

Development of Real Estate Market in Low Carbon Economy

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ABSTRACT. *With “low carbon” becoming a hot topic, the real estate industry is facing the transformation of “low carbon real estate” after repeated turbulence. Firstly, this paper introduces the necessity of developing low-carbon economy in China’s real estate industry, then analyses the restrictive factors in the process of developing low-carbon economy, expounds low-carbon real estate from several aspects, and finally puts forward some views on the development of low-carbon economy in China’s real estate industry.*

KEYWORDS: *Low carbon economy; Real estate industry; Innovation*

1. Introduction

With the prevalence of the concept of “changing traditional concepts and promoting low-carbon economy”, the global low-carbon economy has become a popular orientation. The huge consumption of resources such as coal and oil has caused tremendous pressure on China, and it has become a consensus to develop a low-carbon economy in China. The non-renewable resources consumed by the real estate industry occupy a large part of the total consumption of resources in China every year. With the acceleration of urbanization, the consumption of resources in the real estate industry continues to rise. Therefore, it is imperative to develop the low-carbon economy of real estate in China.

2. Necessity of Developing Low Carbon Economy of Real Estate in China

2.1 Great Potential

China’s existing buildings occupy a large area, with the acceleration of

urbanization process, the annual increase in new building area is also growing substantially. Among them, most of the buildings are high-energy-consuming buildings, and the green buildings under the guidance of the concept of energy-saving and consumption-reducing occupy only 4% of the total building area. Therefore, the development of low-carbon real estate technology has great space. According to the survey data statistics, in the next ten years, China's investment in building energy-saving projects can reach at least 200 million yuan[1].

2.2 Low Carbon Real Estate Affects National Low Carbon Economy

The success of low-carbon real estate is related to the success or failure of the national low-carbon economy. Because of the large building area, real estate is a typical high-emission industry in China. In the next ten years, China's building energy consumption will reach about 45% of the total energy consumption of the whole society. At the same time, real estate is the most potential industry for energy saving and consumption reduction in China. The real estate industry is in the middle of the national economic industrial chain, which is related to more than 20 other industries. If the real estate industry adopts energy-saving and low-carbon measures, it will certainly stimulate the upstream industry and downstream consumption at the same time. For example, the adoption of a large number of renewable resources, the use of low-carbon technology and green building materials products promoted by the state will certainly promote the development of related industries, and provide a practical and effective way for the adjustment of China's industrial structure[2].

2.3 Dependence of China's Low Carbon Economy Transition on Real Estate

The transformation and structural adjustment of China's low-carbon economy depends on the huge real estate industry. The current situation of China's real estate comes from the strategic choice of promoting economic development by starting the real estate market. From an objective point of view, the development of real estate has made tremendous contributions in stimulating national economic development, improving residential environment and changing the urban landscape. At the same time, it has provided a tremendous source of income for the government. How to continue to play the role of real estate, so as to serve the overall transformation and structural adjustment of our national economy is an urgent task. What the government needs to do is not excessively suppress the real estate, but should do a good job in adjusting the work, combining the low-carbon economy with the long-term development of real estate, using the low-carbon of real estate to promote the low-carbon economy of our country, and realize the smooth transformation of the overall economy[3].

2.4 Low-Carbon Economy is Conducive to Stable House Prices

Low-carbon economy is characterized by economy, which includes two aspects: first, low-carbon economy should be based on the principles and mechanisms of

market economy. (2) The implementation of low-carbon economy is on the premise of guaranteeing the use function and quality. That is to say, the concept of low-carbon economy is put forward in order to oppose the phenomenon of extravagance and waste, on the other hand, to improve people's living standards. At present, China's high-tech industry and new energy development and utilization are still in the development stage, the promotion stage of low-carbon economy will rise in the short term, but in the long run, low-carbon economy will certainly help to reduce the cost of real estate. Therefore, in the process of promoting the steady development of the real estate market, promoting the development of low-carbon economy has become a powerful booster. Moreover, real estate is a capital-intensive industry. To combine capital with green low-carbon real estate, low-carbon real estate is conducive to the long-term development of real estate[4].

3. Obstacles to Low Carbon Real Estate

3.1 Lack of Low Carbon Awareness and Government Support

At present, China's total construction area accounts for 50% of the world's construction area, and 80-90% of the construction technology and design, do not meet the standards of low-carbon energy-saving advanced countries. Especially under the premise of asymmetric real estate information in China, consumers should pay more attention to the purchase of low-carbon buildings. For example, the rapid development of real estate development in China's real estate industry is supported by the demand for commercial housing. The demand for real estate consists of three parts: housing demand, the purpose of purchase is to own residence; investment demand, the purpose of purchase is to rent; and speculative demand, the purpose of purchase is to sell again when the price rises in order to obtain the income of price increase. Due to the expansion of real estate investment, the supply of commercial housing has increased, the sales area is smaller than the completed area, and the vacant area has increased. Low-carbon real estate can not get rapid investment development due to the lack of low-carbon awareness of buyers and government support. In the case of limited demand, the concept of low-carbon real estate is more difficult to be effectively popularized[5].

3.2 Lack of Advanced Technological Innovation

The huge export potential of environmentally friendly products and technologies also plays an extremely important role in opening up the markets of developing countries. At present, most of the technology of global leisure funds is mastered by developed countries. If trade liberalization is realized, developing countries have great market potential in green technology due to lack of technical support and large carbon emissions. However, developed countries have been reluctant to commit themselves to providing financial resources and technology transfer to developing countries. Moreover, there are still some deficiencies in the technological innovation of real estate in China. There are great difficulties in timely R&D and product

transformation. Due to the late start of research, immature technology, uncertain market prospects and other obstacles, low-carbon real estate can not innovate in technology. Due to the lack of corresponding transformation policies and methods, energy-saving technology can not be transformed into market-oriented, and the success rate of transformation is also low. Market transfer system and regulatory system are loose, and low-carbon technologies are uneven in the market. The price of low-carbon products is not conducive to the popularization of low-carbon buildings. However, the price of energy-saving products is on the high side, and the market customers tend to pay attention to low prices when facing the choice, which leads to the low enthusiasm of investors for low-carbon buildings, and low-carbon real estate is difficult to popularize. For example, in green real estate, developers and suppliers should cooperate well and coordinate development. Green development enterprises are not unable to find products, but can not find unique products as a selling point to enhance the value of housing. Therefore, the products provided by the part-product enterprises must be original in order to have a selling point, and “fresh” in order to be competitive, and to meet the price of China, if they are in accordance with international prices, they can not be promoted[6].

3.3 Lack of Financial Innovation Support

Financial institutions provide financial assistance through energy-saving and emission reduction projects and environmental protection projects, so that funds flow to low-emission enterprises, and promote the transformation of real estate from high-carbon links to low-carbon links. However, due to the lack of financial innovation support, China is currently in a passive participation position in the carbon emissions market. If the voice in the international carbon trading market can not be improved, it will be forced to conduct carbon trading in accordance with international standards established by developed countries, and buy low-carbon technology from developed countries at high prices. Although China has withdrawn from the green environmental protection policy, there are still many constraints in the financial system. Financial institutions'awareness of low-carbon finance needs to be improved. Most domestic financial institutions still lack a certain understanding of the regulation of carbon finance business, and the financial golden hook lacks internal motivation for the development of carbon finance business. There are contradictions between the social benefits of low-carbon finance and the profit pursuit of financial institutions. The related intermediary market is not well developed. The development of carbon financial trading market is also facing the risk that the main body of the market is difficult to anticipate and control. At the same time, the development of low-carbon real estate economy is also facing institutional obstacles[7].

4. Proposal

Consumer behavior determines carbon emissions and the development of low-carbon economy in real estate. Without changing lifestyle, carbon emissions

will not be reduced. Therefore, changing consumer behavior and building a simple, sustainable, resource-saving and environment-friendly lifestyle are the key to the development of low-carbon real estate. Second, formulate green low-carbon real estate law and policy environment. Speed up the study of low-carbon building indicators and carbon emissions indicators. Establish new planning methods and tools. Promote market demand by policy and balance the supply and demand of low-carbon real estate. Third, encourage financial innovation of green low-carbon housing. It combines capital with green low-carbon real estate. Through a variety of financing methods to provide development funds for low-carbon real estate development. On the basis of the quantified carbon-saving index of green buildings, the basic standard value of carbon-saving is established, the credit integral mechanism of low-carbon real estate is gradually established, and the carbon trading system of low-carbon residential areas in China is formed. Fourth, accelerate the formulation of green low-carbon real estate laws and policies to ensure a smooth transition from high-energy-consuming real estate to low-carbon real estate, in order to urge the promotion of building energy-saving technologies and standards^[8].

5. Concluding Remarks

Although there are some obstacles in the development of China's real estate industry under the background of low-carbon economy, we should encourage the development of low-carbon real estate through a series of measures, so as to promote the development of real estate industry towards green real estate, which will certainly promote the overall national economy of our country.

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