



# Financial Analysis on You+ Company

## A Report About the Development of You+

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**Abstract.** In modern society, there are plenty of companies developing on the early stage. Few companies are expected to have fast growth. You+ International Youth Community, one of Chinese new-creating companies, acquires praise from experts. You+ is an innovative company. It creates a living mode called Coliving. Everyone in the community gets to know each other and they could have chances to get along well by activities and living rules. The company also creates a space for entrepreneurs. In this passage, more specific reasons why You+ develops well would be shown as well as a detailed analysis on it. The POCD method will also be mentioned, which is the main analysis skill.

**Keywords:** Early stage · Coliving · POCD

## 1 Introduction

On November 27, 2014, Lei Jun invested 100 million yuan in YOU+ International Youth Apartment, a new start-up company that uses renting to attract the youth and entrepreneurs. It is an influential youth apartment brand in China, catering to the needs of modern urban youth to rent, live and start a business. You+ International Youth Apartment has a “three no-rent” rule: first, no rent if you are over 45 years old; second, no rent if you have children; And third, no rent if you don’t like to make friends. The youth apartment is targeted by the most stable and extensive young customer group, and it is also a group that should be guaranteed from the policy level. The YOU+ Youth Community adheres to the business philosophy of “shielding from the wind and rain, accompanied by love. Let urban youth find life in survival”. Focus on creating a quality and personalized youth community for urban youth.

However, the disadvantages of You+ housing:

The quality of the house cannot be controlled. Ordinary housing decoration style and quality, room type is uneven, geographical location is not necessarily superior, transportation is not necessarily convenient. Uncertainty of neighborhood groups. Neighbors may not necessarily be of the same age and may not get along with neighbors.

Having trouble finding an apartment. It’s inconvenient for tenants to go from house to house,

Despite these drawbacks, it has plenty of merits like public space. You+, as mentioned before, aims to create a space where young people can share knowledge and information.

One of most creative things they do is decorating beautiful and useful public space. In each building, there are kitchen, gym, swimming pool and painting room. Every month, there will be some activities hold in public spaces. Renters could eat hot pot, watch movies, and play party with each other. The competition of Chinese market is intense although Covid is still present. According to a formal report, “Although the pandemic has hit hard in the hospitality industry worldwide, but with the large-scale vaccination, China hotel industry is gradually recovering.” (Dublin). This points out that Chinese market would make progression and the average spending would raise. Because China is one of the most populous countries, Many companies are trying to building hotels and apartments in China and more and more brands would be produced. Home Inn, for example, is one of the fastest-growth companies. It has hotels in most of main Chinese cities. Therefore, the market competition is strong. However, entering hotel industry is still promising. As the domestic and international travel increases, plenty of accommodations are needed. “With increasing business travel and domestic tourism, the hotel market in China is far from reaching its saturation point. The continuous improvement of the hotel’s occupancy rate, people’s demand for leisure activities and tourism continues to increase.” (MENAFN). Although monopoly slightly appears, like Home Inn, Hotels are still attractive for the convenience and comfort.

## **2 Data and Method**

### **2.1 Data**

You+ International Youth Community is the first youth community created for entrepreneurial teams in China. The community provides offices and entrepreneur meeting rooms. It is also equipped with self-service kitchens, self-service washing and drying machines, bars and libraries.

### **2.2 Method**

Through this paper, POCD method would be used. The framework of POCD makes analysis on comprehensive aspects. Firstly, people play an important role in function of a company. In this part, founders and investors are introduced. That is, the company leaders are mentioned, and it is important to know how they do decision-making as well as if they are capable.

Opportunity part mainly talks about the service for customers. For example, the researchers usually focus on whether this company could provide suitable service that customers need. Also, the advantages would be mentioned. For the You+, I would carefully make analysis on why it is able to attract customers, in the next part, because of its advantage.

Context is about the impact of revenue or opportunity. Competition is a main context. There is rarely no competition for an early-growth company and Company is supposed to find an efficient way to make it capable of defending competitors. There are lots more factors like interest rate, government regulation and tax policy. For a company leader, he should be familiar with them and create most profitable mode for his company.

The ultimate proposes of POCD, as Manish says [1], “POCD framework clearly shows that we need to focus more on the opportunity rather than the idea. One solid approach would be to start by asking the right questions, doing the required market research thoroughly, and running small scale tests to validate before fully being committed to the idea.” I totally agree with it and that is the main reason why I take advantage of such method.

### **3 Result and Discussion**

#### **3.1 People**

Yang Liu and Xin Liu are brothers who co-founded YOU+. To providing a warm home for young people struggling in big cities, they poured all their money to Guangzhou to establish YOU+ youth community (You+). Yang Liu, the founder and the President of YOU+ International Youth Community, is from Jilin, China. He graduated from the SPACE China Business School of the University of Hong Kong as a master’s degree in integrated marketing. After graduation, he has worked in construction, clothing and FMCG industries. In 2015, he graduated from the fourth phase of Entrepreneurship Camp of China Europe International Business School. In the 10 years since leaving home to study and work, Yang Liu has lived in cramped rented apartments. “I know the worst thing is loneliness,” he said. Xin Liu worked in Shanghai in 2008, mainly engaged in real estate industry. The company sent him to Shandong for the new project and gave him a week to pack up. He had worked in Shanghai for four years and had no friends except an old classmate whom he saw only once every few months. In 2014, Yang Liu met Di Su, the founder of Garage Coffee, in Guangzhou and was introduced by Di Su to Jun Lei, the CEO of Xiaomi Tech. After the meeting, Liu Yang’s words “wind and rain, accompanied by love” immediately touched Jun Lei, because Jun Lei had lived in Beijing for more than three years in the basement, also had a similar feeling about housing rental.

#### **3.2 Opportunity**

As the concept of Coliving, which is people living together and getting along well with each other, gradually gained popularity, more and more young people chose this Coliving renting instead of the traditional individual renting or sharing with several people.

##### **3.2.1 The Value of Community**

Coliving is a modern form of shared housing. It is a way to live and share a home with other like-minded people. The biggest value of coliving is access to the community. Fully furnished, specially designed living spaces create an inspiring environment for people to interact and share experiences.

Coliving is perfect for those relocating for a new job, studying for a degree, working remotely, starting a new company, or getting to know a new city. Young professionals, entrepreneurs, artists, interns, students, travelers, remote workers, and many more benefit from a flexible and furnished lifestyle ripe with advantages for themselves, their community, and the planet.

### 3.2.2 Adult Social Needs

With the increasing degree of urban modernization and the increasing speed of people's life, many adults will find that they lack adequate opportunities to socialize. Adults who often live in modern cities spend their lives interacting only with colleagues and old friends. They lack the opportunities and means to meet new people, to socialize with new people, and to interact with people who are not related to their profession. Fortunately, YOU+ provides such an opportunity, and YOU+ international youth community has successfully connected young people in the same building as family members through "three-no-rent" screening and adding social attributes, forming a very cohesive youth community. Here, all the residents call each other "family friends". This is the Internet a successful transformation of the traditional product of thinking, but it is "the Internet", transfer the social tide of online to offline, and value-added services, by providing more public space for each user can enjoy "openness, equality, cooperation, share" spirit of the Internet, and to promote community resources flow and sharing.

### 3.2.3 Popularity

Now, the long-term rental apartment is a more novel concept, shopping malls, low-end office buildings can try to transform into long-term rental apartment. At the same time, investors do not particularly prefer to invest in long-term rental apartments and may use the advantages of large-scale operation to expand market share. As far as operators are concerned, at this stage, the entry point of long-term rental apartments can quickly build scale, which is like the investment in express hotels ten years ago.

The popularity of long-term rental apartments is inseparable from the overall environment of the property rental market. For a long time, there have been endless conflicts and disputes between landlords and tenants in the rental market, "hidden rules" in transactions, poor housing quality and poor post-rental services, etc., and such rules have been widely criticized. In the new era, tenants born in 1985 and 1990 can't meet their needs for good rental experience. These are both opportunities for development and challenges for emerging apartment enterprises. "This industry is definitely valuable for development. China has more than 200 million floating population. With social progress, the pain point of renting houses must be properly solved. The foregoing industry told reporters. As the leader in long-term rental apartments, YOU+ has been on a tear.

Among the long-term rental apartments, YOU+ is the first to set up public space, put forward the concept of social interaction and cultivate the youth community. It is also the world's first office and residential integration model and caused the attention of the world giant crocodile and follow up. These innovations have brought about a disruptive impact on the traditional rental industry, and for this reason, it has been rated as one of the "Top 50 Innovative Companies in China" by fast Company Chinese Edition, the most influential business magazine in the United States, for two consecutive years.

According to [sohu.com](http://sohu.com) [4], in July 2018, YOU+ International Youth Community ranked first in the search index of centralized long-term rental apartments and decentralized long-term rental apartments, respectively, with the search index reaching 175.21 respectively [2].

Figure 1 shows potential customer groups of YOU+ throughout China.



**Fig. 1.** Search index of YOU+ and other companies during 2018

The potential customer groups of the YOU+ international youth community are widely distributed, and they attract more potential customer groups in various places, especially in Guangdong, Shanghai, Sichuan, Zhejiang, Beijing and other areas where actual offline stores are densely distributed, and where they have a high search frequency. At present, the region with the most offline stores in YOU+ International Youth Community is Guangdong Province, and there are many stores in Guangzhou, Shenzhen, Foshan and other cities. It is worth noting that the YOU+ international youth community also has a high search index in areas without stores and has a certain potential customer base.

### 3.3 Context

#### 3.3.1 Market Development

In recent years, China's long-term rental Market has entered the fast track of development [8], and institutional long-term rental development has become an important working idea to solve the problem of urban living [6, 7]. Although some people claim that hotel development becomes slow, like Jorden [9], it still cannot be denied that hotel industry is surviving [10]. In the context of consumption upgrading, chain brand long-term rental apartments with better living experience and cost performance have replaced the traditional rental business to a certain extent, and the whole industry has entered a period of rapid development and branding [3, 5]. Xiaomi founder Lei Jun's investment in YOU+ apartment has made youth apartment a hot word on the Internet. The active capital market and mobile Internet have promoted the development of youth apartment industry. Nowadays, institutionalized long-term housing is becoming the first foothold for new citizens and young people, which is of great significance to the construction of youth development cities. At the same time, there are obvious regional economic differences in China, and the transfer trend of high-tech youth groups from central and western cities to eastern cities continues, creating a good market environment for the youth apartment market in the eastern region.

#### 3.3.2 Demographic

(1) The new situation of the housing market: There are obvious differences in regional economic levels in China, and college graduates and youth workers tend to move to the eastern cities with more developed economy. College graduates in China are the main downstream demand group for youth apartments. With the continuous growth of the number of college graduates in China, the demand group for youth apartments is

increasing. In the first - and second-tier cities with a large young population, difficulty in buying a house and little new land supply, renting has become an important trend of future housing.

(2) Changes in young people's housing concept: In 2015, the Survey Report on Current Situation of Renting house for Urban Youth in China conducted a survey on urban young people aged 20–30. 80% of the respondents lived in first-tier cities, and 70% of them rented houses, but less than 20% of them were satisfied. The results show that today's young people's demand for renting houses is highly personalized: they attach importance to comfort in living conditions and long for private space; Need sufficient communication space to meet the needs of entertainment and socializing; In terms of rental services, we seek a one-stop rental service platform, eager to save worry and effort for long-term harmony rental; In terms of service facilities, the company pursues convenient life and pays attention to the perfection of life service functions.

Modern young people grow up in an era when material is no longer scarce, so they have a higher pursuit and yearning for the spiritual life of life quality. On the one hand, they need a social circle of like-minded people with the same interests and values. On the other hand, the young long for a place of belonging. In YOU+ youth apartment, people have greater opportunities to make friends with others and have more public space to meet residents' entertainment needs, which is difficult to achieve in the traditional housing mode. The youth apartment creates a community culture for young people by creating a variety of indoor and outdoor public Spaces and organizing a variety of online and offline social activities. This community culture has a strong sense of identity and belonging, thus strengthening the emotional connection between residents, forming a closer neighborhood relationship than ordinary residential areas, which further promotes the participation of community culture, and finally forms a virtuous cycle.

## 4 Conclusion

Based on analysis of POC, we eventually hold positive attitude towards the development of YOU+ company. If possible, we would like to invest this newly developing company. For YOU+ members, they have people who have high authority like Jun Lei. The founders cooperate with each other. They are hard-working and able to have good teamwork. Although it is on the early stage of YOU +, there are many advantages and opportunities for them to occupy the market. As has mentioned, YOU+ totally meets the young's requirement of socializing. After all, it is not only a living place but also an area that promotes communication and socializing. Such creativity would help YOU+ attract customers. This feature is also mentioned in context part. You+ changes the hotel mode completely. Thus, it is believed that YOU+ would get growth and become a large company. It will earn plenty of money in the future and young people would be benefited at the same time.

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