

STRATEGY MANAGEMENT ®

CHINA REAL ESTATE MARKET ANALYSIS

—WHAT INFLUENCES HOUSE PRICE ?

2021.06.10

GROUP 2

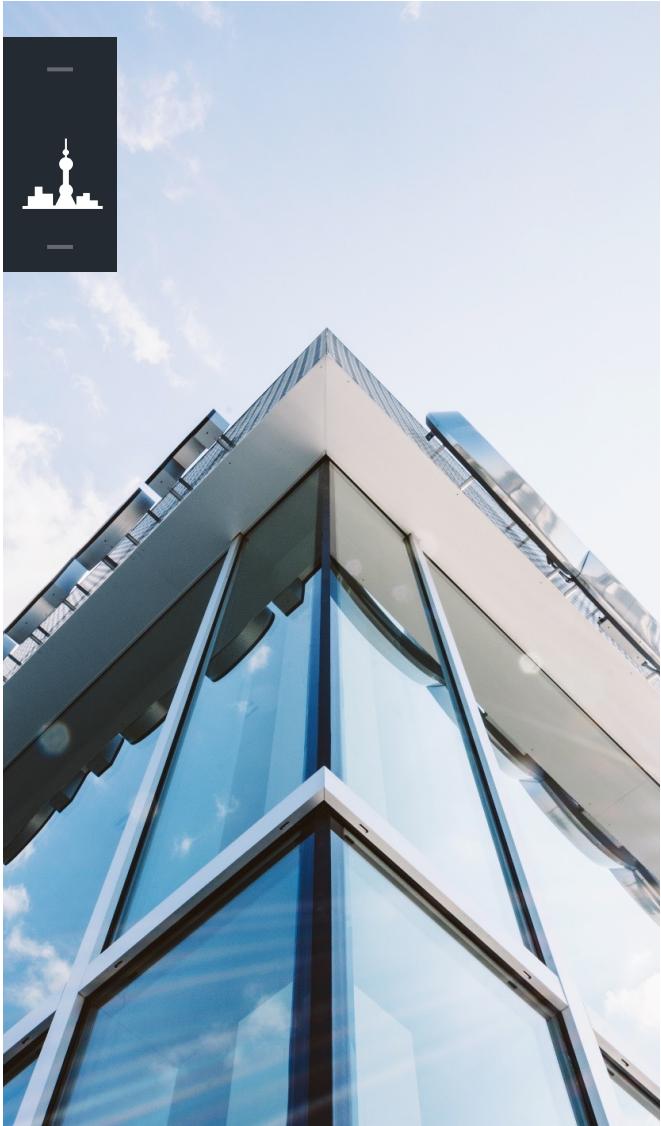
Jinhang Yang

Jiayu Wang

Ruifang Hu

Weiming Liu





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01

Macro Economic Analysis

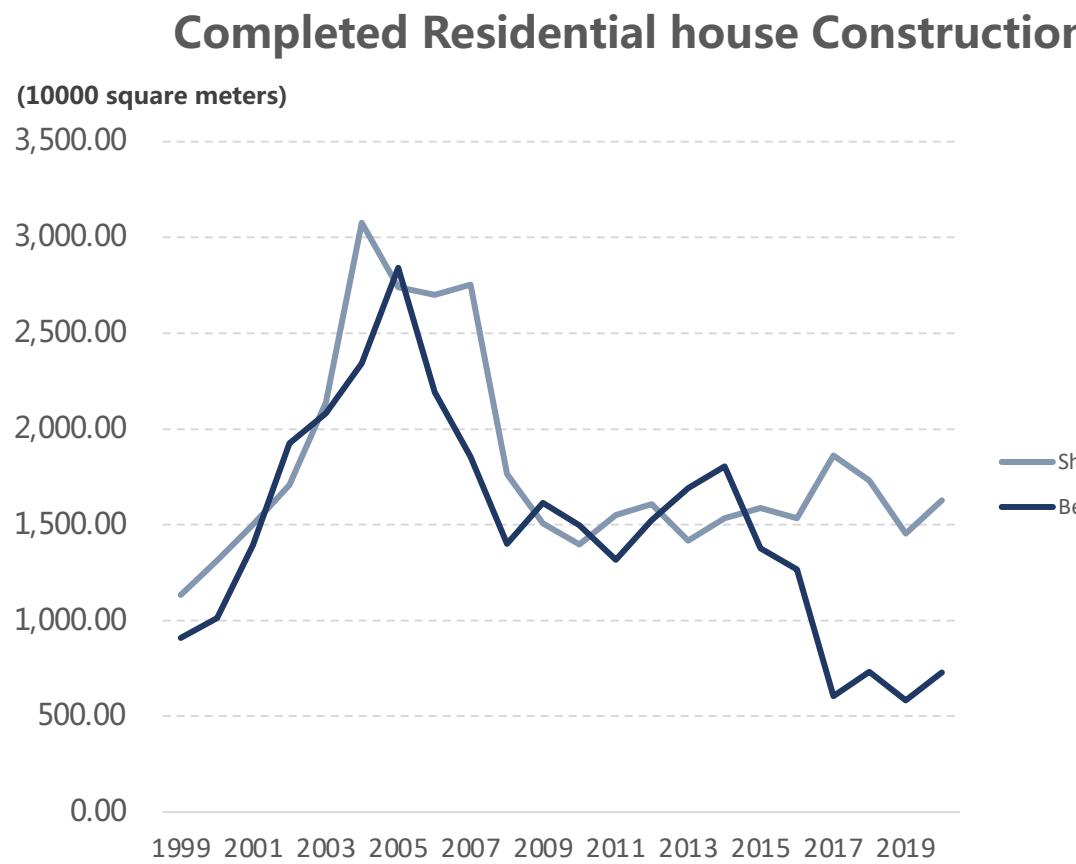
In China, the fluctuation in property market is dominated mainly by policy. Monetary policy causes the rising and the decline of property price.

- e.g: After Subprime mortgage crisis in 2008, the central bank implemented easy monetary policy by reducing interest 5 times from 2008 to 2009, and property price rose accordingly.

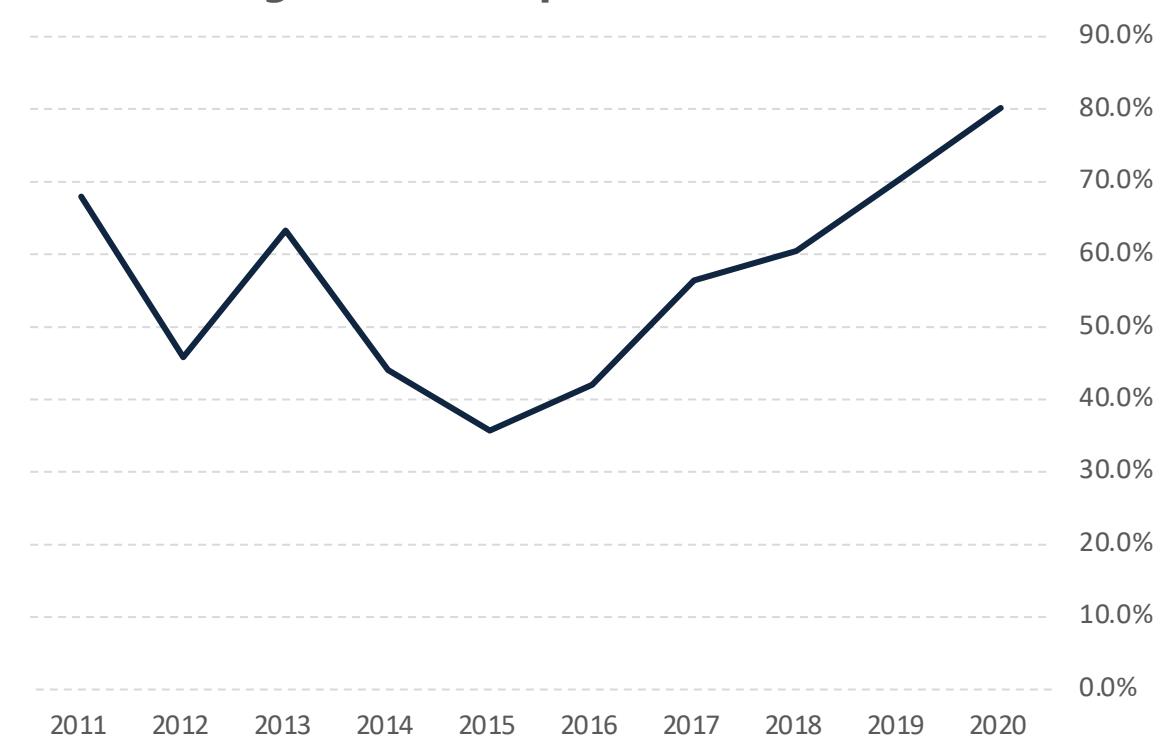


Despite recent changes, supply side had been suppressed by local land public finance policy over the decades.

- On 2003, China launched the “System of Land Tender, Auction and Listing” that gave local governments right to sell state-owned land to the public through bidding, auction or listing.



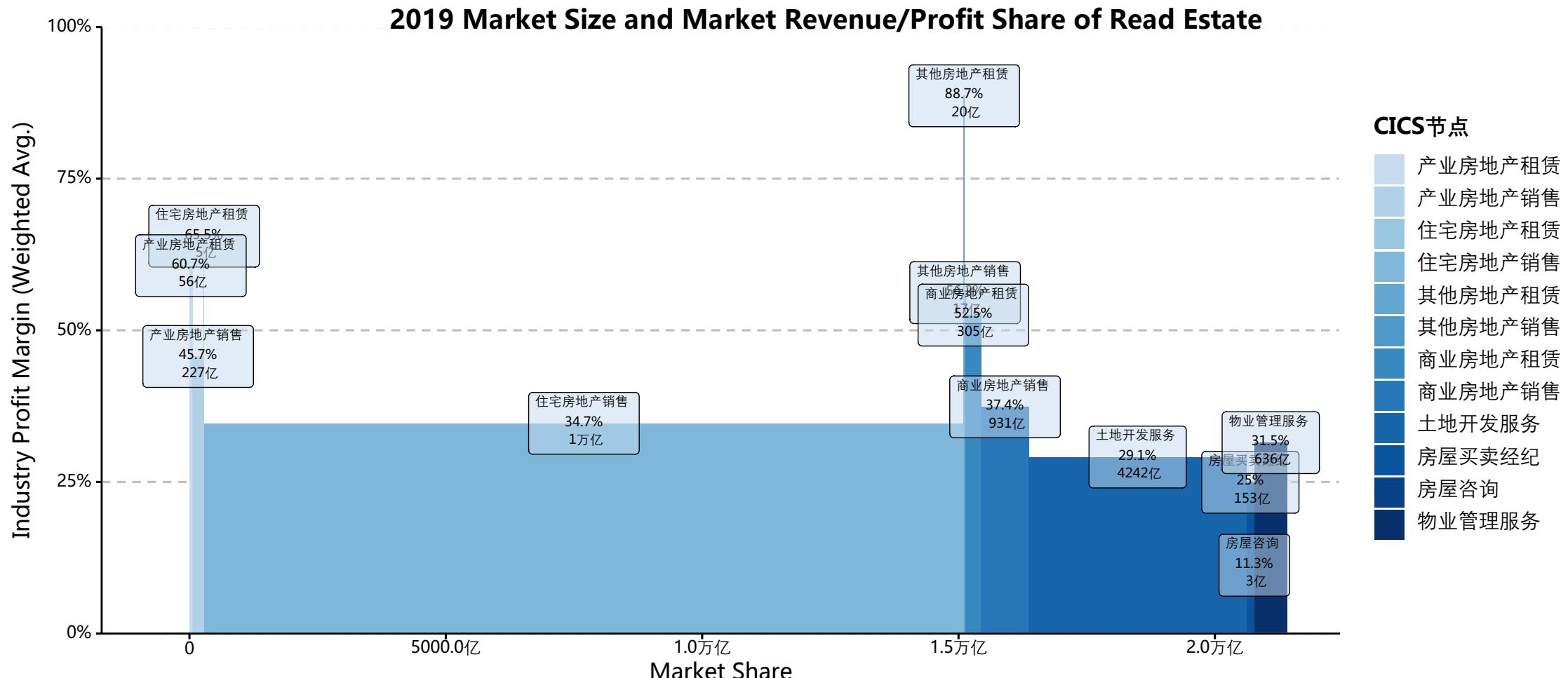
The ratio of land transfer revenue to local government public fiscal revenue



02

Real Estate Industry Analysis

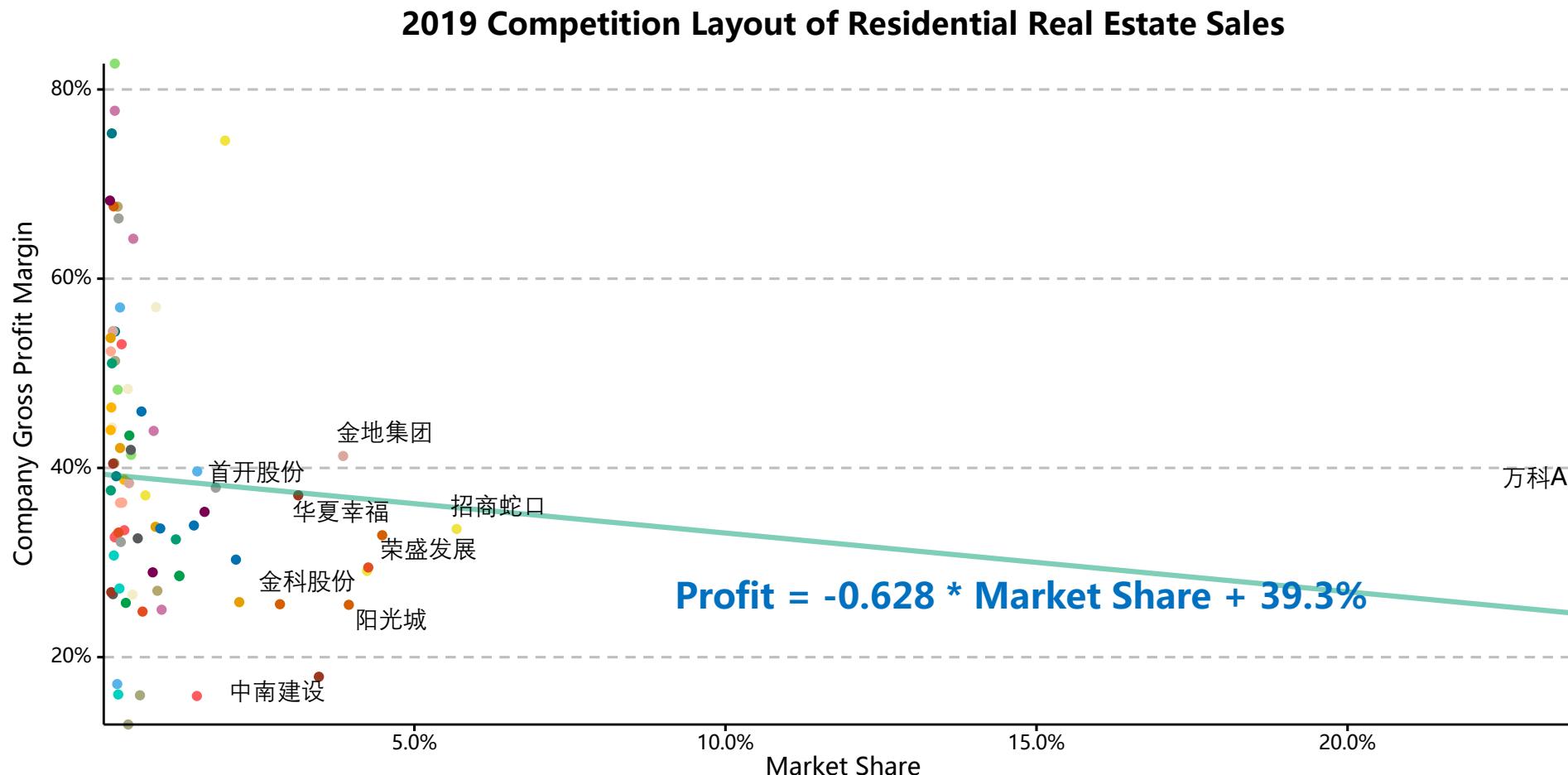
China's 622 A-share listed companies share 2.4 trillion real estate market



- residential housing industry consists half of the market with gross profit margin of 34.7%
- rental housing industry achieves a higher margin over 50% but only accounts for a small part of the market

The residential housing industry shows a monopoly pattern but still has fierce competition, with leading company Vanke take 23.7% market

- Due to unstable data source, we are not able to fully identify the location, only 22061/38092 (58%) effective data can be identified.
- But the rest of the data reveals that the average house price in first-tier cities is significantly higher than that of other regions

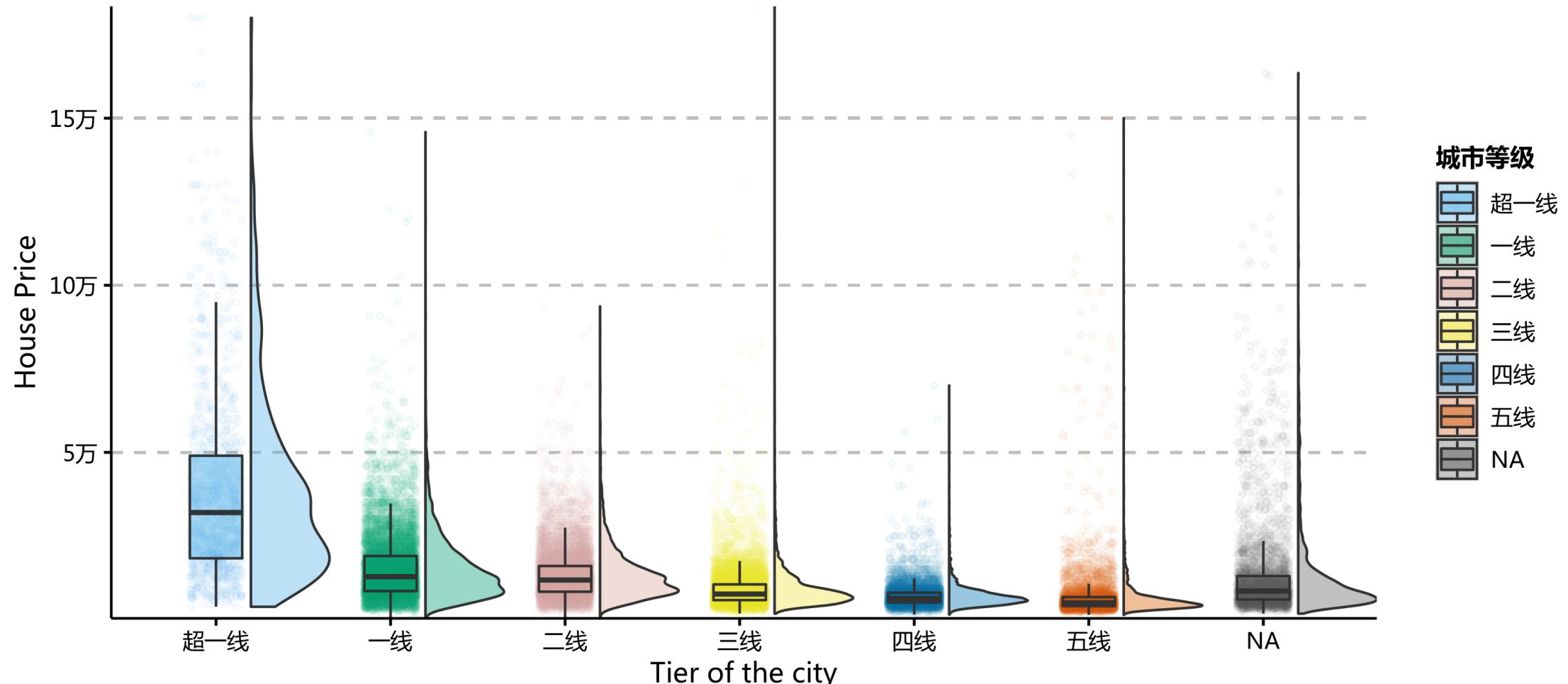


03

Micro-prospective Analysis

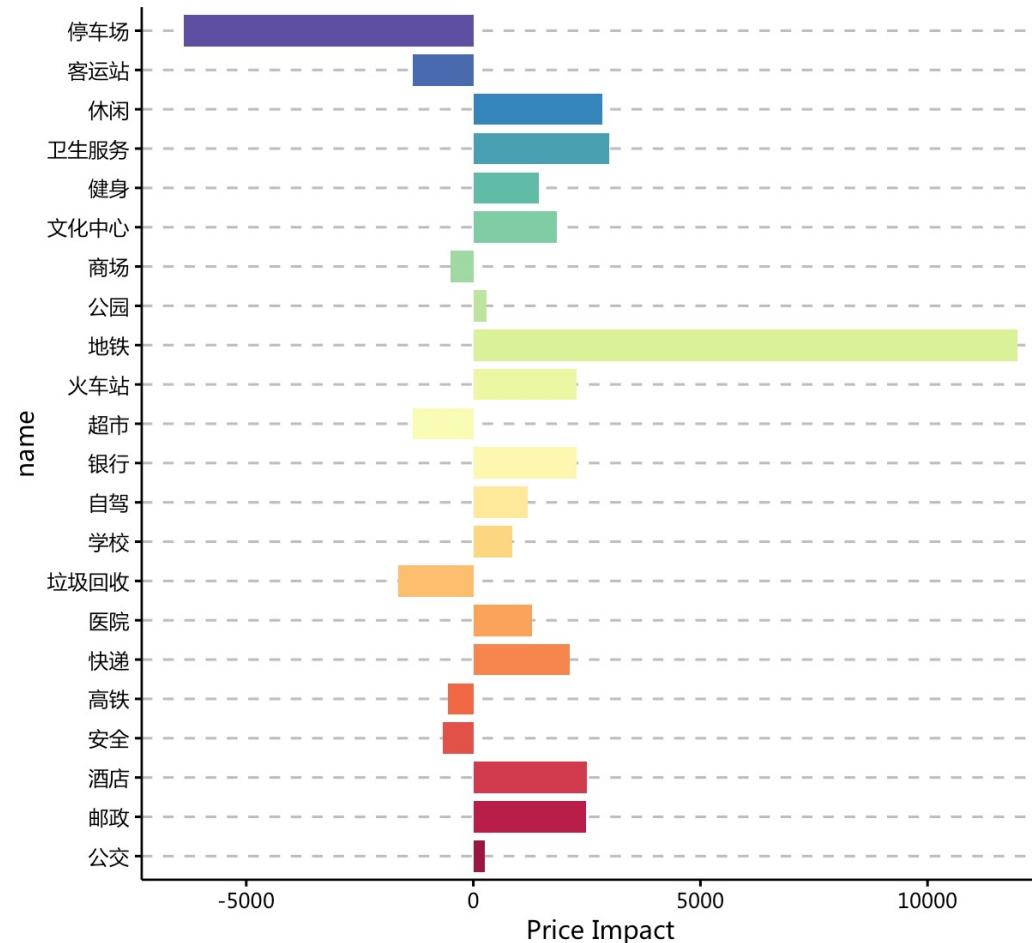
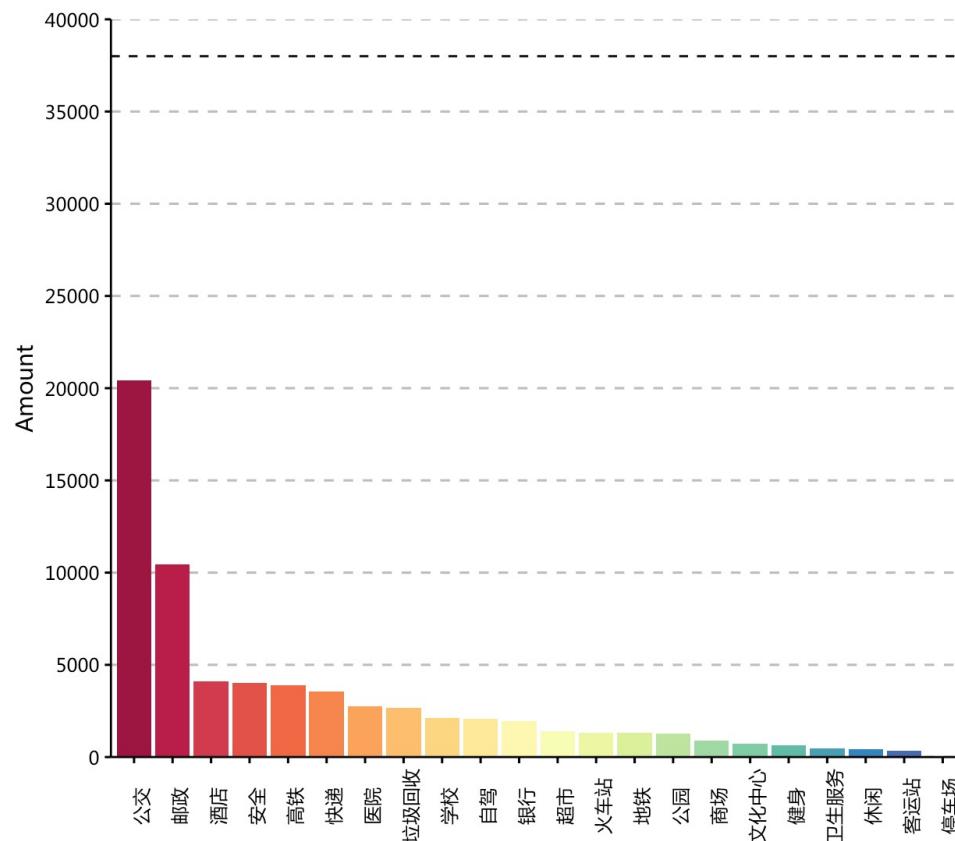
The average house price of first-tier cities steadily ranked at the top, exceeding other markets

- Due to unstable data source, we are not able to fully identify the location, only 35081/38092 (92.1%) effective data can be identified.
- But the rest of the data reveals that the average house price in first-tier cities is significantly higher than that of other regions

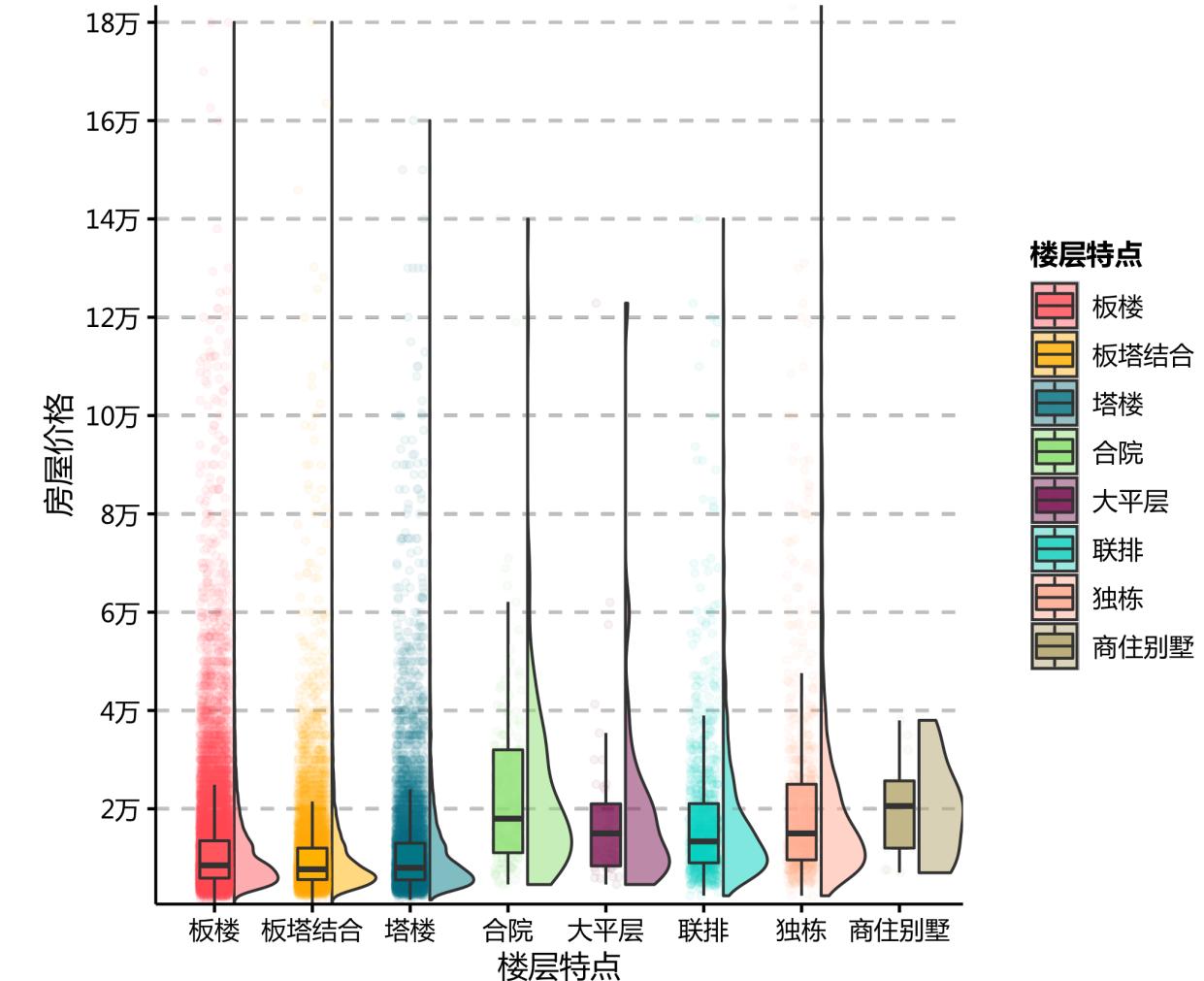
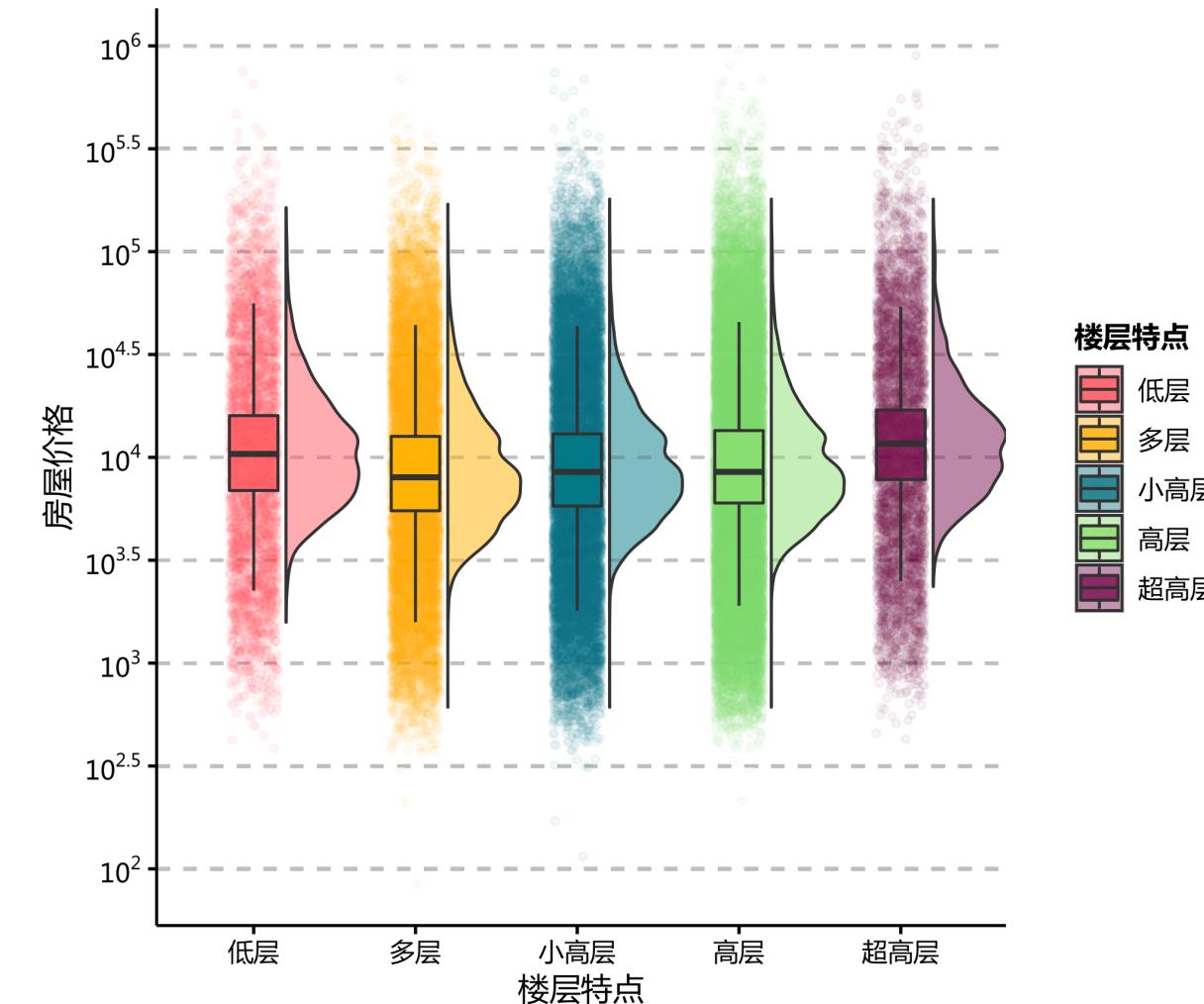


Public Transportation is the key factor

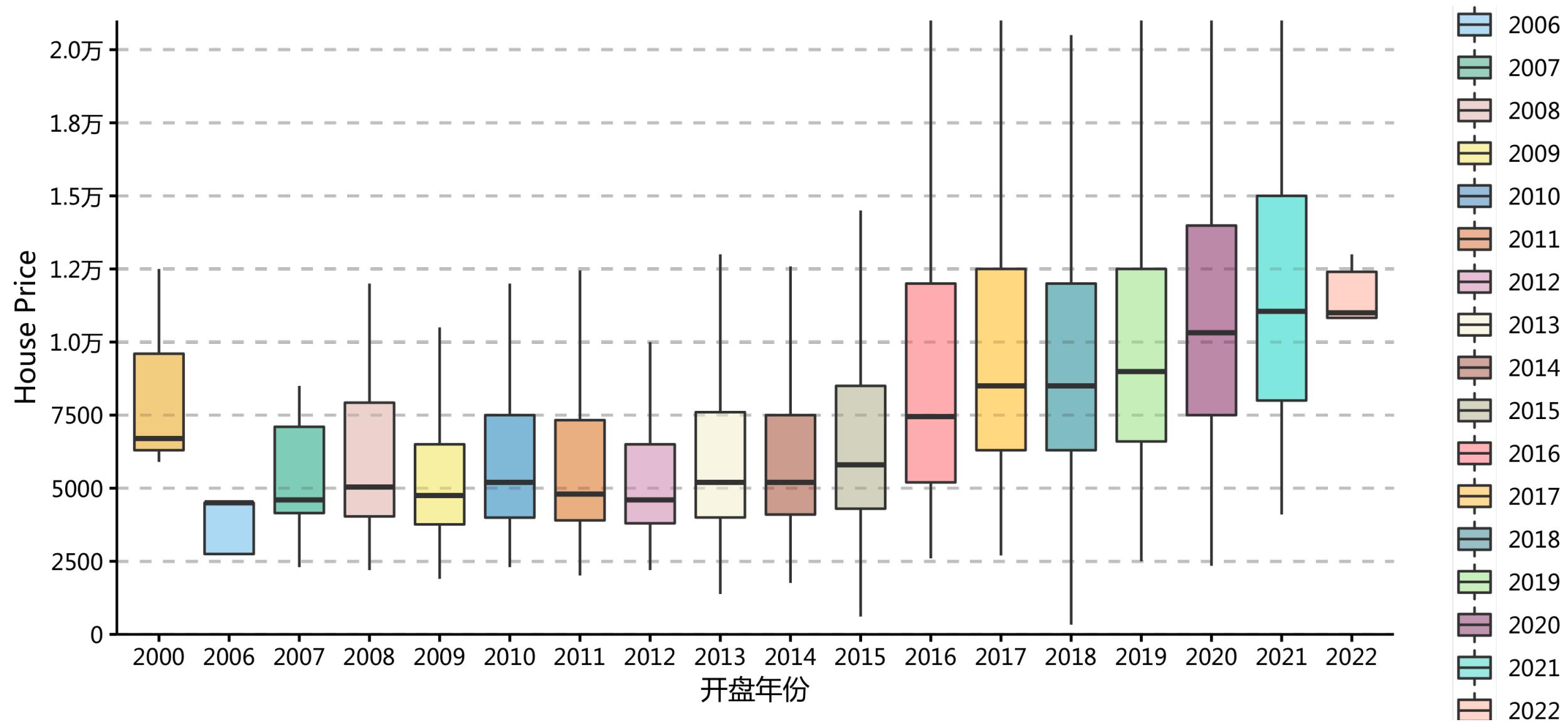
- We extracted comments from Fang.com. The most frequent key word from the consumers is bus. It reflects that consumers value transportation
- The influence between housing price and Parking lot bus terminal is negative, because high housing price area may don't have these equipment.



The price of houses with high floors will be higher, but it is not necessary to houses with lower price, but other properties will!



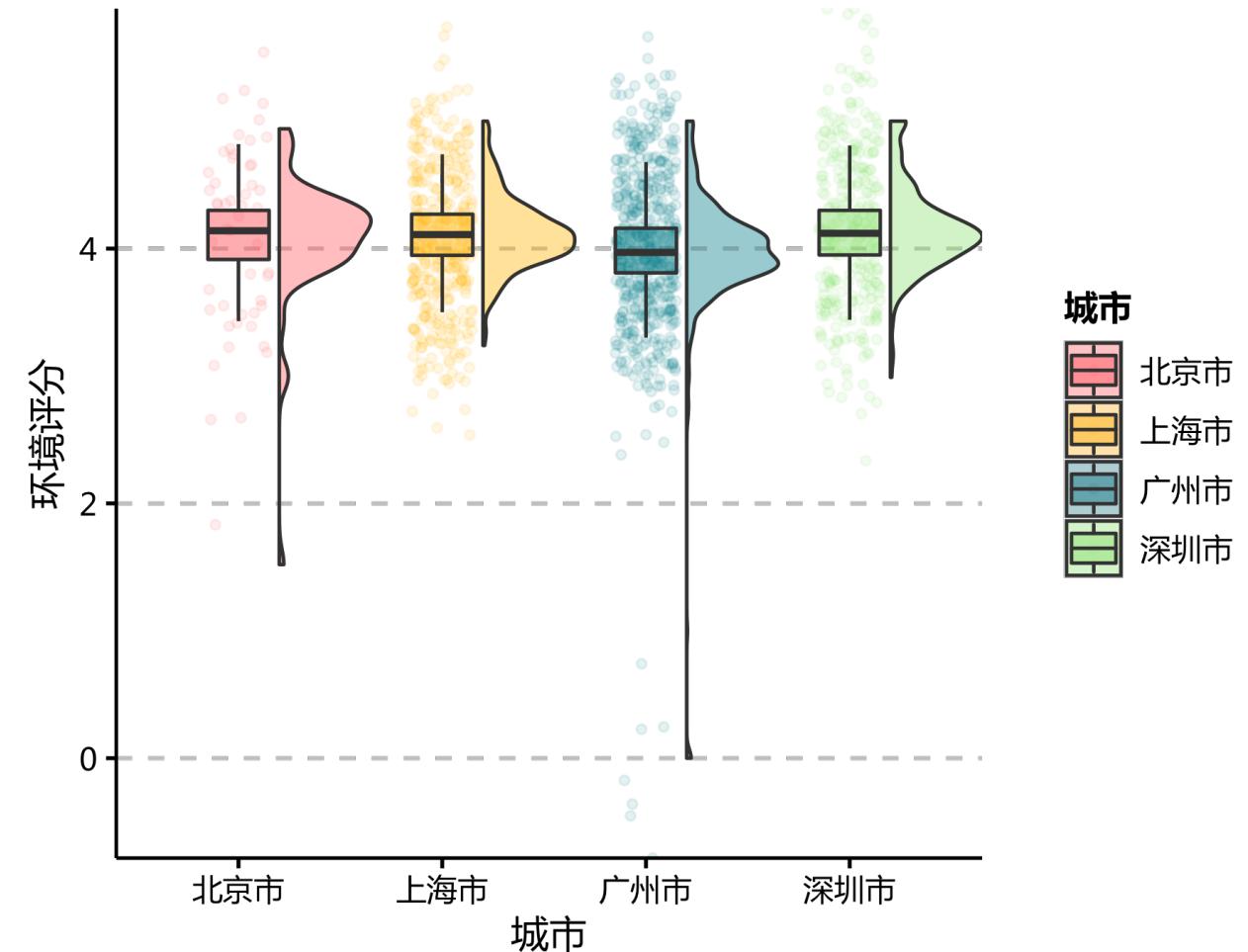
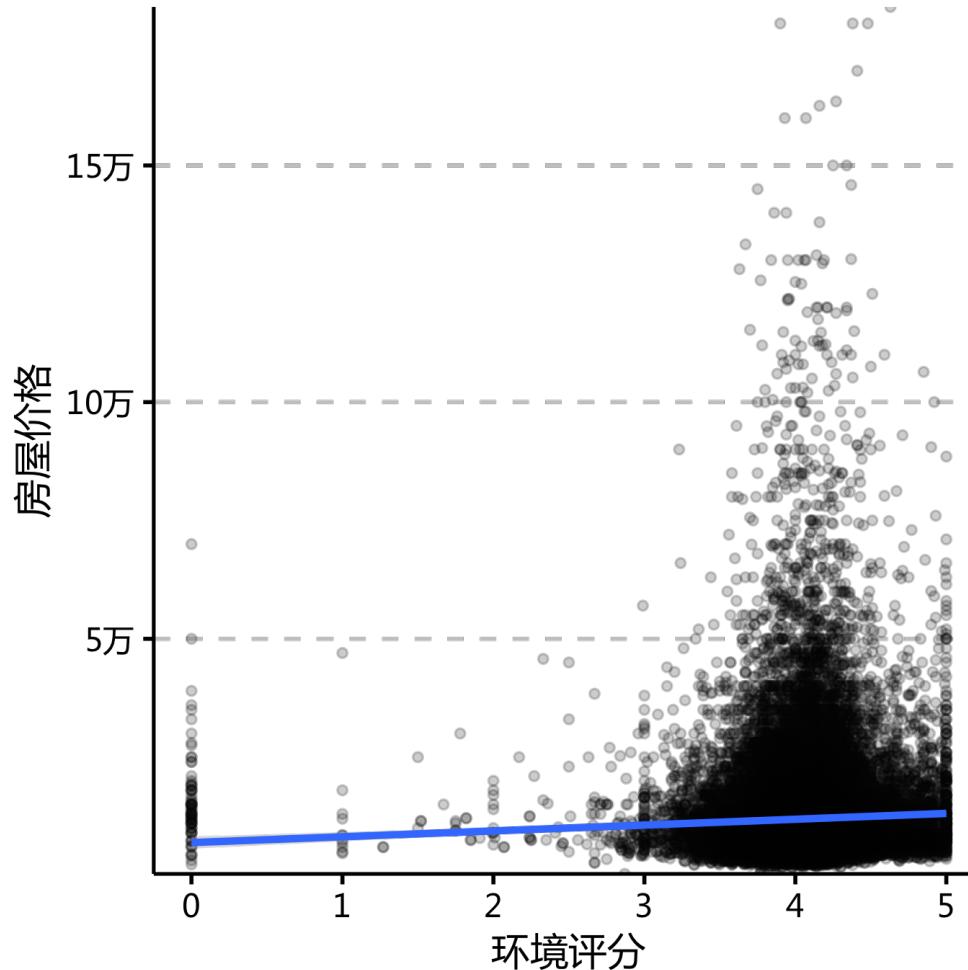
The later the opening year, the higher the house price will be



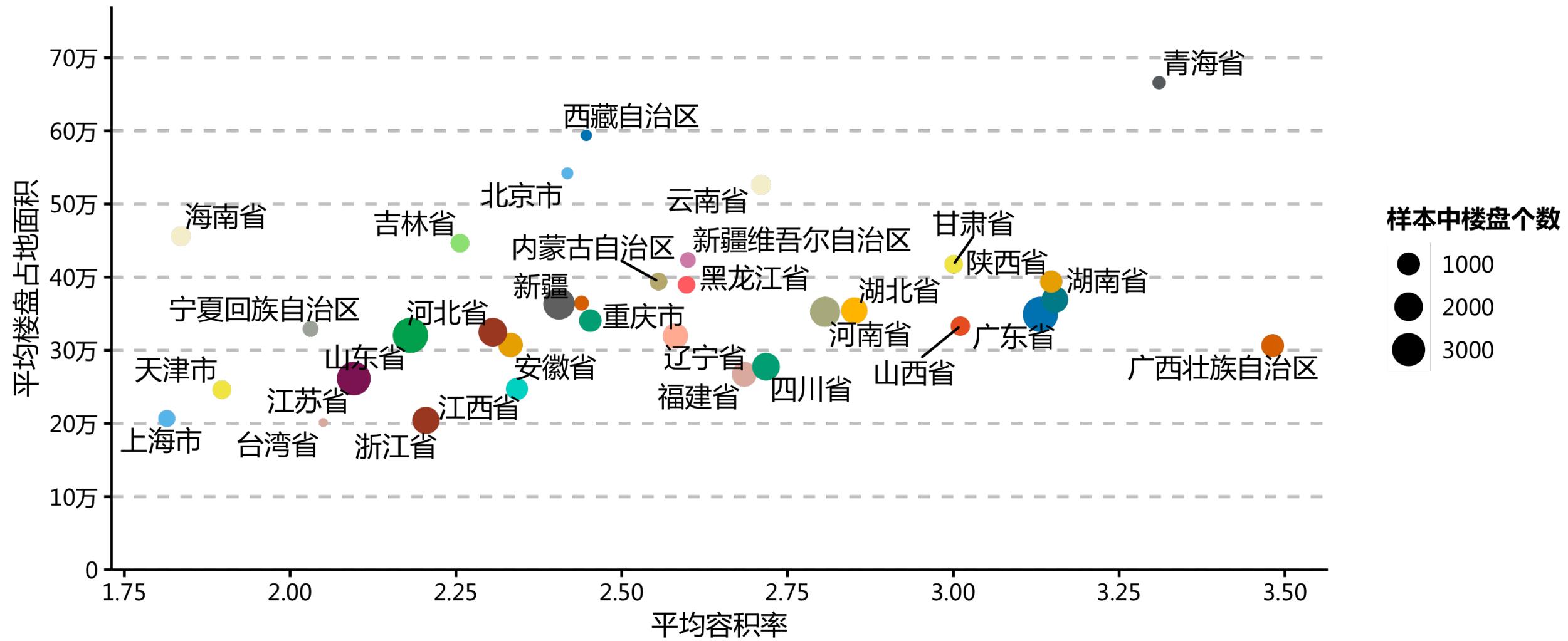
The higher the environment score, the higher the price of the house

First-tier cities have high environment scores

- There are many people in Guangzhou and Beijing give poor one-star ratings, but this phenomenon doesn't exist in Shanghai and Shenzhen



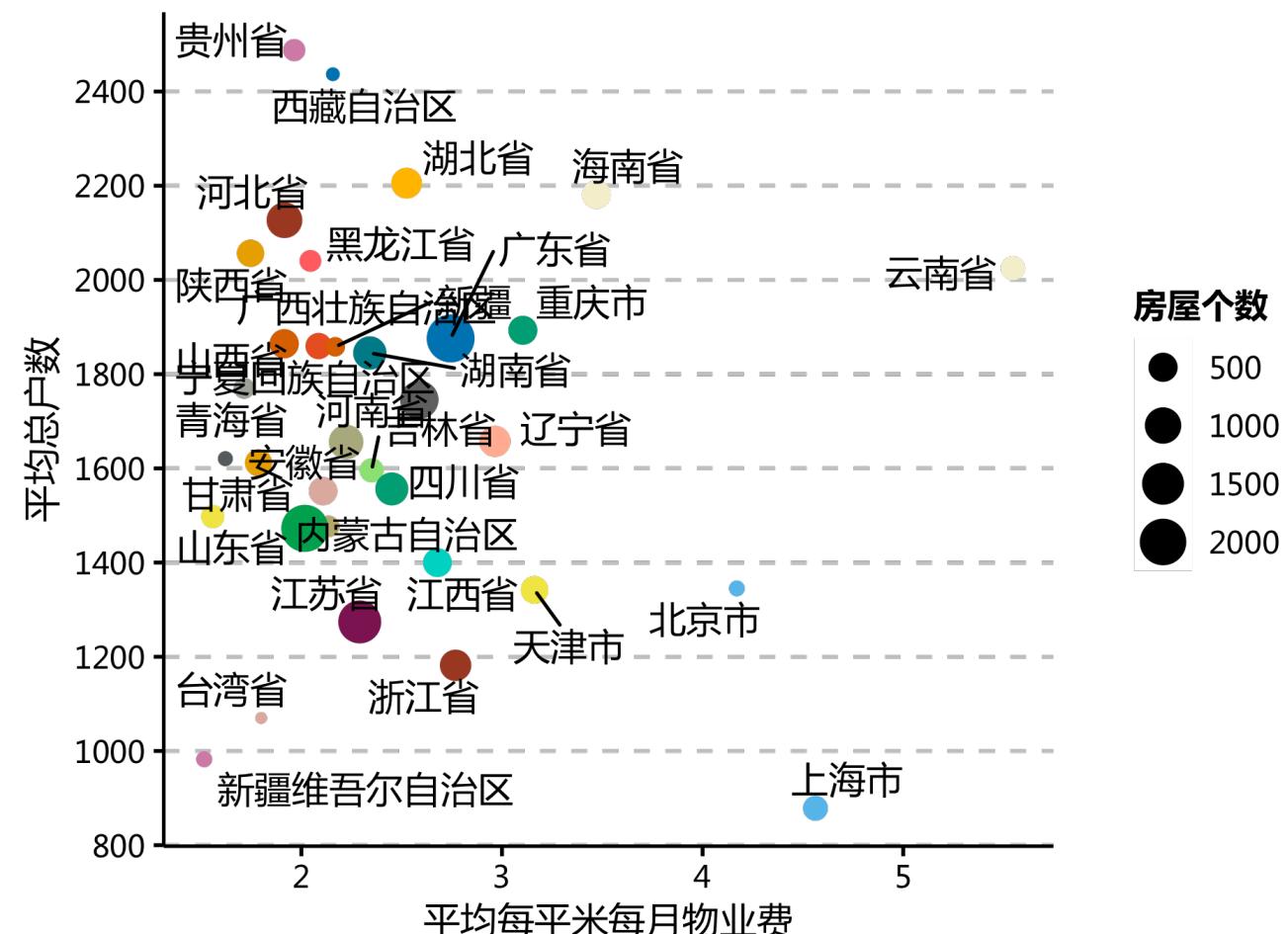
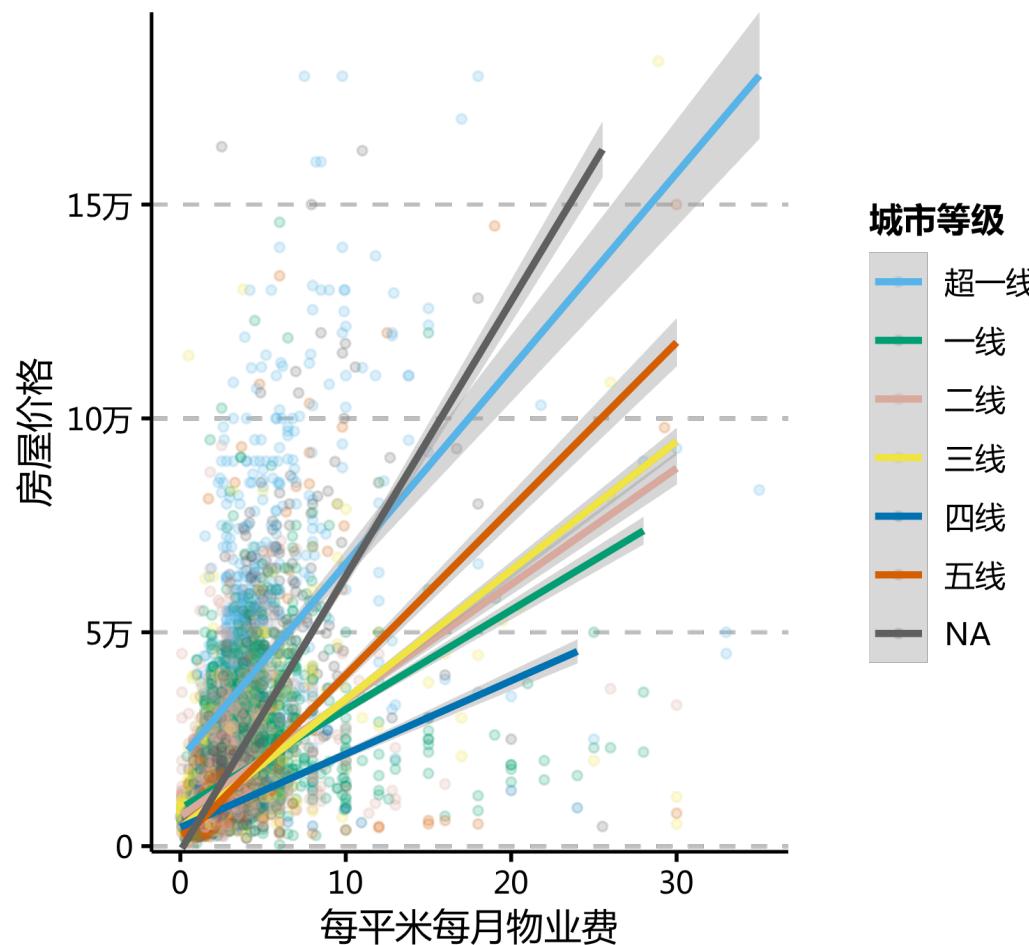
Guangxi building has the highest average plot ratio, while Guizhou has the highest average floor area



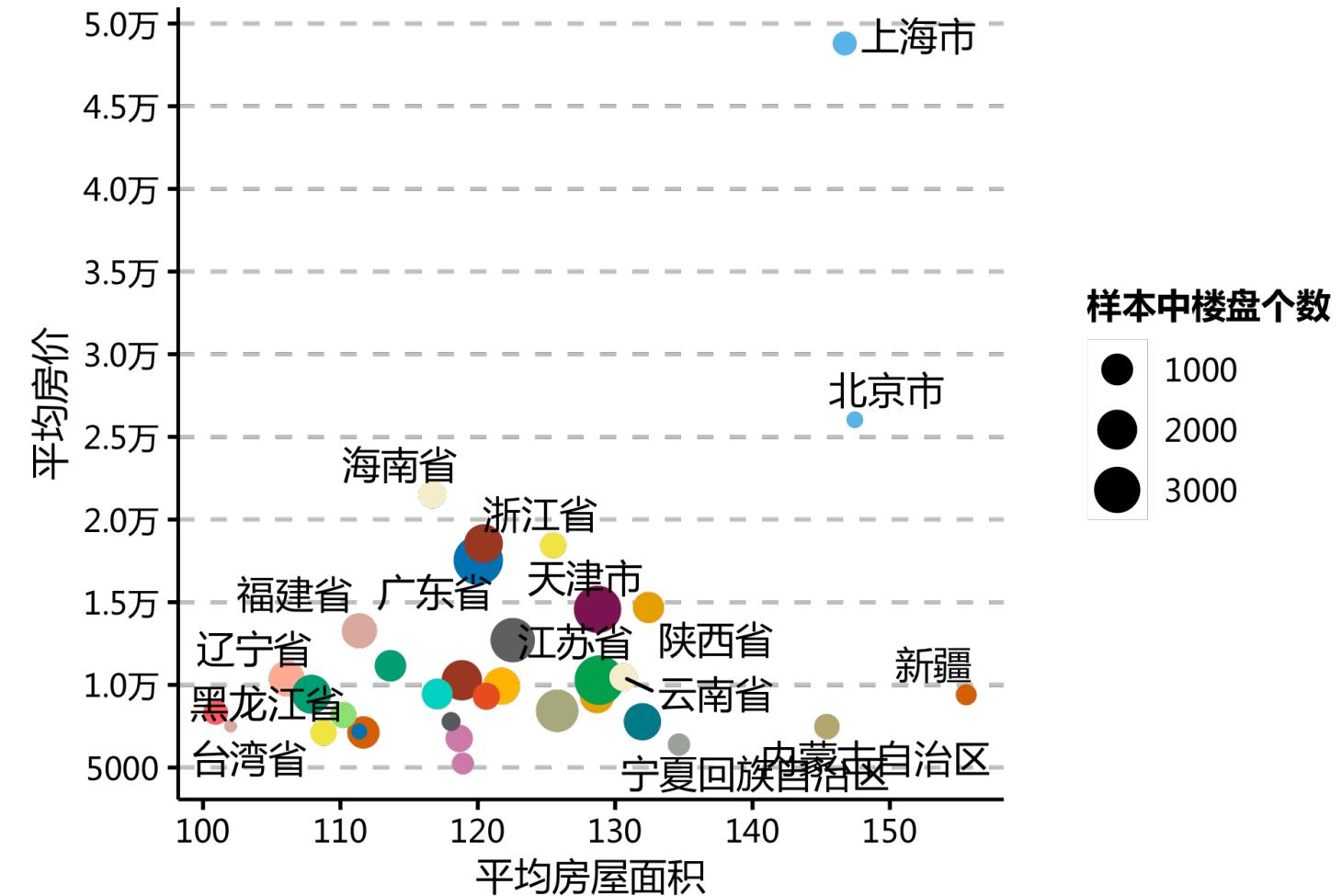
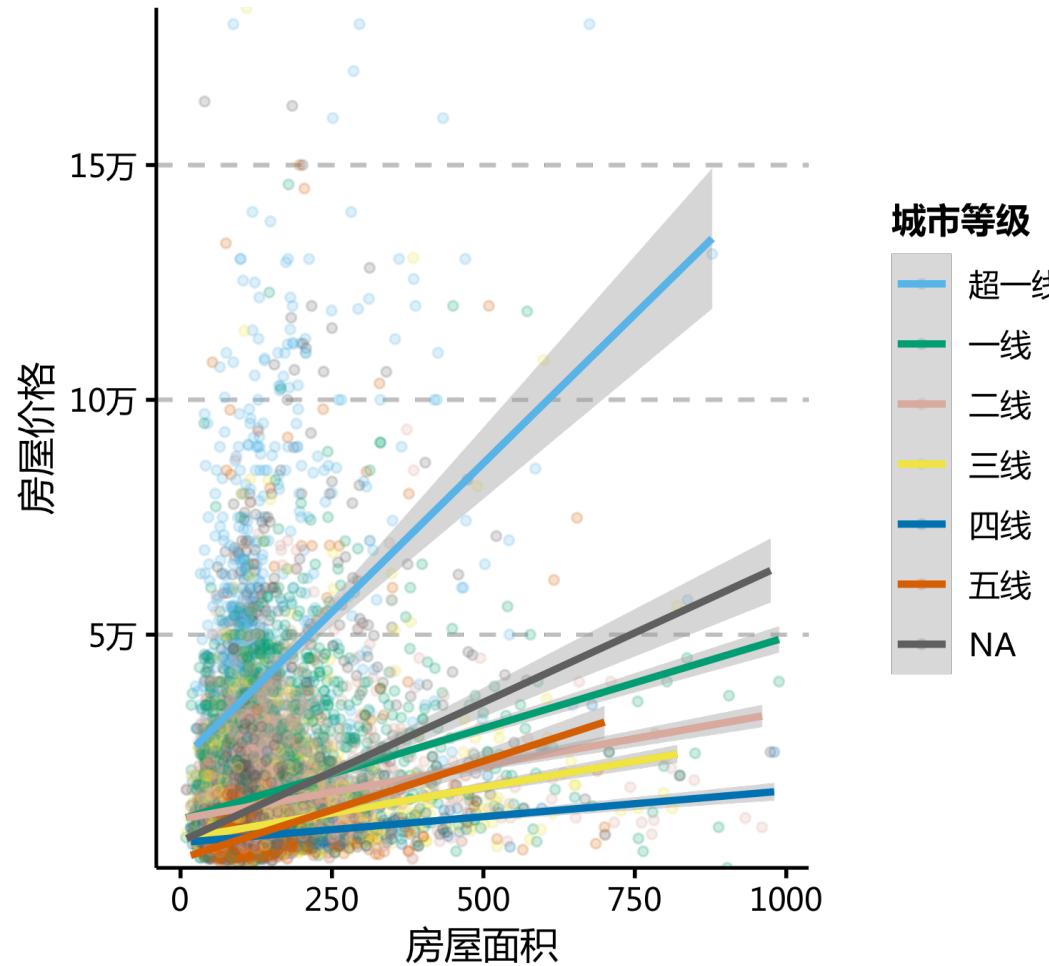
- Plot ratio is the ratio of the total floor area of a building to the area of the site.

Higher property management charge correlates to the house price across all tiers of cities. Guizhou has highest avg. 2488 houses in one property.

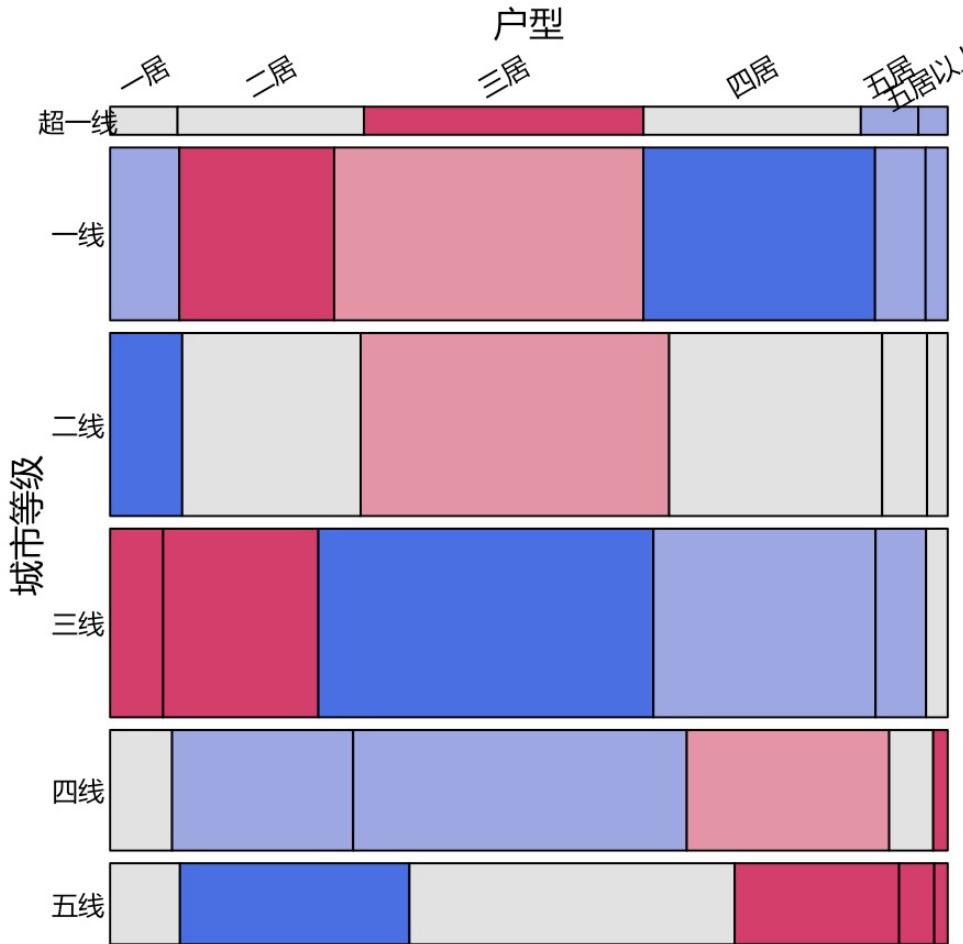
- Yunnan has the highest average property charge due to abnormal data like 伟大云龙国际
(<https://dehong.newhouse.fang.com/loupan/3424158926/housedetail.htm>) which charges 800元/m²·月



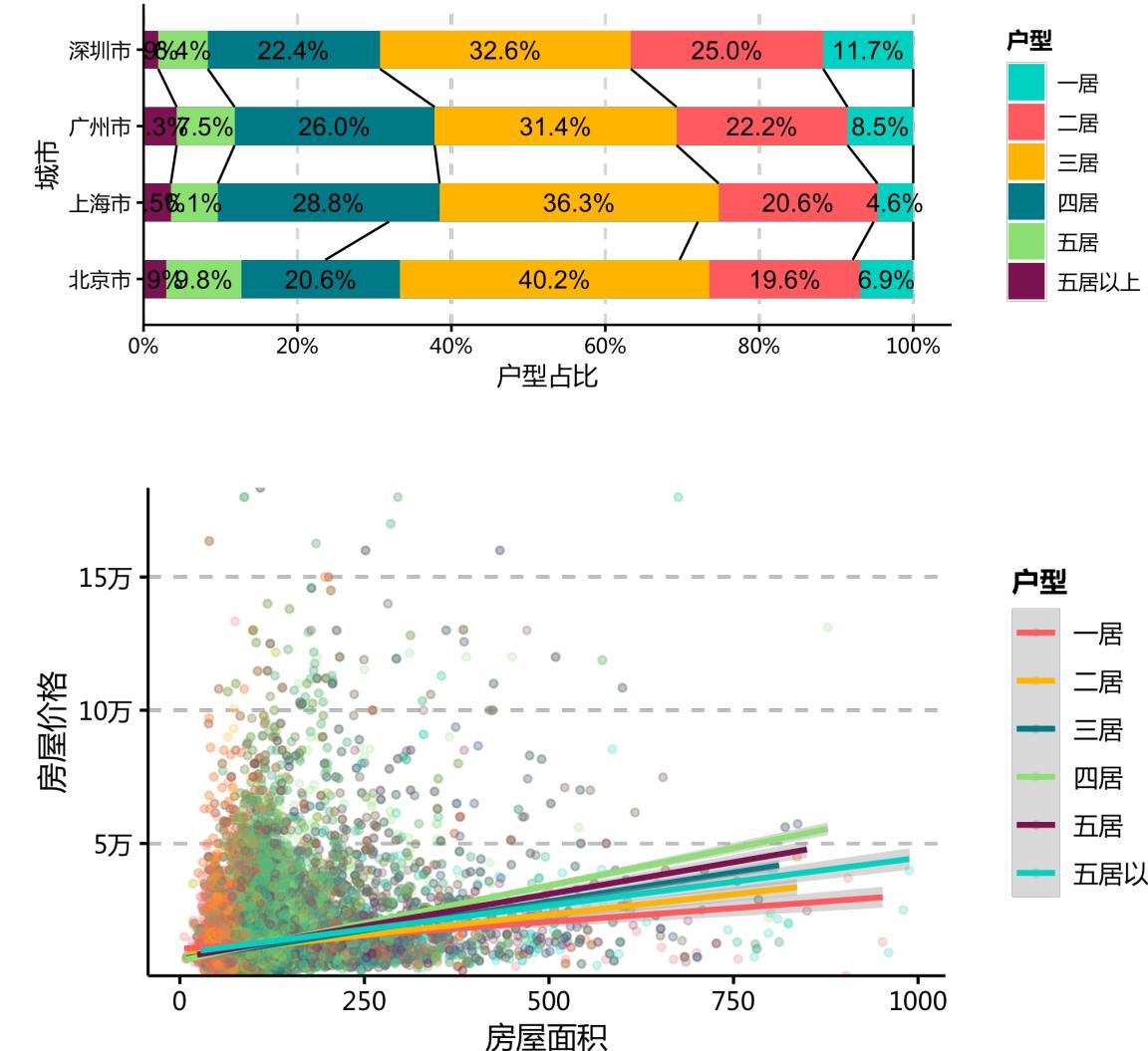
Higher square brings higher house price. Shanghai has the highest average house price with third average square.



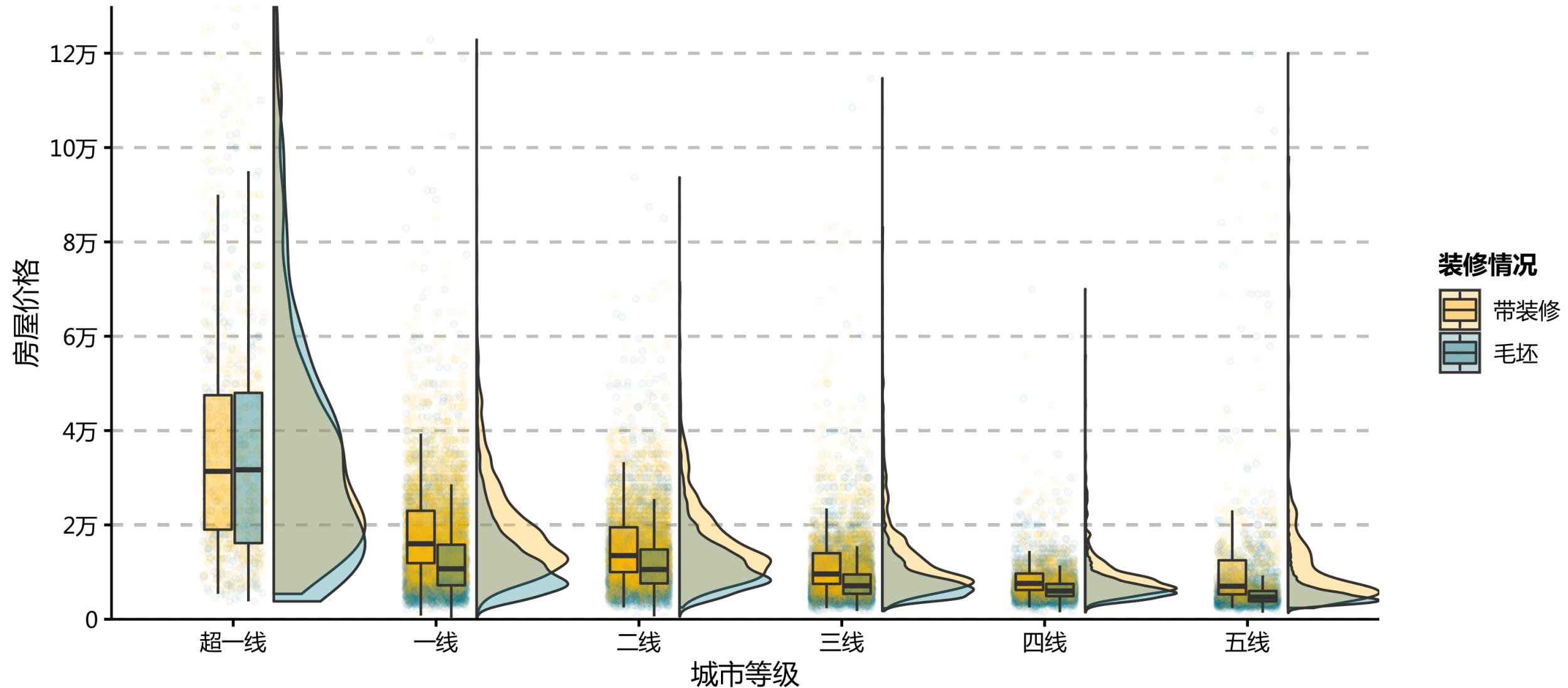
4B and 5B has highest marginal benefit on price ~ floor. 3B is the most common one.



Pearson residuals: 13
p-value = < 2.22e-16



The price of a house with decoration will be higher, which holds true for cities in all tiers



04

Consumer' s Subjective Effect Analysis

How people value the house



How people value the house

物业公司 公园 目前 未来
完全 和平 山区 一影
小孩 问题 好点 住上 距离
选择 北京 年限 面积
房子 价格 实验 舒适 住上
孩子 大湖 未来 安心 不计
市场 舒服 成熟 了解 太实
整体 固安 个人 车辆 服务
感觉 现在 方便 应该 医院
现在 方便 行业 未来 安生
待定 不了 基本 看好 未来 地铁
服务 水平 文化 未来 主力

听说
项目
适合
出行
楼间距
未来
平方米
后期
肯定
通透
孔雀
性价比

地 方 需 要 幼 儿 园 设 计 非 常 银 行 知 道 公 交 好 多 完 善

进行
舒适度
配食
人买房
选择
品质
看过
看好
周边
地铁
非常
接受
地段

省时省力
上海
价格
交房
学校
质量
面积
公园
年限
问题
公交线路
便利
多年
光耀
王坏
很大
很地
户
装修
楼盘
交通
使用

How people value the house

期待有点
中学房子
性价比
喜欢
舒适度
物业公司
银行
了解
舒服
关心
产

后 潜 钱 不 用 建设
以 品牌 地 不 用 老人 相信
居 品质 地 不 用 老人 相信
后 潜 钱 不 用 建设
以 品牌 地 不 用 老人 相信
居 品质 地 不 用 老人 相信

因区位
费多少铁
绿化率
时间
一个月
家具
放心
中国银行
发展潜力
住宅
第二
限购限贷
未来
人气
大涨
不涨
盈
绿地
多少人
行
希望
附近
绿化
感觉
生活
真的
福满
天下
好房
社区

THANKS

Q&A

GROUP 2

Jinhang Yang

Jiayu Wang

Ruifang Hu

Weiming Liu

