

INDIAN INSTITUTE OF TECHNOLOGY, KHARAGPUR

Date:- 26.9.2011 (FN)

Time: 2 hrs

Total Marks: 60

No. of Students:23

Mid- Autumn Semester Examination 2011

Sub: Real Estate Valuation

Sub No. (AR42005)

Course: 4th Yr. B.Arch

Instruction: i) Answer *All questions*.
ii) Answer all parts of a given question at one place only.

- Q.1** a) What are the main purposes of valuation?
b) Differentiate between-Salvage value and Scrap value, Sentimental value and speculative value, Rateable value and market value
9+6=15
- Q.2** (a) Explain the terms, Net Rent, Ground Rent, Rack Rent
(b) Differentiate between Easement and encroachment, Paying Guest and Tenant, Low geared and high geared project
6+9=15
- Q.3** A person has invested Rs.80,000/- in land and building expecting 6% return. The plot of land costs Rs. 20,000/-. Assuming the cost of annual repair to be Rs.200/-, management charges Rs. 1000/- per annum and other outgoings at 20% of the gross rent, calculate the reasonable monthly rent if the annual sinking fund co-efficient is 0.01. **[5]**
- Q.4** The cost of a new building is Rs.2, 50,000/-. Work out the depreciated cost of the building after 10 years, by straight line method and constant percentage method, if the scrap value is Rs.25,000/-, assuming the life of building is 50 years. **[5]**
- Q.5** What is the present worth of an income producing property which receives an after-tax cash flow of Rs. 20,000/- in year one, Rs. 22,000/- in year two, Rs.25,000/- in year three, Rs.30,000/- in year four, and Rs. 35,000/- in year five. Assume the discount rate is 15%. **[5]**
- Q.6** A plot of land having an area of 12000 sq.m. is situated on National highway. It has only one frontage of 30 m width and it is surrounded by the adjoining properties on the remaining three sides. As per prevailing bye-law, no construction is allowed by the authorities concerned in the front 20 m. width except gardening. The study of sale instances of nearby properties indicates that the rate of land varies from Rs 16/- to Rs 20/- per sq.m. Work out the value of the property. **[5]**
- Q.7.** A man purchased a leasehold property for Rs. 12, 00,000. The lease is to run for 28 years. Calculate the sum that he should place annually as sinking fund which will accumulate at 4 % compound interest so that he can redeem his purchase money at the termination of lease. **[5]**
- Q.8** Calculate the quarterly property tax to be paid by the owner at New Delhi for a tenanted property based on the following information:
Covered area- 900 sq.m.; "Unit area value" as per chart as Rs.510/sq.m.;
Occupancy factor – 2; Structure factor-1; Use factor – 1; age factor – 0.9;
Usual outgoing as 22% of annual valuation and tax rate – 10% of rateable value. **[5]**