

**SGH 3113 (PROPERTY MARKET RESEARCH)
LABORATORY QUESTIONS**

LAB ONE

Objective: To introduce the students to some of the basic elements of market research – the competitor analysis.

Instructions:

1. Choose the following sub-markets as your study case.

Group no.	Sub-market
1	Johor Bahru
2	Melaka
3	Penang
4	Alor Star
5	Ipoh
5	Kota Bharu
6	Kuala Terengganu
7	Kuantan
8	Seremban
9	Shah Alam
10	Kelang
11	F.T of Kuala Lumpur
12	Muar
13	Batu Pahat
14	Kluang
15	Petaling Jaya
16	Kajang
17	Perlis
18	Sabah
19	Sarawak

2. Based on the internet search, identify the major property development projects in your sub-market area. Describe the development activities based on the following aspects:

- the developer company and its brief profile
- the project, location, and type of property developed
- the number of units built in each project
- the per unit selling price of each type

3. Analyse the following aspects:

- the basic descriptive statistics of the land area and floor area
 - the per sq. ft. selling price
 - your group's comments on the attractiveness of the location and product
 - the potential demanders for the product in question (give your rationale).
- Note: You must accompany your analysis with evidence of the project such as the location plan, site plan, pictures of the product, floor plan, etc.

LAB TWO

Objective: To introduce the students to the concept of *inferential* analysis in property market research. [Note: *Read Basic Aspects of Property Market Research*, chp. 2.]

Instructions:

1. Check the sub-market that you have chosen for the study case in Lab 1. Based on the sub-market, obtain the following information at the state and district levels, where the competitors' projects are located:

1.1 Demographic factors

- * population structure (age, sex, ethnic, etc.)
- * employment by sector (agriculture, manufacturing, services, etc.)
- * income structure (e.g. by sector, occupation, etc.)
- * In- and out-migration
- * Pertinent factors that may affect property industry in your area of study

1.2 Economic/market factors

- * level of inflation
- * unemployment & labour force
- * consumer price index
- * property supply situation by category
- * property demand by category
- * loan facilities (including interest rate, loan margin, etc.)

3. Based on 1.1 & 1.2 above, infer the potential demand for the projects that you have studied in Lab One. Some of the information obtained from Lab One may be used for this purpose.

LAB 3

Objective: To analyse potential demand for property product. In this case, residential properties are chosen as a case.

Instructions:

In Lab Two, you have been required to estimate 'global demand' for a particular geographic area in which a particular property project is proposed. In this lab, you are required to estimate specific demand for a specific product on a specific site.

Background

You are required to refer back to your Lab Two. Use the study area that you have chosen (e.g. Kuala Lumpur, Johor Bahru, Melaka, etc.) in Lab Two for this exercise.

Choose one of the proposed project, in particular, residential development project covering the area of your selection. Your project is assumed to conform to the Local Plan provided by the Local Authority and does not infringe any of the existing law and regulations. This project is exempted from building low-cost houses by the State Government.

Following the above criteria, you are to do the following:

- (a) Show and explain (the method of) how you estimate the demand for EACH product type that you have proposed
- (b) how and explain (the method of) how you recommend the selling prices of various sub products, to the developer.

In conducting your demand analysis, you must clearly indicate the sources of demand viz., local area, net in-migration, spill-over effect, and alien buyers. You can assume, in doing so, mutually non-exclusive demand in the area. Otherwise, you need to consider market share of the developer and the market share of the project area.

In deciding on the potential demand, use the following model:

$$QI = [.dP \times i \times 1/12] / (1 - 1/(1+i)^n) \times 36$$

where QI = qualifying annual income; .d is loan margin in decimal point (e.g. loan margin of 80% means .d = 0.8; P is selling price of the property; i = interest rate (say 8%); n = number of years of monthly installment.

LAB 4 (PART I)

Objective: To expose students to some aspects of property market analysis. In particular, students will be exposed to a preliminary market investigation for a particular property development.

Instructions:

Read the following description of a parcel of land which is under consideration for a project development. Each group is required to execute the necessary steps in the investigation and collect information from the activities involved.

You are investigating a parcel of land having the following particulars:

Lot. No.	:	P.T. 8249
Title No.	:	H.S. (M) 1779
Mukim	:	Senai – Kulai
District	:	Kulai
State	:	Johor Darul Ta'azim
Land Area	:	3.224 ha. (7.967 ac.)
Tenure	:	Freehold
Annual Rent	:	RM73.00
Category of Land Use	:	Agriculture (Rubber)

Some description of the property:

The subject property is located within a locality called Kg. Melayu Seelong, about 10 km due north-east of Senai village. It is accessible via two directions. Firstly, via Jalan Kempas Lama for about 15 km, before turning right for about 4 km and finally turning left onto a road leading to the subject property. Secondly, via Skudai-Senai highway before turning right to Senai Airport road and turning right again to Seelong for about 6 km.

Steps to be executed:

Group	Activities to be undertaken	Remarks
1.	Title search (hint: Johor Bahru PTG) Check the planning information (hint: Department of Planning, MBBJ) Ascertaining comparable property value in the surrounding area (hint: JPPH, Johor Bahru)	Explain in detail why you need to do title search and how you do it. Explain in detail why you need to do check on planning, how you do it and what information you gather. Explain in detail why you need to do check on property value in the surrounding area, how you do it and what information you gather.

2.	Description of the property and site analysis	<p>Describe in details the subject property, including its site and location. You must provide a clear and informative site and location plan of the property using a scaled map and photographs.</p> <p>Describe in details the immediate and surrounding areas of the subject property. You must provide a clear and informative site and location plan of the property using a scaled map and photographs.</p> <p>Conduct a simple site analysis of the property.</p>
	Describing the local competition	<p>Search for information on developer companies and profiles of their projects (e.g. location, type of property, number of units built, and selling price)</p>
3.	Local economic and market study	<p>Search for information on the local population structure (age, sex, ethnic, etc.), employment, income structure, in- and out-migration, and other pertinent factors that may affect property development in the study area.</p> <p>Search for information on the local economic and market factors such as level of inflation, unemployment & labour force, consumer price index, property supply and demand situation, and loan facilities.</p>
	Inferential analysis	<p>Based on the local economic and market study, perform an inferential analysis of the area.</p>
4.	Conversion process	<p>You are required to secure information from the relevant authorities and describe the process involved to convert the parcel from agriculture to building.</p> <p>Clearly indicate all the relevant the costs involved in the process.</p>
	Market valuation of the property under its present use	<p>With the cooperation from other Group 1 above, carry out valuation on the subject property using the information from the comparable properties.</p>
5.	Preliminary feasibility study	<p>With cooperation form other groups, you are required to assess the site for possible development of a small-scale project comprising bungalows and semi-detached</p>

houses.

Indicate a simple project plan.

Among other things, your focus will be on the main development activities and the related costs and selling prices. Make sure you collect real cost figures.

6. Preliminary feasibility study

With cooperation from other groups, you are required to assess the site for possible conversion from agriculture to bungalow lots.

Indicate a simple project plan.

Among other things, your focus will be on the main development activities and the related costs and selling prices. Make sure you collect real cost figures.

7 – 20. Sample survey on the prospective buyers

Each of Group 7 to 20 is required to conduct a local survey in the Senai-Kulai area and the surrounding areas among at least 30 qualified respondents (e.g. based on age and income)

Among other things you should include profiles of the prospective buyers such as the current address, place of work, age, sex, type of occupation, category of occupation (private, government, etc.) income, family size, working family members, state of property ownership (e.g. own a house, renting, looking for another house, etc.), buying interest (e.g. interested, not interested), preferred product type (e.g. bungalow, semi-detached, etc.) preferred price, preferred location, etc.

LAB 4 (PART II)

Objective: To expose students to some aspects of property market analysis. In particular, students are required to carry out a basic valuation of the subject property that is proposed for a certain development.

Instructions:

Read the questions carefully before answering.

This lab work is a continuation of Lab 4 (Part I). In this Lab, you are required to come up with a valuation report. You must be able to identify the question that you can answer from your own data collection as per activities required under Lab 4 (Part I) and the answer that you need to obtain information from other groups.

These questions are not arranged in order. You must decide on the appropriate format for reporting and then organize your sections of valuation report accordingly. Write your report in English using Microsoft Word. If your answer involves calculation, use Excel. All maps, pictures, photographs, and exhibits or appendices must be presented in a clear and meaningful manner.

The key questions that you must address in the valuation report are as follows:

1. Based on title search, write down the details of the title, including title restrictions.
2. Based on the planning information, describe the zoning surrounding the subject property. Wherever is possible, show the planning map.
3. Based on the latest evidence of comparable properties, describe the market condition in the surrounding area of the subject property. Comment on your observation.
4. Describe the subject property in details, including its site and relative location. Also, describe the immediate and surrounding areas of the subject property in detail. You must provide a clear and informative site and location plan of the property using a scaled map and photographs.
5. Based on the evidence of the comparable properties, carry out valuation of the subject property in its current status. Show the valuation steps clearly, including the schedule of value adjustment.
6. Conclude your opinion about the value of the subject property in its current status.