Comparative Analysis of the Real Estate Market in Different Countries

Jinyang Cong¹, *

¹ Jurong Country Garden School, Nanjing, China
* Corresponding Author Email: 720015@sqxy.edu.cn

Abstract. As a matter of fact, real estate industry has always been an important market that countries attach importance to. In recent years, the whole world seems to be facing a decline in the real estate market, especially in Asia including China. In reality, the globalization effect is not so strong for the real estate market. With this in mind, this study will compare the situation of the real estate industry (sales, house prices, etc.) in China, the United States and Japan in the past few years. Based on the analysis and evaluations, this research finally analyses whether the real estate market is globalized. Subsequently, this paper will analyze the similarities and differences of the development trends of the real estate market in different countries in recent years. According to the analysis, relative suggestions will be put forward based on the estimations. Overall, these results shed light on guiding further exploration of real estate market analysis in different regions.

Keywords: Real estate market; sales; GDP.

1. Introduction

Nowadays, with the continuous rise of housing prices, the real estate industry has gradually played an important role in the national economic development [1-3]. According to the data of the China Bureau of Statistics, the GDP of China's real estate industry in 2020 was 72996 billion yuan, accounting for 7.18% of the national GDP. At the same time, the sudden outbreak in 2021 caused a decline in global real estate industry development investment [4-6]. According to the China Bureau of Statistics, from January 2022 to Development investment fell by 6.4% in July.

However, other countries in the world also have the same situation as China, not only because of the impact of the epidemic. The economic crisis in the United States in 2008 led to the collapse of Lehman Brothers, and half of the global shares also disappeared, resulting in a decline in the global economy [7]. Since 1985, due to the decline in the discount rate, the money supply in Japan has also declined, and the sales of houses have decreased at the same time. According to incomplete statistics, the sales of houses in Japan fell by 15.2% in 2020, so are most countries in the world facing a downturn in the real estate industry [8]. Secondly, the development of the real estate economy has a great impact on the country's economic development [9, 10]. Therefore, the economic situation of the country can also be seen by studying the changing trends of the real estate market.

Therefore, this article analyses the real estate market trends of different countries by comparing the real estate sales of three different and representative countries (China, the United States and Japan), the ratio of the country's total GDP, etc. It will fill in the collected data into the Excel table and automatically generate the corresponding Line chart. And these line charts can clearly see the different performance trends of the real estate industry, and finally compare them, analyse the problems existing in the real estate market nationwide, and give some corresponding mitigation methods.
2. Recent Developments in China's Real Estate Market

The first picture below is the changing trend of housing sales in China from 2020 to 2022. It can be clearly seen at the beginning of 2020, that is, from 19 to 20 years. This is because the epidemic broke out without warning at the end of 2019, which made sales suddenly decline, and then got used to the epidemic sales. The amount also began to rise slowly. According to the National Real Estate Development Investment and Sales released by the National Bureau of Statistics (January 17, 2022), the national real estate development investment in 2021 was 1,4760.2 billion yuan, an increase of 4.4% over the previous year. The sales area of commercial housing is 1,794.33 million square metres, an increase of 1.9% over the previous year; the sales of commercial housing is 181930 billion yuan, an increase of 4.8%, and the investment and sales data have reached a record high [2]. After that, sales also began to experience a downward trend. Until 2022, the data had dropped to more than -20% and stabilised in this neighbourhood. Obviously, consumer investment in real estate in 2022 has always been in the stage of no confidence, and sales have been continuously declining. The second picture is China 202 From 0 to 2022 to the appreciation of real estate development investment, this is a similar trend to sales. At the end of 2019, there was a huge decline when the epidemic began, and then slowly increased. In 2021, there was a very high data appreciation, and then slowly declined, and finally began in 2022. There was a negative growth, and the data decreased very seriously at the end of 2022. Secondly, in 2023, China's marriage rate was only 5.22%, which decreased significantly compared with the previous years. For marriage, housing seems to have become a rigid demand, so when China's marriage rate declines, it can also mean that the total demand for this rigid demand for people has decreased, which also leads to the China's real estate industry has been in a state of decline. The increase ratio is presented in Fig. 1.

3. Analysis of Japan's Real Estate Industry

The third picture shows the curve of the change of house prices in Japan in the past 30 years. It can be clearly seen that house prices were the highest in 2005 and then fell sharply until the house prices began to rise again in 2014. By 2020, the year after the outbreak of the epidemic, house prices rose rapidly again. One of the reasons is that the Bank of Japan implemented negative profits. Rate policy, which makes people no longer need to pay so many mortgages, so people's purchasing power for real estate has increased. Secondly, in order to stimulate economic development and increase taxes, the Japanese government has put forward many policies to encourage real estate investment, such as the introduction of some home purchase subsidies and tax relief policies... These policies also stimulate The prosperity of the real estate market and the rise of house prices. So in the end, human beings will find that during the epidemic, many countries' holidays are declining, but housing prices in Japan are on the rise. According to the average price of 2022 announced by the Japan Institute of Real Estate Economics on April 18, the price of new residential buildings in 23 districts of Tokyo...
increased by 17.2% from the previous year to 98.99 million yen (about 50779 million yuan). The average price of Tokyo Circle (Tokyo, Kanagawa, Saitama, Chiba) rose 8.6% to 69.07 million yen (about 354,11 million yuan). The sales of new houses fell by 12.9% year-on-year to 28,632 units, falling below 30,000 units for the first time in two years. The sales volume of Tokyo's 23 districts also fell by 18.8% to 10,692 [3]. To sum up, although the Japanese government has used a series of policies to increase people's purchases of real estate, in the end, people's demand for real estate has been declining due to the arrival of the epidemic. This has led to a continuous rise in house prices in Japan, while people's demand has been declining. Some of the relevant indicators evolution is shown in Fig. 2.
4. **Analysis of the U.S. Real Estate Market**

The last picture is the real estate sales in the United States from 2002 to 2022. At the beginning, as an economic power in the United States, the demand of residents for housing must have been relatively large, but the financial crisis experienced by the United States in 2007 forced the sales of real estate in the United States to fall again and again. It was not until 2010 that it improved and began to rise steadily. In 2019, when the epidemic began, there was an obvious downward trend in real estate sales, but soon began to rise, which was completely related to the attitude of the U.S. government towards the epidemic. On April 2, 2021, the U.S. government officially liberalized the epidemic. The control of the situation has also made the sales of real estate in the United States rebound. Secondly, there are some people in the United States whose income is relatively stable, so they are not affected too much by the epidemic. So their demand for houses is actually almost the same as before. Therefore, when the epidemic control was liberalised in the United States, the demand for real estate was far greater than that of other countries (the largest daily necessities of citizens of other countries), so the real estate market in the United States recovered most quickly. Some of the predictions and anticipations of the US market are shown in Fig. 3 and Fig. 4.

5. **Suggestions and Implications**

From these results, it can be seen that no matter which country in recent years, that is, after the epidemic, there has been a downward trend in real estate data. Although the United States has only existed for a short year, the data of China and Japan has been declining continuously and even in foreign countries and will continue to maintain a downward trend. The reasons for this situation First, because the government's attitude towards the epidemic is different, the U.S. government will not control the epidemic in the second year of the epidemic. On the contrary, the Chinese government lifted the epidemic restrictions on December 7, 2022, and Japan did not lift the epidemic restrictions until March 21, 2023. So this also led to a repeated decline in real estate sales in Japan, which eventually broke the lowest value of the decline in sales. Therefore, if the Chinese government wants to improve the data of the real estate market, it is recommended to lower the mortgage interest rate or increase the proportion of loans to buy a house like the Japanese government that year, so that some relatively poor families in China can borrow more money, thus increasing purchasing power.

6. **Limitations and Prospects**

It is not the most difficult to find data for this article, because these data can be found through the official websites of national statistical offices. However, there will be first-tier cities, second-tier cities or even third- and fourth-tier cities in every country; in financial and political centers such as Beijing, Shanghai, Shenzhen in China, Tokyo in Japan or Washington in the United States, real estate sales should continue to rise, and these cities will account for a large share of the total market. Therefore, the whole market will be affected by these areas, so it cannot represent the whole market.

Most countries in the world have basically liberalized the control of the epidemic, which may lead to an increase in people's purchasing power and self-confidence. In 2023, the U.S. real estate market accounted for 11.25% of the total GDP, down a lot from 12.5% in 2022. In China, real estate sales have been in a downward trend since 2022 and do not seem to have a rebound trend, so it seems that the real estate market will not increase significantly or even continue to decline in the next few years. Secondly, for Japan, the real estate market should be the most severe, because the current problem in Japan mentioned above is that house prices are rising, and people's demand is falling all the time. If this situation continues to be directed, it will lead to an increasingly sluggish real estate market in Japan. For the United States, it should be the country with the fastest recovery of the real estate market in these countries, and it is also the country with the most stable GDP per capita. Therefore, in 2024 or even in the future, the real estate market in the United States should show an upward trend or rebound trend. In short, the downward trend should not exist.
7. Conclusion

To sum up, in recent years, real estate in different regions has shown a downward trend. Even after the epidemic, the real estate market is still sluggish. Among them, China's real estate market has fallen the most seriously. The demand of the Japanese real estate market has improved, but it has not returned to the past. For the United States, the real estate market has been in shock. The market fluctuates from time to time up and down, but it is also in a downward state at the end of 2022, so in recent years, the real estate market seems to be in a downward state in any country. According to the analysis, the differences of the three countries will be presented. Overall, these results shed light on guiding further exploration of real industry development.

References