

Talking Shop in the Capital

US based Yellow Star Capital Fund recently closed the purchase of 30 villas and 12 apartments from Motorola for ¥125 million (US\$15 million) in Beijing. Jason Krauss and Brett Aaron, principal players at Yellow Star, talk about why empty villas are hot.



H&O: What are your impressions of the real estate market in Beijing? Will prices peak in 2008 when Beijing holds the Olympic Games?

Krauss: Our decision to look for projects in Beijing as opposed to say Shanghai, was based on a greater appearance of stability in the Beijing market. In addition, our niche for servicing the expatriate community seems to have deeper roots in Beijing and a continued flow of steady expatriate influx.

Aaron: This fact coupled with the pending 2008 Olympics, promises to tighten any present slack in the market. Furthermore, the moratorium on certain building is sure to decrease the vacancy rate in the next few years as well. Quality premium properties will always be in high demand and it has been our strategy to focus on the needs of the expatriate community, especially at the high end of the market. We think this trend will continue after 2008.

Why did Yellow Star pick River Garden and Parkview Center as its first investment?

Krauss: It was based on the long-standing, good reputations that both communities hold amongst the various expatriate communities in Beijing.

Aaron: The apartments and villas are solidly built and well maintained. They are settled properties with no major problems. Once we renovate the units themselves to a standard as high as Grand Hills, Yosemite or Palm Springs, we will not only offer new modern housing but also provide it in the most coveted expatriate communities in Beijing.

So the next step is renovation? Who are the target tenants?

Krauss: Our next step has been to completely renovate and over-

