

MASTER'S THESIS

The commodity housing market and tenure decision in Chinese cities: an analysis of Guangzhou city

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**The Commodity Housing Market and Tenure Decision in Chinese Cities:
An Analysis of Guangzhou City**

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Abstract

The housing reform in China, as part of the economic reform, aims at commodification and privatization of urban housing. Since 1978, there has been rapid development of the market economy in the big cities in China. In the emerging housing market in China, there exists complex and dynamic factors which affect commodity housing assignment in different housing segments and tenure forms. These factors include housing allocation practices and the dynamic factors brought about by the reform. This thesis aims at throwing light onto the current situation of the housing market segmentation and the factors affecting tenure preferences in the commodity housing market in China, using Guangzhou as a case study.

Guangzhou, as a pioneer in many reform measures and a city with a high level of marketization, has its pattern of housing construction and housing market segmentation that may hint at future development for the rest of the nation. Using data from a household survey conducted in Guangzhou, this thesis aims at investigating the relationship between household socio-economic characteristics and the source of housing provision, and the factors governing tenure forms in urban China. The results show that households with different sets of characteristics are associated with particular housing types in terms of source of provision, and that owners and renters differ systematically in socio-economic characteristics. Open market housing residents earn the highest income, work mainly as managers and proprietors of small private firms, are relatively well educated and are the youngest among residents of all types of housing. Those in

work unit housing are the best educated, and work mainly as managers and in state-owned enterprises. However, those in the Housing Bureau housing and resettlement housing are relatively old, less educated, earn lower incomes and work mainly as technical and manual workers. Owners are likely to be those who are better educated, earn higher incomes, relatively young, work mainly as managers or are proprietors of petty trades and have longer years of service in their present employment than renters. The results also show a rather high degree of privatization in the housing sector in Guangzhou and the rapid development of its open market housing sector. However, the homeownership rate is small in the work unit housing sector, which suggests the need for further reform.

CONTENTS

Chapter/Section	Title	Page
	Declaration	i
	Abstract	ii
	Acknowledgements	iv
Chapter One	Introduction	1
1.1	Research Background	2
1.2	Guangzhou : An Introduction	2
1.3	Pre-reform Situation of the Housing Sector in Guangzhou	7
1.3.1	The Housing Nationalization Policy	7
1.3.2	The Housing Problems	9
1.3.3	The Housing Sector	13
	Work Unit Housing	13
	The City Housing Bureau Housing	15
1.4	Post-reform Situation of the Housing Sector in Guangzhou	16
1.4.1	The Housing Reform	16
1.4.2	Types of Housing in Guangzhou	19
	The City Housing Bureau Housing	21
	Work Unit Housing (<i>danweifang</i>)	21
	Resettlement Housing	22
	Open Market Housing	23
1.5	The Transitional Economy Under Reform ²⁴⁻²⁵	24
1.5.1	Changes in the Economic Structure	26
1.5.2	Rising Income	27
1.5.3	Source of Work Unit Housing Construction Investment	27
1.5.4	Residence Status	29
1.6	Research Design	30
1.6.1	Sampling Method	30

1.6.2	The Research Problem and Design	31
1.6.3	Literature Review	39

Chapter Two ***Introductory Analysis of the Sample*** 42

42-45

2.1	✓ An Overview of Housing Consumption by Source Type and Tenure Form	42
2.2	✓ Socio-Demographic Characteristics	46
2.2.1	Age Patterns	46
2.2.2	Household Size	48
2.2.3	Education	50
2.3	Occupational Characteristics	54
2.3.1	Job Type	54
2.3.2	Years of Service	57
2.3.3	Employment Organization	59
2.4	Household Income	64
2.5	Summary	66

Chapter Three ***Modeling Method and Results*** 70

3.1	Binomial Logistic Regression Analysis	70
3.1.1	✓ Household Characteristics	71
3.1.2	Characteristics of the Household Head and Spouse	72
3.1.3	✓ Other Social Characteristics	76
3.2	Multinomial Logistic Analysis	77
3.3	Results and Explanation	79
3.3.1	✓ Split Between Open Market Housing and Subsidized Housing	79
3.3.2	✓ Allocation of Subsidized Housing	84
3.3.3	✓ Split by Tenure Form	90
	Open Market Housing Subsector	90
	Work Unit Housing Subsector	92
	Housing Bureau Housing Subsector	93
	Resettlement Housing Subsector	94

<i>Chapter Four Discussion and Conclusion</i>	98
<i>Appendix</i>	110
<i>Bibliography</i>	113
<i>Curriculum Vitae</i>	116