

The University of Melbourne

Semester Two, 2003

COPY

Faculty of Architecture, Building and Planning

Subject Number: 702-453
Subject Title: Property Valuation and Analysis

Exam Duration: Three (3) hours
Reading Time: 15 minutes
This paper has 4 pages

Authorised materials:

Electronic calculators

Instructions to Invigilators:

Standard script books only required.
Exam paper may be removed from the examination room.

Instructions to students:

Write your student number and the question numbers on each answer booklet.
Answer **all seven (7)** questions.

Paper to be held by Baillieu Library

QUESTION 1

You have been employed as a research analyst in a property firm. Your first task is to build a new research library of property-related articles.

List the different sources of information. Explain:

- (a) the relevance of each source and why each source is included;
- (b) which sources are more important than others; and
- (c) the methods used to collect this information.

(15 marks)

QUESTION 2

“The valuation of rural property is a specialised area of property analysis”.

What exactly is meant by this statement?

In your answer use a working example to show how to value a rural property, showing the analysis down to treated, fenced and watered (TFW).

(15 marks)

QUESTION 3

Briefly summarise five (5) different research topics that are related to Property Valuation and Analysis. Include an example with each topic.

(10 marks)

QUESTION 4

You have been assigned to undertake a valuation of a house for mortgage purposes, commonly referred to as a 'tick and flick' report.

Detail the various steps in their correct order that you will take to complete this task.

(15 marks)

QUESTION 5

How would you value the following properties:

- (a) A petrochemical plant;
- (b) A McDonalds restaurant;
- (c) Contaminated land;
- (d) A hotel;
- (e) A hospital.

(15 marks)

QUESTION 6

The concept of 'business goodwill' is an important component of a valuation.

- (a) Explain your understanding of what 'business goodwill' actually is.

(5 marks)

- (b) State your approach to valuing 'business goodwill'.

(10 marks)

Total for Question 6

(15 marks)

QUESTION 7

Listed Property Trusts are an important part of the investment industry.

Explain what they are and include a brief history in your answer. Contrast Listed Property Trusts to direct property investment and explain the positive and negative aspects of investing in either property type.

(15 marks)

Total for Examination Paper

(100 marks)

END OF EXAMINATION PAPER