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Chevron Sells Global Headquarters, Pares Back in California Amid Texas Expansion

Oil company to move headquarters into smaller California space as it continues to relocate employees to Texas

Chevron closed the sale Wednesday of its Chevron Park campus in San Ramon, Calif., its global headquarters for two decades.
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By Collin Eaton Follow
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Chevron Corp. CVX 3.38% ▲ has sold its current headquarters in California and plans to move into a nearby leased space about one-third of the size, as it continues to relocate employees to Texas.

The second-largest U.S. oil company closed the sale Wednesday of its Chevron Park campus in San Ramon, Calif., its global headquarters for two decades, to Sunset Development Co. The family-run company had originally sold the 92-acre parcel to Chevron in the early 1980s.

Sunset Chief Executive Alex Mehran Jr. said Chevron also signed a lease for nearly 400,000 square feet of space in a nearby office building located in Sunset's Bishop Ranch mixed-use project in San Ramon. Chevron's office space there could house about 2,000 employees after interior construction finishes in late 2023, Sunset said.

The financial terms of the sale and the lease agreement weren't disclosed. A Chevron spokesman said the current real-estate market gave the company an opportunity to downsize its office space to the size its employee base there requires.

Chevron's main offices have resided in California for more than 140 years. It has housed its main offices in the greater Bay Area since the early days of its first corporate ancestor, Pacific Coast Oil Co., in 1879. It moved hundreds of employees to San Ramon in 1999, and in the early 2000s said it would become the company's headquarters.

But its presence in California has been declining for years, particularly following a reorganization that began in 2019. Some of Chevron's leadership have long wanted to move the company's headquarters to Texas, but it has held off largely because of its long history in California and its assets there, such as its Richmond, Calif., refinery, according to people familiar with the matter.

"Chevron will remain headquartered in California," spokesman Braden Reddall said, citing the company's long history, operations and partnerships in the state.

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The sale of Chevron's global headquarters cements its shift to house the bulk of its U.S. workforce in downtown Houston, where its employee population has grown to about 6,000, about three times the size of its head count in San Ramon. Chevron had said earlier this year that it would offer to cover costs for some employees to relocate to Houston.

Mr. Reddall said about 200 employees elected to move to Houston since Chevron made that offer earlier in the summer.

Mr. Mehran, whose company has worked with Chevron for decades, said that many people have wrongly predicted for years that Chevron would move its actual headquarters to Houston, and that its most recent real-estate investment in the leased space in San Ramon shows the company intends to remain based in California.

"It's the most written-about story that has never happened," Mr. Mehran said of the idea Chevron will decamp from California for Houston. "As much as they can be more efficient in Houston, they have an enduring presence in California."

Houston has become the capital of the U.S. oil-and-natural-gas industry over the past several decades, with Texas leaders including Gov. Greg Abbott touting lower taxes and a lighter regulatory burden on businesses compared with California and other states. Texas doesn't have a state income tax, and its real estate is generally less expensive than in California.

Rival Exxon Mobil Corp. is moving its headquarters from Irving, Texas, to the Houston area next year.

The office building Chevron is moving into in San Ramon will have restaurants, a gym, a conference center and other amenities. As for what will become of Chevron Park, Mr. Mehran said he would have to work through that over the coming months with city and community leaders and others.

Mary Boroughs, president of Chevron Environmental Management and Real Estate Company, said the company's move to a new, modern leased space will offer an improved employee experience in a more contemporary environment.

Chevron's move follows recent similar decisions by other large U.S. companies to downsize their main offices. Many businesses have cut back on real estate as more workers station themselves at home for part of the workweek, while some employees have moved across state lines to capture cheaper housing and costs of living as well as lower taxes offered by some states.

KPMG LLP said last month that it would move to smaller offices in New York. Yelp Inc. said this summer that it would close offices in New York, Chicago and Washington. Others that have recently announced moves include machinery giant Caterpillar Inc., aerospace company Boeing Co. and defense contractor Raytheon Technologies Corp.

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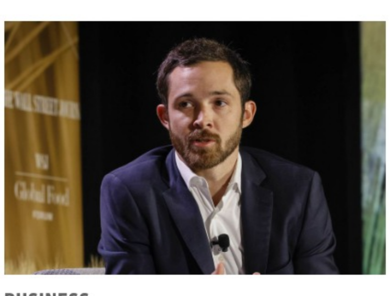
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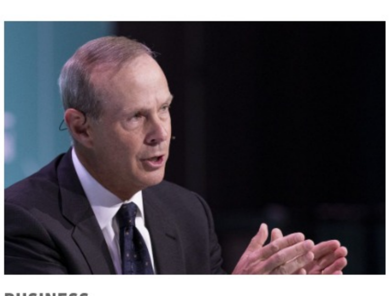
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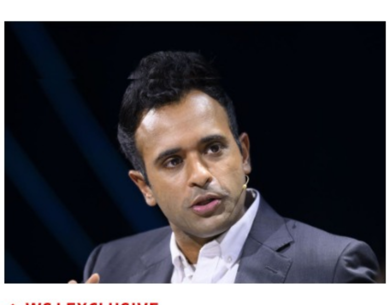
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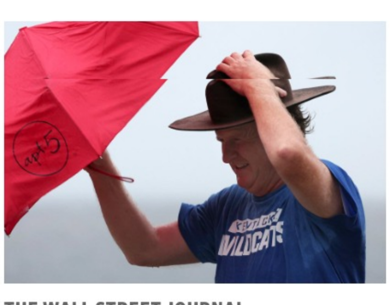
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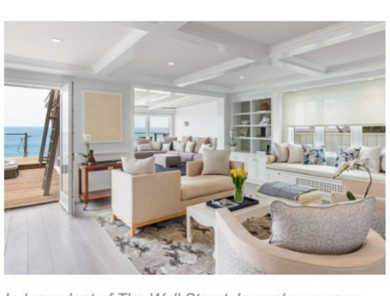
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