

NATIONAL UNIVERSITY OF SINGAPORE

GEM2000 – FOUNDATIONS OF REAL ESTATE APPRAISAL

(Semester I: AY2012-13)

Time Allowed: 2 hours

INSTRUCTIONS TO CANDIDATES

1. This examination paper contains **FOUR** questions and comprises **TWO** printed pages.
2. Answer **ALL** questions.
3. The marks for each question are shown in brackets and add up to 100.
4. This is an OPEN BOOK examination.
5. The examiner for this module is Dr Addae-Dapaah, Kwame.

Answer **ALL** questions.

Question 1 (30 marks)

Because valuations are based on market data, it has been contended that “valuations are backward looking instead of forward looking”. Discuss.

Question 2 (30 marks)

Two friends who have proven to be successful property investors thus far were heard discussing their property investment strategies. One of them said that his strategy is always to buy properties that sell for less than what they are worth and sell properties for more than they are worth. Discuss the significance of the foregoing statements to property valuation by highlighting the concepts of value embedded in the statements.

Question 3 (20 marks)

Mr. Minh purchased a penthouse two months ago for S\$18 million. The property was bought with 20% equity and 80% seller-arranged residential mortgage over 20 years at an interest rate of 4% per annum monthly compounding. The market interest rate for such a loan is 5.8% per annum monthly compounding. If a valuer has to use this sale as a basis for market valuation of another competitive penthouse, what is the appropriate indicated value to be used?

Question 4 (20 marks)

Discuss the relevance of the problems that are inherent in the application of the “three approaches” as used in the US to the property market of Singapore.

END OF PAPER