

China's Real Estate Market in Rapid Development

Professor Yunchang Gu

Vice President and Secretary General of China Real Estate Association

1. In recent years, China's real estate market has been in a rapid development. The annual growth rate of real estate development and investment as well as the floor space of houses completed has been at 20 percent for successive years.
2. The stock house market also sees rapid growth. In the aggregate real estate transaction, the proportion of stock house is 50 percent in developed areas such as Shanghai, Zhejiang and Jiangsu, and 20-30 percent in ordinary cities.
3. Marketable houses make a large shares of the real estate market. The investment of marketable houses accounts for 68 percent in the total. The building areas of marketable house shares 82 percent in the total.
4. There are 500 million urban people in China now. 5.5 million sets of houses are built each year, of which marketable house built by developers account for about 45 percent.
5. The first reason for the rapid growth of China's real estate market is because National economy grows at a continuous rate of 7-8 percent. Residents' income grows at a continuous rate of 6-13 percent.
6. The second reason for the rapid growth of China's real estate market is because housing system reform is carried out to promote the house personalization. The proportion of private houses (ownership?) has been up to 75 percent in 2003 from 17 percent 20 years ago.
7. The third reason for the rapid growth of China real estate market is because Reform is conducted for the system of urban land use. The use right of operational land can be transferred through bid invitation, auction or go public
8. China's real estate market has been transformed from plan economy to market economy and buyer's market with sharpened competition Enterprises of joint stock system and private enterprises are encouraged. Houses purchased by individuals have been 95 percent of the total.
9. As a pillar industry for the national economy, China's real estate industry contributes 1.9-2.5 percentage points to the GDP.
10. China's real estate market will remain a 20 year prosperity due to the need of macro economy development. The requirement of full construction of a fairly well-off society, the promotion of accelerated urbanization, and the promotion of China's WTO accession.
11. Presently, the first task to develop China's real estate market is to: Adjust the supply structure of housing products, revitalize the transaction on stock house market.
12. The second task to develop China's real estate market is to Accelerate the upgrading of housing industry, improve the performance and quality of houses, promote the sustainable development of communities.

13. The third task to develop China's real estate market is to: Strengthen the market system: second-hand house market and house lease market, provide good-faith operation and standardize the market behavior.
14. The fourth task to develop China's real estate market is to: As the house price rising steadily (by 3-5 percent) across China, be cautious to the real estate market form in several cities
15. About China real estate Association:
 - Formed in 1985
 - 2,000 direct members, more than 10,000 indirect members
 - Over 100 local real estate associations across the country
 - Trade representative, trade service, trade coordination and trade self-discipline