

House Prices: Changing the City World



Pengfei Ni · Marco Kamiya · Haibo Wang
Editors

House Prices: Changing the City World

The Global Urban Competitiveness Report
(2017–2018)



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Prologue I

Today's world is undergoing fundamental changes. On one hand, globalization is reaching a new level despite some ups and downs, emerging economies represented by China are growing rapidly, and the global landscape has experienced and will continue to see more changes to come. On the other hand, technology innovation is striving to come up with breakthroughs; it has changed and will continue to reshape the forms and landscape of global economy. In the twenty-first century, cities have become the mainstream carrier and platform for human activities. Globalization, technology innovation, and changes into the global economic landscape will determine the future of global cities and urban system. Therefore, studying the development environment, living environment, competitiveness, and sustainable development of global cities and urban system, and accordingly proposing innovative theories and countermeasures, will mean a lot for improving the business environment and living environment in cities, promoting urban prosperity, reducing urban poverty, and increasing the benefits of urban residents on a global scale.

Residential property has multiple attributes. It is an indispensable condition for human survival and development, immobile, and valuable. It is also an important investment and economic sector. Its influence is felt by households at the micro-level and the economy and society at the macro-level at the same time. For this reason, the housing issue is one of the most important and challenging issues in the universe of cities. Worldwide, nearly one billion urban residents are crowded in slums, and billions more are overwhelmed by the sky-high housing price. A great concern shared by urban residents across the world, the housing price exerts impact on the global urban landscape and its changes. Governments, international organizations, and numerous scholars and experts have long been dedicated to the studies of the housing issue. Despite some progress, deeper theoretical research, comprehensive policy evaluation, extensive experience summarization, and constant innovation and exploration are still needed to obtain a fundamental solution. International collaborative theoretical, policy, and experience research among scholars in related fields is a particularly important part of the efforts.

Chinese Academy of Social Sciences (CASS) is China's top research institute dedicated to philosophy and social sciences and one of the world's most influential

think tanks. Our mission is to promote the studies of philosophy and social sciences in China, offer policy consultation on matters of national interests, and help advance international academic development in philosophy and social sciences and address global issues. We are proud to have a highly capable research team for urban and housing issues, who have produced significant research findings through partnership with other prestigious research teams and international organizations over the years.

The UN-Habitat is the world's most important international organization in the field of human settlement and urban development. It has been long committed to academic studies and the delivery of assistance in urban development and the improvement of the living environment, and produced remarkable achievements.

For this research project, the CASS National Academy of Economic Strategy and the UN-Habitat recruited noted scholars and experts in related fields from worldwide to form the research team. After long-term research, they have come to many original conclusions and findings regarding global urban competitiveness and cities' business environment, living environment, and sustainable development. These findings will serve as valuable reference for us to develop a new understanding of the changing urban world, formulating new policies in favor of urban development, and promoting global urban prosperity. In particular, in the 2017–2018 project year, the research team focused on the housing price, examined the pattern and causes of changes in global housing prices and their influence on the urban world, drew many valuable conclusions, and summarized experience in how the urban housing price has reshaped the urban world. Their efforts will be helpful for easing and solving the housing issue amid the process of urban development.

We will continue to support this collaborative research project as always and hope that it will continue to build up its international influence and contribute to making cities better.

October 2017

Wang Weiguang
President of the CASS

Prologue II

I am pleased to present to you this publication entitled *Global Urban Competitiveness Report 2017–2018 with Special Topic on Real Estate and Competitiveness*. This is the second publication jointly produced by the Chinese Academy of Social Sciences and UN-Habitat on global urban competitiveness. In early 2017, these two institutions jointly published the *Global Urban Competitiveness Report 2016–2017*.

In October 2016, world leaders adopted the New Urban Agenda, the outcome document of Habitat III. This New Urban Agenda clearly recognizes that urbanization is a strategic issue for both local and national governments and that it can be a source of development and employment. The implementation of this Agenda will contribute to the implementation and localization of the 2030 Agenda for Sustainable Development, and to the achievement of the Sustainable Development Goals, including Goal 11: making cities and human settlements inclusive, safe, resilient, and sustainable.

Urban competitiveness and economic and social development are closely related. Cities with better infrastructure generate higher urban productivity. Higher urban productivity in turn brings about higher incomes for all segments of society: individual citizens, government, and the private sector. More competitive cities also attract skills and capital, thus creating a virtuous cycle of prosperity for all. In this regard, the real estate and land markets have a strong influence on city competitiveness; they determine residential and commercial prices, affect the mobility of people and goods, and draw in high-level, skilled laborers.

In general, demographics, interest rates, government policies such as subsidies, and the overall economy influence the real estate market. Overall economic health implies urban economic competitiveness or lack of it. Highly competitive economies are reflected in higher real estate prices, and vice versa.

This report examines the urban space and land situation in some selected cities in the world. It also examines the relationship between real estate prices and the transformational upgrading of selected world's cities. More than 11 cities have been covered and competitiveness indexes compiled for 1038 cities worldwide.

The *Global Urban Competitiveness Report 2017–2018* captures these complex issues, and it is an authoritative study that presents the main topics developed by senior Chinese researchers with UN-Habitat experts. I welcome this joint effort, as the world's cities continue their work in implementing the New Urban Agenda.

October 2017

Dr. Joan Clos
Under-Secretary-General, United Nations
Executive Director, UN-HABITAT

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