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OBAFEMI AWOLOWO UNIVERSITY, ILE-IFE
FACULTY OF ENVIRONMENTAL DESIGN AND MANAGEMENT
DEPARTMENT OF ESTATE MANAGEMENT

RAIN SEMESTER EXAMINATION 2010/2011 SESSION

COURSE: ESM 206 – LAND ECONOMICS II

TIME ALLOWEDS: 2 ½ HRS

INSTRUCTION: Answer question 1 and any other three questions

(1)A Table 1 provides economic costs and returns of input on land use in New Town, Ajoda.

<u>Inputs</u>	<u>Total Physical Product (TPP) in bags</u>
1	2
2	6
3	10
4	20
5	29
6	37
7	44
8	49
9	53
10	53
11	52
12	49

Given that the fixed cost of land in the area is 10 dollar. A constant marginal factor cost of 5 dollars per variables input unit; and a unit product value of 2 dollars.

Determine the following:

- (i) Value of total physical product at 2 dollars per bag
- (ii) Marginal value product
- (iii) Average fixed cost per input unit
- (iv) Total input cost 10 dollars for land plus 5 dollars per variable input
- (v) Average input cost

7 %Marks

B. Table 2 provides economic costs and return of output on land use in the same location. Assume a fixed overhead cost of N10 and a constant marginal factor cost of N4 per variable input unit.

<u>Output</u>	<u>Cost</u>	<u>Physical Product</u>
2	14	2
6	18	4
12	22	6
20	26	8
29	30	9
37	34	8
44	38	7
49	42	5
52	46	3
53	50	1
52	54	-1

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Determine the following and illustrate with curve

4 ½ Marks

- (i) Average fixed cost
- (ii) Average variable cost
- (iii) Average total cost per unit of output
- (iv) Marginal cost per unit of output

6 marks

- (2a) "The concept of proportionality involves the operator's problems and decisions in securing an optimum combination of his various factors of production. Its application occurs in every facet of land use and yet limited with constraints". Discuss.

6 marks

- (b) Briefly explain the following as they relate to land economics:

- (i) Highest and Best Use 2 marks
- (ii) Land Use Capacity and Intensity of Land Use 4 marks
- (iii) Urbanization 2 marks

- (3a) A renowned agriculturalist inferred that two adjacent acres of land - A and B in OAU farm contain proportionate quantity of nitrogen required for the massive production of either Melon or Groundnut annually. Either of the products is officially approved to be produced by the farm authority, after the first year of experimenting the two products. Practically demonstrate with hypothetical quantity how the agriculturalist can make an economic and rational decision on the choice of land use.

7 marks

- (b) Briefly explain the effect of urbanization on Nigeria urban land use.

7 mks.

- (4a) Property development is likened to an art of baking bread, however, broadly categorized into three phases. Sequentially explain the process.

8 marks

- (b) Briefly explain how the real property market functions.

6 mks.

- (5) Distinguish between land use (location) theories and growth theories. Relate two location theories to settlements of your choice and establish their deficiencies.

4 mks.

4 mks.

- Briefly explain these theories

- (i) Economic Base Theory 2 mks.
- (ii) Input - Output Model 3 mks.
- (iii) Keynesian Model 2 mks