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Housing Preferences in a Transitional Housing System: The Case Study of Beijing, China

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Abstract

For a prolonged period of time, the Chinese government practiced state monopoly of housing provision. Chinese people had virtually no choice of housing. Much has changed with the deepening of the market-oriented reform launched since 1979. A housing market, though not yet a full-fledged one, has been established. People now have a greater freedom to choose their home. More and more people enter the market and buy dwellings from the market. There is, therefore, an urgent need for an inquiry into how housing decisions in China are made, what people's preferences for housing are, and what factors influence their housing choices. To this end, this paper studies the joint choice of dwelling and neighbourhood by potential homebuyers in Beijing. Since the housing market in China is still in an embryonic state and is highly regulated by the government, one may not be able to get the information on actual housing choices to reveal people's housing preferences. This study thus adopts the stated preference modelling approach. Data were collected in 2001 in Beijing, the capital city of China. The study shows that in general neighbourhood variables are more important than dwelling variables in the choice of housing in Beijing. Associated with this is the importance attached to districts with good reputation and the concern for dwelling and neighbourhood safety.