

# UNIT 8

## Real Estate

### Part A Preparatory Activities



#### Task

Read the passage and discuss the following questions.

1. What are the two types of “interest in land”?
2. How many types of real estate can you think of? What are they?
3. What are the characteristics of each type of real estate?
4. If you are going to invest in real estate, which type will you choose? Why?

#### What Is Real Estate?

Different from a house, whose main function is for human dwelling, the most basic definition of real estate is “an interest in land.” Broadening that definition somewhat, the word “interest” can mean either an ownership interest (also known as a fee-simple interest) or a leasehold interest.

In an ownership interest, the investor is entitled to the full rights of ownership of the land (for example, to legally use and transfer the title of the land/property), and must also assume the risks and responsibilities of a landowner (for example, any losses as a result of natural disasters and the obligation to pay property taxes). On the other side of the relationship, a leasehold interest only exists when a landowner agrees to pass some of his rights on to a tenant in exchange for a payment of rent. If you rent an apartment, you have a leasehold interest in real estate. If you own a home, you have an ownership interest in that home. Some jurisdictions recognize other interests beyond these two, such as a life estate, but those interests are less common in the investment arena.

As a real estate investor, you will most likely be purchasing ownership interests and then earning a return on that investment by issuing leasehold interests to tenants, who will in turn



pay rent. It is also not uncommon for an investor to acquire a long-term leasehold interest in land, which then has a building constructed upon it. At the end of the land lease, the land and building become the property of the original landowner.

## Part B In and Out



### Clip One Home Buying Must-know

#### Words you need to know

have/get one's ducks in a row

把……安排得井井有条

bait and switch 诱导转向法

attic 阁楼

nook and cranny 每个角落

lowball 向（顾客）虚报低价

apples to apples 横向比较

term 条款

realtor (AmE) = estate agent 地产经纪人

faucet 水龙头

gauge 测量；估计

contingent 视条件而定的



#### Exercise

##### 1. Listen to the audio clip and complete the following sentences.

- 1) You can get the knowledge about your legal rights in buying a home from \_\_\_\_\_.
- 2) When setting a price for the potential purchase, you need to consider factors including \_\_\_\_\_.
- 3) You need to get the terms of a loan agreement in writing because \_\_\_\_\_.
- 4) When you have found a home you like, you need to do home inspection, which means that you should \_\_\_\_\_.
- 5) You need to get homeowners' insurance because \_\_\_\_\_, and you can get it \_\_\_\_\_.



## 2. Listen to the audio clip again and fill in the blanks in the following passage.

Before buying a home, you need to be familiar with your rights since buying a home can be a complicated 1) \_\_\_\_\_. A mortgage is needed so that it is necessary to talk to different lenders to find the best 2) \_\_\_\_\_. However, it is unwise to buy a home based on the amount of money 3) \_\_\_\_\_ by the lenders because that amount is, in many cases, more than you need. The right thing to do is to set a price based on your 4) \_\_\_\_\_ and take into account the factors such as 5) \_\_\_\_\_ and 6) \_\_\_\_\_. All the terms of a loan agreement should be written down in case of the immoral practice of the 7) \_\_\_\_\_.

When looking for potential homes, remember to see as many as possible and check out everything carefully. A camera may be necessary if you want to 8) \_\_\_\_\_ again later. In addition, visits to the neighborhood at different times of a day can help you to know how 9) \_\_\_\_\_ it is to live there. After you have seen the property, make an offer and try to lowball the owner on the 10) \_\_\_\_\_. Make the offer according to what you have seen during the 11) \_\_\_\_\_. The last thing to do is to get the homeowners' insurance. Try to get a 12) \_\_\_\_\_ from the company you do business with because you are likely to get a 13) \_\_\_\_\_.



### Clip Two Home Selling Techniques

#### Words you need to know

brutal 残忍的

stack 堆放；层叠

row house 联排式住宅

accentuate 强调

deck 层面

facelift 整容

languish 变得衰弱

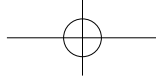
right off the bat 立刻；毫不犹豫地



#### Exercise

Listen to the audio clip and complete the following sentences.

1. Averagely speaking, it takes \_\_\_\_\_ to sell a home in the US.
2. The secret weapon for sellers of real estate is \_\_\_\_\_.



3. By mentioning the two choices of working with him, Chicago broker Ian Schwartzare implies that \_\_\_\_\_.
4. When he is selling his house, a seller must understand that \_\_\_\_\_.
5. About \_\_\_\_\_ homes on the market are staged and the time it usually takes to sell is \_\_\_\_\_.



### Clip Three How to Stage a Home for Sale

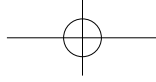


#### Exercise

1. Listen to the audio clip which provides home staging techniques, and try to note down as many techniques as you can.

2. Have a discussion on the following questions.

- 1) Will you prefer to buy a house or rent one after you graduate?
- 2) What are the advantages and disadvantages of either option?



Buy a house		Rent a house	
advantage	disadvantage	advantage	disadvantage

3. Suppose there is a buyer who is going to purchase a house for either residence or investment. Work in groups of four, with one asking questions about a house for sale and the other three answering according to his/her family's actual home condition. At the end of the interview, the buyer needs to make a choice among the three and state his/her reasons. The following table provides reference of structure. Remember to use the information you get from the previous tasks.

Buyer	Seller 1	Seller 2	Seller 3
Location			
Decoration			
Facility			
Special features			
Price			



### Clip Four Chinese Real Estate Tour of the US

#### Words you need to know

bargain basement 地下廉价商场

flush with 充满

foreclosed houses 被取消赎回权的房屋

high-rise condo 高楼公寓

batter 打击; 冲击



## Exercise

Listen to the audio clip and decide whether the following statements are true (T) or false (F).

- Housing market in the United States had been bad by the time when the report was given. ( )
- The purpose of Ying Guohao's trip to America is to have fun. ( )
- The people taking part in the US tour are looking to spend between 150,000 to 1,000,000 dollars on real estates. ( )
- From the report we can learn that some American brokers are setting up property shops inside China. ( )
- By saying "just a beginning of a wave of Chinese buyers," the reporter means that more Chinese people would go to America and invest in housing. ( )



## Clip Five How Is the Housing Market Doing

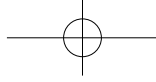


## Exercise

- Listen to the audio clip and fill in the table below.

Data	Number	Trend (↑or↓)
Seasonally adjusted rate		
	Not mentioned	20%↑
Prices	Not mentioned	

- With the help of the information from the previous exercises, give an oral account of the housing market in the US.



## Clip Six China's Market Trouble

**Words you need to know**

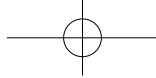
accelerator 加速器	avert 防止；避免
flashy 浮华的	liquidity 流动性；流动资产
pop 突然出现	raze 铲平
red-hot 抢手的	second and third-tier cities 二三线城市
slosh 搅动	stomp 践踏；跺脚
tumble 跌倒；摔下	



### Exercise

Listen to the audio clip and answer the following questions.

1. According to the news, what is Chinese government trying to do?  
\_\_\_\_\_
2. What tools has China got according to the analyst?  
\_\_\_\_\_
3. What does the analyst say about the Chinese officials?  
\_\_\_\_\_
4. What do government figures show about housing prices?  
\_\_\_\_\_
5. What kind of people are buying the expensive places shown in the clip?  
\_\_\_\_\_
6. In the last part, the analyst gives his opinion about the current property market. Do you agree with him? Why or why not?  
\_\_\_\_\_



# Part C Moving On



## Task 1 Reading Expansion

Read the following articles about China's housing market and exchange your ideas on this issue with your partner.

### China's Housing Market Keeps on Rising

*Eager buyers jostle as they queue up outside a city center housing complex in Beijing on a cold Sunday morning.*

Security guards dressed as five-star-hotel doormen keep them in order before the sales center opens for the first time.

Those queuing are hoping to be first in line to buy the best-located flats in an apartment building that has not yet been completed.

Similar scenes are being played out across Beijing, and in other Chinese towns and cities, as people rush to buy property as soon as it is built.

Some economists—and a number of government officials—worry that rapidly rising prices could lead to a bubble, and stoke inflation.

The Chinese government has over recent weeks moved to rein in bank lending in a bid to cool a market that could be growing too quickly.

#### Middle Class Customers

But in Beijing, at least there are few signs that the city's residents are getting tired of buying new homes.

A bus tour of four new housing sites in and around the Chinese capital, organized by the property website *soufun.com*, attracts dozens of people.

They are here to view a range of homes, from small city center apartments to giant villas in the distant suburbs.

The villas offer a dazzling vision of a future lifestyle for a nation that has only recently again accepted the idea of luxurious living.

In the show home there are chandeliers, sumptuous French-style furniture and wine racks filled with bottles.

The sales manager, Wang Chao, is keen to stress the benefits of living in one of the villas—hot spring water piped into every home—and downplays the very long commute into





the city.

“Our project is targeted at the middle class and people who’ve returned from overseas,” he says.

### **Maintaining Value**

A villa in the complex, in Changping District to the north of Beijing, costs between 5m and 7.5m *yuan* (\$732,000 – \$1m, £461,000 – £691,000).

Lu Wanpeng, 30, one of the potential buyers on the tour, is more interested in an apartment nearer the city center.

“I have already got a flat, but I want to upgrade and make an investment at the same time,” he says.

Mr. Lu bought his first home in 1998 for only about 5,000 *yuan* per square meter.

At 27,000 *yuan* per square meter, the flat he is particularly interested in on the tour costs more than five times as much.

Despite the incredible rise in house prices over recent years, he does not believe that they will fall.

“Investing in property is the best way to maintain the value of your money,” he says.

“That’s one of the reasons why I’m spending money on a flat.”

### **Fundamental Demand**

Buying property is particularly appealing in China because the limited financial sector offers few other investment options.

People buy homes as a way of saving for the future.

This is particularly important in China, where the population cannot rely on state pensions and other social security benefits.

In Beijing, it is not hard to find people who own two or three properties.

Louis Kuijs, an economist at the World Bank in Beijing, says China still needs more houses, despite several years of fast-paced building.

“In a rapidly growing country like China which still has a low stock of housing, there is a fundamental demand for new homes,” he says.

### **Government Stimulus**

On top of that, the housing sector got a boost last year when the government pumped billions of dollars in the economy to offset the effects of the global downturn.

“The message from the authorities was that it’s good to invest in real estate again,” says Tim Condon, chief economist in Asia for financial services firm ING.

A year later, with the economy over the worst, the government is looking to limit the pace of house price rises.



“It’s not a problem per se, but the lessons from the US from 2007/08 is that a housing price bubble can create unbelievably bad problems,” says Mr. Condon.

### **Building Houses**

The government might cool down the housing sector, but in Beijing the search for new sites for development is still on.

An area of traditional, one-storey courtyard homes near to Beijing’s famous Temple of Heaven has been earmarked for destruction.

Residents have been offered financial incentives to move—40,000 *yuan* per square meter compensation.

One man with a home in the district, who does not want to be named, says he has accepted the offer.

He already has two apartments in Beijing and he is going to use the compensation to buy a third.

## **China’s Housing Market Near US & Japan Bubble Levels: Chart of the Day**

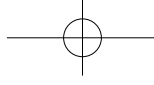
China’s property market may be heading into a bubble as the economy’s reliance on real estate reaches a level close to the housing peaks in the US and Japan, according to Citigroup Inc.

The Chart of the Day shows investment in residential property accounted for 6.1% of China’s gross domestic product last year, the same level as the record in the US in 2005 that was followed by the subprime crisis, said Shen Minggao, Citigroup’s China research head. “It’s also about 2 percentage points away from Japan’s 1970s housing boom,” he said.

“China’s property market is entering into a bubble stage,” Shen said in a phone interview. “It’s evident that property prices are no longer sustainable once the residential investments achieve above 8% of nominal GDP, and China may not be an exception.”

“A 10% drop in China’s property investment translates to a 1 percentage point decline in nominal GDP,” Shen said. “Adding investments indirectly related to the real estate industry, nominal GDP will fall 2 percentage points to 2.5 percentage points,” he said.

China’s property prices rose for 19th month in December, climbing 6.4% from a year earlier. The government last week increased the minimum down-payment for second-home purchases, told local governments to set price targets on new properties, and introduced taxes for homes in Shanghai and Chongqing. The measures followed two interest rate increases in the past four months and a ban on third mortgages.



Chinese Premier Wen Jiabao also said on January 18 that the government would “resolutely” implement controls on the real estate market in the first quarter. China’s property prices would fluctuate within a 10% range this year, Shen said, adding that the country “may only avoid the bubble burst if current property tightening is effective.”



## Task 2 Survey of the Housing Market in Shanghai

Based on the information you get from the previous tasks in this unit, design a questionnaire and conduct a survey about the housing market in Shanghai. Your survey may include one or all of the following aspects.

1. How has the housing market been doing in the last five years?
2. What factors are influential in citizens’ decision in buying a property?
3. What is the citizens’ outlook of the housing market in Shanghai for the next year?
4. Will the citizens in Shanghai invest in properties in the US, comparing the two markets?

### Vocabulary Expansion

a fee-simple interest 所有者权益

commercial/residential complex 商住  
综合楼

location classification 地段等级

property 物业；资产

site coverage 建筑密度

a leasehold interest 租赁权益

finance cost 融资成本

land use certificate 土地使用证

plot ratio 容积率

public bidding 公开拍卖