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OBAFEMI AWOLOWO UNIVERSITY
FACULTY OF ENVIRONMENTAL DESIGN AND MANAGEMENT
DEPARTMENT OF ESTATE MANAGEMENT
2010/2011 HARMATTAN SEMESTER EXAMINATION

COURSE TITLE: ESM 507-Feasibility and Viability 1 TIME ALLOWED: 2HRS,30MINS

INSTRUCTION: Answer **Fours** questions only, **at least one** from each section.

Section A

1(a). CORNERSTONE PROPERTIES, a property development outfit based in Lagos has asked to help in securing a suitable site for the development of a shopping complex. What factors will you consider in the choice of a suitable site? (8 marks)

(b). UAC property development company limited has approached you for a professional advice on twelve acres of land acquired for the development of office complex. What characteristics will you consider in the choice of a suitable site? (7 marks)

2. GLOBAL PROPERTIES, a property development company with branches all over the country wishes to construct a housing estate in Maitama, Abuja. The project estimated to gulped fifty million naira is expected to be financed through loan. Discuss five possible sources through which the project can be financed. (15 marks)

Section B

1. A good feasibility and viability studies are more than just a set of financial projections Discuss (15 marks)

2. Discuss with examples, the effect of any three property taxes to feasibility and viability studies in Nigeria. (15 marks)

Section C

1.(a) Suppose an urban area has a population of 120,000 of whom 40,000 are employed, with 20,000 in basic employment and 20,000 in non-basic employment. Assume the demand for basic activities increases as a result of the addition of a new University, requiring an extra 8,000 employees, determine (on the basis of economic base theory), the total population of the urban area when equilibrium is restored. (4 marks)

(b) The following 10 year employment levels of a city population were obtained from government records (see Table below). Assume you want to estimate future total household demand in terms of employment (for the year 2015) in an economic feasibility report you are preparing, project the total demand from the following employment level data. (7 marks)

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Year	Employment	Unemployment
2001	44,873	3,235
2002	43,146	3,250
2003	43,653	3,159
2004	43,481	3,362
2005	43,770	3,260
2006	43,965	3,366
2007	44,206	3,356
2008	44,172	3,281
2009	44,367	3,340
2010	44,539	3,350

(c) Explain the following terms

- Market penetration rate
- Project penetration rate
- Stabilized occupancy
- Reilly's law of Retail Gravitation (1 mark each)

2. (a) Babawale Mall is an existing 600,000 square shopping center located at a point which is 15 minutes driving east of Moro. A proposed shopping center of 000,000 sq is being constructed at a point 25mins driving time west of Moro on at same route that Babawale Mall is located. How much of the available Moro trade could the proposed center draw potentially? (4 marks)

(b) Assuming 80% of your client;; planned project (flats) are to be filled a primary market area. and 80% of your competitors planned project (flats) are also to be lilted from that primary market area, calculate the project and market penetration rates assuming the following information:

Number of planned project flats 200

Number of Age- and Income-Qualified Households 3,000

Existing inventory of competitive flats in PMA 100

Planned inventory of competitive flats 120 (5marks)

(b) Explain the following terms

- Paul Converse's Law
- The absorption rate
- Product strategy
- Pricing Strategy
- Distribution Strategy
- Promotional strategy (6 marks)

