Impact of Exhibition Venue Construction To Real Estate Industry: A Case Study of Wuhan International Expo Center

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Abstract. With the rapid development of economic globalization and growth of the tertiary industry, MICE industry has become a new economic form. This research takes the real estate as the object, in order to discuss the influence of exhibition venue construction on the real estate industry.

1. Proposition of the question

With the rapid development of economic globalization and growth of the tertiary industry, MICE industry has become a new economic form. It has received a lot of attention from many national and local governments, and even become the new economic growth point in many places. Meanwhile, many exhibition cities also emerged as the times require, such as Frankfurt, Hanover and Cologne. Since the 1990s, the MICE industry has gained rapid development at the rate of 20%. The proportion has also exceeded significantly many European countries. A great and massive upsurge occurred in the construction of convention and exhibition venues across the country. Besides, the areas of construction and scales of investments continued to expand. Exhibition venues play important roles in the convention and exhibition industry. They are the function carriers of exhibition economy. Locations, structures and architectural indexes can directly influence the effects of exhibition activities. Due to large front-end investment and long pay back periods of exhibition venues, local government play an important role in site selection and construction of exhibition venues. Currently, newly-built convention and exhibition centers are located in suburban or undeveloped areas, which makes it possible for local governments to perform executive functions. With the help of convention and exhibition centers, they are able to achieve reconstruction of urban spaces and guide the industrial development. This research takes the real estate as the object of study, in order to discuss the influence of convention and exhibition venue construction on the real estate industry, and specific details of the influences.

Wuhan has been widely known as “the thoroughfare of nine provinces” since ancient times. Convenient transportation and favorable industrial bases have brought about excellent opportunities to the development of the MICE industry. Wuhan International Expo Center is considered as a “magnificent construction project” in the development of MICE industry in Wuhan. As the International Expo Center is put into operation, some influential exhibitions have been conducted in Wuhan, such as the 89th China Food&Drinks Fair. It is worth noting that Wuhan International Expo Center is quite different from Wuhan International Conference & Exhibition Center and Wuhan Conference & Exhibition Center for Science and Technology. It is located in the SiXin districts. The International Expo Center not only promoted the development of urban exhibition industry, but also promoted the growth of SiXin districts, especially the real estate construction. Typicality of Wuhan
International Expo Center matches the research purpose in the paper. Hence, Wuhan International Expo Center and the real estate industry in SiXin districts are taken as the case, in order to attain the objective of the research.

2. Literature review

Foreign scholars made many research achievements concerning the conference and exhibition industry, especially in countries like the US, Australia and UK, etc. For instance, Lark Hess published On Exhibitions in 1951. Then, in 1954, Stapleton published Expositions and Exhibitions of Businessmen. In the next several decades, as the MICE industry continued to develop and thrive, scholars also became rather interested in relevant research on the benefits of exhibition economy. Abraham Pizam (1990) assessed and analyzed the benefits of travel fairs. Based on meetings held by hotels, Glyn Wootton and Terry Steves (1995) analyzed the positive influences on tourist industry in Wales.

According to the research by Snowbao & Antrobus (2001), while the incident occurs, economic benefits are limited. Meanwhile, as a lot of tourists flood into scenic spots, local demands for infrastructure also increase rapidly, which may cause economic losses on the contrary. Among the studies about economic benefits, scholars tend to pay more attention to economic benefits induced by exhibitions. Fenich (1992) contended that convention and exhibition centers can increase economic income, facilitate employment and improve urban images. However, in 1994, his studies also pointed out that for political and cultural reasons, the economic benefits can not be optimistically anticipated. Murayama & Butlerde (2000) conducted case studies on the convention and exhibition center in Birmingham. They thought diversified land utilization, such as exhibition centers, office buildings, residential houses, tourism and recreation facilities, facilitated urban growth and development.

According to relevant literature materials and reviews, we can finds out: Firstly, scholars pay extra attention to the development of MICE industry, but fail to conduct adequate research on exhibition venues. Secondly, as for the adoption of research methods, qualitative research and quantitative research are frequently combined. Mathematical statistics is the main form of quantitative research, while geographic information method is seldom used. Thirdly, according to literature search, few research achievements have been reached about the construction of exhibition venues from the perspective of real estate industry. Hence, the research is innovative. Literature reviews provide significant enlightenment to the author. For one thing, the author realized the innovation and feasibility of writing the paper; for another thing, the author can use the theoretical basis, research methods and research conclusions for reference, in order to significantly expand the horizon.

3. Analysis on the influence of Wuhan International Expo Center on real estate industry

3.1 Brief introduction of Wuhan International Expo Center

There are three exhibition galleries in Wuhan, including Wuhan International Conference and Exhibition Center, Wuhan Conference and Exhibition Center for Science and Technology, as well as Wuhan International Expo Center. Wuhan International Conference and Exhibition Center is located in the primary business district of Wuhan City. The indoor exhibition area is 30,000 m². Dependent on Optics Valley Industrial Park, Wuhan Conference and Exhibition Center for Science and Technology mainly holds more professional exhibitions of science and technology. The indoor exhibition area is 30,000 m². Wuhan International Expo Center is located in the SiXin districts. The total area of construction is over 2.4 million m². Moreover, Wuhan International Expo Center changed the structure of MICE industry in Wuhan, making it possible for the city to hold large exhibitions. Meanwhile, it also facilitated the rapid development of the four new districts.

SiXin Xincheng is the only undeveloped district within the third ring road of Wuhan. It is in the west of the Yangtze River embankment, the east of State Route 318, the north of the third ring road. The total area is 17.43 square kilometers. The planned population is 250,000. According to Overall
Urban Planning of Wuhan, three major “urban sub-centers” will be built up. One of them is SiXin Xincheng in Hanyang. Wuhan International Expo Center is the primary construction of SiXin District. With the completion of the International Expo Center, the process of industrial adjustment and clustering are gradually speeding up in this district.

3.2 Influence of Wuhan International Expo Center on real estate industry

Through analyzing the influence of Wuhan International Expo Center on real estate industry, relevant projects are selected from the houses and premises that are being sold and ready for sales in SiXin District on SouFun.com (September 2018), which amounts to 22 projects in total. The paper aims to analyze the influence of Wuhan International Expo Center on the real estate industry based on relevant information of the 22 premises and buildings.

3.2.1 Speed up the overall development of real estate companies

At present, there are 22 buildings and premises within five kilometers of Wuhan International Expo Center. In order to gain more information on the business layouts of developers, the author searched for materials on the specific time of land use from the official website of Wuhan Housing Security and Housing Management. According to related results, Guobo Xincheng and Jindicheng obtained land in 2010. In 2011, one real estate developer gained land use. In 2012, three real estate developers gained land use. In 2013, two real estate developers gained land use. In 2014, the figure reached a new peak, where six real estate developers gained land use. In 2015, four real estate developer gained land use. In 2016, three real estate developers gained land use. In 2017, only one real estate developer gained land use. Wuhan International Expo Center began to be constructed in December 2006. In 2010, the second phase of project construction started. In 2011, “National Auto Parts Exhibition” was the first exhibition held in Wuhan International Expo Center. As for the time period, the development of International Expo Center is quite similar to the layout of real estate developers. After the first phase of project construction was completed in 2010, real estate developers around the International Expo Center began to obtain rights of land use. It reached a peak in 2014, and gradually to decline after crest. It can be seen that real estate developers are rather optimistic about the positive benefits of International Expo Center, thereby accelerating the pace of business layouts.
3.2.2 Increase property prices in surrounding regions
The construction of the International Expo Center significantly promoted the property prices in surrounding regions. Besides, it also greatly improved the surrounding and supporting facilities, such as transportation facilities like subways and buses, educational facilities like kindergartens, elementary and secondary schools, recreational facilities like ocean parts, etc. The International Expo Center even became the “hot word” for the publicity of real estate developers. According to existing data of Soufang.com, from September 2016 to August 2018, within the Sixin district, prices of second-hand houses increased from 12471 yuan/㎡ to 17367 yuan/㎡, which rose by 39.26%.

3.2.3 Change business status of surrounding enterprises.
In the past, the location of International Expo Center used to be the SiXin farm with unitary business status. After International Expo Center was built up, it greatly changed the business statuses of surrounding enterprises. The most typical example is the agglomeration of exhibition companies. Currently, a lot of influential exhibition companies gathered in the district, such as Wuhan Guangya International Expo Co., Ltd, Lijia Conference & Exhibition Co., Ltd, Wuhan Howeei Co., Ltd, Wuhan Engine Exhibition Co., Ltd and Rims Exhibition Co., Ltd, etc. Meanwhile, in this region, centered upon the exhibition economy of international expo and CBD, the government of Wuhan will establish the industrial park for exhibition and convention enterprises of Central China. The change of business statuses will undoubtedly lead to the increase in prices of surrounding office buildings.

4. Conclusion
The completion of Wuhan International Expo Center poses important influence on the local real estate industry. Because of this project, SiXin becomes the new urban zone of Wuhan. It essentially changed the appearance of SiXin Farm, and attracted many real estate companies; this project also increased the prices of residential and commercial real estates, improved the local infrastructure and facilities.
Based on the influence of Wuhan International Expo Center on the real estate industry, it can be seen that large exhibition venues play important roles in urban construction. It is also one of the important reasons why many Chinese cities focus on building up exhibition venues.

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