THE STRANGE WORLD OF SILICON VALLEY REAL ESTATE

When it comes to buying property, the Bay Area’s tech titans like to do things differently than their overwealthy peers in Los Angeles and New York City. Their operating system is to keep the dealings under the radar—using shell corporations to snap up their neighbors’ homes (to create a personal buffer zone) and to transform a suburban downtown district to match a mogul’s whims. Their houses can seem almost humble to passersby, but it’s the over-the-top luxury you’ll find behind closed doors and in extravagantly built-out basement bunkers that really counts. Just as with hoodie-wearing college dropouts, don’t be fooled by modest exteriors.

BY MAX CHAPLIN

THE PROTOTYPE Steve Jobs lived in this unpretentious Tudor-style house in Palo Alto from the mid-1990s until his death in 2011.

THE NEXT GENERATION Mark Zuckerberg paid $7 million for this Victorian in Palo Alto—located just two miles from Jobs’ residence—then used a series of shell companies to buy the houses of three of his neighbors, for a total of more than $40 million.
CUTRAGULATION! YOU JUST SOLD YOUR tech company for billions of dollars. You've disrupted your industry, vanquished your competitors, made your venture-capitalist backers even richer. Now it's time to say good-bye to your hacker householders, you're going to want a spread that reflects your newly acquired position, a grown-up home that shows you've arrived without you, making big deals and all. Because have you noticed how the Bay Area—where flower power was born and even the most amoral tech innovations...? Popularized by Mark Zuckerberg, this savvy real-estate strategy has subsequently been employed by a growing cadre of moguls. The Facebook founder bought his first house—a Victorian with an outdoor fireplace and a saltwater pool that sits on less than an acre in Palo Alto’s Crestmoor Park neighborhood—for $4.5 million in 2011. Later he learned that a local real-estate developer was about to purchase the 6.8 million house about an inch away from his, so the moguls might have set a dangerous precedent, so Zuckerberg swooped in and bought that house—paying the developer $2.5 million to give up the claim—along with the houses of three of his neighbors (two on either side of his near neighbor, the other next door to his own home), which weren't even listed at the time. Pierre Bujan, a real-estate agent who's been selling homes to Silicon Valley’s newly minted since the 1980s, speculates: "He didn’t want a developer advertising, "Come live near Mark Zuckerberg." Of course, Zuckerberg probably didn’t go knocking on his neighbors’ doors. The purchases were handled by iconoclast Capital, a firm founded by Shreyas Makan, a Goldman Sachs broker turned tech-world fixer. Iconoclast reportedly deployed a series of shell companies to snap up the next three borders holding Cez Zuck, making offers that only a fool would refuse, ultimately paying up to three times the market prices of the properties, for a total outlay of more than $40 million. And the piece de resistance of this strategy was that Zuckerberg allowed the previous owners to stay right where they were—as his tenants—thus providing himself with the local neighborhood protection of a good community while preserving the illusion of indifference to the base life. A similar pattern is repeating itself up and down the San Francisco Peninsula and points south. Yahoo’s CEO Marissa Mayer and Tesla’s CTO Elon Musk have both recently "purchased a part of the neighborhood" (as the San Francisco Business Journal put it), albeit with mixed results. Mayer paid $11 million for the Rolling Hapigon & Timney Funeral Home, the oldest mortality in Palo Alto, one block east of her current 5,000-square-foot home, which she landed in 2009 for the early-bird-special price of $1.8 million. But when word got out Facebook’s founder bought four of his neighbors’ homes. ‘He didn’t want a developer advertising.’

With companies like Google and Facebook offering free gourmet meals, community gardens, sleep pods, and adult play areas, many wealthy techies are opting for urban homes that serve up escapist environments that “feel like spas and hotels,” says the interior designer Kendall Wilkinson, whose résumé includes commissions from top tech executives and investors. Wilkinson says her clients are looking for coffee bars and so-called ‘Mad Men rooms’ (“Like a smoking room without the smoke”) in their offices to mimic the new decor of their homes, where many are requesting wine cellars that aren’t actually in the cellar. She recently designed one for a top executive at a major technology company—a modern glass case full of bottles that’s visible from the family room. “It’s more of an art wall,” she says.

Kevin Hartt, “Is that the animals that have taken over the farm. We have to make sure we don’t turn into pigs.”

This NEUROTIC OBSESSION WITH WEALTH, set against a backdrop of social mores that militate against ostentation, also plays out inside the home. Hence the burgeoning industry of retailer therapists dedicated to helping the newly rich surround themselves with class-appropriate accoutrements. Facebook’s initial public offering—one of a dozen or so high-profile IPOs over the past few years, along with that of Twitter, LinkedIn, and Tesla Motors—created more than 1,000 instant millionaires. The company’s earliest employees, mostly young men in their twenties and thirties with little experience beyond the clustered world of tech start-ups, walked away with hundreds of millions, and in some cases, billions, of dollars, with no apparent idea how to spend it. "These tech people have their heads in their computers."Enable Javascript or view inreader view inreader
The "THOSE TECH PEOPLE HAVE GOT A LOT OF MONEY BUT NOT THE SOCIAL ETIQUETTE," SAYS THE HEAD OF ONE HIGH-END CONSTRUCTION COMPANY. "THEY'RE TRYING TO STATE THAT THEY HAVE ARRIVED WITHOUT LOOKING JUST LIKE THEM."