



# Sustainable Development of Enterprises In COVID-19 In China

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## ABSTRACT

*Novel coronavirus pneumonia came to the end of 2019, and the city blockade and industrial production basically collapsed. This has a great impact on China's macro economy and real estate industry. This paper takes China's real estate industry as the focus, analyzes the current situation of COVID-19's long-term development trend in China's real estate industry and the impact of the epidemic on real estate management, hoping to help China's real estate industry. Recognize the situation and finally promote the healthy and stable development of the real estate industry.*

**Keywords:** *Epidemics; Real Estate Management; Influence.*

## I. INTRODUCTION

Since the outbreak of pneumonia in Wuhan in December 2019, New Coronavirus infection has spread to 31 provinces, cities, Hong Kong, Macao, Taiwan and 24 countries in the world. The WHO regards it as a "public health emergencies with international concern". At present, the situation of epidemic prevention and control is still very serious, which has a great impact on China's economy in the short term, especially on transportation, catering, tourism, entertainment and other industries. Naturally, the real estate industry cannot stay out of it.

Since the outbreak of covid-19, China's real estate industry has been seriously affected by investment, sales accumulation and real estate funds. In February 2020, when COVID-19 was the most serious, the decline gradually narrowed and resumed. From this we can see that if we want to analyze the impact of the epidemic on the real estate industry, we should start from three levels: short, medium and long term.

## II. RESEARCH METHODS

This paper is a qualitative study, which is an exploration of how Chinese real estate enterprises can develop healthily and sustainably due to the impact of the epidemic under the background of the global epidemic. In China, real estate enterprises have a high debt ratio, so only by continuously realizing the return of funds can they realize the sustainable development of enterprises. However, due to the epidemic, China's economy will change from high-speed growth to steady growth. People's insufficient consumption capacity will have an impact on real estate sales. Thus, the risk of breaking the capital flow of real estate enterprises is great, which affects the sustainable development of real estate enterprises. This paper summarizes the impact of the epidemic on Chinese real estate enterprises in different periods, and provides constructive suggestions for the healthy and sustainable development of Chinese real estate enterprises.

## III. DISCUSSION

### 3.1 Short Term Impact of New Coronavirus on Real Estate Market

#### 3.1.1 Impact on the supply of real estate market

At present, the impact of the new crown epidemic on the supply of the real estate market is mainly reflected in three aspects: first, a large number of construction workers return home during the Spring Festival, and the real estate development and construction team cannot resume work as planned after the outbreak of the epidemic, leading to a number of projects stagnating, unable to complete and deliver on time, and some newly started projects cannot start according to the plan. The delay of restart will also affect the supply of real estate products; The two is real estate sales.

Due to the worldwide spread of COVID-19 in March this year, the peak period after the outbreak of COVID-19 this year, many large and medium-sized cities in China have traded with developers and intermediaries. The service companies in the field of real estate development and operation jointly issued several urgent publicities about "stopping the industry", and explicitly prohibited the new sales offices in the area under the jurisdiction of the city. The intermediary service continues to open stores illegally. By mid-February 2020, some sales offices and agencies in colleges and universities across the country will be basically closed. Due to the nature of real estate products, it is difficult for real estate sellers to sell online, which also leads to the stagnation of transactions. The epidemic has blocked the real estate sales link, the effective supply in the real estate market has plummeted, and the stock price has plummeted by 95% during the Spring Festival. Third, the real estate supplier is affected by the epidemic, the sales of real estate enterprises are blocked, the resumption of work is delayed, the cost of development projects is increased, and the ability and willingness to obtain land and new entrants will be significantly reduced.

### **3.1.2 Impact on real estate market demand**

After the outbreak of novel coronavirus pneumonia, people's health concerns were more concerned. The reduction of travel abroad had a significant impact on the demand of the real estate market. First, on the demand side of house purchase, different from ordinary consumer products, the purchase of houses in other places is usually regarded as a major livelihood event for many families. More families need to participate in long-term decision-making and consultation to reach a consensus. The severity of the epidemic can directly affect the housing loans of many families. While choosing the consumption mode, buying a house in a different place requires not only family members to make rounds and bargain, but also to go through complex house purchase procedures such as mortgage loans. The loan demand for people to buy houses from other places will be reduced in the short term. In February this year, the trading volume of the national housing market will decline sharply. Second, the demand side of house leasing. COVID-19 has postponed the resumption of all aspects of life. Many foreign workers in the city have been unable to return to work after their holidays. The internship and employment of graduates have also been postponed and migration has decreased significantly. This leads to a sharp decline in the demand for rental housing, while the vacancy rate of homeowners is rising and the rent will drop in the short term. Third, the demand side of commercial and office buildings. Under the COVID-19, people try to go out as little as possible, the consumption activities under the line have been significantly reduced, retail, catering and other service industries have been suspended, and various industries have been delayed in the resumption of work and production, and even many small and medium enterprises have been delayed. Therefore, bankruptcy has caused great pressure on the recovery of commercial and office rents, and the demand for commercial and office buildings has plummeted in the short term.

### **3.2 The Medium- and Long-Term Impact of New Coronavirus on Real Estate Enterprises**

A sudden COVID-19 will have a significant impact on our society, economy, people's daily life and working style and their mental and psychological environment. The short-term impact of various industries will gradually fade away, and the medium and long-term effects will gradually emerge, and the real estate industry is no exception.

#### **3.2.1 Impact of real estate demand side**

COVID-19 seriously affects people's lifestyles, psychology and concepts. In the medium and long term, it will drive the change of real estate market demand. First, in terms of housing demand, the peak of the epidemic has limited migration and outdoor activities and people's housing demand, but it has not disappeared. With the improvement of the epidemic, this part of housing demand will pick up, and even some new demand characteristics will appear. First, many homeless people and residents are willing to buy houses. At the peak of the influenza epidemic, many famous cities only allow people with the first home in the city to enter, and prevent these homeless people from entering these cities to buy houses. The short-term demand of urban tenants for private houses is to obtain the identity of these urban residents and increase the financial stability of their lives and the sense of security of the city. Second, the market demand for improved commercial housing will soar this year. During the covid-19 pandemic, the holidays will be extended every day, various industries will resume production, the restart time of factories will be delayed, work at home every day, children do their homework online, and the "square dance" of the elderly and children at home will make it easier for many elderly families to feel. Seeing the congestion and inconvenience caused by the small temporary housing, there is a special situation. If there are no children at home, the temporary housing must be physically isolated from the house, and the difficult housing cannot be handled. This will certainly cause many small families. The demand for improved houses is growing, and the demand for large houses will soar in the future. Third, the demand for eco-friendly houses such as low-density residential gardens and greening will increase. The epidemic has greatly reduced people's travel frequency and travel radius. More people live in their homes and communities and try to avoid the densely populated environment. In the post epidemic era, people will prefer low-density residential gardens in terms of lifestyle and psychology green space and other houses with good environment. Fourth, the value of property management is significant, and houses that provide advanced property management services are more popular. In this campaign, community protection property management provided the strongest community protection and epidemic prevention barrier for the majority of community owners and residents themselves, access control entrance management, disinfection of entrance and community channel exit, as well as temperature detection of entrance community personnel, community express, inquiry of accidental visiting community personnel and related items, disinfection of public transport exit, disinfection of elevator entrance Release community epidemic prevention information, help the

community dispose of garbage in time, and distribute masks, etc. The demand for houses providing advanced property management services will increase rapidly, making people aware of the importance of local property management. Secondly, as far as the demand for commercial real estate is concerned, the demand for commercial real estate is an inductive demand, which is determined by the degree of commercial prosperity and the demand for commercial activities, and the service and other business operations have a great negative impact. The epidemic has shifted people from offline consumption to online consumption. Online shopping, online entertainment and various activities emerge one after another. In the long run, people's lifestyle and consumption style will change. In the future, online consumption activities will be more common and offline business needs will be replaced by more. With the end of the epidemic, the demand for commercial real estate will gradually recover, but it may maintain a stable and slightly downward trend during the epidemic.

Finally, in the demand side of emerging industries and real estate markets, with the outbreak of COVID-19, the state reexamines the overall planning and construction of investment projects to improve people's health. The policy has been readjusted and proposed to "integrate biosafety into the national security system". The investment and policy incentives in the fields of biological research, biopharmaceutical, medicine, laboratory construction and high-tech talent training will be steadily increased, and the industrial real estate in other areas of the science and technology park will usher in opportunities. At the same time, after the outbreak of influenza, people's daily life and work style, house purchase preference, investment and wealth concept have not changed significantly, and more emphasis is placed on healthy business life, healthy home management methods such as health, and industry management service center. New industries and real estate related to high-tech healthy residential commercial projects such as healthy commercial housing projects, suburban garden type elderly care and health housing, intelligent health housing, constant temperature and humidity, intelligent oxygen production and other high-tech healthy residential projects continue to meet the needs of the huge market.

### 3.2.2 Influence of real estate supplier

In the long run, after the COVID-19, the market structure, product structure and sales channels of real estate will usher in new changes. First, when the epidemic starts, real estate developers do not set up the "pause button" on time, either building or selling, resulting in insufficient liquidity of many large housing enterprises, and the pressure of management is very great. Many small and medium-sized real estate developers are facing debt repayment difficulties or even bankruptcy. Hundreds of real estate enterprises across the country have to face the outcome of bankruptcy. At present, due to the continuous decline of internal financing costs and policy regulation of the real estate industry, the profit margin of China's large real estate companies with relatively low liquidity pressure is low. The acquisition or merger of small and medium-sized real estate companies with close capital chain will further improve the capital concentration of the real estate development market.

The second is the product structure. The new crown pandemic has changed the demand of the real estate market, and the real estate supply will inevitably be adjusted to adapt to the new demand changes. In the future, we will adjust the investment strategy and business strategy of real estate companies. In the supply of real estate products, the proportion of housing will further increase and the proportion of commercial real estate will decline. At the same time, the proportion of real estate in medical care, biomedicine, medical care and high-tech R & D industries will increase. In the supply of household products, the proportion of large house type, low-density, intelligent technology and green and healthy home will rise sharply and become the mainstream of household product supply. At the same time, the asset value of residential area is prominent, and the high-level property management service will become the high added value and highlight of residential products in the future.

Another is the sales channel side, the traditional real estate online sales cannot play a real role during the COVID-19's wreak havoc, and the convenience, practicality and convenience of online sales of real estate are also greatly reduced. Both real estate operators and consumers are aware of the necessity of reform. Therefore, various traditional real estate online marketing services such as "online sales office", "VR cloud house viewing" and "non-contact" online bill signing began to appear. However, different from standardized products, real estate is mainly based on field investigation, with more complex procedures, huge amount, more laws, regulations and policies involved, and return is not as simple as ordinary online shopping. In the future, online real estate sales will not completely replace the traditional offline sales, but there is likely to be an online and offline "hybrid" real estate sales model. At the same time, it is expected that the support of laws, regulations and information technology around real estate online sales will increase.

## IV. CONCLUSION

The epidemic crisis has increased residents' demand for property management service level of residential community and green and healthy housing. People pay more attention to community health standards than ever before, and the demand for urban safety, living environment and supporting life security facilities will be higher, such as non-contact faucets, voice-controlled switches, induction equipment, residential gym, large bedroom and so on. "Healthy housing" with good ventilation, low population density and transparent environment may become a new selling point. To meet the demand, real estate enterprises will move closer to this and build a safer and healthier residential and community environment.

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