

Real Estate Education: It's about Ethical, Responsible Community Building

by Mark Stapp, director of the Master of Real Estate Development program, W. P. Carey School of Business, Arizona State University, December 20, 2012.

Why do we care if our real estate professionals receive a comprehensive education about the business? The recent collapse of the financial markets -- and the profound impact it had on housing -- taught us all how important real estate is to our economy. Economists generally agree recovery requires a fluid, healthy real estate market.

Still, everyone should understand that real estate is about much more than just making money. It's also about more than building things, financing them or designing them. Real estate is about building our communities, and the industry is a complex web of activities undertaken by people of many disciplines all interfacing at various times. Because real estate involves so many different disciplines and activities, it's a difficult business to teach in a comprehensive manner. It's relatively easy to join the real estate industry, regardless of your level of business knowledge, so people come to this industry from many different professions and serve in many different roles. However, industry-leading professionals need to know all of these roles and skills, and how they integrate, in order to succeed. It's critically important for our economy and communities to have well-educated students matriculate to leadership positions. That's why real estate education is vital.

Believe it or not, real estate education is a relatively new academic focus. In the late '70s and early '80s, many colleges and universities started offering undergraduate degrees in real estate, mostly from business schools. Much of the study was focused on finance or property valuation. Graduate-level programs were very limited, and many were concentrations within other degree programs, such as in an MBA, or in architecture and urban planning. Most emphasized the business side of real estate: financing, marketing or company management. They usually lacked adequate coursework in real estate principles, process design, or planning and architecture. Urban-planning degrees typically lacked adequate training in finance and management.

Then, in the mid- to late 1980s, the real estate industry started to mature. Several factors affected how the industry functioned, and it grew in complexity and became increasingly institutional and less local. This created a demand for more practitioners who possess a comprehensive real estate education. Several one- and two-year graduate-level real estate degree programs emerged. Most notable were at the Massachusetts Institute of Technology (MIT) and Harvard University. Then Columbia University, Texas A&M University and the University of Southern California joined the mix in the mid-'80s.

As real estate finance matured and changed, and lessons from the savings & loan crisis were learned, a strong interest in real estate development emerged. It became obvious that the economic expansion that began in the early 1990s brought with it opportunities requiring a more complete understanding of what real estate is, its role in the economy, and how to pursue a supply of space for the rapidly growing economy. Real estate was becoming more nationally

driven and more product-focused (creating the same products in different markets). This expansion and complexity drove more students to real estate education.

In the early 2000s, the industry again acknowledged an increasing need for graduates with superior qualifications to deal with the complex problems in contemporary real estate development. This is why Arizona State University's interdisciplinary Master of Real Estate Development (MRED) program was created – to provide a program to teach needed skills in design, law, construction and business for mid-level development managers. The early 2000s also saw the creation of other programs at the University of Maryland, New York University, Clemson University, Auburn University, and others that helped raise the bar for real estate education nationwide. Real estate education moved from being just a concentration to being offered in important, sought-after, stand-alone degree programs.

Today, it is generally accepted that a good education in real estate is needed to deal with the complexity of the field and its far-reaching effects on our communities and our economy. To succeed in the industry, today's real estate professionals require advanced training to operate in increasingly technical and interrelated areas. As a result, real estate education needs have changed. Graduate education in real estate is commonly a prerequisite to career advancement in many aspects of real estate.

Real estate education programs reflect a commitment to teaching ethical, responsible development through a conceptual framework for dealing with issues in a professional forum. Real estate is a highly competitive, stressful, uncertain, fast-paced industry, and its leaders and those who aspire to be leaders often find they need to further their knowledge and skills. Teaching students to be respectful, socially and environmentally responsible community-builders, while they also learn how to make a profit and help grow a community, is now more important than ever... especially if we want to avoid another financial crisis like the one from which we are still emerging.

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