

The Feasibility Study of Real Estate Investment in China

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Abstract

In the real estate development project, feasibility study of real estate development project is a scientific method for the analysis of the possibility of demonstration project objectives before the implementation of the project (hereinafter called the "Investment decision"). Before Investment decision, more thorough meticulous of research is needed on social, economic and technical aspects of the project ; we do scientific prediction of every possibilities development of construction plan or technical scheme which will cause serious effect on technical economy by comparison and empirical analysis.

Keywords

Feasibility Study, Real Estate, Investment.

1. Introduction

In the economic activity, the investment amount is large, the construction period is long, which involves a wide range. Advanced technology plays a decisive role in the application of comprehensive research projects, economic rationality and feasibility of the construction, to determine whether the project should be built, how to invest and concluding comments on the feasibility study of real estate development. The developer hopes to make the project achieve the expected economic benefits. It is necessary to do a good job in the feasibility study, and to make a decision based on science rather than experience or sense. Feasibility study is the key to determine whether the project is invested or not. According to who invests, who makes the decision, who gains, who bears, to reduce risk, and finally set up investment.

2. The feasibility study of real estate investment

2.1 The necessity of real estate project feasibility study

Starting from the second half of 2004, the enterprise investment project examination system was carried out [1, 2]. Approval in accordance with the system requirements, according to the development of real estate development enterprises in the project preparation of project application report, submits the construction project for examination and approval authority for examination and approval. Approval of the project approval document is land use, resource utilization, urban planning, production safety, confirm the import equipment is the main basis of tax reduction or exemption formalities. The main content of the project approval application report, it is the content of the feasibility research work. So investors according to the national examination and approval authorities for the project feasibility study evaluation results, to decide whether to invest, how to invest. For the feasibility study report is the project of examination and approval of the construction unit to raise funds, bank loans or the important basis of national investment. Through the national related department to review, think that the project is feasible conclusion, bank or countries agreed to loan or grant money. On the basis of the feasibility study, planning out the practicability of the preliminary design, project design should, in accordance with the principle of not to violate the feasibility study on demonstration of product solutions, general layout, process flow, equipment selection, waste management, the construction period, investment estimate and technical and economic index put forward the concrete operation scheme, this is a more detailed project plan. Feasibility study is an

important comprehensive according to national level management departments to plan management of fixed assets investment, make development plan, technical investment. The feasibility study report to the competent authority is the project construction unit to land on the basis of construction land. State department and the land management department according to the specific land use planning and feasibility study report of the land use procedures to review. According to the feasibility study to ensure the project meet environmental standards, such as the environmental protection departments on the problems of the construction license file project environmental evaluation and control measures. Project feasibility study is the foundation of the construction unit and the related department to sign a contract, required for the project of water, electricity, materials, heating, communications and transportation conditions need to be working with relevant departments to sign a contract to supply agreement.

2.2 The fundamental purpose of real estate project feasibility study

The fundamental purpose of the research project's feasibility study is to reduce or avoid the investment decision-making errors, improve the project development of the economy, society, environment and construction efficiency. Project research policy, the market prospect of profits allowed, how, where and how much risk, when as mentioned previously, developers decide how to avoid such problems in the project decisions. But in reality, developers often encountered, when faced with two or more than two projects, they need to focus on the limited resources (human capital, etc.) to select one or several projects. In addition to the feasibility study task for a single project, different projects are compared, and the horizontal input and output choose the lowest opportunity costs and minimize risk.

3. The content of the feasibility study of real estate investment

The main basis of the feasibility study of real estate investment has several aspects [2]:

- (1) The relevant state laws and regulations;
- (2) The national economic and social development plan, the overall urban planning, land use planning and industrial development plan;
- (3) The macroeconomic regulation and control policy, industrial policy, industry access standards of the state;
- (4) Issued by the competent department in charge of city planning administrative planning;
- (5) Issued by the competent administrative department for environmental protection for examination and approval of environmental impact assessment documents;
- (6) Geography, meteorology, hydrology, the economic, social and other basic information;
- (7) The relevant engineering standards, specifications, index data;
- (8) The provisions of the state economic parameters;
- (9) Alternative land use conditions, planning design conditions and alternative planning design conditions.

The content of the real estate development project feasibility study report include:

- (1) The project general situation, including: development project construction unit name, project location, and surrounding the project's main characteristics and the state of the environment to analyze the development project of the construction of the social and economic significance;
- (2) Development environment, including: the number of population and land; Statistics of all kinds of building type, quantity and number of the demolition of the building area and land scale; Statistics of production and management enterprises and self-employed business turnover, the construction area, sales area;
- (3) Determine the market analysis and construction scale, including: analysis of market supply and demand analysis and forecast, the quantity and the analysis and forecast of market transaction price, the service object analysis, determine the construction scale of the project;

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- (4) Planning and design scheme selection;
- (5) The environmental impact assessment, including: construction area of environmental conditions, main pollution sources and pollutants, the consequences of the change of the surrounding ecological projects, the standard of environmental design, environmental assessment of pollution control and ecological changes in investment plan;
- (6) Analysis of economic and social benefits, including: estimate the project total investment, to determine the project investment, sources of funds, financial evaluation, national economic evaluation, risk analysis and evaluation of project of environmental benefit, social benefit and comprehensive benefit analysis;
- (7) Conclusions and recommendations, including from the technical, economic, financial and other aspects of the project feasibility using a variety of data, and recommend the best solutions, and the existing problems and the countermeasures and suggestions.

4. Conclusion

Feasibility research plays a decisive role in the real estate investment, in this paper, starting from the concept of choice, based on the necessity and fundamental purpose of project feasibility study, points out the feasibility study of the main content of the real estate investment project in our country, for the establishment of real estate project feasibility study report for reference.

References

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