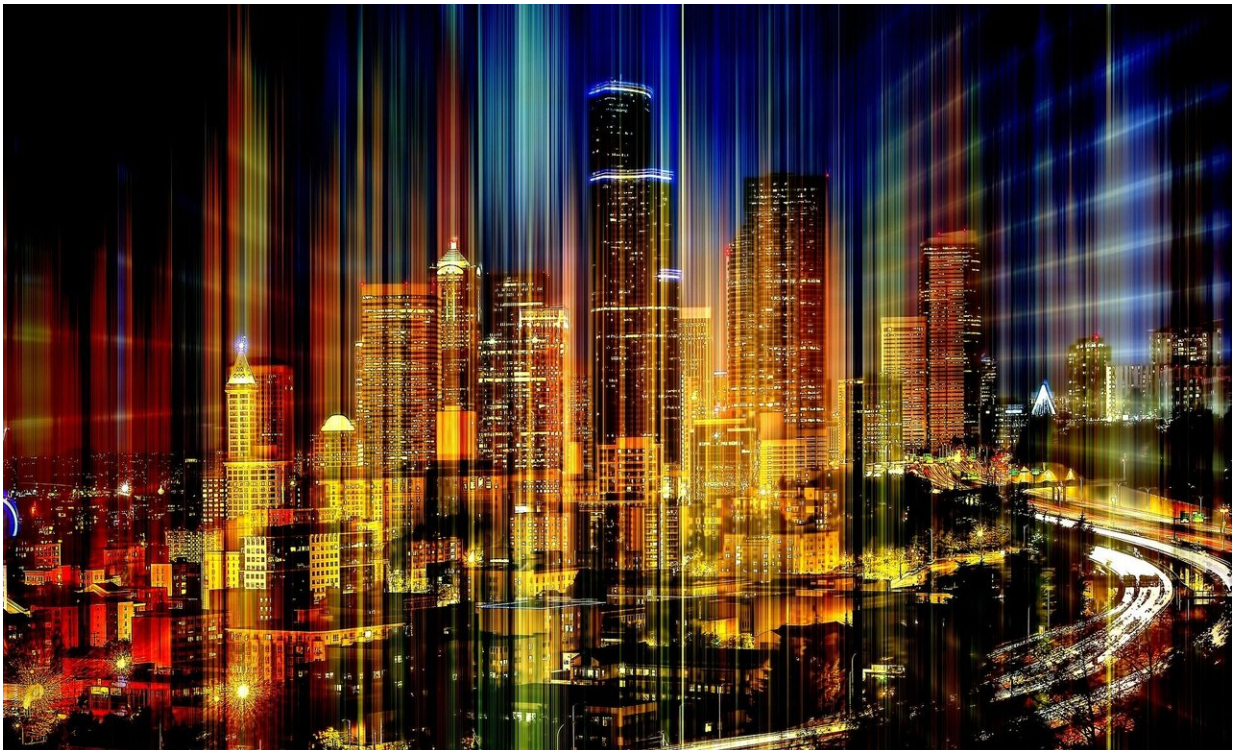


With 5,900 tech jobs already gone, a Seattle correction looks real

November 21 2022, by Paul Roberts



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The string of layoff announcements by Amazon and other Seattle-area tech employers has many asking whether the tech industry is bound for a major correction and even more job cuts in coming months.

In fact, that correction may already be underway.

Last month, employers in Washington's information sector shed 5,900 jobs, according to the October employment report by the Employment Security Department.

That's one of the sector's largest monthly declines in state history. While it's still too soon to know how bad things might get, the losses so far are already a poignant reminder that tech's pandemic boom "wasn't necessarily sustainable," said Anneliese Vance-Sherman, a regional economist at ESD who covers the Seattle area.

The October report wasn't all bad news. Tech's woes don't seem to have infected the state's broader job market, which still managed a net gain of 5,400 jobs in October, despite the losses in tech. Hotels, restaurants and other leisure and hospitality businesses led the way, with 4,400 new jobs, and even the [construction industry](#), despite a cooling housing market, grew by 700 jobs.

While the state's unemployment rate ticked up from 3.7% to 3.8%, Washington hasn't seen an alarming surge in unemployment claims. Just over 5,800 Washingtonians applied for benefits last week, according to data posted Thursday. That's up 28% over the October weekly average, but not out of line with seasonal patterns, and is still 23% fewer than applied during the same week in 2019.

But those encouraging trends aren't likely to hold. October's tech losses didn't include all of the roughly 12,500 layoffs recently announced or reported at Amazon, Meta, Convoy, Zillow, Redfin and other tech firms.

That's partly because October's numbers came from a mid-month survey, before more recent layoffs had been announced. As important, the "information" category includes jobs at employers such as Microsoft and Meta, but excludes some tech-related jobs at other employers, such as Amazon, which is classified as a retailer, and Zillow and Redfin,

which are classified as real estate companies, said Vance-Sherman.

October's losses also don't include any of the contractor positions eliminated during that period, said ESD economist Paul Turek.

All told, Washington looks set to lose as many as 18,000 tech or tech-related jobs over barely two months. That's more than the state lost in the dot-com bust of 2001-03, when many overvalued online startups collapsed and thousands of workers found themselves without jobs.

Those historical comparisons come with important caveats.

Today's [losses](#) are coming in a tech sector that is much larger. The 18,000-job decline would represent less than 4% of the current tech workforce. Losses in dot-com bust represented around 10.5% of the sector workforce.

As important, many experts regard the dot-com bust an unavoidable correction after years of overzealous hiring and unrealistic business expectations.

By contrast, the pandemic hiring boom reflected strong demand for tech products by consumers isolating at home and employers rolling out remote work.

Though demand wasn't sustainable at those levels, the industry is still selling a lot of those services, which makes it hard to forecast how long tech layoffs will continue.

For example, Amazon CEO Andy Jassy said on Thursday that layoffs will continue into 2023, meaning some may have to wait months to know if their jobs are safe.

The temptation to use historical trends to "figure out what the future is going to look like ... misses the mark quite a bit because this is something completely different," Vance-Sherman said.

One major unknown: whether the Seattle-area can absorb all the laid-off workers, or whether some may need to switch to other industries or other locations.

Some employment and recruiting experts think layoffs by Amazon and other big-name Seattle-area tech employers will allow smaller tech employers to finally hire enough talent.

But some workers actually in the job market question whether smaller employers have the budget to hire so many soon-to-be-available workers, especially for the highly specialized, highly paid roles common in the Seattle area.

Nadir Khan, a former AWS employee, said the offers he's received are all out of state, and are all for less than he was making at Amazon.

"If you're being paid a lot at a big tech company and ... you do get laid off, it's very likely you're going to be making less money," Khan said.

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Citation: With 5,900 tech jobs already gone, a Seattle correction looks real (2022, November 21) retrieved 19 April 2024 from <https://techxplore.com/news/2022-11-tech-jobs-seattle-real.html>

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