

# DEFINITION AND CONSTRUCTION OF THE CORE COMPETENCE IN REAL ESTATE INDUSTRY<sup>1</sup>

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**Abstract:** The real estate is a very high risk profession. Its funds devotion is big, the operation period is long and the market change quickly. At the same time, the real estate has to face the high level competition that brought by international capital investment. The key to deal with these problems is how to set up and enhance the core competence of the real estate industry while integrating the strategic resources. In this paper we will analyze the features of core competence, thus define the core competence in real estate Industry. The main competition factors of real estate industry include land resources, capital scale and market management. Accordingly, we put forward the solution to establish the core competence of real estate industry.

**Key words:** Core competence, Real estate, Investment

## 1. INTRODUCTION

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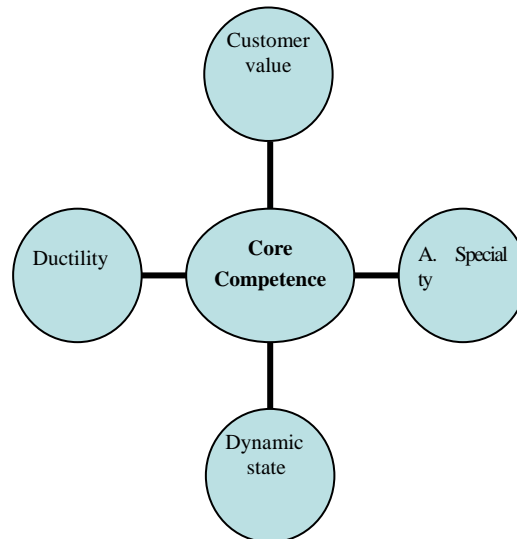
How to obtain the long-term existence and keep on the development in the competition has become the problem that the real estate management authorities just consider in the bitter and search for. Since the core competence principle have put forward by the C·K Paul and G·A Hammer in the lead, the enterprise core competence concept realm to become popular in the business development theories and strategy management world quickly( Xie Yue-lai,, 2005 ). From the standpoint of the enterprise developing inside, that theory thinking to compare with the business enterprise exterior environment, the internal condition is the decisive factor to acquire super profits and to maintain competitive advantage, which is all the same to the real estate industry.

The residence real estate industry is the new economy growth point in the world, facing the unprecedented development opportunity. Meanwhile, the real estate industry not only faces the change of market consumer, the market supply relation, the consumer need etc. continuously, but also faces the foreign real estate enterprise flowing into the local market to make the competition increasing. Therefore, combining the actual circumstance of the real estate profession with the finance innovation development, to set up the core competence and to acquire the competitive advantage are the demands of existence and development of the real estate industry.

## 2. CONCEPT DEFINITION

The success or failure of the real estate industry in the market position and the market competition mainly is decided by the real estate industry core ability. This should exactitude judge which affairs are more beneficial to the long-term developing foreground of the real estate industry, and should target the main attention on the core layer in ability, because only the core competence then can contribute to the last long competition ability and successes of the real estate industry.

From our analysis, the core competence of the real estate developing industry has four characteristics in the following ( Zhang Tong; Song Jie, 2007 ) , as in Figure 1.



**Figure 1. Characteristics of the Core Competence**

### 2.1 Customer value

The customer value main incarnates that under the premise of the real estate development industry

guaranteeing the customer's request of the applicability, safety, health and economic on the real estate ( Joseph T.L. Ooi, Kim-Hiang Liow, 2002 ) , the product has the proceeding and the price has compare advantage in the building type, environment, the kit facilities, etc. The product value will increases in value or has a certainly value increase space in a certain period.

## **2.2 Ductility**

Ductility is refer to the real estate development and investment industry provide the further related service, for example the logistics industry management, the agency service and the communities serve etc. in order to satisfy customer's request.

## **2.3 Specialty**

Specialty points to the real estate industry owning uniqueness ( Zhang Tong; Song Jie, 2007 ) , which is not be substituted by current and latent rival of quilt, such as the special advantage of land storage, the district, resources integrating and so on.

## **2.4 Dynamic state**

The real estate industry core competence is formatting gradually in the management fulfillment of the long-term, it is to prop up the active dint that real estate industry develop over a long period of time, having the stronger stability, its life cycle is also far beyond the life cycle of real estate developing.

According to the above analysis, this text will define the core competence of real estate industry are as follows: The real estate industry's core competence mean the ability that the real estate can obtain the keeping competitive advantage, which under the market compete condition, with a foundation on the industry technique ability, via the interaction process of the strategy developing decision, program design, investment construction, market marketing, internal organization moderate and service etc.

In conclusion, the real estate industry core competence is an important factor that decides the role of the industry in the market quota and in the future development foreground, so the competence must get the market approbation under the condition of competes to just mean to have the independent and lasting competitive advantage ( Marc Louargand, 1999 ) .

# **3. ANALYSIS ON MAIN COMPETITION FACTORS OF REAL ESTATE INDUSTRY**

From finance view, the main competition factors of the real estate industry have three performance aspects for the land resources, the capital scale and the market management.

## **3.1 Land resources**

As we known, the usage of the land resources is limited. It is impossible to carry on development and exploitation of the same piece of land again and again during short date. If the real estate industry has no storage of the land resources, even it owns the forerunner's mechanism, excellent talents and ample funds; it will also be placed in the idle wasted appearance ( Zhang Tong; Song Jie, 2007 ) . The plentiful of the land resources affects farsighted development of the real estate industry directly.

## **3.2 Capital scale**

The advantage of the capital scale is very beneficial to the real estate industry. The main performance is in three aspects ( Meng Yaning; Feng Taozhu, 2005 ) : One is to develop the large-scale item, carry on the

main category kit; Second is to resist the market risk, can lower the risk through a different item combination, and also can avoid the financing difficulty because of the long period of item development; Third is if the land storage strengths is really strong, has the land storage in the large-scale and development, it can lower the cost of the land acquiring and developing effectively.

### **3.3 Market management**

The real estate development must have some certain prospect. If the real estate development and investment industry had the ability of the accurate confidence market, to insight into the variety trend of the market trend, rival, customer need, etc. in time, to adapt to the orientation trend of the market, it is doubtless strengthen the industry ability in conduct activity competition. Furthermore, in the circumstance of finance economy, the speed of simulation is also speeding up continuously ( Xie Yue-lai, 2005 ) ; only creative continuously then can keep the competitive advantage on the market. The innovation needs the moderation running before; the innovation should be continuously, the innovation that has the core competence still should be the innovation of the whole system, including the market innovation, the product design thinking way innovation, marketing innovation, management innovation and technique innovation.

## **4. CONSTRUCTION OF THE CORE COMPETENCE**

The real estate industry core competence is to keep on the competitive advantage and acquire the super profits by changing the industry business process into outside state, which is a kind additional system of property, resources and knowledge repairing mutually that the real estate industry builds up and develops in developing process, in fact it is the integration and the coordination to the resources and knowledge ( Meng Yaning; Feng Taozhu, 2005 ) . That the integration and coordination of the knowledge and resources in the real estate industry, not only increase the internal connection between the process system, make mimicry and duplicate of rival hard, but also promoted the core competent ability of the real estate industry formatting in this process.

### **4.1 Obtain the main factors of the core competence in real estate industry**

First is consociation development, namely to become the strategic alliance with the other industry owned the mutual repairing advantages. This kind of path has the lowest risk, and acquires the main competition ability factors with smaller cost and faster speed. Secondly is to annex procures the real estate industry that own a certain main factor; which kind of path has higher risk than the first path, and requests the real estate industry to have the certain financial power. Thirdly although the inner development is good for the real estate industry controlling and acquainting with the advantage, the time needed is long, the risk is high, it requests the real estate industry possess financial power strong, and own the related ability with itself.

### **4.2 Integrate the important internal resources**

The core competition is the whole competition strength from the organic contact of different main competition ability factors. The integration of the core compete factors, involving the almost each concrete problem in the real estate industry inner management, in fact it is an excellent installing of the internal resources in real estate development and investment industry. Distinguishing from the tradition managing standpoint with the slightly, the main factors integration with the purpose of establishment the real estate industry core competition, pay more attention to the real estate industry demand of the farsighted development, pursuing not only is how make out on the at current market better, but how acquire the competitive advantage position on the market in future.

### **4.3 Form the mechanism of the industry positive development**

Becoming and keeping on the mechanism of the positive development, and creating the good environment for the core competence. The real estate industry core competence is change and develops continuously, good mechanism not only can urge the formation of core competence, but also can protect the continuous developing for the core competence ( Meng Yaning; Feng Taozhu, 2005 ) . The real estate development and investment industry should to put enhancing the real estate industry management, changing company mechanism in the first, thus on this foundation to foster its own core competence hardly, develop and enhance the market competition ability of the company, and expand continuously the space which can keep on developing.

### **4.4 Cultivate the real estate industry culture based on the core competence**

The excellent corporate culture has the function that can't be estimated endless, which becomes the special industry image, produces the brand effect, expands the market and increases the additional value of product outward; Inside which formats the strong coagulates, being in conjunction control with the mental state and behaviors of the employees, keeping the built-up consistency by the root, making real estate industry prosperous and successful.

The market competition is competition of the whole characters in the real estate industry substantially, and the competition of the industry core ability. From the long view, the real estate industry should carry on the comprehensive valuation to itself, thus understanding its strength and shortage; Do well the market research analysis at the same time, grasp the market opportunity, grow and promote the industry core ability with the right aim, combine its on the products and services, and stop it for satisfying the valid need of market finally ( Xie Yue-lai, 2005 ) . Absolutely, satisfying the market valid need is the life of the real estate industry; then the core ability is the life spring of the industry. To build up the core competence, the real estate industry must form the core competence that has the special features of this industry, based on the proper business, the proper person and the proper ground system, and taking the right measures.

## **5. CONCLUSIONS**

With the finance capital flow, the real estate already leads to high speed develop continuously more than 20 years, the market competition is vigorous more and more, everything in this area take place variety. In the living concept, from the live purely to develop to the community of have the leisure, social intercourse, health, spending holiday concept; At the community constructing, from live a set of pure residence originally to develop to the new residence area including abundant facilities, such as the office club building, the beautiful environment, the perfect logistics industry management service; The innovation of the product, structure, material also have great developing. The thick type management principle possessed originally already unwell proper to the development demands of the season, generation and the profession. The real estate industry must pay attention to the constructing and cultivating of the industry core competence from the finance innovation, promoting the character oneself completely, basing on acquiring the farsighted benefits of the real estate industry, then the real estate industry can carry out its plans and can keep on developing constantly.

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