

WeWork stock halted as rumors swirl about bankruptcy preparations for the office sharing company

November 6 2023, by Wyatt Grantham-Philips



A sign for WeWork is displayed at their office in the borough of Manhattan in New York, Aug. 9, 2023. Trading in shares of WeWork were halted Monday as rumors that the office sharing company will seek bankruptcy protection. Credit: AP Photo/Ted Shaffrey, File

Trading in shares of WeWork were halted Monday as rumors swirl that the office sharing company, once valued as high as \$47 billion, will seek bankruptcy protection.

Last week, [The Wall Street Journal](#) and other media outlets reported that WeWork was planning to file for Chapter 11 bankruptcy protection as early as this week—citing unnamed sources familiar with the matter.

A WeWork spokesperson said last week that the company does not comment on speculation and did not immediately return messages after trading in the company's stock was halted Monday.

Shares of WeWork, which cost more than \$400 two years ago, could be had Monday for less than \$1.

The specter of bankruptcy has hovered over WeWork for some time. In August, the New York company sounded the alarm over its ability to remain in business. But cracks had begun to emerge several years ago.

WeWork is paying the price for aggressive expansion in its early years. The company went public in October 2021 after its first attempt to do so two years earlier collapsed spectacularly. The debacle led to the ouster of founder and CEO Adam Neumann, whose erratic behavior and exorbitant spending spooked early investors.

Japan's SoftBank stepped in to keep WeWork afloat, acquiring majority control over the company.

Despite efforts to turn the company around since Neumann's departure—including significant cuts to operating costs and rising revenue—WeWork has struggled in a commercial real estate market that has been rocked by the rising costs of borrowing money, as well as a shifting dynamic for millions of office workers now checking into their

offices remotely.

In September, when WeWork announced plans to renegotiate nearly all of its leases, CEO David Tolley noted that the company's lease liabilities accounted for more than two-thirds of its operating expenses for the second quarter of this year—remaining "too high" and "dramatically out of step with current market conditions."

Last month, WeWork skipped hefty interest payments—kicking off a 30-day grace period before an event of default. And last week, WeWork disclosed a forbearance agreement with bondholders that extended negotiations by one week prior to triggering a default.

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