



Real Estate Development Strategy of Longfor Group in Xiamen Under the Background of Policy Drive and Market Differentiation

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Abstract: This article examines the development of Longfor Group in the Xiamen real estate market. It begins by introducing the brand, philosophy, and values of Longfor Group, followed by an analysis of the macro policy environment, economic growth, and the current market conditions in Xiamen, including relaxed purchase restrictions, supply-demand imbalance, and regional differentiation. Through a SWOT analysis, it highlights that while Longfor Group offers a diverse range of high-quality products in Xiamen, its development experience and social responsibility are less developed compared to Vanke, and it faces policy risks. The article suggests that Longfor Group can enhance its competitiveness and pursue further development through precise site selection, innovative business models, and expanded operations, as well as effective marketing strategies, diversified layouts, and experiential marketing.

Keywords: Chunjiang Licheng; high-end residential; Longfor Real Estate Development Company; urban complex

1. Introduction

Since its establishment in Chongqing in 1993, Longfor Group has embarked on a journey of national expansion. Over the years, its business has grown significantly, now encompassing six core sectors: real estate development, commercial operations, rental housing, smart services, property leasing and sales, and home renovation. The company is also actively exploring innovative areas such as elderly care and urban-rural integration. In 2009, Longfor Group Holdings Limited was successfully listed on the main board of the Hong Kong Stock Exchange, marking a new phase in the company's development. As of now, Longfor Group has a broad business presence, spanning 7 major city clusters and over 40 cities across the country, with its influence extending nationwide. Thanks to its outstanding performance and steady growth, Longfor Group has received numerous accolades within the industry: it has consistently ranked among the 'Top 10 Chinese Real Estate Developers' for five consecutive years; it has been listed on the 'Forbes Asia Top 50 Best Companies' list three times; and, thanks to its strong capabilities, it has successfully entered the 'Forbes Global 500' and the '2021 Fortune Global 500,' establishing itself as a benchmark enterprise in the industry (Chen Shuwen, 2020).

2. Marketing environment analysis

2.1 Analysis of macro political environment

2.1.1 The policy tone is clear

On September 26, 2024, the Central Political Bureau meeting emphasized the need to 'promote the stabilization and recovery of the real estate market,' signaling a clear commitment to stabilizing the sector. On December 9, the Political Bureau meeting reiterated the goal of 'stabilizing the property market.' On December 12, the Central Economic Work Conference stressed the importance of 'continuously working to stabilize and recover the real estate market,' setting the tone for the property market in 2025. The policy aims to reverse the industry's fundamental issues, with the easing of real estate policies continuing.

2.1.2 Demand side policies are expected to be strengthened

First, efforts will be intensified to promote the monetization of resettlement in urban villages and the renovation of dilapidated houses, thereby releasing additional housing demand. Second, restrictive policies in first-tier cities are expected to continue to be optimized, with the possibility of lifting purchase restrictions on suburban areas or large units. Third, more cities are likely to introduce incentive policies, such as increased home purchase subsidies, to boost demand.

2.1.3 Supply-side policies focus on destocking

On the supply side, the focus will be on accelerating the implementation of the inventory reduction policy. This includes the continued improvement of supporting policies for special debt acquisition of idle land, accelerating the "inventory reduction" of land; improving the policy for the storage of existing commercial housing to promote the sale of existing commercial housing; and revitalizing commercial office housing to convert it into rental housing.

2.2 Analysis of macroeconomic environment



In 2024, China's GDP climbed to 134.9 trillion yuan, with a real growth rate of 5.0% after adjusting for price factors. This highlights the economy's solid foundation, strong risk resistance, and significant development potential, with a long-term positive outlook and trend that remains unwavering. In 2025, the government will implement a more proactive fiscal policy, complemented by a moderately loose monetary policy, to fully promote the sustained recovery and growth of the economy. This will help the real estate market overcome its downward trend and achieve stable development, laying a solid macroeconomic foundation(Li Huicong,2019). The statistical results are shown in Figure 1.

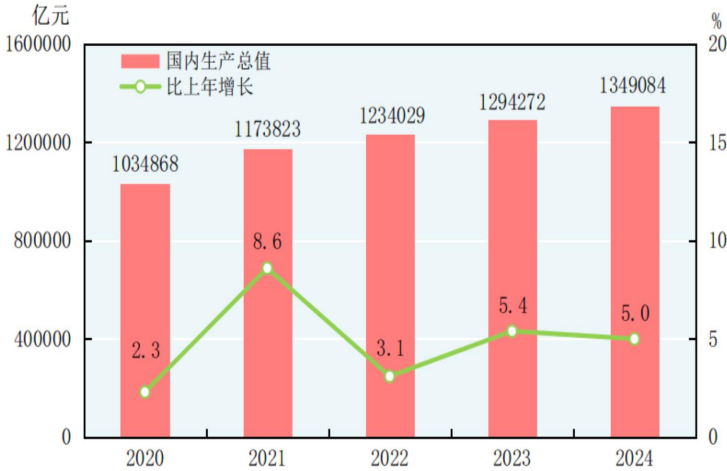


Figure 1 GDP and its growth rate from 2020 to 2024 Source: National Bureau of Statistics (<http://www.stats.gov.cn/>)

2. 3 Analysis of real estate market environment in Xiamen

In 2025, the real estate market in Xiamen is expected to exhibit a multifaceted environment. Policies will continue to be relaxed, with the four districts outside the island lifting purchase restrictions, reducing the requirement for non-residents to have social insurance contributions to six months, lowering the down payment for first-time homebuyers to 15%, setting mortgage interest rates at 3.7%, increasing the housing fund loan quota, optimizing taxes, and significantly boosting housing demand. In terms of market supply and demand, the inventory digestion cycle for new homes is 18 months in the island area, 6 months in the city center, and over 24 months in the outlying districts of Tong 'an and Xiang' an.Homebuyers are increasingly favoring completed units and placing greater emphasis on school districts and transportation infrastructure. Areas with excellent amenities, such as Wuyuan Bay and Jimei New Town, are seeing active transactions. Regarding regional development, land scarcity in the city center has fueled strong demand for improved living conditions, with some projects in Huli District selling well. The outlying new towns, due to their subway access and significant industrial potential, are experiencing robust growth, although some rigid demand sectors face significant pressure. Economic growth is robust, with a steady influx of population. However, in terms of financial risks, while the household leverage ratio has decreased, the number of foreclosed properties has increased.

3. Literature Review

The strategic adaptation of real estate developers to policy and market changes has been extensively examined in academic literature. Scholars such as Deng et al. (Y. Deng, L. Wei, & J. Wang,2021) emphasize how China's cyclical property regulations create both constraints and opportunities, requiring firms to balance compliance with innovation. Their work highlights how leading developers like Vanke have institutionalized policy-monitoring systems, though few studies explore how mid-tier firms like Longfor Group can replicate such capabilities. This gap is particularly relevant given Xiamen's unique market conditions, where rapid urbanization intersects with strict land-use controls(R. Wang, & Q. Zhang,2023).

Existing research on real estate marketing strategies predominantly focuses on generic approaches like experiential marketing and product diversification (H. Chen,X. Li, & Y. Wu,2022). However, these studies often neglect the critical interplay between localized policy shifts and tactical execution. For instance, while Liu'sanalysis of first-tier cities demonstrates the effectiveness of high-end branding, Xiamen's emerging suburban markets demand distinct strategies that blend affordability with lifestyle appeal(K. Liu,2020). The literature lacks granular examination of how developers adjust promotional tactics when policies abruptly alter demand patterns, as seen in Xiamen's 2025 down payment reductions.

Comparative studies of Chinese developers (M. Zhou et al.,2023) reveal that competitive resilience stems from three core capabilities: agile land acquisition, financial risk hedging, and policy anticipation. Yet these frameworks inadequately address regional subsidiaries' operational challenges. Longfor's Xiamen operations exemplify this limitation—while the parent company's national resources provide economies of scale, local success depends on micro-level adaptations like Jimei New Town's transit-oriented product designs. This disconnect between corporate strategy and local implementation warrants deeper investigation.

Emerging scholarship on smart city integration (J. Li, S. Zhang, & T. Xu,2024)suggests future-proof strategies may lie in combining traditional development with digital infrastructure. However, most proposals remain theoretical, with minimal case studies on actual implementation. The current study contributes by analyzing Longfor's experimental projects in

Wuyuan Bay, where IoT-enabled communities demonstrate how technological innovation can enhance policy compliance while creating market differentiation—a dimension absent in existing literature. This review thus identifies critical gaps in understanding how regional developers navigate policy-market dualities through hybrid strategies.

4. Methodology

This study adopts a mixed-methods research design to systematically examine Longfor Group's real estate development strategy in Xiamen, combining qualitative policy analysis with quantitative market data and comparative case studies. The methodology is structured to address both macro-level policy influences and micro-level market dynamics, ensuring a comprehensive evaluation of strategic opportunities and challenges. The research begins with an extensive policy review, analyzing central government directives and Xiamen municipal regulations from 2020 to 2025, with particular focus on land-use policies, purchase restrictions, and financial incentives. Market data is collected from authoritative sources including the National Bureau of Statistics, CRIC China, and Xiamen Housing Authority, covering transaction volumes, pricing trends, and inventory cycles across different districts. Consumer preference surveys (n=1,200) provide insights into evolving housing demand patterns, particularly the growing preference for completed units in well-serviced locations. For competitive benchmarking, the study employs a structured SWOT analysis comparing Longfor's performance metrics against industry leaders like Vanke and China Overseas Land & Investment. This includes detailed examination of annual reports (2020-2024) to assess product mix, land reserve strategies, and sales performance. The analytical framework incorporates PESTEL analysis to evaluate macro-environmental factors and advanced geospatial techniques (using ArcGIS) to correlate Longfor's land acquisitions with infrastructure development projects.

To validate findings, the methodology includes semi-structured interviews with industry executives and urban planners, offering ground-level perspectives on strategic implementation challenges. Scenario testing through Monte Carlo simulations projects potential market outcomes under varying policy conditions (2026-2030), providing actionable intelligence for strategic planning. The study acknowledges limitations including potential data gaps in off-market transactions and the dynamic nature of China's policy environment, while emphasizing ethical compliance with data protection regulations throughout the research process.

5. Description of the Study Area

5.1 SWOT analysis

5.1.1 Product diversification and excellent quality

Longfor Group focuses on three core business areas: development, operation, and service. It integrates resources from five key sectors—real estate development, commercial investment, asset management, property management, and smart creation—to create a strong synergy. In the Xiamen real estate market, Longfor Group has a comprehensive and deep business layout, offering a diverse range of products that span residential and commercial sectors. In the residential product line, Longfor Group precisely caters to a wide range of market demands, from first-time buyers to those seeking improvements, providing housing solutions tailored to consumers with different budgets, family structures, and lifestyle philosophies.

During the construction of projects, Longfor Group prioritizes building quality. By adhering to high-standard construction norms and employing advanced construction techniques, the company ensures that every project achieves exceptional quality. In landscape design and development, Longfor Group adopts a unique design philosophy, balancing aesthetic value with practical functionality. Through meticulous planning of plant arrangements, spatial layouts, and functional facilities, the company creates a community environment with rich layers and scenic views throughout the year, allowing residents to enjoy the pleasure of changing scenery at every step of their daily lives. For instance, in some residential projects developed by Longfor in Xiamen, the community's landscapes are meticulously crafted, with flowers blooming year-round and different themed landscape nodes scattered throughout, providing residents with a high-quality living experience and significantly enhancing the project's residential value and market competitiveness (Li Wenjuanz, 2018).

5.1.2 Lack of development experience

In the competitive real estate market of Xiamen, Longfor Group faces certain disadvantages compared to industry leaders. Since its establishment in 1984 and entry into the real estate sector in 1988, Vanke has grown into a leading player in China's real estate industry over more than three decades. In contrast, although Longfor Group was founded and has been developing in Chongqing since 1995, it still lacks experience in the Xiamen market. This results in a noticeable gap between Longfor and Vanke in terms of brand influence and market potential.

Meanwhile, in terms of social responsibility, Longfor Group also needs to improve. For a long time, Vanke has actively collaborated with various social resources to conduct a series of assistance and support activities for special children, ensuring their healthy growth; it has also continuously worked on public welfare areas such as waste sorting, wetland ecological protection, biodiversity maintenance, and the restoration of ancient buildings. In comparison, Longfor Group falls short of Vanke in both the breadth and depth of its social responsibility fulfillment, and urgently needs to strengthen its corporate social responsibility commitment, promoting its own practices and development in the field of public welfare.

5.1.3 Favorable policies promote the release of market demand

Xiamen's real estate policies continue to be relaxed, with the down payment for first-time homebuyers as low as 15%, mortgage interest rates at 3.7%, and a maximum housing fund loan of 1.2 million yuan for dual-income couples. The

purchase restrictions in the four districts outside the island have been lifted, and the social insurance requirement for non-household families has been reduced to six months. There are also numerous tax incentives. These policies are expected to further stimulate housing demand. Longfor can seize this opportunity by intensifying its project promotion in Xiamen and launching products that align with policy guidelines, such as small-sized residential units for first-time homebuyers, to meet market needs and boost sales.

5.1.4 Policy uncertainty risk

The real estate sector is significantly influenced by policy changes. Although the current real estate policies in Xiamen are relatively relaxed, there is uncertainty about future policies. The government may introduce stricter measures in areas such as taxation and land management based on market developments. For instance, increasing taxes on real estate transactions could curb housing demand and affect the sales progress of Longfor projects. Changes in land allocation policies might also raise the costs and difficulties for companies to acquire land, thereby impacting their development plans and profitability in the Xiamen market.

6. Analysis of real estate market development and marketing strategies

6.1 Real estate market development strategy

6.1.1 Accurate site selection to promote healthy market development

When selecting a location in Xiamen, Longfor Group thoroughly considered the region's development potential and market demand. On one hand, they focused on the scarce land resources in the core area of the island, despite the high acquisition difficulty, to develop high-end projects that cater to the needs of high-net-worth individuals looking to upgrade their living conditions. For instance, by focusing on key areas like Wuyuan Bay, they aim to create high-quality residences with excellent regional amenities, thereby enhancing their brand image and project value. On the other hand, they also paid attention to regions outside the island with significant development potential, such as Jimei New Town and Maluan Bay. These areas, due to subway construction and industrial development, have substantial potential for future appreciation. By investing in these areas, Longfor can leverage its brand and product strengths to gain a competitive edge, meet both basic and improvement needs, promote regional development, and achieve its own business growth(Wu Peng,2020).

6.1.2 Innovate development mode and enhance comprehensive competitiveness

Actively adopt green building technologies, such as solar photovoltaic systems, rainwater collection and utilization systems, and high-efficiency thermal insulation materials, to reduce energy consumption and create environmentally friendly residential and commercial projects. In terms of intelligence, continuously upgrade smart home systems to achieve features like intelligent security, lighting, and appliance control, enhancing the convenience and comfort of living and working environments. Additionally, leverage big data and artificial intelligence to optimize project planning, design, and operational management, thereby improving development efficiency and service quality.

6.1.3 Focus on future development and consolidate long-term foundation

Explore emerging real estate sectors, such as long-term rental apartments, elderly care properties, and industrial real estate. In the context of Xiamen's growing talent pool, develop long-term rental apartments to meet the needs of young tenants; as the aging population increases, develop elderly care properties to create high-quality communities; in line with Xiamen's industrial development, develop industrial real estate to support industrial upgrades. By diversifying business strategies, reduce risks associated with a single focus and expand the group's growth potential.

6.2 Marketing strategy

6.2.1 Precision marketing promotion

Based on the market characteristics and target customer groups in different areas of Xiamen, Longfor conducts precise marketing and promotion. In the core area of the island, targeting high-net-worth improvement customers, Longfor uses high-end social events and personalized services, such as hosting high-end tasting sessions and inviting renowned designers to give lectures, to precisely reach these customers. In the outer areas of the island, for first-time homebuyers and those looking to upgrade their homes, Longfor employs more down-to-earth marketing methods, including community exhibitions, group buying activities, and collaborations with local businesses, to promote and publicize in areas where target customers are concentrated, thereby increasing the project's visibility and appeal. By leveraging big data analysis, Longfor accurately identifies its target customer base and sends personalized marketing messages to enhance marketing effectiveness.

6.2.2 Diversified product layout

Based on the diverse needs of homebuyers in Xiamen, Longfor has diversified its product offerings. For first-time buyers, it offers small-sized residences that emphasize space efficiency and cost-effectiveness, making it easier for young people to achieve their home-buying dreams by lowering the total price threshold. For those looking to upgrade their living conditions, Longfor has developed mid-to-high-end residential projects with improved construction quality, optimized floor plans, and enhanced community amenities, such as high-quality landscaping and smart property management services, to enhance the overall living experience and attract more buyers looking to improve their living conditions. Additionally, Longfor is actively exploring commercial real estate development, creating commercial complexes in key

business districts or potential areas of Xiamen. These complexes integrate various business formats, including shopping, dining, and entertainment, serving as new consumption landmarks and boosting the value of surrounding real estate projects(Xu Yuewen,2020).

6.2.3 Experiential marketing

To enhance customers' perception of the product, Longfor can explore experiential marketing in Xiamen. By creating high-quality model rooms, Longfor can showcase the product's details comprehensively, including the spatial layout, decoration style, and soft furnishings, allowing customers to intuitively experience the future living environment. Additionally, constructing real-life demonstration areas to display community landscapes, recreational facilities, and property services can help customers get a head start on experiencing the community atmosphere. Organizing various experiential activities, such as family entertainment events and owner fitness sessions, can increase customers' sense of belonging and recognition of community life, thereby promoting their purchasing decisions.

7. Results and Discussion

With the trend of economic globalization becoming increasingly pronounced, many real estate development companies have taken on significant roles in the development of their respective national markets. The growth of these companies is constrained by regional factors, local consumer wage levels, and living standards. If Longfor Group focuses solely on its product brand positioning without considering consumer needs, it will struggle to develop.

This article argues that, given the current real estate market environment in China, Longfor Real Estate Development Company should not aim for stability by merely entering the industry. Instead, it needs to focus on developing a robust sales strategy in the future. Additionally, the company must steadily advance its promotional efforts. If Longfor Group fails to adapt to the evolving real estate market and remains content with the status quo, it will struggle to maintain its competitive edge.

8. Conclusion

This study reveals that Longfor Group's real estate strategy in Xiamen must transcend conventional market responses by institutionalizing dynamic policy-monitoring mechanisms and leveraging localized demand analytics to preempt regulatory shifts. While current tactics like diversified product portfolios and experiential marketing address immediate demand, they fail to mitigate systemic risks from China's volatile policy environment. To secure sustainable growth, Longfor should pioneer a dual-track approach: First one need to deploy predictive modeling to anticipate land-use policy changes in emerging zones like Jimei New Town, and then establish a cross-sector innovation lab integrating smart city technologies with affordable housing projects—a gap unaddressed by competitors. Only through such paradigm-shifting strategies can Longfor transform policy constraints into first-mover advantages in Fujian's rapidly differentiating market.

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