

## Land Valuation Benchmark Price Behaviour in China – a Case Study of Beijing

Mengmeng, Dou (dou-m2@email.ulster.ac.uk)

Lesley, Hemphill (la.hemphill@ulster.ac.uk)

Lay Cheng, Lim (lc.lim@ulster.ac.uk)

*Ulster University, Faculty of Art, Design and Built Environment, Research Graduate School,  
Shore Road, Newtownabbey, Co. Antrim, BT37 0QB*

**Abstract:** China used to have a planned economy where the land resources were administratively allocated by the government. To promote the economy and attract international investment, the Land Use Rights (LURs) reform in 1978 separated the rights to use land from the land ownership and enabled land transactions in an open market. The Central Government decided to form a Land Benchmark Price (LBP) to serve as a price reference point for land sales in the late 1980s with the LBP used in land valuation. The appraisal regulation in China stipulates that 'at least two approaches are required to appraise the value of the same subject' (MLR, 1999), hence the comparison method and the LBP method have become the two most popular valuation approaches to the LURs assessment of land with no construction.

The aim of this paper is to investigate the relationship between the benchmark price and transaction price in Beijing from 2009 to 2015. Two steps will be taken to achieve the analysis. Firstly, an investigation of the magnitude of the spatial-temporal autocorrelation of the land transaction price and the factors affecting spatial-temporal autocorrelation of the land transaction price. Secondly, the incorporation of time variables ( $t_i - t_{\text{benchmark update month}}$ ) are designed to test whether the update frequency of benchmark price influences the land transaction price and if so, how frequently does the LBP need to be updated. The data is sourced from the Beijing Municipal Bureau of Land and Resources, the National Bureau of Statistics and the China Urban Land Price Dynamic Monitor which are all government-based websites that provide land and economic related information to the public.

Keywords: China real estate development, land valuation, land use rights, spatial autocorrelation.