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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

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

COURSE NAME : REAL ESTATE ECONOMICS
COURSE CODE : BPE 23503
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 article by Ian Klaus below stated the importance of how land use planning and urban planning play vital roles in reshaping the city centre, and its relation to density, urbanisation and pandemic preparedness. The current pandemic, COVID-19 is expected to change how cities are designed.

“ Part of the history of urbanization is building and managing your way out of infectious diseases, such as cholera outbreaks in the middle of the 19th century. Here’s Richard Sennett on how Joseph Bazalgette and his colleagues went about developing London’s response: “They were not practicing an exact science. They did not apply established principles in particular cases, there were no general policies that dictated best practices.” They experimented and learned as they went along, he argues. How do you conceive of the design approach to managing outbreaks in everything from global to tertiary cities?

It’s a bit early to take on lessons learned from COVID-19, but you’d probably have a big conversation about the value versus the risks of densification. Clearly densification is and has been the problem with some of this. COVID 19 puts a fundamental challenge to how we manage urbanization. Hong Kong has 17,311 people per square mile “Rethinking density management is a key for long-term survival in a pandemic world, really”.

Part of this means thinking about decentralization of essential services. Singapore had to shut down its main hospitals during SARS. Many countries such as Italy are considering door-to-door testing. But we need to also rethink the ways, perhaps digital ones, we test and contain. How would we manage to do door-to-door testing even just in Melbourne alone, with 5 million residents, and in giants like Shanghai and London with upwards of 10 million dwellers? Bubbling up are some core questions about what we’ve been told is desirable urbanization versus what makes sense from an infectious disease perspective.

We must remember you will be weighing such changes in the context of climate change and sustainability as well. If you spread the city rather than densify, that would have to go with much better connectivity of public transport. What *should* change - the decentralization of services, better managing of supplies, nets of smaller entities in food delivery, for instance - is different from will. Will market forces sway the things we do towards what’s marketable and economically profitable versus saying this clearly is a call for redundancy in public health and public transport?

Modern planning and civil engineering were born out of the mid-19th century development of sanitation in response to the spread of malaria and cholera in cities. Digital infrastructure might be the sanitation of our time.”

Ian Klaus is senior fellow at the Chicago Council on Global Affairs.

- Q1** (a) Analyse future redevelopment of the city as one of the measures for pandemic preparedness as an economist and real estate advisor to your local government. (15 marks)
- (b) Explain the economic consequences of this situation on urban land use for future housing supply using Ricardian theory of rent (10 marks)

Q2 The real estate operations are highly influenced by macro- and micro-economic factors. This can be attributed to various factors that give significant impacts to the real estate market for example on making decisions for locating real estate properties that shaped the urban economics.

- (a) Discuss how the planning of urban transportation affects the real estate market in a city. (10 marks)
- (b) Global economic slowdown and property slump may affect many urban property markets in the developed countries (US, UK, Europe). Despite undergoing rapid economic development growth for the past few decades, Malaysia's Gross Domestic Product (GDP), per capita income, level of industrialization and overall standard of living are not on par with other developed nations.

Discuss the advantages and disadvantages of these developed countries' decisions to explore and choose Malaysia as one of their overseas property investment preferences.

(15 marks)

- END OF QUESTIONS -