The study on urban land price of various usage

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Contents

- 1. Current situation of urban land prices for various uses in China and relative analysis
- 2. Analysis of influences of land cost change on land prices for various uses
- 3. Brief situation of land prices for various uses in foreign countries
- 4. Conclusions and primary suggestions
1 Current situation of urban land prices for various uses in China and relative analysis

- The average comprehensive urban land price of Chinese main supervised cities in 2010 was 3943 Yuan/㎡, and its growth rate was 10.60%; the growth rates of commercial, residential and industrial land prices were 11.97%, 12.69% and 7.36% respectively.
1.1 The land prices for various uses increased rapidly

- The average land price index of the major cities in China increased along with economic growth from 2001 to 2010, and the increment range of land price indexes for various uses were relatively high in 2007 and 2010.
- With the ten years, residential land price doubled, and industrial land price increased for 50%.
1.2 The difference of the relativity among land prices for various uses is very large

- The relativity between commercial land price and residential land price was the highest, then was the relativity between residential land price and industrial land price; the relativity between commercial land price and industrial land price was a bit lower than the previous one.
- Reason: Commercial and residential land prices form after the sufficient competition under the same market environment. But most local governments sell industrial land at the low price so as to attract investment, therefore, the sufficient market competing hasn't been formed for the sales of industrial land.

1.3 Study on the ratios of land price among different use types

- The ratios of commercial land price and residential land price to industrial land price were increasing continually. Only in 2007, the ratios decreased because industrial land price was increased by implementing policy of minimum price standard nationwide.
- The price gap between commercial land and residential land narrowed year by year.
The ratios of commercial land price and residential land price to industrial land price from 2000 to 2010.

The ratio of commercial land price to industrial land price
The ratio of residential land price to industrial land price

The ratio of commercial land price to residential land price from 2000 to 2010.
1.4 Tendency of commercial land price being lower than residential price

- There is the tendency that residential and commercial land price will be approximate in cities.
- Commercial land price being lower than residential price has occurred in individual cities. There were four cities (Beijing, Ningbo, Wenzhou, Zhengzhou) in 2009; and there were five cities (Beijing, Ningbo, Haikou, Zhengzhou, Tai’an) in 2010.
- Its direct reason is the transnormal development of the housing market in China.

2 Analysis of influences of land cost change on land prices for different uses

- Land cost includes land acquisition cost and land development cost and relative land taxes or expenses in China, and it has an important bottom-line-controlling effect on supply price of land.
- In view of the fact that most new construction lands come from expropriating collective-owned land, land acquisition cost as the core is very important for assessing land, and it has the most obvious features of variation and relative marketability in three major components of land cost.
2.1 Land acquisition cost affects commercial and residential land prices weakly

- The proportion of land acquisition compensation standard in commercial land price is about 0.15% to 9.31%, and the proportion of land acquisition compensation standard in residential land price is about 0.22% to 13.2%. They are very low.

2.2 Land acquisition cost affects industrial land price obviously

- The proportion of land acquisition compensation standard in industrial land price is about 3.04% to 28.04%, and it is very high.
3 Brief situation of land prices for various uses in foreign countries

- The higher economic development level of one country or region is, the higher land price will be, and the more mature the economy body will be, the more stable land price level will be and the more rational the proportional relationship among land prices for various uses will be.
- Comparing with surrounding countries and regions, industrial land price in China is relatively low.
- The land price forming mechanism and management policies are different in different countries and in different stages of economic development.

4 Conclusions and primary suggestions

- Generally speaking, the trend of land price change and the improvement of land market mechanism reflect the market orientation economic reform in China, as well as the general destination of forming the scientific and rational price mechanism.
4.1 The problems

- Land market for various use types doesn’t reach equilibrium. The marketization degree of commercial and residential lands is very high, but among the factors affecting industrial land price, the non-market factors are dominant.

- The appearing and spreading of the phenomenon that commercial land price is lower than residential land price, show the over-speculation in the housing market.

- If industrial land price can’t increase correspondingly during land acquisition compensation standard rising very rapidly, disequilibrium among land prices for various uses will be more obvious.

- Industrial land price in China is very low, which is still the advantage of attracting the investment. But now it is not coordinative with the economic development level and there exists the system risk.
4.2 The suggestions

- Insist the market-orientation of lands for various uses, and let price signal function sufficiently.
- Deepen the regulation policies for real estate and gradually correct the non-rational tendency of local government policy-making.
- Adjust minimum price standard of industrial land properly, and stick to multi-destinations at the same time, such as revealing resource value, guiding economical layout and participating in international competition.

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