

The Development and Prospect of Urban Housing in China

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I. The Development of Urban Housing

Since 1980 Chinese government has been engaged in carrying out a reform in dealing with the problems of the old housing system.

In 1998, in-kind housing distribution was no longer practiced and individual housing consumption was promoted nationwide.

Thus the new housing system was established, which accelerated the development of housing construction.

I.1 Housing development system adaptive to the market economy has been established on the whole.

- **Housing distribution**
- **Housing investment and supply**
- **Housing market**
- **Housing finance**
- **Housing management**

I.2 Urban housing construction has maintained a rapid development.

- With the rapid development of housing construction and real estate industry, housing and real estate, increasingly prominent in national economy, has become the pillar industry.
- In recent years, the annual growth of real estate developing investment has maintained to be over 30% of the total growth of investment in fixed assets, which has led to more than 1% growth of GDP each year and has made great contributions to stimulating domestic demands and promoting the economic growth.

I.3 The living conditions of urban residents have been greatly improved.

- **Rapid growth of housing area**
- **Great improvements in functions of the newly built houses**
- **Great increase of the private ownership rate of housing**

II. Major Problems in Urban Housing Development

II.1 The living conditions are to be further improved. Inequality in housing is still a problem.

- Compared with the developed countries and with the requirements of building the new phase of a moderately well-off society in an all-round way, the development of urban housing is still at a relatively low level and the housing functions are far from perfect.

II.2 The reconstruction of dangerous and old housing remains an onerous task.

- According to statistics in 2001, presently the area of dangerous and old housing of all kinds in cities and towns remains to be 150 million square meters, in which live more than 3 million families.

II.3 Backward housing production mode

- At present, China lags behind in housing production mode, which still remains at the stage of extensive development.

II.4 Laws and regulations on housing need to be perfected, the housing market expects regulation.

Over 80% urban residents own houses, it is urgent to provide legal protection of their ownership. Clear legal definitions are also needed to regulate and supervise the housing market and protect the fundamental housing rights of the residents.

III. The Prospect of Development

III.1 Market demand analysis

- The GDP per capita in China expects to reach US\$1,000 this year. The Engel coefficient has reduced to lower than 40%.
- Currently the housing area per capita in China is 21 square meters. More than 48% residents wish to update their houses in recent years.
- The urbanization rate in 2001 reached 37.7%.

III.2 Providing housing for medium- and low-income families through multi-channels.

- To make great efforts to develop affordable housing.
- To reinforce the low-rent housing system.
- To regulate and develop housing construction through capital-raising and cooperation.
- To accelerate the reconstruction of dangerous and old housing.

III.3 To further implement reform measures of all kinds and perfect housing system.

- To establish housing subsidy system and quicken the distribution of housing subsidies.
- To further enliven real estate market.
- To regulate and develop housing finance and perfect housing provident fund system.
- To accelerate the socialization process of property management.
- To make economic and technological policies of the modernization of housing industry.
- To speed up the research and making of *Housing Law* and *Real Right Law*, and to perfect the legal system of housing and protect the legitimate rights of housing investors and property owners.

Thank You!