

# The houses that Jim built

An American entrepreneur has transformed a sleepy hamlet by the Great Wall into a thriving business concern, benefiting investors and villagers alike. And, as **Mark Graham** explains, it all started with an off-the-cuff remark.

Feature

Little did Jim Spear realise that when he bought a postcard from a Great Wall hawker in the mid-1990s, it would set off a chain of events that, ultimately, would lead to him becoming a property developer, restaurateur and hotelier, employing hundreds. Spear, a Beijing resident at the time, was taking a friend to see the mainland's top tourist attraction, specifically a section close to Mutianyu village. On the climb back down from the ramparts, Spear, who speaks Putonghua, bought a postcard from a hawker and mentioned casually that he would love to have a house in such a gloriously scenic area. The American businessman politely handed the hawker a name card and thought little more of the encounter until, some weeks later, his wife was puzzled by a phone

call from someone claiming to offer information about a village house for lease.

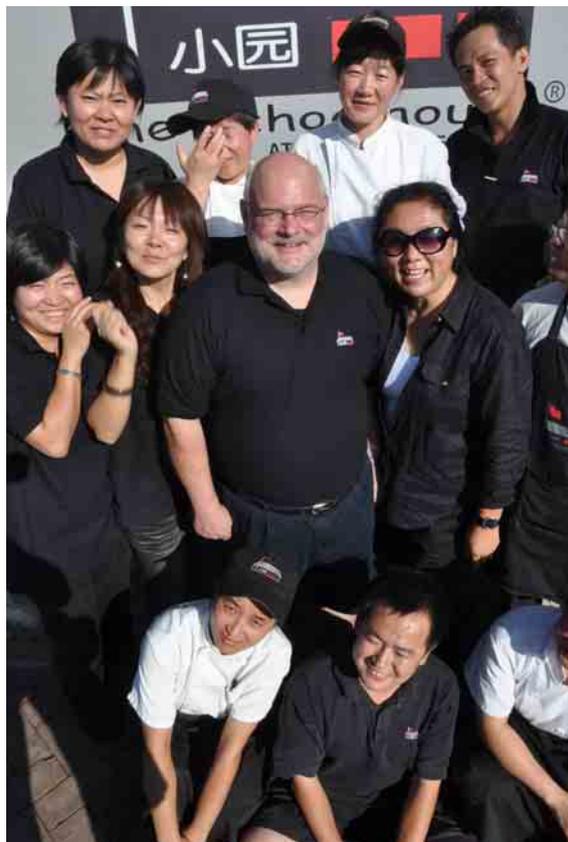
Spear was intrigued by the offer, investigated further and, after much negotiation, agreed to rent a dilapidated property in Mutianyu. He planned to convert it for use as a weekend retreat.

It was the catalyst for a total change of career – and life. Now, some 15 years later, Spear has converted 30 properties to luxury levels of comfort, runs several village restaurants, is about to open a small, eco-friendly hotel and stages peripheral tourism and corporate events. In effect, he has become Mutianyu's chief executive, hiring plumbers, painters, gardeners, chefs and waiters, and ordering vast quantities of fruit and other food from peasant farmers and helping other owners rent out their houses.

Spear is an affable character with the air of a man who can't quite believe his luck – but beneath the



Clockwise from left: Eagle's Rest, exterior and interior; the Reflections house; Jim Spear with his wife (to his left) and some of his employees.



avuncular country-farmer appearance of T-shirt, shorts and work boots, there lies a keen corporate mind. He may have stumbled into the venture but long-term success has come about through shrewd deals, astute management and careful book balancing. He has had to deal with peasants and officials looking to make an easy yuan from foreign urbanites, smooth over cultural clashes and avert face-losing scenarios.

"Most of it is not just foreigner and Chinese, it is outsider and local peasant," explains Spear. "Rural communities in lots of places share the same characteristics as here. Every tree has an owner. We built our house 15 years ago and the day that we moved in, there was really, really loud banging at the door, so we went out and here was this little wizened old man. It turned out the pear tree outside we thought was ours turned out to be his. We had a Cherokee

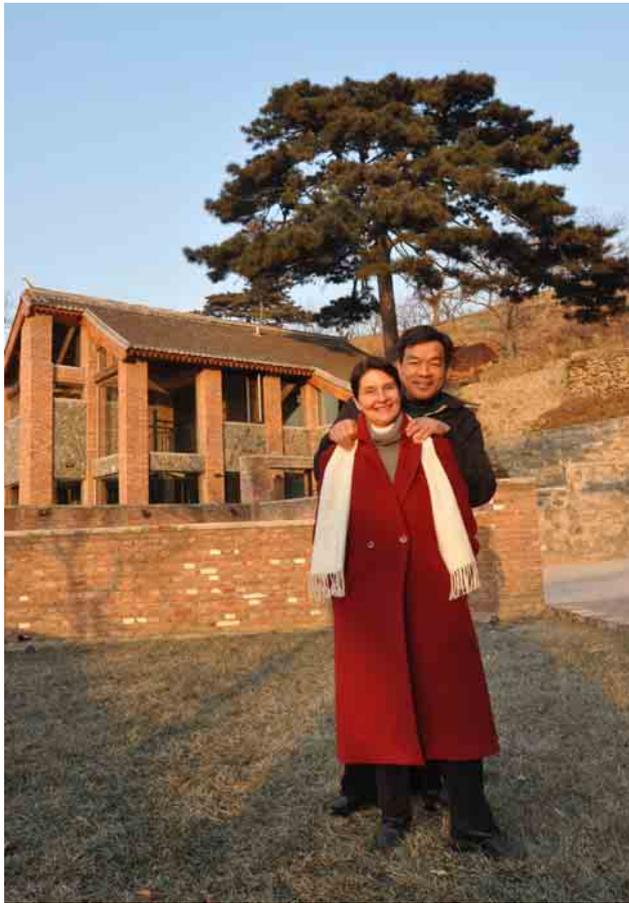
Jeep parked outside our gate and he said it was compressing the roots of his pear tree. It turned out that if we gave him 100 yuan a year, it wasn't such an issue. My Chinese wife went into histrionics; she said if she rolled over too easily it would happen again.

"It did, of course. The next time, with another house, it turned out the stones were pressing on a chestnut tree. Every time we laid the stones the neighbour would tear them down. Finally we had to have that case adjudicated in the village hall – it was urban meets rural, foreigner meets Chinese. Blood is thicker than water and they are all related. My wife wasn't allowed to speak as, in the village, the men are the bosses – at least in public.

"We eventually got a settlement that was fair. I originally thought it was just ripping people off, but these people are stewards of the trees. Eventually we

took the whole orchard. When you live out here you can see the other side of the story. People here are suspicious of city folk, as they come out and steal fruit from the orchard. It's a lack of respect. I have seen people bang on doors and demand that the peasants cook them lunch."

Spear has garnered respect by galvanising the village economy. The entrepreneur's core business is taking long-term leases on crumbling village houses and renovating them to "dream-home" standards, outfitting them with imported kitchen appliances, custom-made furniture, rain showers and heating systems. Some have been converted to be rented out to Beijing residents and overseas tourists (a simple two-bedroom, two-bathroom house rents for 1,800 yuan per night), others have been acquired for individual owners, who, if they decide to lease the place out as a holiday home, generally go through Spear. >>



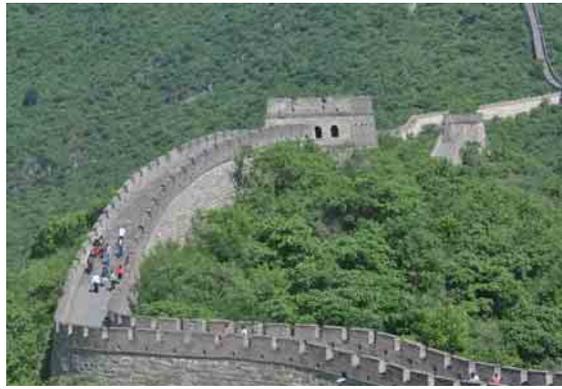
“One of our guests said, ‘You have to do something about the donkeys’, but we said, ‘Sorry, that is part of the experience’”



One of the first people to sign up for a property, in 2005, was photographer David McIntyre. His four-bedroom house, Red Door, located on the main thoroughfare, cost close to US\$400,000, a figure he considers money well spent, given that regular rentals ensure a steady income. As fate would have it, no sooner had the property been finished than McIntyre relocated to Hong Kong.

“People in Hong Kong have holiday homes in Phuket or Bali – we have one by the Great Wall,” he says. “When people go and see it they are shocked – the initial reaction is, ‘Wow, this is fantastic’. They never imagine you could have a place like that in a Chinese village. Jim has given the village a totally new industry, improved the village and given people there a new lifestyle. He is like the mayor.”

Spear, who would probably prefer the term “honorary CEO”, to avoid upsetting the real mayor, certainly wields enormous influence in the area. The foreigner-in-chief has built up more than 15 years of all-important *guanxi* (connections) with officials who can make or break a business, identified the best tradesmen and suppliers, and, just as importantly, tapped into a network of wealthy and influential Beijing-based expatriates who not only buy



Clockwise from left: Julie Upton-Wang and her husband; the Great Wall near Mutianyu; renovated houses are equipped with modern amenities including proper heating and rain showers; Mutianyu village.

or rent the houses, they also hire local restaurants for social get-togethers, business meetings and corporate team-bonding jollies.

The Great Wall itself, of course, is the main lure. Many of the houses offer superb views of the mesmerising structure, complete with a restored Mao Zedong slogan etched into the hillside. Spear’s corporate headquarters, an old schoolhouse turned into a restaurant and glass-blowing factory, offers terrace views of the wall, as does his home, a two-minute stroll up the hill. On a day with clear blue skies and clean air, it is easy to understand why he can, at times, appear a little smug.

“I consider myself to be extraordinarily fortunate,” Spear says. “Five years ago I had a mid-life crisis, at the age of 50. I decided to cash in my chips and come and live in the village, in the house that we had renovated as a weekend retreat. We got a lease on the next door place and made it really special, with proper heating, plumbing and so on. When friends came and saw the wonderful views of the Great Wall they said, ‘Jim, we want one’ and that is how the whole thing started.

“The mayor of the village sat me down and said the village was having a hard time; there were not enough good jobs for the next generation. He said, ‘You are a rich American, we think you should make an investment in our village.’

“When I converted the first house many years ago, I didn’t know much, so I kind of got ripped off. In general, the underlying driver is what it costs for a long-term lease of the property. Around 15 years ago, it was a few thousand dollars, five years ago, it was several tens of thousands and now, in this village, it has come up to about US\$100,000 to lease one of the houses as is, without any improvements.

“People are sitting on assets that were worth almost nothing and now they are worth something. People like us; it is a nice windfall. We have done more than 30 house leases and people have taken that money and done something with it. The families get the money, they educate their kids, take care of their old folks, improve their own homes. It is a big impact. The prices in nearby villages with good infrastructure and Great Wall views are also increasing rapidly.

“I’ve had people spending US\$500,000 or more on their houses, so when you put that money at risk you make sure [you won’t lose it]; they go through due diligence. We have written 30- and 40- [year leases], rather than the standard 20 years. We tell people not to put a significant portion of their assets here, nobody needs a house by the Great Wall, it is an extra.”

Each conversion is personally supervised by Spear who, while not a trained engineer or architect, clearly has a well-honed eye for style. Each house has a distinctive, or idiosyncratic, name: Grandma’s House, Eagle’s Rest, Red Door, Big Rock House and Stone Forest, for example.



An even more ambitious conversion, of a former tile factory into an eco-friendly boutique hotel, the Brickyard Inn and Retreat Centre is nearing completion, with the opening date set for the spring. Every room in the compound has uninterrupted views of the Great Wall, a feature Spear is hoping will draw plenty of custom from weekend Beijingers and conference organisers.

“It is another example of us taking existing buildings and redeploying them,” he says. “The Schoolhouse for example, which operates as our Western restaurant, really was the village schoolhouse. We dug out concrete floors and put in heating and changed the walls and ceilings.

“It is more expensive to retain an existing building than to start from scratch, that is the reason it is not done more often. The Brickyard is a wonderful old building with a tiled roof that looks like a temple. We took a building that was a dormitory and turned it into a conference centre. We built new rooms and used all the salvaged materials, brick by brick.

“I think the guests will be people who are accustomed to the five-star hotel experience, who want to do something different, for a change, closer to the earth. You can be in your beautiful private house with a wonderful Great Wall view but once you step outside you are immersed in village life; if you leave your window open at night you can hear the donkeys braying. One of our guests said, ‘You have to do something about the donkeys’, but we said, ‘Sorry, that is part of the experience.’”

The Schoolhouse project has been highlighted by authorities as a model venture, a mixed blessing in that it attracts cadres from other villages and townships, who drop by in large groups to inspect the operation, hoping to pick up tips.

“When we started, there wasn’t really a master plan or a big picture,” says Julie Upton-Wang, who, along with her Shanghainese husband, is one of Spear’s business partners. “It just evolved. The villagers have now become very comfortable with us. People from overseas come here and, while they are impressed with Beijing’s modernity, they see the village and say, ‘This is what we were looking for.’”

The Wangs also live in a Spear-designed home, a cosy split-level hillside property underneath an enormous pine tree, which acts as a weekend getaway complete with clean air: a rarity in Beijing.

Musts for operating any successful business on the mainland – even 30 years after it opened up to the world – include having detailed local knowledge and the right connections, assiduously cultivated. Spear, knowledgeable though he is of the often-opaque methods involved in the so-called “Chinese way”, insists he adheres to an ethical code.

“We care a lot that we are above board, respecting people, operating legally and ethically, and providing our customers with positive experiences,” he says.

“I have lived in Beijing for the past 24 years and right after I moved here was the first time I came to this section of the Great Wall; I fell in love with it. It was blue skies and friendly people and close enough to town. And it all started when a hawker wanted me to buy a T-shirt and I ended up buying a house instead.” ■