



Yardi[®] Matrix

National Office Report

December 2022



Tech Lays Off Workers, Downsizes Offices

- Fueled by an abundance of cheap capital and investor search for yield, tech companies rapidly expanded in recent years, hiring thousands of workers as they competed for talent. This year, those companies have reversed course and have begun to shrink their payrolls.
- Layoffs in the tech industry have been widespread, even as other sectors of the labor market have added workers. According to Layoffs.fyi, more than 130,000 layoffs have occurred across nearly 1,000 tech firms since the second quarter. The list of companies with large-scale layoffs this year reads like a who's who of last decade's tech darlings. Among the biggest names are Meta (11,000 employees), Uber (3,000) and Twitter (3,700). The layoffs will keep coming, with Amazon letting go as many as 20,000 workers and Snap planning to let go of a fifth of its workers.
- Tech companies are also downsizing office footprints. Meta has been the biggest culprit so far, subleasing space, backing out of lease commitments and saying on its third-quarter earnings call that it will take a \$2 billion write-down to consolidate offices. In Manhattan, the firm has backed out of a 300,000-square-foot commitment at 770 Broadway, vacated its space at 225 Park Ave. and opted not to renew leases at two buildings in Hudson Yards. In Austin, Meta will look to sublease a 589,000-square-foot space at 400 W. Sixth St., a mixed-use property where it signed a lease in January of this year. In Silicon Valley, Meta vacated The Village at San Antonio Center, two buildings it had previously committed to occupy until 2034. Meta is not alone in shrinking office space. Over the summer, Amazon halted construction of new office buildings in Nashville and Bellevue, Salesforce said it will be looking to sublease around 40% of its 43 floors at Salesforce Tower in San Francisco, and Lyft announced it will sublease about 45% of its office footprint across New York, Seattle, Nashville and San Francisco.
- With so many headwinds already facing the office sector, the tech pullback is yet another headache. An industry that was a major driver of office lease activity in recent years is now reversing course. But there are some silver linings. Giants like Apple and Twitter have been leading return-to-office this year, and tech companies both small and large have eschewed fully remote work. Long term, laid-off tech employees may found new businesses that drive office demand in the latter half of this decade, much as they did during the rebound from the Great Financial Crisis.

