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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
(TAKE HOME)
SEMESTER II
SESSION 2019/2020**

COURSE NAME : INTERNATIONAL REAL ESTATE
COURSE CODE : BPF 42603
PROGRAMME CODE : BPD
EXAMINATION DATE : JULY 2020
DURATION : 24 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS
OPEN BOOK EXAMINATION

THIS QUESTION PAPER CONSISTS OF TWO (2) PAGES

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Q1 “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) Examine the challenges that international real estate investors are experiencing in Malaysia and around the world. Support your answers with an appropriate example.

(15 marks)

(b) Justify reasons for investing in commercial real estate business internationally. Give an example for each reason.

(15 marks)

Q2 “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)

Propose **FOUR (4)** strategies for the Swedish company to mitigate the risk involved with the cultural differences.

(20 marks)

-END OF QUESTIONS-

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