The Analysis of the Housing Markets
In Beijing and Washington,
2005—2014

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A World View of Mathematics and Data Analysis
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Abstract

Since the economic reform of the late 1970s, China has achieved magnificent economic growth. China's socialist market economy has become the world's second largest economy by nominal GDP, reaching 10,380 billion dollars and holding a 13.43 percent share of global GDP. The dramatic growth of economy also has boosted the development of Chinese housing market. But the question remains: is the Chinese real estate market developing in a positive way? This paper first compares the housing prices in Washington and Beijing using hypothesis test for population means and linear regression model. It is found that despite China's low housing price in early years, the average housing prices is almost the same in Beijing and Washington area. The most reasonable proposal is that the personal income in Beijing is higher. However, the data and the line chart illustrate that the opposite is actually true. Therefore, in order to further explore the reasons behind the high housing prices in Beijing, the paper then statistically analyzes a series of factors, including per capita income, limited land resources, city functions, unbalanced regional development, the influence of cultural traditions, the government policies, the structure of housing supply, and the investment demand. The last part of the paper points out the problems of the Chinese housing market by looking at the housing price to income ratio and the economic growth trend. The result shows that Chinese housing price has far exceeded common people’s affordability, which has the potential to cause social instability.