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Study on the economic rationality of real estate renovation in China

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Abstract:

This paper explores the significance of old urban reconstruction and renovation projects in China's real estate market and their far-reaching impact on the urban economy, and gives an overview of the development trend of China's real estate market.

With the acceleration of China's urbanization process and the optimization and upgrading of urban functions, real estate renovation has become an important part of urban development. Real estate renovation can effectively extend the service life of buildings, reduce resource waste, and improve the efficiency of building use, thereby meeting the needs of modern people for living environment. It also drives the development of related industries such as building materials, decoration design, and property management. However, with the rapid expansion of urban scale, problems such as aging infrastructure, poor living environment, and outdated architectural style have become prominent. The core of real estate renovation is to promote the diversified development of urban economy by optimizing land resource allocation, improving living environment, and stimulating regional vitality. The reason for real estate renovation is that the economic value of old urban area renovation cannot be ignored. On the one hand, by renovating old buildings, the added value of land can be effectively increased, bringing considerable land transfer income and tax

growth to the government. On the other hand, renovation projects can drive the development of surrounding areas and create employment opportunities. Moreover, the renovated areas often become new landmarks of the city, attracting the flow of people, logistics, and capital, and further stimulating the vitality of the regional economy. This paper aims to deeply explore the economic rationality of real estate renovation and renovation in China. This paper systematically analyzes the positive role of renovation projects in enhancing regional economic vitality, optimizing land resource allocation, and improving residents' quality of life, and reveals the economic mechanisms and motivations behind them.

Real estate renovation refers to comprehensive renovation activities such as structural reinforcement, functional upgrading, and appearance beautification of existing real estate projects, aiming to improve the use value, safety performance and environmental quality of the building. This measure plays a vital role in the grand blueprint of urban development. It can not only effectively alleviate the problem of land resource shortage caused by urban expansion, but also is an important means to promote urban renewal and achieve sustainable development. From the perspective of economic value, real estate renovation has a significant positive effect. Through renovation and upgrading, old buildings are rejuvenated and their market value can often be significantly improved.

The contribution of real estate renovation to local finances cannot be underestimated. The added value of renovated properties will drive the growth of real estate taxes, land transfer fees and other taxes, providing a stable source of fiscal revenue for the government. Some projects have also effectively alleviated government fiscal pressure by introducing social capital participation and adopting PPP (public-private partnership) and other models, achieving a win-win situation for the government, enterprises and residents.

Urban economics theory believes that urban development is a dynamic process, and changes in the real estate market are affected by factors such as population growth, industrial structure adjustment, and policy environment. As an important form of urban renewal, real estate renovation can optimize land resource allocation, improve land use efficiency, and promote the sustained growth of the urban economy. The real estate investment return rate theory is also an important tool for evaluating the economic rationality of real estate renovation projects. By calculating the ratio of project input to output, it evaluates the profitability and risk level of

the project and provides a basis for decision-making for investors. Investors will conduct a comprehensive assessment based on the specific circumstances of the project, combined with market trends, policy environment and other factors to ensure the economic feasibility of the project.

Urban economics theory and real estate investment return rate theory provide a solid theoretical basis for in-depth analysis of the economic effects of real estate renovation and renovation. By studying successful cases such as Beijing 798 Art District and Shanghai Xintiandi, we can find the role of renovation and renovation projects in China in enhancing regional economic vitality. Take Beijing 798 Art District as an example. It has been transformed from an abandoned industrial site to an internationally renowned cultural and artistic district, which has not only attracted a large number of artists and tourists, but also promoted the development of surrounding catering, accommodation and other service industries, significantly enhancing the economic vitality of the region. (As shown below).



Fig.1. 798 Comparison Chart

Further analysis of the key factors affecting the success of real estate renovation projects shows that policy environment, funding sources and market demand all play a vital role. Taking the renovation of London's Canary Wharf as an example, the project not only received government support and subsidies, but also attracted a large amount of private investment to ensure the smooth progress of the project. The renovated Canary Wharf, with its superior geographical location and complete supporting facilities, meets the market demand for high-quality office and residential space, further promoting the success of the project.

Real estate renovation and reconstruction can not only effectively enhance regional economic vitality and optimize land resource allocation, but also achieve sustainable development of the project through

reasonable policy guidance, diversified funding sources and precise market positioning. In the future, with the acceleration of urbanization and the improvement of residents' living standards, real estate renovation and reconstruction projects will play a more important role in urban renewal. The flow chart is as follows:

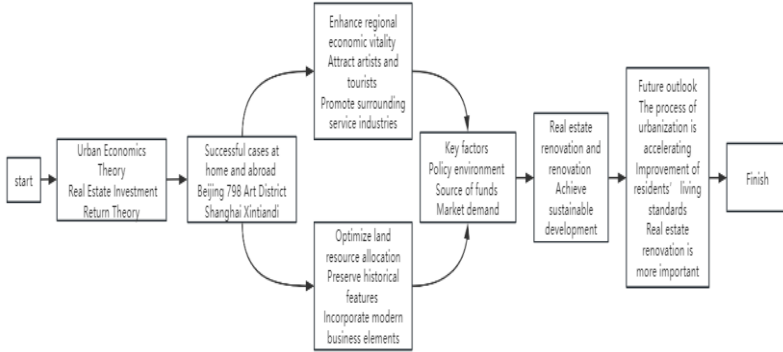


Fig. 2. Flow Chart

As an important means to understand residents' perception, this paper conducted a large-scale survey in the Shanghai Lane Renovation Project, covering 200 households. The results showed that after the renovation, residents' satisfaction increased from 3.2/5 to 4.5/5, indicating that the renovation significantly improved the quality of life and living environment of residents. This data directly reflects the effectiveness of the renovation project in improving people's livelihood and further verifies its economic rationality. In order to quantify the investment benefits, based on the financial data of 10 typical urban renovation projects across the country, the average return on investment was calculated to be 18%, and the highest could reach 25%. This data shows that real estate renovation projects can not only bring stable returns to investors, but also have high profit potential, and are an investment area worthy of attention in the capital market. Taking the Shenzhen Green Building Renovation Demonstration Project as an example, the energy consumption after renovation was reduced by 20% and carbon emissions were reduced by 15%, reflecting the positive role of renovation in promoting urban green development. This indicator not only helps to improve the sustainable development capacity of cities, but also conforms to the current global demand trend for environmental protection investment.

Taking the renovation of old residential areas in Dongcheng District, Beijing as an example, the project has a total investment of 1.52 billion yuan, covers an area of 80,000 square meters, and will be completed in 2021. Through the strong guidance of the government and the active participation of residents, the project has not only improved the living environment, but also achieved an economic benefit of 2.05 billion yuan, proving the economic benefits of the renovation project. The old renovation project in Xuhui District, Shanghai has also achieved remarkable results. With its superior geographical location and complete commercial supporting facilities, the project has a total investment of 2.23 billion yuan, completed a renovation area of 100,000 square meters, and successfully concluded in 2022, with an economic benefit of up to 2.87 billion yuan. However, the implementation of the project exposed the problem of inconsistent residents' willingness to relocate. Policy publicity should be strengthened, and reasonable relocation incentives should be provided to promote the smooth progress of the project. The renovation project of old buildings in Yuexiu District, Guangzhou, with a total investment of 1.08 billion yuan, covers an area of 60,000 square meters, was completed in 2021 and brought 1.46 billion yuan in economic benefits. Faced with the challenge of difficult protection of historical buildings, professional protection agencies should be introduced to formulate more detailed and scientific protection plans to ensure that historical and cultural heritage is effectively inherited. The renovation project of old courtyards in Jinjiang District, Chengdu, achieved an economic benefit of 1.13 billion yuan. However, there are problems with the cost control of the renovation. The cost budget and audit mechanism should be strengthened in the project to achieve the rational use of funds. The old city renovation project in Xihu District, Hangzhou, with a total investment of 1.86 billion yuan, completed a renovation area of 90,000 square meters, and was completed in 2022, with an economic benefit of 2.41 billion yuan. In response to the high cost of greening maintenance, professional greening maintenance companies can be introduced and a long-term management mechanism can be established to ensure the continued effectiveness of greening results.

Through empirical analysis of old urban area renovation projects in multiple cities, it is not difficult to find that real estate renovation and renovation can not only effectively improve the city's appearance and the quality of life of residents, but also bring significant economic benefits.

However, there are also many challenges in the implementation process, which requires us to continue to explore and innovate in order to find more scientific and reasonable solutions.

Conclusion

This paper systematically analyzes the economic rationality of China's real estate renovation and renovation projects and their role in urban development, and reveals the challenges and limitations faced by real estate renovation and renovation projects. Research shows that real estate renovation and renovation not only effectively improves the appearance of the city and improves the living conditions of residents, but also significantly promotes the prosperity of the regional economy. By renovating old buildings, it helps to improve land use efficiency and drive the development of related industrial chains. However, fund raising is a problem, especially for large-scale and complex renovation projects, which require multi-party participation and effective cooperation from the government, enterprises and social capital. With the acceleration of urbanization and the improvement of residents' requirements for quality of life, real estate renovation and renovation will become an important direction for urban renewal.

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ТГТУ – как академическое финансово-независимое высшее учебное заведение

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Аннотация:

Рассмотрены проблемы обеспечения качества инженерно-технического образования в условиях перехода на условия самофинансирования и самоокупаемости. Анализируются принципы корпоративного сотрудничества всех участников образовательного процесса в рамках предмета, требования и умения работать в команде, личностного отношения к познавательной деятельности, единства творческого замысла и алгоритма деятельности студентов и преподавателей в полученных результатах.

Высшие учебные заведения отвечают за подготовку качественных кадров, в частности, Ташкентский государственный технический университет (ТДТУ) обеспечивает подготовку инженерно-технических специалистов для различных отраслей экономики