

Research on Risk Management Strategies of Real Estate Business

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Abstract: The rapid development of economy in our country has brought opportunities to the real estate industry as well as enormous pressure and challenges. Because real estate behavior is closely related to people's production and life, and it plays an irreplaceable and proactive role in improving people's living standard, so it is an important issue to ensure the healthy development of real estate industry and to effectively avoid the risk management of real estate Business. Especially in the real estate business process, the risks have very powerful lethality, it directly threat the sustainable development of the real estate industry. If there is no prevention and control in advance, it will bring the immeasurable economic losses to the real estate business management, which will affect the development and progress of the entire national economy.

Keywords: Real estate; Business; Risk management; Strategies; Research

1. Introduction

With the continuous improvement of science and technology, real estate business and development management mode have been greatly improved, and have correct understanding to the scientific control of risk management. However, in order to control the real estate business risks reasonably, in addition to the risk prevention of real estate enterprises according to their own actual situation and characteristics, it also need to strengthen the control on management methods, objectives and costs, etc. so as to be able to fundamentally achieve the real estate business risk management effectiveness and reduce the impact of business risks on real estate, to promote its healthy and stable development.

2. Type Analysis of Real Estate Business Risks

Real estate management is a very complex project, it involves a wide range, covers a large area. If not managed in place, it will directly affect the normal development of the real estate. But the impact factors from all aspects in the process of its operation and management will directly bring risks to the real estate, and the formation of some of these risks are inevitable, which only can be controlled by taking effective ways and strategies in the process of management and operation. Specifically, the formulation of the risks of real estate management has the following factors:

2.1. Human factors

In the development and management of real estate projects, people play a leading role, and the business risks caused by human being can not be completely cir-

cumvented, which also have a negative impact on the real estate business, such as contract risks, management risks and various risks arising from human being in the process of business and operation, etc.. They will bring great harm to the real estate industry without scientific and reasonable control and prevention. Human factors are the factors which are hard to be controlled and identified. They are the most active and difficult to be controlled in so many risks. The impact of human factors is not only related to grassroots employees, but also is closely related to the professional skills, ideological and moral qualities and comprehensive abilities of managers and decision makers of construction projects. Especially the professional skills of employees is also an integral part of human factors, technical factors is the test to the real estate's professional and technical aspect, which not only requires to equip the real estate management with professional technical team, but also to allow technical staff to carry out professional learning and training to eliminate the empirical style of work, prevent the occurrence of man-made technical risks and improve the efficiency and effectiveness of real estate management.

2.2. Economic factors

Real estate development requires a lot of capital investment, if developers and builders can not objectively and accurately grasp the market dynamics, it will cause devastating disasters for enterprises, and it will directly impact on the macro-policy risks of real estate's development and sales, which are the problems that the real estate enterprises need to attach great importance and concern. Real estate enterprises must conduct in-depth research and analysis of the state's fiscal and financial policies in order to effectively prevent the occurrence of risks. In addition, the investment environment risk is also

the premise and foundation for the stable development of the real estate industry. Only by ensuring the smooth flow of funds and large quantities of sales can we effectively evade risks and promote the success of the real estate industry.

2.3. Natural factors

The impact of the natural environment in the real estate business risk management is uncontrollable. It is an objective risk factor in nature. In the real estate project construction process, it may encounter various harsh environments at any time, such as earthquakes and storms, which can cause serious consequences for the development and operation of real estate projects. In addition, the incidence of natural disasters in different regions is also different. Only when they are properly mastered and reasonably controlled, can the protection of real estate business and management be strengthened.

2.4. Unforeseen factors

The risks of unforeseen factors often occur without previous signs. Due to their strong sudden, these will bring unpredictable risks and losses to the entire real estate construction. These risks includes the risks in the process of R & D and design of real estate projects the risks arising from the sales stage, etc., these unforeseen factors also are the major problems that trouble the real estate enterprises. We must stand on the management level, strengthen the sensitivity to the prevention of unforeseen risks, to ensure the stability of project development and management work.

3. Research on Strategies and Methods of Real Estate Business Risk Management

In the risk management of real estate business, if early prediction and reasonable control can not be carried out, it will cause serious consequences for the development and operation of real estate projects. And how to develop a scientific and reasonable risk management and prevention measures in the process of operation and management become the key problem of current real estate business.

3.1. Strengthen the risk management and control of the real estate business environment

The impact of the real estate business environment on its risk management is immeasurable. To achieve the reasonable control of environmental risks, it is necessary to strengthen the understanding to the business environment. The business environment not only includes the external environment, but also needs to grasp the internal environment, so as to achieve effective risk management.

3.1.1. The external environment

The merits of the external environment directly influence the smooth progress of real estate construction, and it can ensure the quality and effectiveness of the project. Therefore, in order to effectively control the external environment and minimize the risks before real estate development, we must conduct an in-depth analysis and study of the natural climatic characteristics of the region and do a good job of surveying and foreseeing its geological features, to deal with and resolve the possible risks of occurrence in a timely manner. Secondly, the external environment is the impact of the social environment. The current social development is changing rapidly. Various social cultures, political factors and economic development have a tremendous impact on the normal operation of the real estate industry. As the manager of the real estate industry, we must formulate scientific and reasonable precautionary measures in a changing social environment, and be able to assess the situation, change flexibly and make appropriate adjustment to the management and development strategies of enterprises with the changes of the external environment, so that real estate operation can effectively avoid external risks and achieve healthy development.

3.1.2. The internal environment

Apart from the influence of risk factors such as capital turnover, low overall quality of staff is the main problem in the internal environment of real estate development and management, which also is one of the most unstable risk factors in real estate risks. Therefore, in order to prevent the risks in the internal environment, we must strengthen internal management, improve the overall quality of staff, strengthen the construction of qualified personnel and regularly carry out professional knowledge training and learning. While strictly following the real estate management system, we need to improve risk awareness and strengthen risk management. In addition, we need to find a reasonable way to ensure the stability of real estate investment, for example, we can insure the real estate enterprises, transfer part of the risk investment to the insurance company, also we can conduct a clear division of responsibilities in the real estate development projects, so that it will be able to refine the various risks in the development process of real estate, to make everyone have their own responsibility to reduce the real estate business risks, and to increase its overall efficiency while ensuring its stability.

3.2. Strengthen the risk prevention management and assessment capability of real estate

3.2.1. Objective assessment

In the real estate development, enterprises must conduct assessments and carry out in-depth research and analysis for real estate development projects, in addition to ensure that the financial management of the budget to meet the

requirements of project development, but also to strengthen the detailed analysis of various projects, to make it can properly evaluate the specific circumstances of each link as well as possible problems and risks, but also to predict the future market. For example, the surrounding environment of the project, whether it is the buildings around school, whether it is the center of a city, whether the transportation is convenient or not, and whether there are hospitals and large supermarkets, etc.. All these issues are the things that need to be understood and mastered in real estate development. Only after these issues are reasonably assessed and prevented, can we properly handle the risk management of real estate management and increase its economic benefits.

3.2.2. Effective management

After having a comprehensive understanding to the overall links of the real estate, we must strengthen the supervision and management of enterprises, enterprises must adopt a scientific approach to establish risk management system, to implement the overall management of real estate manpower, material and financial resources, so as to effectively achieve cost control and improve the economic efficiency of enterprises.

3.3. Strengthen the management of real estate business sales

The ultimate goal of real estate's development and management is for sales, and only the sales real estate can produce real value, can enterprises get real benefits and profits. And from development to sales, all the investment of real estate can get the cost recovery after the sales of buildings. With the continuous improvement of science and technology in China, the quality of life of consumers has got a qualitative leap, their living conditions and environmental requirements are also getting higher and higher, and they are very picky for the choice of real estate developers and real estate. So the staff of real estate sales must improve their service quality in their work, analyze and research from the perspective of contemporary consumption, to enhance the various hardware facilities in real estate construction, strengthen the maintenance of on-site sanitation and ensure the satisfaction of consumers. Also, they need to do various after-sales service, only in this way, the real estate can establish a good image in the masses and lay the foundation for the efficient management of sales of real estate. In addition, the real estate sales staff must advance with the times and conduct constant innovation under the influence of the new era, to make the sales process become full of vitality and enthusiasm, so that consumers can feel happy and relaxed in the consumption process, which is the fundamental of management of sales, also is an important way to prevent real estate business risks.

3.4. Strengthen the ability of avoiding risks

In the development and management process of real estate, it will encounter a variety of risks, which need to raise awareness of risk and strengthen the ability of avoiding risks. In the management, real estate enterprises formulate many contracts in different aspects, such as the loan contract signed with the bank, the supply contract signed with the supplier and the lease contract, etc., all of these are the most common contracts in the development and construction of real estate. The formulation of these contracts need to conduct a professional analysis, to make clear responsibilities and clear benefits, otherwise there may be a risk trap. In other words, from the development and construction to sales, the overall process of real estate need to strengthen the coping ability to all kinds of risks, study and discuss all risks from the society and the internal of enterprises to find the most scientific and rational solutions and approach to improve the anti-risk ability of real estate management.

4. Conclusion

In short, with the rapid development of China's economy, the competition in the real estate industry is getting fiercer and fiercer. In order to stand out in the market competition, the real estate industry must enhance its ability to evade risks based on its own strength. From the current social environment, the real estate should make a comprehensive prevention and prediction work and find a scientific and reasonable solutions and strategies so that all risks can be effectively controlled. At the same time, it should also strengthen the emphasis on staff and sales and enhance their overall quality and risk awareness so as to minimize the man-made risk factors, improve the operational efficiency of real estate, ensure the effectiveness of risk management and promote the healthy, stable and rapid development of real estate behavior so as to create greater benefits for the construction of socialism in China.

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