

BUSINESS

SpaceX layoffs include 577 positions in Hawthorne

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In this June 14, 2018, file photo, SpaceX founder Elon Musk speaks at a news conference in Chicago. (AP Photo/Kiichiro Sato, File)

By **BLOOMBERG** | |

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Hours after launching its [first rocket of the new year on Friday morning, Jan. 11](#), Elon Musk's company told stunned employees that [roughly 10 percent of SpaceX's workforce would be laid off](#). Workers were sent home early to await notification to their private email addresses about their fate.

The vast majority of Space Exploration Technologies Corp.'s more than 6,000 employees are employed at its headquarters and rocket factory in Hawthorne; hundreds of others are based in Seattle, Florida, Washington, D.C. and Texas.

Some 577 positions will be cut in Hawthorne, Jan Vogel, executive director of the [South Bay Workforce Investment Board](#), said in an interview Sunday. Those cut include production managers, avionics technicians, machinists, inventory specialists and propulsion technicians.

"It's always unfortunate when there are large layoffs," Vogel said. "We're in touch with SpaceX and we're to provide transitional services to impacted employees. There are a lot of aerospace companies in the Los Angeles area. We're ready to help people."

Fewer Launches

SpaceX flew a record 21 missions in 2018 for customers that include commercial satellite operators, NASA and the U.S. military. But the market size for launches is not infinite, and SpaceX President and Chief Operating Officer Gwynne Shotwell warned there might be a slowdown in orders from the geo-telecommunications industry.

"Next year you won't see as many launches as you see in 2018," Shotwell said in an interview with CNBC last May. "2019 is a lower-cadence year."

Musk founded SpaceX in 2002 to revolutionize space technology. The company, along with Boeing Co., has a [contract with NASA to fly American astronauts to the International Space Station](#) on a spacecraft named Crew Dragon. Despite the ongoing government shutdown, Crew Dragon is slated to fly for the first time in February without humans on board. SpaceX is also working on a space-based broadband satellite network and [Starship, a larger spacecraft designed to carry humans to Mars](#).

"To continue delivering for our customers and to succeed in developing interplanetary spacecraft and a global space-based Internet, SpaceX must become a leaner company," SpaceX said in a statement Friday. "This action is taken only due to the extraordinarily difficult challenges ahead and would not otherwise be necessary."

Musk is also the chief executive of electric-car maker Tesla Inc., which laid off roughly 9 percent of its workforce in June. As with Tesla, some SpaceX employees who were laid off took to social media to thank Musk for the opportunity to working for him, including Justin Arredondo, a supply chain specialist.

Last week, SpaceX disclosed in a regulatory filing that it had sold \$273 million in equity as part of a plan to raise a total of \$500 million. The sale would boost the rocket company's market capitalization to around \$30.5 billion, the Wall Street Journal reported in December.

For those former SpaceX workers who now find themselves in the job market, they should have little trouble finding new employment, said Judy Kruger, director of strategic initiatives and cluster development at the Los Angeles County Economic Development Corporation, which tracks the aerospace market.

"I have no concern about those 600 employees because there are so many space and satellite companies desperate for skilled or lower skilled talent," Kruger said.

Northrop Grumman has hired about 5,000 workers in the past four years and continues to be a hiring clip, Kruger said. Other aerospace companies such as Boeing and Lockheed Martin are continuing to hire as well, she said.

Southern California aerospace employment grew 64 percent in 10 years since 2004, reaching a total of 85,500 aerospace industry jobs in 2014, [according to a 2017 report by LAEDC](#), the most recent assessment that's available. Including jobs in its supply chain, the aerospace industry generates roughly 250,000 total jobs in Southern California.

"All market indicators say this is a strong industry," Kruger said. "I'm sure SpaceX is fine, the industry is fine and the workers will no doubt find something else."

Staff writer David Rosenfeld contributed to this report.

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