USA to Frisco, USA	Feb 2026	Re-weighting, not clean exit
Expand Energy	Large	Corporate Relocation	Oklahoma City, USA to Houston, USA	Feb 2026	Modular relocation
Kenvue	Large	New Global HQ / consolidation	Skillman, USA to Summit, NJ, USA	Mar 2025	HQ as capability platform
Sennheiser	Mid-cap	Americas hub relocation	Old Lyme, USA to Nashville, USA	Mar 2026	Ecosystem and market proximity
Barclays Europe	Large	European HQ relocation process	Dublin to Paris	Jan 2026	Governance aligns with operating gravity
Philips	Large	New Global HQ	Amsterdam	Oct 2025	HQ reinvention
EIT InnoEnergy	Mid-cap	HQ relocation	Eindhoven to Amsterdam	Apr 2026	Platform city pull
PUMA	Large	HQ relocation	London to Manchester	May 2025	Talent corridor/innovation district
Allane SE	Mid-cap	HQ relocation	Pullach to Garching	Jul 2025	Modern campus & infrastructure logic
Deichma	Large / private	HQ expansion (stay & reinvention)	Essen expansion	Feb 2026	Not all change is a move-city relocation
TDK	Large	APAC Regional HQ via dual city structure	Bengaluru & Singapore	Mar 2026	Multi-mode regional command
Addepar	Mid-cap	APAC hub established	Singapore	Apr 2026	Platform hub strategy
Hitachi Construction Machinery	Large	Head office relocation	Tokyo: Ueno East to Otemachi Gate	Apr 2026	HQ redesign for collaboration and ICT
Lloyds Banking Group	Large	Function shift via offshoring	UK to India	Mar 2025	Offshoring moves up the value curve

Second, offshoring accelerates functional specialisation by geography. When a city becomes a technology node, a finance node, or a shared services node, it reshapes travel patterns, digital infrastructure needs, and management rhythms. In an emerging archipelago, offshoring strengthens some islands and reduces pressure on others - but it also increases the importance of the routes between them: process clarity, governance, coordination, and the human connection that makes distributed organisations work.

There is a third, often overlooked implication. Offshoring programmes can raise the bar for leadership hubs. If knowledge work is distributed, the leadership hub must become better at knowledge transfer, training, and culture building, because informal learning cannot be assumed to happen through daily proximity. That often pushes organisations to redesign their “core” spaces, even when headcount is stable. It is another reason relocation and reinvention can accelerate in parallel.

Offshoring also changes the cadence of relocation decisions. When functions are more mobile - because they can be delivered digitally, because talent markets are global, or because teams are distributed by design - the organisation becomes more willing to revisit “where” questions more often. That does not always mean moving people; it can mean moving teams, moving decision rights, or moving parts of a function. Over time, that increases the number of footprint decisions a business makes, even if the physical footprint is not expanding. In an emerging archipelago, momentum is created by many small relocations and reallocations, not just by a handful of headline moves.

The Corporate Map is Changing

The important point is not that the archipelago has arrived. It is that it is forming, and that formation is already shaping corporate choices. In the old model, the dominant question was “where do we put headquarters?” In the emerging model, the question becomes “how do we distribute our critical work so the organisation can flex, absorb shocks and keep operating?”

That shift has three consequences.

First, relocation becomes more common because functional change becomes more common. When supply chains, markets, regulatory regimes and talent pools pull in different directions, the footprint cannot remain static. Even organisations that prefer stability will find that staying put can become a strategic decision with real costs.

Second, relocation becomes more difficult because the supply of truly future-ready space is not guaranteed on demand. Markets may offer options today, but the best product is a narrower slice, and pipeline uncertainty can tighten choices quickly. The practical result is that the cost of delay rises: not only in rent or capex terms, but in lost opportunity - because the space that would genuinely support performance may no longer be available when internal approvals finally align.

Third, relocation becomes more politically sensitive because it sits at the intersection of multiple agendas: cost, talent, transformation, resilience and risk. Relocation decisions are increasingly high-stakes and multi-factor, and they require clearer sequencing, stronger governance and better internal alignment than they did in prior cycles.

The organisations that navigate this best will not be those that predict the future perfectly. They will be those that build a footprint that can evolve - node by node - without losing coherence or performance. In an emerging archipelago, success is not defined by one perfect move; it is defined by the ability to keep adapting, keep learning, and keep moving while the map changes.

Five Practical Moves to make Relocation Repeatable (and less risky)

Relocation is now too consequential to be treated as a late-stage real estate task. If the archipelago is forming, the priority is to build a relocation approach that moves at the speed of the market, not at the speed of the last cycle.

Five actions to take now:

1. **Start with functions, not locations.** Identify which functions must be close to clients, regulators, talent pools, partners, or logistics corridors - and which can move with minimal risk.
2. **Plan relocation as a sequence, not a single event.** Assume phased moves, interim sites, and dual-running where necessary.
3. **Secure optionality early in future-ready stock.** The scarcest asset is not “space”, it is “space that works”.
4. **Integrate offshoring into the same footprint plan.** Treat it as a portfolio lever that will reshape onshore requirements, not a separate HR project.
5. **Stress-test execution.** Relocation strategies fail more often on sequencing, governance and timing than on the headline real estate decision.

The organisations that navigate this best will not be those that avoid change. They will be those that design for it - building a footprint that can evolve, route by route, while staying coherent, efficient and resilient as the currents change.

We like questions; if you've got one about our research,
or would like some property advice, we would love to hear from you.



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