

P.G.M.V. (Sem.-II) Examination
Valuation of Real Estate
May-2017

Time : 3 Hours]

[Max. Marks : 50

Q.1 Classify types of properties in to following three categories-- 14 Marks

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| (i) Investment property, | OR |
| (ii) Marketable Non-Investment property | OR |
| (iii) Non-Marketable Non-Investment property | |
| (a) Public School, commercial mall, | (i) Gems and jewelry for personal use, |
| (b) self-occupied house, | (j) Mortgaged property for mortgagee, |
| (c) factory promisors, | (k) Vacant land held for future sale in rising market, |
| (d) Museum, | (l) Rented Flat, |
| (e) hotel, | (m) Patent, |
| (f) government building, | (n) Open Land. |
| (g) office, | |
| (h) Temple, | |

Q.2 What do you mean by outgoings? What are the outgoings you will take into consideration while estimating market value by income approach? 14 Marks

OR

Explain - (a) rate of return, (b) rate of interest and (c) rate of capitalization 14 Marks

Q.3 Explain importance of life of the building in income approach by explaining Economic Life, Physical Life and Life due to Obsolescence for a building. 14 Marks

OR

(a) Explain difference between rate for redemption of capital and rate of reversion of land. 5 Marks

(b) Explain merits and demerits of investment in real estate vis-à-vis investment in Government Security. 9 Marks

Q.4 What is dual rate? When should it be used? What should be the accumulative rate of interest and whether it can be same as the remunerative rate of interest? 14 Marks

OR

An office premises having 250 sq.m. of area is leased to multinational company for 10 years. Rent for first 5 years is fixed at Rs. 1,50,000/- per moth whereas for subsequent 5 years, rent is fixed at Rs. 1,80,000/- per month. Property taxes of Rs. 15,000/- per year is borne by the lessee, over and above the agreed lease rent. Other outgoings of 5 % of gross rent per

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year are born by the lessor. Building is 10 years old. Similar commercial premises in the locality are available at the ownership rate of Rs. 1,00,000/- per sq.m. Calculate the market value of the property for lessor if expected rate of return is 8% and Rent Act is not applicable.

Note : YP for 5 years at 8% - 3.993

PV for 5 years at 7% - 0.713

PV for 10 years at 7% - 0.5083

Q.5 Briefly explain weightage Score System of comparison in valuation of real property. 14 Marks

OR

Briefly explain Hypothetical layout Method of valuation. 14 Marks
