

The Current State of Development of The Real Estate Sector in The Context of The New Crown Epidemic and The Direction of Subsequent Development

-- Based on Big Data

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Abstract: In February 2020, the Ministry of Finance and the Central Bank published articles emphasising the positioning of "no speculation in housing" and not using real estate as a means of short-term economic stimulation, and promoting the improvement of the basic economic housing security system; various places made policy adjustments in respect of housing provident funds and land rentals, etc. Policy adjustments were made in various areas such as housing fund and land concessions. The impact of the new epidemic has increased China's fiscal spending, and the real estate economy, as a source of revenue, plays an integral role in the country's socio-economic development. The arrival of the epidemic will also have a serious impact on our economy, with consumer habits changing; the erratic nature of the epidemic will make people more inclined to "tighten their belts" and use their assets for emergencies, and the real estate industry will cool down as a result. In the era of rapid development of big data, the real estate industry is getting a more systematic and comprehensive data and provides a different perspective for its subsequent development direction, and a more objective understanding of the current situation of the real estate industry under the influence of the epidemic. This study is based on the Newcastle pneumonia epidemic and uses big data networks to understand the current economic development of the real estate sector, and to analyse and deduce the subsequent development of the real estate sector and the direction of adjustment in accordance with the current situation, in order to promote the steady development of the real estate economy and thus reduce the impact of the Newcastle epidemic on the national economy and revenue growth.

Keywords: Current state of real estate development and its direction, Big data, New crown epidemic.

1. Introduction

In recent years, China's economy is growing, the rapid development of the real estate economy plays an important role in it, gaining huge benefits, and now the arrival of the new crown epidemic, so that the real estate economy is facing the challenges of a different environment, in the process of developing the economy also gradually exposed many problems, to the real estate industry economic development has brought resistance, the urgent need to analyze the current situation through its development, in order to subsequently make measures to solve the problems and move towards a suitable walking trajectory, thus promoting the further development of the real estate economy and pushing the national economy to make further leaps and bounds.

2. Development Status Study

2.1. Overview of The Current State of Development

In December 2019, a novel coronavirus outbreak emerged in Wuhan and spread rapidly across the country. Overall, the epidemic formed a certain impact on the real estate industry in the short term, but the impact was relatively limited throughout the year. The main manifestation is that residential real estate in the post-epidemic period will have a smaller impact compared to commercial real estate, and the loss of shop-type projects will be greater than that of office projects, with a significant decline in rental income, which may affect the credit quality of operating property products. 2020 should not be too pessimistic for the real estate market, and although

the opening phase was affected by the epidemic, both infrastructure and real estate are likely to be economic targets for the next three quarters. The possibility of policy easing in the future cannot be ruled out. Therefore, it is expected that, against the backdrop of abundant liquidity, the overall policy of the property market will be "supportive" and there will be more room for M&A and integration of real estate companies. As far as real estate companies are concerned, firstly, the epidemic has forced developers with high turnover to "slow down", with sales returns being hampered and cash flow coming under tremendous pressure, and the greater the risk, the greater the financial pressure. Secondly, the epidemic has dealt a significant blow to the demand for home ownership in third and fourth tier cities, which will have a greater impact on companies with structures in the third and fourth tier. Once again, the most immediate response of development companies is to go online, and they are making great efforts to open online sales methods, such as the rapid spread of online sales offices. However, due to the lack of offline follow-up and conversion, the effect of online is difficult to play independently, and the actual effect on sales returns is limited. Finally, developers will rely more on offline intermediary channels for new home sales, and it is foreseeable that the intermediary channel will fully penetrate to the whole industry line, the whole process, linkage and underwriting in the future. [2]However, under the epidemic conditions, the real estate industry only experienced a few months of downturn, and has since developed steadily, with 100 billion real estate companies emerging one after another.

2.2. Development Problems and Their Causes

2.2.1. Short-term Demand Hit, Real Estate Market Demand Delayed

Affected by the epidemic, many cities across the country suspended the offline sales of commercial housing, directly resulting in the Spring Festival long holiday period sales area than in previous years fell sharply. 2020 Spring Festival long holiday period, 30 large and medium-sized cities across the country commodity housing turnover area of 37,500 square meters, compared with 195,500 square meters in 2019 fell 81%, but also far below the 2018 76,100 square meters. In the short term, the epidemic has a greater impact on real estate sales, the real estate industry's sales performance in the first quarter is under pressure.[2]

2.2.2. The Cash Flow of Enterprises Has Been Hit and The Pressure on Smes To Repay Their Debts Has Increased

The author collated 295 real estate enterprises whose main business is listed on the mainland A/H, and according to the scale of revenue, the real estate enterprises with revenue of over RMB100 billion, RMB50 billion to RMB100 billion, RMB10 billion to RMB50 billion and less than RMB10 billion in 2019 are defined as super large, large, medium and small real estate enterprises, with the corresponding numbers of 9, 12, 64 and 210 respectively. The corresponding numbers were 9, 12, 64 and 210, accounting for 3%, 4%, 22% and 71% respectively.[2]

On the face of it, mega companies have the lowest current ratios and cash ratios. The level of current ratios and cash ratios of mega real estate companies and large companies should be the result of lean management and are at a safe level. The decline in current ratio and cash ratio of medium-sized real estate enterprises is very serious, and the decline in solvency is more likely to be the result of increased operating pressure, which is a phenomenon worthy of attention. Smaller real estate companies have the highest current and cash ratios, mainly because they are less able to raise capital and rely more on endogenous financing. As with medium sized real estate companies, the decline in solvency is a noteworthy phenomenon.[2]

3. Development Prospects Study

From various data analysis reports, it is predicted that the overall development trend of China's real estate is towards digitalisation and sales diversification, with a promising development prospect, and that rental and sales will become the mainstream of the real estate market in the later years.[3]

3.1. Development Prospects

In terms of technological innovation, in order to adjust the real estate industry under the impact of the epidemic in a timely manner, the status of the industry of "housing without speculation" has been clarified. Major developers are actively innovating and collaborating, introducing VR technology, etc., to create an internet + home buying model and establish a Chinese real estate database. By taking advantage of the Internet, real estate development information will be made public and graded, and consumers will be able to search and filter through the database, taking into account their spending power and personal needs, to match the real estate that best meets their needs. This will maximise the use of effective real estate resources, ensure the effective supply of housing, further meet the development needs of the industry and usher

in a golden age for real estate.

In terms of market demand, after several stages of adjustment it is clear that China's real estate mainly stems from rigid demand. Along with the rapid development of urbanisation in China and the impact of the epidemic, there is a more urgent need for people to have a stable source of housing in a city to meet their most basic living needs. The real estate market has shifted from the "incremental era" of massive development to the "stock era" of steady development, and the sales model has shifted from a short-term short and quick route to a long-term sustainable development route. Developers are seizing the golden period of stock to revitalise the stock in their hands, speed up the integration of capital turnover and promote the development of the rent-to-own situation.[3]

3.2. Development Potential

As an important part of the national economy, the real estate economy, in order to ensure the healthy development of real estate and a positive and active situation, the state will introduce policies to implement "relaxed" management to create a large stage, while giving the real estate market sufficient autonomy to supervise the market in a timely manner to prevent malicious competition resulting in overdevelopment. It will also stimulate developers to improve the construction standards of the housing service system in order to enhance their overall competitiveness. The real estate industry has taken the initiative to adapt its planning strategy to national policy, which directly affects the creation of new economic value by real estate companies. On the supply and demand side, accelerating China's urbanisation process releases sufficient demand for the real estate market, internally driven to digest the market stock.

Real estate combined with the Internet development sales model in the Chinese market has found its own way, but in order to long-term sustainable development, to grasp the current stage of policy strategy, and constantly improve the construction system of the real estate industry itself, to reduce the risk of loss, to establish a suitable self-protection mechanism, to promote the real estate industry to give birth to new economic growth points, a source of continuous creation of economic value.

4. Follow-up Development Studies

4.1. Responses to Development Problems

4.1.1. The Government Provides Both Policy and Financial Support to Ensure the Normal Development of The Real Estate Industry

During the epidemic, governments around the world took measures to strictly control the movement of people in various venues, forcing the real estate industry to curtail or even stop its sales activities, especially offline activities, and a significant drop in property sales. In this regard, the government should take into account the development needs of the real estate industry while preventing and controlling the epidemic, such as strengthening the control of the epidemic in real estate sales venues but not overly prohibiting the movement of people. As a result of the epidemic, some small and medium-sized enterprises are facing a shortage of capital. The government should provide financial support to small and medium-sized real estate enterprises that are struggling to survive during the epidemic to help them develop.

In addition, policy protection during the epidemic is

essential and policies on relevant development directions and development strategies should be followed up. The government should also strictly control the real estate market, crack down on house price inflation and rectify the phenomenon of vicious competition in the industry, so as to promote the healthy development of the industry.

4.1.2. The Real Estate Industry Should Follow Market Trends and Meet Market Demand

With social progress and development, people's demand for a better life is becoming stronger. It is clear from the existing phenomenon that people's demand for residential products will tend to be more green, healthy and intelligent in the future. Therefore, the real estate industry needs to continue to develop high-quality products to attract more customers.

4.1.3. The Real Estate Industry Should Innovate Sales Methods and Promote Diversified Sales

The epidemic has had a huge impact on offline viewing and purchasing activities, so the real estate industry should promote AR viewing technology to give customers a comprehensive view of homes without having to leave their homes; in addition to this, property sales are taking place online and live streaming models can be used for sales and transactions can be conducted online.[4]

4.2. The Way Forward

4.2.1. Intelligent Sales Methods

In recent years, outbreaks have recurred. Offline house viewing and selling activities are no longer suitable for epidemic prevention and control requirements. The real estate industry will become increasingly intelligent in the future, using technology to achieve live home sales, intelligent viewing and online transactions will become increasingly popular.

4.2.2. Marketability of Sales Products

Products for sale in the real estate industry will be more and more in line with market demand, meeting the requirements of a green, healthy and environmentally friendly era. The design of the products will also be more in line with the consumer psychology of the customers.

4.2.3. Quality After-sales Service

The quality of after-sales service will bring more customers to the industry, so companies will use this as a breakthrough point to provide better services to their customers, such as check-out services and renovation services to meet their individual needs.

4.2.4. Balanced Development of The Industry as A Whole

The epidemic has brought challenges to the development of small and medium-sized real estate enterprises, which are struggling to develop under the dual pressure of the epidemic and large enterprises, facing development difficulties such as broken capital chains and loss of competition. More and more policies will be formulated and released to support the normal

development of such enterprises, which will also help the further development of large enterprises and ensure the balanced and stable development of the real estate industry as a whole.

5. Conclusion

The impact of the epidemic on China's real estate economy is multifaceted, but the trend of China's real estate industry going on the right track is unchanged, although there will be a decline in the short term, but the ability to consume is affected to a lesser extent, and with the adjustment of the real estate industry, it may lead to a more healthy, data-based, high-quality path. Reasonably rely on the use of big data platforms to record data on the economic development and inputs and revenues of the real estate economy under the epidemic use scientific measurement methods to analyse the data and try to identify patterns in it, work with government medical departments to keep an eye on the real-time situation of the epidemic and adapt the economy to society by implementing policies to reform the real estate industry in a limited time frame. The real estate industry has been able to achieve steady economic development through a multifaceted approach, by paying close attention to people's livelihoods, focusing on the needs of consumers and achieving harmonious human and economic development; grasping opportunities for development, strengthening industrial cooperation and achieving effective mutual benefits; and improving the level of industrial services and the efficiency of the management model, improving the quality of the housing itself and the visibility and credibility of its brand.

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