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Exclusive: Airbnb signs giant SoMa office lease

James Temple, Chronicle Columnist
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The co-founders of airbnb, Brian Chesky Nathan Blecharczyk and Joe Gebbia stand for a portrait in the SOMA headquarters on Tuesday March 16, 2010 in San Francisco, Calif. Their company provides an online listing for regular people looking to rent their couch or a spare room to travelers. Photo: Mike Kepka, The Chronicle



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The frenzied pace of SoMa tech deals continues.

Airbnb will announce Wednesday it signed a 10-year, 170,000-square-foot lease at 888 Brannan St., a nearly fivefold expansion over the Potrero Hill space it moved into just last year.

The not-quite 4-year-old company, the leader among sites that allow people to rent their [apartments](#) or rooms to travelers, will be able to

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house more than 800 workers at its new headquarters. It currently employs 125 people in San Francisco, which provides a sense of its local growth expectations.

"This is a commitment not only to staying in San Francisco, but creating a lot of jobs," said [Brian Chesky](#), chief executive of Airbnb, in an interview. "We see San Francisco as our long-term home."

Airbnb plans to move into 888 Brannan in February. . The [San Francisco Business Times](#) first reported the company was considering a deal at the building.

Airbnb is considered an exemplar of the shift to a sharing economy - the concept that people will increasingly use bikes, cars, office space and more on a temporary basis, preferring to rent instead of own. Other examples include Zipcar and temporary work spaces like Hub San Francisco.

In 192 countries

The company now boasts available space listings in more than 19,000 cities across 192 countries, and surpassed 5 million total nights booked earlier this year.

Airbnb's rapid ascension hasn't been without controversy, however.

Last summer, a San Francisco customer arrived to discover a guest had vandalized her apartment, a horror story widely reported after she blogged about it anonymously. She was critical of Airbnb's customer response, particularly after an executive asked her to remove the post for fear it would impact the funding round then under way.

More recently, some local political and industry figures have criticized Airbnb for arguing its services should be exempt from the tax that its rivals in the traditional hospitality space must pay.

Last month, over the objections of Mayor [Ed Lee's](#) office, city Treasurer [Jose Cisneros](#) made clear that Airbnb and similar services are responsible for the city's roughly 15 percent hotel tax, [The Chronicle's John Coté](#) reported.

The mayor's office had urged Cisneros to hold off on the decision as a committee of lawmakers and business representatives map out plans for a broader tax overhaul aimed at fostering economic growth. Adding to the controversy is the fact that angel investor [Ron Conway](#), who helped raise nearly \$700,000 for Lee's campaign, is an investor in Airbnb and a key mover behind the tax reform.

"We don't want to shy away from any tax obligation, but we want to show that renting a spare bedroom is totally different from running a hotel," Chesky said. "What we're really seeking is a conversation."

He said discussions continue on the topic among a "sharing economy working group," organized by Lee's office.

Lee wasn't available to speak for this article.

Creating jobs in S.F.

"It is great news that Airbnb will continue to create jobs in San Francisco as they open their new office," said [David Chiu](#), president of the [San Francisco Board of Supervisors](#), in a statement. "I look forward to working with them and other stakeholders to consider public policies that address shareable housing in our City."

For 888 Brannan, known as the [Giftcenter & Jewelrymart](#), the Airbnb deal represents a return to its high-tech roots. The building was constructed in 1917 to crank out Everready batteries.

Last year, [SKS Investments](#) of San Francisco and Vantage Property Investors of Los

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Angeles bought the property from Wells Fargo, which had foreclosed on it during the economic downturn. The new owners are in the midst of a historic renovation of the building, which continues to house the wholesale jewelry mart in the basement.

The Airbnb transaction fills more than half of the roughly 300,000 square feet of above-ground office space - and leasing prospects look good for the rest of it.

"Conditions are very positive in San Francisco - and South of Market is probably one of the strongest submarkets in the United States," said [Dan Kingsley](#), managing partner of SKS. "That's being driven primarily because the talent pool in San Francisco is very dense and the companies competing for that talent pool need to be here, in order to attract these bright minds."

James Temple is a [San Francisco Chronicle](#) columnist. Dot.commentary runs three times each week. Twitter: [@jtemple](#) [jtemple@sfchronicle.com](#)



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