Why Apple’s Suburban Spaceship Could Lose the War for Tech Talent

By Marcus Wohlsen, 12.20.13, 6:30 AM

Though the world will never see another product developed by Steve Jobs, one of his most ambitious projects is still in the pipeline. Before he died, Jobs spent years working with architect Norman Foster to design Apple’s new headquarters in Cupertino, a giant ring of glass that looks like some sort of alien spacecraft nestled in a suburban California forest.

Its ambition is to be a marvel of modern architecture. “Apple, which had already changed the nature of consumer products, seemed now to want to try to do nothing less than change Silicon Valley’s view of what buildings should be,” architecture critic Paul Goldberger writes in the latest issue of Vanity Fair.

But there’s a problem. As Apple seeks to change Silicon Valley’s view of what buildings should be, Silicon Valley is rethinking its view of where they should be, even as the company that Jobs built is staying put in its hometown.
Increasingly, young tech talent wants to live and work in cities. As a result, the hottest tech companies, from Google to Twitter to Uber, are setting up shop in San Francisco, a long drive north of Silicon Valley, the traditional stronghold of the computer game. In the cutthroat world of tech recruiting, catering to the demands of the talent is everything, and even Apple isn’t immune to the first rule of real estate: location, location, location.

Employees aren’t expected to start working in the new Apple headquarters until 2016, but the potential risk already is mounting. Last month, the San Francisco real estate scene began buzzing with the rumor that Google is looking to snag massive amounts of space in the city. Though the search giant has a decent-sized San Francisco office — a complement to its headquarters 36 miles south in Mountain View, California — a major new Google outpost in the city could shift tech’s center of gravity away from Silicon Valley proper and bring even more companies tumbling after.

Already, the most talked-about and valuable startups in the tech industry have set up shop in San Francisco almost as if it’s a foregone conclusion. Dropbox, Uber, Square, Airbnb, Pinterest. All of these are companies on track for IPOs of Twitter-esque proportions. (Twitter, too, makes its home in San Francisco.) In a recent report from IPO market research firm CB Insights, the 26 still-private tech startups believed to be valued at $1 billion or more include nine in San Francisco and an equal number spread across the Silicon Valley suburbs.

One rough distinction between the top San Francisco startups and those to the south is that the city-based companies tend to offer products and services geared toward consumers. In Silicon Valley proper, the biggest startups are more likely to make hardware and software used inside businesses and among the developers of the world. But even this is changing.

Hardcore geek magnets such as New Relic and Heroku are based in San Francisco. Cloudera — a company that mimics the software that drives such massive web operations as Facebook and Google — opened a city office just so it could rub shoulders with these web giants. Last year, the former chief architect of Google’s search query engine told WIRED he left to take a job at Cloudera because the cloud data startup was now closer to his home.

Even Facebook is part of this massive tech trend, recently moving its headquarters closer to San Francisco in part to maintain its hold on talent. To be sure, Silicon Valley will remain a tech hub, but the point remains: The balance is shifting. And Apple is putting all its eggs in a mile-wide spaceship-like basket.

But come on, would talented techies really forgo the money, resources, and prestige of a company like Apple just because it happens to be in Cupertino? They very well might. Consider Goldberger’s description of Silicon Valley beyond the walls of its corporate campuses: “Most of Silicon Valley is suburban sprawl, plain and simple, its main artery a wide boulevard called El Camino Real that might someday possess some degree of urban density but now could be on the outskirts of Phoenix.”
In that light, it’s easy to see why 20-something Googlers would rather live in the city and take the Google Bus to the Valley — and why they might be even more drawn to the company if they could live and work in the same place.

Tech is hardly the only industry driving an urban resurgence as corporate America tries to lure new talent by meeting its smartest recruits where they want to live. Everyone from United Airlines to Hillshire Brands is moving back downtown, according to a recent Wall Street Journal piece. Reporter Lauren Weber writes that commercial real estate vacancy rates have fallen faster in cities than in suburbs as the overall market has recovered in recent years. And nearly half of all Americans with bachelor’s degrees are clustering in 20 metro areas.

Despite the powerful draw of city life, however, Apple still has one way to lure engineers and designers into its mothership: It’s Apple. The maker of the world’s most iconic products can count on its brand to draw talent into its, ahem, inner circle. And its new headquarters might wind up being so amazing that even the most dedicated urban denizens will be drawn to its architectural magic.

Regardless, it’s not like an urban headquarters was ever really a possibility for Apple. Cities overall, with their messy, chaotic, open-ended ways, their dense public spaces that encourage interaction and collaboration, don’t fit Apple as a company or culture. In a way, a closed circle is an ideal metaphor for Apple’s product philosophy: Our design is so seamlessly perfect you never have to leave our world. The question is whether walling itself off from the real world will one day lead to cracks in that perfection.