

Title: Imbalanced Society Necessarily Leads To Deformed Real Estate Market

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Abstract:

The other day, Ren Zhiqiang who had claimed to build houses only for rich people publicly defended himself and said that his company has also built a substantial proportion of low-cost houses. Such demonstrative mode makes us think of automobile industry: Why never have the manufacturers of the brand such as Rolls-Royce and Benz defended themselves in this way? The key to the question lies in the different properties of the two commodities: Automobile is a kind of durable consumer goods not necessary, but house is a necessity of life.

Also, the difference of commodity property has led to the differences between the two industries. Automobile industry has not only the manufacturers to produce luxury cars and also has the companies to make Xiali and Auto cars for ordinary people; however, in China, real estate developers pay all attention to rich consumers being the minority of people, the real estate market is inclined to high-level consumers, and few low-level houses are built. Only aiming at the high-income group with purchase power in the market, the developers often pursue high return by various means. And then, the serious collective opposition between real estate developers and consumers occurs, and the relation between real estate developers and house buyers is just like enemies. Further, on the whole society, the developers have simply become representatives of profiteers rich and cruel, it can be said that as far as the strain extent of relation between an industry and its consumers is concerned, few other industries can be comparable.

The sticking point of the problem only can be understood through a bigger social background. Among numerous social backgrounds, the most important is the polarization of wealth allocation and the great disparity between the rich and the poor. The wealth is concentrated in the hands of the minority of people, so the developers as main house suppliers are certainly inclined to high-level consumers and reduce construction of low-level houses. The real estate market has reflected the state of income allocation, and the structure of real estate industry cannot still be changed if the income allocation is unchanged.

As an industry to produce an indispensable necessity of life, real estate industry bears a heavier social responsibility than automobile industry. At least, such social responsibility cannot be simply explained that every developer should simultaneously provide houses to all social strata and groups, including high-level houses for the rich and low-cost houses for the poor. Here, the social responsibility is shown as that the whole industry can provide a relatively reasonable product structure making all social strata and groups able to select the appropriate for themselves from these products. However, today the problem of China's real estate industry lies in that the whole industry rather than a certain developer has walked up a top-end route increasingly deviated from the demand of common consumers, and the housing starts to be gradually separated from the basic property as a residence and becomes more and more an object of investment and hot speculation.

For the reasons why house price of Beijing continuously rises, apart from its own purchase power, there are two factors fueling to the flame: First, external investment or speculation capital; second, annual housing demand of more than one hundred thousands of graduates in Beijing. Moreover, unique family structure resulted from the only child policy will cause the phenomenon that two children from other parts are required to purchase multiple sets of house for settlement in Beijing.

In an imbalanced society, the resources distributed in all corners of the society will be accumulated to the limited number of large cities at an extremely fast speed. So, the deformed real estate industry and market in such large cities as Beijing and Shanghai have shown a process of resource accumulation to such cities in an imbalanced society. Further, there is a question: Will there be a normal real estate industry in an imbalanced society? Current problems in real estate industry are not related to individual enterprise but to the whole industry, being a morbidity of the whole industry, and the morbidity is also linked together with imbalance of the whole society.

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