

Abstract

This report made a comprehensive and systematic analysis, prediction and assessment, and put forward the political proposal from the macroscopic background, the market main body, market system and public policy concerning Chinese housing market. It included the following aspects: report on 2011 – 2012 housing and related development of the market trend, prediction on 2012 – 2013 housing and related development of the market; quantitative assessment of the housing market in the key areas of development was made through the construction of Chinese housing index system; relevant policy recommendations were put forward after the analysis of the problems and challenges in housing market.

The analysis of 2011 – 2012 revealed that economic growth rate slowed down, but with optimistic situation in price level and employment; urbanization mode transferred from black development to the urban verdurization and green urbanization; further slowing down of global economy recovery speed, high unemployment pressure and global trade deterioration; global housing market declined while first countries in the financial crisis rebounded strongly; the dominating housing enterprises remained their leadership, risk control became critical in enterprises' development; participants in the housing market started to differentiate, rigid demand was released to a certain extent and improving demand rose, but buyers with investment purpose were generally squeezed out of the housing market of first-tier cities; housing price was fluctuating and investment stayed in downturn; since the fourth quarter of 2011, the demand, supply and volume in land market kept in low levels; housing enterprises mainly financed from credit, both real-estate trust and the primary capital market dominated by bond decreased first and then increased; house-purchase restrictions became the key part of supervision, supervision on idle land as well as housing security and distribution were enhanced; the scale of indemnificatory housing was unprecedented, with green building highlighted.

During 2012 – 2013, we forecast that: regulative effects conflict in short term,



pressure from housing policies will alleviate; investment is recovering quickly, net export recover slightly; price level decrease slightly but followed by larger rebound; global economy growth rate drops, inflation pressure increases and global trade declines; global housing market stays in downturn, situation in debt crisis countries is getting worse, trend for risk averse countries is favorable; housing enterprises are further concentrated while SMEs are being squeezed out of the market, balanced development between regions are focused further; national improvement demand increases stably particularly in first-tier cities than in second-tier and third-tier cities; loan and credit rise moderately; housing price rise continuously or fluctuate according to regulative and controlling policies; mortgage growth rate keeps at least at level of 2012, growth rate of loan on year-on-year basis is likely to increase moderately.

Housing listed company index, individual mortgage loan monthly repayment rate index, housing financial market index, housing market supervision index and housing social security index, these 7 indices show that: large housing enterprises are competitive in terms of company growth ability and efficiency; the 4 first-tier cities, Beijing, Shanghai, Guangzhou and Shenzhen have high monthly repayment rates on mortgage loan, for which residence cannot tolerate; overly depending on intermediate financial institutions, housing companies' capital structure and risk structure are inevitably affected; severe supervision will maintain despite of slight fluctuations, approval control is more strict than supervision; the affordable housing policies are more effective in Beijing, Xinjiang, Tianjin, Gansu, Hubei, Chongqing, Jiangxi and etc.

The main problems and challenges for China's housing market are: (1) market game between demand and supply is intensified, capital chain critically determines if housing companies can survive; (2) credit risk in real estate loans increases, (3) policy housing agencies are not functioning, (4) the costs of housing transactions and redundant stock usage rate are too high, (5) housing market structure is undiversified with inefficient supply, (6) demand and supply in land market are increasingly monopolized, (7) housing financial markets are overly concentrated on intermediate markets with inevitable risk; (8) financial support on social security housing market is weak and worrying; (9) supervision on advance sale is insufficient and supervision entities are deficient; (10) rental housing market is in chaos and lack of supervision; (11) housing social security policies mainly concern

with registered population and distribution of low-income housing is unfair; (12) reforms in building taxes are sluggish, and housing information system construction has not been completed.

The report suggested that: (1) increase income and reduce expenditure to secure enterprises' cash flows; (2) reduce the dependence on real estate loans and carry forward the securitization of housing loans to control risk effectively; (3) construct effective policy housing agency system to match the large scale of social security housing construction and consumption requirements; (4) reduce housing transaction taxes and dues, improve the efficiency of house stock distribution; (5) loosen the restrictions on housing development, enhance competition; (6) solve the "land finance" problem, gradually reduce monopoly in demand and supply markets; (7) effectively avoid and control housing fund risks by securitization; (8) explore and construct effective financial system to support low-income house financing; (9) set up "warning sign" to supervise local governments; (10) build up effective self-discipline mechanism within housing industry; (11) promote the social housing security mode with currency subsidy and no restriction on household registration, build up fair housing security system; (12) accelerate house property tax reform experiments and individual housing information system.

In addition, the report conducted researches in several topics in depth, including housing investment's effects on economic growth, local government's role in housing industry, housing financial system and migrant workers' housing problem, and reached a series of valuable conclusions and policy suggestions.