

# **Comments on Housing Markets in China: Getting the Facts Right**

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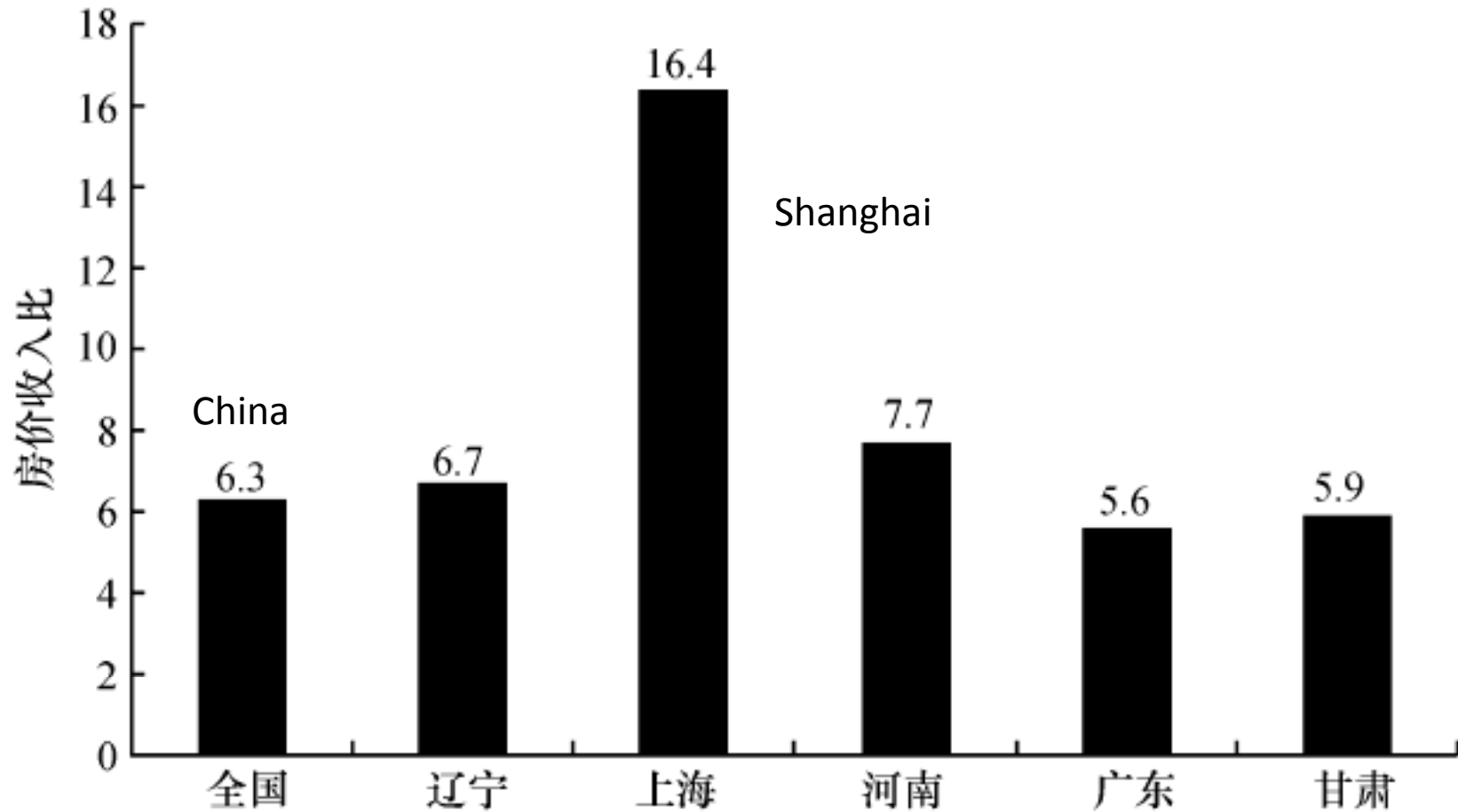
Comments on  
**Housing Markets in China:  
Getting the Facts Right**

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## Two Best Papers on China's Housing Market

- China's high and rising housing price has received great attentions from policy makers, academics, and ordinary people. However, there are many myths on China's housing market in large due to lack of data and solid empirical analyses.
- These two papers will become seminal papers in the field.

# Home Price-Income Ratio

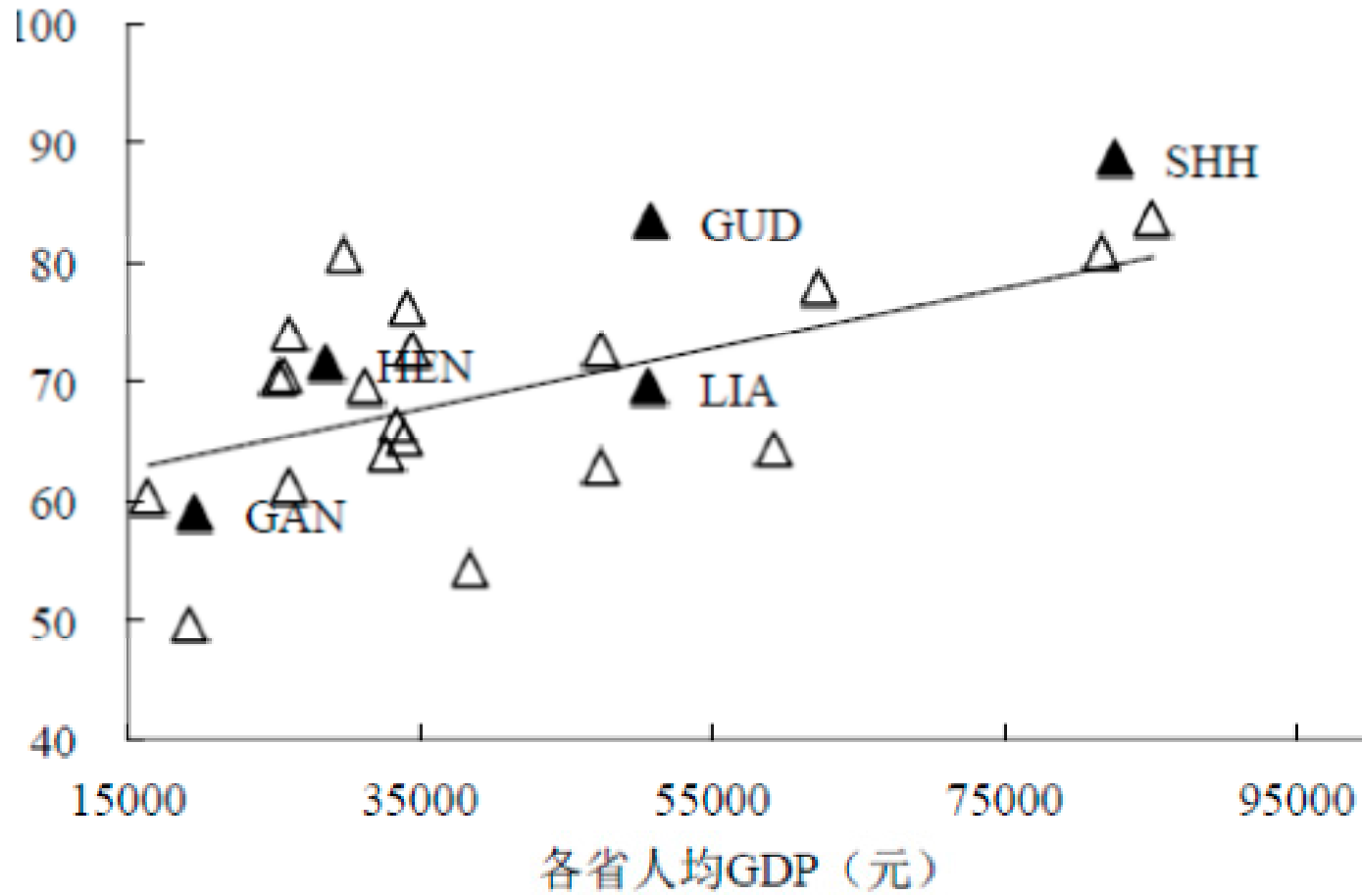


Based on China family Panel Studies (CFPS) Survey in 2012

# Very High Home Ownership

- According to our CFPS survey:
  1. 90% household owned at least one home in 2012 (12% owned more than two or more).
  2. Even in big cities, such as Shanghai, the rate of home ownership was as high as 81%.
  3. Housing wealth accounts for more than 70% of family wealth in China.

## Share of Housing Wealth in Total Family Wealth by Province



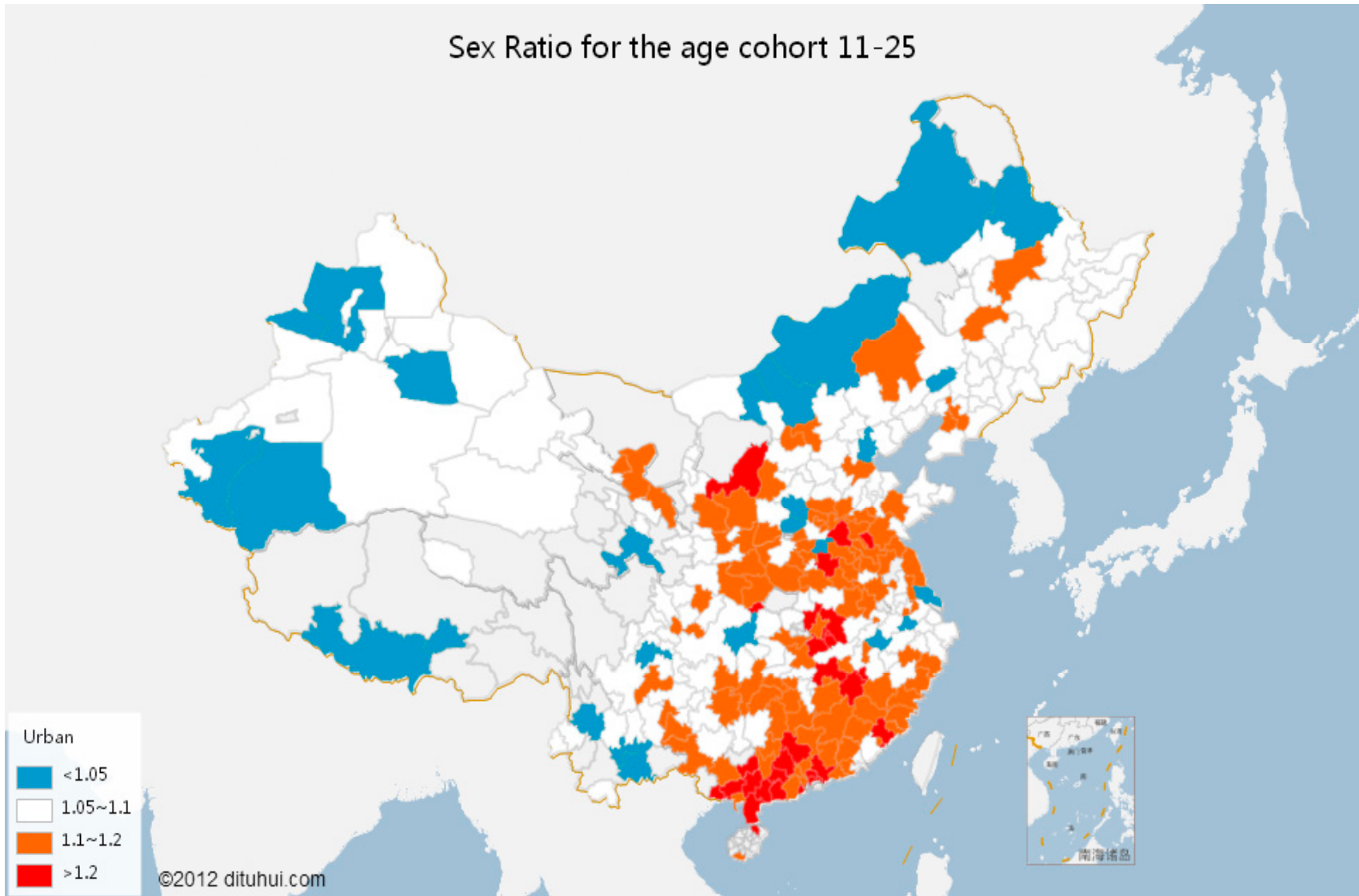
CFPS 2012

## Basic facts about sex ratio imbalance

- ▶ Sex ratio for age cohort 5-19 used to be balanced
- ▶ 2000: 1.08 (std dev 0.07)
  - 1 in 14 young men cannot marry
- ▶ 2005: 1.12 (std dev 0.07)
  - 1 in 10 young men cannot marry
- ▶ Why the imbalance?
  - Ultrasound B
  - “One child policy”
  - Preference for son



### Sex Ratio for the age cohort 11-25





丈母娘推高房价基本属实 不足2成接受租房女婿  
SURVEY SHOWS MEN'S MOTHERS-IN-LAW PUSH UP HOUSE PRICES, LESS  
THAN 20% WOULD ACCEPT SONS-IN-LAW WHO CAN ONLY RENT



- 2010/03/08 来源：中国经济时报  
<http://msn.china.y.net.com/view.jsp?oid=63869864>

# In rural areas, a new home is a necessary condition for marriage

- Having an unmarried adult son is looked down in villages.
- 87% of marriage is within home county
- A new home, wedding cost and bride price can easily cost more than 10 years of family earnings.



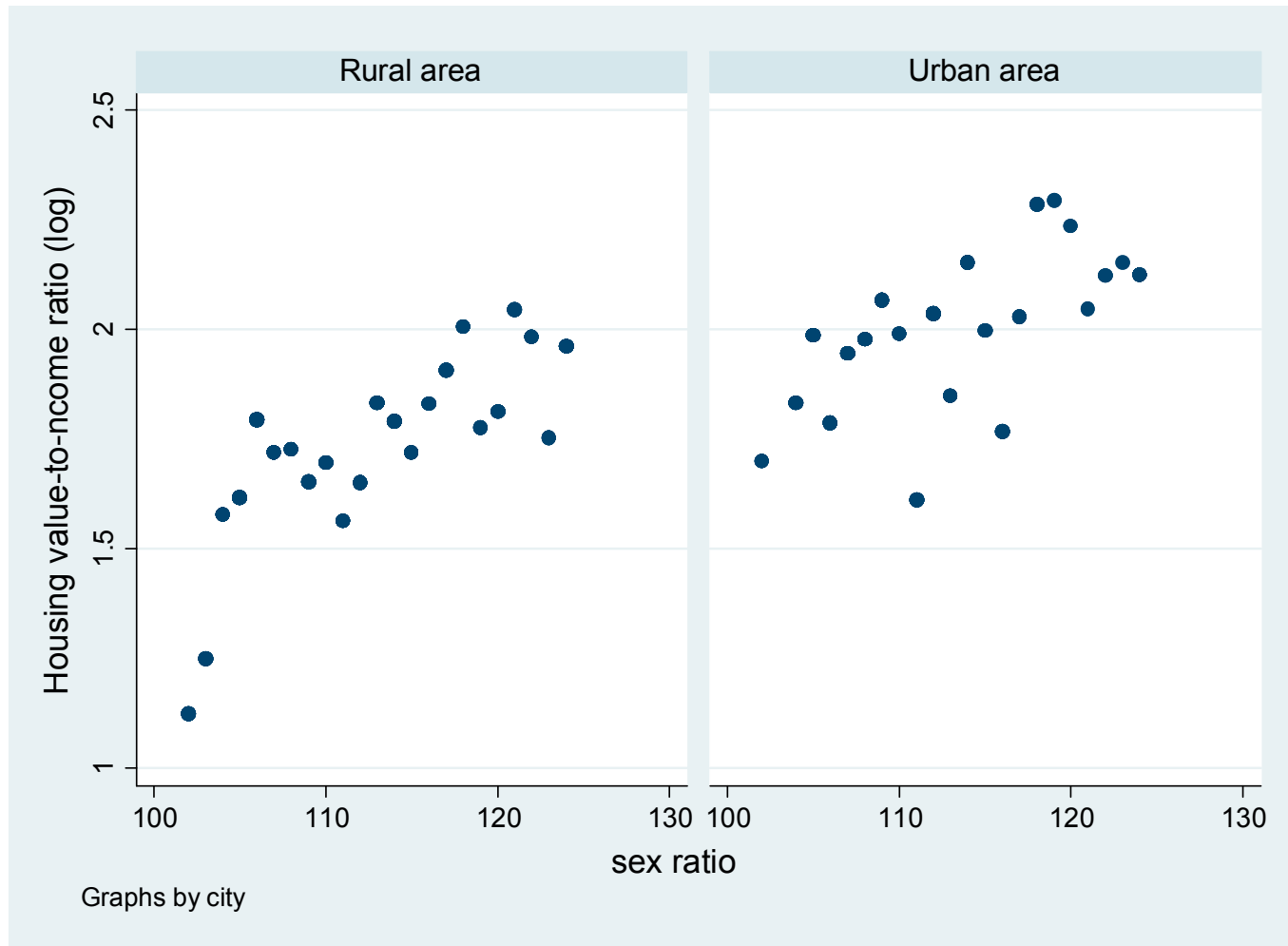
2010, Guizhou



# New Homes in Remote Villages in Guizhou



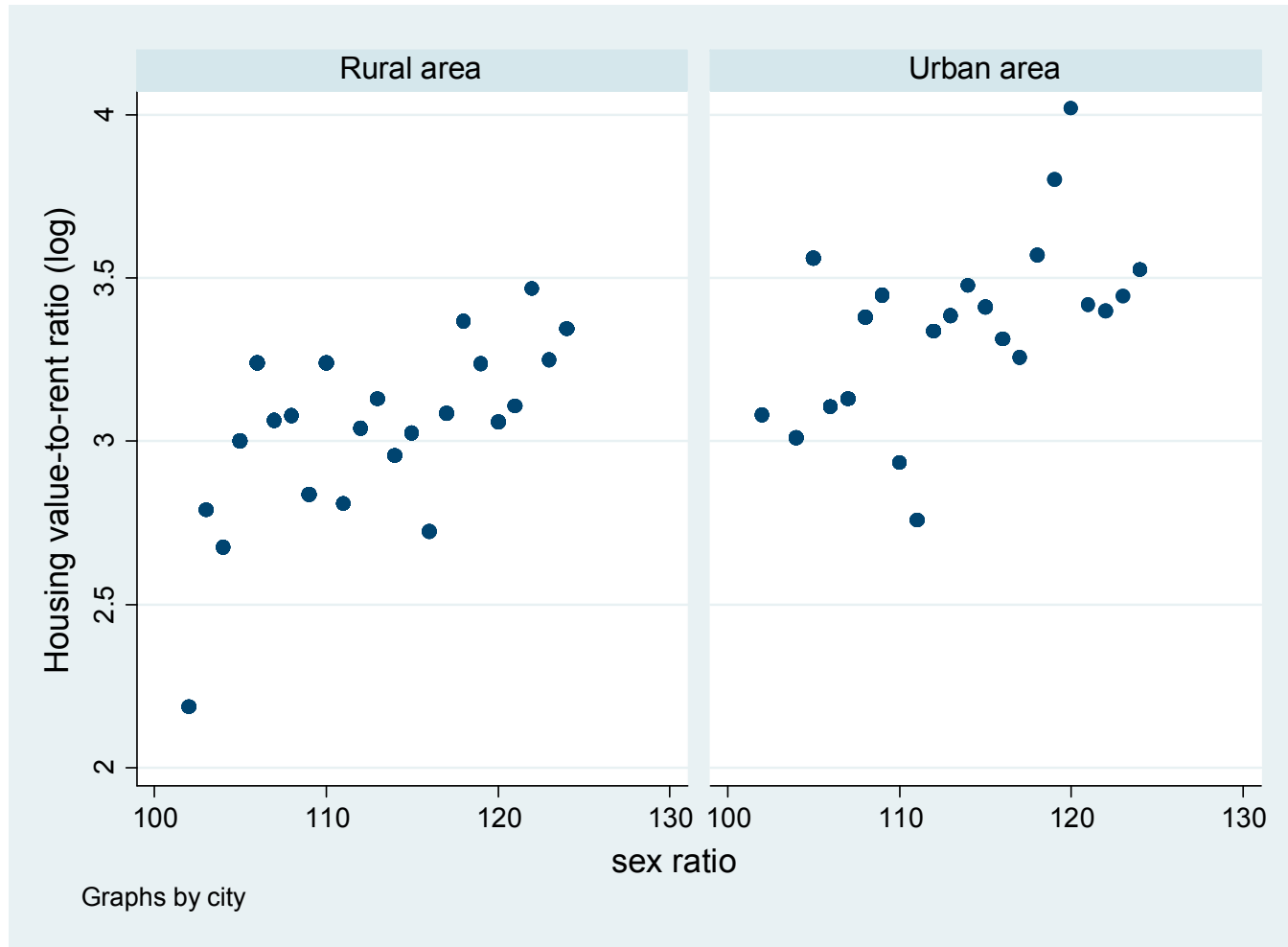
# Home Value-income Ratio and Sex Ratio



On the vertical axis is the ratio of housing value to household income in 2005, averaged over all cities that had the same value of sex ratio (up to a basis point). The housing value refers to either sale price or construction cost computed from a 20 percent random sample of China 1% Population Survey in 2005.

Wei and Zhang (2012)

# Home Value-Rent Ratio and Sex Ratio



On the vertical axis is the ratio of housing value to rent in 2005, averaged over all cities that had the same value of sex ratio (up to a basis point). The housing value refers to either sale price or construction cost computed from a 20 percent random sample of China 1% Population Survey in 2005.

# Allow Rural Home to Transact in the Market (交易权)

- Two rats theory
- Advantages:
  - Lower urban housing price
  - Stimulate population mobility