Tech layoffs more than double in Bay Area

In yet another sign of a slowdown in the booming Bay Area economy, tech layoffs more than doubled in the first four months of this year compared to the same period last year.

Yahoo’s 279 workers let go this year contributed to the 3,135 tech jobs lost in the four-county region of Santa Clara, San Mateo, Alameda and San Francisco counties from January through April, as did the 50 workers axed at Toshiba America in Livermore and the 71 at Autodesk in San Francisco. In the first four months of last year, just 1,515 Bay Area tech workers were laid off, according to mandatory filings under California’s WARN Act. For that period in 2014, the region’s tech layoffs numbered 1,330.

The jump comes amid a litany of other signs that the tech economy may be taking a breather: disappointing earning reports from stalwarts like Apple, an IPO market that has come to a near standstill, a volatile stock exchange and uncertainty in China.

"We're seven years into this expansion, so at some point we're going to have a downturn," said Wells Fargo senior economist Mark Vitner. "My general sense is the tide is beginning to go out. It doesn't mean a recession is right around the corner."

Filings under WARN show Santa Clara County took the brunt of the layoffs, with 2,515, while San Francisco had 280, San Mateo 198, and Alameda 142. Outside the four counties, in Contra Costa, the only tech layoffs recorded in WARN filings were in San Ramon, where AT&T cut 104 workers.

The number of layoffs in the tech sector is undoubtedly larger, because WARN notices do not include cuts by many smaller companies and startups. In addition, notices of layoffs of fewer than 50 people at larger companies aren't required by the act.

While there may be a chill in the air, the tech economy is not in a deep freeze. The Bay Area continues to add workers, although the pace of hiring has slackened and could make landing the next job more difficult.

"As job growth slows and the cost of living remains as high as it is, that's going to put many people in a difficult position," Vitner said.

Vitner's analysis of state employment data showed that Bay Area tech firms added only 800 jobs a month in the first quarter of 2016, after adding 1,600 monthly in 2015 and 1,700 monthly in 2014.

"Employment in the tech sector has clearly decelerated over the past three months," Vitner said.

While rising layoffs and sluggish hiring may recall previous downturns, the numbers today remain far better. In the aftermath of the dot-com bubble, the region bled jobs steadily from 2001 to 2004. In early 2008, pre-recession employment growth began slowing more than six months before the region began hemorrhaging jobs. After the 2008 recession, employment fell by up to 32,000 a month for nearly a year.

Today the Bay Area's total employment of 3,353,600 as of the end of March still reflects job growth, with 102,600 workers added from March 2015 through March 2016.

The Bay Area's skyrocketing tech layoffs reflect a transformation in the sector, said Stephen Levy, director of the Palo Alto-based Center for Continuing Study of the California Economy.

"We are being increasingly driven by the growth of the large companies," Levy said. "What you did not see on the list is layoffs from Apple or Google or Facebook or LinkedIn ... which are all expanding. This is the era of the large companies."

As 2016 progresses, smaller tech firms are caught up in a Darwinian brawl, Levy suggested. "Those who have not kept up with their industries' trends are facing layoffs," Levy said. "It's an indication of churn in an increasingly competitive and volatile sector that's doing well overall."

Adding to the layoff total are mergers and acquisitions, Levy said. Global tech M&A rose to its highest level ever last year and this year broke year-to-date records by March, according to financial markets platform Dealogic. In May 2015, Singapore-based electronics and chip firm Avago announced the purchase of Irvine chipmaker Broadcom and in January filed with California to lay off 147 workers in Santa Clara, 33 in San Jose and 689 in Irvine.

Wells Fargo’s Vitner cited additional factors that are fueling job cuts and slowing employment growth in the region. Manufacturers in the tech sector aren’t selling as much to China amid that country’s economic troubles, Vitner said. And intensified competition among private companies for funding is leading many to focus on profitability. "In the past, it was all about growth," he said.

Vitner noted that the WARN Act filings don’t capture jobs lost through attrition. "There is a lot of that," Vitner said. "When businesses begin to clamp down on costs, one of the first things they do is say, 'Let’s put in a hiring freeze.' I feel pretty certain that if you had a pickup in layoffs, then hiring slowed ahead of that."

More layoffs are ahead. Bay Area tech firms have filed notices for layoffs of more than 700 workers in coming months, including 109 at IBM in San Jose; 204 at Fremont electronics manufacturer Plexus; 71 at Western Digital in San Jose; and 59 at Lockheed Martin in San Jose. Santa Clara’s Intel announced last month it would cut 12,000 jobs globally, and filed notice less than a week later that 296 workers in Santa Clara will be let go effective May 31.

Source: The Mercury News (05/11/16)
http://bayareane.ws/1YJrRRL
## Regional Layoff Activity

### April 2016 Events

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<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th># Affected</th>
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<tr>
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<td>Yahoo!</td>
<td>Sunnyvale</td>
<td>235</td>
</tr>
</tbody>
</table>

Total: 1,020

### WARN Summary

- **Events YTD**: 77
- **Affected Individuals**: 5,633
- **Previous YTD**: 4,310

* WARN: Worker Adjustment and Retraining Notification (notice of mass layoff or closure)
* YTD: Year to Date (Program year: July 1–June 30)
* Previous YTD: No data available for San Mateo County, FY2014/15; avoid direct comparisons with YTD numbers

Source: NOVA’s internal Rapid Response database