

ABSTRACT

Together with the rapid economic development, the Chinese real estate market grew fast in the past few years. However, foreign investments in this market stayed stagnant in the past few years. The goal of this study is to analyze this situation from the standpoint of environmental factors. The Yangtze River Delta Circle, the most developed area of China, has been chosen as the sample representation.

To find out influential environmental factors, linear regression models are used to test their relationship with investment returns in this region. The outcome of these models shows that developers' financial capability, management level and development experience have effects on investment returns. And two factors about local market, namely the *Per Capita Gross Domestic Product (PGDP)* and the *Per Capita Investment on Reconstruction (PIR)*, have significant impact on the investment return. Then some non-quantifiable environmental factors in this market are discussed based on observations and documentation.

From the findings of this study, the fluctuation of foreign investments in the Chinese real estate market can be explained. The business environments in China faced by foreign investors are hoped to be improved. With strengthening the Macroscopically Control and Regulation, the development of local investor will be limited. On the contrary, foreign investors can have better investment environments in the future.