

Silicon Valley braces for Facebook millionaires

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The reception at Facebook headquarters in Palo Alto, California. As Facebook goes public, Silicon Valley is buzzing in anticipation of the "instant millionaires" that may soon be looking for ways to spend their newfound wealth.

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Eight years after [Mark Zuckerberg](#) founded the company in a Harvard dorm room, the stock market debut is expected to value the social media giant at as much as \$100 billion.

While Zuckerberg and other longtime staffers stand to benefit the most, the [initial public offering](#) on Wednesday could also make millionaires out of much of the company's rank-and-file.

Local real estate agents say they expect the IPO -- at \$5 billion easily the largest ever by a technology company -- to boost already high home prices as newly wealthy staffers at the social media giant begin shopping.

"It's going to have a great effect," said Pierre Buljan, a [Silicon Valley](#) real estate agent who shows homes to young [technology executives](#). "I believe with 1,000 new millionaires, they're going to need a place to live."

Buljan said his typical client often seeks "modern, high-tech structures" close to the airport and good schools.

"They don't like the stuff their parents used to live in," he said.

Typically clients pay cash for the homes, he said, which can range anywhere from 4,000 to 15,000 square feet (372 to 1,393 square meters) depending on the size of the family.

Real estate agent Dawn Thomas said she is already seeing home prices rise in areas surrounding Facebook's Menlo Park headquarters and expects that to continue.

"You're going to have all these instant millionaires on the streets," Thomas said. "The trickle is already happening."

Thomas described her tech-savvy homebuyers as "very, very green-minded" and in search of smaller, tech-equipped, energy-efficient homes with high-end amenities.

"They don't want 'McMansions,'" she said, referring to super-sized houses that can gobble up energy.

Thomas and Buljan both cautioned that it will take time to see the full

effect of the IPO. Facebook shares will not actually begin trading on Wall Street until later this year.

The social networking company may also be taking steps to avoid sparking a buying craze that could spark another housing bubble.

Buljan said he's heard Facebook has cautioned its soon-to-be millionaires to take their time when purchasing a home in order to avoid staffers flooding the market and essentially bidding against each other.

"They're very young, 20s and 30s, and the fact is they're getting some good warnings from inside company execs," Buljan said. "They don't want it to be about [Facebook](#) has got all these crazy people out there shopping."

That's good advice, according to Sam Hamadeh, chief executive of the financial research company PrivCo.

Hamadeh said employees can typically start selling their shares 180 days after a [company](#) goes public.

But he said he would advise staffers to resist the temptation to borrow heavily against vested holdings or cash in immediately once those six months are up.

With past IPOs, "a lot of people have gotten devastated by putting down big downpayments on homes" that they later couldn't afford when share prices dropped, Hamadeh said.

Instead, he said shareholders should sell slowly and not expect prices to soar indefinitely.

"When they can start selling, everyone can start selling," Hamadeh said.

"Between the IPO and six months, you'd be surprised how fast shares can tank sometimes."

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