

## Mode and Case Analysis of Chinese Real Estate Enterprises Participating in Urban Renewal

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**Abstract.** Urban renewal is an important way of urban space supply and function upgrading in the era of land stock development. As an important participant in urban renewal, Chinese real estate enterprises are a key force to promote urban renewal. Based on the change of land use before and after urban renewal, this paper divided the modes of real estate enterprises participating in urban renewal into the old commercial district renewal, the old industrial district renewal, the historical and cultural district renewal and the city village renewal, and then discussed various modes through case analysis. Finally, it put forward the trend and direction of real estate enterprises participating in urban renewal in the future in order to provide a reference for the promotion of urban renewal.

### 1. Introduction

With the rapid development of urbanization in China, the supply of new construction land in big cities, especially in core cities, is very tight. Urban development gradually changes from incremental expansion to stock renewal. Urban renewal would be an important way of urban space supply in the future. In addition, due to the irrationality of urban planning, the original urban structure, economic model, traffic mode, even the function and appearance of houses in many cities are not in line with the development of urban modernization [1]. Urban renewal has become an important part of urban function upgrading.

The development of urban renewal faces huge policy dividend. In recent years, the state has issued a series of planning and opinion regulations to promote urban renewal. The New Urbanization Planning (2014-2020) clearly puts forward that “according to the requirements of both renovation and protection and restoration, improve the old city renovation mechanism, optimize and improve the old city functions, and accelerate the relocation and renovation of old industrial areas in urban areas”. In February 2016, the State Council issued several opinions on Further Strengthening the management of urban planning and construction, proposing “orderly implementation of urban repair and organic renewal, to solve the problems of environmental quality decline, spatial disorder, historical and cultural heritage damage in the old urban area”.

Locally, the practice of urban renewal has a long history. In 2004, Shenzhen issued the Interim Measures for the reconstruction of urban villages (old villages), and in 2009, the measures for urban renewal in Shenzhen was issued again, which stipulated three types of urban renewal modes, namely “demolition and reconstruction”, “functional change” and “comprehensive renovation”, so as to tap the potential of urban land stock. Guangzhou took the lead in setting up the Urban Renewal Bureau and proposed the “Three Old Renewal” of “old factory, old village and old city”. In May 2015, Shanghai issued the measures for the implementation of urban renewal, marking that Shanghai has entered the era of “connotative growth” dominated by stock development. In April 2019, the general office of Beijing Municipal Government printed and distributed the task of shantytown reconstruction and environmental improvement in 2019, including 138 projects listed.

For real estate enterprises, with the continuous expansion of urban space, it is almost difficult to have new land supply in urban core areas. In addition, with the increasingly high cost of land bidding, urban renewal projects give real estate enterprises the opportunity to enter the urban core areas at a lower cost. At the same time, with the urban renewal and upgrading, urban renewal has a trillion level markets, and participate in urban renewal projects become an effective means for real estate enterprises to maintain and increase value continuously.

In general, under the background of increasing policy support, limited land supply in core cities and expansion of urban renewal market, real estate enterprises have joined in urban renewal (Table 1). The real estate enterprises involved in urban renewal include Kaisa, R&F Properties and other real estate enterprises with rich experience in urban renewal, as well as Vanke, Evergrande, Country Garden, Poly and other real estate companies. A series of problems related to urban renewal, such as the renewal, reorientation and operation of urban stock assets, have become the issues that real estate enterprises must consider.

Table 1. Urban renewal projects participated by brand real estate enterprises

Real estate enterprises	Urban renewal projects
Vanke	Shangshengsuo, Zhangjiangguochuang, Lane 222, Panyu Road, Xinfeng Village, Vanke Era Center, Vanke City Light, Samsung Industrial Zone
Evergrande	Wanzhong Life Village Area, Evergrande Xiangshan, Evergrande Fashion Valley
Country Garden	Yanluo Street Luotian First Industrial Zone, Fangda Industrial Park, Longhua Laoweil Project, Cuizhu Jinxing Market Project
Sino Ocean	Houhai Village, Lishan Industrial Zone, Longchuantang Project, Kunming Universal Valve Factory
Kaisa	Jiangangshan Old Reconstruction, Kaisa Square, Jinshawan Hotel, Futian Dongshan Community Old Reconstruction, Xixiang Hedong Old Village Reconstruction, Shenzhen Bantian City Square
Gold Land	Yuyuanlu, Yuruan, City Renewal Laboratory of Magic City, Jindi Industrial Zone
CR Land	China Resources Intellectual Land Cultural and Creative Center, China Resources Silver Lake Blue Mountain, International Business District Project, Jinwei Brewery, China Resources Vientiane Foodie, Shenzhen China Resources City
China Overseas	Zhonghai Yinhu times center, Hongqi village, Beijing Beixin's shed renovation project, Jinan Huashan Area renovation

## 2. Renewal Organizational Mode of Real Estate Enterprises Participating in Urban Renewal

At present, there are three ways for real estate enterprises to participate in urban renewal which are independent operation, acquisition and cooperation. Kaisa participated in urban renewal with independent companies. It established Kaisa urban renewal group, created a large pattern of coordinated development of urban renewal and industrial operation, supporting operation, wealth management, cultural tourism, property operation, and strengthened the brand connotation of urban renewal projects. By the end of 2018, Kaisa urban renewal group has about 30 million square meters of land reserves for urban renewal projects and an annual land supply of about 800,000 square meters. Zhongnan, Xuhui, etc. mainly focus on acquisition, such as Zhongnan transferring 47% equity of Shenzhen Caopu old reform project. Xuhui group and Longguang real estate acquiring urban renewal project through acquisition. Country Garden mainly participates in the form of cooperation. Its Fozhao regional company and Shunkong group jointly set up Shunde Urban Renewal Platform Company, which specializes in the project development, operation, financial services and other aspects of Shunde Village Industrial Park.

## 3. Models and Typical Cases of Real Estate Enterprises Participating in Urban Renewal

According to the objects of urban renewal and renewal, the participation of real estate enterprises in urban renewal mainly includes the renewal of old commercial district, industrial district, residential district, historical and Cultural District, and village in city. According to the renewal of land use before and after the renewal, it can also be divided into various modes, such as the renewal of industrial land can be divided into "from old industry land to new industry land", "from industry land to commercial land", "from industry land to residential land", "from industry to culture and innovation land", "from industry land to commercial land"[2], and the renewal of commercial land can be divided into "from old commercial land to commercial land", "from commercial land to residential land" and so on[3]. The code of several common modes is selected here to introduce the projects and models of real estate enterprises participating in urban renewal.

### 3.1. Renewal of old commercial district: a case study of Xi'an Joy City

The common mode of old commercial district reconstruction is from old commercial land to new commercial land, which means to upgrade the original commercial property and improve the economic and social value of the property. Xi'an Joy city is a classic case of it. It is located next to the big wild goose pagoda of Xi'an' name card and links many tourist landmarks. Qin, Han and Tang International Cultural and Commercial Plaza, has been in a deteriorating situation since the withdrawal of Century Jinhua store in 2016. In 2017, Joy City officially acquired the commercial plaza, and carried out in-depth renewal of the project from multiple perspectives. After the renewal, Joy City officially opened in December 2018. The focus of the renewal mainly focuses on three aspects: space renewal, brand upgrading and theme block building. In terms of space renewal, first of all, Joy City has carried out the top-up renewal of the outdoor space to enhance the availability of the outdoor space. The original ground square has been chiseled into a sinking square to create a "double first floor", and a new outdoor sinking square has been dug under the southeast corner of the outdoor, forming a staggered floor space with the main entrance and connecting the negative location of the first floor. In terms of brand upgrading, Joy City has introduced as many as 30% of the first brands into the northwest and 190 flagship brands. In the theme block, Joy City has built four theme blocks: Bukong Block, Chao II Block, Chart Garden and The Republic of Food, presenting delicious snacks, milk tea, fashion clothes, exquisite hand gifts and other commodities in a new way in front of customers. Joy City reconstruction project, relying on the city's profound historical and cultural heritage, will deeply affect the upgrading of trend consumption in Northwest China from the perspective of the scene, business type, experience and other aspects [4].

### 3.2. Renewal of old industrial land

The mode of "From old industry land to new industry land" urban renewal refers to changing the existing land into new industrial land according to the requirements of the government. The old industrial zone is demolished, rebuilt and upgraded into a new industrial park, and the development products include new industrial houses, supporting businesses, supporting apartments and other property forms. Sanxing Industrial Zone is located in Huafu Street, Futian District, Shenzhen City, Southeast of the intersection of CaiTian road and CaiTian Industrial Zone No.1 Road, north of CaiTian Industrial Park of great wall development, south of Shenye Shangcheng, close to Shenzhen Futian CBD and Huaqiangbei. The commercial value of the plot is obvious. In 2016, Vanke won the project in fierce competition. According to the urban renewal policy of Shenzhen, in addition to 70% of industrial houses, developers can be allowed to build 30% of supporting facilities, including supporting apartments and businesses. Under this regulation, Vanke can give full play to its advantages in real estate development and improve the profit margin of the project. In July 2019, the urban renewal plan of the Samsung Industrial Zone was publicized, with the planned demolition and reconstruction area of 129996 m<sup>2</sup>, and the planned development and construction land area of 84480.6 m<sup>2</sup>. After the completion of the project, it will greatly promote the industrial optimization and upgrading of the area, become a gathering area of high-tech industries, and promote the development of the regional economy.

The mode of "From Industry Land to Commercial Land" refers to the renewal of the old industrial plant area into a commercial office space, which emphasizes serving the residents in the area, providing them with business, entertainment, leisure and other lifestyle, and injecting vitality into the area economy. On May 25, 2018, Shangsheng · Xinsuo, the first urban renewal project located in the urban core area, was officially opened to the public. The construction of Shangsheng · Xinsuo is divided into two phases, focusing on the theme of "respecting history, inheriting urban context, dialogue between new and old buildings, diversity, sharing and symbiosis", aiming to shape it into a new landmark of inheriting history and stimulating innovation. At present, the building composition of shangsheng Xinsuo project includes 3 historical buildings, 11 industrial renewal buildings centering on the growth history of new China and 4 contemporary buildings with distinctive styles. In addition, there are many shops in Shangsheng · Xinsuo, including Naked Heart Club, Daocheng Bookstore, Pirata, Sumo Cat, the ER Chinese restaurant, Brew Bear, Popolo, Missst and other brands, with a rental rate of nearly 90%. The renewal of Vanke

Shangsheng · Xinsuo has fully realized the more upgrading of the stock assets and enriched the life of the urban public in a diversified form.

The mode of “From Industry to Culture and Innovation Land” refers to the creation of a new cultural and creative park by utilizing the Industrial Relics in the city. Fanshi Itown is one of the results of Vatican real estate’s participation in urban renewal. The project is located in Gaobeidian District, Chaoyang District, Beijing, with a total construction area of 160000 m<sup>2</sup>. It is the top three cultural and creative parks in Beijing. In 2015, the area was still a large-scale shantytown between the East Fourth Ring Road and the Fifth Ring Road of Beijing, with a dense population and poor living environment. In addition, the park is also divided by five crisscrossing railways, which make the area noisier. From the perspective of land texture, advantages of surrounding industries, internal rail and original buildings, Fantian real estate has carried out the creative architectural design of Fanshi itown. In terms of project space planning, the first two phases are planned as large space office and compound office products, and the third phase is planned as single or similar single office buildings. In addition, as the project is adjacent to CCTV, Beijing TV, Phoenix Satellite TV and other media organizations, the park gives full play to the advantages of media resources and creates a whole industry chain ecosystem dominated by film IP and its derivatives. Different from the space operation mode in the traditional urban renewal, Fanshi Itown aims to build a platform of the whole industrial chain and convey its IP influence.

### 3.3. Renewal of historical and cultural blocks: a case study of Sino-Ocean Taikoo Li Chengdu

The renewal of historical and cultural blocks is based on historical buildings, integrating more cultural creativity and new understanding of building conservation, customizing their future use according to different architectural styles, and giving full play to their economic and social values on the basis of preserving and continuing their historical and cultural values to the maximum extent [5]. Sino-Ocean Taikoo Li Chengdu is located in the most prosperous Chunxi business circle in Chengdu, and it is a historical and cultural block jointly built by Sino-Ocean real estate and Taikoo real estate. The buildings of Sino-Ocean Taikoo Li mainly include 4 Outdoor squares and 5 historical buildings. The single building of the commercial block integrates the surrounding historic sites. The main body of the building is dark brown, with details such as the West Sichuan style green tile slope roof. The historical nostalgia is highlighted and integrated with the surrounding ancient buildings. On the basis of retaining the ancient streets and historic buildings, the block has built an open and low-density shopping center in the form of block combining with architectural conservation and cultural creativity. After the renewal, Sino-Ocean Taikoo Li is both traditional and modern, integrating cultural heritage, creative fashion and urban life, presenting a free and open urban space, providing new possibilities for the renewal of cities with profound cultural heritage.

### 3.4. Renewal of city villages: a case study of Guangzhou Liede Village

Due to the lack of unified planning and management, there are many problems in urban villages, such as construction violation, dirty environment, the mixed flow of people, public security chaos, infrastructure mismatch, dissociation from the urban management system and so on. The renewal of urban villages is an effective way to solve these problems. In 2007, the old village renewal project of Guangzhou Liede led by Fuli real estate is a typical case of real estate enterprises participating in the village renewal in the city. According to the general policy of renewal, Fuli divides the whole village into east and west areas, including 110000 m<sup>2</sup> of land in the West for commercial use after demolition, 110000 m<sup>2</sup> of land in the east for resettlement, and a piece of land in the south of Liede village for construction of a wine shop as a support project for the development of collective economy. At the same time, in the renewal, Fuli also pays attention to the preservation of traditional ancestral halls, archways and other buildings to provide cultural and spiritual sustenance for villagers.[6]The reconstructed schools, kindergartens, hospitals, vegetable markets, cultural squares and other infrastructure are all available, and the quality of life of the residents settled in the original site is greatly improved. In addition, Fuli has built business centers such as Tianying square, Jiangjing office building, and Tianhui square, a fashion shopping center around Liede village. Diversified business forms have become the business card of Guangzhou urban development. The renewal of Liede village is the first attempt to introduce real estate enterprises into the

reconstruction of Guangzhou city village, which has created the renewal mode dominated by the government and participated by the market, as well as the demolition and resettlement mode of “demolition, compensation and compensation”, providing a great reference for the later renewal projects of city village.

#### **4. Conclusion**

At present, urban renewal has entered the stage of accelerated development. Real estate enterprises participate in urban renewal in various ways. From the practice of urban renewal, it's a trend that industrial upgrading, ecological livable city construction and historical and cultural value mining will be the main development trend for real estate enterprises to participate in urban renewal in the future. The reasons are as follows: first, industrial upgrading can inject new vitality into urban development and promote the sustainable development of regional economy; second, ecological environment has become one of the most important themes of urban development, and also a problem that real estate enterprises must pay attention to when they participate in urban renewal; third, urban renewal projects under the guidance of history and culture are more characteristic and competitive, which can help real estate enterprises establish public praise and accumulate popularity, so as to win more development space in city renewal.

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