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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2013/2014**

COURSE NAME : PROPERTY MARKET ANALYSIS
COURSE CODE : BPE 34103
PROGRAMME : 3 BPD
EXAMINATION DATE : DECEMBER 2013/JANUARY 2014
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF 4 PAGES

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Q1 An understanding on demand analysis is important for identifying the potential demand. In property industry, the demand analysis is focusing on end product or services that the property sector provides.

(a) Discuss **TWO (2)** fundamental elements in analysing property supply.
(10 marks)

(b) Maju Gemilang Sdn. Bhd. is a property development company which are based in Shah Alam. The company plans to invest in commercial property particularly office building in Batu Pahat. You were appointed as a consultant for conducting demand analysis for Maju Gemilang Sdn. Bhd.

Outline essential information need to be considered before deciding for investing in commercial property in Batu Pahat.
(10 marks)

Q2 The “Situs Analysis” address on the perception that land uses are inter-dependant and economic activities are interrelated.

(a) Define “Situs”.
(2 marks)

(a) Explain the “Situs” process links and steps involved to analyse the economic location as well as physical location of a particular property development project.
(8 marks)

(c) “STEPS” constitute powerful factors that affect the success of real estate projects.

Describe factors in “STEPS” and how it determines the success or failure of the projects.
(10 marks)

Q3 The main objective of pricing is to determine return from an investment or in short to determine business profitability.

(a) Explain **TWO (2)** approaches in pricing strategy. (10 marks)

(b) The cost plus and mark-up pricing and the break-even pricing are the most common method used for determining price.

Differentiate these two methods. (10 marks)

Q4 The fixed cost of a real estate development project is RM15million. The project developer propose to build about 300 units of model XY at a cost of RM110 000 per unit. The selling price of the product is RM150 000 per unit. The market analysis shows that demand for such type of property is related to its price as follows:

$$Q = 591 - 0.002 \cdot P.$$

Equation:

$$TC = FC + (VC \times Q)$$

$$TR = P \times Q$$

$$Q = FC / (P - VC)$$

$$P = FC / Q + VC$$

With the given information based on break-even pricing method, answer the following questions:

(a) Calculate number of unit for Model XY should be developed in order to break-even. (5 marks)

(b) Calculate number of unit difference for model XY would you find between the proposed and the break-even number of unit. (5 marks)

(c) Based on the differences as referred to **Q4(b)** above, calculate how much the developer would gain or lose from the project. (5 marks)

(d) Based on the demand function, determine the best price for the product in order to break-even. (5 marks)

Q5 In real estate, productivity analysis refers to an analysis of the capacity of a property to support economic activity, supply service and /or provide amenities to meet human needs. Real estate productivity can be determined by three components namely, physical attributes, legal attributes and location attributes.

(a) Briefly discuss the physical attributes and legal attributes in determining real estate productivity.

(10 marks)

(b) Nowadays, google earth software has been used widely as a tool in property market analysis.

Justify the importance(s) of google earth software application in real estate market analysis.

(10 marks)

- END OF QUESTION -