



Wish The Annual Conference of The Counselors of Real Estate A Great Success

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Review:

**A Ten year journey of reformation and development in China's real estate industry
(1997-2007)**

1997 - The Year of Origin

The commercialization of real estate was considered as a new driving force for China's economic development. Thereafter, the commercialized housing policy under the market-oriented economy began to coexist with the social welfare & benefit-oriented housing policy under the planned economy.

1998 - The Year of Revolution

After being effective for decades, this tradition social welfare based & benefit-oriented housing system has been officially terminated, followed by commercialized housing policy under the market-oriented economy.

1999 - The Year of Hope

The scale of the individual house purchase increased dramatically, resulting in a 29% overall sales volume growth in the housing market.

2000 - The Year of Boosting

Under the strong market demand, abundant supply of land along with favorable governmental policies, China's real estate industry has entered an expansionary stage, which lasted for three consecutive years.

2001 - The Year of Happiness

The housing policy reformation significantly stimulated the growth of the China's economy as numerous housing issues have been resolved via market efforts. Price was stable, housing supply was ample, and scale of the market has maintained rapid expansion.

2002 - The Year of Invocation

Innovation and creativity were the primary objectives of real estate planning, design and marketing.

2003 - The Year of Change



Home price has surged across the nation. Homes and apartments were no long considered as just consumer goods, and began to earn more attention as a new investment instrument.

2004 - The Year of Regulation

The government began to tighten the land supply by implementing macro economical policy, causing the land become much more precious. Consequently, housing prices began to enter a new period of price appreciation.

2005 - The Year of Contest

Land is wealth. Regulatory constrains on land supply caused the contest among Chinese developers over land sources became fierce. More and more real estates firms have expanded nationally, seeking available land for development.

2006 - The Year of New Policy

The market-oriented land resource distribution system was required to balance with social harmonious development. . The future direction will need to focus on affordable housing rather than luxury condominiums.

2007 - The Year of New Situation

The real estate market is still active, with opportunity for growth. A new pattern of real estate development based on the double track of free market and welfare guarantee has just emerged.

After experiencing dramatic fluctuations in the past and enjoying the current appreciation, what is to expect for the China's real estate industry in the next decade?

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Hypothesis:

The eight phenomenal changes of China's real estate industry in the coming decade.

- 1) Commercialized properties and social subsidized / welfare properties are expected to coexist as critical changes in real estate policy take place.
- 2) The industry has completed the transition from growth stage to mature state. The real estate industry will belong to few top players in the next decade.
- 3) Real estate securitization will help inject vast amount of capital into this industry and resulting new changes.



- 4) Land ownership transfer system will be established in both urban and rural areas. The real estate market systems in both areas are to be unified.
- 5) Payment system for land ownership transfer / land lease will be improved and the policy of annual land lease payment is expected soon.
- 6) Within the coexistence of commercial and low-income housing, the price of commercial residential housing will continue to appreciate in most cities.
- 7) The construction of new city areas and the development of new districts will be the most dynamic factors of real estate industry in the next decade.
- 8) The real estate industry will be expanded to form a new playing field that consists of developers, financial investors and more professional real estate service firms.

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