



# An Analysis on the Coordination between Urbanization of Population and Development of Real Estate Industry

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**Abstract:** Since the reform and opening up, the urbanization of population is accelerating, and more and more people are flowing to the big cities from the countryside. The proportion of urban population and rural population has undergone significant changes, which has also caused a major impact on China's economy, especially in the real estate industry. The population from the countryside to the city urgently needs houses, which is also a key reason for the urbanization of population in the real estate industry. This paper explains the concept of the urbanization of population and the reasons for the imbalance between real estate and the urbanization of population, and analyzes the relevant theories of the urbanization of population and the coordination between real estate industry and the urbanization of population. It also predicts the future developing trend of China's urbanization of population and real estate industry, and proposes some strategies for developing the real estate industry.

**Keywords:** Urbanization of population; Development of real estate; Analysis on the coordination ; Trends; Strategies

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## 1 Introduction

The economy is rapidly developing, showing a trend of urbanization of population, which also promotes the urban economy, especially the real estate industry. The current urbanization and real estate industry have entered the peak of development. In the early days, large cities were represented by migration of rural

population, and urban houses were not enough to supply. Subsequently, the urbanized population and the real estate industry have rapidly developed, and the economy of the entire city has gradually been promoted. It can be seen that real estate industry and urbanization of population are important factors for China's national economic development, and it is necessary to ensure the coordinated development between the two to ensure the urban harmony and stability.

## 2 Overview of urbanization of population

The so-called urbanization is a situation where the rural population gradually flows to the city and the urban population increases. Then the urban basic facilities and services need to improve. At the same time, the urban culture will gradually integrate into the countryside. The process of urbanization is changing people's lives, production methods and values. There are three characteristics of urbanization of population, namely difference, bidirectional circulation and globalization<sup>[1]</sup>. The so-called difference is the difference in the process of urbanization. Due to the differences in social and economic aspects of various countries and regions, the outcomes and methods of the society after the urbanization are different. The second is the bidirectional circulation. After the urbanization gradually matures, people pay more and more attention to the living environment, which also makes the gap in terms of culture and social economy between the urban and rural areas smaller and smaller. Finally, it is globalization. Urbanization is a basic phenomenon of globalization. After the industrial revolution, the urban population of the world increased by nearly 56 times<sup>[2]</sup>. This also shows that urbanization is a basic phenomenon of globalization.

### 3 Reasons for imbalance between urbanization of population and real estate industry

As for the real estate industry and trends of urbanization of population in various regions, there is an imbalance between them, causing constant rising in real estate prices. The reason for the imbalance is that the urbanization of population will drive the development of the real estate industry. It can be seen that real estate industry and the urbanization of population do not start to develop at the same time. The development of the urbanization of population is faster than the development of real estate. At present, 60% of the permanent residents have been urbanized, providing

opportunities for real estate development, as shown in Figure 1. And real estate can not meet people's demand for houses, which will lead to rising housing prices. People who move from the countryside to the city want to settle in the city, so they must buy a house. And after buying a house, they need to repay the mortgage, which limits the improvement of residents' living standard to a certain extent<sup>[3]</sup>. Second, because the development of real estate is slow, the price will be higher, and some people do not have funds to buy a house in the city, which restricts the influx of some people from the countryside to the city, and the surplus rural labour cannot settle in the city, which in turn will limit the urban development.

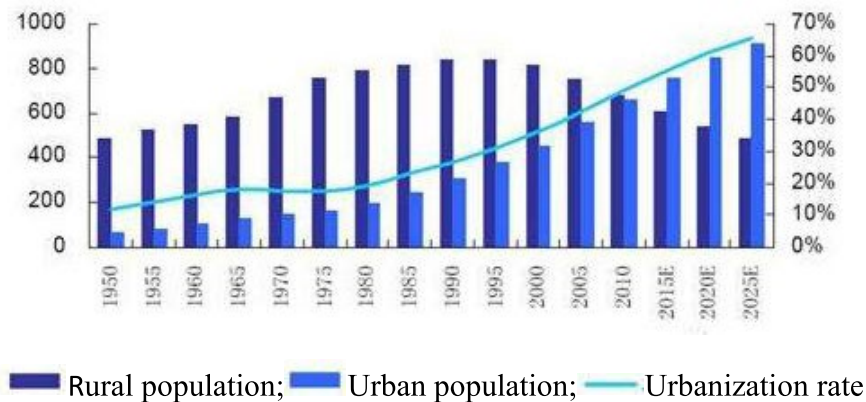


Figure 1. The urbanization rate of permanent residents

### 4 Overview of relevant theories on urbanization of population and its coordinated development with real estate

#### 4.1 Laws of developing urbanization of population

With the rapid economic development, urbanization of population is also an inevitable trend. Because the population is gradually rising in cities, where there are more and more non-agricultural industries, so cities in various regions need to gradually modernize. The process of urbanization will be affected by various factors and will also be affected by different levels of development, but ultimately the laws of urbanization development are the same<sup>[4]</sup>. Many researchers have studied the laws of urbanization of population based on their predecessors, and finally can express some laws with differential equations. In this formula,  $t$  stands for time,  $r$  stands for the urban-rural gap in population, and  $Y$  stands for rate of

urbanization of population<sup>[5]</sup>.

#### 4.2 Laws of developing real estate industry

The real estate development is similar to other industries with certain rules in different periods. In China's real estate industry, it has experienced an early formation period, a mid-term growth period, a late maturity period, and the current period of recession. The initial period of urbanization of population brings the gradual formation of the real estate industry. In the process of formation, the real estate industry is constrained by the actual economy. The various operating models and systems are not yet mature, and they are still in a state of development. After entering the growth period, real estate industry has rapidly developed, becoming an important pillar industry in the national economy, providing an important guarantee for economic development, while also driving the development of other industries, such as building materials. After the maturity period, real estate industry

began to slowly develop, then entered the recession period. At this time, the supply of the real estate market and the market capacity have tended to balance, playing a fundamental role in the entire industrial structure<sup>[6]</sup>.

Then the information age came, where many new technologies existed, and some new industries also impacted the traditional real estate industry, bringing a certain degree of decline, as shown in Table 1.

**Table 1.** Development and changes in real estate industry

Time	2008	2014	2016	2018
State of development	Formation	Growth	Maturity	Recession
Trend of development	Slow development	Rapid development	Rapid development	Gradual decline

### 4.3 Simultaneous development of urbanization of population and real estate industry

In fact, the urbanization of population and the development of real estate is similar. In the process of urbanization, the population also experienced the initial start, and then began to accelerate. The process of urbanization of population also made it difficult for the industrialized economy to develop because of the influence of capital and technology. The city does not have too much labour, so the development is relatively slow. This is very similar to the development of the real estate industry during the formation period, which is a slow exploration. The small population of urbanization also restricts the further development of the real estate industry. It can be seen that the two are complementary. The urban population began to show a rapid growth. During this growth period, a large amount of surplus labour in the countryside began to flow to the city. The infrastructure and science and technology in the city also developed rapidly<sup>[7]</sup>. In addition, the modernization process is also accelerating. In order to create jobs for a large number of people in the city, the small and medium-sized enterprises have also risen rapidly, and then a benign cycle appeared in the city. The rapid population growth has also brought opportunities to the real estate industry. The real estate industry has gradually developed with some of its advantages. From this analysis, it can be seen that both urbanization of population and the real estate industry are developing synchronously, and they are coordinated and balanced with each other, which leads to a harmonious and benign cycle of the whole city. But both the urbanized population and the development of real estate have become unbalanced, which also

restricts the development of a better city, and makes the contradictions increase and the economy begins to stagnate<sup>[8]</sup>.

## 5 Predict the future trend of China's urbanization of population and its coordinated development with the real estate industry

### 5.1 Method of Prediction

Domestic and foreign scholars have conducted research on the coordination between real estate and urbanization of population, especially with the method of prediction, and there have been corresponding studied results. For example, the current Grey System Method and Systematic Regressive Modeling are mainly used to predict urbanization of population and its coordinated development with the real estate industry<sup>[9]</sup>. In recent years, many scholars have begun further research on nonlinear timing based on neural networks. The so-called neural network is a calculation method. Its modeling is simpler, faster, and more applicable. Therefore, it is also a better strategy to predict the urbanization of population and the coordinated development with the real estate industry.

### 5.2 Predict the development level of real estate industry and urbanization of population

According to Matla software's prediction of development of urbanization and real estate industry, the predicted values of the level of urbanization of population and real estate industry are analyzed. The specific data are shown in Table 2.

**Table 2.** Predicted values of the level of urbanization of population and real estate industry

Year	2014	2015	2016	2017	2018	2019	2020
Population urbanization development	1.153	1.212	1.432	1.676	1.784	1.849	1.854
Level of real estate development	1.473	2.772	2.986	3.265	3.563	3.567	3.612

The predictions in the above table are mainly based on the predicted values calculated by the software. In fact, due to the impact of the epidemic in 2020, the trend of real estate industry and urban demographics will not rise, and will show a stable trend.

## 6 Strategies for developing the urban real estate industry and promoting the urbanization process

### 6.1 Introduce big data in the real estate industry to improve the scientific development of real estate industry

In the real estate industry, there are a lot of information about home buyers, which is the final value. Real estate agents can integrate big data in the real estate industry, pay visits to some homeowners who have not yet purchased or have purchased, and interview and record the direction of their future consumption of the real estate, and then analyze the big data to understand consumers' needs and innovate.

### 6.2 Transition to pension-funded real estate and innovate in the real estate industry

In the process of urbanization, real estate has almost become saturated. How to make the real estate industry develop again requires constant innovation in the real estate industry and transformation based on actual conditions. The issue of elderly care has always been a major topic of concern in society. Many people do not want to live in nursing homes when they are old, while they cannot live with their children. Real estate agents can build pension-funded houses specifically for the elderly. The supporting facilities for the elderly inside can integrate leisure, elderly care and vacation. This type of pension-funded products can alleviate the aging problem in urban population, and it will also bring another peak development of urban real estate<sup>[10]</sup>.

### 6.3 Design a theme of low-carbon

The concept of ecological civilization has been the concentrated topic in China. This requires the joint efforts of all the people in the whole country. For the

real estate industry, ecological cultural construction should be regarded as an important basis for its transformation. When building houses internally, green buildings and ecological civilized buildings can be introduced. Vigorous development of environmentally friendly projects has made the residence more modern. At the same time, the design of the houses should be consistent with the green theme. By strengthening the connection with the upstream and downstream enterprises, the cost is reduced, the quality is improved, and the high-quality buildings are built for people. In addition, environmental protection is a topic that people are most concerned about, especially in the face of many real estate, consumers are more keen on environmentally friendly, low-carbon and green buildings. Real estate creators must increase technological innovation in the real estate business. Original brands are conducive to the development of the real estate, which in turn promotes the entire urbanization process.

## 7 Conclusion

Urbanization of population and the real estate industry are similar. Generally, urbanization of population will gradually promote the development of real estate. Now, both of them are in a stable state, and even enter a period of recession. Therefore, the real estate industry should continuously improve its technical content, strengthen innovation to promote the overall urbanization, improve infrastructure, attract more people to large cities for employment and promote the urban modernization.

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