

BACHELOR OF ARCHITECTURE EXAMINATION, 2018

(5TH YEAR, 1ST SEMESTER (Old) - 2018)

VALUATION

TIME: THREE HOURS

FULL MARKS :100

Answer any five questions.

All questions carry equal marks

Q1. A) Define the term "VALUE" and "VALUATION"

B) What are the factors affecting value?

C) A man constructed an asbestos shed at cost Rs. 4,00,000.00 recently. He let it out on lease for 21 years at rent of Rs. 4,500.00 per month (net). He has to reconstruct the entire property at the end of the lease term. What is the amount he has to set aside from his income per year to provide for this ? What is the true return on his capital?

5+5+10=20

Q2, A) Explain the term "OUTGOINGS ". State some major outgoings.

B) A residential is situated in the twilight area of a town. The property was recently let out to a tenant on a 21 years of lease at a full rental value (F.R.V) of Rs. 15,000.00 per month. The landlord is undertaking to pay for repairs , maintenance , insurance, municipal taxes and management. However , there is a clause in the agreement for reviewing the rent at full rental level every 3 years. What is the value of the freeholder's interest.

10+10=20

Q3. A) Define the term "DEPRECIATION ". What are the different methods and formulae for computing depreciation.

B) Calculate the Depreciated Replacement Cost (D.R.C.) of a building given the following data by using :

i) Straight Line Method, ii) Declining Balance Method or Written Down Value Method of Depreciation.

Prime cost of the building when new = Rs. 1,60,00,000.00

Expected life of the building = 70 years.

Present age of the building = 30 years.

Scrap value at the end of useful life = 10 %

Sinking fund rate = 3.5%

10+10= 20

Q4. A) Define the terms "FREEHOLD INTEREST" and "LEASEHOLD INTEREST"

B) Value the freehold interest of a residential property in a good mixed land use neighbourhood area in a metropolis. It is let out to tenant occupiers under a full repairing lease at Rs. 67,800.00 per month (Gross) in aggregate having 15 years to run. Similar property let on lease recently in the locality indicate a rental value of Rs.15,00,000.00 per annum (P.A.) net and are considered to be 7.75 % return on investment. 10+10=20

Q5. A) Define the term "PREMIUM" for leases. Explain "Virtual Rent" with suitable equation.

B) What is the value of a leasehold house held for a term now having 17 years unexpired at a ground rent of Rs. 1,000.00 per annum but sublet for the whole term less 3 days at clear net annual rent per annum Rs. 54,000.00. The full net annual value of the rack rent is Rs. 1,20,000.00 per annum. What also is the value of sub lessee's interest.

10 + 10 = 20

Q6. A) State general principles of "DEVELOPMENT PROPERTY" and "DEVELOPMENTAL/ RESIDUAL METHOD" of valuation.

B) A developer is considering purchase of a chunk of land property measuring approx 25.00 Cottahs (1 Cottah= 720 .00 Sqft) for developing a multi-storeyed building complex. The permissible ground coverage under the Municipal bye- laws is 50 % and prescribed F.A.R. is 3.00 Floor space in similar buildings nearby is currently fetching a price of Rs. 6,750.00 per Sqft (net). The construction cost is of the order of Rs. 1,525.00 per Sq.ft. an average. The estimated time for completion of the project is 2 years.

Advice the developer on the price of the site to be offered.

10+ 10= 20

Q.7. A) Define "Immovable Property" with respect to valuation. Explain Rights and Interests within the immovable property.

B) Define "Market Value" based on Standard. Explain valuation approaches and valuation methods in real estate valuation.

10+10= 20

Q8. Write short notes (any four):

- A) Characteristics of Land as a factor of production.
- B) Annual sinking fund deposit.
- C) Single Rate Year's Purchase and Dual Rate Year's Purchase.
- D) Rack rent.
- E) Accumulative rate of interest and Remunerative rate of interest.

F) Computation of Gross Current Replacement Cost (G.C.R.C)

4 x 5= 20

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