

BUSINESS

Perspective: The death of celebrity entrepreneur Tony Hsieh was a New London story because it was caused by a fire on Pequot Avenue. Two Wall Street Journal reporters have written a book analyzing what happened to Hsieh at the end of his life. The story does not end with Hsieh's death. **B3**

SpaceX fires workers critical of owner Elon Musk **Page B2**

January 2022

Is Tech the Canary in a Coal Mine?

June 2022

Silicon Valley braces for pullback after a high-flying decade

By **GERRIT DE VYNCK** and **RACHEL LERMAN**
The Washington Post

AFTER A DECADE of exuberance, Silicon Valley start-ups, venture capitalists and established tech companies alike are cutting investment and firing workers, prompting some in the tech world to openly predict a U.S. recession is on the way.

Facebook and Amazon have slowed their frantic hiring paces, while highflying newer companies

including scooter company Bird and email client Superhuman have laid off workers. Tesla chief executive Elon Musk recently told employees he has a "super bad feeling" about the economy, and venture capital firm Lightspeed Venture Partners warned in a blog post that "the boom times of the last decade are unambiguously over."

Last week, fashion tech company Stitch Fix said it was cutting about 15% of salaried positions, or a total of 330 roles, sending its stock price

sinking. The people losing their jobs were told that morning, chief executive Elizabeth Spaulding wrote in a memo to employees.

"In light of our recent business momentum and an uncertain macroeconomic environment, we've taken a renewed look at our business and what is required to build our future," Spaulding wrote.

The broader industry slump worsened this past week, with the tech-heavy Nasdaq index down 1.7%. It is now down 32% for the year.

The sudden shift is giving many in the sector whiplash. Uncertainty has settled over Silicon Valley as venture capitalists, tech founders and regular employees debate whether the pessimism is overblown or if tech really is the canary in the coal mine, already suggesting a broader downturn in the U.S. economy.

Tech start-ups do serve as a "leading indicator" for the economy, said Till von Wachter, a professor of economics at UCLA. Higher

interest rates can mean it's more difficult to raise money to fund new ventures — which typically take a while to turn a profit.

"They are one of the sectors that are the most sensitive to interest rate changes," von Wachter said. "They are very dependent on what we believe the future to be."

Tech has benefited immensely from the roaring bull market of the past decade, with soaring valuations enriching not just owners and

SEE UNCERTAINTY PAGE B2



ILLUSTRATION: SCOTT RITTER/THE DAY | DATA: NASDAQ | PHOTOS: AP

The tech-heavy Nasdaq index, **above in red**, has fallen 32% since January. Is the pessimism overblown, or a signal of a broader downturn in the U.S. economy?

'We're all afraid': Massive rent increases hit mobile homes

Rising demand for affordable housing has put particular pressure on market

By **ABHA BHATTARAI**
The Washington Post

FOR NEARLY 30 YEARS, Virginia Rubio has lived in a trailer park in Forks, Wash., where monthly rent teeters around \$350. Now it's shooting up to \$1,000.

Rubio, a retired home-care aide who lives on food stamps and \$860 in Social Security each month, says there's no way to make the math work. She owns the mobile home she shares with her partner and adult daughter but will soon have to give

that up if she can't afford to rent the plot of land underneath it.

"With an increase like this, I don't know what we can do," said Rubio, who is 75. "We're all afraid of losing our homes."

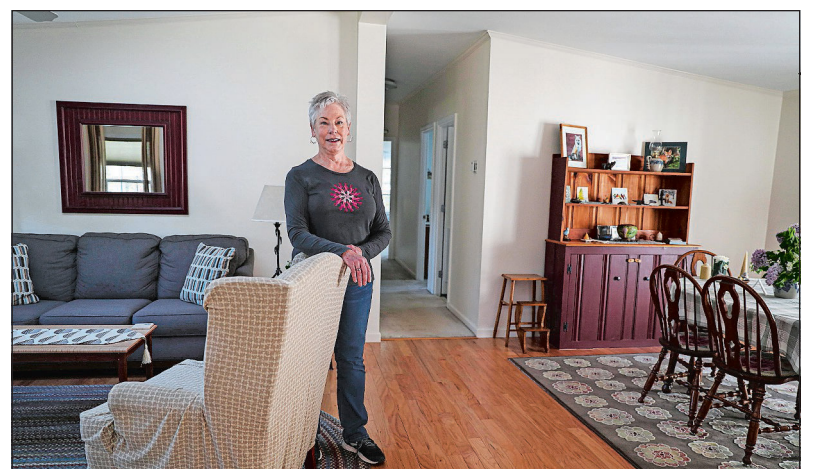
Surging home prices and rents are cascading down to the country's mobile home parks, where heightened demand, low supply and an increase in corporate owners is driving up monthly costs for low-income residents with few alternatives. At the same time, private-equity firms and developers are often circling nearby, looking to buy up such properties and turn them into more lucrative ventures, including timeshare resorts, wedding venues and condominiums. Mobile homes have long been one

of the country's most affordable housing options, particularly for families who do not receive government aid. About 20 million Americans live in manufactured homes, which make up about 6% of U.S. residences, according to federal data. Some experts suggest those numbers could soon rise as more people are priced out of traditional houses and apartments.

Mobile home prices range from less than \$25,000 in Nebraska, Iowa and Ohio, to more than \$125,000 in Washington state. Overall, they tend to be three to five times cheaper than traditional single-family homes, according to an analysis of census data by LendingTree.

But rising demand for affordable

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CHERYL SENTER/FOR THE WASHINGTON POST

Sue Veal lives in a mobile home park in Rochester, N.H., for those 55 and older. She bought the home but rents the land on which it sits.

Euro set to hit parity with dollar in a month, Wells Fargo says



KEREM UZEL/BLOOMBERG

An electronic board displays euro and U.S. dollar prices at a foreign currency exchange bureau in the Beyoglu district of Istanbul, Turkey, in May.

The euro is poised to hit the same level as the U.S. dollar within a month as the widening gap between interest rates and economic growth in the U.S. and Europe drags down the common currency, according to Wells Fargo.

Such a drop would mark the first time in two decades that the euro has equaled one dollar. The euro was little changed at \$1.04 early this past week, steadying from a three-day drop.

The currency touched a five-year low in mid-May and has weakened 8% against the dollar this year as the Federal Reserve's aggressive monetary-policy tightening pushed interest rates in the U.S. well above those in Europe. The Fed's moves are exerting pressure on the euro because the European Central Bank is taking a less hawkish path, wrote Erik Nelson, the bank's currency strategist. Underlying economic growth is also stronger in the U.S. than the eurozone.

"The return of USD strength has come sooner than we had expected," Nelson wrote. "In our view, the question of parity is more of a 'when' rather than an 'if.'"

— Bloomberg

LEGO INVESTS \$1 BILLION IN FIRST U.S. FACTORY AS BRICK SALES GROW

LEGO, the world's largest toymaker, will invest \$1 billion in its first U.S. factory to tap into rising demand in the Americas.

The plant will be based in Virginia and employ more than 1,760 people, the Danish company said in a statement. Its operations, designed as carbon neutral, are set to begin in the second half of 2025.

"The location in Virginia allows us to build a solar park, which supports our sustainability ambitions and provides easy links to country-wide transportation networks," Chief Executive Officer Niels Christiansen said.

LEGO, which is owned by the billionaire Kirk Kristiansen family, earlier this year reported that 2021 net income jumped by a third, reaching a record, as demand for its colorful building blocs is rising rapidly. Last year, it announced plans to open a new factory in Vietnam and the Virginia facility will become its seventh globally as the company expands its production network.

— Bloomberg