

COMMON EXAMINATION FOR HOUSE AGENTS

PAPER 2

REAL ESTATE MARKETING

Tuesday, 8 January 2008

2 ½ hours

100 marks

Instructions:

1. Answer any **5 (FIVE)** out of 8 questions.
(You must not provide answers to more than 5 questions.)
2. Each question carries 20 marks only.

Failure to comply with the above instructions may result in loss of marks.

Question 1

Each part of this question carries two (2) marks. You are required to indicate the most appropriate answer for each part of this question in the answer script. No marks will be given if the answer is not clearly indicated. If more than one answer is given to any part, no marks will be awarded for that part.

(I) Under the Stall Ownership Scheme. (a) A second generation stallholder is entitled to a 30% discount from the assessed value of the stall. (b) A permanent resident stallholder is entitled to a 10% discount from the assessed value of the stall.

- (A) Both statement (a) and (b) are correct.
- (B) Both statement (a) and (b) are incorrect.
- (C) Only statement (a) is correct.
- (D) Only statement (b) is correct.

(II) In marketing a 2,000 sq m plot of commercial land without planning approval an agent needs to inform prospective buyers the:

- (i) Tenure
- (ii) Possible development
- (iii) Location
- (iv) Land area
- (v) Master plan zoning and plot ratio

- (A) (i), (ii), (iii), (iv).
- (B) (ii), (iii), (iv), (v).
- (C) (i), (ii), (iii), (v).
- (D) (i), (iii), (iv), (v).

(III) The maximum annual subletting fee payable by a tenant to the Jurong Town Corporation (JTC) for subletting a part of a flatted factory space, leased from JTC, for two years is:

- (A) 2% of the annual rent charged by the tenant to subtenant

- (B) 3% of the annual rent charged by the tenant to subtenant
- (C) 4% of the annual rent charged by the tenant to subtenant
- (D) None of the above. ~~X~~
- (IV) Which of the following statements is incorrect?
- (A) The price of a strata-titled warehouse unit is only determined by the designed floor load.
- (B) The price of a strata-titled residential unit is only determined by the floor level of the unit.
- (C) The price of a strata-titled association office unit is only determined by the number of passenger lifts.
- (D) All of the above.
- (V) To assist a client in renting a shop in Chinatown, an agent could:
- (A) Check the media for shop in Chinatown available for rent.
- (B) Advertise in the media wanting to rent shop in Chinatown.
- (C) Send flyers to the owners of vacant shop in Chinatown.
- (D) All of the above.
- (VI) Heavy vehicle parks were introduced to:
- (A) Abate the problem of overnight illegal off-street parking.
- (B) To moderate the growth of heavy vehicles
- (C) To create a new land use.
- (D) All of the above.
- (VII) In the pricing of an apartment for sale: (a) If the apartment is near a cemetery the price should be discounted. (b) If the apartment is near a MRT station it should command a premium.
- (A) Both statement (a) and (b) are correct.
- (B) Both statement (a) and (b) are incorrect.
- (C) Only statement (a) is correct.
- (D) Only statement (b) is correct.

(VIII) Companies listed on the Stock Exchange of Singapore (SES) must disclose to the SES within _____ all property sales or proposed sales to their directors, employees, relatives of directors or connected persons.

- (A) 1 week
- (B) 2 weeks
- (C) 3 weeks
- (D) None of the above

(IX) Which of the following statements is incorrect?

- (A) The Home Improvement Programme (HIP) offers lessees a choice on the works they want to be included in the upgrading of their flats.
- (B) In each HIP precinct, a Working Committee will be formed to oversee the project.
- (C) HIP will proceed for a block so long as 50% of the eligible lessees in it vote for HIP.
- (D) None of the above.

(X) In marketing a fourth-storey, well renovated 31 flat along Crawford Lane, the key selling points are:

- (i) Sea view.
- (ii) Move-in condition. ✓
- (iii) Proximity to MRT station. ✓
- (iv) Proximity to market, shops and food centres. ✓

- (A) (i), (ii), (iii).
- (B) (i), (iii), (iv).
- (C) (ii), (iii), (iv)
- (D) All the above.

10 mks ?

(20 marks)

Question 2

Madam Cheng has instructed you to rent out her unfurnished 4I flat, situated along Kim Keat Avenue. She has occupied the flat for more than 20 years. From your knowledge that the median subletting rent for 4-room flats in Toa Payoh is \$1,500.00 per month, you recommend to Madam Cheng that you would try to rent it out for \$2,000.00 per month.

In response to your advertisement to rent the flat for \$2,000.00 per month, Mr. Lin offered to rent it at \$2,300.00 per month for two years for himself and eleven colleagues. They are non-Malaysians work permit holders working in the construction industry. Mr. Lin only request is for the landlord to provide six double-decker beds.

- (a) Do you recommend to Madam Cheng to provide six double-decker beds and to rent the 4I flat to Mr. Lin and his colleagues at \$2,300.00 per month for two years? Give reasons. (5 marks)
- (b) Explain the likely reasons for pricing the 4I flat at \$500.00 above the median subletting rent of \$1,500.00 per month. (5 marks)
- (c) Explain your responsibility to Madam Cheng to ensure that Mr. Lin and his colleagues are in Singapore legally. (5 marks)
- (d) Assuming that Madam Cheng agrees to rent out the flat to Mr. Lin and his eleven colleagues without the six double-decker beds but at a lower rent of \$2,000.00 per month, explain how you could close the deal. (5 marks)

Question 3

You have received instructions to market a boutique hotel, converted from 20 units of three-storey conserved shophouses, along Keong Saik Street. Your clients have requested your advice on the selling price for the hotel.

- (a) Explain the factors you must consider in the pricing of the hotel for sale. (10 marks)
- (b) Explain the differences, if any, between a boutique hotel and a five-star hotel. (10 marks)

Question 4

You are marketing a 3-room HDB flat in Tebans Garden Road already announced for Selective En Bloc Redevelopment Scheme (SERS). Mr. and Mrs. V. S. Samy, both permanent residents, are very interested in buying the flat as they understand that as owners of a HDB flat under the SERS they are eligible to buy a new HDB flat.

- (a) Is Mr. and Mrs. V. S. Samy's understanding that they are eligible to buy a new HDB flat, after buying the resale flat announced for SERS, correct? Give reasons. (4 marks)
- (b) Explain all the conditions that a person must fulfill before he is eligible to buy a resale flat announced for SERS. (16 marks)

Question 5

Your company is the sole marketing agent for a mixed development under construction. This development consists of 200 retail shop units, 100 office units and 100 apartment units. The Temporary Occupation Permit for the development is expected on 31 December 2010 and the legal completion date for the units is expected on 31 December 2013.

- (a) Explain the differences, if any, in the sale of residential and commercial properties under construction. (10 marks)
Handwritten notes: 500% (residential), 50% (commercial), 75% (commercial)
- (b) Explain the various methods of sale available for the sale of the units in this development. (10 marks)
Handwritten notes: Show? Pm, media, Newspaper upon SLA approval, Personal contacts, Flyers

Question 6

Your client, Smart Timber Pte Ltd, is the owner of a factory in Sungei Kadut Industrial Estate. The land is leased from the Jurong Town Corporation (JTC) at a rental of \$14.20 per sq m per year. The lease for the land is due to expire on 31 December 2020. The factory, in poor condition, has a gross floor area of 23,456.0 sq m and a land area of 34,567.0 sq m. The factory consists of a two-storey office block and several single-storey timber sheds enclosed with metal sheets. Due to poor business prospect your client intends to sublet the whole factory and has appointed you the sole agent.

- (a) As the factory is built on land leased from JTC, is your client allowed to sublet the whole factory? (2 marks)
- (b) Explain with reasons, the rental you would recommend for the subletting of this factory. (4 marks)
- (c) Must your client seek JTC approval to sublet the factory? (2 marks)
- (d) Would your client be penalised if JTC is not informed of the subletting? (2 marks)
- (e) Assuming that JTC current posted land rental rate for the land is \$15.50 per sq m per annum and the whole factory is let out, calculate the monthly subletting fee payable to JTC, if any. (10 marks)

Question 7

Write short notes on the following:

- (a) Closed Contract. (5 marks)
- (b) Warehouse Retail Scheme. (5 marks)
- (c) HDB Resale Levy (5 marks)
- (d) Marketing research (5 marks)

Question 8

Each part of this question carries two (2) marks. You are required to indicate the most appropriate answer for each part of this question in the answer script. No marks will be given if the answer is not clearly indicated. If more than one answer is given to any part, no marks will be awarded for that part.

- (I) Which of the following statements is incorrect?
 - (A) "Marketing is an activity directed at satisfying needs and wants through the processes of exchange".
 - (B) "Market targeting is the selection of the market segment or segments to serve"
 - (C) "The work of estate agents is the promotion and selling of properties".
 - (D) None of the above.

2.

(V) In advising owners on the collective sale of a row of 2-storey terrace houses built 35 years ago, an agent must highlight to the owners:

- (A) All the owners must agree to the sale before the sale can proceed.
- (B) The sale must be approved by the Strata Titles Board.
- (C) The collective sale is governed by the Land Titles (Strata) Act.
- (D) All of the above.

(VI) The Defects Liability Period for a new factory unit purchased from a developer is:

- (A) 12 months from the date of the Notice of Vacant Possession to the purchaser.
- (B) 12 months from the date of issuance of the Temporary Occupation Permit.
- (C) 12 months from the date of receipt of the Notice of Vacant Possession by the purchaser.
- (D) None of the above.

(VII) The maximum option fee payable for the purchase of a 2-storey semi-detached house under construction at \$1,500,000.00 is:

- (A) \$15,000.00.
- (B) \$75,000.00.
- (C) \$150,000.00
- (D) None of the above.

(VIII) The seller of his first HDB subsidised 4-room flat who is buying a 5-room HDB resale flat in the open market has to pay a resale levy of _____.

- (A) \$35,000.00
- (B) \$40,000.00
- (C) \$45,000.00
- (D) None of the above.

(IX) If a tenant of JTC industrial land under-declared the rent collected from his subtenant, the tenant has to pay additional subletting charge, subject to a minimum of _____.

- (A) \$5,000.00
- (B) \$10,000.00
- (C) \$20,000.00
- (D) None of the above

(X) In the pricing of a heavy vehicles park for sale some of the factors to be considered are:

- (i) Number of parking lots. ✓
- (ii) Parking charges.
- (iii) Occupancy rate ✓
- (iv) State of repairs

- (A) (i), (ii), (iii)
- (B) (i), (iii), (iv)
- (C) (ii), (iii), (iv)
- (D) All the above.

(20 marks)

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