Frontiers in Business, Economics and Management
ISSN: 2766-824X | Vol. 17, No. 3, 2024

Study on the Influencing Factors of Financing Ability of Real Estate Listed Companies

Jun Liu

Fuzhou University of International Studies and Trade, Fuzhou 350000, Fujian, China

Abstract: In recent years, due to the rich profits in the real estate industry, more and more companies join the ranks to share a share of the pie, which leads to the uneven quality of the real estate industry, and the continuous emergence of bad market behaviors such as real estate speculation and bubble real estate, which has brought a negative impact on the real estate industry. In order to reverse this unfavorable situation, the state has also introduced some policies to regulate the real estate industry. With the introduction of some national tax policies and financial policies, the real estate enterprises have some capital difficulties, which will eventually hinder the further development of the real estate industry. Therefore, the real estate industry should develop vigorously, especially the development of listed real estate companies are inseparable from stable financing. Therefore, it is of great theoretical and practical significance to refine the influencing factors of the financing ability of real estate listed companies and determine the influence intensity and direction, which will enrich the theory of enterprise financing and optimize the financing structure of real estate listed companies. This article first related affecting factors of real estate financing ability of listed companies at home and abroad literature, using the factor analysis method to the real estate listed company financing ability influence factors of multiple indexes for sorting, construct the real estate financing ability evaluation index system of influencing factors of listed companies, on the basis of this place, design with the use of multiple regression analysis the real estate listed companies financing ability and the factors influencing the regression model. Excel, SPSS and other software were used to conduct data operation and processing on the model, and the output results of operation were summarized and the following research conclusions were drawn. Firstly, using the factor analysis method to the real estate listed company financing ability will influence factors of multiple indices for sorting, finally get the real estate listed company financing ability of the five key factors of affecting factors namely profitability factor (F1), short-term debt paying ability factor (F2), capacity factor (F3), development capacity factor (F4), the company scale factor (F5). Secondly, the short-term solvency factor has a significant negative effect on the financing ability (asset-liability ratio) of real estate listed companies. Thirdly, the development ability factor has a significant positive effect on the financing ability (asset-liability ratio) of real estate listed companies. Fourthly, the company size factor has a significant positive effect on the financing ability (asset-liability ratio) of real estate listed companies. Fifthly, there is no significant causal relationship between profitability factor and operating ability factor and financing ability (asset-liability ratio) of real estate listed companies.

Keywords: Real estate listed companies, Financing ability, Influencing factors, Factor analysis, Multiple regression analysis.

1. Introduction

With the rapid development of China's economy and the intensification of urban-rural economic integration, more and more rural people are migrating to cities for work, entrepreneurship, employment, and even settling down. The rural population is constantly decreasing, while the urban population is constantly increasing, resulting in an increasing demand for housing in cities. With the increasing demand for housing, the development of real estate companies is also getting better and better. However, in recent years, due to the huge profits in the real estate industry, more and more companies have joined the ranks to share a share of the real estate industry, which has resulted in the intermingled good and bad in the real estate industry. Bad market behaviors such as real estate speculation and foam real estate are constantly emerging, which has brought adverse effects to the real estate industry. In order to reverse this unfavorable situation, the government has also introduced some policies to regulate the real estate industry. With the introduction of some tax and financial policies, it has caused certain financial difficulties for real estate enterprises, which will ultimately hinder the further development of the real estate industry. Therefore, the real estate industry needs to develop vigorously, especially the development of listed real estate companies, which cannot do without stable financing. Therefore, this article takes Shanghai and Shenzhen A-share real estate listed companies as research samples, and uses factor analysis and multiple regression methods to extract the influencing factors of financing ability of real estate listed companies and determine the strength and direction of their influence. This has important theoretical and practical significance for enriching corporate financing theory and optimizing the financing structure of real estate listed companies.

2. Extraction and Determination of Key Influencing Factors on Financing Capability of Two Listed Real Estate Companies

2.1. Sample Selection and Data Sources

The real estate industry plays a crucial role in the development of the national economy and the well-being of the people. However, due to its involvement in industries such as construction and finance, it is difficult to accurately define listed real estate companies. Therefore, this article selects listed companies based on the classification standards of the China Securities Regulatory Commission in WIND data. At the same time, in order to make the empirical results more accurate, ST companies, PT companies, SST companies, and

some companies with abnormal financial data and missing indicator data were excluded. Finally, 120 sample companies were selected. The data in this article mainly comes from WIND database, Juchao Information Network, and the annual reports of various real estate listed companies for 2023.

2.2. Indicator Selection

There are many evaluation indicators for the factors affecting the financing ability of listed real estate companies, and different scholars have different choices. There is never a very unified standard. Based on the research literature of domestic and foreign scholars and combined with the research reality of this article, the following indicator system has been selected: return on net assets (YL1), return on total assets (YL2), sales net profit margin (YL3), current ratio (CZ1), quick ratio (CZ2), cash ratio (CZ3), inventory turnover rate (YY1), accounts receivable turnover rate (YY2), total asset turnover rate (YY3), operating income growth rate (FZ1), total asset growth rate (FZ2), net Profit growth rate (FZ3), total assets of the company (GM1), and total operating revenue (GM2).

2.3. Basic Process of Factor Analysis

2.3.1. Applicability analysis

An important indicator of the feasibility of factor analysis is the KMO and Bartlett sphericity test. It is generally believed that when the KMO value is greater than 0.5, the chi square value of Bartlett sphericity test is greater than the critical value, and the significance level (P value) is less than 0.05, it is considered more suitable for factor analysis. The test results in Table 3.1 indicate that the KMO value is 0.588, far greater than 0.5. The chi square value of Bartlett's sphericity test is 683.387, also greater than the critical value, and the significance level (P value) is far less than 0.05, which meets the criteria for conducting factor analysis and lays the groundwork for the subsequent confirmatory factor analysis.

2.3.2. Extraction and Naming of Common Factors

The common factor is a factor extracted based on the original indicator information that reflects the common information between indicators. Table 1 shows that there are five eigenvalues with eigenvalues and variance contribution rates greater than 1, indicating the presence of five principal components. The variance contribution rate of the first principal component is the highest, even reaching 18.785% of the proportion. The variance contribution rate of the second principal component is not much different from that of the first principal component, and the variance contribution rate accounts for 18.778%. The variance contribution rate of the third principal component is much less than that of the first two principal components, accounting for only 12.069% of the variance contribution rate. The variance contribution rate of the fourth principal component is less than 10%, accounting for only 9.520% of the variance contribution rate. The variance contribution rate of the fifth principal component, which is the last principal component, is only 8.683%, which is much lower than that of the previous principal components, that is, the variance contribution rate of the latter is worse. The lower the explanatory power. The cumulative variance contribution rate of these five principal components is 67.835%, accounting for almost 70% of the cumulative variance contribution rate. These five principal components can explain the vast majority of variance information. Therefore, these five principal components can be used as important criteria for evaluating and influencing the financing ability of real estate listed companies, and each principal component can be given an English code, F1, F2, F3, F4, F5.

Table 1. Eigenvalues and Variance Contribution Rate

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.295	23.537	23.537	3.295	23.537	23.537	2.630	18.785	18.785
2	2.536	18.111	41.649	2.536	18.111	41.649	2.629	18.778	37.563
3	1.424	10.174	51.823	1.424	10.174	51.823	1.690	12.069	49.632
4	1.167	8.333	60.156	1.167	8.333	60.156	1.333	9.520	59.152
5	1.075	7.679	67.835	1.075	7.679	67.835	1.216	8.683	67.835
6	.917	6.548	74.383						
7	.857	6.121	80.504						
8	.803	5.737	86.242						
9	.650	4.642	90.884						
10	.497	3.548	94.432						
11	.360	2.571	97.003						
12	.206	1.471	98.474						
13	.141	1.011	99.485						
14	.072	.515	100.000						

The rotated factor loading matrix in Table 2 shows that the factor loading values of YL1, YL2, and YL3 on the first principal component are 0.841, 0.840, and 0.714, respectively, and these three factors loading values show the highest values on the first principal component. Therefore, these three indicators can be classified into the same category, and the factors in this category can be named profitability factor (F1). The factor loadings of CZ1, CZ2, and CZ3 on the second principal component are 0.583, 0.910, and 0.904, respectively, and these three factor loadings show the highest values on the second principal component. Therefore, these three indicators can be classified into the same category, and the factors in this category can be named solvency factors (F2). The factor loadings of YY1, YY2, and YY3 on the fourth principal component are 0.711, -0.280, and 0.736, respectively, and these three factor loadings show the highest values on the fourth principal component. Therefore, these three indicators can be classified into the same category, and the factors in this

category can be named as operational capability factors (F3). The factor loadings of the three indicators FZ1, FZ2, and FZ3 on the third principal component are 0.713, 0.745, and 0.560, respectively, and these three factor loadings show the highest values on the third principal component. Therefore, these three indicators can be classified into the same category, and the factors in this same category can be named Development Ability Factor (F4). The factor loadings of GM1 and GM2 on the fifth principal component are -0.539 and 0.783, respectively, and these two factor loadings show the highest values on the fifth principal component. Therefore, these two indicators can be classified into the same category, and the factors in this category can be named the company size factor (F5).

Table 2. Factor Load Matrix after Rotation

ID	Principal component				
	1	2	3	4	5
YL1	.841	.046	.229	.076	-.055
YL2	.840	.214	.130	.282	.029
YL3	.714	.229	-.090	-.073	-.078
CZ1	.012	.853	-.112	-.162	.103
CZ2	.155	.910	-.042	.139	-.035
CZ3	.196	.904	-.066	.050	.022
YY1	-.007	-.065	-.205	.711	.213
YY2	.434	-.253	-.259	-.280	.225
YY3	.126	.071	.293	.736	-.108
FZ1	-.001	-.062	.713	.056	.371
FZ2	.105	-.194	.745	.026	-.181
FZ3	.569	.050	.560	-.029	-.104
GM1	.310	-.193	.117	.163	-.539
GM2	.095	-.034	.088	.188	.783

Table 3. Factor Score Coefficient Matrix

ID	Principal component				
	1	2	3	4	5
YL1	.329	-.050	.017	-.017	.005
YL2	.318	.001	-.056	.150	.055
YL3	.310	.012	-.143	-.093	-.025
CZ1	-.054	.344	.034	-.149	.070
CZ2	-.034	.354	.026	.081	-.057
CZ3	-.002	.346	.014	.007	-.002
YY1	.007	-.077	-.230	.581	.130
YY2	.296	-.179	-.235	-.225	.237
YY3	-.049	.028	.095	.548	-.126
FZ1	-.088	.038	.483	-.065	.323
FZ2	-.063	-.008	.467	-.060	-.127
FZ3	.157	.022	.300	-.122	-.040
GM1	.099	-.091	-.021	.137	-.435
GM2	.070	-.045	.033	.084	.653

According to the factor coefficient loading matrix in Table 3, the specific calculation formula for the main factor score can be obtained:

$$F1=0.329YL1+0.318YL2+0.310YL3-0.054CZ1-0.034CZ2-0.002CZ3+0.007YY1+0.296YY2-0.049YY3-0.088FZ1-0.063FZ2+0.157FZ3+0.099GM1+0.070GM2$$

$$F2=-0.050YL1+0.001YL2+0.012YL3+0.344CZ1+0.354CZ2+0.346CZ3-0.077YY1-0.179YY2+0.028YY3+0.038FZ1-0.008FZ2+0.022FZ3-0.091GM1-0.045GM2$$

$$F3=0.017YL1-0.056YL2-0.143YL3+0.034CZ1+0.026CZ2+0.014CZ3-0.230YY1-0.235YY2+0.095YY3+0.483FZ1+0.467FZ2+0.300FZ3-0.021GM1+0.033GM2$$

$$F4=-0.017YL1+0.150YL2-0.093YL3-0.149CZ1+0.181CZ2+0.007CZ3+0.581YY1-0.225YY2+0.548YY3-0.065FZ1-0.060FZ2-0.122FZ3+0.137GM1+0.084GM2$$

$$F5=0.005YL1+0.055YL2-0.025YL3+0.070CZ1-0.057CZ2-0.002CZ3+0.130YY1+0.237CZ2-0.126YY3+0.323FZ1-0.127FZ2-0.040FZ3-0.435GM1+0.653GM2$$

According to the main factor score calculation formula, the specific scores of each factor can be obtained. The specific scores based on five factors, namely profitability factor (F1), short-term solvency factor (F2), operational capability factor (F3), development capability factor (F4), and company size factor (F5), can provide statistical data for the empirical analysis of the impact of financing capability on real estate listed companies in the future.

3. Empirical Analysis of Factors Influencing the Financing Capacity of Three Real Estate Listed Companies

3.1. Theoretical Analysis and Research Hypotheses

Companies with strong profitability are generally larger in scale, possess strong core competitiveness, and have more complete management models. Most importantly, they can generate sufficient excess profits, and these specific manifestations can demonstrate to the whole society to a certain extent that the enterprise's operating conditions are good, and the enterprise has strong debt paying ability, which can also gain the trust of banks and other financial institutions as well as external investors. In this way, more debt financing or equity financing can be obtained. Therefore, companies with strong profitability should have stronger financing ability. Based on this, the first research hypothesis is proposed:

H1: The profitability of listed real estate companies has a significant positive impact on their financing ability.

When a company has a high amount of short-term debt, such as current liabilities, it indicates that the company is in a state of extreme financial instability or has problems with cash flow and turnover. In this case, it will send a signal to the outside that there are problems with the company's operations, namely financial risks or an increased probability of bankruptcy. Therefore, whether it is financing from banks and other financial institutions or equity financing from external investors, they will be hindered to a certain extent. Based on this, a second research hypothesis is proposed:

H2: The short-term debt paying ability of listed real estate companies has a significant negative impact on their financing ability.

According to the agency cost theory, if high growth companies need external financing to expand their business scale, the total liabilities of those companies with higher debt levels will significantly increase. Top of the form

When a company has strong operational capabilities, it indicates that the company has a strong capital turnover rate, that is, the company has sufficient cash flow to maintain the needs of daily business development. Therefore, when the company has strong operational capabilities, it generally does not need too much external financing, including debt financing from banks and other financial institutions or equity financing from external investors. In view of this, a fourth research hypothesis is proposed:

H3: The operational capability of listed real estate companies has a significant positive impact on their financing capability.

If a company always engages in various degrees of debt financing, the probability of facing financial crisis or bankruptcy will greatly increase. This means that while debt financing promotes the further development and growth of the enterprise, it will also increase the cost of debt financing, reduce the profitability of the enterprise, and ultimately have a very unfavorable impact on the growth performance of the enterprise. However, on the other hand, if those companies grow slowly, to some extent, it is a manifestation of insufficient potential. External financial institutions and external investors will inevitably reduce loans or investments when they see this situation, thus losing the competitiveness of external financing. Based on this, a fourth research hypothesis is proposed:

H4: The growth ability of listed real estate companies has a significant positive impact on their financing ability.

The larger the company size, the more it indicates that the company has advantages in terms of financial strength, good networking channels, and more high-quality management and technical talents. Adequate financial strength can effectively solve the large amount of funds needed for enterprise operations. Good networking channels can better cooperate with other partners, including financial institutions (providing funding loans for company operations). More high-quality management and technical talents can better utilize various internal resources and capabilities of the enterprise, enabling these resources to exert their value and generate value-added capabilities. Therefore, these advantages of large companies can be transformed into enterprise value, and the existence of these advantages can become important weights for the company to smoothly conduct external financing. In view of this, a fifth research hypothesis is proposed:

H5: The scale of listed real estate companies has a significant positive impact on their financing ability.

3.2. Variable Selection and Data Sources

Due to the large number of indicators that affect the financing ability of listed real estate companies, it is not possible to use them all for empirical analysis. Therefore, this article first uses factor analysis to classify the numerous indicators, and finally obtains five principal components, namely profitability factor (F1), short-term debt paying ability factor (F2), operational ability factor (F3), development ability factor (F4), and company size factor (F5). These five principal components are used as new indicators for the financing ability of listed real estate companies. In addition, there is no unified standard for the indicators of financing ability among scholars at home and abroad. However, throughout existing research, the vast majority of scholars choose asset liability ratio as a substitute indicator for financing ability. Therefore, based on previous research, this article also selects asset liability ratio as a substitute indicator for financing ability. Debt ratio (RZ) serves as an alternative indicator of financing capacity. The data for the five principal component factors comes from the factor scores calculated by the factor analysis method in Chapter 3, while the data for the asset liability ratio comes from the WIND database and company annual reports.

Table 4. Analysis of Factors Influencing the Financing Capacity of Real Estate Listed Companies and Variable Definitions Table

ID	variables	Variable Explanation
RZ	Asset liability ratio	Total liabilities/total assets
F1	Profitability factor	The common factors in factor analysis are named accordingly
F2	Short term solvency factor	The common factors in factor analysis are named accordingly
F3	Operational capability factor	The common factors in factor analysis are named accordingly
F4	Development capability factor	The common factors in factor analysis are named accordingly
F5	Company size factor	The common factors in factor analysis are named accordingly

3.3. Model Design

Regression analysis considers the direction and degree of influence of one set of variables on another set of variables. When faced with the degree and direction of influence of

multiple variables on a certain variable, multiple linear regression can be chosen to solve this problem. The characteristic of multiple linear regression is that the dependent variable must be a continuous variable. The dependent variable financing capacity substitute indicator (asset liability ratio) in this article belongs to a continuous variable, which conforms to the characteristics of multiple linear regression methods. Therefore, this article chooses it as the research method for empirical analysis. The dependent variable is the asset liability ratio, and the independent variables are the profitability factor (F1), short-term solvency factor (F2), operational capability factor (F3), development capability factor (F4), and company size factor (F5). The specific mathematical model formula is shown below.

$$RZ = \beta_0 + \beta_1 YL + \beta_2 CZ + \beta_3 YY + \beta_4 FZ + \beta_5 GM + \varepsilon$$

β_0, β_1, β_2, β_3, β_4, β_5 are regression coefficients, ε is unobservable random errors.

3.4. Empirical Analysis

Using SPSS16.0 software, regression analysis was conducted on the dependent variable, namely asset liability ratio, and the independent variables, including profitability factor (F1), short-term solvency factor (F2), operational capability factor (F3), development capability factor (F4), and company size factor (F5), using the method of all in (ENTER). The overall summary of the model displays the degree of fit of the model. The above table shows that the correlation coefficient between the independent and dependent variables has an R-value of 0.673, an R-squared value of 0.453, and an adjusted R-squared value of 0.429. Overall, the correlation between the independent and dependent variables in the model is not very high, and the model fitting level is average. The DW value is 1.501, which is close to 2, indicating that the variables in the model have weak autocorrelation and can better reflect the general pattern of variable changes. The analysis of variance table indicates whether there is a linear relationship between the independent and dependent variables in the model. The general criterion for judgment is the level of significance (P-value) less than 0.05 and the F-statistic greater than the critical value. The results in the above table indicate that the significance level (P-value) is 0.000, which is far below the critical value of 0.05. By querying the critical value table of the F-statistic, the F-value of 18.849 is also greater than the corresponding critical value, indicating the rejection of the null hypothesis that all regression coefficients are 0. Therefore, there is a significant linear relationship between the independent and dependent variables in the regression model selected in this paper.

Table 5. Results of Regression Analysis

Model		Unstandardized coefficients		T value	P value
		Coefficients	Standard error		
1	Constant	64.135	1.303	49.218	.000
	F1 (Profitability factor)	-2.475	1.314	-1.883	.062
	F2 (Short term solvency factor)	-11.004	1.313	-8.382	.000
	F4 (Development Capability Factor)	3.569	1.312	2.721	.008
	F3 (Operational Capability Factor)	-2.631	1.314	-2.002	.048
	F5 (Company size factor)	3.850	1.310	2.940	.004

Note: The significance level is 0.05

The regression analysis results in Table 5 show that the variance inflation coefficients (VIF values) of the five independent variables are all 1, far below 10, indicating that there is no multicollinearity relationship between the five variables, which can better reflect the accuracy and general regularity of statistical analysis. According to the regression coefficient results in the table above, the relationship between the financing ability of listed real estate companies and their influencing factors can be summarized as follows:

Firstly, the relationship between F1 (profitability factor) and financing ability (asset liability ratio). The results show that the regression coefficient of F1 (profitability factor) is -2.475, and the corresponding T-statistic is -1.883. The absolute value is less than the critical value of 1.96, and the corresponding significance level (P-value) is 0.062, which is greater than the critical value of 0.05. Therefore, there is no statistical significance between the two. The first hypothesis has not been validated.

Secondly, the relationship between F2 (short-term debt paying ability factor) and financing ability (asset liability ratio). The results showed that the regression coefficient of F2 (short-term solvency factor) was -11.004, and the corresponding T-statistic was -8.382. The absolute value was greater than the critical value of 1.96, and the corresponding significance level (P value) was 0.000, which was less than the critical value of 0.05, rejecting the null hypothesis of a regression coefficient of 0. Therefore, there was statistical significance between the two hypotheses. The second hypothesis was validated, and financing capacity decreased with the improvement of short-term solvency, that is, while short-term solvency increased by one unit, financing capacity decreased by 11.004 units. This may be due to the fact that although short-term solvency is beneficial for the flexible use of funds, timely turnover of funds, and has a significant helping effect on the company's short-term business, short-term current liabilities are not conducive to the stability of funds. For external investors and financial institutions such as banks, this is a dangerous signal for business operations. Therefore, based on their own interests and safety, they will choose to borrow or invest in such companies less. Therefore, the higher the short-term current debt ratio, the lower the company's financing ability.

Thirdly, the relationship between F3 (operational capability factor) and financing capability (asset liability ratio). The results showed that the regression coefficient of F3 (operational capability factor) was -2.631, and the corresponding T-statistic was -2.002. The absolute value was greater than the critical value of 1.96, and the corresponding significance level (P value) was 0.048, which was less than the critical value of 0.05. The null hypothesis of a regression coefficient of 0 was rejected, indicating statistical significance between the two. However, the third hypothesis suggests that the operational capability of real estate listed

companies has a significant positive impact on their financing capability. The output of the regression analysis shows that the sign of the regression coefficient is negative, which contradicts the research hypothesis. Therefore, the third research hypothesis did not pass validation.

Fourthly, the relationship between F4 (development capability factor) and financing capability (asset liability ratio). The results showed that the regression coefficient of F4 (development ability factor) was 3.569, and the corresponding T-statistic was 2.721. The absolute value of the regression coefficient was greater than the critical value of 1.96, and the corresponding significance level (P value) was 0.008, which was less than the critical value of 0.05, rejecting the null hypothesis of a regression coefficient of 0. Therefore, there was statistical significance between the two. The fourth hypothesis was validated, and financing ability increased with the improvement of development ability, that is, increasing development ability by one unit also led to an increase of 3.569 units in financing ability. This is because if those companies grow slowly, it is to some extent a manifestation of insufficient potential. External financial institutions and investors will inevitably reduce loans or investments when they see this situation, thus losing the competitiveness of external financing; If a company has high growth potential and strong development ability, it indicates that the company has unlimited potential for future development. For external investors or financial institutions such as banks, a company with unlimited development prospects is certainly worth investing in and borrowing from, as they may receive high returns in the near future. Therefore, the development ability of real estate listed companies has a significant positive strengthening effect on their financing ability.

Fifthly, the relationship between F5 (company size factor) and financing capability (asset liability ratio). The results showed that the regression coefficient of F5 (company size factor) was 3.850, and the corresponding T-statistic was 2.940. The absolute value of the regression coefficient was greater than the critical value of 1.96, and the corresponding significance level (P value) was 0.004, which was less than the critical value of 0.05, rejecting the null hypothesis of a regression coefficient of 0. Therefore, there was statistical significance between the two. The fifth hypothesis was validated, and financing capacity increased with the increase of company size, that is, increasing company size by one unit also led to an increase of 3.850 units in financing capacity. This is because the expansion of a company's scale will bring cost advantages and economies of scale, and the larger the company's scale, the more capable it is to engage in diversified operations, thereby reducing various risks in the business process; Moreover, the larger the company, the more capable it is of doing various charitable activities, which will enhance its corporate image. The improvement of the company's imagination is more likely to win the favor of external investors, which is very beneficial for enhancing its own strength; In addition, larger companies, banks, and other financial institutions tend to trust their commercial reputation, making it very convenient for them to engage in debt financing. This provides a strong guarantee and support for the company's daily operations with sufficient funds, and the increase in financing methods can also optimize the company's financing structure. Therefore, as the company's scale continues to expand, its financing capabilities will also be strengthened and consolidated.

Table 6. Collection of Hypothesis Test Results on the Impact of Financing Capacity of Real Estate Listed Companies

ID	Assuming specific content	results
H1	The profitability of listed real estate companies has a significant positive impact on their financing ability	Not Supportive
H2	The short-term debt paying ability of listed real estate companies has a significant negative impact on their financing ability	Supportive
H3	The operational capability of listed real estate companies has a significant positive impact on their financing capability	Not supportive
H4	The growth ability of listed real estate companies has a significant positive impact on their financing ability	Supportive
H5	The scale of listed real estate companies has a significant positive impact on their financing ability	supportive

4. Countermeasures and Suggestions for Solving the Financing Problems of Real Estate Listed Companies

4.1. Moderately Expanding Financing Channels

A reasonable financing structure is beneficial for the financial stability and healthy sustainable development of enterprises. However, from the previous case analysis, it can be seen that Vanke Real Estate has mainly relied on debt financing and internal financing, with the highest proportion of external debt financing, especially bank loans. Although bank loans are beneficial for flexible financing to a certain extent and the loan procedures are simple, this will transfer the risk to the bank. Once the national macro policy changes, banks and other financial institutions will set strict loan conditions, and the enterprise will not be able to obtain various loans needed for its development smoothly, which will lead to poor capital turnover and financial danger for the enterprise. Therefore, Vanke Real Estate Enterprise should moderately expand its financing channels, such as increasing overseas fundraising to achieve the goal of simultaneously utilizing domestic and foreign funds; In addition, various new financing methods such as secondary convertible bonds, real estate development funds, and bond issuance can also be used; We can also use equity financing methods such as rights issues, stock dividends, and warrants to enrich Vanke Real Estate's financing channels and provide strong financial support for the steady development of the enterprise.

4.2. Moderately Increase the Proportion of Equity Financing

From the previous case analysis, it can be seen that Vanke Real Estate currently has relatively low disadvantages in equity financing, which is not conducive to optimizing the company's financing structure. However, real estate companies like Vanke Real Estate need to pay attention to the degree of external equity financing due to their huge capital scale. If the amount of equity financing is too large, it may dilute the company's internal control, making it difficult for

the company to make unified decisions. Therefore, to choose a flexible equity financing method, it is necessary to moderately increase the degree of equity balance, that is, to ensure the absolute decision-making power advantage of several major shareholders, and to make them mutually constrained to avoid the phenomenon of one hand dominating the sky. While ensuring unified decision-making, it is also possible to moderately issue stocks for equity financing, enriching Vanke Real Estate's financing channels and reducing the probability of financial risks for the enterprise; In addition, Vanke Real Estate should disclose the company's financial data in a timely and accurate manner, so that external investors can have a true understanding of the company's financial and operational situation, give them confidence in the company, and allow them to invest their funds into the company without hesitation, achieving the goal of equity financing, in order to meet the large capital needs of Vanke Real Estate's expansion or diversified operations, ultimately benefiting the optimization of Vanke Real Estate's financing structure and the healthy and sustainable development of Vanke Real Estate.

4.3. Enhance the Accumulation of Self Owned Funds

Through the analysis of the proportion relationship between internal financing, debt financing, and equity financing of Vanke Real Estate in the previous text, it can be understood that Vanke Real Estate has always had an absolute advantage in debt financing, with a much larger proportion than other financing methods. Although debt financing is beneficial to flexible financing to a certain extent and has simple procedures, it will transfer risks to banks and other financial institutions. Once the national macro policies change, banks and other financial institutions will set strict debt conditions or change the original debt conditions, which will prevent enterprises from obtaining debts smoothly. This will lead to poor cash flow of enterprises, which will further endanger their finances. Therefore, if you want to avoid financial crisis and excessive reliance on banks and other risks, it is still necessary for the enterprise itself to become stronger and bigger. Once the enterprise becomes stronger, it will generate profitability and sufficient profit accumulation. Therefore, if the enterprise wants to conduct daily operations, it can use its existing profit capital accumulation to expand reproduction; In addition, Vanke Real Estate can also moderately borrow from employees for internal financing, providing them with a small amount of interest. Although this internal financing cannot solve the huge capital needs of enterprise operations, it can also effectively alleviate the daily capital investment required by the enterprise. Most importantly, this internal financing method can reduce the financial risks brought by bank loans; At the same time, internal employees of Vanke Real Estate can also have a small number of shares in the company, which can be used for equity financing within the company. On the one hand, it can meet the funding needs of the company's development, and on the other hand, it can reduce the uncertainty of external equity financing risks. Internal employees have a certain number of shares, and to a certain extent, they are also the owners of the company. Therefore, they will do their best to serve the company and greatly reduce the various behaviors of internal employees that are detrimental to the company's development due to their self-centered thinking. Therefore, enhancing the accumulation of internal self-owned funds in Vanke Real Estate is very beneficial for optimizing the company's financing structure, cultivating the company's core competitiveness, and the company's long-term development in the future.

References

[1] Masulis, Ronald W. The impact of capital structure changes on firm value [J]. Journal of finance, 1983, 38(1):123-126.

[2] Myers S C, Majluf N S. Corporate financing and investment decisions when firms have information that investors do not have [J]. Journal of financial economics, 1984, 13(2): 187-221.

[3] Titman,Wessels. The determinants of capital structure choice [J]. The Journal of Finance. 1988, 43(1):1-19.

[4] K.Shah. The nature of information conveyed by pure capital structure changes [J] Journal of financial economics 1994, 36(1):110-126.

[5] Bond S A, Scott P J. The capital structure decision for listed real estate companies [J]. 2006, (3):55-63.

[6] Qiao Rui, Dong Huanying Analysis of Debt Financing Structure of Real Estate Listed Companies [J]. Liaoning Economy, 2018, (07):58-59.

[7] Li Yingping Analysis of Financing Difficulties and Optimization Strategies for Real Estate Enterprises [J]. Finance and Economics, 2021, (11):19-20.

[8] Liu Wenyu Empirical Study on Factors Influencing Capital Structure of Listed Real Estate Companies [J]. Construction Economics, 2016, 37, (09):95-99.

[9] Fei Yang Analysis of Financing Structure of Listed Real Estate Companies in China [D]. Beijing: Beijing Jiaotong University, 2020.

[10] Han Xiuyu On the Financing Difficulties and Solutions of Real Estate Enterprises [J]. Taxation 2020, 14(11):142-143.