

# *How to Shape the Market Resilience of Real Estate under the Public Crisis*

## *—Take Zhuhai's Real Estate Adjustment to Covid-19 as an Example*

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**Abstract:** In 2019, COVID-19 broke out in China and gradually formed a huge epidemic worldwide. It still has a great influence and has affected all aspects of people's lives. This study mainly researched how the market resilience of real estate was shaped under the public crisis. Taking Zhuhai real estate adjustment in the epidemic as an example, this research preparing to find the development ideas of the real estate industry under the normal management of covid-19. This research is mainly based on the commissioning of the real estate market in Zhuhai, analyzes the real estate cases in Zhuhai and further analyzes the deficiencies in the real estate policy in Zhuhai from different directions, and finally gives suggestions for the resilience of the real estate market. Analyze the public management ideas of the Zhuhai case, discuss how the local government can scientifically and effectively guide enterprises to implement policies, give recommendations for the future real estate market, and enhance the resilience of the real estate market while safeguarding its balanced development in the post-epidemic era.

**Keywords:** COVID-19, real estate, Zhuhai, government

## 1. Introduction

In 2019, COVID-19 broke out in China and gradually formed a huge epidemic worldwide. It still has a great influence and has affected all aspects of people's lives. Thanks to the strict control of the country, the impact of the epidemic has been relatively weak. But the fight against the epidemic has become a long-term battle and the normalized management of the epidemic has also begun to be implemented. Under this situation, the development of various industries has been greatly affected, especially real estate, which is one of the pillar industries of the Chinese economy. The epidemic inhibits people's consumption and people tend to consume more rationally. People will become cautious about the consumption that affects their basic living needs, and may not cause purchase real estate without worry [1]. Therefore, when the real estate market is affected by a public crisis like covid-19, how should the government maintain market resilience?

This study mainly researched how the market resilience of real estate was shaped under the public crisis, taking Zhuhai real estate adjustment in the epidemic as an example, preparing to find the development ideas of the real estate industry under the normal management of covid-19. Based on the background of the normalized management of the epidemic, research and analysis are carried out, and the stimulation of the real estate industry by the relevant domestic policies is introduced. Through data investigation and analysis of the development status of Zhuhai's real estate industry, future development can be predicted.

Under the impact of the epidemic, it is important how the real estate industry should adjust its strategies and respond to crises for longer-term development [2]. The Zhuhai government has launched relevant subsidies to minimize the burden on the real estate industry, but there are still some problems. This research is mainly based on the commissioning of the real estate market in Zhuhai, analyzes the real estate cases in Zhuhai and further analyzes the deficiencies in the real estate policy in Zhuhai from different directions, and finally gives suggestions for the resilience of the real estate market [3]. Taking Zhuhai's real estate adjustment as the research object to explore the methods to deal with the crisis, it can better provide certain ideas for the development of Zhuhai's real estate industry. At the same time, it is necessary to provide some references for the industry to break through the dilemma and form a healthy market development by shaping the market resilience of Zhuhai's real estate under the public crisis. After figuring out the problems in the current Zhuhai real estate market, analyze the data of sales and other aspects to find the future real estate development strategy. Provide new development ideas for the real estate industry and find new development opportunities [4]. Thereby promoting the development of Zhuhai's real estate industry under the normalized management of the epidemic.

## **2. Impact of COVID-19 on Real Estate and Related Responses: A Case Study of Zhuhai City**

The status quo of Zhuhai's real estate market is not optimistic. In the first half of 2022, in terms of housing prices, the average property price in Zhuhai was 23,992 yuan/m<sup>2</sup>, down 6.9% from 2021. House prices continued to decline from January to May. Influenced by the government's policy stimulus, house prices began to bottom out in June. In terms of the transaction value of the real estate, the transaction volume of commercial housing in Zhuhai was 11,503 units, a decrease of 44.4% compared with 2021, and the average sales area was about 1.18 million square meters, a decrease of 43.6% [5].

In the epidemic situation, Zhuhai City also made a corresponding response in time to actively fight the epidemic situation. First of all, in 2020, the Zhuhai Housing and Construction Bureau and the Zhuhai Public Resources Trading Center both announced relevant subsidy policies to minimize the burden on the real estate industry. The Zhuhai government has promulgated some policies to save the real estate market, but they will take some time to take effect. The real estate developers in Zhuhai are trapped in the pressure of their funds and financing difficulties, while the buyers are not confident in the real estate market, and most of them are in a wait-and-see state.

In addition, the Guangdong Provincial Administration of Taxation also issued taxes and fees, and the Zhuhai Real Estate Registration Center, and also launched online real estate registration services on the Internet. Many departments have turned on the green light for the development of the real estate industry and maximized the convenience of residents' businesses. However, the trend of the epidemic is uncertain, which has caused difficulties in the real estate industry. These policies and services alone cannot effectively mobilize the real estate industry to recover. Under this trend, there are still the following problems in the resumption of real estate and resumption of work in Zhuhai:

First of all, It is impossible to resume the opening of the scene and see the house offline. In the case that Zhuhai City has completely implemented the epidemic prevention measures, the gathering

of people offline is not allowed because the epidemic prevention requirements cannot be met, which has caused real estate companies to fail to fully resume work. Only some areas can restore real estate offline visits and sales while ensuring that epidemic prevention measures are in place. However, the business process requires the implementation of the "Yuekang Code", and the one-to-one service needs to be implemented through appointment registration. Therefore, many customers think it is inconvenient and not to the scene.

Secondly, few online transactions cannot drive the real estate market. By promoting the salinization of housing transactions, speeding up the progress of online signing, and further simplifying its business processes, it has realized the unlocking of the online signing mechanism and improved the efficiency of the online signing of commercial housing. However, home buyers are not like ordinary shoppers, and they still have doubts about online transactions. Therefore, the online transaction volume is relatively small, which cannot drive the real estate market to recover.

To sum up, Zhuhai's real estate adjustment still has certain difficulties, and further improvement is needed to shape the market resilience of Zhuhai's real estate under the public crisis. But the crisis and opportunity always coexist, and all walks of life have been greatly impacted by the epidemic, and the real estate industry has inevitably affected this epidemic. However, from the perspective of the market economy, people must actively change their business methods, deal with the disadvantages caused by the public crisis, and change their business methods based on ensuring that they do not violate public event handling measures.

### **3. The Public Management Thinking Behind the Case**

In February this year, many local cities started to rescue the property market, and the rescue efforts gradually heated up. Since the fourth quarter of last year, the campaign to save the property market has continued to escalate. Firstly, some cities with large declines in property prices issued fall restriction orders, local governments did not allow developers to "maliciously reduce prices", and some cities issued home purchase bonuses and subsidies as a way to stimulate transactions in the sluggish property market. This year, the local government's bailout actions escalated significantly, with some cities even lowering their down payment requirements and the long-lost 20% down payment ratio beginning to reappear in the market. The supply of credit to the property market began to improve significantly. The lending speed for mortgages has increased significantly. In the first half of last year, the lending cycle in many local cities was as long as one year, but now the average lending cycle has been shortened to about one month. Mortgage loans are the most effective lubricant to stimulate property market transactions. One of the important reasons for the downturn in the property market last year was that the tight mortgage line affected buyers' purchasing power, especially because the lending cycle was too long, making it difficult for many transactions to sell and then buy a home. With the mortgage lending cycle now speeding up, many transactions in the property market have been able to move forward smoothly. Mortgage rates have also started to leave their rising momentum behind and have seen a slight decline. The fall in mortgage rates is partly due to the overall fall in interest rates, which came at the end of last year when the Central Bank cut the market quoted lending rate (LPR) and mortgage rates came down with it. More importantly, commercial banks have even started to reduce mortgage rates on their initiative. In February this year, several major banks in Guangzhou lowered both their first and second suite interest rates. The move was also particularly noteworthy as first-tier cities began to take the initiative to lower their mortgage rates. The most direct reason for this escalation of the property market rescue is still that economic growth is under certain pressure and more hedging instruments are needed to stabilize growth. The Central Economic Work Conference proposed that China's economic development is facing a triple pressure of demand contraction, supply shocks, and weakening expectations, and called for "promoting the economy to achieve a steady improvement

in quality and reasonable growth in quantity". Since the end of last year, a series of growth stabilization measures have been introduced, including the infrastructure engine, which has not been activated for a long time, and many local governments have launched large-scale infrastructure plans. As one of the key players in China's economy, real estate, under pressure to grow, will moderate the regulatory pressure, even if it is no longer stimulated on a large scale as before [6].

The stable and healthy development of real estate cannot be achieved without a good development environment and the support and standardized management of society and various departments. Banks and financial institutions and housing authorities should strengthen the supervision of funds for the real estate industry, ensure that pre-sale and credit funds are used for the construction of commercial housing projects, and prevent funds from being diverted for other purposes. In addition, departments at all levels should actively implement several policies that will be introduced to support the development of the real estate industry. In addition, relevant government units can improve the approval system, optimize the online office system, improve the efficiency of public services, reduce intermediate links, and provide digital and intelligent services for enterprises and individuals in combination with Internet technology [7].

#### **4. Suggestions for Shaping the Resilience of China's Real Estate Market**

The impact of the new crown pneumonia epidemic on residents' income expectations is evident and has also affected the real estate market. However, residents' demand for the property market has not disappeared and remains promising for the second half of this year. The current wait-and-see atmosphere in the property market remains strong and there is an urgent need to boost the confidence of homebuyers. It is recommended to stabilize property prices and avoid big ups and downs. While boosting confidence, the government should adopt land supply to market demand and do a good job of securing housing for low- and middle-income earners [8].

In terms of housing policies, various policies such as tax incentives should be used to protect the needs of young people of school age for study, living, and marriage. With the comprehensive first half of the property market, the structural surplus of housing, and the lack of ability to pay at the same time, policy relief is still not enough, the market will still adjust or continue to cool down, but the government can promote the stable and healthy development of the real estate market through policy adjustments. China's economy has reached the bottom of the annual economic growth, macroeconomic supply and demand double weak pattern has ended. Later, with the resumption of production and recovery of the market, the gradual promotion of various policies such as underwriting through infrastructure construction, improving real estate margins, and launching consumption stimulation plans, the economy is expected to continue to maintain a moderate rebound momentum in the second half of the year, and the real estate market as a pillar industry is expected to ease the current market pressure.

Guarantee market stock, stabilize house price growth, relax financial restrictions, reduce the risk of home purchase, ensure developers deliver on time, increase monitoring of developers to prevent problems such as delivery and risk, and local government policies should be introduced quickly; short-term recommendations include removing various restrictions, establishing a systematic housing protection system in the medium term, and long-term recommendations include introducing a real estate tax, cracking down on property speculation lines, steadily reducing the real estate. In the long term, the government recommends the introduction of a real estate tax, a crackdown on property speculation, a steady reduction in the proportion of real estate in the economy, controlled development of real estate in a rhythmic manner, a liberalization of the restrictions on pooled housing, and a shift in housing policy.

In terms of policy regulation, firstly, it is recommended that home loans for home replacement and improvement be included as a special deduction for personal income tax purposes. Secondly, it

is recommended that the construction of basic facilities (mainly transport and commerce) be strengthened, to drive the block economy through the property aggregation effect. Thirdly, it is advisable to tailor the policies to local conditions, adjust them to the time, and implement different policies for different cities with different supply and demand relationships, different stages, and different consumer groups to ensure the stable and healthy development of the real estate.

Houses have precipitated most of the wealth of China's forty years of reform and opening up, and are a reservoir of wealth. The government should stabilize expectations of real estate development, boost market confidence, adhere to a people-centered approach, effectively address delivery and quality issues, protect people's rights and interests, and enhance a sense of security.

It is suggested that real estate should strengthen refined control, measure the quality of supply and service capacity of real estate enterprises, promote the elimination of winners and losers, and conduct a comprehensive assessment of supply and demand in each region for the real estate market to ensure balanced development of the real estate market [9, 10].

## 5. Conclusion

Generally speaking, no matter by theoretical argument or government regulation practice, a common conclusion can be reached. The government needs to supervise the real estate market. However, there are different approaches for different cities. To be specific, laws, regulations, policies, systems and specific practices and measures of supervision should be different. For example, the Zhuhai government's supervision of the real estate market still has obvious regional characteristics even though its regulatory principles and theoretical guidance are similar to those of other cities. And this kind of individuation characteristic can best reflect the government supervision practice is consistent with the objective reality.

By analyzing the government supervision practice of Zhuhai's real estate market, the government makes it clear that the local government should take the initiative to shoulder the responsibility of supervising the social economy, especially the real estate market. To avoid "the market becoming ineffective" caused by factors such as economic recession and social disaster, it is necessary to learn from the government supervision experience and lessons of Zhuhai's real estate market over the years, improve the government supervision system, innovate supervision technology and means, improve relevant laws, regulations. In this way, the government can play an effective role and positive influence in the supervision of the real estate market, to achieve effective supervision of the real estate market.

Of course, using the public power of the government is a double-edged sword. The use of government power to supervise and regulate the real estate market is essential to intervene in the market economy through state power. If this intervention is done well, great achievements will be made. However, excessive government regulation or improper intervention through the use of government power will have adverse effects and even lead to catastrophic consequences. In the same way, the government's supervision of the real estate market should be the same, and the promulgated laws and policies and specific measures should be carefully implemented.

Finally, due to the limitation of space in this study, most of the content is researched by the method of network resource literature analysis, and the literature materials are sorted out as argumentation materials. This research method leads to the insufficient demonstration of this paper, and the follow-up research should use the field investigation method and interview method to conduct a detailed study again.

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