“十三五”普通高等教育本科规划教材

Selected English Readings on Real Estate Development and Management

房地产开发与管理专业英语

项英辉　王　玥　主　编

中国电力出版社
CHINA ELECTRIC POWER PRESS

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参　编　毕天平　李学锋　李彩云　徐　静　任秋阳

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内 容 提 要

本书是“十三五”普通高等教育本科规划教材。全书分为9章，主要内容包括房地产系统概述、城市、土地及土地管理、房地产估价、房地产市场、房地产政策、房地产投资、物业管理、房地产金融。本书紧密追踪学术前沿，关注房地产开发与管理背后的深层次研究，每章均有翻译和注释。

本书可作为普通高等院校房地产开发与管理专业的教材，也可作为相关人员的参考用书。

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前　言

在经济全球化的背景下，我国房地产和建筑市场的对外开放度不断提高，国际合作日益加强，以英语为工具了解和掌握专业理论知识和实践技能，越来越成为房地产开发与管理研究者和实际从业人员必备的能力。本书的编写正是适应了这一现实需要，主要面向房地产开发与管理专业及相关专业的本科生、研究生、科研人员及实际从业人员，具有较广泛的适用性。

本书的特点如下：

（1）紧密追踪学术前沿。书中资料多数来源于近年来国际上在房地产开发与管理及相关领域较新的研究成果，帮助读者追踪和把握国际学术前沿。

（2）本书内容丰富充实，便于使用者根据实际情况进行选择。每章都设置了两节以上的课文内容，且章后附有延伸阅读资料，知识量大。师生可以根据实际情况来灵活选择和使用材料。

（3）关注房地产开发与管理背后的深层次研究，有一定的理论深度。帮助读者不仅看到房地产开发与管理的表象，还了解其背后深层次的影响因素。比如，对城市的模式、地租理论、均衡理论、产权理论等与土地和城市相关的理论都有所介绍。

（4）翻译和注释到位。每篇课文都配有参考译文，每篇课文和延伸阅读后面都配有单词和难句注释，帮助读者更准确理解英文材料，确保学习效果。

本书由项英辉、王玥进行整体框架设计、内容选编和定稿，第 1 章由项英辉和徐静编写，第 2 章由项英辉和李彩云编写，第 3 章及第 4 章由王玥编写，第 5 章由项英辉和任秋阳编写，第 6 章由项英辉编写，第 7 章由项英辉和李彩云编写，第 8 章由项英辉和徐静编写，第 9 章由王玥编写，徐静、李学锋、任秋阳、李世杰和毕天平参与了部分章节的翻译、注释、资料整理和校对工作。

本书编写过程中，参考和借鉴了国内外多部同类教材、著作和论文，在此对作者表示诚挚的谢意。

限于作者水平，书中存在的疏漏，敬请读者批评指正。

编者

Contents

Unit 1 Overview of the Real Estate System

Section 1 Real Estate, Property and Asset Concepts

Real estate is defined as the physical land and those human-made items, which attach to the land. It is the physical, tangible "thing" which can be seem and touched, together with all additions on, above, or below the ground. Local laws within each State prescribe the basis for disguising real estate from personal property.[1] Although these legal concepts may not be recognized in all States, they are adopted here to distinguish important terms and concepts.

Real property includes all the rights, and benefits related to the ownership of real estate. An interest or interests in real property is normally demonstrated by some evidence of ownership (e.g. a title deed) separate from the physical real estate. Real property is a non-physical concept.

Personal property included interests in tangible and intangible items which are not real estate. Items of tangible personal property are not permanently affixed to real estate and are generally characterized by their move ability.[2]

In accounting terminology, assets are resources controlled by an entity as a result of past events and from which some future economic benefits are expected to flow to the entity. [3] Ownership of an asset is itself an intangible. However, the asset owned may be either tangible or intangible.

The term **depreciation** is used in different contexts in valuation and in financial reporting. In the context of asset valuation, depreciation, refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional(technical) and economic (external) obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.[4] In financial reporting depreciation refers to the charge made against income to reflect the systematic allocation of the depreciable amount of an asset over its useful life to the entity. It is specific to the particular entity and its utilization of the asset, and is not necessarily affected by the market.

Words and Expressions

property *n.* a thing or things that are owned by sb.; a possession or possessions 所有物；财产；财物

tangible *adj.* that you can touch and feel 可触摸的；可触知的；可感知的
interest *n.* the extra money that you pay back when you borrow money or that you receive when you invest money 利息，利益
permanently *adv.* lasting for a long time or for all time in the future; existing all the time 永久的；永恒的；长久的
affix *adj.* firmly attached something (to something) (formal) to stick or attach something to something else 粘上；贴上；附上
terminology *n.* the set of technical words or expressions used in a particular subject （某学科的）术语
depreciation *n.* decrease in value of an asset due to obsolescence or use 折旧；贬值
obsolescence *n.* the process of becoming obsolete; falling into disuse or becoming out of date [生物] 退化；荒废
allocation *n.* a share set aside for a specific purpose 分配，配置；安置
utilization *n.* the act of using 利用，使用

Notes

[1] …disguising real estate from personal property.
……区别不动产与动产。

[2] …personal property are not permanently affixed to real estate and are generally characterized by their move ability.
……动产不是永久性地附属在不动产上，可移动性是它的主要特征。

[3] In accounting terminology, assets are resources controlled by an entity as a result of past events and from which some future economic benefits are expected to flow to the entity.
从会计学的角度来说，资产是由于已发生事件从而被资产主体控制的资源。企业希望从中获取一些未来的经济收益。

[4] In the context of asset valuation, depreciation, refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional(technical) and economic (external) obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.
当没有市场直接交易案例，而是在一种假设市场交易的环境下进行资产评估时，为了反映资产的物质性、功能（技术）性以及经济（外部）性损耗，折旧是对复原重置成本或更新重置成本的一种调整。

Questions

1. What are the differences between the real estate and the personal property?
2. How should we calculate depreciation in financial reporting?

Section 2 The Real Estate System

You have now been introduced to the three major components of what may be called the real estate system: the space market, the asset market and the development industry. Exhibit 1-1 presents a visual overview of this system, including the major elements in and linkages among these three major components.

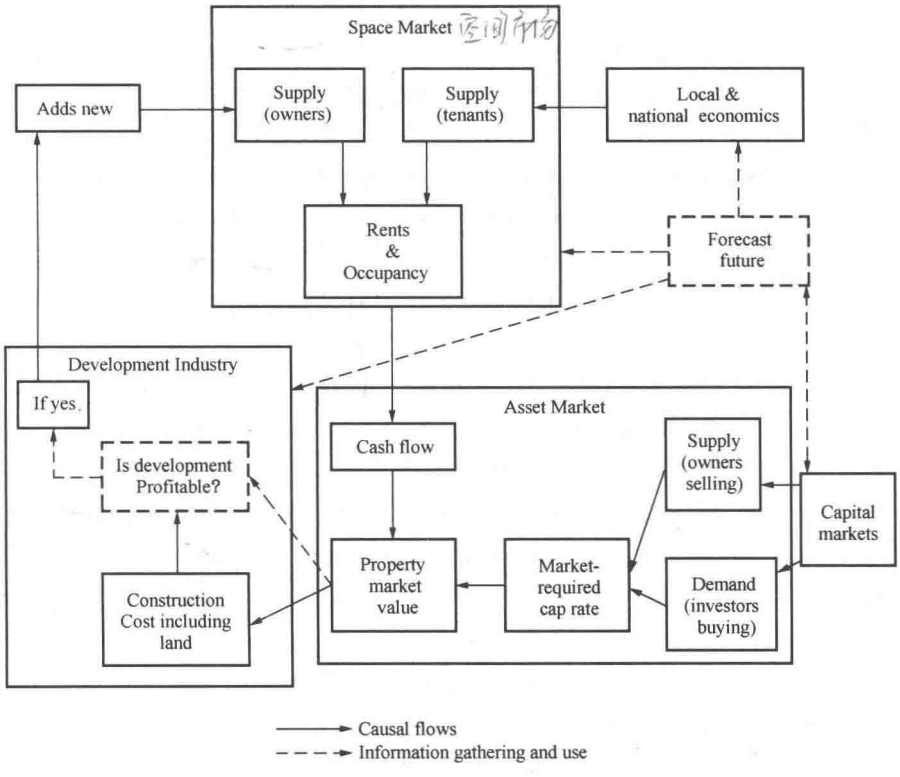

Exhibit 1-1 The Real Estate System: Interaction of the Space Market, Asset Market and Development Industry

The exhibit also shows how this system is linked to other, exogenous systems, including the national and local macro-economies and the national and international capital markets. Let's briefly "walk through" the real estate system depicted in Exhibit 1-1.

The three large boxes in the exhibit represent the three main elements of the real estate system: the space market, the asset market and the development industry. Within the space market, we see the interaction of usage demand with the current stock of physical space supply, which determines current rents and occupancy levels in the space market. Underlying the demand side of the space market are the national and local economies, which determine the need for certain quantities of

physical space of various types as a function of the cost (rent) for such space.[1] Governing the amount of physical space on the supply side are the past and current activities of the development industry.

Moving down to the asset market, we see that the space market determines the current operating cash flows produced by the real estate assets, which are the fundamental subjects of the asset market. This operating cash flow interacts with the cap rates required by investors to determine current property market values in the asset market. Both the supply and demand sides of the real estate asset market consist of investors, those currently on the ''buy'' side and those currently on the ''sell'' side, either in general or for specific assets. All of these real estate investors are operating within the broader capital markets, which encompass other forms of asset and money markets. Investors' desires and perceptions about the investment risks and returns of real estate assets, as compared to other types of investment opportunities available elsewhere in the capital markets, determine the current market cap rates investors require in real estate deals. [2] A key determinant of cap rates is also investors' forecasts about the future of the relevant space market, on both the demand and supply sides, so as to predict the likely future course of rents.

Thus, we see how the space and asset markets, reflecting the underlying economic base and the capital markets, interact to produce current real estate asset market values. These values represent the key signal, or output, from the asset market: input into the development industry, the third major box in the exhibit.

Within the development-industry component of the system, a crucial comparison is made. Current development costs, including construction and land costs (incorporating necessary profit for the developer), are compared against current asset values. If asset values equal or exceed development costs, then development will proceed, thereby adding to the physical stock on the supply side of the space market. A key component of development costs is the opportunity value of the land (including all site acquisition costs). This opportunity value is determined in the real estate asset market, as land is a type of real estate asset. Of course, development takes time, and this requires that the development industry be somewhat forward-looking. The developer succeeds only if the newly completed built property's value exceeds its total development cost at the time of completion of the project, which may take several years.

Indeed, the real estate system depicted in Exhibit 1-1 is, in principle, forward-looking to varying degrees in several aspects of the system. Not only must developers be forward-looking to account for construction time, but the space market is also forward-looking in that many users of space require long-term planning for their space needs and much space is rented out under long-term leases lasting typically from two to ten years.[3] But the greatest incentives for peering into the long-run future probably reside in the asset market part of the system.

Asset market participants are inherently forward-looking. Investors make or lose money depending on how their investments do subsequent to their purchase. Even when an investor sells relatively quickly to another investor, the price the second investor is willing to pay depends on her

perception about the future. Fundamentally, when you "unfold" each subsequent sale transaction of a given asset, you realize that the present value of the asset depends ultimately on the entire future stream of cash flow the asset can generate into the infinite future.[4] To forecast future income streams from the real estate assets they are holding or considering buying, investors must forecast both the local economic base underlying the demand side of the space market and the activity of the development industry on the supply side of the space market. They must also attempt to forecast capital-market and national macroeconomic factors, such as interest rates, inflation, and investor preferences, all of which affect the opportunity cost of capital and therefore the future values of assets.

It is important to note that within the real estate system depicted in Exhibit 1-1 there exist what are called negative feedback loops. These are dampening mechanisms that tend to make a system self-regulating, preventing it from spiraling out of control. The principal negative feedback loop in the real estate system is the ability of the asset market to regulate the flow of financial capital to the development industry. If either supply or demand threaten to get out of balance in the space market, the resulting effect on assets' operating cash flows will trigger a pricing response in the asset market. For example, if new development threatens excess supply in the space market, investors will expect lower future rents, which will cause a reduction in property market asset values today. If this reduction is sufficient, it will make additional development unprofitable. On the other hand, if usage demand for space grows without addition of supply, occupancy and rents will be pushed up in the space market, increasing current cash flow in the asset market and pushing up prices there until new development is triggered. This new development will eventually service the growth in demand and bring rents down to their long-run equilibrium level.

If the participants in the system are sufficiently forward-looking and quick in their reactions, the negative feedback loop in the real estate system can keep built space supply and demand in pretty good balance most of the time. Of course, the real estate system has not always operated exactly like a well-oiled machine in this regard. Commercial property markets have been subject to pronounced boom and bust cycles. However, during the 1990s, improvements in asset market efficiency, related to the increased role of the more informationally efficient public capital markets, gave hope that the system may work better in the future.[5]

Words and Expressions

visual *adj.* of or connected with seeing or sight 视觉的，看得见的，视力的
exogenous *adj.* having a cause that is outside the body 外生的，外成的，外因的
interaction *n.* if one thing interacts with another, or if two things interact, the two things have an effect on each other 相互影响，相互作用
specific *adj.* connected with one particular thing only 特定的，明确的，具体的
encompass *vt.* to include a large number or range of things 围绕，包围
determinant *n.* (formal) a thing that decides whether or how sth. happens 决定因素，决定物

crucial *adj.* extremely important, because it will affect other things 关键性的，极其重要的，决定性的
typically *adv.* use to say that sth. usually happens in the way that you are stating 通常，一般
incentive *n.* something that encourage you to do sth. 激励；刺激；鼓励
subsequent *adj.* (formal) happening or coming after sth. else 随后的，后来的，之后的
fundamentally *adv.* used when you are introducing a topic and stating sth. important about it 从根本上说，基本上
forecast *v.* to say what you think will happen in the future based on information that you have now 预测，预报；预示
trigger *vt.* to make sth. happen suddenly 发动，引起，触发
interact with 与……相互作用，与……相互影响，与……相互配合
so as to 以便，为了
add to 增加，加强
only if 除非，只有
in that 在于，原因是，因为
reside in 存在于，居住
be willing to 乐于，肯，甘于
push up 推上去，增高，提高
in this regard 关于此事，就这一点而言
relate to 关于，有联系，叙述

Notes

[1] Underlying the demand side of the space market are the national and local economies, which determine the need for certain quantities of physical space of various types as a function of the cost (rent) for such space.
在空间市场需求的背后是国家和地方经济，后者决定了对于不同类型的自然空间的需求数量是这些空间的成本（租金）的函数。

[2] Investors' desires and perceptions about the investment risks and returns of real estate assets, as compared to other types of investment opportunities available elsewhere in the capital markets, determine the current market cap rates investors require in real estate deals.
投资者对于房地产资产投资风险和收益的欲望和感知与在资产市场上所能获得的其他投资机会进行对比，决定了当前投资者在房地产交易中的资本化率。

[3] Not only must developers be forward-looking to account for construction time, but the space market is also forward-looking in that many users of space require long-term planning for their space needs and much space is rented out under long-term leases lasting typically from two to ten years.
不仅开发商必须前瞻性地计算工期，而且空间市场也是前瞻性的，因为空间市场的许多用户对他们的空间需求要有长期计划。许多建筑空间是基于持续 2～10 年

时间的长期租约而对外出租的。

[4] Fundamentally, when you "unfold" each subsequent sale transaction of a given asset, you realize that the present value of the asset depends ultimately on the entire future stream of cash flow the asset can generate into the infinite future.
基本上，当你"展开"每个给定资产的后续交易时，将发现资产的现值最终取决于全部未来资产的现金流是否能持续生成。

[5] However, during the 1990s, improvements in asset market efficiency, related to the increased role of the more informationally efficient public capital markets, gave hope that the system may work better in the future.
然而，在20世纪90年代，资产市场效率的提高，给房地产系统未来更好发展带来了希望，该效率提高与更加信息化的高效的公共资本市场增加的角色有关。

Questions

1.What are major components of the real estate system? Please depict them respectively.
2. Why should participants of the real estate system have the forward-looking ability?

Section 3 A Review of the Development Process

There are many steps in the development process, some occurring simultaneously. This is a good time to pull all of the elements together and try to get that "big picture" you need to enter the business with some degree of confidence.

The Development Concept

Real estate development, like most projects, begins with a person and an idea. You may have an idea that it would be profitable to build a certain type of housing in an area you know well, and are looking for ground to build it on. You may have found a piece of ground that has excellent physical characteristics for development or can be bought for an attractive price, and you want to determine if it is feasible to build. Both of these approaches are utilized in development[1].

Market Study

The next step is to conduct a market study to determine what type of development is in demand. At the end of the study, you should be able to identify the most popular types of housing, price rangers, absorption rates and what specific market segments you intend to sell to.

The market study will be vital, since it will be used by your professional team to develop the project concept and design and by your lender to determine the financial feasibility of the project. You can either conduct this study on your own, or you can hire a professional marketing firm.

Site Selecting and Preliminary Feasibility Study

Once you locate a parcel of land, you will conduct a preliminary feasibility study, a rough examination of the relevant facts to determine if the land is suitable for development. You will examine zoning, topographical and other physical features, price and terms. If the parcel is clearly unsuited for development, you should look elsewhere.

Occasionally, you may find that you have time to conduct leisurely a land acquisition study over perhaps two months or more. More often, however, you will find yourself in competition with others if its is a desirable parcel of land, and so your objective is to gain control of the land as quickly as possible. Remember the Golden Rule of Real Estate Development: those who control the land make the Golden Rules.

Once your preliminary assessment is completed, you will seek to purchase an option or enter into an agreement of sale to gain control of the land. You should seek certain contingencies in any agreement, notably receipt of all government approvals and financing. Not all sellers will accept these conditions. Under these circumstances, you confidence in the future success of the project will determine if you want to take the risk of buying unconditionally.

Land Acquisition Study

Once you control the land, you can take the time to conduct more detailed assessment of the parcel. You will conduct a property inventory to determine the exact boundaries and what is on the property; an environmental analysis to examine wetlands, soil, and topographical features; a study of utilities and municipal services to determine whether there is sufficient water, sewer and electrical services; a regional inventory to examine adjoining land uses, schools, police and fire services, neighborhood amenities, and growth patterns, and a legal assessment to evaluate government constraints such as zoning, subdivision and environmental regulations.

Retaining the Professional Team

You are looking for people with good track records in development capable of meeting deadlines and budgets. In the initial stages, the most important professionals are your lawyer, architect/land planner, engineer, and accountant.

Your architect/land planner will develop sketches of the project based on the results of the land acquisition and marketing study. After a decision to develop has been made, you will need to bring in a construction manager or general contractor, as well as sales and marketing staff.

Financial Feasibility Study

A financial feasibility study is done in conjunction with the land acquisition study. A feasibility study will provide sketches of your site and generate financial information necessary to determine how much the job will cost and whether you can make a profit.[2]

You should first determine the cost of the developing the infrastructure (water, sewer, roads, etc.) by retaining an engineer to conduct a preliminary analysis of the site. The next step is to meet with the architect/land planner and develop a sketch of the proposed project. The raw material for the sketch is provided by your marketing plan and the physical layout of the site.

Based on this sketch, you and your professional team (architect/land planner, engineer, and accountant) can develop preliminary project costs. You must also consider how you will finance the project.

Most developers approach a lending institution for financing. Since most lenders require some equity on your part, you must decide if you will use your money or engage in a joint venture with other partners. The figures you generate with your team will be developed into a pro forma that will be presented to your lender and partners.

Obtaining Government Approvals and Refinement of the Plan

Zoning and subdivision approval must be obtained from the municipality. During this period, your architect/land planner is continually revising the plans to reflect design improvements, refinement in costs , and input from the municipality.

The Development Decision

At this point you must decide if the project is viable. If you have purchased an option, you must decide whether to exercise it or allow it to expire. If you have entered into an agreement of sale, you will know if all contingencies (such as obtaining financing and receiving government approvals) will be met.

It should be clear that there are four important factors that come into play: market study, physical features, government regulations, and financial feasibility. Each must be analyzed separately and then as part of the whole package to determine if it makes sense to develop.

Infrastructure Development and Building

Once you receive approvals and financing, you can begin the construction phase of the project. You will meet with your construction supervisor or general contractor to go over design feasibility and set up subcontracting bids, and with your sales team to discuss sales and marketing.[3] You can begin construction of the infrastructure, including water, sewer, roads, and curbs, and then, when building permits are issued, proceed to construction.

Developing a Sales Program

A sales and marketing program should have been developed at an early stage and continually refined. You will have either in-house staff selling your project or a professional real estate broker.

Sale and Settlement

The settlement is the culmination of developer's efforts. Here, the lender is paid off, the buyer receives a new home, and the developer is paid.

Words and Expressions

simultaneously *adv.* happening or done at the same time as sth. else 同时发生（进行）的；同步的

characteristic *n.* a typical feature or quality that sth./sb. has 特征；特点；品质

feasible *adj.* that is possible and likely to be achieved 可行的；行得通的
utilize *v.* to use sth., especially for a practical purpose 使用；利用；运用；应用
absorption *n.* the process of a smaller group, country, etc. becoming part of a larger group or country 并入；同化
parcel *n.* something that is wrapped in paper or put into a thick envelope so that it can be sent by mail, carried easily, or given as a present 包裹；小包
preliminary *adj.* happening before a more important action or event 预备性的；初步的；开始的
acquisition *n.* the act of getting sth., especially knowledge, a skill, etc.（知识、技能等的）获得，得到
contingencies *n.* an event that may or may not happen 可能发生的事；偶发（或不测、意外）事件
utility *n.* a service provided for the public, for example an electricity, water or gas supply 公用事业
municipal *adj.* connected with or belonging to a town, city or district that has its own local government 市政的；地方政府的
sketch *n.* a simple picture that is drawn quickly and does not have many details 素描；速写；草图
subdivision *n.* the act of dividing a part of sth. into smaller parts 再分割；再分；细分
municipality *n.* a town, city or district with its own local government; the group of officials who govern it 自治市；（市下的）自治区；市（或区）政当局
contingency *n.* an event that may or may not happen 可能发生的事；偶发（或不测、意外）事件
culmination *n.* the highest point or end of sth., usually happening after a long time 顶点；巅峰；高潮；终点

Notes

[1] You may have found a piece of ground that has excellent physical characteristics for development or can be bought for an attractive price, and you want to determine if it is feasible to build. Both of these approaches are utilized in development.
你可能已经发现了一块适于开发自然特性优良或价格诱人的土地，然后再去确定开发的可行性。这些方法都用于开发。

[2] A feasibility study will provide sketches of your site and generate financial information necessary to determine how much the job will cost and whether you can make a profit .
可行性研究将勾画出地块开发的大致框架，并且提供必要总体财务信息用以确定项目成本以及盈利与否。

[3] You will meet with your construction supervisor or general contractor to go over

design feasibility and set up subcontracting bids, and with your sales team to discuss sales and marketing.

开发商将与建设工程的监理或总承包商一起审查设计方案的可行性并展开分包招标工作，同时安排营销人员研讨市场营销方案。

Questions

What is the process of real estate development?

Reading material I Four-Quadrant Model

A graphic representation of the real estate system we just described, which is useful for performing some basic analyses of the system, has been developed by DiPasquale and Wheaton. This model consists of a four-quadrant (4Q) graph, as shown in Exhibit 1-2. The four quadrants depict four binary relationships that together complete the linkages between the space and asset markets.[1]

The 4Q graph is most useful for examining simultaneously the effect on the long-run equilibrium both within and between the space and asset markets. The concept of long-run equilibrium in real estate involves allowing the markets sufficient time for the supply of built space to adjust to the demand. Equilibrium in the 4Q graph is represented by a rectangle whose sides are vertical and horizontal connections between four points, one lying on each of the four binary-relationship lines in each of the four quadrants. Where the sides of this rectangle cross the four axes represents the equilibrium stock of built space, rent, asset prices, and rate of new construction in the market. In Exhibit 1-2, the rectangle is indicated by dashed lines and the equilibrium prices and quantities by the points Q*, R*, P*, and C*. The northeast quadrant depicts the determination of rent in what we have been calling the space market. The horizontal axis in this quadrant is the physical stock of space in the market (e.g., in square feet), and the vertical axis is the rent (e.g., in $/SF per year). Thus, the axes of this quadrant are those of the classic price/quantity diagram in the space market, and the space usage demand function is represented in the northeast quadrant by the downward-sloping DD line. If we draw a vertical line from the point on the horizontal axis representing the existing supply of space in the market (Q*), the point at which that line intersects the demand function will tell us the current equilibrium rent, given that amount of space in the market. The equilibrium rent with Q* amount of space in the market is R*.