Analysis of the Impact of Real Estate Financial Policy Adjustment on Market Supply and Demand

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Keywords: Real Estate Financial Policy; Market Supply and Demand; High-Quality Development; Policy Adjustments

Abstract: As China enters a new era and the real estate industry enters a stage of high-quality development, it is necessary to propose real estate financial policy propositions that better meet the housing needs of the people around the development concept of putting the people at the centre. A theoretical analysis framework for developing the real estate market is constructed based on the dynamic evolution of real estate financial policy adjustments and the internal logic of market supply and demand. This framework can explain the development mechanism of the real estate market jointly generated by the supply and demand mechanism and risk cycle mechanism of policy and market participation and continue to explore the possibility of moving towards high-quality development goals from the perspective of market challenges and practical interpretation of real estate financial policy adjustments. Adjusting real estate financial policies aims to provide the market with supply that meets expected standards, continuously improve supply quality, and enhance user satisfaction. Therefore, it is necessary to strengthen market control based on the internal circulation of supply quality, establish a mechanism for interaction and market self-regulation between policies and supply quality perception, and establish an evaluation system for financial policies and market governance to achieve high-quality development of the real estate market, promote the real estate industry, and truly meet the needs of the people.

1. Introduction

As one of the primary responsibilities of the government's macroeconomic regulation, adjusting real estate financial policies ensures the healthy development of the real estate market. It can be divided into basic and non-basic policies composed of the government and financial institutions. The government also entrusts financial institutions to regulate the real estate market to meet the housing needs of the people better. Since the reform and opening up, real estate financial policies have become the key to driving economic growth, and market supply and demand balance has become a criterion for evaluation. Unlike traditional policies, modern real estate finance policies emphasise market self-regulation, policy flexibility, and risk control. Therefore, the issue of high-quality development in the real estate market has emerged, and financial policies have provided new development momentum for the market. In recent years, fluctuations in the Chinese real estate market have attracted much attention from the government, thus introducing a series of real estate financial policies aimed at stabilising the market and promoting the healthy development of the real estate industry by regulating capital flows and market supply and demand relationships. Research has shown that under the promotion of a series of new policies in real estate finance, the real estate market's activity has significantly increased. The policies include relaxing credit conditions, increasing the amount of housing loans, and optimising the mechanism of housing loan interest rates. These measures have effectively stimulated the demand for housing and promoted the real estate market's recovery. Within just ten days after the release of the new policy, more than ten provinces have actively responded and followed up on its implementation, demonstrating the efficient implementation of central policies by local governments and their determination to regulate the real estate market. The People's Bank of China has further increased its support for real estate financial policies by providing more financing

  DOI: 10.25236/icamfss.2024.010

channels and preferential conditions, aiming to ensure the reasonable funding needs of real estate enterprises while avoiding the risks caused by excessive leverage. In summary, the recently launched real estate financial policies aim to achieve long-term stability and sustainable development of the real estate market through multi-dimensional and multi-level regulatory measures.

The real estate financial policy originates from the development concept centred on the people, and its adjustment contains a profound understanding of the market supply and demand relationship, which is also a tool to achieve healthy real estate market development. However, only at the theoretical level do real estate finance policies pursue the combination of market and finance to achieve efficient matching of supply and demand from the perspective of policy structure. To this day, China has implemented a real estate finance policy path with Chinese characteristics. The comprehensive promotion of policies rewrites market rules, reflects policy wisdom, alters market patterns, and profoundly impacts the real estate market. Therefore, discussing real estate financial policies must carry a global perspective and strategic landscape. Thus, a research proposition on the relationship between real estate financial policy adjustment and market supply and demand has emerged in the context of the new era.

In short, adjusting real estate financial policies is a necessary condition and guarantee for achieving high-quality real estate market development [1]. From a practical perspective, China's real estate market has progressed, but there are still shortcomings. The market has not yet fully identified a sensible path to respond to financial policy adjustments and is still striving to explore. Therefore, further optimisation for the adjustment of real estate financial policies is related to market stability and the key to meeting the housing needs of the people.

2. The Interaction Between Real Estate Financial Policy and Market Supply and Demand

2.1. Trends in Policy Content

The real estate financial policy is essential for regulating the real estate market and actively adjusting market supply and demand. The policy content and changing trends discuss the different functions of real estate financial policies from macroeconomics, financial markets, and industrial development perspectives. Some scholars consider that real estate financial policies refer to the degree to which policymakers anticipate the market or the impact of policies on market behaviour because real estate financial policies are more forward-looking and belong to the applied science aimed at achieving stability in the real estate market. The history of real estate financial policies can even be traced back to the early stages of reform and opening up, with its principal activities including credit policies, interest rate policies, land policies, etc. The concept and implementation of policies are closely related to changes in market supply and demand. Through policy adjustments, the government has become a vital entity responsible for maintaining market balance. In recent years, the main contribution of real estate financial policy theory has been combining market self-regulation with policy guidance. Therefore, the real estate financial policy concept initially focused on regulatory measures based on market supply and demand standard attributes. With changes in the market environment, the content and trends of real estate financial policies are constantly updating to adapt to new market challenges and demands [2].

2.2. Analysis of Market, Policy, and Supply and Demand

Compared with traditional market analysis, modern real estate market analysis emphasises the relationship between policies and market supply and demand, with dynamic and systematic characteristics. Although some scholars question the possibility that policies may not directly relate to market supply and demand, most scholars advocate that policies can rationally evaluate market supply and demand. Zhang Wuchang et al. proposed a classic equilibrium market supply and demand model, including supply and demand elements. Since then, this model has become a typical tool for market analysis, thus developing the concept of market self-regulation. These scholars consider that the market is adaptable and a "self-regulation mechanism", and policies will only intervene in adjustments when there is an imbalance between market supply and demand. Therefore, market equilibrium is the result of policy regulation. Some scholars have summarised market analysis as supply and demand models, namely the supply-based supply model and demand-based demand model.The former focuses on market supply, while the latter focuses on market demand, which is market self-regulation. Although market analysis has experienced some practical failures, from both theoretical and practical perspectives, it can provide market insights for policymakers, and the concept of market self-regulation has gradually become a consensus in real estate market research and practice [3].

3. Market Challenges Brought by Financial Policy Adjustment

3.1. Market Chaos: Excessive Policy Intervention Leads to the Imbalance of the Market System

The essence of the concept of market chaos focuses on market order issues. Excessive policy intervention is the application of government regulatory thinking in market management. The equilibrium framework has entered the research field as a new alternative model to overcome the shortcomings of market spontaneity. The basic idea of this framework is that policies should ensure effective resource allocation in the market, set professional standards for market output, capture market signals through technologies such as supply and demand analysis, and use quantitative methods to measure market efficiency. The balanced framework reconstructs market management, emphasising the need to enhance market self-regulation capabilities and build market stability, transparency, fairness, and efficiency [4]. There are many market challenges brought by financial policy adjustment, as shown in Figure 1.

3.2. Policy Constraints: Market Operations Under Policy Leadership

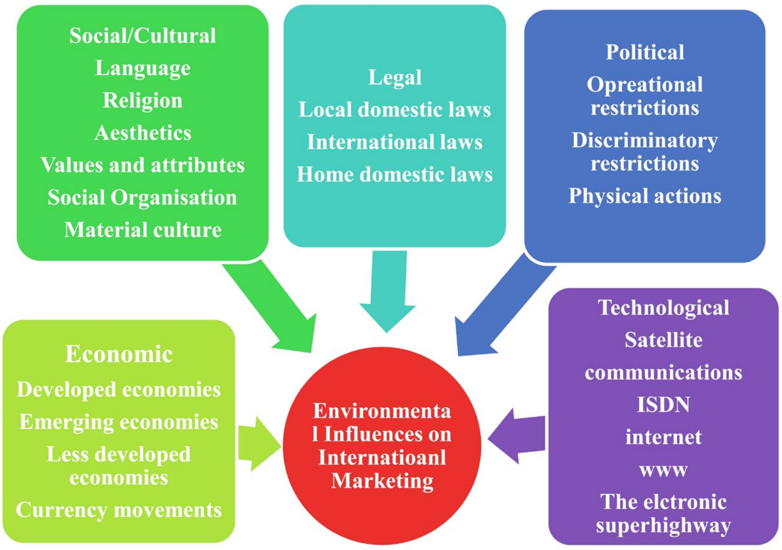

Figure 1: Market challenges brought by financial policy adjustment

Policy constraints are essential to real estate financial policy analysis and a critical expression of market operations under policy leadership. Scholars have discussed the different manifestations of policy constraints from policy effectiveness and market response perspectives. Some scholars also argue that policy imprisonment is the degree to which policies restrict market autonomy or the degradation of market function caused by excessive policy intervention. It is precisely because policy constraints reflect the negative impact of policies that they belong to the science of risk management with the purpose of warning policies. The history of policy constraints can even be traced back to the Planned Economy Period, and its main activities include various restrictions in policy formulation and implementation. The concept and avoidance of policy constraints are closely related to maintaining market autonomy. Through analysing policy constraints, policymakers have become a critical entity responsible for avoiding obstacles to market operation. In recent years, the main contribution of policy constraints theory is combining policy with market autonomy. Therefore, policy constraints initially focused on measuring policy restrictions based on market autonomy standard attributes. With changes in the market environment, the content and impact of policy jails are constantly evolving to adapt to new market challenges and demands [5].

3.3. The Emergence of Derivative Risks Under Financial Domination

Compared with traditional market risks, derivative risks under financial domination emphasise the interrelationship between financial policies and market risks more, and they have the characteristics of complexity and conductivity. Although some scholars argue whether financial policy may not be directly related to market risk, most scholars advocate that financial policy can provide a rational evaluation of market risk. Li Daokui et al. proposed a classic analysis model for derivative risks, including credit, market, and liquidity. Since then, this model has become a typical tool for financial risk analysis, thus developing the concept of derivative risk management. These scholars believe that derivative risks have a systemic nature and are a shadow of financial policy. Derivative risks only arise when financial policies are imbalanced. Therefore, derivative risks are the result of financial policy adjustments. Some scholars have summarised derivative risks as risk management models: prevention models based on financial policies and response models based on market reactions. The former focuses on risk prevention, while the latter focuses on risk response, namely derivative risk control. Although derivative risk management has experienced some practical failures, from a theoretical and practical perspective, it can provide risk warnings for policymakers, and the concept of derivative risk management has gradually become a consensus in financial policy research and practice [6].

4. The Coping Strategies of the Development Process of the Real Estate Industry Under the Challenge of Financial Policy

4.1. Explore the Moderate Decoupling Mechanism of the Impact of the Real Estate Market on Financial Policy

4.1.1. Self-Regulation of the Market to Achieve High-Quality Supply Migration

The essence of the concept of market self-regulation focuses on the supply issues in the real estate market. The market's self-regulation is the application of market autonomy thinking in the real estate market. To overcome the shortcomings of excessive policy intervention, a new alternative model - the market self-regulation framework has entered the research field. The basic concept of this framework is that the market should ensure the effective implementation of high-quality supply migration, set professional standards for supply and output, capture market signals through technologies such as supply and demand analysis, and use quantitative methods to measure supply efficiency. The market self-regulation framework reconstructs the management of the real estate market, emphasising the need to enhance market self-regulation capabilities and build market stability,transparency, fairness, and efficiency [7].

4.1.2. Market Upgrading Under Financial Domestication

Market upgrading under financial domestication is the primary goal of developing the real estate market, emphasising the interaction between the market and financial policies and directly reflecting the dynamic market supply and demand through financial policies. Some of the constituent elements of the development of the real estate market, such as financial policy adaptability, market self-regulation ability, and various evaluation systems, are gradually receiving attention. However, from a practical perspective, some financial domestication practices are still in the theoretical discussion stage, and there are still contradictions with the logical framework and generation mechanism of market upgrading, which leads to a mismatch between the market and financial policies.

4.2. Research on the Consideration and Integration of the Actual Factors of the Real Estate Industry in the Formulation of Financial Policies

4.2.1. Market Regulation and Financial Governance

From the financial policy perspective, market regulation is the fundamental link of real estate financial governance and the core manifestation of financial policy adaptability. Therefore, financial policy considers market regulation as the main generating logic. Market regulation is the primary function of financial policy and an essential entity in financial governance. At present, financial policies strengthen financial governance and control from the perspective of market regulation, with three main forms: first, clarifying that financial policies achieve a balance between market supply and demand; The second is to attain standardised control of financial governance by formulating financial policy standards, market regulatory standards, and making these standards public to the market; The third is the reengineering of internal processes in financial policies. Financial policies have recently improved financial governance capabilities through market regulation. However, compared to market regulations, the adaptability of current financial policies still needs to be further enhanced.

4.2.2. Market Decision-Making and Financial Cultivation

From the perspective of market decision-making, financial policies cannot accurately provide the practical information needed by the market. The market mainly evaluates financial policies through satisfaction but lacks relevant information and feedback mechanisms for financial policies. The core of this problem may be information asymmetry. In financial policy, the market is often described as an "information receiver" whose feedback on financial policy directly reflects market conditions. However, market feedback is mainly about the results of financial policy implementation and other information, while information about the actual market demand is relatively scarce. Usually, the real demand in the market is challenging to obtain or measure. Asymmetric information and imperfect feedback mechanisms directly lead to obstacles in market decision-making [8].

4.3. Research on Regression Strategy Shows a Positive Interaction Between the Real Estate Market and Financial Policy

Financial policies cannot avoid serving as a commander for market regulation in the real estate market. Financial policy is a standard and effective market intervention tool in the market regulation mechanism, playing an essential role in the market operation and making financial policy theoretical and practical. Therefore, market-oriented financial policies have become the core mechanism of market regulation. The practical interpretation of the financial policy is generally an optimisation path gradually formed based on market self-regulation, although this path includes attempts at policy trial and error. The practical interpretation of the financial policy is generally an optimisation path gradually formed based on market self-regulation. However, this path includes attempts at policy trial and error. Financial policies have been attached to market co-governance from market chaos to market reversion. Although financial policies should strive for market stability to meet the requirements of high-quality development, the amplification of financial policies brings a dilemma of excessive market dependence on financial policies. Overall, there is still room for improvement in market regulation and other aspects of financial policies, and their market adaptability needs further improvement, which is also an essential task for market recovery.

5. Conclusion

The adjustment of financial policies has deeply affected the real estate market, posing new challenges and requirements for the development of the real estate industry. Financial policy symbolises foresight for policymakers and an essential means of market regulation. It is an urgent need to achieve market stability and maintain market order, fundamentally reflecting the inherent requirements of market development. This paper constructs a theoretical analysis framework and practical mechanism for developing the real estate market in this era. In recent years, modern information technologies such as financial technology have driven innovation in financial policies, empowering them through data-driven approaches and improving the accuracy and scientificity of policy decisions. Their value aligns with the inherent logic of market development. Therefore, applying financial technology has also provided new paths for financial policies. In short, the sustainable improvement and development of financial policies can help better meet the housing needs of the people and promote the healthy and stable development of the real estate industry.

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