
EDUCATION IN THE REAL ESTATE PROFESSION

By Joseph S. Rabianski

How do real estate professionals learn the business of real estate? What does, and what should, the real estate learning process include? What are the conceptual models for real estate education? This article discusses these issues, offers answers to these questions, and provides some insight about the education process in the real estate profession. This article is a concept piece with a strong dose of opinion. Many points, if not most of the points, raised in this article are open for discussion and argument. The generation of such a dialogue could, should, and would benefit all dimensions of the real estate profession. Many issues raised in the article could be topics for serious academic investigation.

In very general terms, three aspects of real estate education exist. These aspects are academic or formal education provided by colleges and universities; professional education provided by a variety of entities in the real estate industry; and, on-the-job training. This training or hands on experience is often mandated as part of a professional designation or state certification. Each of these aspects or options for education has an important role to play and provides a set of benefits. These educational aspects or options are the focus of this note.

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Unlike many other education-oriented articles in the real estate literature, this note does not discuss the "body of knowledge" even though the body of knowledge is very important. This article does not discuss important real estate topics but instead discusses the process through which an individual gains knowledge and skills.

Individuals enter the real estate industry from a wide variety of other activities and endeavors. Individual success stories can be found in which the personal points of entry into the real estate business differ widely. This article does not try to identify the "best educational" package or background for success in the real estate industry. The article identifies these possible pathways but principally discusses the interplay of the three aspects of real estate education.

THE DICHOTOMOUS MODEL (THE "EITHER-OR" MODEL)

The education process in the real estate industry should not be viewed as an "either-or" relationship with academic education at one end of the spectrum and professional education, on-the-job training or experience at the other end. Figure 1 depicts the dichotomous model. It is not the model that exemplifies the best real estate education option. It puts individuals with different knowledge enhancing activities at odds when in fact they are complementary and should be used in consort.

This model has existed from the very start of the educational debate and still exists, but is much less accepted today than in the past. People on both sides think they know more than people on the other side. As an example of this model consider the following selected set of statements made by the professionals holding opposing views. Practitioners have made statements like the following ones about academics:

- "What do they know about the real world?"
- "They don't know a thing if they haven't done a deal."
- "People who can, do. People who can't, teach."

On the other side of the issue, academics have been heard to say:

- "What do you learn doing the same thing for the 50th time that you didn't know after the first or second time?"
- "Too much cookbook mentality."

Figure 1



The Dichotomous Model (The "Either-Or" Model)

- "An appraisal or a market analysis is a biweekly term paper on the same topic."

Some participants in the real estate industry need an attitude adjustment. Too many academics trivialize the educational experiences provided by professional organizations and trade associations as being too simple or too much of a "how-to" approach. Similarly, too many practitioners condemn academic education as being too highbrow, too unrealistic, not "real world." It is time for both of these attitudes to disappear and for the professionals in all parts of the real estate community and business to work together for a common good. This form of inappropriate criticism is "old school" thinking and should not be "new school" thinking. For most of our discipline's early history each side turned its back on the other's education learning outcomes and programs. Over time this view has moderated to some degree. But, the change has not been fast enough and has not occurred with full reciprocity. It is mostly unidirectional with the professional organizations in the industry being more accommodating than colleges and universities. In the future the dichotomous view of real estate education must not only diminish, but it should disappear for our mutual benefit. It hints at a degree of disrespect that is not exhibited by other professions.

THE MATRIX MODELS OF EDUCATION AND EXPERIENCE

A second model of education and experience is the matrix model that displays the possible combinations of the educational experiences. This model can be presented in various levels of complexity. A simple form of the matrix model is depicted in Figure 2; a more complex form of the model is depicted in Figure 3. Academic education in real estate refers to three levels of activity - an associate's degree, a bachelor's degree, or a master's degree. The key consideration however is not the degree itself but the nature and number of courses in real estate taken as part of the education process leading to the degree.

Collegiate real estate education is a not standardized. Most business schools do not offer real estate education. In those that do, real estate is a small component typically found in a Finance Department where one, two, or three courses are offered. It can exist as part of a combination of disciplines coupled with insurance and legal studies. There are very few substantive real estate programs that offer more than a very few courses in real estate. Some real estate programs in the U.S. exist in colleges of architecture. But, again even these are few and far between. Therefore "academic education in real estate" in Figure 2 is a very diverse real world experience. Given this diversity, academic education needs to appear in a simple format in this simple specification of the matrix model.

In Figure 2, "no formal education in real estate" refers to a very broad array of circumstances. This category includes the liberal arts, social science, or natural science major holding a bachelor or master degree from a college, the holder of an associate degree from a junior college, and the high school graduate. It also includes the bachelor or master degree in business but without real estate course work. The key feature is that regardless of the degree, the student did not receive academic training in real estate.

Professional education in real estate also can consist of a broad category of possible educational experiences that can encompass:

- pre- and post-licensing courses for sales associate and broker licensure, appraisal certification courses, and continuing education seminars for sales associates, brokers, and appraisers taught by proprietary schools, technical schools, and junior colleges using local practitioners
- courses and continuing education seminars taught by educational centers that are either free standing entities or affiliated with colleges and universities
- courses and continuing education seminars taught by various professional organizations that are required for obtaining and maintaining a professional designation
- courses and continuing education seminars taught by various trade organizations

Figure 2: The Matrix of Education and Experience

	On-the-job Training	No On-the-job Training
Academic Education in Real Estate	A	D
Professional Education in Real Estate	B	E
No formal education in Real Estate	C	F

The model can be used to differentiate the pathways that real estate professionals took to attain their current position in the real estate industry. The answer is that we have come to our present situation from a complex series of circumstances; we are the products of the education paths identified in cells "A, B, or C." Other professions do not exhibit this array of entry possibilities. Accountants learn the fundamentals for their profession in cell A.

The model can also depict the starting point for our individual real estate careers. Cells "D and E" are two entry portals to a future in the real estate industry, but the on-the-job experience must be gained. Cell "F" can be a starting point but a movement into cells A or B is a necessary step. If we look around us we should be able to find successful people in our industry from "all walks of life," from cells "A through F." We are a very diverse group of professionals when viewed through the lens of background and preparation for the industry. We are dramatically unlike other professions. Accountants enter their profession in cell D and move to cell A. They do not enter their profession from Cells C or F.

The complexity of the matrix model is increased in Figure 3. Here the general categories of academic and professional categories are segmented. This array can be used to describe the situation when they entered the real estate industry and also to describe their current situation. For a discussion of the circumstances at the point of entry the "no on-the-job training (OJT)" cells would seem to be null sets. But, there are circumstances in which this is not true. The most likely such case is the "family real estate business." The daughter or son with no real estate education of any form is brought into the business - cell t. After many years in the business gaining OJT the son or daughter probably is depicted in cells D, H, L, or P.

Another example is the college professor who enters a faculty to teach real estate straight from either the dissertation topic defense or the dissertation defense - cell q. Too many college professors

Figure 3:
The Matrix of Education and Experience -
Segmented Display

	Proprietary School	Education Center	Professional Organization	Trade Association	None
Masters Degree	A a	E e	I i	M m	Q q
Bachelors Degree	B b	F f	J j	N n	R r
Associate Degree	C c	G g	K k	O o	S s
No College	D d	H h	L l	P p	T t

remain in this cell for their entire career. Admitting that they may improve their skills by research and self-teaching, experiencing some form of professional education would provide an opportunity to learn new and interesting things. This would signal a move to at least one or a combination of cells *a, e, i, and m*. It is even advisable for the college professor to venture into some OJT situation. Many of our academic colleagues are cell I individuals who hold professional designations but this is a small percentage.

The typical real estate executive enters the real estate industry in cells *r* and *s* but as experience on the job is gained, the executive moves into cells *E, F, I, J, M and N*. Some executives in the course of their careers also take advantage of educational opportunities from professional organizations, trade associations or educational centers.

Residential brokers and residential appraisers with only state certification very often start in cell *d* after the state mandated courses are taken and move to cell *D* with OJT. As their desire for knowledge and prominence grows they very often also obtain the education in cells *L* and *P*.

The point of the story is that real estate professionals start out in four somewhat general portals to the industry (cells *q, r, s, and t*) and can become successful by accumulating knowledge and skills from some combination of the choices depicted in Figure 3.

The realizations about entry points and career paths achieved in the context of the matrix model

lead to the following question. What should real estate education entail in general, and specifically in the post-secondary education system of colleges and universities? Can this question be answered tactfully?

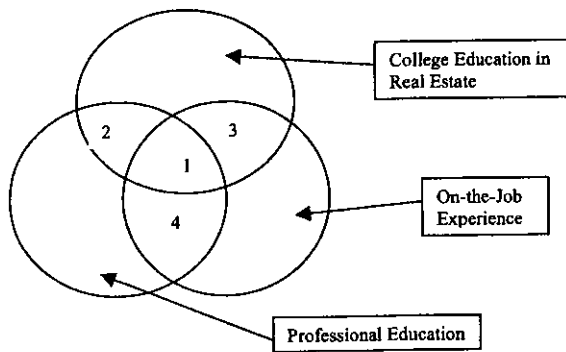
THE INTERSECTION MODEL

In general, real estate education should include elements from both academic and professional educational processes and on-the-job training. The graphical depiction of the interaction model comes from the theory of sets that you may remember from mathematics and appears as Figure 4. It is also known as a Venn diagram.

The ideal educational arrangement is the intersection of the three sets representing academic education, professional education and experience. This is the area signified as "1." In this area the individual experiences the interaction of the three elements that lead to the broadest spectrum of real estate knowledge. The benefits derived from the educational experiences signified by this intersection are at the highest level especially when the proper and pertinent material is put forward in all three sets of experiences.

Area 2 is high on both academic and professional education but is somewhat unrealistic as a path to success without experience in the industry. However, this is the best form of educational experience that prepares an individual for future success as industry experience is obtained. Here, knowledge is gained from two different educational orientations.

Figure 4: The Integration Model



Areas 3 and 4 are different educational experiences coupled with practical experience. Is one of these better than the other? Is academic education better than professional education? It depends on the content of the educational experience. An academic education based on strong industry examples and experiences is much better than a professional education experience based on personal stories with questionable relations to the topic of the course or seminar. On the other hand, an academic education based only on the memorization of terms and the study of theory is inferior to a professional education providing meaningful situational examples and analysis.

Area 4 is the area of interest for those individuals who do not have a college education in real estate. These people get their knowledge from professional education and on-the-job training.

In order to maximize the effectiveness of a college education, the real estate major at both the graduate and undergraduate levels should provide the most complete array of relevant courses. But, the story is not finished. Given the interrelationships portrayed in Figure 4, academic programs should be positioned in Area 1 of Figure 4. A strong link should be developed among academic education, professional education and on-the-job training. To accomplish this most desirable interrelationship, several key factors should exist on faculty side of the issue:

- Faculty members should have professional involvement in some form either past or present. This professional involvement can be direct experience that comes from working in the industry or it could come from consulting activities.
- Academic courses should utilize real world

examples brought to the classroom. All academic courses should have a major component that requires a real world experience garnered from a case analysis, a field survey, an appraisal, an investment analysis, a development project analysis, a search at the county offices, and a visit to the court house steps. This is how the on-the-job aspect is linked to academic education.

- Faculty members should fully recognize the nature and content of the courses taught by the professional and trade organizations. Periodically, faculty should make an audit of what is being taught by the professionals and make certain that academic courses reflect that material. This is the academic education to professional education link.
- Faculty members should actively participate in faculty development by taking executive education courses and seminars for real estate professionals to see what the industry is doing. This is an aspect of life-long learning for the real estate academic. If possible, academics should develop training programs based on their knowledge and skills for various entities in the real estate industry. In all states licensed appraisers, sales associates and brokers need continuing education credits. Academics could raise the standard for such education.
- Faculty members should do some applied research to round out their academic or scholarly research. They should strive to publish the output of this applied research in various professional journals. In many instances, if properly rewritten and edited, an article that stands well in an academic journal can also provide information to professionals in an applied journal.

To accomplish this most desirable interrelationship, several key factors should exist on professional education side of the issue:

- Professionals should recognize the benefits to clear thinking and problem solving provided by the study of concepts and theory. Proper cause and effect reasoning procedures need to be taught. Concepts and theory are an important element of the "how to do it" approach. Concepts and theory answer the question, "why did you choose to do it this way?"
- Professionals should minimize the personal

experience aspect of instruction. "War stories" should only be used as a means to amplify a more generally applicable concept or principle. Case studies can be too restrictive; they typically teach how to handle yesterday's specific problem instead of tomorrow's general problems.

- Professionals, as well as many college instructors, need to remember that teaching is a learned and practiced craft. Teaching is time-consuming and enhanced by practice. Telling someone how to do something is not the same as explaining how and why something is done. Teaching requires the teacher to adopt the viewpoint of the audience in order to determine if the material is being learned and not just presented.

All of these factors point to a need for better cooperation and integration of the academic and professional parts of the real estate discipline. There is an old saying that the Americans and the English are two peoples separated by a common language. We should not be two groups of educated people interested in real estate separated by a common discipline.

IMPLEMENTATION OF THE INTERACTIVE MODEL

In order to bring the interaction model of education in the real estate professions, several actions must take place in the near term. These actions involve the generation of the following three relationships:

Strategic Partnerships with Reciprocity
Agreements
Cross Pollination
Outsourcing

Strategic Partnerships with Reciprocity Agreements—Strategic partnerships with reciprocity need to be created between academic programs and professional organizations to bring academic and professional entities together for the common good of the real estate discipline. Actions to accomplish the desired end should include the following:

Professional organizations need to accept academic courses in their educational program. This is occurring between the Appraisal Institute and several Master of Science programs.¹ The Royal Institution of Chartered Surveyors (RICS) has no accredited programs of study in wide ranging aspects of real estate that undergo a formal evalua-

tion by RICS accreditation officials.² The Real Estate Commissions of many states accept college credit as proof of knowledge and the requirement to take the licensure examination in that State.

Academic programs need to create educational internships (not part time jobs) and grant academic credit, and academic programs need to create procedures to accept professional training for academic credit. The difficult aspect of this is getting college and university approval for these activities. Some colleges have educational internships that generate academic credit other colleges do not have such programs. Only the college that is a rare exception can give academic credit for professional courses. A vehicle to accomplish the desired end is the appropriate use of a directed readings course, a field study course, or an internship course.³

Trade associations need to accept academic courses in their educational program. If a trade organization has courses in real estate finance and market analysis, the association could evaluate college courses in these subjects and accept them into their professional programs.

A benefit to the college or university from such strategic partnerships is industry support. Real estate programs are almost always under appreciated and under funded in the university setting. And at times and in different places, the very existence of a real estate program is threatened by financial exigency or administrative bias. In such instances the link to national professional organizations and trade associations can be very helpful to a program. The internship program relationships established in the local community can also help in such instances.

Cross Pollination—Cross pollination of ideas and experiences refers to more specific actions that can be undertaken within a strategic alliance or in a reciprocity arrangement. Several ideas for cross pollination of ideas between academics and professionals are:

- joining together to offer constructive criticism of the other group's educational offerings. Constructive criticism from a learned individual is good. It can shed a different light on a subject. It can add a new dimension to a topic or presentation.
- broadening their course offerings and course

content by linking their learning experience to the other group's learning experience

- joining together to create courses and seminars for each other.
- exchanging educational materials.

Outsourcing—Outsourcing identifies activities in which one entity acquires services from another entity. In our case, it is the mutual provision of services between the academics and the practitioners. Several activities that can occur are:

- Professional programs given by both professional organizations and trade associations increase their use of academics to give seminars on specialized topics instead of the typical (but not universal) current practice of using only instructors and course developers from the organization.
- College real estate programs continue to use industry personnel to teach principles courses in their programs as they have been doing for many years. But to provide breath to the programs, consider using professionals in other courses that should be in the program but that the full-time faculty cannot teach due to either time or training constraints. For example, appraisers can teach the appraisal course. Real estate lawyers can teach real estate law and development regulations. Real estate consultants can teach market analysis. Real estate financial analysts can teach finance and investments.
- College courses could expand the students learning experiences by using more professionals as guest lecturers on topics of their expertise.

CONCLUSION AND SUMMARY

The real estate discipline in general, and education and training in both the academic and professional aspects in the real estate industry are on an upward path that leads to a higher and more recognizable level of prestige. Two things are happening. First, academic and professional education is steadily improving. Second, after many, many years, other aspects of the business community are now recognizing this enhanced education experience. Just as the accountancy discipline started to gain prestige and recognition in the first quarter of the 20th century, the real estate discipline is gaining that recognition in the first quarter of the 21st century. The accounting profession continued that growth in prestige throughout the 20th century even give the several major bumps in the road with WorldCom, Global Crossing, and Enron. The real estate discipline needs to emulate the successes of the accounting profession!

But, the accounting professional played a key role in the process; they provided tactical, emotional and financial support to the college-based accounting programs. We need this industry commitment and support from the real estate industry! To gain the prestige, accounting firms encouraged and gave all forms of support to the accounting programs in business schools. They created scholarships, they provided operating funds to supplement public funds and they created endowments in the form of Professorships and Chairs to encourage research.

On a smaller scale but still very effective, insurance companies have supported actuarial and risk management programs in the same manner as the accounting programs. Hospitality and Health Administration programs are also supported by their industry oriented professional constituencies.

It is now time for us to enhance this interrelationship in the real estate industry!

Currently, most real estate programs are academically underrepresented in business education. They are limited in scope due to lack of trained faculty on staff. These programs very often offer only a single real estate course, or at most a couple of courses. Real estate is a broad discipline. It cannot be compressed into a couple of courses and do it justice. Real estate is business, law, government, architecture, engineering, and planning. All real estate programs need enhancement. All real estate programs need support from the industry in order to move to their potential.

REFERENCES

1. Upon completion of the academic degree, the Appraisal Institute accepts the academic course work as a substitute for a portion of its core courses leading to the MAI designation.
2. RICS has been involved in the accreditation of programs in the UK, Europe, Australia, and other areas of the world for many years. RICS has now started its accreditation in the Western Hemisphere and has accredited the Masters Programs at Georgia State University and Harvard University. At the date of this publication, it is considering other universities in the US.
3. The directed readings course is given under the direction and guidance of a faculty member. It requires the generation of an academic product such as a term paper, a case analysis or a report and may need to have an examination. The professional experience gained from the internship can be woven into a term paper or a case analysis. The concepts learned in the professional course can also be woven into a term paper or a case analysis, and a separate test can be designed to "justify" the academic credit.