

The Open University of Sri Lanka  
Faculty of Engineering Technology  
Department of Civil Engineering



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|-------------------------|---------------------------------------------------------|
| Study Programme         | : Bachelor of Technology Honours in Engineering         |
| Name of the Examination | : Final Examination                                     |
| Course Code and Title   | : <b>CEX7113 Real Estate &amp; Property Development</b> |
| Academic Year           | : 2017/18                                               |
| Date                    | : 14 <sup>th</sup> February 2019                        |
| Time                    | : 0930-1230hrs                                          |
| Duration                | : <b>3 hours</b>                                        |

### General Instructions

1. Read all instructions carefully before answering the questions.
2. This question paper consists of **Eight (8)** questions in **Three (3)** pages.
3. Answer **Five (5)** questions only, with **at least one (1) question from each section**. All questions carry equal marks.
4. Answer for each question should commence from a new page.
5. This is a Closed Book Test (CBT).
6. Answers should be in clear hand writing.
7. Do not use Red colour pen.

### Section A – Valuation of Property

Q1.

- (a) Real estate development, or property development, is a business process, encompassing activities that range from the renovation and re-lease of existing buildings to the purchase of raw land and the sale of developed land or parcels to others. Describe in detail four major stages in the property development process giving examples. (13 Marks)
- (b) With regard to the number of condominiums under construction in Colombo, according to UDA, around 150 projects are under implementation and are pending approval, for development within the city. There will be over 20,000 new housing units added to the market by 2020, and the growth cycle expected to hit a peak by 2020. Analyse this scenario using your real estate knowledge and briefly describe your view. (07 Marks)

Q2.

- (a) Property valuation is the process which determines the economic value of real estate. Briefly explain main three types of valuation (4 Marks)
- (b) Describe and Distinguish between **value, market value, cost and price** pertaining to a **property** giving examples. (8 Marks)
- (c) Demand for property in the market can originate for different reasons. Describe the factors affecting the demand for property at macro and micro level. (8 marks)

### Section B – Finance for Property Development

Q3.

- (a) Even though government focuses on developing low cost housing units, private sector developers are reluctant to invest in this area. Discuss the actions to be taken by the government to motivate private sector developers. (10 marks)
- (b) As a result of recent real estate trends, luxury apartments, hotels, and retail outlets are popping up everywhere, especially in Colombo and suburbs. Briefly describe real estate market in Sri Lanka analyzing recent trends. (10 marks)

Q4.

- (a) Real estate investment has been observed to require huge initial capital outlay which can be obtained from various sources. It is often difficult to finance large scale investment in real estate solely from personal savings. Explain the role of lending agencies considering above scenario. (8 marks)
- (b) Briefly discuss five main items of information required by a bank to process a housing loan application made by an individual. (6 marks)
- (c) What are the key factors that a smart investor should look for when choosing a property to invest in? (6 marks)

### Section C – Property Law and Acts

Q5.

- (a) Explain three different types of “legal interests” in property. (5 Marks)
- (b) Ownership of property may be private, collective, or common. Briefly describe the attributes of ownership. (5 marks)
- (c) Explain in your words, the meaning of following terms in property development.
  - (i) “Accession” (5 marks)
  - (ii) “Prescription” (5 marks)

Q6.

- (a) Briefly describe the purpose of establishing Apartment Ownership Law. (5 marks)
- (b) Common elements are those parts of a condominium complex that belong to all owners. Briefly describe apartment owners’ responsibility on common elements. (5 marks)
- (c) Land Acquisition Act No. 9 of 1950 and the subsequent amendments to it facilitate acquisition of privately owned land for public purposes. Discuss the process to be followed in acquiring land for public purposes and the suggested method for awarding compensation. (10 Marks)

**Section D - Town Planning****Q7.**

- (a) Prof. Clifford Holiday was invited to study the problems of the Colombo city and he produced a document called "City of Colombo". Discuss the main points proposed by Prof. Clifford Holiday, and what has been implemented as of today. (7 Marks)
- (b) What are the main preventive measures covered under 'Housing and Town Improvement Ordinance'? (5 Marks)
- (c) One of the major real estate development in the country is "Port City development". With this, the Colombo skyline would be completely different compared to few years back. Analyze current real estate development in Colombo City and briefly explain your view. (8 Marks)

**Q8.**

- (a) Urban Development Authority (UDA) plays a vital role in present development of Colombo and suburb. Briefly describe the role of UDA. (6 Marks)
- (b) Define "floor area ratio". What is the reason for the introduction of this concept? (6 Marks)
- (c) Two hundred development projects to be implemented in Western Megapolis by 2030. The master plan was created by Surbana, one of the largest Asia-based urban and infrastructure consulting firm, in cooperation with local experts. Briefly Explain the roles of local experts such as engineers, town planners, architects attached to this task in achieving above set goals. (8 Marks)