

# Literature Review of Real Estate Rental Market in China

Li Meng

Shaanxi Provincial Land and Engineering Construction Group, Xi'an 710075, China

346865863@qq.com

**Keywords:** Real estate, housing market, housing rental market

**Abstract:** This year, with the housing rental policy was introduced to all over the country, the development of real estate rental market has made an important breakthrough. But our housing rental market is not sufficiently mature, much of the change is just starting out. To realize housing for living for people and to establish a long-term mechanism to promote the steady and healthy development of the real estate market, it is possible to accelerate the development of the housing rental market. To realized housing rental and sell in 'waling on two legs' statues, Government and enterprise must start with such many aspects as institutional building, finance support, Service Assurance, etc, this paper makes a literature review in five aspects, which is foreign rental market research, long-term renting apartment in China, rental factors in rental market, and affordable housing and rental market policies in China.

## 1. Background and significance

To develop the housing rental market, the State Council put forward "Several Opinions on Accelerating the Cultivation and Development of the Housing Rental Market" in June 2016. In October 2017, the Party's report on the 19th National Congress made it clear that "the house is used to live and it's not for speculation", and it is proposed to speed up the establishment of a multi-subject supply, multi-channel guarantee, and rent-and-buy housing system for all people to live in. In December 2017, the National Conference on Housing and Urban-Rural Construction further emphasized the reform of the housing system and accelerated the establishment of a multi-subject supply, multi-channel security, and rent-and-purchase housing system. Cultivating and developing China's real estate rental market has become an important issue to be solved urgently.

## 2. Literature Review

### 2.1 Current situation of overseas research

He Fang and Teng Xiuxiu [1] analyzed the contents and characteristics of the German rental control system and explain the core technology of rental control to support the preparation of market rent system. Finally, they propose to suggestions on perfecting residential rent control system and establishing rent system. First, improve China's residential rent control system by learning from German residential rent control system. Second, establishing China's urban renting system as soon as possible by drawing on the German rent system.

Wang Zhicheng [2] studied the system development of the British security housing system BHSS. He came to the three stages of the UK security housing system. The first stage was to shift from government supply to market supply. The second stage came from rental to privatization of housing. The third stage was implemented from government supply to non-profit organizations. Transaction cost has become the key to institutional change, and it has got the path of changes in the UK security housing system. In UK, the security housing system exists basically in the form of law and is reflected in the housing laws of different periods.

Wang Hongcheng [3] put forward several suggestions by analyzing the real estate development model of German rent-purchase. The first is to establish a real estate model of "rental and purchase" from the legal and institutional level. The second is to protect a vulnerable group as a core

component of the housing policy. The third is to adhere to a stable and healthy housing finance system. The fourth is to play a useful role in subsidies and taxes.

## **2.2 Current situation of domestic research**

With the implementation of the “rental and purchase” policy, the continuous growth of the domestic floating population has provided enough market demand for the development of the apartment industry. The housing rental market in domestic mainstream cities has a good market development space.

Li Hongmei [4] noted that the development of real estate enterprises has entered the stage of transforming brands into productivity, and brands are higher than marketing itself. Wang Binging [5] analyzed the Longhu Guanyu CityHub that the CityHub integrated platform is the core competitiveness of Longhu Real Estate, which entering the long-term rental market. The occupancy rate of Longhu Long Rent Apartment has reached 95%. Yan Xin [6] analyzed the prospects of long-term rental apartments and the four major categories of operators. She believes that long-term rental apartments are an emerging force in China's rental market the future trend is promising and the potential space is huge.

Liu Guangyu [7] believes that the traditional real estate development model has ended, and there is a lot of room for development in the future stock housing. Longhu's long-rental apartments have always focused on shaping value, which is mainly reason why the price of the apartment is higher than the surrounding, and the price/performance ratio is recognized by the customers.

Yu Hui, Yu Dan, Bai Ge, Jiao Mengfei [8] analyzed the actual long-term apartment public space, using the combination of practice and theory, summed up the design elements of the public space of long-term apartment. They pointed out that long-rent apartment functional partitions should be independent of each other, and the interface design should be more practical. While maintaining the original structure and function, add some modern materials and design techniques, and create a combination of technology and art.

## **2.3 Influence factors of rent of domestic rental market**

Zheng Wenjuan [9] obtained four research conclusions through systematic theoretical analysis and empirical research. First, key influencing factors of urban housing prices and housing rents in China are very different. Second, in the short term, China's urban housing prices and housing rents have mutual influence and mutual cause and effect. Third, in the long run, China's urban housing prices have a significant impact on housing rents, but housing rents do not significantly affect housing prices. Fourth, there are deeper institutional reasons behind the special phenomenon that urban housing prices and housing rents deviate from each other. The possible reason is that China's social wealth is increasing at this stage, causing a sharp increase in investment demand for urban residents. At the same time, China's current financial system is not yet sound, which leads to excessive concentration of social funds in the housing market. On the one hand, she proposed opening China's personal investment channels and further improve the financial market system; on the other hand, further coordinate the stable development between China's urban housing market and the housing rental market.

Zhang Ruojun, Jia Shijun [10] used the characteristic price theory to study the factors influencing the rent of rented houses in Chengzhong Village, Futian District, Shenzhen. From the four dimensions of architectural features, location features, neighborhood features and lease characteristics, the characteristic price index system of urban village rental houses is constructed and relevant variables are selected. By establishing the characteristic price model, there are two influencing factors affecting the location characteristics, namely the distance from the subway station and the distance from the commercial center; there are 7 architectural features, namely the building area, the building age, the total building height, and whether there is Elevator, decoration grade, orientation and number of bedrooms. There are 3 neighborhood features, namely kindergarten grade, distance from primary school and primary school grade.

Zheng Jingling [11] draws several conclusions through research. First, China's house price rent ratio is somewhat higher than the international standard range, and the high degree of most cities has

exceeded a reasonable level. Second, the development of China's housing market and housing rental market is not coordinated, and it is difficult to effectively play complementary functions. Third, speculative consumer demand has raised the price-to-rent ratio. Fourth, the difference in the enjoyment of public services between self-owned houses and tenants has further exacerbated the bubble in the housing market in China. She suggested that we should accelerate the development of the housing rental market, bridging the development stage difference between the housing rental market and the housing trading market. At the same time, curb speculative housing consumption and ease the growth rate of housing prices.

Wang Yehui [12] analyzed the rental market situation in Western countries such as Europe and the United States, and sought market factors to influence the key factors affecting China's housing rental market. He surveyed the data of the 2009 and 2012 rental markets in 23 cities across the country, applied quantitative analysis methods to empirically analyze these influencing factors, and quantitatively analyzed the impact of these factors on the price of China's housing rental market. In combination with the current status of the housing rental market, he suggested that we should formulate a practical housing subsidy policy, set up idle housing tax, and increase the effective supply of housing, thereby reducing housing prices and rents.

Meng Junchi [13] took Wuhan residential rental market as the research object, using the residential rental data of a real estate agency in 2016, and SPSS22.0 software to carry out multiple linear regression analysis of the data, and obtained the characteristic price model of residential rental in Wuhan. Through the establishment of the model, the internal law of housing rent in Wuhan is analyzed. She believes that the characteristic variables affecting the rental price of the house are divided into districts, and the neighborhood and architectural features total 15 factors.

Lu Jun, Wang Zhiwen, and Zhang Wei [14] obtained various types of residential rent data, residential and five types of public goods (hospitals, parks, shopping malls, cinemas, museums) and public property data. The spatial distribution of public goods supply index and the autocorrelation characteristics of residential rent space, and the use of Hedonic feature pricing model and spatial measurement model to analyze the impact of public service facility space supply on residential rent. The results show that residential rents are concentrically distributed in space, and the difference between the north and the south is significant. The spatial econometric analysis shows that the average rent of the northern city is higher than that of the southern city, and the third ring is higher than the third ring, and the fourth ring is lower than the fourth ring. There is no agglomeration of rent distribution between the four rings; hospitals have a negative impact on rents, and cinemas and museums have a positive impact on rents.

## **2.4 Research on China's security housing**

Qi Yu, Zhou Yun, Huang Guohua [15] aimed at the confusion of rent standards and the single pricing method in the practice of rent pricing in public rental housing in China. Firstly, the principal component analysis method was used to screen cities, and then the gray correlation analysis was selected according to the rent pricing principle of public rental housing. Comparative factors of the law, the establishment of the rent pricing model, and the rental price range of public rental housing in Suzhou City. He proposed improving the rental subsidy mechanism and Gradient price of rent, dynamic.

Li Kang [16] combined the development status of public rental housing in China, and analyzed the advantages and disadvantages of various pricing methods. He proposed for future pricing strategies that can make sustainable development of public rental housing. He believes that game theory can be appropriately introduced in future pricing studies. The government should supervise the construction process of the developer and adopt appropriate incentive policies. The sustainable development of public rental housing, while paying attention to the number of new housing, should also pay attention to the later maintenance of public rental housing. Investment leads to waste of funds and weakened social utility.

Gong Yawei [17] compared the three main pricing methods of affordable housing at home and abroad, and summarized their advantages and disadvantages, which provided experience for the

establishment of a comprehensive pricing model for public rental housing. By constructing a comprehensive pricing model for public rental housing, he conducted an empirical analysis of Taiyuan City as an example. Based on the income level of the protection object, he established a differential rent pricing standard and calculated a scientific and reasonable rent pricing standard.

## **2.5 Research on China's housing rental market policy**

Lu Mohan, Cha Chunli [18] based on the analysis of the status quo and existing problems of China's housing rental market, draws on the regulatory experience of developed countries, and proposes to promote the development of China's housing rental market from the aspects of law, finance, finance, taxation and land. Suggestions. She suggested accelerating housing rental legislation and encouraging companies to participate.

Xu Man [19] analyzed the development of the urban housing rental market, and she proposed six suggestions. First, we must formulate sound laws and regulations to regulate the rental market. Second, a long-term mechanism for rental market management must be formed. Third, strengthen public opinion propaganda and enhance the concept of the legal system. Fourth, cultivate mature rental intermediaries. Fifth, standardize the housing rental guide price system. Sixth, strengthen the supervision of rental housing.

Li Peipei [20] studied the shortcomings of China's traditional rental model. He proposed the landlord stewardship platform system. The new model is based on the Internet of Things. The mobile phone App, WeChat is used as a platform to combine renting and services so that the landlord can service the house. It made the decentralized, non-standard rental market more standardized, streamlined and reproducible, thereby increasing the turnover and utilization of homes and prospering the rental market.

## **3. Conclusion**

China's housing rental market is not sufficiently mature, much of the change is just starting out. Government and enterprise must start with such many aspects as institutional building, finance support, Service Assurance, etc, Accelerate the cultivation of the housing rental market and establish a long-term mechanism to promote the stable and healthy development of the real estate market.

## **References**

- [1] F. He, X. Teng, German housing lease and rent system establishment of reference and enlightenment, *J. Price: Theory Pract.* 3 (2017) 93-96.
- [2] Z. C. Wang, M. R. Brown, Britain's housing security system is introduced (a) - the British system of housing security system development, *J. Urba. Rura. Dev.* 9(2018) 74-75.
- [3] H. C. Wang, German real estate development model: hire and purchase, *J. China Fin.* 10(2018) 40-41.
- [4] H. M. Li, Enterprise started the brand war, the brand premium ability into a new battlefield, *China real estate news*, 2015(B07).
- [5] B. N. Wang, Longhu CityHub integrated platform shape crown combine value for the opening project occupancy rate is as high as 95%, *China times*, 2017(022).
- [6] X. Jin, Rent the apartment into trillions of "blue ocean" market, *J. Think Tank Sci. Tech.* 11(2017) 164-165.
- [7] G. Y. Liu, Vanke 10 years 1.8 million behind the high rent, *J. Ihome.* 5(2018) 74-75.
- [8] H. Yu, X. J. Sui, G. Bai, M. F. Jiao, Youth groups to rent apartment public space design research, take vanke berth as an example, *J. Archi. Cult.* 7(2018) 164-165.

- [9] W. J. Deng, Study on the determinants and relationship between China's urban housing process and rents, Zhejiang university, 2011.
- [10] R. X. Zhang, S. J. Jia, J. Study on the influencing factors of Guangzhou city's residential housing rent, *J. Eng. Manag.* 28(2014) 118-123.
- [11] J. L. Deng, the influence factors of price-to-rent research, Zhejiang university, 2014.
- [12] Y. H. Wang, Analysis of the influence factors of housing rental market rent, Huazhong university of science and technology, 2014.
- [13] J. C. Meng, S. J. Zhang, A study on influential factors of housing rental prices based on hedonic model: evidence from Wuhan, *J. Value. Eng.* 35(2016) 199-201.
- [14] J. Lu, Z. W. Wang, J. Zhang, The public service facilities for Beijing urban rental housing rent, *J. Pric. Month.* 7(2017) 7-12.
- [15] Y. Yan, Y. Zhou, G. H. Huang, Research on rent pricing model of public rental housing based on grey connection analytic method: a case study of Suzhou, *J. Constr. Eco.* 37(2016) 77-81.
- [16] K. Li, Public housing rent pricing methods research literature review and analysis, *J. China Mark.* 8(2016) 121-122.
- [17] Y. W. Gong, Public rental housing rent pricing research, Shanxi university of finance and economics, 2016.
- [18] M. H. Lu, C. L. Zha, Supply side structural reform under the background of the housing rental market development of our country, *J. xinyang coll. Agr. Fores.* 28(2018) 46-48.
- [19] M. Xu, Urban housing rental market development status and countermeasures, *J. China Mark.* 1(2018) 28-29.
- [20] P. P. Li, Look from the rental mode the development of housing rental market in China, *Bus. Eco.* 3(2018) 114-115+128.