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Universiti Tun Hussein Onn Malaysia

**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

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

COURSE NAME : PROPERTY MARKET ANALYSIS  
COURSE CODE : BPE 34103  
PROGRAMME CODE : BPD  
EXAMINATION DATE : JULY 2020  
DURATION : 24 HOURS  
INSTRUCTION : ANSWER ALL QUESTIONS  
**OPEN BOOK EXAMINATION**

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

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**TERBUKA**

- Q1** The outbreak of pandemic Covid-19 all over the world has disturbed the political, social, economic, religious and financial structures of the whole world. Many experts on economic and financial matters have warned about the worsening condition of the global economic and financial structure. It is also observed that the economic recovery from this fatal disease is only possible by 2021. The pandemic has left a severe impact on the global economy and countries are facing multiple difficulties to return to a stable condition.

In Malaysia, with the current Covid-19 outbreak worsening the economic downturn, people in general are just not in the mood to spend, what more on buying property. Nevertheless, the current scenario of a buyers' market and low interest rate environment can be tempting. Although Covid 19 pandemic has impacted every sector, it has opened up good investment opportunities as property owners are looking to cash out to maintain cash for their businesses. Apparently, amid all the uncertainties, property is viewed as a relatively safe investment that can provide cash flow. Meanwhile, prices for landed properties are now seen as attractive compared to prices in 2019. In any case, many landed homes on the secondary market currently have lower asking prices compared to a few months ago.

On the other hand, from the real estate agents point of views, rental rates are expected to rise by an average of 1.7% through the end of 2020. Moreover, they believed that property would likely remain attractive to foreign buyers due to the country's strategic location. Surprisingly, the current Malaysian property market revealed possible changes in consumers' property buying behaviour, with greater use of online tools such as virtual reality, 3D rendering and live-streaming to facilitate marketing, research, and purchasing of real estate due to Covid-19.

- (a) Discuss factors that need to be considered along the decision making process to determine whether this is the right time to buy property or to wait until the pandemic is over. (10 marks)
- (b) Evaluate the market study opportunities and challenges based on the given scenario. Support your answer with appropriate examples. (15 marks)

- Q2** (a) Price is best defined as the quantity of payment or compensation given by one party to another in return for goods and services. Price can be addressed in several forms such as fee, rate, premium and etc. In property business, price plays an important role in determining profitability, market signal, marketing mix and product strategy. The demand for housing is inelastic in respect to price and income, while the demand for housing (in terms of space) appears to be elastic over most of its price range.

Relate between income, preferences and choice of residence by using appropriate examples.

(10 marks)

- (b) Theoretically, the supply of commercial buildings to meet people needs has been “lumpy” with too little space available during times of rapid growth and too much supply when growth slows. This lag between demand growth and supply response is the major cause of volatility in real estate market cycles. Real estate cycles can be separated into four distinct phases based upon the rate of change in both demand and supply. **Figure Q2(b)** depicts the market cycle in terms of occupancy rates. Occupancy is the difference between total supply (including newly constructed space) and effective demand as measured by absorption. Markets are defined as having two up cycles (recovery and expansion) when demand growth rates are higher than supply growth rates, and two down-cycles (hyper supply and recession) when demand growth rates are lower than supply growth rates. In reality, markets always have either demand growing faster than supply or supply growing faster than demand.

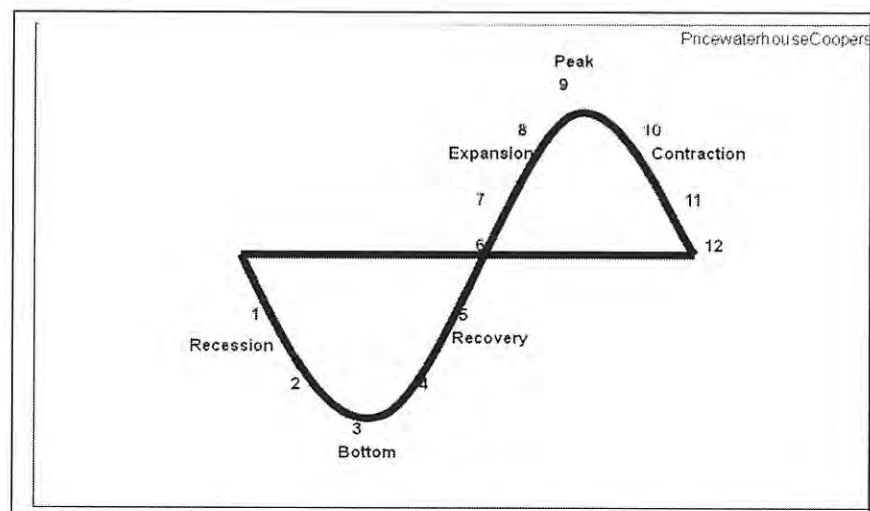


Figure Q2(b): Real Estate Cycles

Analyse the interaction of each phase toward commercial real estate in Malaysia for the past five years.

(15 marks)

-END OF QUESTION-