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REAL ESTATE EDUCATION ON THE RUN: THE CLASSROOM COMES TO TOWN

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***Abstract:** Salespeople who have acquired their advanced real estate qualifications present a powerful and compelling argument in favour of increasing the number of trained property professionals in New Zealand real estate agency. However, until a recent resurgence of interest in real estate education, they have been less than successful in convincing the majority of their colleagues to follow their lead. For many years the majority of salespeople either remained ambivalent or showed little interest in pursuing further study. Acting as a spur in the resurgence of interest in advanced real estate qualifications has been the resulting shortage of qualified property professionals in the real estate industry, a direct outcome of the falling interest in continuing education over the past years. The shortage coincides with the needs of the baby boomer generation of owners and managers preparing to exit the industry. A more sophisticated, better-educated profile of vendors and purchasers also now demands a higher level of understanding and counsel from the industry sales-force.*

The recent surge of interest in continuing education has posed a challenge for those tertiary institutions which provide advanced real estate qualifications in New Zealand. The need for innovative and flexible modes of learning suitable for a nation-wide, busy work force has focussed attention on Massey University's real estate block course programme. Essentially a "travelling road show," the programme offers advanced real estate qualifications in block course mode from a number of main centre venues across the country. This paper explores the effectiveness of the programme in creating a robust academic and adult learning environment capable of meeting the needs of real estate students who require up-skilling but have limited time for study.

INTRODUCTION

Massey University is one of two main providers accredited by the Real Estate Institute of New Zealand to offer advanced real estate qualifications to the New Zealand real estate industry. Real estate salespeople who satisfy the educational qualification to acquire their salesperson's certificate are not required to continue with ongoing professional education. However, the requirement for Branch Managers and Licensees (agency principals) to hold advanced qualifications was formalised with the introduction of the Real Estate Agents Act

(1976). The Act also charges the Institute with the responsibility of establishing and monitoring the educational requirements for those qualifications.

Prior to 1990 an element of compulsion did exist when one in three salespeople working in each office was required under the Act to hold an advanced real estate qualification.¹ The effect of removal of this statutory requirement on the percentage of salespeople pursuing advanced study was immediate and significant. The number of salespeople studying towards advanced qualifications declined sharply and the percentage of salespeople holding advanced qualifications dropped from 21% to 11.7% over the period 1992-1994 (Crews and Hovell, 2000). Whilst the reason for the drop off in interest was directly linked to removal of the statutory requirement, research conducted at the time (Gendall, 1993) identified additional reasons for reluctance to continue study. Common responses from salespeople included 'I'm too old. I see no benefit and I just want to sell' – 'The benefits aren't that great and income doesn't increase much anyway.' Despite the introduction of a new set of qualifications in 1997, including a National Certificate in Real Estate, a senior salesperson qualification, there is little evidence to suggest that general attitudes changed over the remainder of the decade. With few exceptions², employers also played no part in encouraging further education apart from in-house sales training. As the industry entered the new millennium it was becoming obvious that a shortage of branch managers and qualified principals was rapidly developing. Research commissioned by the Real Estate Institute (Crews, 2002) established that the salesforce participation rate in further real estate education had dropped to 5.4%. The Institute also confirmed that the number of students who completed qualifications for Branch Manager status had dropped to 37 in 2001. With 1,292 principal offices and 604 branch offices (Meyer, 2004) that number was well below the required replacement level. The release of these findings confirmed anecdotal evidence of management and ownership recruitment shortages and created alarm amongst industry leaders, including those in some major franchise groups. The baby boomer generation is over-represented amongst current owners and managers and the pending retirement of many of them without a sufficient pool of qualified replacements would pose a challenge for the real estate industry at large.

In addition the market was moving on. Market participants (buyers and sellers) were becoming better educated, more knowledgeable and more sophisticated. A growing sector of the market was demanding higher levels of skill and knowledge from the real estate sales force at a time when the percentage of qualified property professionals in the workforce appeared to be declining. By mid 2001 an increasing number of salespeople who were either experiencing challenges in meeting the needs of this sector of the market, or recognising opportunities arising from the developing shortage of qualified people, were demonstrating a growing interest in further real estate education. This interest appeared to coincide with a range of initiatives launched by one of the major franchise organisations, Harcourts Group Ltd., and other employers, to address the growing shortage of qualified real estate professionals. Coincidentally, the real estate market had been languishing for some years and there were now signs of a rapid recovery in the real estate cycle. The scene was set for a turnaround in the number of salespeople seeking and participating in further real estate education.

A SEA CHANGE

¹ The qualification was known as "qualified person."

² Auckland real estate agent Barfoot and Thomson Ltd is one of a small group of agencies which pay an additional 5% commission to salespeople who had completed Branch Manager qualifications.

A sudden awakening interest in further real estate education and in gaining management/ownership qualifications did not alter the fact that career salespeople in the industry, many of them in mid-life, found it a challenge to add study to their already busy lives. Indeed, that had been earlier identified as a principal reason for the lack of interest in pursuing further study. Massey University, one of the two main providers accredited by the Real Estate Institute to offer real estate agency qualifications, had developed a flexible block course programme to meet the needs of real estate students who preferred the interaction of classroom learning. Students were also spread across the country and had limited time to study. The programme had been launched by the University in 1990 with the assistance and support of the Real Estate Institute. By 2000 the programme had produced 300 graduates with Branch Manager/AREINZ (licensee) qualifications and had built a credible reputation within the real estate industry. However, it had not escaped the effects of sustained disinterest in further education amongst the sales-force, as previously discussed. In the mid 90's the programme had been on offer from three venues across the country, reducing to two by the end of the millennium. The continued fall-off in student numbers led to a further planned reduction to one venue from 2002.

As a result of the nature of the programme, its flexibility and reputation, it became the focus of attention for the renewed interest in further education which was now awakening within the industry (See Figure 1 below). For example, the first initiative was launched by Harcourts Group Ltd in 2002 through the establishment of the Harcourts Training Academy. The Academy entered into a joint venture with Massey University, the main objective of which was to establish a pool of qualified real estate professionals within the company to enable effective succession planning for the 90 Harcourts' offices in New Zealand. Individual student enrolments had already started to grow and this initiative by a major real estate company acted as a catalyst in promoting further interest within the industry. Why was the renewed interest focussing on Massey University's block course programme? An examination of the nature of the programme may provide some of the answers.

Graduate Diploma in Business Studies (Real Estate)

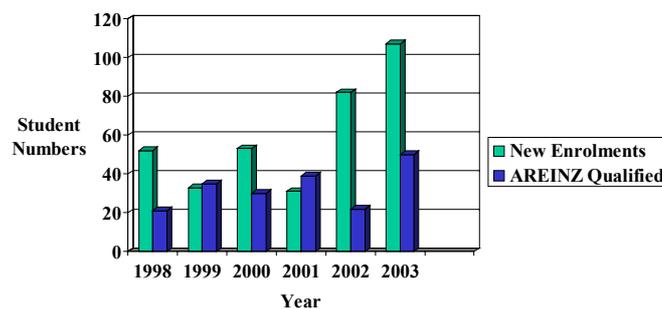


Figure 1 Student Enrolments and Qualified Associates 1998-2003

MASSEY UNIVERSITY REAL ESTATE BLOCK COURSE PROGRAMME

The real estate block course programme is administered by the Department of Finance, Banking and Property within Massey's College of Business. The programme offers, in block mode, the Graduate Diploma in Business Studies endorsed in Real Estate, a qualification established in 1989. The Diploma is accredited by the Real Estate Institute of New Zealand to satisfy the educational requirements necessary for the statutory qualifications of "Branch Manager"³ and "Associate" status.⁴ The Real Estate Diploma was first launched by the department as an extra-mural (correspondence) offering but this option quickly proved unsuccessful. As a result of further research within the industry, and consultation with the Real Estate Institute, the first block courses were launched in 1990. At that stage the qualification consisted of six papers.⁵ Design and delivery of the programme was driven by a small core group of committed property academics who based their model on Massey's successful MBA block programme. From the outset it was decided that ultimate success of the programme would depend on the ability to create a flexible and successful adult teaching and learning environment. As previously stated, the target student market was mature⁶ real estate agency practitioners spread throughout the country who were seeking advanced real estate qualifications offered in a convenient mode.

Wherever possible, design components embodied a research based approach to design and delivery of the course material. As much of the course content focussed on industry practice clear links between theoretical concepts and applied best practice were established. Innovative and relevant, but nonetheless rigorous, assessment activities were introduced to ensure sustained interest and challenge, whilst maintaining sound levels of academic robustness.

The curriculum was designed in collaboration with, and approval of, the accrediting body, the Real Estate Institute of New Zealand.⁷ Subject matter included real estate agency practice, real estate agency management, agency, property, consumer and contract law, property management, real estate appraisal, investment analysis, environment resource management and sites, services and structures. Curriculum changes have occurred on two occasions since commencement of the programme. Currently the six papers are:

127.261 Real Estate Studies

An examination of real estate practice considering professional ethics, real estate environment and legislation relating specifically to real estate agents.

127.263 Real Estate Appraisal

An examination of the theory and practice of real estate appraisal considering residential, commercial, industrial and rural properties, and businesses as going concerns.

155.216 Land Law for Real Estate Agents

³ All branch offices in New Zealand are required to be supervised by a qualified "Branch Manager".

⁴ "Licensees/principals or partners of a real estate agency in New Zealand are required to hold an "Associate" qualification.

⁵ Changed to an eight paper qualification in 1999. However, successful completion of six prescribed papers still satisfies REINZ education requirements for award of AREINZ (licensee/principal) status.

⁶ Students enrolled over the period 1990-2000 averaged 43 years of age and 4 years industry experience.

⁷ In 1996 the Institute was appointed as the Real Estate Industry Training Organisation by the New Zealand Qualifications Authority.

An introduction to the law relating to land and dealings in land as it affects the real estate profession.

127.362 Planning Studies and Property Structures

Planning theory and practice in the urban, rural and regional environment in New Zealand. An introduction to the fabric and structure of primarily domestic scale buildings.

127.361 Real Estate Management

An introduction to Real Estate Business Management considering new ventures, management principles, financial and human resource management, trust accounts and agency and real estate marketing.

127.363 Advanced Real Estate Management

An advanced examination of Real Estate Business Management including planning, risk management, financial management and control systems for managers.

Successful completion of the first five papers in the preceding schedule satisfies REINZ educational requirements for award of “Branch Manager” status and successful completion of the additional sixth paper, Advanced Real Estate Management, satisfies educational requirements for award of “Associate” (licensee/principal) status. Each paper is delivered within a 13 week semester, commencing with an introductory mailing which embodies an initial assignment (or reading task) followed by a six day block course four weeks into the semester. Following the block course is one, or sometimes, two assignments completed over weeks six to ten, followed by a three week exam review period and concluding with a final exam at the end of week thirteen (see Figure 2 on following page). The key component to the success of the programme was, and still is, the one week block course, which commences on a Thursday and runs through to Tuesday with a non-teaching day on Sunday. The opportunity to study and interact for a week with other mature and experienced real estate students is regarded by the participants as stimulating and challenging and much preferred to the extra-mural (correspondence) option previously offered. A participative and interactive adult learning environment is encouraged. Core lecturing by property academics is also liberally interlaced with contributions by visiting industry specialists⁸ and past graduates of the programme. Other key activities include group study, group presentations, field trips, business panels, computer tutorials and assessment activities. As previously discovered in the MBA block programme, the body of knowledge embodied in a classroom of experienced and mature students is impressive and the presence of industry specialists is not unusual. Harnessing those resources and adopting an “inclusive” approach brings a bonus of additional benefits to the block course learning environment.



⁸ One regular contribution by a North American real estate software specialist is facilitated through an Internet conference link.

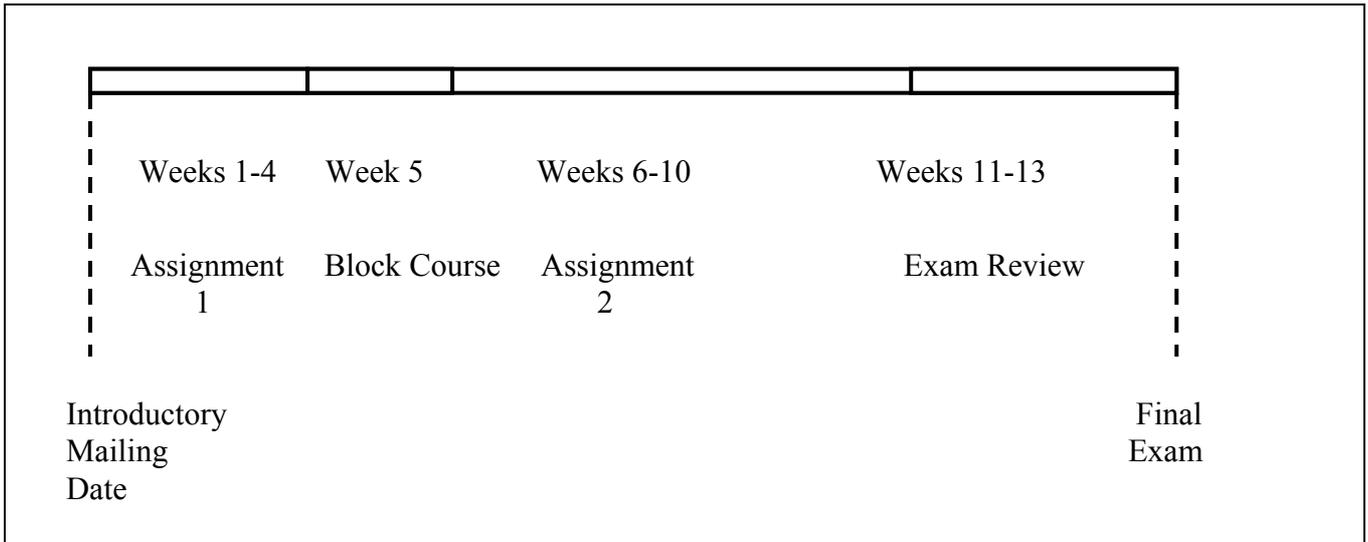


Figure 2 Typical Block Course Semester

The six prescribed papers required for professional qualifications are offered in sequential order, one commencing as the previous one finishes. Whilst there is no necessity for students to complete in any particular order, or within a given time period, most complete by adopting a “follow on” process over a 21 month period. This is the timeline required to complete a full six paper cycle. The timeline appears to suit busy, committed real estate practitioners who wish to continue their study without a career interruption.

Originally the six papers were offered from one main centre (Auckland) eventually expanding and/or contracting to multiple venues in main centres across the country according to student demand. Currently there is a complete offering of papers in Auckland and Wellington⁹ and a partial offering in Christchurch. Venues have included university lecture rooms, hotel, sports stadiums, church halls, events centres and school rooms. With a total of up to sixteen papers offered across multiple venues in the past year, the programme, poses a logistical, administrative and academic challenge for the core team involved. Event management and critical path techniques are employed by a full time Block Course Administrator to ensure that both people and resources are present in the right place at the right time. Often referred to as a “travelling road show,” the programme was earlier dubbed “a flying circus” by Bond, (1995) in her exploratory paper “Running a Flying Circus: Taking Courses to Students.”

STUDENT EVALUATION

The extra expenses incurred in administration, mobile resources, staff travel and accommodation, venue hire, catering and guest lecturing costs are covered by an additional “block course component fee” of \$500.00 per student per paper. Consequently, students enrolling in the programme are making a significantly higher investment in furthering their real estate education than the alternative means available. In addition to the “block course component fee,” students who reside at a distance from the main centre venues incur travel and accommodation costs for the duration of each block course. As most students are commissioned salespeople, the opportunity cost of lost income whilst studying must also be recognised (Gendall, 1993). Achieving consistency in student satisfaction has always been a

⁹ Wellington offerings were originally delivered from Palmerston North. Student preference determined a transfer to Wellington in 2002.

key component in not only ensuring the programme's success but also maintaining the ongoing support of past students and graduates. Two aids have been adopted to assist in monitoring and maintaining the quality and standard of course delivery. The first is to conduct student evaluation surveys at the conclusion of each course. The second is to adhere to the requirements of a "Quality Commitment" as outlined below:

Real Estate Block Course Quality Commitment

1. Our business is satisfying the educational and training needs and wants of our clients – real estate diploma students.
2. Our guiding principle is to provide an excellent quality service.
3. We undertake to ensure that the content of all presentations will be up to date, and appropriate in terms of scope and depth, in accordance with internationally accepted standards.
4. We will ensure that materials issued will be properly indexed and reproduced to the highest possible standard. We undertake to have these materials in the hands of our student clients one (1) month before block courses are due to commence.
5. We undertake to communicate with each class, group or individual to ensure that timing, venues, content and any other requirements are clearly understood by all, one (1) month before block courses are due to commence.
6. We guarantee our student clients that staff will be properly and thoroughly prepared to conduct each activity they are contracted to provide.
7. We guarantee to respond to a student enquiry within two (2) working days of having received the enquiry.
8. We guarantee that all assignments which are submitted by the due date will be returned to clients within one (1) month of the due date.
9. We will ensure that each and every assignment is returned with a minimum of an explanatory paragraph and including a % mark.
10. We undertake to ensure that our student clients each receive the final course grade within one (1) month of the final examination.
11. We undertake to ensure that timetable dates, once set, will not be changed without consultation.
12. We commit ourselves to an ongoing level of the highest possible quality service.

STUDENT OUTCOMES

Hovell (1999), in her study "The Effects of Further Professional Education in Real Estate" set out to survey past graduates of Massey's real estate block course programme in order to measure the effects of continuing professional education on performance, income and career opportunities for real estate salespeople. The research findings identified a range of reasons for students enrolling in the course, ranked by respondents as follows: - "to improve skills in real estate practice," "to gain professional qualifications," "to gain Associate status," "for personal growth," and "to hold a licence". 95% of respondents would recommend the Diploma to others, 91% attributed completion of the programme to having a positive affect

on their career path and 64% reported a positive change in earnings. 90% of respondents also reported that their quality of service to clients had improved whilst 80% perceived an improvement in their level of professional standards. 28% of graduate respondents held other tertiary qualifications prior to enrolling whilst 72% did not. 97% of respondents considered continuing education in real estate as important or very important whilst 74% credited completion of the Diploma as positively influencing their opinion on the importance of continuing education.

In addition to identifying expectations that were important to them at the time of initial enrolment in the Real Estate Diploma programme, respondents were confirming that expectations were met through positive career outcomes and higher earnings. Just as importantly respondents were active participants, as well as supporters, in the industry's overall strategy to improve the quality of service, lift professional standards and upgrade the levels of performance in the real estate marketplace.

THE FUTURE

Hovell's research findings provide persuasive evidence in support of the benefits of advanced study for career real estate salespeople. Respondents acknowledged the relevance of the Diploma programme, confirmed that it met their expectations, would recommend the programme as providing a career advantage, and attributed completion of the programme as having a positive affect on their career path. As previously discussed, for many years the majority of salespeople either remained ambivalent or showed little interest in pursuing further study. That widespread attitude now appears to be changing. The downturn in Diploma student numbers experienced in the 90's and into the new millennium is now showing signs of a significant turnaround (see Figure 1 on page 3). Student enrolments for 2004 are now at a level which is producing waiting lists for some papers.

One driver of renewed interest in further study is the growing shortage of qualified "Branch Managers" and "Associates" to succeed retiring baby boomers in present management or ownership positions. Another is the necessity for salespeople to develop higher levels of skills and knowledge in order to meet the needs of an increasingly sophisticated property market. Whilst there is renewed interest in further education amongst a growing number of individual salespeople, the catalyst for encouraging widespread participation remains the initiative taken by Harcourts Group Ltd through the establishment of the Harcourts Training Academy. The Academy's joint venture with Massey University to create a pool of qualified professionals within the company has achieved initial success and is attracting much interest within the industry. Similar arrangements are now being actively explored by other real estate organisations.

Key determinants that focus the industry's renewed interest in further education on Massey's Diploma programme are - convenience and flexibility of block course delivery, an interactive adult learning environment, relevance and rigour of course content and the sustained reputation that the programme has built. The programme is a success story in real estate education and an example of a cooperative initiative by industry stakeholders to serve the growing professional development needs in agency practice and management.

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