Research on the Developmental Trend of China's Real Estate Economy under Background of Transformation of Real Estate and Inventory

Chun-Zi MA
Xijing University, Shanxi Xian, 710123, China.
zgsh84@163.com

Keywords: Developmental Trend, Real Estate Economy, Transformation, Inventory.

Abstract. In this paper, we conduct research on the developmental trend of the China's real estate economy under background of transformation of real estate and inventory. Real estate transition refers to the real estate industry development direction, development and operation mode and change the way of the allocation of resources that is the key factor in real estate industry matures, marks the real estate industry into a new stage of development. Along with our country economy enters the new normal, the economic growth is slowing, the real estate market supply and demand in the event of a major change, real estate sales area of cumulative year-on-year growth trend decline, real estate stocks continue to increase, shows that China's real estate market overall supply is greater than the effective demand and the supply and that demand imbalance in regional difference is bigger and bigger. This paper combines the state-of-the-art perspectives to propose the new idea of dealing with this issue that will further solve the proposed the challenge.

Introduction

Real estate development is not a simple problem of the industry, but in the overall situation of the country's economic and social development, and began at the end of 2009 the inhibitory property of policy regulation, can be said to be history's most severe tightening measures. Its core is to get the real estate industry from the past simple Fried to land to real housing product development mode, to live as the core, enhancing the added value of the residential use, to truly meet the housing needs of living and improve. The implementation of the macro policy for the whole process of real estate industry to provide a reflection, make its structural strategic transformation from the field of vision, thinking a more rational way, smarter way of growth and development.

Figure 1. The China's Real Estate Economy Circle.
As people living standard and consumption ability to further improve, gradually increase financial assets, residents' consumption structure began to change, under the demand, the development of the housing industry is by a simple quantitative increment and quality and transformation of heavy. At this stage, the government improves the occasion, home building and buying to encourage private investment, the conversion of residential investment mechanism step by step, gradually rationalize housing demand mechanism, realize the benign cycle of residential investment. As to further improve the level of income, the requirement for the quality of living is higher and higher, and the adaptation of government policy guidance is to promote housing industry to improve the quality of construction, to enhance the overall level, such as the residential function, pay attention to living environment, to develop in the direction of multi-function, intelligent, social and ecological. Under this condition, we can predict the development trend as the follows. An industry entered the mature period is one of the features of the enterprises and consumers are more rational, in order to further the development of enterprises to be products introduced different segments according to the demands of consumers. For the real estate industry, the overall growth of market, the real estate industry will also continue to mature and subdivided, real estate product will increasingly diverse forms. In the following sections, we will then discuss these issues in detail.

The Proposed Methodology
The Principles of the Destocking.

Along with our country economy enters the new normal, the economic growth is slowing, the real estate market supply and demand in the event of a major change, real estate sales area of cumulative year-on-year growth trend decline, real estate stocks continue to increase, shows that China's real estate market overall supply is greater than the effective demand and the supply and that demand imbalance in regional difference is bigger and bigger, to resolve real estate stocks become the central economic work conference, established in 2016, one of the five tasks. Policy changes in China's real estate industry in 2010, from the previous excessively loose, slowly turned into excessive austerity, it also causes different effects. After a second-tier cities issued some restrictions, at the same time, the government policy continues to put pressure on real estate boom, many times and May or June 2010, many large and medium-sized property developers, begun to make inroads, three or four line city led to a three or four cities housing supply substantial improvement. Until the second half of 2011, the national property market cooling slowly, after most of the three or four line of the city's housing market growth has slowed, but before construction and immediately had to continue to build complete part of the estate led to the nowadays in our country real estate stocks still continues to grow. Based on the literature review, the challenges for destocking can be summarized as follows.

- From the present stage of our country urbanization construction development situation, still in an early stage. Peasant population occupies larger population proportion, although a large part of the farmers have moved to the city work, but because of the limitation of social security, registered permanent residence, etc. as can't really become the urban population, urbanization of farmers is a hindrance, that is to say, can't go with peasant population power consumption of commercial housing inventory.
- Although the country's real estate industry to obtain the more rapid development, its overall market operation system is not sound. Temporary downturn in the market environment, the
government tends to use some stimulating method according to the habit of driving the development of the market, the real estate market will depend on the policy adjustment, gradually formed an unhealthy state of the real estate market.

- To successfully achieve real estate destocking needs policy support, through the macro policy of correct guidance, makes the operation of real estate market can be further standardized and combination with the current situation, some guidance on the implementation of real estate policy, does not play its substantial significance. In tax perspective, for example, the tax policy can't is there a difference of housing consumption and investment areas.

In the case of both opportunities and challenges, the real estate to inventory task was finished good or bad, is a can make full use of favorable factors, effective strategy against unfavorable factors for arrangements. This kind of arrangement can be adjusted through the financial, fiscal policy in the short term, support and inspire reasonable demand; In the long term will change in the past at the supply end basic supply way especially developers have to cater to the market as soon as possible personalized, diversified consumer demand, at the same time, local governments, especially the worst three lines below the city government, while the inventory is to free from blindly pursuing economic development as soon as possible, as soon as possible to fill in the local education, medical treatment, the culture and so on the economy of public goods supply.

**China's Real Estate Economy Principles**

The real estate industry has its unique advantages, it can be gathered a lot of money in a short time, and then pull more investment opportunities, and do not need more bearing base. Domestic industry bearing foundation is too weak, development is relatively lagging, therefore, is to need to be able to in a short period of time such as the real estate industry is gathered in a large amount of money, can effectively improve surrounding the pillar industry of economic development. At the same time, the real estate industry to effectively promote the development of some other industry. Only for stable development of the real estate industry, the economic transformation and the development of emerging industries for more time.

![Figure 2. The Commercial Real Estate Demand Cycle.](image)

In China's real estate economic management after years of development, is the basic form of fixed management mode, however, poor management performance. As a whole, the enterprise
internal management structure standardization degree is low, there is no good according to their own actual situation, set up appropriate management, description of each position to differentiate the sharpness of the lower, the unit failed to form general effective operation mechanism. In addition, the system management exist a bigger flaw. On the one hand, the enterprise internal management system for the company staff there is no real constraint effect, remains to be further perfected. Industry norms, on the other hand, loose, easy to appear the phenomenon of trade power, brings to the social and economic instability. The behavior of real estate development is not isolated, it is closely related to the macro economy and the development of regional economy. Period of theory and practice has proved that the development of all macroeconomic situations is better real estate economy will get better every rapid economic development areas and cities, real estate will be high growth. However, real estate is not completely passive industry, real estate should be compatible with the economic development and people's living standards, and to advance and, to drive the investment and consumption, promote the upgrading of industrial structure and consumption structure.

For the better development, we should follow the listed suggestions. (1) Real estate industry is a pillar of the national economy, and can effectively boost the development of many other industries, and promote the overall development of national economy, therefore, the real estate industry helped to drive the growth of the national economy. (2) If the real estate industry overheating state, would lead to deformity overheating development of related industry, made a lot of money in real estate a pause, which directly affect the other industries and its benign development of the real economy, and directly restricts the development of national economy. (3) For some provinces or cities real estate started relatively late, real estate also belong to the coma sexual market, therefore, this needs the positive and timely response to the national policy of the real estate. Such as, to promote the real estate industry development policy in the country, can increase the real estate development speed as accordingly, in the national policy to slow down the real estate development, real estate industry development should be slow down. Real estate industry is a long-term project, so in the economic management of the real estate planning, must have a long-term vision, in addition also has a correct planning ideas. Plan in the future, not only to have short-term planning, secondly to pay attention to the long-term planning, to scientific and rational management of real estate economy, first of all, understanding of the real estate industry development present situation there is enough, and on this basis to do short term plans.

China's Industrial Economy.

Industrial system is the variable economic and ecological characterization, composed of different industrial complex. Past industrial economics focuses on industrial economic subsystem, ecological subsystem, industrial ecology focuses on industrial and, in fact, the subsystems of industrial economy and industrial ecology within the industry system of self-organization and regulate management activities from the outside world (that is, his group) under the action of mutual influence and mutual restriction, mutual coordination, the disorderly and orderly, low order and high order between the ongoing transformation, thus forming a complex system of the structure and function of the specific industry. Industrial economy and industrial ecology coordination is refers to the industry system evolution of economy and ecology is not restraining each other, each other but mutual promotion and common improve. Promote upgrading of the industrial structure is the transformation of the pattern of economic
development strategic focus. Optimization and upgrading of industrial structure not only show the trend of service high, high technology and high degree of finish is the key to realize the intensive development, the current China is focus on the breakthrough development of that high technology industry and strategic emerging industry highlights the importance of high technology, industrial structure and high degree of finish is closely related to get rid of the resource constraints.

In today's increasingly complex economic situation, industrial organization theory has the wide range of innovative and development space. The study of the theory of the industrial organization to accurately grasp the industry status quo, and reasonable industry policy, effectively maintains the industrial safety that has the very vital significance.

Summary and Conclusion

In this paper, we conduct research on the developmental trend of the China's real estate economy under background of transformation of real estate and inventory. As a leading and pillar industry of national economy in our country, the development of the real estate industry not only can effectively drive the development of related industries, and can drive the growth of the national economy it can through direct or indirect way to promote the further development of economy. And with the further development of national economy, real estate has already become the pillar and dominant industry in the process of economic development in our country, the important position in economic and social development and active role cannot be ignored.

References


