

ANALYSIS ON THE PRESENT SITUATION AND CONTRIBUTING FACTORS OF VACANT COMMERCIAL HOUSING IN GUANGZHOU URBAN DISTRICT

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ABSTRACT: According to the on-the-spot sampling investigation, this paper analyzes the conditions of different districts, different locales and different types of the vacant commercial housing as well as the contributing factors, which was completed in recent three years in Guangzhou urban district. It is found that vacant ratio of samples in Guangzhou accounted for 20.94%, which is relatively high. The authors argue that real estate industry of Guangzhou has made rapid progress, at the same time, people should not overlook the vacant commercial housing. It will benefit the sustainable development of the real estate industry of Guangzhou to carry out effective measures and actively to make use of present vacant housing.

KEY WORDS: commercial housing; vacant housing; vacant ratio; Guangzhou City

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1 INTRODUCTION

Since the constructing of the Donghu New Village in 1979, Guangzhou's real estate industry has begun its process of commercialization and marketablization. After a period of time of germination and low development in the 1980s, Guangzhou's real estate market came into an era of great development in the 1990s with the flourishing of the real estate industry, however the problems of vacant commercial housing become more and more serious(YAN, 2001). According to the different uses of commercial buildings, they can be mainly divided into three types: commercial housing, office building and shop. Reflected by the indexes such as investment scale, floorage and completed area of all types of commercial buildings, commercial housing is the main type of development of real estate. In the year of 1999, the real estate investment amounted to 25.698×10^9 yuan(RMB), including 17.207×10^9 yuan of commercial housing investment, accounting for 67% off the total investment. Floorage amounted to 29.5021×10^6 m², including commercial housing

19.3609×10^6 m², accounting for 65.63%; completed area amounted to 6.2309×10^6 m², in which housing area was 4.7402×10^6 m², accounted for 76.08% (The Statistics Bureau of Guangzhou, 2000). While in the same year, the area of vacant commercial building amounted to 4.8563×10^6 m², in which housing area was 2.8367×10^6 m², accounting for 58.41% (LI Wen-jiang, 2001). In this paper, the different types of commercial housing include large-scale commercial housing community sold by stages, the single multi-story and high-story commercial housing, and commercial housing with shops or offices.

2 PRESENT CONDITIONS OF VACANT COMMERCIAL HOUSING IN GUANGZHOU CITY

2.1 Concept of Vacant Ratio and Its Judging Method

The vacant ratio is an important index to represent the state of vacant commercial housing. The concept of vacant ratio forwarded by national administrative ministry of real estate is almost the same as the academic view

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that the vacant ratio of commercial housing is the ratio of the amount of vacant area to supply area in a certain district on a certain period of time, in which the concept of vacant area is the completed commercial housing unsold or unrented in a certain district in a certain period of time, and the concept of supply area is the completed area of commercial housing in a certain district on a certain period of time (RUAN, 2000). The typical definitive methods of vacant housing area are as following: the Ministry of Construction of P. R. China (in the 78th document of 1993) considered that the vacant area is the difference between the supply area deducted rented and self-used and the sold area; while the Administrative Department of Real Estate of Shenzhen City considered that the vacant area is the part of supply area unsold or unrented. There are two calculating methods of supply area in China: one is according to the total area of commercial housing that completed and checked by the Department of Construction (all ranks of the Construction Committee in Guangdong Province), the other is according to the total area of commercial housing registered to pre-sale by the Administrative Department of Real Estate (the department of the real estate in all the cities of Guangdong Province). From the definitive methods of vacant ratio, we can conclude that the key data of supply area are the pre-sold or completed commercial housing area, and the key data of vacant area are the pre-sold commercial housing area. Researchers can hardly get exact all-around data because of two types of data are not fully opened. That's why there is not any deep academic research on vacant ratio in specific cities or towns.

The definitions of the vacant area and the supply area in this paper are as following: the former is the unsold and unrented part of the supply commercial housing area

in the past three years of Guangzhou City, and the latter is the completed and sold commercial housing area deducted the area of public use and self-used. The completed construction takes the finished indoor and outdoor decoration as its criterion.

2.2 Collection and Dealing of Data

The Land and Real Estate Administrative Bureau of Guangzhou City offered the data about the name, position, developer, and pre-sold area of the commercial housing completed in the past three years, but not the most important data of actually sold area of commercial housing. Taking the offered total commercial building as the total item, this paper adopted the step and equidistance sampling method. There are three steps, including sampling by districts, sampling by locales and sampling by types.

2.2.1 Total item and samples

The investigating total item is the commercial housing item that had been built from January of 1997 to the 3rd quarter of 1999 (taking the finished indoor and outdoor decoration as the built criterion which had been adopted by the Center of the Real Estate Information and a little more earlier than formal checking-up), there are 735 items altogether (calculating according to the pre-sale permits of commercial housing, the same as following). The authors took 103 samples, the sampling ratio was 14.01%, among which there were 67 multi-story housing (lower than 9 stories), accounting for 65%, and 36 high-story housing (higher than 9 stories), accounting for 35%. The total commercial housing and samples by districts are shown in Table 1, distribution by locales in Table 2, and distribution by types in Table 3 (YAN, 2000).

Table1 The distribution of total housing and samples in all districts of Guangzhou City

			Baiyun	Dongshan	Fangcun	Haizhu	Huangpu	Liwan	Tianhe	Yuexiu	Total
Multi-story	Total	Number	116	35	36	196	14	36	80	13	526
		Ratio(%)	22.05	6.65	6.84	37.26	2.66	6.84	15.21	2.47	100.0
	Sample	Number	13	5	4	23	2	6	12	3	68
		Ratio(%)	19.12	7.35	5.88	33.82	2.94	8.82	17.65	4.41	100.0
High-story	Total	Number	21	30	2	58	1	20	66	11	209
		Ratio(%)	10.05	14.35	0.96	27.75	0.48	9.57	31.58	5.26	100.0
	Sample	Number	3	4	1	10	1	4	9	3	35
		Ratio(%)	8.57	11.43	2.86	28.57	2.86	11.43	25.71	8.57	100.0
Total	Total	Number	137	65	38	254	15	56	146	24	735
		Ratio(%)	18.64	8.84	5.17	34.56	2.04	7.62	19.86	3.27	100.0
	Sample	Number	16	9	5	33	3	10	21	6	103
		Ratio(%)	15.53	8.74	4.85	32.04	2.91	9.71	20.39	5.83	100.0

In the total commercial housing, arranging the number of pre-sold item in all districts in a descending order,

there are Haizhu District, Tianhe District, Baiyun District, Dongshan District, Liwan District, Fangcun Dis-

Table 2 Distribution of total housing and sample in different locales of Guangzhou City

			Central city	Sub-central city	City proper	Suburb	Total
Multi-story	Total	Number	24	34	293	175	526
		Ratio(%)	4.56	6.46	55.70	33.27	100.0
	Sample	Number	5	7	35	21	68
		Ratio(%)	7.35	10.29	51.47	30.88	100.0
High-story	Total	Number	8	33	138	30	209
		Ratio(%)	3.83	15.79	66.03	14.35	100.0
	Sample	Number	2	8	19	6	35
		Ratio(%)	5.71	22.86	54.29	17.14	100.0
Total	Total	Number	32	67	431	205	735
		Ratio(%)	4.35	9.12	58.64	27.89	100.0
	Sample	Number	7	15	54	27	103
		Ratio(%)	6.80	14.56	52.43	26.21	100.0

Table 3 Distribution of different types of total housing and sample in Guangzhou City

	Total		Sample	
	Multi-story	High-story	Multi-story	High-story
Number	526	209	68	35
Ratio(%)	71.56	28.44	66.02	33.98

trict, Yuexiu District and Huangpu District; arranging the number of the pre-sold item in locales in a descending order, they are city proper, suburb, sub-central city and central city. The pre-sold item of the multi-story commercial housing is much more than that of the high-story. As for the sample of commercial housing, arranging the number of pre-sold items of different districts, locales and types in a descending order, it is the same as the total items, yet the ratios which are much higher in the total items in different districts show a bit lower, locales and types, on the contrary, the ratios which are lower in the total appear a bit higher in the sample.

2.2.2 Collection and dealing of data

To get the sold area of commercial housing, this paper used the field survey method. The registered pre-sold areas are usually not in accordance with the actual marketing commercial housing area. Therefore finding out the actual marketing area of each commercial building is the most important part of the investigation. For the large-scale commercial building sold by stages, the authors took the sum of marketing area of the current stage and previous stages as the supply area, and took the unsold or unrented area as the vacant area. Some of the samples' data at a few previous stages could not be obtained, so we took the sum of the current marketing area as the supply area and the unsold or unrented area as the vacant area. As for single or whole multi-story or high-story commercial housing sold at only one time, we took the sale area as the supply area and took the unsold or unrented area as the vacant area. The commercial housing vacant ratio is calculated as follows:

$$\text{Vacant ratio} = \frac{\text{Sum of vacant area of all samples}}{\text{Sum of supply area of all samples}} \times 100\%$$

2.3 Analysis on Vacant Commercial Housing

The vacant ratio of the commercial housing samples in Guangzhou City is over 20%, which was much higher than the warning line of China (the authorities of the State Statistics Bureau of P. R. China regarded that the vacant ratio of the commercial housing between 5% – 14% is proper in China, but the ones between 14% – 20% is the danger region in China. The commercial housing area, which offered by the 103 samples, amounted to $1.7029 \times 10^6 \text{m}^2$, the sold and rented area was $1.3463 \times 10^6 \text{m}^2$, the unsold and unrented area was $356.6 \times 10^3 \text{m}^2$, and the vacant ratio of samples accounted for 20.94% (YAN, 2000).

2.3.1 Vacant commercial housing in each district

Compared with the vacant ratio of 20.94% in Guangzhou City, the vacant ratios of Baiyun District and Haizhu District were higher than the average ratio, of which Baiyun District had the highest vacant ratio of 37.02%; Haizhu's ratio was a little higher than the average level. The districts with the vacant ratio below the average level were Liwan District, Tianhe District, Yuexiu District, Dongshan District, Fangcun District and Huangpu District, among which the vacant ratio of Dongshan District, Fangcun District, Liwan District, Tianhe District were comparatively lower, being around 10%. According to the vacant ratio of each district, the descending order is Baiyun District, Haizhu District, Huangpu District, Yuexiu District, Tianhe District, Liwan District, Fangcun District, and Dongshan District in turn (Table 4).

2.3.2 Vacant commercial housing in different locales

The vacant ratio of each locale in turn appeared increasing from central city (10.11%) to sub-central city (15.42%), city proper (16.13%) and suburb

Table 4 The vacant ratio of commercial housing samples in each district of Guangzhou City

	Baiyun	Haizhu	Huangpu	Yuexiu	Tianhe	Liwan	Fangcun	Dongshan	Samples
Vacant ratio(%)	37.02	21.2	19.11	15.64	12.84	10.77	10.76	8.95	20.94

(33.83%). Yet it is only the suburb's vacant ratio of commercial housing that was higher than the average of the whole city (20.94%) and the vacant ratios of central city, sub-central city and city proper were all below the average of the whole city, of which the central city was the lowest of all.

2.3.3 Vacant commercial housing in different types

The vacant ratio of high-story housing (23.28%) was higher than that of the low-story housing (19.05%). And of the whole city, the vacant ratio of high-story housing was higher than that of multi-story housing at a level of 4.32%.

3 ANALYSES OF INFLUENCING FACTORS FOR THE VACANCY OF COMMERCIAL HOUSING

3.1 Systematic Analyses of Influencing Factors for the Vacancy of Commercial Housing

The vacant state of real estate was the direct reflection of the sale of the real estate, however, many factors in the early stage of the real estate development influenced the real estate synthetic management directly, such as investment masterminding, planning and design of residential area, the design of commercial building, construction managing and operating idea (such as, the strategy of price and advertisement) as well as the property management in the later stage, and consequently affected the state of real estate vacancy indirectly. For the given commercial building, micro-factors such as the credit of developer, position of commercial building, transportation location, the comparative position of commercial building in the residential district, the floor, area, amount of rooms and orientation of the housing unit etc., also influenced the sale of certain commercial building and housing unit. The systematic analyses of the influencing factors for vacant commercial housing were showed in Fig. 1.

Three types of results in this investigation were macroscopic, but not concerned with micro level. This paper chose some of the most representative macro-factors and micro-factors to analysis the result of this investigation.

3.2 Supply and Demand of Commercial Housing

The main trend of the supply-demand of commercial

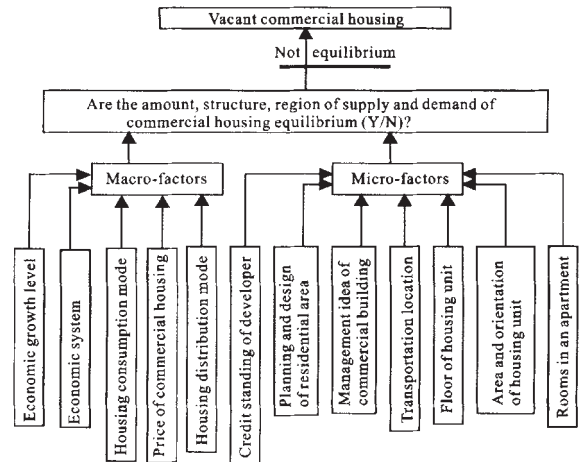


Fig. 1 The systematic analysis of the influencing factors for vacant commercial housing

housing has determined the vacant state of commercial housing. From 1997 to 1999, the amount of supply commercial housing exceeded the actual demand amount in Guangzhou City, which led to comparatively high vacant ratio of commercial housing. As for the supply, the government constituted policy ever and again which had benefited the development of the real estate industry, and chose the housing industry as the new economic growth point to be supported. Policy-factors usually advance the industrial development. Guangzhou City is the important economic center of the southern China, which has the advantages of prosperous economy and being adjacent to Hong Kong and Macao. Housing industry is the hotspot of investment with diversified investors and variety of investment approaches. The abundance of investment lead to large scale housing supply, which resulted in not only obstructing the ingesting of the current stock commercial housing, but also impacting the sale of new commercial building. As for the demand aspect, the sale of the real estate in Guangzhou City gained outstanding achievement at a time. Nevertheless, influenced by multi-factors of macro-economic situation and the Asia financial crisis, the demand was obviously insufficient. Housing is the consuming hotspot of real estate, from 1996 to 1999, the ingesting ratio (the ingesting ratio is the ratio of the registered sold area of commercial housing to the permitted pre-sale area) was less than 80%. Viewing from a long period of time (from 1993 to June of 1999), the

total permitted pre-sale area in Guangzhou City reached to $25.3218 \times 10^6 \text{m}^2$, during the same period of time, the registered sold area was $16.3852 \times 10^6 \text{m}^2$, the ingesting ratio was even lower, only 64.7%.

Although some active factors had promoted the sale of housing, they could hardly change the situation that supply exceeds demand. The active factors included 1) The reformation of distributing housing for urban resident, changing from material distribution to currency housing distribution. The state administration departments and the state-owned enterprises with strong economic potency purchased commercial housing very actively in the housing market in the year of 1998 and 1999, for example, housing area purchased by those groups in the early half year of 1999 accounted for 41% of the total area of the sold commercial housing. 2) After the housing price ascended to a high point, it began to decline (Fig. 2). The sale price index of housing in the fourth quarter of 1999 had decreased by 34.2% compared with that in the same time of 1998. The fall of housing price is an important signal reflecting the state of supply and demand in housing market. Its active function is helping to transform the potential demand of housing into valid demand. 3) The financial enterprises entered into the housing market more deeply than before, transforming from supporting the development enterprises to supporting both the development enterprises and individual's housing-purchase, which created the condition for consumers to enter the housing market. 4) Banks reduced the deposit interests once again. Some of the real estate developer grasped the opportunity of interest-dropping, and adopted new marketing strategy. On the other hand, the interest-dropping changed the residents' consumption habits to some degree. Purchasing the real estate to keep or increase the currency value is gradually becoming the resident's investing mode.

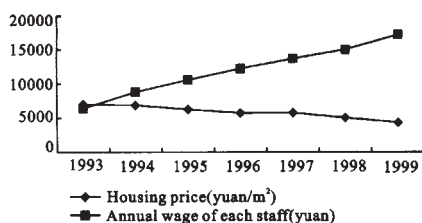


Fig. 2 The change of the commercial housing price and the income per capita

3.3 Price Factor

The price factor greatly prevented the potential demand of housing from transforming into valid demand. Great

potential demand in the commercial housing market of Guangzhou City can be showed in two aspects. Firstly, by the end of 1999, the residential area per capita in Guangzhou had been 12.44m^2 (The Statistics Bureau of Guangzhou, 2000), and the gap was great compared to the residential area (30m^2) of the developed countries and parts of developed regions in Asia (LI Li, 2001). Considering various factors such as population growth, immigration, housing falling into disuse naturally, public housing coming into market, there will be great demand of housing in Guangzhou City. Furthermore, Guangzhou is the city with stably and rapidly economic growth since the reform and opening-up in China, the residents' potential demand for housing is great inevitably. Secondly, although the residential area per capita had reached to 12.44m^2 by the end of 1999 in Guangzhou City, many families were short of housing. The definition standard of housing shortage family changes frequently. If regarding the family whose per capita residential area was less than 6m^2 as housing shortage family, then they accounted for 8.2% of the total family in Guangzhou City in 1999. The families whose per capita residential area was less than 8m^2 accounted for 22.4%, the demand of improving housing condition for housing shortage families and crowded housing families was obvious.

An important reason for the complex of the great potential demand of commercial housing and the high vacant ratio of commercial buildings in Guangzhou City was the high price of commercial housing.

The income per capita of staffs in Guangzhou City was 17 211 yuan in the year of 1999, suppose the average family has two members who have salary, the average income of each family was 34 422 yuan. Accounted by the housing price at 4342 yuan/ m^2 by the end of the 1999, a flat with an area of 70m^2 will cost 303 940 yuan. The ratio of housing price to earnings reached to a high level of 8.83%, which surplus the standard of international average ratio of housing price to earnings (3 – 6 times) greatly. It was worthy of noticing that the commercial housing price had dropped from 7032 yuan/ m^2 in 1993 to 4342 yuan/ m^2 in 1999, and the declining extent was 38.25%, while the average income of the staffs per year had ascended from 6400 yuan to 17 211 yuan, which rised 2.69 times. It is obvious that the ratio of housing price to earnings was too high in previous years, which plotted the potential demand to turn into valid demand, the supplied commercial housing could not be ingested on time. The main reasons of the commercial housing price being too high were as follows: 1) the land price was too high; 2) there were many

charging items whose standard was high; 3) the revenue was high; 4) there were various bails that augmented the cost of development; 5) the institutions of supervising the fund of housebreaking and resident's moving, of supervising preselling, of inviting bidding and bidding of project etc., which carried out in recent years augmented the cost of development; 6) monopoly industries had high charging(CAO, 2000).

3. 4 Income Difference of Urban Residents

The difference of urban residents' income was augmented, which made disadvantages for forming the valid demand. Great improvement had been achieved in the integrated economic power of Guangzhou City in the recent 20 years. The annual average growth rate of GDP was 14. 21% from 1979 to 1999, and 16. 95% from 1991 to 1999(The Statistics Bureau of Guangzhou, 1999). In 2000, the GDP of Guangzhou City was 238.303×10^9 yuan, the growth rate was 13. 6%. The per capita GDP value was 34 500 yuan with the growth rate of 12%. The per capita dominant income of urban district in Guangzhou City was 13 967 yuan with the growth rate of 16. 2%, if eliminating the price factors, the actual growth rate was 13. 0%, and its position was in the top ten cities in China. However, the expanding of the income difference for urban residents, especially the expanding of the deposit difference led most of the low income class not afford to buy housing, and the valid demand group could be hardly formed, which increase the the commercial housing vacancy(Table 5).

3. 5 Distribution Mode of Housing and Residents' Consuming Mode

The primary distribution mode of housing and residents' consuming habits had obstructed the sale of commercial housing. The traditional system of housing distribution and quite unreasonable ratio of the rent price had greatly restricted the resident's desire of purchasing housing. On the issue of housing, the thinking of waiting and deeply relying on the government was ubiquitous. Although the government had abolished the system of housing distribution from the second half year in 1998, which worked to some degree, there still existed the instances of welfare housing distribution in different ways. Many residents still hoped for welfare housing distribution, and, the currency distribution of housing hadn't completely put into practice that impacted the ardours of residents' housing purchasing(LIU, 2000). Moreover, the consumption mode of clothing, food, housing and travel that formed long before made people regard the purchasing housing as consumption and improving living conditions rather than investment and keeping or increasing value. Furthermore, the amount of unemployment was increasing, the prospective income of residents' declined, many reformation measures such as medical care system had been taken in turn, the social insurance and welfare system hadn't been completely set up, therefore the residents had to increase precautionary deposit and be cautious of residential consumption, especially anticipated consumption.

Table 5 The family average dominant income and deposit saving of urban resident in Guangzhou City

	Dominant income(yuan)			Savings deposit(yuan)		
	High income family	Low income family	High/low(times)	High income family	Low income family	High/low(times)
1997	17725. 80	5941. 80	2. 98	5450. 52	565. 08	9. 64
1998	18708. 89	6189. 23	3. 02	5377. 52	518. 87	10. 36
1999	20662. 72	6181. 22	3. 34	6237. 00	583. 25	10. 69
2000	24565. 15	6953. 25	3. 53	8717. 11	667. 90	13. 05

Source: The statistics Yearbook of Guangzhou City, 1998, 1999, and 2001

Note: The data of high-income family is the sum of high-income family; the data of low-income family is the sum of low-income family in 1997.

3. 6 Difference of Qualities and Regional Structures

The quality difference of the commercial housing led to the structural vacancy, the difference of the regional structure of the developed commercial housing led to the regional vacancy. Quality difference is also a contradiction between supply and demand. The planning, architectural design, environmental design of residential community, the area of residential unit and the number

of rooms in a flat etc., all reflected the integrated quality of commercial housing.

The regional structural difference between supply and demand was another contradiction. Liwan District, Yuexiu District, Dongshan District and the mid-north of the Haizhu District are the traditional center of Guangzhou City, Tianhe District has been the core district of urban construction since the middle of the 1980s, and it is also the new center of Guangzhou City

in the future. The development area of commercial housing was few in traditional center area. The development concentrated mainly in the new central city and the surrounding area of traditional center, such as Haizhu District and Baiyun District. The suburbanization of commercial residency development appeared prominent. The dynamics of the suburbanization of urban population was reflected in three aspects: the industrial enterprises' moved out of the central city, which caused the mobility of employed population from the central city; the high income class pursued the housing with beautiful natural environment; and the low income class were attracted by the low price of commercial housing, which led to the residents' mobility from the central city. The mobility of the latter two types of population had caused the market demand for the commercial buildings in the surrounding areas of Guangzhou City. Complying with the need of development, the Dashi Town of Panyu District and the Huangqi District of Nanhai City located in the peripheral areas of Guangzhou City had developed some commercial buildings with lower price and more beautiful environments, which attracted a lot of buyers in Guangzhou City. By the time of 1998, there had been 17 037 families who settled in the Huangqi District, among which families from Huangqi District accounted for 6.4%, families from other Districts in Nanhai accounted for 4.6%, while the families from Guangzhou City accounted for a high proportion of 64.2%, families from other regions accounted for 24.8%. The sold commercial housing area of the main commercial buildings amounted to $400 \times 10^3 \text{m}^2$ in the first half year of 1999 in Panyu District, in which most of the buyers were Guangzhou's residents (YAN, 2001). It was just the issue that the commercial buildings in Guangzhou City were challenged by ones in the peripheral areas of Guangzhou City. In fact, the two towns mentioned above did not belong to Guangzhou City urban District, but to the surrounding areas of Guangzhou City.

4 CONCLUSIONS AND DISCUSSIONS

Although it really originated and boomed in the 1990s, the real estate industry of Guangzhou City has made great achievement. Its developmental level not only kept ahead of Guangdong Province, but also of China. But the real estate market is an imbalanced market, on one hand, there are large amount of vacant housing, on the other hand, there are great demand of housing which can not be satisfied due to the poor market information flow, the asymmetry of information and the residents'

insufficient purchasing power. Influenced by various factors such as the objective inevitability of vacancy of housing and unformed mechanism of real estate market of Guangzhou City, the vacant ratio of commercial housing was quite high, which exceeded the state-set alert line. The commercial housing of Guangzhou City has both high vacant ratio and many invalid supply because the commercial housing entering into the market at early stages could hardly satisfy the demand in dealing with the architectural design, environmental design of residential community, the house area and amount of rooms in a flat. Moreover, the structural vacancy and regional vacancy were evident. The high vacancy ratio of commercial housing meant that the problems had already appeared in producing and consuming of real estate market, which restricted the investment, production and further consumption of the real estate. It impacted the currency flow, substance flow; it might also impact the industrial sustainable development and urban sustainable development. In order to realize the industrial sustainable development, some suggestions were given and discussed as follows.

(1) Setting up the whole market mechanisms fully in the real estate market. The marketization of the land supply must be realized, and the entire commercial housing land must enter into the first and second real estate market through inviting public bidding and auction. If the government still carrying out dual-system of the market system and administrative allotment continuously, it is hard to control the land supply, and the unreasonable behavior in the real estate development still will be. There is another noticeable phenomenon that the integrated land-supplying of economical and comfortable housing, housing for the poor, and settlement project exist in Guangzhou City, which is not coincide with the marketable principle of land-supply in the real estate industry.

(2) Carrying out the supplement reforms relating to the real estate industry. The supplement reforms include the reforms of financial system, revenue system and so on. As for the consumption of vacant housing, the key point of the financial system reform is changing the serious imbalance condition of investment credit and consumption credit in the real estate industry, increasing the proportion of the consumption credit and improving the purchasing power of house-buyers. The reform of fiscal and revenue is changing the overmuch revenue of the real estate development, reducing the development cost, and declining housing price.

(3) Transforming the mode of housing distribution and consumption entirely, including establishing the practi-

cable currency distribution project of housing, quickening the implementation of the policy of currency housing distribution. This means that the public house will be sold or rented marketably, the difference between the public house and commercial housing will be vanish gradually, the price difference of the same quality housing will be reduced to zero, and most of the consumers have no difference in renting public housing or buying commercial housing. At the same time, due to the sale of the public housing and prohibition of housing construction by units, the proportion of public housing will reduce gradually. It will become the cheap rent target of the low-income residents. The commercial housing is the main consumption target for the residential consumers in the society. This will change the traditional idea of relying on the welfare distribution of housing that formed long time ago, help to really form the main body of the real estate market—the group of consumer, and the consumer's potential demand will transform to actual demand.

(4) Amount control. By predicting the demand for various types of commercial housing of Guangzhou City in a certain year according to reasonable scientific method, and considering the ingestion of the commercial housing stock in each year and combining the two data, the demand of commercial housing in a certain year can be obtained. Regarding the demand of commercial housing in a certain year as the control criterion, the authorizing department of urban planning and registering department of pre-sale commercial housing can strengthen the control of the supply for land of commercial housing, and the control of the amount, structure and region of commercial housing.

(5) The invalid supply of the commercial housing can be resolved in two ways. Firstly, taking some measures to transform the invalid demand into valid demand according to the practical reasons of invalid supply. And the commercial housing with architectural problems must take some redeeming measures if it can be redeemed economically; the commercial building with

problems in the architectural design and environment can be invested properly to improve the internal and external environment. Secondly, there are two ways to resolve the problems of the invalid commercial housing that had been redeemed. One is changing the function and dealing with the property right properly in order to prevent state-owned assets from losing if it is still unsatisfied. The other is reducing the market price of commercial housing and changing the commercial housing into economical and comfortable housing or cheap rented public housing for sale or rent.

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