

Banking Shareholder and the Land Acquisition Behavior of China's Leading Real Estate Firms

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Abstract: We examine the impact of having a banking shareholder—a common bank-firm relationship in emerging markets—on land acquisition of leading real estate firms in China, using a novel dataset from 2017 to 2022. We find that firms with such a relationship significantly reduce their land acquisition behavior, but only during the COVID-19 pandemic period. Our analysis suggests that the banking shareholders of China's leading real estate firms function more as creditors than equity holders, contrasting with existing literature. Our findings extend the research on the bank-firm connection and offer new insights into underlying housing issues in China.

Keywords: Banking Shareholder, Real Estate, Land acquisition, COVID-19, China

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