FROM URBANISATION TO URBAN RENEWAL: A POLICY SHIFT RESHAPING CHINA'S REAL ESTATE SECTOR

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In May 2025, China unveiled a sweeping urban-renewal initiative — a landmark policy designed to shift the country's property sector from relentless land expansion to high-quality, people-centred redevelopment**.** This top-level framework sets a 2030 vision for modernised cities with upgraded infrastructure, equitable public services, ecological restoration and cultural heritage preservation.

The move marks a decisive break from decades of growth fuelled by speculative real estate, easy credit and aggressive land sales — factors that have left the sector overbuilt and dragging on the economy. Despite four years of stabilisation efforts, housing prices continue to decline in most cities, unsold inventory remains high and local government revenues from land transfers are shrinking, worsening fiscal strains.

By focusing on optimising existing urban spaces, boosting housing quality and stimulating domestic demand, China is using urban renewal as both a growth engine and a macro policy lever to achieve high-quality development.

(Click on the link to read the above in Chinese, French and Spanish)

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***Chinese*:**
从城市化到城市更新：重塑中国房地产行业的政策转向

2025 年 5 月，中国推出一项全面的城市更新倡议——这是一项具有里程碑意义的政策，旨在将房地产行业从无休止的土地扩张，转向以人为本的高质量存量改造。该顶层框架为2030年设定了愿景，推动城市现代化，包括基础设施升级、公平的公共服务、生态修复以及文化遗产保护。

此举标志着与数十年来依靠投机性房地产、宽松信贷和激进土地出让所驱动的增长的果断决裂——这些因素导致行业过度建设并拖累经济。尽管持续了四年的"稳楼市"努力，大多数城市的房价仍在下行，去化周期长、待售库存居高不下，地方政府土地出让收入缩减，财政压力加剧。

通过聚焦优化存量城市空间、提升住房品质、激发国内需求，中国正把城市更新同时作为增长引擎和宏观政策杠杆，以实现高质量发展。

***French*:**
DE L'URBANISATION AU RENOUVELLEMENT URBAIN: UN REVIREMENT POLITIQUE POUR REMODELER LE SECTEUR IMMOBILIER CHINOIS

En mai 2025, la Chine a dévoilé une vaste initiative de renouvellement urbain — une politique clé pour réorienter le secteur immobilier du pays d'une expansion foncière incessante vers une réhabilitation de haute qualité et axée sur les personnes. Ce cadre de haut niveau fixe une vision pour la modernisation des villes à horizon 2030, avec des infrastructures améliorées, des services publics équitables, une restauration écologique et la préservation du patrimoine culturel.

Cette démarche marque une rupture décisive avec des décennies de croissance alimentée par l'immobilier spéculatif, le crédit facile et des ventes de terrains agressives — autant de facteurs qui ont conduit à un secteur surdimensionné et pesant sur le reste de l'économie. Malgré quatre années d'efforts de stabilisation, les prix du logement continuent de baisser dans la plupart des villes, les stocks invendus restent élevés et les recettes des gouvernements locaux issues des cessions de terrains diminuent, aggravant ainsi les tensions budgétaires.

En se concentrant sur l'optimisation des espaces urbains existants, l'amélioration de la qualité du logement et la stimulation de la demande intérieure, la Chine utilise le renouvellement urbain à la fois comme moteur de croissance et comme levier de politique macroéconomique pour parvenir à un développement de haute qualité.

Spanish:
DE LA URBANIZACIÓN A LA RENOVACIÓN URBANA: UN CAMBIO DE POLÍTICA QUE RECONFIGURA EL SECTOR INMOBILIARIO DE CHINA

En mayo de 2025, China presentó una amplia iniciativa de renovación urbana: una política histórica diseñada para orientar el sector inmobiliario del país desde la expansión implacable del suelo hacia una reurbanización de alta calidad centrada en las personas. Este marco de alto nivel establece una visión para 2030 de ciudades modernizadas con infraestructura mejorada, servicios públicos equitativos, restauración ecológica y preservación del patrimonio cultural.

La medida marca una ruptura decisiva con décadas de crecimiento impulsado por el inmobiliario especulativo, el crédito fácil y las ventas agresivas de suelo, factores que han dejado al sector sobreconstruido y lastrado la economía. A pesar de cuatro años de esfuerzos de estabilización, los precios de la vivienda continúan descendiendo en la mayoría de las ciudades, el inventario sin vender sigue siendo alto y los ingresos de los gobiernos locales por transferencias de terrenos se están reduciendo, agravando las tensiones fiscales.

Al centrarse en optimizar los espacios urbanos existentes, mejorar la calidad de la vivienda y estimular la demanda interna, China está utilizando la renovación urbana tanto como motor de crecimiento como palanca de política macroeconómica para lograr un desarrollo de alta calidad.

Executive Summary

1. Once a growth pillar, China's real estate sector is now a drag and a focal point of policy intervention. In May 2025, Beijing unveiled an urban-renewal initiative to shift urban development from large-scale expansion to a high-quality, sustainable approach.

2. China's 2030 vision establishes a modernised urban-development mechanism to upgrade infrastructure and public services, restore ecosystems and conserve cultural heritage. Anchored in "people-centred urban development", it prioritises improved housing, equitable access to services and safer, more vibrant cities.

3. Urban renewal signifies a strategic shift from new land development and large-scale demolition to optimising existing urban spaces and housing, improving living conditions and enhancing urban resilience.

4. This policy shift adapts to slower urbanisation and demographic changes while stabilising housing, bolstering domestic demand and supporting China's high-quality development target.

5. After decades of speculative activity, easy credit and land-financed growth, the authorities have since late 2021 applied adaptive curbs to tame prices, driving a deep structural adjustment. It marked the end o the real estate-led growth model and the beginning of a prolonged transition towards more sustainable development.

6. Since then, the government has rolled out measures to stabilise the sector, but with limited success. Housing prices have fallen for years, with only first-tier cities seeing a modest recent rebound. Investment remains weak and unsold stock—especially in small and medium-sized cities—continues to climb.

7. The property slump poses significant macroeconomic risks. Declining land-transfer revenues have eroded local finances and rising debts could no longer be covered by

land sales, hence constraining essential public services. The slowdown depresses domestic demand, undermining investment and consumption confidence.

8. The government is now redirecting its housing strategy to accommodate to slower urbanisation and an ageing, shrinking population. The urban-renewal initiative leads in this policy shift, regenerating existing areas to meet demand, improve living standards and driving sustainable, high-quality urban growth.

9. The urban-renewal policy is a lever to boost domestic demand and support high-quality development, aligned with the *"Two Major and Two New"* (两重两新) strategy. Amid escalating US-China tariff tensions, China prioritises demand expansion, both defensive and transformative. Through urban renewal, real estate becomes the conduit to a more balanced, self-sufficient and resilient economy.