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Abstract

This thesis is entitled "T Land supply, urbanization and property prices in China", submitted by WANG JUE (M-B2-5609-0) for the Master's degree of Social Science in Economics at the University of Macau in December 2014.

The real estate has become one of the hottest markets in China. Since 1998, the property policy reform, China's real estate market gradually matures. In recent years, the Chinese real estate market grows rapidly, so is the property price. However, the high property prices continue without any signs of slowing down. The rising trend of real estate prices is far higher than that of people's purchasing power. It would influence the comprehensive harmony of population, natural resource, environment, economy and society. So the high property prices have become the problem that cannot be ignored.

This paper discusses the development of China real estate market, concentrating on exploring the impact of urbanization level and land supplies on the property prices. In empirical analysis, this paper uses the econometric methodologies, including the panel data model, the Vector Autoregressive Model (VAR model) to explore the factors that influence the property prices. Moreover, this paper examines the east, central and west regions of China separately to see regional heterogeneity.

The results of panel data model show that the urbanization level has a positive impact on the property prices. In contrast, the land supply will impact the property prices with a lagged effect. Diffident regions have different economic development levels which would generate different effects. In the VAR model with the impulse response functions this paper finds that the response of the property price to shock of land supply is negative, to shock of urbanization is positive.

Key words: property price; real estate market; urbanization level; land supply; panel data model; fixed effect; VAR model; impulse response; influencing factors.

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