



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF ENGINEERING AND THE BUILT ENVIRONMENT

DEPARTMENT OF LAND AND SPATIAL SCIENCES

QUALIFICATION(S): BACHELOR OF PROPERTY STUDIES DIPLOMA IN PROPERTY STUDIES	
QUALIFICATION(S) CODE: 08BOPS 06DIPS	NQF LEVEL: 6
COURSE CODE: PDM611S	COURSE NAME: PROPERTY DEVELOPMENT AND MARKETING
EXAMS SESSION: JULY 2024	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY/SUPPLEMENTARY EXAMINATION QUESTION PAPER	
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MODERATOR:	UAURIKA KAHIREKE

<p style="text-align: center;">INSTRUCTIONS</p> <ol style="list-style-type: none">1. Read the entire question paper before answering the Questions.2. Please write clearly and legibly!3. Please START EACH QUESTION ON A FRESH PAGE.4. The question paper contains a total of 4 questions.5. You must answer <u>ALL QUESTIONS.</u>6. Make sure your Student Number is on the EXAMINATION BOOK(S).

PERMISSIBLE MATERIALS

1. Non-programmable Scientific Calculator

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Including this front page)

Question 1

For each of the following statements indicate whether it is 'TRUE' or 'FALSE'. Each correct answer carries 1 mark. (18)

- a) For a specific property development project, market research is important in getting to know the relevant clientele in a specific real estate sub-market and respond to their needs with a suitable product offering.
- b) It is the responsibility of the agent or salesperson to advise and assist, the seller has extremely limited right in determining the listing price of the property for sale.
- c) The real estate market is not a single market but consists rather of a series of submarkets with different needs and desires that can change independently of one another.
- d) One of the attributes of a perfect investment is that it produces an income which compensates for the eroding effects of inflation.
- e) The local authority is one of the members of the property development team in the development of private estates such as town houses.
- f) The real property market is an omnibus term that covers all transactions in real property. However, it is possible to distinguish sub-markets according to the characteristics of each.
- g) Overtime, amongst other things, demand for land resources is brought about by changes in size and composition of the population.
- h) Any new development, or change in use, in urban areas under local authority jurisdiction usually do not require planning consent.
- i) The three primary reasons for owning landed property are as an investment, showing off (prestige) and charity purposes.
- j) The two main legal interests in land are sub-leasehold and servitude.

- k) Rental growth does not depend upon a tenant's performance but upon supply and demand for property for occupation by tenants.
- l) When the supply of a certain type of real estate is short, rents and prices may be high, but only temporarily. New competition will add to the supply and drive prices further up.
- m) Real estate market analysis has the potential to identify some features lacking in the existing supply of properties, which if included in the proposed project, will offer a competitive advantage.
- n) Market areas that boast of better highway network capacity usually tend to have competitive advantage that enhances their ability to command rent.
- o) The more stable the market, the less the need for market research for data collection and analysis.
- p) Financial analysis is crucial and should be conducted in real estate investment decisions to ensure what is being planned is actually feasible.
- q) Rental revenues can be estimated by looking at comparable properties in the market and benchmarking existing rental rates. Leasing brokers are the best sources for this type of information.
- r) Tenants sometimes receive rent concessions or special inducements from property owners. This is normally related to periods where vacancies are particularly high.

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Question 2

- a) Okalongo Rock Square could reasonably be expected to be used to develop for residential, an office or a commercial facility. Recent market survey conducted revealed the detail construction and marketing information on the respective uses below;

Types of Use	Area for Construction (sq. m)	Cost of construction (sq. m in N\$)	Rental (N\$ sq. m)	Vacancy rate (%)	Operating expenses (N\$)
Residential	455	750	55	3	12,500
Office	358	850	68	2	8,400
Commercial	285	610	75	3	6,200

Assume a market return of 10% on all three buildings. Market capitalization rate of 6%.

You are required to carry out an appraisal to determine the highest and best use that maximizes the value of Okalongo Rock Square and advise accordingly. (16)

- b) Loan-to-value (LTV) ratio i.e. lending risk assessment ratio is important aspect of property market research in obtaining information for affordability analysis. Briefly explain this statement. (2)
- c) Mr Nakashole needs to borrow N\$950,500 to purchase a N\$1,200,000 semi-detached house. Calculate the Loan-to-value (LTV) ratio and advise the mortgage institution appropriately. (3)
- d) Briefly state the meaning of the following as used in real estate market research (8)
- i) Highest and best use study
 - ii) Predetermined Use studies
 - iii) General Market Studies
 - iv) Site-Specific Market Studies

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Question 3

- a) As a property investment analyst, you are required to provide Meme Shehaama with a professional advice as to which of these mutually exclusive investments should be undertaken by him if his (investor) target rate is 10%.

Particulars	Investment A N\$	Investment B N\$
Outlay	7,000	9,000
Cash Inflows		
Year 1	4,000	5,000
Year 2	3,000	4,000
Year 3	2,500	3,000

In the process of carrying out the investment appraisal, you are informed that the projected Cash inflows for year two and year three of Investment A and Investment B respectively were inclusive of municipal taxes. These expenses are estimated at N\$250 and N\$165 for Investment A and Investment B respectively. (Adopt 4 decimal places for all PV N\$1 calculated figures). (11)

- b) Assuming by degree of dependence the two investments in 3(a) above are *Complementary*, what will be your advice for Meme Shehaama and why? (2)

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Question 4

- a) Elaborate on the factors that constitute "effective cause" of transaction. (8)
- b) Elaborate on the four (4) aspects of qualifying the buyer by an estate agent. (8)
- c) List the professional services that an estate agent can give to his/her client. (11)
- d) Outline the penalties imposed on an estate agent for being guilty of improper conduct. (3)
- e) Describe the circumstances under which a claim can be made against the fidelity fund. (8)
- f) What is the objective of the Namibia Estate Agents Board? (2)

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