Analysis of Real Estate Investment Structure Optimization Based on Investment Sources

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Abstract

As the investment structure of economic structure has a direct impact on the industrial structure, economic structure and thus become the focus of research. However, due to the impact of the traditional planned economy system, for a long time, our focus on the expansion of investment scale, optimize investment structure and neglect, leading to low efficiency of investment, private investment is difficult to effectively start, optimizing economic structure adjustment difficulties and other problems. The paper has got a conclusion that the target of optimization of real estate investment and ways based on the status of investment of real estate, and integration analysis for real estate investment sources.

Keywords: real estate; investment structure; investment sources

1 INTRODUCTION

In recent years, real estate has become a pillar industry of China's economic growth; the contribution of real estate and related industries to the national economy is increasingly significant. Real estate investment activities belonging to a national basic investment, social and economic environment factors influenced countries and regions. Plus the large amount of funds required, long payback period, cash flow is slow; many uncertain factors make the real estate investment risk increases. Therefore, real estate development and decision-makers must not only experience to judge the market, but needs the guidance of scientific theories and methods. In order to correctly predict, risk control and avoid the risk of real estate investment, investment must be carried out before the real estate investment project analysis, fully consider the impact of future uncertainties that may arise in real estate investment projects. In this paper, real estate investment risk factors for system analysis and risk analysis of different real estate investment projects on this basis, provide a scientific basis for the real estate investment decisions.

2 Status of Real Estate Enterprises Financing

Real estate is a pillar industry of China's national economy, which to a certain extent, can promote the development of the national economy, stimulating consumer demand. Real estate is also a capital-intensive industry, large-scale investment, long cycle and other features make the real estate development, investment requires a lot of funds, funding has become an issue of real estate companies are most concerned about. The Chinese real estate enterprise financing channels for a single, high dependence on bank loans become the bottleneck of financing, therefore, must recognize the importance of broadening the financing channels. The real estate business is engaged in real estate development, management, administration and service activities in general. The real estate business is a capital-intensive business, with a long construction period, slow capital turnover rate and other characteristics. But with the construction of our market economy, the

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real estate industry gradually developed into a pillar industry of the national economy. It can affect directly or indirectly to the construction, metallurgy, building materials, decoration, furniture, appliances, financial and other dozens of upstream and downstream industries, and become a major driving force for new economic growth point of China's economic development. Thus, the sound development of the real estate industry can promote the healthy development of other related industries.

From the reform and opening up, China's real estate has gone through three decades of development, China's economic mainstay and economic growth. In recent years, the average size of China's real estate business grew very rapidly, but the majority of real estate companies have equity capital is generally less than normal, mainly in bank loans as the main financing channels over a single mode, therefore, analysis of real estate enterprises become the industry's capital structure urgent problems. The financial means is strengthening during the national macro-control real estate market.

3 Real Estate Investment Structure

3.1 Financing single
Real estate financing channels for a single capital, risk concentration, there is no risk-sharing mechanisms. Bank credit constitutes the main form of real estate capital financing. China's real estate corporate finance sources mainly rely on bank loans, most of the land acquisition and real estate development funds directly or indirectly from the commercial bank credit. Market risk and credit risk of real estate investment financing is highly concentrated in commercial banks; enterprise development funding, in addition to direct bank loans, self-financing is mainly composed of a real estate sales revenue has come from most of the bank from buyers mortgage loans, other sources of funding in the project advances and pre-payment, as well as some loans from banks, Based on projections, the real estate business and indirect loans from banks accounted for more than 60% of the total direct funding sources. As in recent years, public financing of real estate companies continue to increase, the size of the equity financing has expanded.

3.2 Real estate investment scale
Real estate investment can be divided into real estate development enterprise scale, the scale of construction, investment and so on. With economic development, improve the income level of the premises of Wuhan development industry to obtain adequate space for development, expand the scale of the entire industry, the strength enhancement.

3.3 Investors and diversify investment sources
Since the reform of housing policy, real estate investors by the government to expand to businesses, individuals, governments joint investment. Investors by the central government, local governments and individuals to corporate investors in the transformation, the formation of the pattern of investment diversification, thus breaking the country swept all investment situations. All types of investors (including banks and foreign investors indirect investors) joint participation of the whole community investment activities, through various body relatively independent of the interests of investors, to a certain extent, each led investors to focus on improving investment returns, thereby mobilizing the all investors, especially investors invested enterprises enthusiasm. Formation of investment diversification pattern, but also help in the diversification of the income distribution conditions for mobilizing more savings into investment and accumulation, so that the whole community to maintain a high rate of investment. More importantly, the market mechanism into the investment field, so that investment activity to some extent runs according to market principles, in order to give full play to the market mechanism to allocate resources.
With the main body of investment and savings are diversified source of real estate investment funds also diversified. Currently, the main source of real estate investment funds is raised by the enterprise, budget funds, domestic loans, foreign investment. The main source of real estate investment and diversification of investment to promote economic growth, promote industrial restructuring, promote technological progress, to solve the employment plays an important role. In addition, it can also develop real estate investment funds, real estate investment to further expand the body, expand the sources of funding. It is a real estate investment fund invests primarily in real estate or real estate related mortgage companies to issue equity investment funds. It can be divided into two categories according to whether to invest directly in real estate: one is a direct investment in real estate stocks issued by the Company; the other is the indirect real estate investment fund, mortgage fund, the fund mainly through investment mortgage indirect investment in real estate market. By real estate investment funds, real estate investment diversification not only broaden the financing channels for real estate, and, because the fund equity structure clear, investors fund the company’s investment behavior can effectively monitor and improve the efficiency of real estate investment, reduce real estate blindness development and construction.

4 Real Estate Investment Environments
Real estate investment environment is the general term survival and development of real estate projects must rely on external conditions for economic, social, cultural, science and technology. According to Nicholas Stern for the interpretation of the investment environment, investment environment mainly refers to the policy of the present and future impact of the risks and benefits of investments, institutional and behavioral environment. The main concern is the investment climate system, management, policy, stability and infrastructure. Real estate investments like plant a tree, and the investment environment is raising its trees and soil life and death decisions. Environment for real estate investment analysis, real estate investment and development is the first step, and only confirmed the healthy and stable investment environment, market research and subsequent plot selection can begin.

4.1 Real Estate Investment Environment Factors
Judge and assess rightly the investment environment where the investment to select the optimal investment point, has become an important part of investor decision-making before. Wide factors that affect the investment climate, including almost a city (or region) of all cases, but in general the investment environment factors divided into six categories, namely political, economic, infrastructure and facilities, legal, social, cultural and physical geography, and each contains a large number of factors and sub-factors. From different angles, you can make the investment environment of different categories: divided from the geographical scope, it can be divided into macro and micro investment climate investment environment. Macro is the sum of the investment climate in the country as a whole range of various factors influence investment; microscopic investment environment is the sum of an area within range of a variety of factors affect the investment. The investment environments in various regions are an integral part of national macro-investment environment, thus improving the regional investment climate can also promote the improvement of national macro investment environment.

4.2 Investment environmental performance Form
From how much to invest to environmental factors included it can be divided into broad investment environment and investment environment in the narrow sense. Investment Environment narrow mainly
refers to the economic environment for investment, including a country's level of economic development, economic development strategy, economy, infrastructure, foreign exchange controls, the degree of perfection of the market, prices and economic stability status; generalized investment environment includes, in addition and foreign investment environment, namely the narrow economic, but also a variety of factors including political, legal, social and cultural investment potential direct and indirect impacts. the investment environment commonly referred to broad sense.

From an investment to shape environmental performance can be divided into hard and soft investment environment and investment climate. Hard investment environment is the sum of the various factors that influence has physical form of investment, such as transportation, telecommunications, water, electricity, gas, environmental, social and other service facilities; soft investment environment are those that do not have specific substance the sum of the various factors affecting the investment forms, such as policies and regulations, both investment management level. Hard investment environment for international investment activities is important, but the soft investment environment cannot be ignored.

5 Real Estate Investment Structure Optimization Analyses
5.1 imperfect legal system lead to real estate developers' Anomie
Real estate development must be the law, but until now, Chinese real estate development and investment legislation is far from perfect. This will inevitably cause no laws; failure to abide by the law is difficult to depend even chaos. First, the law involved in real estate development, trading less, the system is not perfect, and not specific enough. Introduced over the years involved in real estate development and investment laws, regulations, mostly for general requirement in the law enforcement process is difficult to grasp the scale of reasonable cause objectively invalid Game of the parties concerned, increased transaction costs and serious uncertainty resistance, eventually leading to the investment market allocation failure. Moreover, some urgent introduction of legislation has not yet matured, for example, due to the regulations on property taxes is not perfect, so do not need to bear the burden of holding property, the sluggish state of the land, buildings and other resources since a long time and this It is directly related to the objective cause a serious waste of resources and ineffective. Secondly, the identity of discrimination leads to a monopoly and undermine fair competition in the market mechanism. China's real estate development and investment policies and regulations has a character with a clear ownership of discrimination, local protectionism. For example, in many places due to the provisions of the relevant policy, foreign real estate developers cannot get the same price level necessary land, while some local developers can rely on some of the policies get a lot of cheap land, this unfair undermine the market economy principle of fair competition, and induce numerous irregularities, violations and corruption.

5.2 Strengthening the legal system
Market economy in a certain sense is the legal economy. Only strengthen the legal system in order to protect competition in the market to invest in equality, orderly, and effective, in order to protect the investment enterprise autonomy and interests. Therefore, strengthening the rule of law, create a favorable legal environment for investment and business development companies, able to ensure the smooth and secure investment in the development process play a catalytic role. However, in China, the legal environment of the country, due to differences in legislation and law enforcement and other aspects, there is a large degree of imperfection. This can be seen in the Great Western Development. The central government's western development strategy decision, the west is undoubtedly an opportunity but also a
challenge. However, due to various factors for a long time, the Western has not yet formed a satisfactory investment environment, foreign and domestic funds eastern region still cannot safely put into the west. Only in the strict implementation of laws, regulations and policies, the western development can be healthy and orderly. And a favorable legal environment, need to the government, the judiciary, community legal workers work together to cultivate and maintain In this process, the improvement of the environment, has very important significance.

6 CONCLUSIONS
Whether a reasonable capital structure and operating performance and risk contact companies very closely, and factors affecting capital structure is varied. Therefore, real estate companies need more in-depth understanding of their own situation and unreasonable capital structure factors, and then analyze various factors affecting capital structure, the only way to find the source of the problem. On this basis, we can reasonably arrange financing for development, optimize the capital structure and enhance their market competitiveness, and ultimately to promote their overall health. Capital structure theories, the optimal capital structure is the biggest shareholder wealth or stock the largest capital structure, cost of capital even if the company has a minimum capital structure. Different companies, because of its differences and external conditions bad environment, the choice of target capital structure is no fixed pattern. Moreover, optimization of the capital structure is not a fixed process, it is precisely from a sub-optimal to optimal dynamic process again from optimal to suboptimal constantly adjust and change. Adjustment process is reflected in the continuous financing activities.

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