

# Master of Property Studies

Continuing Education is a  
Vital Component in the Future  
Successful Growth and Wellbeing  
of the Real Estate Industry

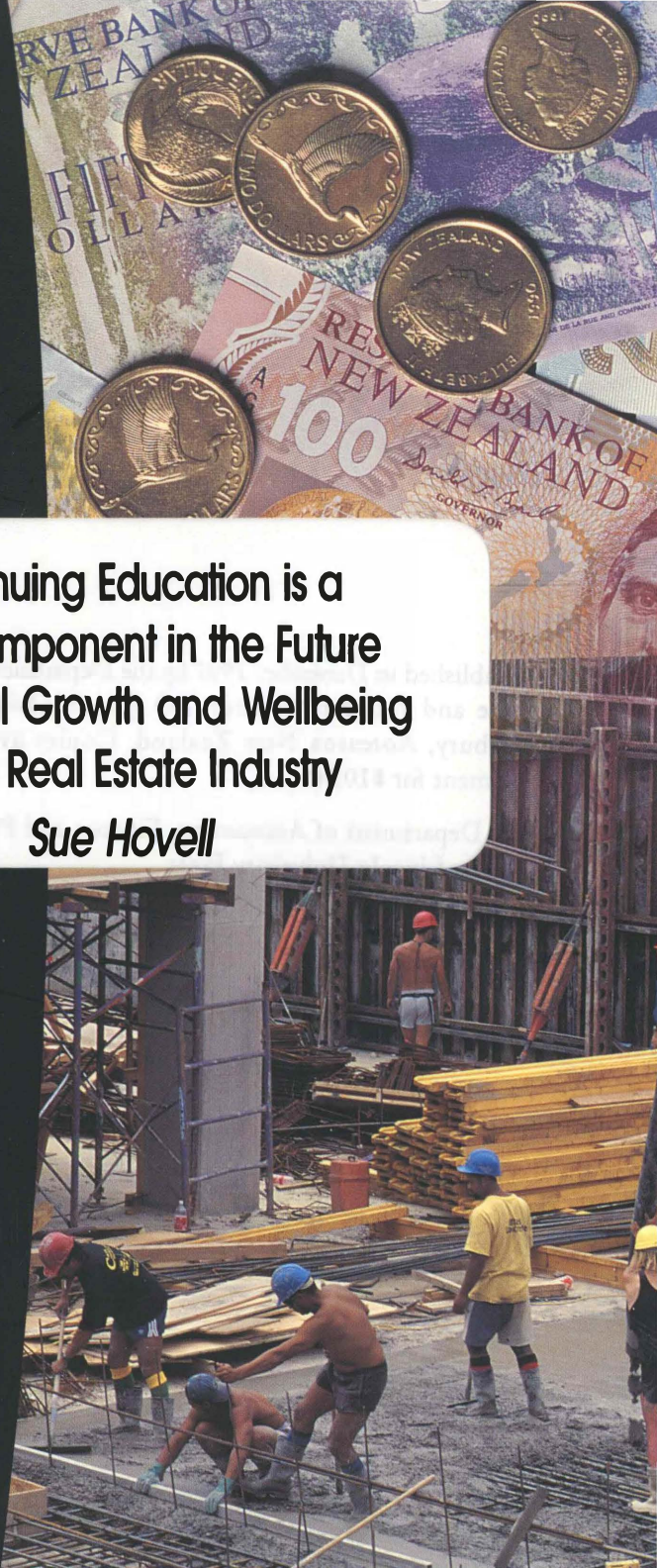
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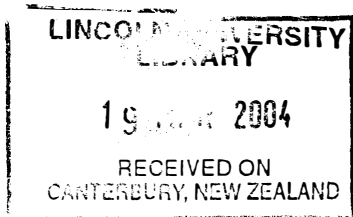


*Te Whare Wānaka O Aoraki*



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Successful Growth and Wellbeing  
of the Real Estate Industry**  
*Sue Hovell*

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# Executive Summary

Continuing professional education is a vital component in the future successful growth and wellbeing of the real estate industry. We are seeing through education higher professional standards being recognised, encouraged and achieved. The conservative approach of many licensee managers to education is gradually disappearing, and with it the old perception that real estate is a dumping ground for redundant people from other industries. Career minded people are committing themselves to the industry as professionals in the true sense of the word. It is only with an in depth knowledge of the legal, ethical, and technological aspects of real estate and a commitment to the industry that true professionalism will be achieved, however.

Real Estate is undergoing changes as it moves towards the twenty-first century. Information technology is having a huge impact, forcing changes upon the industry. A new real estate is emerging, and with it a new model of the way business will be done in the future. The knowledge, skills and style of today's professionals will render obsolete many principles and practices, elevating the industry to a new standard of excellence.

# Continuing Education Opportunities

The ownership, development, management and transfer of real estate is a major element of the New Zealand economy. Land is a highly valued resource, and its development and redevelopment offers many employment opportunities and career paths to a great number of people.

It is important to be aware that real estate agency attracts multi-skilled people. While there are many options for formal study, the majority of entrants into real estate agency are made through the Real Estate Institute's (REINZ), education programmes.

REINZ is responsible for the development of the real estate agency profession in New Zealand, providing a variety of services to its members including education, public relations and publications. All licensees are required to be members of REINZ. The institute has set and monitored training standards for the industry since 1960, and 3 years ago it was recognised by the Government as the Industry Training Organisation (ITO). The compulsory educational requirements put in place through the Technical Correspondence Institute are under the authority of REINZ. Real estate companies also provide in-house training programmes.

In addition REINZ provides a professional development programme and is continually improving their system of education to cope with the rapid changes impacting on real estate agencies. The recognition of the effects of 'change' on the educational requirements for the industry, was noted in the Executive Directors report to REINZ members for 1989/90:

With the changed education policy of Government in effect in schools and universities, we have seen a change in viewpoint in

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that education has become a marketable commodity. (REINZ AGM 1989/90).

This was a time when universities and schools began to make changes and market their product – ‘education’ – and in turn REINZ saw the advantages of this progressive viewpoint and changed its education structure.

In 1990 Massey University introduced the Diploma in Business Studies endorsed in Real Estate, which was directly cross-credited with the Institute’s exams. Approximately 25 students enrolled in the first year. The diploma was targeted at people who were already in the industry, were involved in property related professions, or were seeking a career change into real estate. (Diploma students have an average age of 43)

The diploma offered real estate salespeople, managers and licensees the opportunity to train (or re-train) for professional qualifications at university level, and more importantly the opportunity to embrace change through education. The introduction of the diploma in 1990 highlighted the need in the marketplace for skilled professionals at these levels in the industry.

The effects of consumer protection legislation were having a profound impact on the industry, imposing greater responsibility and accountability on salespeople, managers and licensees.

Real estate businesses were becoming larger, employing more salespeople, thus prompting the need for higher levels of skill in management and ownership. The marketplace was becoming more sophisticated and the expectations of the consumer greater than ever before.

Massey University recognised the need for upskilling within the industry, and they marketed their diploma accordingly, to give real estate the benefits of its undergraduate programme. Since 1990, there have been significant changes and constant improvements to the education structure, as well as added encouragement for people working in real estate.

**Examples:**

- The National Certificate in Real Estate was introduced in January 1996 – this was the first time a national qualification for real estate salespersons had been available.
- The National Diploma in Real Estate will be offered from January 1997 with more than 2,000 people showing interest in registration already.
- University degree courses – The Diploma in Business Studies endorsed in Real Estate offered by Massey University (there are now approximately 420 students enrolled).
- The Bachelor of Business Studies in Real Estate, which is available from 1997 at Massey University.
- The Master of Property Studies offered at Lincoln University. Close liaison is maintained with Auckland, Massey and Lincoln universities to ensure that the degree courses offered by them are fully cross-creditable with the REINZ syllabus.
- In addition, other courses relating to property are available through various teaching institutions.

The real estate industry has an important role in the New Zealand economy, and the development of specialisation within the industry, as well as the implementation of consumer based legislation, is making increasing demands on the quality of service provided by salespersons and licensees.

Real estate cannot afford to be a static industry. It needs to become more highly skilled and professional in its outlook, and must not ignore technological advancements, consumer legislation, as well as the increasing knowledge and demands of the consumer.

These issues must be addressed through education if businesses are to survive in the competitive working environment of the 1990's. The industry survivors will be those who provide ongoing training and educational opportunities for their staff.

There are exciting educational opportunities available for real estate professionals nowadays. Information technology with its

fax machines, mobile phones and computers is having a huge impact on the business environment. These tools are advancing at a tremendous speed, offering improved means of transferring information. It would be extremely unwise to ignore these developments and the business opportunities they offer.

The most recent technological development for property professionals is the launch of 'RealEnz', which is the official property directory of REINZ available on the Internet. Among its findings, '[t]here are estimated to be approximately 200,000 New Zealanders online at the present time with this number expecting to double every year'. (Real Estate Journal, August 1996)

The survey results also indicated that 87 per cent of users were male, 35 per cent were between 20 and 29 years of age, and 29 per cent were between 30 and 39 years of age. A significant number were in the \$40,000 – \$60,000 income bracket and 42 per cent had purchased products using the Internet.

These findings present a new opportunity to market properties cost-effectively to the world. For some in the industry, this concept will require a massive change in thinking if they are to accept the potential of the Internet, and the influence it will have on the way the industry does business.

Writing on the implications of information technology, the Principal of the Roulac Group in California states that, '[in] the new information technology paradigm (model) of place and space location, the classic location, location, location mantra of real estate decision making is replaced by information, communications and location'. (Roulac 1996, p 28)

This statement may be difficult for some people in the real estate profession to come to terms with. It is clear, however, that the industry needs to embrace change and gain the requisite skills and knowledge to use information technology, professionally and efficiently.

The Internet is changing the structure of the business and is likely to have a significant effect on the distribution of residential

and commercial property values. Property professionals will need to redefine conventional notions of location, as the Internet begins to change the traditional definition of many types of work.

This is another exciting move forward for real estate.

# The Way Ahead

The launch of a degree targeted specifically at the real estate industry marks a new beginning. It is aimed at a new breed of realtor – a younger person entering university to complete a degree that will provide them with the attributes and potential to succeed in real estate. This degree is a ‘wake up’ call to the industry and all involved in it.

The people targeted by the degree are a valuable human resource. Younger people are increasingly looking to real estate as a potential career. It is seen as both a challenging and rewarding choice, offering excellent marketing, management and business ownership opportunities.

It is the responsibility of everyone involved in real estate today to ‘take the blinkers off’, look to the future, and actively promote and encourage continuing education. A more highly educated industry will be rewarded with the respect it deserves. Spin-offs will include raising the level of public perception of the industry. In addition real estate will come to be seen as a truly professional service.

There are encouraging steps being taken by franchise groups liaising with the universities, who are recognising the need for educated people to be involved in the future growth of the industry and its business goals. Graduates are being employed, providing them with an opportunity to see real estate as a long term career option.

The management/owner training scheme being run by the Challenge Group offers an insight into the future. The Challenge Group has seen the importance of education to enhance positive growth in the industry. Their scheme fits in with the career focus of the graduates, which is oriented towards being the managers/owners of the future. They are focusing on a long term career path

in contrast with a number of licensees and managers who have a more 'short term gain' attitude towards the industry.

The new breed of professional coming into real estate is capable of using the operating systems and technology available, instead to being afraid of them, as so many licensees seem to be. They have insight into specialist skills and are computer literate. It is safe to say that the majority of managers/licensees, who are in their mid-forties, are not computer literate and are largely unskilled in the use of the technology now available.

The question must then be asked, who is responsible for the training? Ultimately, I think, this responsibility rests with the individual.

It is clear that the changes the industry will experience over the next five years will make the changes of the past 25 years pale into insignificance. The real estate businesses that prosper past the year 2000 will be run by managers/licensees who deliver a quality service using knowledgeable, skilled and educated professionals.

The last 25 years was all about quantity - the next five years will be all about quality.

# Background and Objectives

This report has been structured around the issue of 'continuing education', and its role as a vital component in the future survival and success of the real estate industry.

I conducted personal interviews with industry-related educators to gather background information on their involvement in, and perceptions of, future educational requirements. I also collected a substantial amount of secondary data to ascertain the origins of industry education, and to gain some insight into what the future holds. This information helped to plan the structure of the questionnaire.

A mail-out survey was formulated, sampled, checked and sent to a random group of 100 registered, employed salespeople in the Hamilton area. The questionnaire was designed to gain information from salespeople about the importance of continuing education for themselves, and for their future in a changing industry.

The objectives of this study were:

- to identify the level of industry related knowledge/education acceptable from a personal point of view
- to establish how well training needs are being met by managers/licensees
- to identify the importance of continuing education within the industry for industry wellbeing and survival in the future
- to establish the acceptance of the need for continued education to cope with the rapid changes in technology affecting the industry
- to identify if there is a need for a manager/licensee 'management education' programme

# Methodology and Results

## METHODOLOGY

- The survey was conducted with 100 registered and employed real estate salespeople in the Hamilton area. This represents one quarter of all salespeople in the area.
- The survey was mailed out to the randomly chosen participants, using a cross section of real estate companies. The participants were given eight days to complete the questionnaire and return it to me in the stamped addressed envelope provided.
- The survey was completed by 82 respondents, which is a response rate of 82 per cent.
- I conducted field work from 25 September 1996 to 4 October 1996.

## DISCUSSION OF RESULTS

- The research shows clearly that the majority of salespeople participating in the survey (89 per cent), feel strongly about the large numbers of people selling real estate who have limited knowledge and skills.
- This is having a negative effect on the public perception of, and professional standards within, the industry.
- An overwhelming number of participants (92 per cent) thought continuing education was vital to the future growth of real estate businesses.
- Most participants (78 per cent) are receiving adequate on-the-job training in most work areas, to enable them to do their jobs.
- They are encouraged by managers/licensees to attend organised industry-related educational programmes and in-housing training.

- Training, and understanding of technological advancements are important to a majority of the participants (63 per cent).
- There is recognition from a majority of the participants (82 per cent), that there is a need for an education programme in real estate management for managers/licensees.
- Fewer participants (34 per cent) are interested in undertaking industry-related study programmes independently of the employer-organised ones.

## **RESULTS OF SURVEY SENT TO SALESPeOPLE**

- Are the number of salespeople and their lack of professionalism the most important problem real estate today?  
Eighty-nine per cent of the respondents agreed.
- Is continuing education vital to the future growth of the real estate industry?  
Ninety-two per cent of the respondents replied in the affirmative.
- Are you receiving adequate training and are you encouraged to attend industry-related programmes?  
Seventy-eight per cent of the respondents said they were.
- Is training, and understanding of advancements in technology important to you?  
Sixty-three per cent of the respondents agreed it was important to them.
- Is there a need for an education programme for managers/licensees in real estate management?  
Eighty-two per cent of the respondents thought so.
- Do you participate in industry-related study programmes independent of your employer?  
Thirty-four per cent of the respondents said they do.

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