

TECH

The IPO Millionaires Are Coming!

As tech companies get ready for initial public offerings, their employees await newfound wealth. Silicon Valley's luxury firms are already making their pitches; heli-skiing in Greenland.

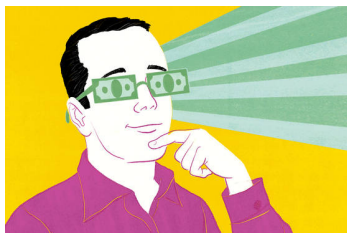


PHOTO: ALEX NABAUM

By Yoree Koh and Rolfe Winkler

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San Francisco

As hot startups prepare for multibillion-dollar public offerings, their soon-to-be-enriched employees are being inundated by high-end sales

pitches.

Thick books offering luxury yacht rentals, which can cost a quarter of a million dollars for a week in the Mediterranean, have landed on the desks of executives at Pinterest and Airbnb Inc. Private jet companies have tempted early employees at tech startups with unsolicited email pitches. Some tech workers say they have been wined and dined by wealth managers at Morgan Stanley and JPMorgan Chase & Co., who dangle the benefits of parking IPO fortunes with them.

So it goes in Silicon Valley, where there are plenty of luxury services ready to help tech workers spend their newfound wealth. Friday's strong public-market debut of ride-hailing company Lyft Inc., now valued at roughly \$30 billion, is expected to kick off a rush of massive IPOs that include competitor Uber and digital-imaging company Pinterest, supplying the Bay Area with possibly thousands of new millionaires.

The windfall is highly anticipated at Pinterest, which has only allowed employees to sell a limited quantity of shares on the market during the startup's eight-year history. In comparison, Uber has held two tenders in which early employees have already cashed out billions of dollars.

Eusden Shing, a former product manager at Pinterest who owns stock, says his ex-colleagues

are excited but anxious. “It’s not over ’til the fat lady sings,” he said, referring to the post-IPO lockup period that typically prevents startup employees from selling shares for 180 days. “As much as I believe in Pinterest, it’s nerve-wracking to have 90% of net worth tied to one asset.”

Employees were last able to sell stock in 2015, and no more than 10% of their vested shares. Mr. Shing, 35 years old, who worked at Pinterest from 2013 to 2017, said he doesn’t plan to buy anything post-IPO, only to diversify his assets.

Minnie Ingersoll, who was a product manager at Google during its massive 2004 IPO, said she advises friends going through an IPO to sell half of their shares occasionally, “then you’ll be happy if it goes up or down.” Ms. Ingersoll, now a venture capitalist, says she paid off her student loans, and jokes that she treats herself to short-term parking when flying out of San Francisco International Airport.

For those looking to splurge, heli-skiing has been a popular pastime among techies. This year, Powderbird Helicopter Skiing started offering a trip to Greenland where skiers stay on a 250-foot yacht and depart for daily ski runs from the helipad in the rear. The weeklong trip costs \$800,000, said Jessica Long, Powderbird’s business manager, who added that one group of tech workers booked it for later this spring.



Powderbird Helicopter Skiing offers a trip to Greenland where skiers stay on a 250-foot yacht with a helipad in the rear.

PHOTO: POWDERBIRD HELICOPTER SKIING

Discovery Land Co., a Scottsdale, Ariz.-based luxury real-estate development company, said it has seen interest from employees at Lyft, Airbnb, Slack Inc. and other IPO candidates, looking to purchase vacation homes.

Tech workers, including early Facebook Inc. employees, have been drawn to Discovery's private Yellowstone club in Big Sky, Mont., where \$3 million to \$18 million will buy a move-in ready luxury home and access to what it bills as the world's only private ski resort. The company's private club in Austin, Texas, where properties list for up to \$5 million, is gaining popularity as tech companies open second offices in Texas, said Michael Meldman, chairman of Discovery Land.

What sets this IPO season apart from previous offerings is the sheer volume of workers expected to benefit from the bonanza and its impact on the Bay Area, already strained by a growing class divide fueled by the years-long tech boom.



Discovery Land Co.'s Yellowstone Club in Big Sky, Montana is popular among tech workers. The price for this particular custom house is \$6.7 million. PHOTO: DAVE PECUNIES

Most of the mega-IPOs are from companies based in San Francisco, where netting a few million dollars doesn't vault one into the ultra-wealthy.

One early Uber employee, who is currently living in a rental apartment with their spouse and sold about half of their shares during an internal sale, said they had been eyeing single-family homes in the city. But that even with a budget of \$4 million to \$5 million, they didn't feel they could manage carrying costs and private school for their future children. They are now looking at homes in San Francisco's suburbs further south.

Deniz Kahramaner, a luxury real-estate agent at Compass, estimates that there will be 4,600 tech workers poised to make all-cash offers for homes in the \$1 million to \$5 million range after companies including Airbnb and Uber go public. But not all will be able to purchase homes because of limited supply. For instance, the in-demand neighborhood of Noe Valley currently only has about 12 single-family home listings. Mr. Kahramaner predicts that the restricted

housing supply, growing demand and wealth will mean that the minimum price to buy any home in San Francisco's most desirable neighborhoods, like Pacific Heights, Russian Hill and Cow Hollow, in five years will be \$1 million

Don't expect too many people to retire once they cash out. Those who strike it rich young often stay in the game, said Emily White, another early Google employee who went on to bigger jobs including chief operating officer of Snap Inc. She recalls telling a Google human resources representative—who worried the company would lose Ms. White post-IPO--that she wasn't going anywhere. "People are young and want to accomplish things," said Ms. White, now a venture capitalist. "I like being where the action is. I want a seat at the table."

In Silicon Valley, techies also tend to spend their money less conspicuously by reinvesting money back into companies. A group of about 200 former Uber employees have pooled their money for a fund that invests in startups, typically making investments of \$500,000 to \$1 million. Started a year ago by Josh Mohrer and William Barnes, early general managers at Uber, it has made 15 investments so far, including in electric-scooter company Lime.

"It's a bizarre phenomenon for a bunch of coworkers to make a lot of money at the same time kind of randomly. And luck plays a huge part of it," said Mr. Mohrer, 36. "I still look the same. I'm still wearing a J.Crew T-shirt, and J.Crew jeans and socks from one of the direct to consumer sock companies. I'm still me."

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