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Will the Hewlett-Packard split impact Silicon Valley real estate?

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With 67 million square feet of owned and leased real estate worldwide, **Hewlett-Packard** Co. strides the earth as a global property behemoth.

So what does the Palo Alto-based company's cleaving into two — into HP Inc., the new computer and printer company, and the business-oriented Hewlett-Packard Enterprise — mean for its property holdings here?

Most important: Will both headquarters continue to be located in Silicon Valley? If so, where? And who gets to inhabit 3000 Hanover St., HP's legendary headquarters in the Stanford Research Park?

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At this point, answers to these questions and others are elusive. I reached out to HP today to ask about them, but a spokeswoman there declined to comment.

HP's presence in Silicon Valley is not what it once was. The company has been downsizing its workforce and its real estate for years. (The Apple Campus 2, or "Spaceship" under construction in Cupertino is located on a once-sprawling HP campus, and HP this past spring gave back nearly 300,000 square feet in Sunnyvale, which **Google** snapped up).

At the same time, it has expanded overseas, so the company's holdings are not as dense in its home town as they once were. The last big local HP expansion came in 2011, when it signed a 400,000-square-foot lease at Sunnyvale's Moffett Towers to consolidate a number of acquisitions it had made.

But the company is still an important presence here and central to the Valley's psyche, which means that its real estate moves, post-split, will be closely watched.

"It creates the possibility that one of the two companies could relocate its headquarters," said Henry Bullock, founder and chairman of development and investment firm Menlo Equities, when I asked him today about the split's impact on the local real estate market.

Indeed, there is precedent for assuming there will be some impact on HP's real estate from today's announcement.

HP spun off its test-and-measurement business (the part of the company that had the most direct roots to its founding in a Silicon Valley garage in the 1930s) as **Agilent Technologies** back in 1999. The next year, that company moved into a shiny new headquarters at 395 Page Mill Road in Palo Alto. HP had built the project and transferred it to Agilent that year. Agilent also leased 3500 Deer Creek Road in Palo Alto.

But six years later, Agilent left Palo Alto and consolidated at an 833,000-square-foot campus that HP owned in Santa Clara and had transferred to Agilent. Agilent sold the Page Mill building to Jay Paul Co., which leased it to AOL. AOL later leased it to Google, though Google never occupied the space. The Deer Creek Road site? Today, it's the headquarters of Tesla Motors Inc.

So if there's a lesson here, it's that corporate splits, like M&As, can cause companies' real estate holdings to go up and down, and it can take years for the impact to shake out. In the long run, Silicon Valley's tech economy tends to reabsorb property and morphs it into space for new generations of companies.

"Historically, HP, when they spun off Agilent, they continued to shrink after that," said Jim Beeger, a veteran broker with Colliers International. He added that in this case, there might not be much shrinkage initially: Unlike a merger, you presumably don't need to dump duplicate operations units right away.

Still, John Boyd of the Boyd Co., a site-selection firm, said he could see both companies focused on cutting costs following the breakup.

"In addition to the workforce restructuring, I would expect there to be some significant real estate savings associated with splitting in two," he said.

Indeed, HP CEO Meg Whitman, in an interview with Re/Code, said more layoffs could be coming. On Monday, HP said it was raising its previously announced global layoff total to 55,000, a 5,000-worker increase, in a move that was unrelated to the corporate breakup.

"It’s fairly typical as you start to disengage the two parts of the company that you see additional opportunities for cuts," she told Re/Code. "We haven’t carved out any specific numbers yet, but that’s what typically happens in these situations."

That could mean more real estate dispositions down the line.

We'd love to know what you think is in store. Let us know with an email, on Twitter or in the comments.

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