

Excel Realty Holdings First U.S. Company to Invest in Beijing Office

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By Amanda Marsh, Associate Editor

San Diego-based Excel Realty Holdings L.L.C. has announced the acquisition of a 17-story Class A office tower, Excel Centre Beijing (pictured), at 6 Wu Ding Hou Street in the Beijing Finance Street district. This marks the first time a U.S. investment firm has purchased a building in the district. The price was not disclosed.



"We've always had our eyes open to Beijing," Eric Ottesen, general counsel & senior vice president at Excel, told *CPN*. "We started talking internally and studying the market in 2002, and with WTO breakthroughs and 2008 Olympics, we thought it deserved a closer look."

After looking around different submarkets in Beijing, the company set its eyes on the Finance Street district, which has been branded "the new Wall Street in Asia," Ottesen said. The local government has been offering incentives to foreign financial institution to relocate to the area, and in 2006, Goldman Sachs, JP Morgan, UBS and other major financial institutions relocated to the district.

The 400,000-square-foot building's development was completed in December, and is currently in the leasing stage. So far, letters of intent have been signed for half of the space, including Fortune 100 and Fortune 500 companies. "We're looking to make the building an international, Western-style institution," Ottesen said.

"The overall market in China continues to grow and it's a good sign that American companies are there," said Skip Whitney, principal of GVA Kidder Mathews & co-chair of GVA Worldwide's life sciences practice group, who was not involved in the deal. "It's only a matter of time before they understand how to do business there…Most U.S. companies are not aware of the opportunities that exist in China, and I commend Excel for going into Beijing. They will probably do very well."

Ottesen said that Excel was early in the game and they understood risk. "However, the operating principals were there for an upswing in the market," he added. Excel plans to further invest in both Beijing and Shanghai, as it has access to many additional opportunities. "It's almost like drinking from a fire hose."

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