



UTHM

Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2019/2020**

COURSE NAME : INTERNATIONAL REAL ESTATE
COURSE CODE : BPF 42603
PROGRAMME CODE : BPD
EXAMINATION DATE : DECEMBER 2019 / JANUARY 2020
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

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THIS QUESTION PAPER CONSISTS OF **THREE (3)** PAGES

Q1 International trade is the exchange of capital, goods, and services across international borders or territories. In most countries, such trade represents a significant share of Gross Domestic Product (GDP). An international real estate is originated from the idea of international trade of commodities and services, and includes property consumption and investment goods.

(a) Describe the benefit of international trading to the producer, consumer and government.

(9 marks)

(b) International real estate investment is often perceived as riskier than domestic investment decisions. Hence, examining the Foreign Direct Investment (FDI) restriction is important to ensure an investment can provide competitive yields and meet investor's investment goal.

Discuss **FOUR (4)** advantages and disadvantages of Foreign Direct Investment (FDI) for real estate industry.

(16 marks)

Q2 "According to the Emerging Trends in Real Estate 2019, Asia Pacific, published by PricewaterhouseCoopers (PwC), Singapore is filtering toward the top of most active global real estate markets, moving from the 22nd position to the 12th with a phenomenal 50 percent increase in sales, totaling \$5.8 billion. That same report ranks Investment Prospects: Cities to Watch, placing Singapore in third (behind Sydney and Melbourne), Jakarta, Indonesia (14th), Bangkok, Thailand (16th), with Malaysian cities, Manila and Kuala Lumpur also making the list of top 22 featured cities to watch. The region's property sector has gradually become attractive to international investors, setting an example for cross-border investments across the globe. However, despite these promising developments and interesting investment opportunities, this year is expected to be a challenging one for Southeast Asian real estate markets."

(Source: Property Hunter, 2019)

(a) Justify reasons for investing in commercial real estate business internationally.

(15 marks)

(b) Examine challenges that international real estate investors experience in Malaysia and around the world.

(15 marks)

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Q3 “Global furniture retailer IKEA has tagged Australia as one of the most expensive places to do business but will double its store network here a slash prices to stay competitive. The Swedish company, which has annual sales of €25 billion has bought two pieces of land, one in the north on Melbourne and the other in north-west Sydney to further its ambition of more than doubling its Australian stores to 11. A new distribution centre is on the drawing board, and IKEA is close to securing a patch of development land in Brisbane. IKEA Australia managing director David Hood said Australia represented a natural market to the retailer. With its young population and solid home construction sector, but the cost of doing business was among the highest in the world. When I look at the cost of doing business here, it is high on comparison – David Hood”

(Source: Retail Reporter, 2012)

- (a) List **FOUR (4)** economic indicators commonly used by investors for investing in real estate internationally. (4 marks)
- (b) Discuss **THREE (3)** reasons supporting cross border investment. (9 marks)
- (c) In a situation of cultural differences,
Propose **THREE (3)** strategies for Swedish company to mitigate the risk involved with the differences. (12 marks)

Q4 The real estate markets have become global, making the real estate profession an international enterprise. Moreover, the Property News has reported huge differences among local real estate markets and international real estate industry. That urges real estate professionals to be well trained in integrating financial and economic geographic skills with knowledge of local institution.

Compare international real estate market by using appropriate case study as an example. The comparison includes economic condition, political situation, governance and real estate and investment condition.

(20 marks)

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-END OF QUESTIONS-