

Facebook to move to Stanford Research Park

Some employees may remain in downtown Palo Alto — neighborhood part of firm's 'DNA'

by **Arden Pennell**, Palo Alto Weekly Staff, Updated: Monday, August 18, 2008, 4:16 PM



The Internet firm Facebook, headquartered in downtown Palo Alto with more than 600 employees at five offices, will move all or a substantial portion of its operations to a site at Stanford Research Park, the company confirmed Monday.

To accommodate its rapid growth the firm will move to 1601 California Ave. — a roughly eight-and-a-half-acre, 152,000-square-foot site — in the first quarter of 2009, Facebook spokesperson Debbie Frost said in e-mail statements.

Facebook will likely — but not definitely — retain office space downtown, to maintain room for employees that overflow even the new California Avenue site, according to Frost.

The new site is a former Hewlett-Packard (HP) building later occupied by HP's instruments-manufacturing spin-off, Agilent. The site is slated for eventual conversion to housing under a 2005 agreement between the city and Stanford University.

Facebook declined to state how long it would remain at the new site but said it is still looking for a major campus to house its growing operations.

The firm's reported target is 1,000 employees by year's end. The social-networking company and website have ballooned in size since a 2004 move to downtown from founder Mark Zuckerberg's Harvard University dorm room.

Earlier, a couple dozen employees worked out of a single University Avenue office. Now, a swarm of mainly young hires wearing Facebook logo-gear fill downtown streets on their way to and from offices at 156 and 151 University Ave., 164 and 285 Hamilton Ave. and 500 Emerson St.

The company's growth follows the trajectory of its social-networking website. Once confined to users at a handful of elite American universities, Facebook is now a public service accessed by more than 90 million people worldwide, according to the firm's website.

In e-mailed responses to questions, Frost declined to give details of which offices, if any, would be retained downtown, but stressed the firm's sentimental connection.

"We have loved our time in downtown Palo Alto and consider it part of the DNA here at Facebook. Many of our employees live in the area and will continue to be a part of the downtown community," according to her e-mail statement.

The move shouldn't hurt the downtown economy because other businesses will take Facebook's place, she stated.

"Palo Alto has been a great home for many start-ups and we are confident that with our move, other companies will occupy and thrive in the vacated spaces," she wrote.

The new office will allow the company to grow while keeping employees near one another.

"The motivation behind the move was the need to scale the organization while taking into account employee preferences to be located together as much as possible," according to Frost.

The announcement comes at a time of possibly waning investor enthusiasm for the firm.

BusinessWeek reported this month that Facebook executives have been selling their stock in the privately-held firm for prices far below the net \$15 billion value projected after Microsoft's 2007 purchase of a tiny 1.6-percent slice of the company for \$240 million. The current stock sales prices imply Facebook is worth a third of that, or even as low as \$3.75 billion, BusinessWeek wrote.

And technology analysts such as the blog TechCrunch have written that advertising on the website — once thought to be an obvious cash cow, given Facebook's ability to scan user profiles and match ads — may do a poor job of attracting customers.

Facebook is also facing a federal class-action lawsuit as of last week, with users alleging the site and advertising partners including Blockbuster and Overstock.com illegally spied on customers through the Beacon feature. The Beacon feature sparked outcry last winter when it automatically enrolled users without asking permission and sent information about purchases made on other websites, such as Overstock.com, to friends in their network.

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