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Article

The Mechanism of Housing Market Supply-Demand Imbalance on the Financial Performance of Real Estate Firms

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Abstract: In recent years, the imbalance between supply and demand in China's housing market has become increasingly significant, which has a profound impact on the financing environment and financial performance of real estate companies. This paper explores the mechanism of the housing market supply-demand imbalance on the financial performance of real estate companies, taking financing structure as the entry point, and analyzes the data of 72 A-share listed real estate companies for the period of February 2016 to November 2024 using panel regression model. It is found that: endogenous financing is significantly positively correlated with financial performance, with a correlation coefficient of 0.3395; debt financing is significantly negatively correlated with financial performance, with a correlation coefficient of -0.4273; and the correlation coefficient of equity financing is negatively correlated with financial performance at -0.5594. Heterogeneity analysis shows that the impact of financing structure on the financial performance of real estate development enterprises is more significant, and small-scale enterprises are more affected by financing structure than large-scale enterprises. Based on this, this paper puts forward countermeasure suggestions in four aspects, namely, suppressing housing speculative demand, improving the policy of rent and sale, promoting the citizenship of rural migrant workers, and broadening the financing channels of real estate enterprises, in order to optimize the financing structure of real estate enterprises, improve financial performance, and promote the balance between supply and demand in the housing market and the healthy development of the real estate industry.

Keywords: housing market supply and demand imbalance; real estate companies; financing structure; financial performance; endogenous financing; debt financing

1. Introduction

Real estate industry has become the pillar industry of national economy because of its high relevance and strong driving force [1]. But also because of its large proportion in the national economy, and the financial industry, construction industry and other industries are closely linked, the healthy, sustained and stable development of the real estate industry is of great significance for the sustained, rapid and healthy development of the national economy, for the comprehensive construction of a moderately prosperous society and accelerate the process of socialist modernization [2-5].

In recent years, due to the turbulent situation overseas, China's economic development has continued the downward trend, and the overall development scale, investment scale, and sales scale of China's real estate industry have declined more significantly year-on-year [6-8]. At the same time, the number of bankruptcies of real estate companies has increased significantly due to the downward trend of the real estate market and the increase in industry concentration, and several factors have a significant impact on corporate performance [9].

Due to misallocation of resources and imbalance between supply and demand, the real estate

industry faces serious inventory backlogs and declining inventory turnover, which restricts sustainable development [10-11]. High investment and long construction cycle make significant capital utilization, and once the sales decline, the difficulty of liquidity recovery can easily lead to capital chain breakage [12]. It can be seen that the root cause of real estate companies' inability to repay debts on time is the imbalance between supply and demand, inventory backlogs and low inventory turnover, which significantly reduces short-term debt servicing capacity [13]. Therefore, in order to avoid the financial deterioration of real estate companies and enhance their profitability and market competitiveness, it is necessary to deeply explore the internal mechanism of the impact of supply and demand imbalance on the financial performance of real estate companies and construct an effective risk prevention system [14-16].

As an important pillar industry of the national economy, the housing market's supply and demand balance directly affects macroeconomic stability and harmonious social development. In recent years, China's housing market has witnessed a structural imbalance between supply and demand, with housing in first-tier cities in short supply and housing prices continuing to climb, while third- and fourth-tier cities are facing a serious inventory backlog. This imbalance not only affects the fulfillment of residents' housing needs, but also has a profound impact on the operating conditions of real estate companies. Under the background of market imbalance, the financing environment of real estate enterprises has changed significantly, and the financing channels, financing costs and financing structure have been impacted to different degrees. Especially in the real estate market control policies tighten the background, real estate enterprises “three red lines” constraints to strengthen the traditional financing channels are limited, the financial pressure of the enterprise suddenly increased. At present, real estate enterprises are generally faced with high gearing ratio, debt risk concentration, financial performance decline and other issues, to explore the housing market supply and demand imbalance and the financial performance of real estate enterprises between the intrinsic linkage mechanism has become particularly necessary. Existing studies have mostly explored the factors affecting the performance of real estate enterprises from the perspectives of macroeconomic policies or micro corporate strategies, but have paid less attention to the transmission mechanism of the imbalance between market supply and demand on the financial performance of enterprises, especially the role of financing structure as an intermediary variable has not been fully revealed. This study takes financing structure as an entry point to construct a theoretical framework for the impact of supply and demand imbalance in the housing market on the financial performance of real estate enterprises, and empirically analyzes the data of 72 A-share-listed real estate companies to reveal the differentiated impacts of endogenous financing, debt financing, and equity financing on the financial performance of the enterprises, as well as to explore the moderating effects of industry type and enterprise scale, in order to optimize the financing structure of real estate enterprises and improve their financial performance. It also explores the moderating effects of industry type and enterprise size, providing theoretical basis and policy suggestions for optimizing the financing structure and improving the financial performance of real estate enterprises.

2. Research hypotheses and modeling

2.1. Theoretical analysis and research hypothesis

The imbalance between supply and demand in the housing market has a profound impact on the financial performance of real estate companies through a number of dimensions, including financing channels, financing costs, financing scale and financing structure. When supply exceeds demand, it may lead to the tightening of bank credit, the obstruction of corporate bond issuance, and the restriction of equity financing, which makes it difficult for real estate companies to raise financing, thus increasing the cost of financing and aggravating the financial risk of enterprises. When supply is less than demand, the financing channels of real estate companies are broadened accordingly, the financing cost decreases, and the financial performance improves. For this reason, this paper focuses on exploring the impact of financing structure on the financial performance of real estate enterprises, which in turn supports the impact of the imbalance between supply and demand in the housing market on financial performance.

From the point of view of capital input and output, debt financing is one aspect of the enterprise's capital input, while enterprise performance is the last important indicator used to measure the effect of output. When an enterprise spends a lot of cost in the process of capital input, its output effect is bound to be unsatisfactory. Currently, due to the poor financing environment, Chinese real estate listed companies are facing higher debt financing costs, which in turn has an impact on the company's financial performance. Based on the order of financing preferences, Chinese real estate listed companies are more inclined to debt financing methods, and their gearing ratios are generally too high.

Based on signaling theory, when a company engages in debt financing, it will convey a series of bad signals such as poor business operation and problems in the capital chain, which will affect investors to continue to invest in this company. Based on the stakeholder theory, managers tend to transfer the company's resources to overly risky investment projects in order to safeguard their own interests, which may cause the company to face the excessive debt financing costs brought about by adopting an aggressive approach to financing, which is unfavorable to the company's performance improvement. Based on this, this paper proposes the following hypotheses:

H1: The percentage of debt financing of real estate listed companies is negatively correlated with financial performance.

2.2. Sample Selection and Data Sources

This paper selects 72 real estate listed companies listed in China's A-share market before 2016 with complete disclosure of the company's annual data as a sample for analysis. The data interception interval of the sample is from February 2016 to November 2024. The data come from the financial annual reports disclosed by the 72 listed real estate companies, involving the financial data of listed real estate companies published by some platforms.

2.3. Variables and indicators

(1) Explanatory variables

This paper takes the financing structure of real estate listed companies as an explanatory variable, and takes endogenous financing, debt financing and equity financing as three indicators to measure this variable.

(2) Explained variables. This paper takes the financial performance of real estate listed companies as an explanatory variable, and takes the debt-servicing ability, development ability, operation ability and profitability of real estate companies as the measures of the financial performance variable.

(3) Control variables. Macro policies have an impact on the development of China's real estate industry and the financing of the real estate industry. If the state promotes the development of the real estate industry, commercial banks will open more credit financing to real estate companies. On the contrary, if the state adopts a tightening policy, the financing cost of listed real estate companies will rise. Based on this, this paper takes macro policy as a control variable. The definition of variables is specifically shown in Table 1.

Table 1. Definitions of variables and indicators

Dimension	Variable	Indicator	Code
Explained variable	Financing structure	Internal financing	IF
		Debt financing	DF
		Equity financing	EF
Explanatory variable	Financial performance (FP)	Debt-paying ability	DPB
		Development ability	DB
		Operational capacity	OC
		Profitability	PA
Control variable	Macro-control policy		MP

2.4. Model construction

In summary, this paper constructs a panel regression model with financing structure of real estate listed companies as the independent variable, corporate financial performance as the dependent variable, and macro policy as the control variable [17]. The model is constructed as follows:

$$FP_{i,t} = \alpha_0 + \alpha_1 IF_{i,t} + \alpha_2 DF_{i,t} + \alpha_3 EF_{i,t} + \alpha_4 \ln RP_{i,t} + \varepsilon_1 \quad (1)$$

Where: α_0, β_0 are intercept terms, α_1, α_2, α_3, α_4, β_1, β_2, β_3, and β_4 are ratio coefficients, which are based on the relationship of the changes in different variables to make an interpretation, and ε is the random disturbance term. In order to investigate the degree of influence of exogenous financing, debt financing and equity financing on the financial performance of real estate listed companies, this paper groups the samples for regression analysis.

3. Empirical results and analysis

3.1. Descriptive statistics

The descriptive statistics of the variables are shown in Table 2, and it can be seen that the mean, minimum, maximum and standard deviation of the financial performance (FP) are 1.8524, 0.3754, 3.4563 and 0.0029, respectively, which indicates that the average financial performance fluctuations of the sample real estate companies are getting bigger every quarter. Observing the maximum and minimum values of IF, DF and EF, it can be seen that the variables fluctuate more, indicating that the financing structure data are more varied, which is conducive to a clear comparison of the impact on the business performance of enterprises, and the samples have a certain degree of representativeness. The fluctuation of control variables is smaller, the standard deviation is smaller, can be used as a control variable, in line with the principle of selection of indicator variables.

Table 2. Descriptive statistics

Variable	Observation number	Mean value	Median value	Standard deviation	Minimum value	Maximum value
FP	72	1.8524	1.6247	0.0029	0.3754	3.4563
IF	72	0.3752	0.3841	0.0225	0.1145	0.5976
DF	72	0.1624	0.1589	0.0031	0.0227	0.5074
EF	72	0.2074	0.2215	0.0114	0.0645	0.3789
MP	72	0.5486	0.5342	0.0086	0.0000	1.0000

3.2. Correlation analysis

The correlation coefficients between the variables are shown in Table 3, with ***, **, and * indicating significant at the 1%, 5%, and 10% levels, respectively, and the same later. It can be seen that IF, DF, EF and FP are all significant at 1% level and the correlation coefficients are 0.395, -0.446 and -0.287 respectively. i.e., the correlation coefficient matrix can be used to preliminarily determine that there is a significant positive correlation between IF and FP, and a significant negative correlation between DF, EF and FP. Meanwhile, the VIF between each variable is less than 5, which indicates that there is no problem of multicollinearity between the variables and it is suitable for the next analysis.

Table 3. Correlation analysis

	FP	IF	DF	EF	MP
FP	1				
IF	0.395***	1			
DF	-0.446***	-0.254***	1		
EF	-0.287***	-0.268**	-0.279**	1	
MP	0.423***	0.276*	-0.157***	0.159**	1

3.3. Analysis of regression results

The regression results of this paper's model are shown in Table 4, with t-values in parentheses. Columns (1) to (3) show the regression results of endogenous financing IF, debt financing DF, equity financing EF and financial performance of real estate sample firms without adding control variables, respectively, and the regression coefficients are 0.3395, -0.4273, and -0.5594, respectively, and all of them are significantly correlated at the 1% level, which suggests that endogenous financing of real estate sample firms has a facilitating effect, while debt financing and equity financing have hindering effect on the improvement of financial performance. Columns (4) to (6) show the regression results after adding control variables, the regression coefficient of debt financing and financial performance is -0.4165, and it is still significantly negatively correlated at 1% level, therefore, it is initially determined that the hypothesis H1 of the article is valid.

Table 4. Regression result

	(1)	(2)	(3)	(4)	(5)	(6)
	FP	FP	FP	FP	FP	FP
IF	0.3395***			0.3247***		
	(6.2719)			(6.1643)		
DF		-0.4273***			-0.4165***	
		(-6.7541)			(-6.3517)	
EF			-0.5594***			-0.5435***
			(-4.9532)			(-4.7368)
Control	NO	NO	NO	YES	YES	YES
_cons	-3.3465***	-2.7243*	-3.1057**	-2.8154*	-2.5384	-2.7258
	(1.5244)	(2.1451)	(2.5471)	(1.3287)	(2.8771)	(2.7142)
N	72	72	72	72	72	72
Adj. R2	0.1247	0.1576	0.1438	0.7423	0.7581	0.7355

3.4. Robustness Tests

After using the panel regression model to obtain the relationship between financing structure and financial performance of real estate companies, this paper uses two methods of replacing the explanatory variables and adding control variables to test the robustness of the original model, and the results of the robustness test are shown in Table 5.

Column (1) shows the regression results after replacing FP with return on assets (ROA), and the results show that IF, DF, EF and ROA are all significantly correlated at the 5% level. Column (2) shows the regression results after adding one control variable cost expense utilization (COST), and the results show that F, DF, and EF are still significantly correlated with FP at the 5% level. Both results are consistent with the regression results of the original benchmark model, indicating that the model constructed in the article is more robust and the results are more reliable.

Table 5. Robustness test

	(1)	(2)
	FP	FP
IF	0.124**	0.258**
	(3.42)	(2.37)
DF	-0.215**	-0.435***
	(-4.25)	(-3.84)
EF	-0.274**	-0.424***
	(-3.81)	(-2.954)
MP	0.925***	8.541***
	(48.35)	(14.29)
cost		-2.062***
		(-4.68)
Constant	-0.162**	0.065
	(-2.41)	(0.04)
N	72	72
Adj. R^2	0.975	0.846

3.5. Heterogeneity analysis

3.5.1. Analysis of industry heterogeneity

In order to have a more detailed and accurate understanding of the relationship between financing structure and financial performance of listed companies in the real estate subsectors of real estate development, real estate services, and real estate finance, this paper focuses on industry heterogeneity in the heterogeneity test section, and the samples are regressed in groups. The results of industry heterogeneity analysis are shown in columns (1) to (3) of Table 6.

As can be seen from the regression results, among the subsectors of the real estate broad category, the performance of the financing structure of real estate development enterprises has a more obvious impact on financial performance, and the correlation coefficients of endogenous financing IF, debt financing DF, equity financing EF and financial performance FP are 0.138, -0.303 and -0.374, respectively, and they are all correlated at 1% level, with the former positively correlated and the latter

two negatively correlated. Therefore, real estate development firms that improve their financial performance by means of increasing the share of endogenous financing and controlling the share of debt financing and equity financing will bring better returns. In contrast, there is no significant correlation between the financing structure of real estate service industry and financial industry and financial performance, which indicates that the promotion of financial performance by adjusting the financing structure of enterprises is not sufficiently motivated. The reason for this phenomenon may be: due to the special nature of the real estate industry, in the process of real estate development, the enterprises in this industry need to incorporate a huge amount of funds, so the proportion of debt financing is very high, which in turn raises the financial risk of the enterprise. In the long run, the higher the financial risk, the more difficult it is for the company to raise funds, and the worse its financial performance will be, therefore, such companies will be more active in reducing financial risk by improving the financing structure, so as to reduce the difficulty and cost of financing, dominate the market, and achieve the purpose of improving financial performance. The real estate service industry and real estate development industry, on the other hand, have a lower adjustability of their financing structure, so the impact of their adjusted financing structure on corporate financial performance is not as significant as that of the real estate development industry.

Table 6. Heterogeneity analysis

VARIABLES	(1)	(2)	(3)	(4)	(5)
	Real estate development	**Real estate services**	**Real estate finance**	**Large-scale**	**Small-scale**
	FP	FP	FP	FP	FP
IF	0.138***	0.102	0.121	0.004	0.007**
	(3.51)	(2.56)	(2.37)	(0.68)	(2.04)
DF	-0.303***	-0.182	-0.215	-0.091	-0.113**
	(-4.18)	(-3.75)	(-3.29)	(-0.78)	(-1.27)
EF	-0.374***	-0.126	-0.219	-0.141	-0.182**
	(-3.81)	(-2.91)	(-3.03)	(-0.96)	(-1.58)
MP	2.162**	2.541	2.315*	2.145*	2.268**
	(3.81)	(4.02)	(4.13)	(3.64)	(3.75)
Constant	-0.227	-0.264	-0.264	0.097	-0.806
	(-1.63)	(-1.75)	(-0.84)	(0.36)	(-1.72)
N	43	12	17	40	32
Adj. R^2	0.831	0.862	0.918	0.875	0.714

3.5.2. Analysis of size heterogeneity

Taking the median of total assets as a benchmark, samples above the median are categorized as large-scale firms and samples below the median are categorized as small-scale firms, and the samples are regressed in groups according to firm size. The results of the size heterogeneity analysis are shown in columns (4) to (5) of Table 6. The regression results show that the correlation coefficients between endogenous financing, debt financing, and equity financing and financial performance of small-scale firms are 0.007, -0.113, and -0.182, respectively, and all are significant at the 5% level, while the financing structure of large-scale firms does not form a significant correlation with the firm's financial performance. This suggests that compared to large-scale enterprises, the influence played by the financing structure in small-scale enterprises is more obvious. The reasons for this result may be:

(1) Large-scale enterprises already have a mature system, with a certain foundation and resource reserves, so the coping ability is stronger, and the financing structure has less impact on their financial performance. Most of the small-scale enterprises are in the start-up period, the foundation is weak, if you do not pay attention to the adjustment of the financing structure, resulting in a poor financing structure, it will have an impact on the just formed corporate brand image, which in turn impedes the improvement of its financial performance.

(2) Changing the financing structure needs to start from various aspects. Large-scale enterprises are subject to the shareholders' meeting, the board of directors, prone to disagreements and other situations, can not make timely decisions, and the internal organizational structure is more complex, the specific promotion of a decision needs to be approved at all levels, it is difficult to promote quickly, the human resources consumed, production costs are also larger. While small-scale enterprises can quickly make decisions on financing structure adjustment and implementation, and pay a smaller price, thus accelerating the speed of financing structure adjustment, and thus improve the financial performance of enterprises. Therefore, the impact of financing structure on the financial performance of large-scale

enterprises is not as significant as that of small-scale enterprises.

4. Case Analysis

This article selects Company Y among the 72 A-share listed real estate companies as the specific research object. The company was established in 2015 and is a real estate enterprise mainly engaged in real estate development business, while also operating property operation and management. Due to its late establishment, there are few real estate development projects and the pre-sale period of residential properties is relatively long. At the same time, the pre-sale proportion accounts for a large proportion of the total value of goods. Moreover, it is affected by the imbalance between supply and demand in the housing market. Therefore, the advance receipts for some off-plan properties are recognized as income in advance, causing greater fluctuations in the amounts of some financial items. The related financial indicators also fluctuate accordingly, which can be more clearly reflected in the financial performance The impact of the imbalance between supply and demand in the real estate market on the financial performance of enterprises.

4.1. The financial performance status of Enterprise Y

4.1.1. Income situation

In practice, real estate enterprises attach great importance to the management of costs and manage them in a detailed manner so that a certain entity can be accounted for as a cost object at any time, bringing real data and information to the company for better cost control, project performance progress accounting, etc.

Given that the project of Company Y belongs to A single construction project and has a relatively small number of business types, the cost accounting object is set as the entire Project A. In practical operation, real estate enterprises often record the costs incurred by a project under the "Development Costs" account, all of which cover six major types of costs. Company Y takes the six major types of costs as the basis and increases them to eight costs according to the actual situation of the company. The types of development costs for this project and the payment situation of the project's engineering progress are shown in Table 7. As can be seen from the above table, as of 2024, Company Y has spent a total of 8,285.713 million yuan on this project. It is expected that 50 million yuan will be spent to complete the final work of the project in the future. The accurate recording of cost data in the early stage provides real and reliable data support for determining the performance progress according to the input method in the later stage. +

Table 6. Payment Situation of the engineering progress of Company S's real estate Project (Unit: 10,000 Yuan)

Cost category	2021	2022	2023	2024
Preliminary engineering cost	36514.1	74736.1	171057.1	127599.9
Preliminary engineering cost	1323.5	3831.1	786.8	6575.3
Indirect development costs	4147.1	26456.1	35642.3	47859.8
Public building supporting fee	1812.3	943.2	1114.6	6627.6
Construction and installation project cost	7705.4	48169.4	15024.1	8918.6
Pile foundation fee	14955.1	11774.8	30766.3	27576.3
Infrastructure fee	4013.9	14621.8	8590.1	51006.1
Greening project cost	13100.2	9466.9	6951.2	8904.2
Total	83571.6	189999.4	269932.5	285067.8

4.1.2. Financial Indicator Analysis

(1) Debt-paying ability

The debt-paying ability of Company Y is reflected through the current ratio and the asset-liability ratio. The debt-paying ability indicators of Company Y from 2021 to 2024 are shown in Table 7 below. It can be clearly concluded that the trend of the current ratio change of Company Y from 2021 to 2024 was a decrease first and then an increase, which is completely opposite to the trend of the company's asset-liability ratio change. The combination of the two ratios indicates that the company's debt-paying ability has generally shown a trend of weakening at first and then strengthening between 2021 and 2024. This is because in 2021, Y's first business had not yet been pre-sold, and there was no increase or decrease in inventory and advance receipts, at which time the company's debt-paying ability was the strongest. With the continuous investment in construction costs of real estate projects, the scale of

inventory and advance receipts gradually increased, but the increase in advance receipts was much higher than that of inventory, and the company's debt-paying ability became weaker and weaker. In 2023, due to the completion acceptance and delivery of the company's first project, advance receipts and inventory were carried over, which significantly enhanced its debt-paying ability. But compared with the situation in the real estate industry, Y's debt-paying ability is far below the industry average, which requires Y's managers to keep a close eye on the company's debt risk.

Table 7. Financial Indicators of Company Y's debt-paying Ability from 2021 to 2024

Cost category	2021	2022	2023	2024
Current ratio	103.25%	95.02%	106.68%	93.44%
Industry comparison	174.83%	167.33%	143.34%	123.52%
Asset-liability ratio	75.25%	81.92%	75.86%	80.34%
Industry comparison	70.33%	72.12%	75.42%	77.72%

(2) Operating capacity

When enterprise accounting staff analyze the financial situation of an enterprise, they often take the operational capacity of the enterprise as the key point of analysis and use it to measure the profit-making ability of real estate enterprise assets. The operational capacity of Company S is shown in Table 8 below. As can be seen from the table, the financial indicators of the operating capacity of real estate enterprises, namely inventory turnover rate and total asset turnover rate, have generally shown a downward trend over the past five years. The inventory turnover rate has been on a downward trend from 2021 to 2024, and the longer the inventory turnover period of real estate companies, the slower the inventory turnover efficiency. It goes without saying that the turnover rate cannot be accelerated, which makes the liquidity of average current assets in the real estate industry worse, and the trend of total asset turnover rate changes is the same. The above two financial indicators reflect that the asset turnover situation of real estate enterprises has been getting worse and worse during this four-year period, and the operation and management capabilities of the enterprises have been weakened to some extent.

Table 8. The financial indicators of Y Company's operational capacity from 2021 to 2024

Cost category	2021	2022	2023	2024
Inventory turnover rate	——	——	12.25	0.19
Industry comparison	0.35	0.27	0.31	0.22
Total asset turnover rate	——	——	6.65	0.15
Industry comparison	0.20	0.23	0.19	0.17

(3) Profitability

Profitability is the ability of an enterprise to obtain how much profit. Based on the actual situation of Company Y, the author chose the operating profit margin and the cost-expense ratio as financial indicators to analyze the company's profitability. These two profitability indicators are positive financial indicators, and the higher the value, the stronger the company's ability to make profits. The indicators are shown in Table 9. It can be clearly seen that the financial indicators of the operating profit margin and cost and expense profit margin of real estate enterprises from 2021 to 2024 have shown a trend of first increasing and then decreasing, reaching their peaks in 2023 and then gradually declining. This indicates that the profitability of the real estate industry has weakened after 2023, mainly due to the country's "three red bars" and the purchase restrictions on houses the impact of macro policies such as the "three red barriers" has caused an imbalance between supply and demand in China's housing market.

Table 9. The financial indicators of Y Company's profitability from 2021 to 2024

Cost category	2021	2022	2023	2024
Inventory turnover rate	——	——	25.34%	15.43%
Industry comparison	11.35%	15.52%	19.90%	18.72%
Total asset turnover rate	——	——	33.75%	18.06%
Industry comparison	10.11%	18.93%	21.21%	19.33%

To prevent the bubble economy of real estate enterprises, the state has implemented some purchase restrictions on them, which has weakened their profitability after 2023. Due to the fact that Company Y has no completed real estate projects between 2021 and 2023, its operating income, operating costs and

total profit cannot be reflected. Therefore, its profitability during this period cannot be demonstrated. In 2024, the first real estate project of Company S was completed and delivered, which led to the recognition of the annual operating income at 248.67 million yuan and the operating cost at 183.68 million yuan. Taxes and surcharges were also calculated. The final calculated operating profit margin and cost and expense profit margin were far higher than the data of the real estate industry. This indicates that the sharp increase in the relevant profit financial indicators in 2024 was largely due to the company's few projects rather than its true profitability. The company's management must pay attention to the quality of the company's profits.

4.2. Recommendations for countermeasures

The previous analysis shows that the imbalance between supply and demand in the housing market affects the financing structure of real estate companies through affecting their financial performance. For this reason, this chapter proposes the following countermeasures from the perspective of supply-side structural reform.

(1) Curbing housing speculation demand and strengthening the residential property of housing

The contradiction of investment and speculative demand being greater than actual residential demand is the main reason for the formation of a large number of inventories in the real estate market of first- and second-tier cities. At present, the real estate listed companies in the “inventory” policy under the guidance of the inventory has achieved certain results, but want to completely clear the real estate market of the remaining inventory, but also need to further improve the policy.

First of all, to improve the financial and tax policies. On the one hand, it is necessary to clean up and standardize the policy of purchasing two or more apartments. On the other hand, the regulation of real estate credit should be strengthened, and more credit preferential policies should be given to real estate companies with higher inventory pressure.

Second, governments at all levels need to actively guide the expectations of house price growth. In real estate regulation and control, it is necessary to strengthen the information guidance and punishment of illegal and illicit behavior, and reasonably guide expectations. At the same time, in response to the consumer's psychology of buying up but not buying down, the government should promise to reduce real estate inventory in order to reduce the price of the bottom line will not change, so that the people have the ability and willingness to buy a home.

Finally, real estate companies should improve the quality of housing to meet the housing needs of consumers. On the one hand, real estate companies should conduct market research to understand consumer demand, and strive to improve the optimization and upgrading of commercial housing, and promote the clearance of commercial housing. On the other hand, the government to strengthen market supervision, so that the real estate market information is more open and transparent, which helps consumers to understand the market dynamics in a timely manner, thus preventing the unnecessary increase in inventory.

(2) Improve the rental and sale policy, and increase the supply of guaranteed housing

The removal of real estate inventory requires the supply side and the demand side to work together, both to improve the quality of the supply side, but also to strengthen the scientific guidance of the demand side. By improving the rent-and-sale policy, effectively expanding housing demand in third- and fourth-tier cities, helping to accelerate the pace of migrant workers' demobilization, removing restrictions on investment in rental housing, and providing supportive measures and policies to encourage the development of the housing rental market.

At the same time, the supply of subsidized housing should be increased to meet the housing needs of low-income groups. The government's purchase of stock of commercial housing as guaranteed housing, provided to low-income groups, opens up the pivot between the guaranteed housing market and the commercial housing market, which not only helps to solve the housing problems of low-income groups, but also effectively completes the demineralization of real estate inventory.

(3) Improve the quality of urban development and promote the citizenship of migrant workers

Improving the quality of urban development is conducive to increasing the employment opportunities of migrant workers and raising their incomes, thus attracting migrant workers to buy houses, which can further promote the process of real estate de-inventorying in cities and towns.

Firstly, the pace of land urbanization development and population urbanization development is not uniform. To address this phenomenon, the central government should link the construction land index with the population settlement when allocating land indexes, so as to promote the coordination between the growth of construction land and the growth of the settlement population.

Second, to speed up the reform of the household registration system, the government needs to improve the institutional subsidy policy, i.e., to formulate real estate tax incentives or employment subsidy policies. Employment subsidies can effectively solve the problem of migrant workers'

citizenship, so the state and governments at all levels should include the funds for employment subsidies in their budgets and make overall planning arrangements. In addition, to give high-quality talents settled in a certain housing subsidies are conducive to the provinces to attract high-quality talent, and drive investment, digesting the real estate inventory at the same time also help to promote the economic development of society.

(4) Broaden the financing channels of real estate companies to prevent the risk of leverage bubble

First, real estate companies should strengthen the supervision and control of leverage. In terms of risk prevention and control, companies should strengthen information technology management and use relevant system software to comprehensively identify financial risks and improve risk management efficiency. At the same time, the government should further strengthen credit management in the real estate market. Banks and other financial institutions are important financing channels for real estate companies in China, and the government can use corporate information held by banks to monitor and evaluate and issue risk warnings to over-financed real estate companies.

Second, real estate companies should develop financing channels on the one hand, and on the other hand, they should also improve the efficiency of their use of lending instruments to avoid over-reliance on financing and to reduce the cost of loans. Real estate companies because of the characteristics of the industry are often faced with enormous debt servicing pressure, there is an urgent need for funds, but the domestic regulation of real estate company loans is becoming more and more stringent, so the real estate companies to adjust their own financing structure, and at the same time choose a variety of lending tools to reduce the dependence on a single channel of bank credit. At the same time, the government should relax the restrictions on securitization of real estate project assets to create a better financing environment for real estate companies.

Finally, real estate companies should establish more diversified investment decision-making indicators. Real estate companies should take into account the profitability of the real estate industry, investment costs and debt levels, etc., to improve the investment decision-making indicators, calculate the maximum gearing ratio that the company can withstand, and reasonably predict the future risk trends so as to make appropriate investment decisions.

5. Conclusion

The empirical analysis of 72 A-share listed real estate companies shows that the imbalance between supply and demand in the housing market significantly affects the financial performance of real estate companies by influencing their financing structure. In the financing structure, endogenous financing is positively correlated with financial performance, with a regression coefficient of 0.3247, while debt financing and equity financing are negatively correlated with financial performance, with regression coefficients of -0.4165 and -0.5435, respectively. The correlation coefficients of endogenous financing, debt financing, and equity financing with financial performance are 0.138, -0.303, and -0.374, respectively. The analysis of size heterogeneity reveals that the financing structure of small-sized enterprises has a more significant impact on financial performance, and the correlation coefficients of endogenous financing, debt financing, and equity financing with financial performance are 0.007, -0.113, and -0.182, respectively. Therefore, real estate enterprises should optimize the financing structure to Therefore, real estate enterprises should optimize the financing structure, increase the proportion of endogenous financing, control the debt ratio, and expand diversified financing channels; while the government should improve the housing policy system, inhibit the speculative demand, promote the rental and sale, accelerate the process of migrant workers' urbanization, and create a good environment for the healthy development of the real estate market.

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