KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2018/2019

FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN REAL ESTATE

BRE 205: PRINCIPOES OF VALUATION

DATE: Wednesday 19th December 2018 **TIME: 11.00a.m -10.00a.m**

INSTRUCTIONS

1. *This paper contains FIVE (5) questions in two sections*
2. ***Section A** is **COMPULSORY** and carries **30 marks***
3. *All questions in **Section B** carry equal marks – **20 marks**. Answer **ANY TWO** questions of your choice from this section.*
4. *Do not forget to write your registration number*
5. *Do not write any answer on this question paper*

SECTION A (COMPULSORY)

Question No. 1 [30 Marks]

a) Describe the various rights in property [10 marks]

b) Which is the most appropriate method of valuing RUIRU CAMPUS? Justify your answer by comparing the best method vis-à-vis all the other methods. [20 Marks]

SECTION B

Question No. 2 [20 Marks]

a) Property market is an imperfect market. Discuss [5 Marks]

b) Total supply of land is to all intents and purposes fixed. Discuss [5 Marks]

Question No. 3 [20 Marks]

Property as an investment competes with other investment options in the market. Discuss the qualities in the following **FOUR** investment options that an investor takes into consideration before deciding where to put his money.

a) Stocks and Shares [5 Marks]

b) Gilt edged Securities [5 Marks]

c) Linked Insurance [5 Marks]

d) Debenture Stock [5 Marks]

Question No. 4 [20 Marks]

a) Distinguish between market value and market price [5 Marks]

b) Justify why we need a valuer in the society [5 Marks]

c) Using specific examples, describe FIVE factors that affect the value of a property. [10 Marks

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Question No.5 [20 Marks]

a) Kenya National Library which is located in upper hill area Nairobi County has to be valued. The building is about 100 years old, built in a rather ornate style and shows some evidence of deterioration.

Using the following information and any other assumptions, calculate the value of Kenya National Theatre today [5 Marks]

An equivalent site would today cost Kshs 90,000,000.00

A similar 500m^2 building in the same style would cost Kshs 5,000 per m^2 to build today.

Considerable allowances should be made for deterioration and obsolescence.

b) Outline the purposes of valuation [5 Marks]

c) Describe the main factors a affecting the value of a shop [6 Marks]

d) Explain the factors a valuer takes into consideration when choosing a comparable [4 Marks]

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