

## Pinterest cancels huge SF office lease in unbuilt project, citing work-from-home shift

By Aidin Vaziri

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Pinterest terminated a [massive 490,000-square-foot lease](#) at San Francisco's unbuilt 88 Bluxome project, citing a shift toward more remote work amid the coronavirus pandemic.

The company will instead continue leasing four existing San Francisco offices, including 651 Brannan St., and pay a one-time fee of \$89.5 million to cancel the Bluxome lease. The cancellation is the strongest sign yet of how the coronavirus is reducing the tech sector's once-voracious appetite for office space.

"As we analyze how our workplace will change in a post-COVID world, we are specifically rethinking where future employees could be based," said Todd Morgenfeld, Pinterest's chief financial officer, in a statement. "A more distributed workforce will give us the opportunity to hire people from a wider range of backgrounds and experiences."

Pinterest, whose users "pin" photos and websites into shareable collections and which sells advertising amid those pins, said its lease obligations for the Bluxome project would have been at least \$440 million.

Numerous other companies have embraced an expansion of remote work and greater geographic diversity for their workforces. Facebook CEO Mark Zuckerberg has said [half of the company](#) could work

remotely within a decade. Twitter and Square, both led by Jack Dorsey, are allowing almost all employees to work remotely forever.

The trend is ominous for the Bay Area's economy, which has received billions of dollars in taxes and real estate fees over the past decade related to new office projects, which were largely leased by tech companies.

Pinterest had the first and only lease commitment in San Francisco's [230-acre Central South of Market district](#), where numerous large commercial and residential projects have been approved after the city raised height limits last year. City planners expected 30,000 new jobs and 20,000 new residents in the district by 2040, which would help fuel more than \$2 billion in public benefits. That projection is now in doubt, with office workers staying home and residential rents slipping.

The million-square-foot 88 Bluxome project was set to start construction this year and replace the Bay Club San Francisco Tennis, providing benefits including land for affordable housing, a public swimming pool and replacement tennis courts.

Current plans for the project are unclear. In March, the city [converted the tennis club](#) into a temporary homeless shelter. Alexandria Real Estate Equities and TMG Partners, owners of 88 Bluxome, didn't immediately respond to a request for comment.

Pinterest, which has 2,400 employees globally, currently has job listings in San Francisco, along with Atlanta, Chicago, Australia, Brazil, Canada, Germany, Japan, Singapore and the United Kingdom.

The company reported a 4% increase in revenue to \$272 million in the second quarter compared to the previous year, with global monthly average users growing 39% to 416 million in that time. The company saw recovery in its advertising business but remains unprofitable, with a \$100.7 million loss in the quarter.



Former Pinterest Chief Operating Officer Francoise Brougher sued the company this month, alleging gender discrimination and citing an environment where a small number of executives close to CEO Ben Silbermann made decisions outside of formal meetings.

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