

## UNIVERSITI TUN HUSSEIN ONN MALAYSIA

## FINAL EXAMINATION SEMESTER I SESSION 2016/2017

**COURSE NAME** 

: REAL ESTATE ECONOMICS

**COURSE CODE** 

BPE 33902

PROGRAMME CODE

BPD

**EXAMINATION DATE** 

DECEMBER 2016 / JANUARY 2017

**DURATION** 

2 HOURS

**INSTRUCTION** 

ANSWERS FOUR (4) QUESTIONS

**ONLY** 

THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES

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Q1 In an economic activity, there are times of growth, inactivity and retraction stages. Property market is related to the economic cycles and recurrent patterns can be observed. **Figure 1** shows a complete property cycle pattern.

Economic Activity

TERBUKA

Time in Years

Figure 1: The Property Cycle

Explain the FOUR (4) stages of property cycles based on Figure 1.

(25 marks)

- Q2 In comparison to the stock market, real estate market shows the characteristics of an imperfect market.
  - (a) Discuss the imperfect characteristics that could benefit the relative stability of the real estate market.

(10 marks)

(b) Discuss the categories of Efficient Market Hypothesis (EMH).

(15 marks)

Q3 (a) The diversification benefits of direct and indirect real estate investments are well known, and diversification's role in institutional portfolios has been investigated extensively.

Explain the diversification, with appropriate diagram, that could contribute towards the equilibrium of price in real estate market.

(15 marks)

(b) Explain Ricardian Rent at the time when the urban housing market is in equilibrium.

(10 marks)



Q4 Government intervention in the real estate market means involvement by the federal government, publicly owned agencies or corporations, and Local Authorities. There are number of ways in which the public sector can be involved in the real estate market.

Discuss the above statement with reference to Malaysian property market policy.

(25 marks)

- Q5 (a) Explain with appropriate diagram changes in productivity that could influence value across space equally. (15 marks)
  - (b) Explain how clustering land uses strategy could contribute polycentric pattern of cities. (10 marks)

-END OF QUESTIONS -

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