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Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER II
SESSION 2023/2024**

COURSE NAME : REAL ESTATE ECONOMICS

COURSE CODE : BPE 23503

PROGRAMME CODE : BPD

EXAMINATION DATE : JULY 2024

DURATION : 3 HOURS

INSTRUCTION

1. ANSWER **ALL** QUESTIONS
2. THIS FINAL EXAMINATION IS CONDUCTED VIA
 Open book
 Closed book
3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK

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

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TERBUKA

- Q1** Governments across the globe frequently intervene in sectors of the real economy to correct short-term market failures. The effects of these interventions in a small sector are usually contained with minimal spillover. However, interventions in larger sectors, such as real estate, may have externalities beyond the targeted industry.
- (a) Describe **THREE (3)** factors of market failure in real estate with examples.
(15 marks)
- (b) Examine **TWO (2)** types of government intervention in real estate.
(10 marks)
- Q2** Bid Rent theory has been drawn on concept from microeconomics and is based on the work of Alonso (1964) & Muth (1969). This theory focuses on how the land use patterns are determined by the land values. These are further dependent on the transportation costs and accessibility.
- (a) Illustrate Bid Rent Curve model application to urban and rural land development.
(15 marks)
- (b) Relate **TWO (2)** transportation cost factors of Bid Rent Curve model with land values.
(10 marks)
- Q3** (a) The term 'urban form' can be used simply to describe a city's physical characteristics. At the broad city or regional scale, urban form has been defined as the spatial configuration of fixed elements. Features of urban form at this scale would include urban settlement type, such as a market town, central business district or suburbs. However, urban form is closely related to scale and has been described as the 'morphological attributes of an urban area at all scales' (Dempsey et al, 2010).
- Discuss **THREE (3)** elements of urban form using an appropriate example.
(15 marks)

- (b) The idea of the highest and best use is to choose the property that offers the greatest development value while satisfying a set of fundamental requirements, a technique that ensure the landowner gets full and reasonable compensation.

Explain **FOUR (4)** test to achieve highest and best use in the case of uneconomical shopping mall.

(10 marks)

- Q4** (a) Local planning shall be sensitive to the conservation of historical, cultural, and architecturally outstanding areas to enhance the character and uniqueness of individual cities. Section 16B(1) of Act 172 of the Town and Country Planning Act 1976 also stated that:

“at any time during the preparation or upon the coming into effect of a structure plan or a local plan - a proposal for the designation of a special area for special and detailed treatment by development, redevelopment, improvement, conservation or management practice of the whole or part of such special area, and the nature of the treatment proposed.”

Outline **THREE (3)** steps to implement urban regeneration in urban area.

(15 marks)

- (b) Gentrification represents a new trend of development towards the new forms of socio-spatial divisions of the city centre. It also restores the quality of urban development and life of the local community.

Nevertheless, this growth process also gives rise to several problems. These challenges, which have an impact on the local identity of the research region, have been recognised as the need for physical development, economic worth, and sociological evaluation of the community.

Demonstrate **TWO (2)** issues, derived from gentrification using an appropriate example.

(10 marks)

-END OF QUESTIONS-