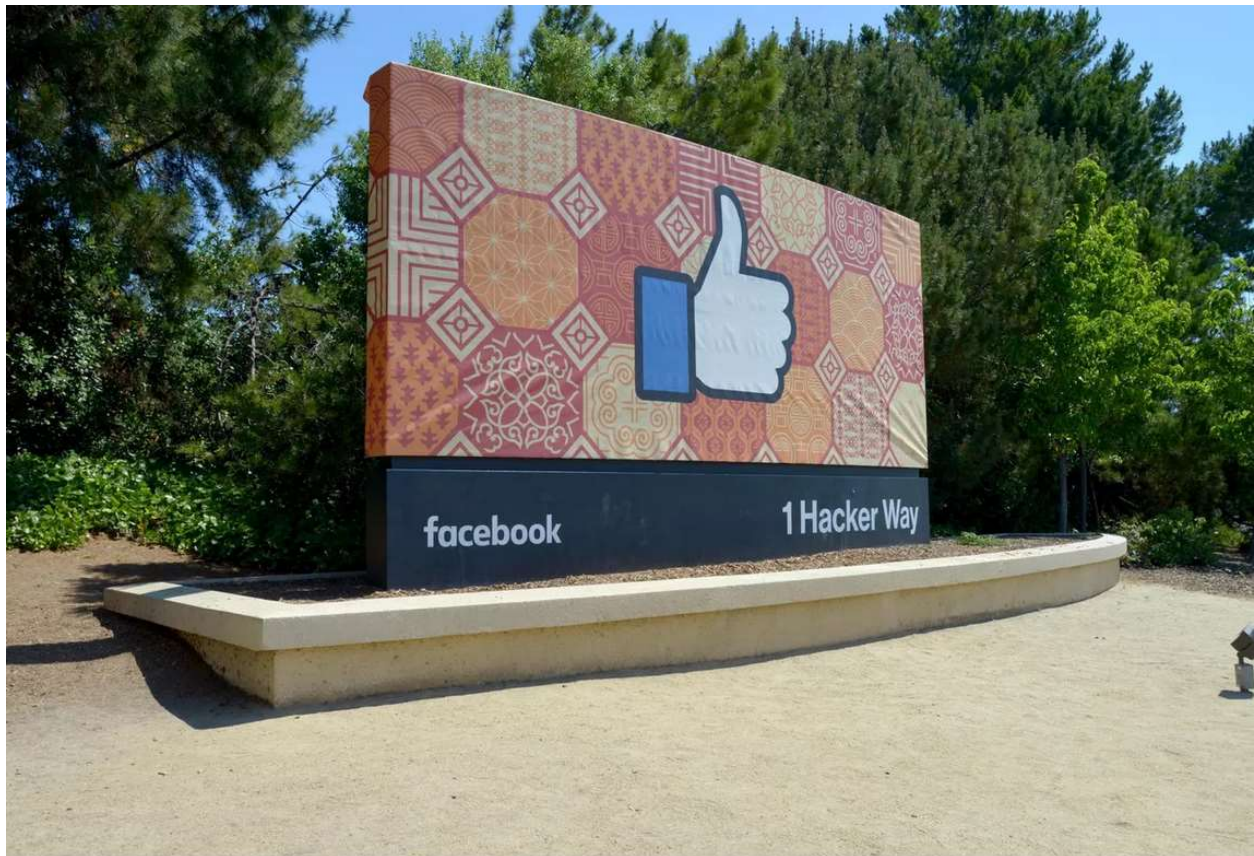


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Meta's Mega-Layoff Hits Hard As San Francisco's Office Market Sputters

November 9, 2022 Joseph Gordon, Bisnow San Francisco Bay Area



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Facebook's Menlo Park headquarters

Meta's dismissal of more than 11,000 employees Wednesday is the starkest indicator yet of a reckoning in the tech industry with ripple effects into the economy and office market in San Francisco and Silicon Valley.

In addition to the layoffs, Meta will enact a hiring freeze through the first quarter of 2023, according to Bloomberg. The layoffs account for 13% of the company's total workforce. Meta has stated that though the layoffs will occur on a companywide basis, it will primarily impact the company's recruiting teams, while it will restructure its business teams significantly.

Tech industry layoffs have plagued the city and greater Bay Area in recent weeks, with Twitter and Meta's dismissals being some of the larger examples, along with companies like Stripe and Chime.

"These are companies that were just a few years ago flush with cash and taking on major new real estate obligations. I think what you're seeing now is these companies, you know, pull back from this and recognize the enormous cost savings associated with hybrid working," The Boyd Co. President John Boyd told *Bisnow*. "And also the HR recruiting advantages of offering remote working."

"And developers in New York are really freaking out about this," Boyd said of turmoil in tech. "I mean, the few bright spots in the office market, San Francisco and San Jose and in New York, that were, you know, major tech leases."

In addition to the layoffs, Meta reaffirmed it plans to reduce its real estate footprint. The company has already slowly begun shrinking its office footprint in the Bay Area, ending a long-term lease at the San Antonio Center in Mountain View, California, earlier this month, the Mountain View Voice reported.

Meta Vice President of Global Facilities and Real Estate John Tenanes told The Wall Street Journal in October that the company was planning to "recalibrate our space," focusing on smaller venues with the same number of people.

Meta currently holds nearly 1.2M SF across two leases in San Francisco, though the company is also reportedly planning to list nearly all of its 430K SF space at 181 Fremont St., as reported by the San Francisco Business Times last month.

Collier's Q3 2022 office market report noted 1.5M SF of negative net absorption for the quarter, highlighting continued distress for the asset class.

Vacancy rates rose to 21.6%, up from 19.9% in the previous quarter, with submarkets like Yerba Buena and SoMa West getting hit the hardest, rising to 46% and 25.9%, respectively. Vacancy in the city's North Financial District inched up to 27.9%, a nearly 2% increase from last quarter.