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TECHNOLOGY

Seattle, Tech Boomtown, Grapples With a Future of Fewer Tech Jobs

Amazon and Microsoft remade the Seattle area. Now its economy is feeling the pain of the industry's pullback.

By Sebastian Herrera and Nancy Keates

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The Amazon Spheres in downtown Seattle IAN ALLEN FOR WSJ

Quick Summary

- Seattle's tech boom, fueled by Amazon and Microsoft, is faltering due to recent layoffs affecting the local economy.

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SEATTLE—Hannah Andrews, a manager at Five Stones Coffee Co. in Redmond, Wash., is used to seeing tech workers in her store just off Microsoft's main campus. But a few months ago, she started to notice a new phenomenon: People who listed Microsoft and other tech companies on their résumés were applying to become baristas.

The applicants typically had master's degrees and experience in graphic design or marketing roles, Andrews said—sometimes senior ones. They were applying to jobs at Five Stones that would pay Redmond's minimum wage, $16.66 an hour. Five Stones hasn't yet hired such candidates because the coffee shop gives priority to more traditional entry-level baristas, like high-schoolers.

"They were overqualified," Andrews said.

Once known mainly as the birthplace of Starbucks, Boeing and grunge music, the Seattle metro area has undergone an accelerating transformation in recent decades as the growth of first Microsoft, then Amazon made it into one of the premier U.S. tech hubs. Stock-rich tech workers bought nice homes, driving up values and tax revenues. Veterans of the two companies launched their own startups, attracting venture capitalists, and small businesses cropped up to serve the burgeoning tier of upwardly mobile techies. Tech giants including Google and Apple opened Seattle offices to take advantage of the talent pool.

Now, that virtuous circle is wobbling. Led by Amazon and Microsoft, companies across Seattle have undergone round after round of layoffs in recent years, shedding tens of thousands of employees. Amazon recorded its first-ever year-over-year drop in Washington state employment in 2024. Microsoft has added only 3,000 employees in the U.S. since 2022, even though its market capitalization has roughly doubled over that period.

Between them, the two companies have laid off more than 46,000 employees since 2023, according to Layoffs.fyi, which tracks workforce reductions. That represents 85% of layoffs by Seattle-area tech companies.

Five Stones Coffee Co. in Redmond, Wash., has seen an increase in tech professionals applying for barista jobs. IAN ALLEN FOR WSJ

The pullback in tech employment is being felt throughout Seattle's economy. Retail and restaurant spending is down in popular areas. Commercial real-estate vacancies stand at a record high as offices built to accommodate a boom sit empty. Home prices are flat and home sales are stagnant, though broader economic factors play a role.

"For a long time, we were just booming," said Kelly Fukai, who recently served as chief executive at the Washington Technology Industry Association. "The state was booming. Seattle was booming. That was not always going to continue. When it turned, it was a pretty significant hit."

'Sitting tight and hunkering down'

Seattle isn't the only city where tech companies have moved from hiring to trimming in the past few years. What sets it apart is the degree to which the local economy rests on two players.

Amazon and Microsoft, along with Boeing, are the largest private employers in Washington state. Together, the two tech giants are estimated to employ nearly 40% of the Seattle area's tech workforce. In comparison, Alphabet's Google and Meta Platforms, two of the largest tech companies in the San Francisco Bay Area, account for nearly 15% of the region's tech workforce. The Seattle area ranks second behind only San Francisco in the percentage of software developers and other tech workers employed in the industry, according to CBRE, a data point that captures how central tech is to the white-collar economy.

As Amazon and Microsoft have made cuts—and other local tech firms including Expedia and Redfin have followed suit—the effects have rippled through Seattle's other business sectors. Weakness in payroll and sales tax contributed to a projected $146 million shortfall in revenue over the next two years.

Restaurant and retail spending is down in the business and shopping districts surrounding Amazon's and Microsoft's campuses, with total transactions falling by as much as 7% in some popular areas in the past year, according to data from Square.

In the first half of 2025, around 450 restaurants closed in Seattle, or about 16% of its total. "At the halfway point of the year, we've already seen as many closures as we'd usually see in a full year," said Anthony Anton, chief executive officer of the Washington Hospitality Association.

Uber driver Juan Prado made six figures in 2021, often shuttling passengers in town for job interviews and doing frequent drop-offs near downtown tech offices. Now, he said, demand is much lower. "There are moments where you can be online, and in certain areas, it shows nothing."

Justin McKay is a manager at Adam's Moving Service, a popular mover in the Seattle area. McKay said he has seen a sharp drop-off this year in tech employees seeking to move. A year ago, clients had to book three to four weeks ahead, McKay said. Now, the service has availability a few days out.

Many tech workers have settled in Seattle suburbs like Bellevue, Wash. CHONA KASINGER FOR WSJ

The development of Seattle's tech industry fueled a soaring real-estate market, starting in 2012 and lasting through the pandemic. That is shifting.

The average number of days a home spends on the market in King County, which includes Seattle, has doubled since 2022 and the number of homes for sale in August was up 31% from a year earlier, according to Northwest Multiple Listing Service. The total number of sales and the median sale price have been relatively flat over this period.

"Everyone is sitting tight and hunkering down," said Jeff Tucker, principal economist for Windermere Real Estate in Seattle.

Chrissy Roberts, an agent for Realogics Sotheby's International Realty in suburban Kirkland, Wash., said she has tech industry clients who are selling their homes now because they are worried conditions will only get worse.

“They don’t want it to sit on the market,” she said.

When layoffs started to surge, Todd Haugen decided he needed to quickly sell his four-bedroom, 4,000-square-foot house with a pool and expansive views in the Clyde Hill neighborhood of nearby Bellevue, Wash. Haugen, who is 60 years old, left Microsoft in 2022 after two decades.

“My LinkedIn feed is crammed with people who have been laid off,” he said. “It was either sell it today or be in it for another 10 years.”

Less hiring, more waiting

Despite the job-market gloom, Seattle’s downtown areas feel livelier than they have in years, as companies have brought their workers back to offices. Downtown foot traffic in June was at its highest point since 2020, according to Jon Scholes, president and chief executive of the Downtown Seattle Association. Amazon enacted a five-day, in-person workweek while Microsoft recently increased its mandate to three days. The city’s aerospace and trade sectors remain strong.

An Amazon spokeswoman said the company “has invested heavily in the Puget Sound region and is proud to have significantly contributed to the economic growth and vitality of the region” through supporting affordable housing, small businesses and other work.

Frank Shaw, chief communications officer at Microsoft, said the company “will always work to do more to help economic growth and promote a strong quality of life in Washington state, just as we’ve done the past 50 years.” This has included hundreds of millions toward public transit and affordable housing, according to Microsoft.

But the outlook for many tech workers is dour as companies invest in software tools they can use to streamline teams. Microsoft Chief Executive Satya Nadella has said the company is increasingly looking to AI to perform coding and other tasks once done by people. In June, Amazon said its workforce would shrink going forward.

Raed Jarrar at his home in Renton, Wash. IAN ALLEN FOR WSJ

Seattle tech firms are asking for significantly fewer job placements than years ago, said Noelle McDonald, senior vice president at recruiting company Aquent, which counts Amazon and Microsoft as clients. Hiring windows have lengthened and open roles receive around 10 times as many applications

Rather than resist the trend, workers have told the firm they are looking to switch to other industries, such as finance or manufacturing, she said.

Some laid-off employees have started their own companies.

Raed Jarrar moved from Ottawa in 2012 for a job with Microsoft. He and his wife had two children and bought a home. Then, in May, Microsoft laid off Jarrar through a five-minute video meeting with human resources.

In 2022, while still employed at Microsoft, he founded a company renting out tools, games and baby gear as a backup plan. It is his primary source of income now.

“Between 2012 and 2022, it was definitely an employee’s market,” said Jarrar, 42. “It was a great period, until everything flipped.”

Hadi Alhussieni, 24, has been self-employed since Sony late last year closed down and laid off all employees at the game studio where he worked.

He is creating his own game now, called FPS Chess, and trying to sell his condo in Bellevue, with plans to put the proceeds into his business.

“Everyone is worried,” he said.

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