The Purchase Intention of Real Estate towards Chinese in Kunming During the Global Coronavirus Disease 2019 Crisis and Policy Adjustment

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Abstract

The objectives of this study were: 1) to understand the status quo of people's willingness to buy houses in Kunming after the COVID-19 pandemic, 2) to examine how price sensitivity influences the real estate purchase intentions of residents in Kunming, and 3) to investigate the impact of perceived risks on the real estate investment decisions of Kunming residents. This research was a quantitative study. The conceptual framework of this research was applied from the Theory of Planned Behavior. The population consists of residents in Kunming. The sample size was determined using convenience sampling, focusing on individuals within this metropolitan area. The research instrument was a questionnaire. Statistics used for data analysis were Pearson correlation to explore the impact of price sensitivity, perceived risk, and attitudes on purchase intentions.

The results of this study found that: 1) residents of Kunming show a strong desire to invest in real estate despite the economic uncertainties caused by the COVID-19 pandemic, 2) price sensitivity significantly influences their purchasing decisions, and 3) perceived risks related to economic instability and property market fluctuations reduce the likelihood of purchasing real estate.

Keywords: Real Estate, Kunming, Purchase Intention, COVID-19, Price Sensitivity, Perceived Risk, Chinese Consumers

Introduction

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This section explores the introduction of research on the purchase intention of real estate among Chinese individuals in Kunming during the global Coronavirus Disease 2019 (COVID-19) crisis and subsequent policy adjustments. This chapter presents a research statement, definitions of key issues, study objectives, a conceptual framework, hypotheses, benefits, scope, limitations, and suggestions for further research. The real estate market in China has undergone significant evolution since its nationalization in 1958. Following the economic reforms initiated in 1979, China's real estate sector experienced rapid expansion. This growth can be divided into three stages: Initial Stage (1979-1991): The rejuvenation and expansion of the real estate market started in 1979. Deng Xiaoping's 1980 speech on the construction industry and subsequent reforms facilitated changes in the urban housing system. Policies like the "temporary regulations on the transfer and assignment of state-owned land usage rights to urban areas" and "temporary measures for governing foreign investment and land operation" in 1990, along with the Pudong development, significantly boosted the market. Growth Stage (1992-1997): Deng Xiaoping's 1992 southern tour triggered a dramatic rise in real estate development investment. However, by 1993, the market showed signs of overheating, prompting the government to implement measures to curb rapid growth. Despite a temporary slowdown, the sector continued to grow, supported by government initiatives. Modern Stage (1998-present): Post-1998, the Chinese real estate market entered a new era of development, with the government providing substantial support. This period witnessed significant advancements in urban construction, leading to improved living standards and enhanced economic growth. The real estate market has emerged as one of the fastest-growing sectors in China, with an annual growth rate of about 20%.

The Chinese government's policies have played a crucial role in maintaining stability in the real estate market. Even with an oversupply, housing prices have continued to rise, driven by cultural attitudes and government interventions. Comparing this to the property bubbles in Singapore and Japan highlights the unique characteristics of China's real

estate market. The Impact of COVID-19 The COVID-19 pandemic has exacerbated the challenges facing the Chinese real estate market. As researchers like Parthasarathy and Vivekanandan (2020) and Chen et al. (2020) have noted, the pandemic has had severe economic and health impacts worldwide. In China, it has intensified the volatility of the real estate market. Changes in income levels and economic uncertainty have altered people's perceptions and demands for real estate. Many Chinese people, facing financial difficulties, have reduced their real estate investments. Real estate companies, including major players such as Evergrande, are struggling with financial stability, which may lead to potential layoffs and restructuring. However, the cultural significance of owning a home remains strong in China. Despite high prices, a majority of Chinese individuals continue to aspire to own a home. According to surveys, reasons include ensuring stability, facilitating children's education, and marriage requirements. Kunming's Real Estate Market Kunming, the capital of Yunnan province, offers a unique context for studying these trends. Known for its pleasant climate and vibrant culture, Kunming has seen significant real estate development. However, it also faces challenges similar to other Chinese cities, such as fluctuating property prices and economic uncertainty.

Research Question

1. What is the current level of willingness to purchase houses among residents in Kunming after the COVID-19 pandemic?

2. How does price sensitivity affect the real estate purchase intentions of residents in Kunming?

3. What is the impact of perceived risks (e.g., economic uncertainty, health risks, market instability) on the real estate investment decisions of Kunming residents?

Research objectives

1. To understand the status quo of people’s willingness to buy houses in Kunming after the COVID-19 pandemic.

2. To examine how price sensitivity influences the real estate purchase intentions of residents in Kunming.

3. To investigate the impact of perceived risks on the real estate investment decisions of Kunming residents.

Research Hypothesis

H1: The real estate purchase intentions of residents in Kunming.

H2: There is a significant correlation between perceived risk and purchase intention.

H3: There is a significant correlation between attitude and purchase intention.

Literature review

The Concept of the Study

Drawing on prior research, this section clarifies the definitions of both independent and dependent variables. In the initial chapter, the researcher explains the dependent variable, which pertains to the Chinese population's inclination to purchase real estate. The independent variable encompasses factors such as price sensitivity, perceived risk evaluation, attitudes, demographic attributes, and the surrounding environment.

Purchase Intention

According to a literature review, numerous articles mention purchase intention. Moreover, when it comes to real estate involving Chinese people, many articles still do not provide a definitive definition for these individuals, as the market changes rapidly. Therefore, we need new research to support these viewpoints.

According to the literature review, research on purchase intention is a common theme in various articles. Especially in the real estate industry in China, numerous studies have not provided a precise definition for Chinese consumers, as market changes are exceptionally rapid, requiring us to conduct new research to support various viewpoints continually.

Price Sensitive

Some research considers price-sensitive individuals to have a relationship with purchase intention. Some researchers (Rotz et al., 2019) divide price-sensitive consumers into three groups. First, sales and retailers' signs are the most direct clues to pricing. It usually appears near the discounted goods, allowing customers to purchase at a bargain. Our tests

have shown that a few catalogs in price used outside world "sales"(not the actual changing price) can increase demand by more than 50%. In the experiment, college students and retail workers also reported similar evidence. Second, to 9 at the end of the price. The frequent use of a low price after a cost is an oft-seen pricing strategy, leading one to assume that consumers will disregard it. However, this should be taken into account. Clues to the pricing of the reaction are significant. In general, you would think that a product's demand would increase as prices rise and decrease as prices fall. Third, road signs. For most goods, consumers are not able to immediately recall the exact price point. However, each of us may be familiar with some benchmark prices. We often focus on those things or those we are interested in (collecting or searching for related information).

Perceived risk

Researchers have posited a correlation between perceived risk and the intention to purchase. Perceived risk refers to the subjective expectation of harm, implying that when making a decision, consumers may consider the potential danger. For example, consumers may consider the safety of food when purchasing goods from supermarkets, and they may also consider the return on investment when forming a purchase intention (Bonnin, 2020).

They also informed us that AR reality has a positive influence on patronage and purchase intention, affecting both hedonic and utilitarian evaluations. This investigation aims to expand on previous research by examining the mediating effect of perceived risk and online stores, incorporating online stores for product purchases. Two experiments confirmed that the perceived risk in augmented reality plays an important role in influencing patronage intentions. In addition, the more familiar people are with augmented reality, the more it reduces perceived risk and increases patronage.

Attitude

Some researchers consider attitude to have a relationship with purchase intention.

The attitude can be shaped by a variety of elements, such as consumer engagement, cultural influence, psychological factors, personality, social aspects, environmental factors, and age (Ek Styvén & Mariani, 2020). They also informed us that, for real estate and target customers (Chinese people) in this research, they focus on cultural influence, social aspects, and personality.

First, Consumer culture, including its beliefs, customs, and art, sets up their way of thinking and behavior, which will affect their purchase intention and behavior. Consumer lifestyle was found to affect the purchase intention of buying or renting real estate.

Second, Social aspects, namely, our attitude, viewpoint, the facts of interest, way of life, and experience, will affect our purchase intention and consumer behavior. Dickson and Littrell (1996) studied the influence of consumer purchase of clothing products from alternative trade organizations on social responsibility behavior factors (ATO).

Demographic Characteristics

Some researchers consider demographic characteristics to have a relationship with purchase intention. In this research, I identified several sources that may influence the purchase intention of Chinese people to buy real estate. They are education, income, and occupation.

The quality of teachers and educational facilities in public schools is usually superior to that in private schools, mainly due to the government's more generous policies and resources. Moreover, Chinese people believe that knowledge can change one's life (JiaCheng, Li, Richest man in Hong Kong) because of their experience with Chinese history, so that the higher the education a person receives, the deeper they believe this truth. Therefore, having real estate with a good location near a high-quality school becomes a characteristic for purchase intention. Income, as a physical condition, also becomes a primary consideration when researching the relationship between demographics and purchase intention. Occupation may also be a factor influencing purchase intention. However, the supporting evidence is limited, as the phenomenon of

Chinese people living in separate places has increased dramatically in recent years. Therefore, some of them may choose to rent first.

Theories of the Study

In the second section of this chapter, researchers will analyze the Chinese propensity to purchase real estate, including their price sensitivity, risk perception, assessment, and attitude, as well as the correlation between population traits and environmental factors. All of these are based on the previous research. The following is detailed information.

According to Juha Munnukka (2008), Price sensitivity can serve as a mediating factor between perceived risk and purchase intention. This will increase sensitivity to the risk of a transaction and induce avoidance reactions as they become accustomed to the new price scale. According to the literature, perceived risk is categorized into financial and psychological risk, indicating a strong relationship between price sensitivity and the perception of risk. When people form a perception of finance, they gather information from the market and the newspaper. Based on the information they receive and the knowledge they have learned about finance, they will judge whether the price is undervalued or overvalued, which leads to price sensitivity and perceived financial risk. On the other hand, when people perceive psychological risk, they may compare the price they paid with that of others; the value of the product depends on their feelings, not its objective market value.

The Empirical Studies

According to Alok Gupta, Su Pak Chuan, and Walter Shiping. They conducted a study to analyze demographics, attitudes, evaluations, and the relationship between purchase intention.

Consumers' buying behavior is influenced by the operating characteristics, as well as the relationship between their willingness to channel transformation and the theme of buying or leasing real estate, which affects their purchase intention. A total of 337 samples of real consumers are utilized to construct and evaluate a theoretical model that aims to clarify the intentions behind consumer channel switching. Analysis indicates that the overall transformation trend is shifting from offline to

online channels, with a trend of approximately 52%. This is similar to the trend from traditional buyers who buy a house to rent. The construction of the questionnaire utilizes a five-point Likert scale, ranging from "strongly disagree" to "strongly agree." The findings indicate a noteworthy positive association between demographic attributes and purchase intention, as well as a substantial positive correlation between evaluation and purchase intention. Moreover, a noticeable negative correlation is observed between attitude and purchase intention.

According to Tanja Lautiainen (thesis 2015), Factors affecting consumers' buying decisions. The reply questionnaire yielded a total of 86 responses. From questionnaires on consumer background and the status of fundamental problems, 57 respondents were women and 29 were men. Age is divided into three grades: 17-27 years old (40.7%), 28-45 years old (46.5%), and 45 years old or above (12.8%). 44.7% of the respondents have a relationship, but are not married. 32.9% of people are married, and 22.4% of people are single. Fourteen respondents were from Helsinki, while 37 chose to live in other places.

The results of an empirical study demonstrate a correlation between social, personal, and psychological elements, as well as the selection of coffee brands; however, they lack credibility. It can be said that these factors affect consumers' purchase decisions. This means that when people do not care to buy, these factors will not be affected. The findings suggest that family, friends, and neighbors primarily influence the choice of coffee brands.

Conceptual Framework

Independent Variables: Price Sensitivity: Denotes the extent to which fluctuations in real estate prices influence citizens' propensity to acquire property. Elevated price sensitivity suggests that small price fluctuations will significantly impact purchasing decisions. Perceived Risk: Pertains to citizens' assessment of hazards associated with real estate investment. This includes economic risks (e.g., market volatility, possible depreciation of property values), health concerns (e.g., residual effects of the pandemic), or other uncertainties that may deter buying or investing

in real estate. Attitude: Refers to a person's general disposition regarding real estate acquisition. This may include their sentiments, convictions, and perspectives toward homeownership, property investing, and the real estate market in Kunming.

Dependent Variable: Purchase Intention: Indicates the probability or propensity of Kunming inhabitants to acquire real estate. This reflects the ambition to invest in or acquire a residence, shaped by elements such as price sensitivity, perceived risk, and general disposition.

These variables will be used to examine the correlations between citizens' opinions and attitudes toward real estate and their genuine intentions to acquire property in Kunming.

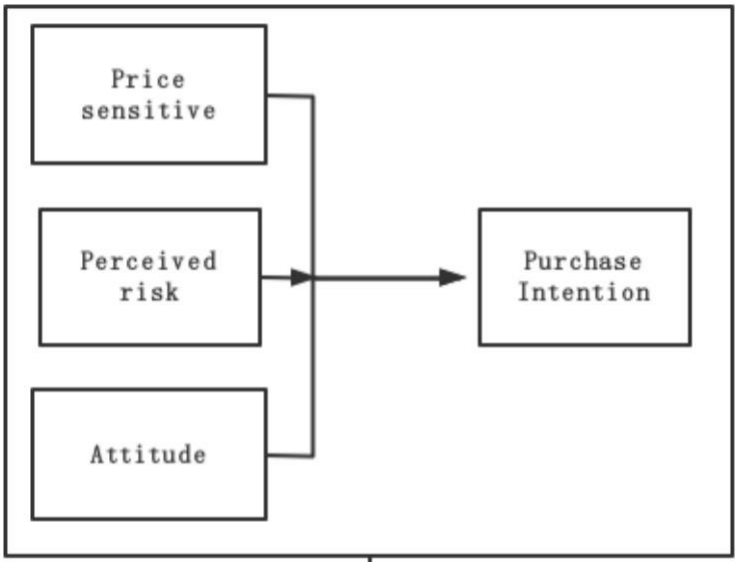


Figure 1: Conceptual Framework

Methodology

1 Population and sample

According to Zikmund (1997), a population can be a group of people or organizations that share common characteristics and provide data for researchers. This study aims to explore the factors influencing the

purchase intention of real estate among residents of Kunming, focusing on their price sensitivity, perceived risk, attitude, demographic characteristics, and the environment. The target population for this study is residents of Kunming aged 18-34.

A sample, as defined by numerous researchers, is a portion of the overall population or a collection of individuals that can accurately represent the traits of the population (Panneerselvam & Zikmund, 2004). To survey the data, the researchers chose some locations that were easier to find, such as wedding photography studios, kindergartens, and home sales centers. On the other hand, the researchers will also administer the questionnaire on the Internet, focusing as much as possible on the target respondents. The cost will be reduced if an online questionnaire is used, and it can also save time in recording data. Researchers can create an online survey on Baidu Drive; there is a significant number of people in China who could help distribute the questionnaire. Due to the limitation, the respondents must be Chinese in China. This means that all questionnaires should be completed in China.

According to Zikmund (1997), sample size is defined by the significance level, and the significance level is lower than 0.05, to support the null hypothesis:

n = Number of items in the sample

Z2 = the square of the confidence interval in standard error units

p = Estimated proportion of success

q = (1-p) or estimated proportion of failures

E2 = the square of the maximum allowance for error, which is 0.05 or 5% here

According to Malhotra (2004), the sample size can be referenced for related research. Therefore, as described in Chapter 2, other researchers have used questionnaires ranging from 90 to 300 for individual studies.

According to the Vanichabancha formula (2002), n represents the number of samples in the project, and z2 is a unit of standard error of the square of the confidence interval. According to the Z-value choice,

researchers often use 1.96 as the Z-value, corresponding to a 95% confidence level. Therefore, the sampling error is 0.05. Overall, that is, 95% of the total sample was authentic.

2 Research instrument

The approach employed for this research involved conducting a questionnaire survey to obtain firsthand data from residents of China. The questionnaire is divided into three parts, comprising a total of 28 questions. This questionnaire consists of three parts: the first part addresses the selection problem, the second part examines the relationship between each independent variable and dependent variable, and the third part collects demographic information. Researchers began administering online questionnaires on September 22 and completed the survey on October 23 after a month of investigation. The investigation period is one month. The survey is created explicitly for Chinese participants and is provided in the Chinese language. However, in individual research projects, it is translated into English as the researchers assume that not everyone in the country is proficient in English. As a result, an online and offline questionnaire is available in both Chinese and English. The researchers can refer to the table below for instructions on distributing the questionnaire.

3 Data Collection

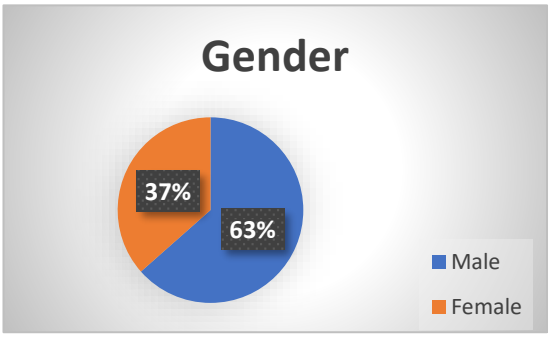
The researchers gathered data from both data information and manual labor. For the original data, the researchers adopt the method of collecting questionnaires. The main purpose of utilizing primary data is to examine the connection between individual factors and the dependent variable, which includes variables such as price sensitivity, perceived risk, evaluation, attitudes, demographic characteristics, and environmental factors. The ultimate dependent variable assessed in this analysis is the intention to make a purchase. As mentioned earlier, the questionnaire was distributed in Beijing, Shanghai, Hangzhou, and Chengdu, four major cities. Finally, the researchers obtained 400 useful questionnaires.

An examination of the supplementary information from the website, books, periodicals, articles, and papers was conducted. Based on

previous studies, this theory enables researchers to construct conceptual frameworks and formulate hypotheses.

4 Data analysis

Using the social science (SPSS) statistical package, research data can be transformed into tables and charts to apply statistical analysis. By utilizing SPSS, the relationship between each independent variable and overall job satisfaction can be visually presented.



Results

Descriptive Analysis

In the following section, we will focus on descriptive analysis, which consists of two parts. The initial part examines the descriptive analysis of demographic factors. Population factors are gender, education, income, and occupation. The next one is about the descriptive analysis of four variables. The analysis of four variables—price sensitivity, perceived risk, attitudes, and purchase intention—will reveal the standard deviation's meaning for each query.

Demographic Factors

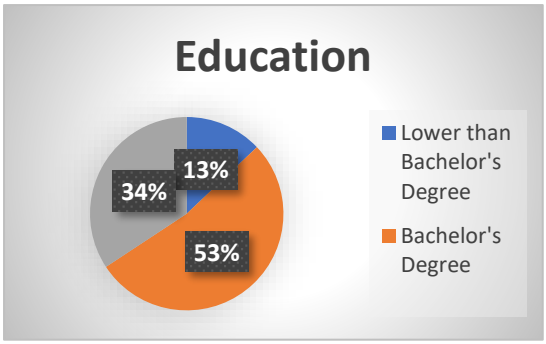
In this part, the researchers show the relationship between each demographic factor and the analysis of questionnaires from 400 respondents. When analyzing demographic factors, such as gender, education level, income, and occupation.

Based on the picture, the figure shows that the main gender is male, accounting for 63%, and female, accounting for 37%. There are 252

males and 148 females. Hence, the majority of people are men, and less than 50% are women.

According to the figure, the majority of people with a bachelor's degree are men, comprising 212 individuals, which is 53%. The second group, comprising individuals with a bachelor's degree, is relatively high, with 136 people, or 34%. The last group with a bachelor's degree is relatively small, comprising 52 people, which accounts for 13%. As a result, most respondents with a bachelor's degree are more than 50%.

According to the data, the leading income group is individuals who earn between 140001-210000 yuan; they comprise 188 people, which accounts for 47%. The second group is earning $70,000-$ 140,000; they have 148 people, which is 37%. The third type of income is earned by people who earn less than 70,000 yuan, with 32 people, accounting for 8%. The last class of income earners is those who earn more than $ 210,000; they have 32 people, accounting for 8%. As a result, the annual revenue of most people is between 140001-210000 RMB, accounting for almost 50% of the total respondents.



I

nferential analysis

This section presents seven assumptions about the test. Details of each assessment assumption are shown below.

H10: Price sensitivity has no statistically significant relationship with purchase intention

H1a: Price sensitivity has a statistically significant relationship with purchase intention.

Table Correlation Matrix between Price Sensitivity and Purchase Intention

Correlations			
		Price sensitive	purchase intention
Price sensitive	Pearson Correlation	1	0.77
	Sig. (2-tailed)		0
	N	400	400
purchase intention	Pearson Correlation	0.77	1
	Sig. (2-tailed)	0	
	N	400	400

According to the table above, the results indicate that the p-value is less than 0.05, which rejects the original hypothesis. As a result, there is a statistically significant relationship between price sensitivity and purchase intention.

Pearson correlation is 0.77. This indicates a strong correlation between price sensitivity and willingness to purchase.

H20: Perceived risk has no statistically significant relationship with purchase intention.

H2a: Perceived risk has a statistically significant relationship with purchase intention

Table 2: Correlation Matrix between Perceived Risk and Purchase Intention

Correlations			
		Perceived risk	purchase intention
Perceived risk	Pearson Correlation	1	0.14
	Sig. (2-tailed)		0.06
	N	400	400
purchase intention	Pearson Correlation	0.14	1
	Sig. (2-tailed)	0.06	
	N	400	400

As can be seen from the chart, the result shows that the p-value is greater than 0.05, showing that the null hypothesis is not rejected. Therefore, there is no statistically significant difference between perceived risk and the intention to purchase.

The Pearson correlation value is 0.14. This implies a weak relationship between perceived risk and willingness to buy.

H40: Attitude has no statistically significant relationship with customer purchase intention.

H4a: Attitude has a statistically significant relationship with purchase intention.

Table 3: Correlation Matrix between Attitude and Purchase Intention

Correlations			
		Attitude	purchase intention
Attitude	Pearson Correlation	1	0.82
	Sig. (2-tailed)		0
	N	400	400
purchase intention	Pearson Correlation	0.82	1
	Sig. (2-tailed)	0	
	N	400	400

The table above shows that the p-value is less than 0.05, which rejects the original hypothesis. Therefore, a significant statistical relationship exists between attitude and purchase intention.

The value for Pearson's Correlation is 0.82. This indicates a strong correlation between attitude and purchase intention.

Conclusion and Implications

This study examines the correlation between purchase intention and three other independent variables: sensitivity to price, perceived risk, and attitudes, using questionnaires from 400 Chinese respondents in China. The conclusions for each hypothesis are shown below.

Hypothesis one

Considering the price-sensitive statistical significance and its correlation with purchase intention, Table 15 reveals that values below 0.05 are considered statistically significant, thus rejecting the null hypothesis. Pearson's correlation coefficient is then calculated at a rate of 0.77. A strong connection exists between price sensitivity and the desire to purchase.

Hypothesis two

A noteworthy correlation existed between perceived risk and the intention to buy. As shown in Table 16, the p-value is equal to 0.06, which is greater than 0.05 but less than 0.1, indicating that the null hypothesis is rejected. Consequently, there is a statistically significant association between perceived risk and purchase intention. The Pearson correlation coefficient is 0.14, indicating a weak correlation between perceived risk and propensity to make a purchase.

Hypothesis three

Researchers believe that attitude and purchase intention have a statistically significant relationship. The p-value is 0.01, which is less than 0.05, and the null hypothesis is rejected. The Pearson correlation of 0.82 indicates a powerful connection between attitude and willingness to buy, thus demonstrating the statistical significance of attitude and purchase intention.

Continued Demand for Real Estate: Despite the economic challenges posed by the COVID-19 pandemic, the demand for real estate in Kunming remains robust. Cultural and social factors continue to drive the desire for home ownership. The Influence of Price Sensitivity: Price remains a crucial factor in influencing real estate purchase intentions. Policies aimed at stabilizing or reducing property prices could positively impact purchase decisions. Managing Perceived Risks: Addressing perceived risks through transparent communication and robust economic policies can mitigate concerns and encourage investment in real estate. The Role of Attitudes: Positive attitudes towards real estate investment need to be nurtured through education and awareness programs that highlight the long-term benefits of property ownership.Targeted

Demographic Strategies: Tailored strategies addressing the specific needs and preferences of different demographic groups can enhance the effectiveness of real estate policies and marketing efforts.

Policy Effectiveness: Government interventions have played a crucial role in maintaining market stability. Continued support through favorable policies and incentives is essential to sustain the growth of the real estate market.

Recommendation

All hypotheses were reached while the researchers analyzed the questionnaire data. The researchers hope to provide real estate companies with some Suggestions.

First suggestion: the real estate company should improve the introduction for Chinese people about the value, future value, and trend of prices, so that they can be sure whether to buy or prepare to buy real estate in the future.

Moreover, to better align with the evolving lifestyle of the Chinese population, the real estate company should consider transitioning a specific percentage of its sales to rental properties as part of its business transformation.

The third suggestion is for Chinese people; they can choose to rent if they live in a Tier 1 city due to the very high price of real estate, and those living in a Tier 2 city can consider buying real estate earlier.

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