

Evaluating the Real Estate Journals: The Mainstream Finance Perspective

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Abstract. This study examines the real estate journals and discipline from the unique perspective of mainstream finance faculty. The entire academic membership of the Financial Management Association (FMA) is surveyed resulting in a 29.6% response rate. They were queried on their personal characteristics (enrollment, number of tenure track faculty, department, rank, area of expertise, number of articles published, and real estate courses offered). But more importantly, they were asked to rank real estate journals by perceived quality and to compare the quality of the real estate journals to five mainstream finance journals. Lastly, they were asked about the support for including real estate courses in the curriculum of the finance department.

Introduction

Over 85% of the full-time tenured and tenure-track real estate faculty in U.S. colleges and universities are housed in College of Business departments of finance. Even those real estate faculty not housed in the department of finance are usually affiliated with it in some ways and compete with it for resources.

Since real estate faculty are always a minority of the faculty in these departments, potential conflicts exist. All departmental faculty, as a group, usually help decide critical matters such as tenure, promotion, evaluation for salary adjustments, and other resource allocations (travel funds, research funds, release time, grants, etc.). Given this situation, the perception of mainstream finance faculty about the quality of real estate journals, vis-à-vis finance journals, becomes very important for most tenured and tenure-track real estate faculty. While other studies have ranked real estate journals (Benjamin and Brenner, 1974; Coe and Weinstock, 1983; Nielson and Wilson, 1978; Smith and Greenwade, 1987), none have done so from the perspective of another related discipline.

The main purpose of this study is to ascertain the perceptions of finance faculty about the quality of real estate journals, in relation to mainstream finance journals. In addition, attitudes of finance faculty about real estate within their department are also reported. All full academic members of the Financial Management Association (FMA) were surveyed. Section two of this paper contains a profile of the surveyed population. In the third section, the relative rankings of real estate journals are presented with respect to themselves and in relation to mainstream finance journals. The fourth section examines the support of real estate from the finance faculty and attempts to profile finance faculty who hold differing views of real estate. In the final section, the implications of the paper are reviewed and discussed.

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Survey and Background

The methodology used in this study is a questionnaire that was sent to all full academic members (no students or practicing professionals) of the Financial Management Association (FMA). A complete copy of the questionnaire is available from the authors. The initial mailing was followed about thirty days later by a reminder letter. Of a total of 2,129 individuals surveyed, 636 usable responses were received, representing a 29.6% response rate. Though 636 questionnaires were returned, many respondents left some questions unanswered. Therefore the number of responses does not always total 636 in the exhibits.

To help insure that responses were representative of mainstream finance faculty as a group, questions that related to the respondents institution were included, in addition to questions that requested personal information. Unfortunately, this can only be done in a normative sense, since neither the American Finance Association nor the Financial Management Association have a profile of the mainstream finance faculty member.

Exhibits 1, 2 and 3 relate to the size of the educational institution and the department, and where respondents were housed within the institution. As Exhibits 1 and 2 show, the respondents were well distributed with respect to size of the institution and their department. Expectations were that FMA members were housed primarily in finance departments and Exhibit 3 confirms this expectation. A total of 89.2% of the respondents were housed either in the expected finance department or in a combination department

Exhibit 1
Enrollment at Respondent Institutions

Enrollment	Number of Responses	Percentage of Total Responses
Less than 10,000	190	30.0
10,000–15,000	137	21.6
15,001–20,000	75	11.8
20,001–25,000	88	13.9
More than 25,000	144	22.7

Exhibit 2
Number of Full-Time Tenure-Track Faculty in Department

Number of Faculty	Number of Responses	Percentage of Total Responses
Less than 10	280	44.2
11 to 15	172	27.2
16 to 20	87	13.7
More than 20	94	14.8

Exhibit 3
Academic Department of Respondents

Department	Number of Responses	Percentage of Total Responses
Finance	509	80.0
Business Administration	28	4.4
Economics	23	3.6
Economics & Finance	15	2.4
Accounting & Finance	13	2.0
Other	48	7.6

that included finance. There were seventeen different departmental affiliations listed on the responses, with the most noteworthy being one respondent who was housed in a department of nursing.

Exhibits 4, 5 and 6 provide personal information on the respondents as to rank, scholarship and area of expertise. The respondents were approximately evenly distributed across academic ranks with the highest number of respondents being full professors.

The respondents were asked, *How many refereed journal articles have you published in the previous ten years?*, and the responses are presented in Exhibit 5 as an approximate measure of the scholarly achievements of the respondents. The question examines only quantity with no consideration of quality. By this measure, slightly over half of the respondents (53.7%) would be considered scholarly and active, averaging one article (or more) every two years. Almost a third (31.7%) are very active, averaging more than one article a year. Since this measure does not adjust for the fact that some of the respondents have been active in academia less than ten years, the average number of articles is probably slightly biased downward.

Exhibit 6 identifies the area of expertise of the respondents within the broader finance discipline. A number of respondents indicated more than one area of expertise which accounts for the percentage of responses totaling more than 100%. It is interesting to note that real estate was listed more frequently than international finance and option pricing/futures as an area of expertise. Real estate was identified as an area of expertise by 14% of the respondents, which was not too far behind the 20% who listed institutions/banking.

Exhibit 7 indicates the frequency at which various real estate courses appear in the departmental curriculum. Note that real estate finance is offered at more institutions than real estate principles. At institutions where only one real estate course is offered, it is more frequently real estate finance than any other course. In addition, real estate investments is included in the real estate curriculum more frequently than appraisal.

Of the 636 responses, 336 or 52.8%, indicated a full-time tenure-track faculty member taught the real estate classes and 80 of the respondents indicated that they were that faculty member. A total of 286, or 45%, also indicated that a "real estate program" (as opposed to just an elective course or two) was housed in their department.

When the respondents were asked if they belonged to either of the two academic real estate organizations, fifty-six indicated that they belonged to both the American Real

Exhibit 4
Rank of Respondents

Rank	Number of Responses	Percentage Total Responses
Assistant Professor	192	30.3
Associate Professor	185	29.2
Professor	215	34.0
Other	41	6.5

Exhibit 5
Number of Articles Published in Previous Ten Years

Number	Number of Responses	Percentage of Total Responses
0 to 5	294	46.3
6 to 10	140	22.0
11 to 15	84	13.2
16 to 20	41	6.5
21 to 25	34	5.4
More than 25	42	6.6

Exhibit 6
Area of Expertise

Area	Number of Responses*	Percentage of Total Responses**
Corporate Finance	331	52.0
Investments	210	33.0
Institutions/Banking	127	20.0
Real Estate	89	14.0
International Finance	57	9.0
Option Pricing/Futures	53	8.3
Insurance	16	2.5
Other	64	10.1

*more than one response allowed

**percentage of the 636 responses received

Exhibit 7 Real Estate Courses Offered

Course	Number Offering Course	Percentage of Total Responses
Real Estate Finance	360	56.6
Real Estate Principles	347	54.6
Real Estate Investments	236	37.1
Real Estate Appraisal	201	31.6
Real Estate Market Analysis	94	14.8
Other	103	16.2
None	164	25.8

Estate and Urban Economics Association (AREUEA) and the American Real Estate Society (ARES). An additional nineteen respondents belonged only to ARES and sixteen only to AREUEA.

Journal Rankings

This section examines various rankings of real estate journals. The approach used in this study is somewhat unique, because real estate journals are ranked relative to each other and then relative to finance journals. Exhibit 8 presents the relative rankings of twelve real estate journals. While the *Journal of Urban Economics (JUE)* and *Land Economics (LE)* are not considered primarily real estate journals by some researchers, they are outlets for some real estate research. The weighted average rankings of each journal indicates the average relative score of the journal, with one being the best possible score and twelve being the worst. The score considers only those respondents who ranked the journal.

The results indicate that the academic journals are, as a group, clearly preferred to the professional journals. The one exception being the *Journal of Real Estate Literature (JREL)* whose first issue was published in February 1993, after this survey was completed. It is puzzling that eleven respondents were confident enough to rank it. The leading real estate journal was the *AREUEA Journal* followed by the *Journal of Urban Economics*, *Land Economics*, the *Journal of Real Estate Finance and Economics* and *The Journal of Real Estate Research*, respectively.

In Exhibit 9, journal rankings are broken out by area of expertise. The number of respondents who ranked the journal is shown in parenthesis under the average ranking. These rankings are very consistent with the overall rankings shown in Exhibit 8, with one major exception. A reordering of the academic journals results, if only the responses of those who listed real estate as an area of expertise are considered. While *AREUEA* remains number one, *The Journal of Real Estate Research* moves to second place with the *Journal of Real Estate Finance and Economics* in third, followed by the two economic journals (*JUE* and *LE*). There is also a distinct difference in the choice of professional journals between the real estate respondents and other respondents. While the *Appraisal Journal (AJ)* is considered the leading professional journal by the real estate respondents, *Real Estate Finance (REF)* is generally viewed as number one by the non-real estate respondents.

Exhibit 8
FMA Membership
Ranking of Real Estate Journals

Journal	Weighted Average Ranking	Number of Respondents Ranking	Number of Respondents Familiar with
<i>AREUEA Journal</i>	1.79	275	320
<i>Journal of Urban Economics (JUE)</i>	2.57*	180	212
<i>Land Economics (LE)</i>	2.70	195	227
<i>Journal of Real Estate Finance and Economics (JREFE)</i>	2.74	160	183
<i>Journal of Real Estate Research (JRER)</i>	3.21*	134	143
<i>Housing Finance Review (HFR)</i>	3.66*	149	175
<i>Appraisal Journal (AJ)</i>	4.76*	107	195
<i>Real Estate Finance (REF)</i>	5.61*	67	79
<i>Real Estate Appraiser and Analyst (REAA)</i>	5.92	90	97
<i>Real Estate Review (RER)</i>	5.93	103	123
<i>Real Estate Issues (REI)</i>	6.18	69	78
<i>Journal of Real Estate Literature (JREL)</i>	7.91*	11	9

*significant difference with journal listed immediately above at the 95% level of confidence

Exhibit 9
Ranking of Real Estate Journals by Areas of Expertise

	Corporate Finance	Investments and Options	Institutions and Banking	Real Estate	Other
<i>AREUEA</i>	1.68 (111)*	1.85 (95)	1.78 (59)	1.88 (74)	1.76 (49)
<i>JUE</i>	2.07 (70)	1.90 (58)	2.33 (40)	3.69 (48)	2.37 (41)
<i>LE</i>	2.27 (89)	2.46 (63)	2.39 (38)	4.05 (58)	2.49 (45)
<i>JREFE</i>	2.26 (61)	2.35 (43)	2.10 (31)	3.59 (63)	2.39 (33)
<i>JRER</i>	3.03 (39)	2.93 (40)	3.83 (25)	3.23 (73)	2.90 (21)
<i>HFR</i>	3.22 (51)	2.91 (34)	3.05 (42)	4.71 (56)	3.50 (30)
<i>REI</i>	5.26 (23)	4.43 (14)	5.09 (11)	6.86 (44)	5.73 (15)
<i>AJ</i>	3.91 (64)	4.02 (48)	4.75 (24)	5.94 (67)	5.17 (24)
<i>REF</i>	3.86 (21)	4.21 (14)	2.63 (8)	7.58 (38)	4.12 (17)
<i>REAA</i>	5.18 (28)	3.95 (19)	6.33 (9)	6.39 (62)	7.55 (11)
<i>RER</i>	5.23 (39)	4.71 (21)	5.79 (14)	6.95 (58)	5.67 (18)
<i>JREL</i>	5.00 (3)	6.25 (4)	5.50 (2)	8.78 (9)	6.75 (4)

*number in parenthesis is the number of respondents ranking the journal

While 183 of the total respondents indicated familiarity with the *JREFE* and 143 indicated familiarity with *JRER*, this situation was reversed when only real estate respondents were considered. *JRER* was essentially tied for most familiar with the *AREUEA Journal* (84 and 85 respectively) while the *JREFE* was familiar to only 74 of those listing real estate as an area of expertise. It is also interesting that the *AREUEA Journal* and *JRER* were familiar to a significantly higher number of these respondents than were any of the professional journals, including the well-known *Appraisal Journal* which was familiar to 76 real estate respondents.

In Exhibit 10, seven real estate journals are ranked relative to five well-known finance journals. For each of the real estate journals the question was asked, *How does the quality and depth of research compare with the (one of five finance journals)?* The available responses were *much better*, *a little better*, *about the same*, *somewhat worse*, and *much worse*. These responses were assigned values of 1.00 through 5.00 with *much better* being assigned a value of 1.00 and *much worse* being assigned a value of 5.00. An average score of 3.00 would indicate that a real estate journal is viewed to be about the same quality as the subject finance journal, with scores significantly less than 3.00 indicating it was viewed as superior to the finance journal, and scores significantly greater than 3.00 indicating it was viewed as inferior. Once again the parenthetical number reflects the number of respondents ranking a particular journal.

None of the real estate journals were viewed by the respondents to be equal to, or better than, either the *Journal of Finance (JF)* or the *Journal of Financial and Quantitative Analysis (JFQA)*. However, all five of the academic real estate journals were generally viewed to be equal to or better than *Financial Management (FM)*, *Financial Review (FR)* and the *Journal of Financial Research (JFR)*.

Earlier, when real estate journals were compared to each other, the *AREUEA Journal* was clearly number one. However, when real estate journals are compared with finance journals, both the *JUE* and *LE* receive better relative scores than does the *AREUEA Journal* from those who ranked these journals.

Exhibit 10
Comparative Quality of Leading Finance and Real Estate Journals

	<i>JF</i>	<i>FM</i>	<i>JFQA</i>	<i>FR</i>	<i>JFR</i>
<i>AREUEA</i>	3.98 (296)	2.78 (294)	3.69 (285)	2.57 (246)	2.79 (263)
<i>JRER</i>	4.04 (147)	3.10* (145)	3.93 (136)	2.85 (112)	3.10* (124)
<i>HFR</i>	4.18 (173)	3.15 (172)	3.92 (165)	2.85 (144)	3.13* (151)
<i>LE</i>	3.74 (214)	2.65 (211)	3.46 (204)	2.44 (179)	2.66 (189)
<i>JUE</i>	3.64 (195)	2.48 (190)	3.35 (183)	2.24 (162)	2.40 (170)
<i>AJ</i>	4.53 (187)	3.97 (184)	4.43 (175)	3.81 (147)	3.99 (162)
<i>REAA</i>	4.61 (113)	3.43 (110)	4.40 (105)	3.96 (82)	4.14 (91)

*not significantly different from 3.00 at the 95% level of confidence

Real Estate Support

As previously indicated, since mainstream finance faculty tend to have substantial influence over both personnel decisions and resource allocations concerning real estate faculty, it is crucial that the real estate discipline have the support of the mainstream finance faculty. The survey posed the question, *What is your opinion about the inclusion of real estate classes in the curriculum of your department?* As shown in Exhibit 11, almost two-thirds (63.7%) were in favor of inclusion with 34.9% highly in favor. An additional 20.2% were indifferent, while 16.1%, or less than one in five, were either slightly or strongly opposed.

Exhibit 11 indicates that the greatest support for real estate is likely to be found from faculty at larger institutions and in departments where several real estate courses are already taught. The very small number of real estate courses offered (.46) in the departments of those respondents who were strongly opposed indicates that, in the majority of cases, no real estate courses are currently offered. As the opinion for inclusion improved, so did the average number of real estate courses taught, which suggests that familiarity with real estate curriculum may tend to bring a favorable opinion. However, some slight bias may be included in Exhibit 11, since the eighty-nine real estate people's responses (see Exhibit 6) could not be eliminated from the totals.

While Exhibit 11 examined where favorable opinion to include real estate in the curriculum may be found, Exhibit 12 tries to identify among whom the most support may be found. The first column of Exhibit 12 indicates that support is greatest among

Exhibit 11
Opinion of Real Estate Curriculum in Department

	Number of Responses	Percentage of Total Responses	Current No. of R.E. Courses	Average Institutional Enrollment
Strongly Opposed	48	7.5	.46	15,938
Slightly Opposed	55	8.6	1.36	15,502
Indifferent	128	20.2	1.66	15,730
Slightly in Favor	183	28.8	1.98	15,971
Highly in Favor	222	34.9	2.96	17,038

Exhibit 12
Profile of Respondents Relative to Opinion of Real Estate Curriculum

	Percentage in Finance Dept.	Real Estate Journals	No. of Articles Published	Academic Rank
Strongly Opposed	49.7	1.48	8.135	2.958
Slightly Opposed	75.6	1.40	8.88	2.945
Indifferent	81.3	1.95	7.95	2.735
Slightly in Favor	82.1	2.47	9.20	2.928
Highly in Favor	86.3	4.28	9.42	2.941

individuals who are housed in finance departments. Half of those who were strongly opposed to real estate in their departments were housed in departments other than finance. In many cases these respondents indicated in the comments section of the questionnaire that their opposition to real estate in their departments was due strictly to the feeling that real estate would be better housed in the finance department.

The second column of Exhibit 12 indicates the number of the twelve real estate journals used in this study with which the respondents were, on average, familiar. Once again familiarity would seem to encourage a favorable opinion. Respondents who highly favor real estate in the curriculum are familiar with almost three times as many real estate journals as those who are strongly opposed.

Column three of the exhibit shows that a favorable opinion is also likely to be found among the more scholarly active finance faculty. Those highly in favor had published an average of 9.42 articles in the previous ten years while those strongly opposed had published an average of 8.13 articles. The level of scholarly activity increases consistently with opinion, except among those who are indifferent. The explanation for the lower number of publications of the indifferent respondents is likely to be found in the last column of the exhibit. There is no significant difference in the average rank of the respondents with respect to opinion except for the indifferent group. This group was more weighted toward the assistant professor end of the rank scale than the other groups. The average rank was computed by assigning scores of two, three and four to assistant, associate and full professors respectively. The greater the score, the higher the average rank. The clustering of scores around 2.9 indicates the average rank of FMA members is that of associate professor, which seems reasonable.

At many institutions, particularly smaller institutions, real estate classes are taught by adjunct faculty who frequently lack the scholarly credentials of the full-time faculty members in the department. In those situations, the real estate curriculum may be viewed much less favorably than at schools where a full-time tenure-track faculty member teaches the real estate classes. Exhibit 13 presents the difference in opinion of those respondents who are housed in a department where a full-time tenure-track faculty member teaches real estate versus those who are not. Clearly, the presence of a full-time

Exhibit 13 Opinion of Real Estate with Full-Time Real Estate Faculty

	Dept.'s with Full-Time R.E. Faculty		Dept.'s without Full-Time R.E. Faculty	
	No. of Responses	Total %	No. of Responses	Total %
Strongly Opposed	6	1.7	42	14.0
Slightly Opposed	19	5.7	36	12.0
Indifferent	57	17.0	70	23.5
Slightly in Favor	92	27.4	91	30.4
Highly in Favor	162	48.2	60	20.1
TOTAL	336	100.0	299	100.0

real estate instructor would seem to have a substantial impact on the finance faculty's opinion of real estate in the departmental curriculum.

Summary and Conclusions

This study presents the perception of real estate journals and real estate curriculum held by mainstream finance faculty. The results clearly indicate that both the real estate journals and curriculum are favorably perceived by this group. All five of the academic real estate journals included in the study were considered to be equal to or better than *Financial Management*, *The Journal of Financial Research* and *Financial Review*, by mainstream finance faculty, and a substantial majority of the respondents were favorable to the inclusion of the real estate curriculum in their departments. These results generally indicate that real estate has become a generally accepted and respected area within the broader finance discipline.

Now, real estate faculty within departments of finance at colleges and universities have empirical evidence as to the ranking of academic real estate journals, vis-à-vis mainstream finance journals. This should assist them in defining their relative position in publications when competing for departmental resources, promotion and tenure.

In addition, this study provides a benchmark for academic real estate journals in relation to academic finance journals which are familiar to mainstream finance faculty. Real estate journals wishing to better their relative rankings will now have a "before" study to use when future related studies are published. This, and similar studies in the future, will help define the trendline for the improvement or demise of these academic real estate and finance journals relative to each other.

The next related research should probably be an evaluation of how real estate practicing professionals view this same set of journals. Communication from academia to industry is generally thought to be very low. However, this is a concern that some finance (the FMA, especially) and real estate (the American Real Estate Society, especially) associations are attempting to address.

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A Note on the Origin of Real Estate in Collegiate Schools of Business Administration

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Abstract. In recent years real estate faculty in collegiate schools of business administration have raised the question of the purpose and direction of their courses, often seeking the underlying theoretical discipline that would make the study of real estate respectable (Diaz, 1993). The purpose of this paper is to review the origins of collegiate courses in real estate so that we can better understand why they are as they are. Perhaps by doing this, we can more clearly see how to improve them in order to provide the best collegiate real estate education for the next generation.

First Courses

Formal education in real estate began with a lecture course at the West Side YMCA of New York in 1904 resulting from activity by the Real Estate Board of Brokers of New York City (Davies, 1958). In 1905 courses were offered at Wharton School of Finance and Commerce, the Evening School at Philadelphia, and the School of Commerce of New York University. In 1908 The Evening School of Economics of the University of Pittsburgh began a real estate course. The YMCA schools were offering real estate all over the country by 1913. The materials were a patchwork of past lectures and visiting lecturers. No suitable text was available (Davies, 1958).

One purpose in the founding of the National Association of Real Estate Boards (NAREB) by leading brokers in 1908 was “expansion of existing knowledge through education and research” (Davies, 1958). Encouragement was given by local boards to colleges and universities to begin such courses. Between 1908 and 1923 only a few courses were offered in mostly urban areas: Western Reserve University in Cleveland, Wharton (two courses), the University of Wisconsin, the University of Pittsburgh, and the University of Washington (Davies, 1958).

The Joint Commission

As a result of the text shortage, calls for written texts were made in 1916, but it was not until 1923 that real action was taken (Davies, 1958). In 1923 NAREB called a conference at Madison, Wisconsin and invited The United YMCA Schools, the Institute for Research in Land Economics and Public Utilities (Land Institute), and The American Association of Collegiate Schools of Business (AACSB). Two days were spent outlining the functions of real estate dealers and determining what kinds of knowledge were needed to do the job effectively. Another conference in the same year was called to clarify

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ideas and confirm the whole action. A Joint Commission on Real Estate Education was created to carry forward the task of creating appropriate texts for the courses (Nelson, 1925).

NAREB's Purpose

Herbert U. Nelson (1925), the Executive Director of NAREB, reviewed the purpose of the Association in creating real estate courses.

These are three: The first is that of preparing the real estate dealer to carry on the functions assigned to him by society in a more intelligent, effective and ethical manner. . . . This objective fades indistinguishably into the second. For, in attempting to develop greater intelligence and efficiency in the service rendered by the real estate dealer, real estate instruction should also bring to the real estate dealer a new appreciation of his social function, a new understanding of the economic and social considerations that underlie his activities. . . . Finally, a third objective of real estate education is that of developing among those who may never engage in the real estate vocation but who will become the owners of property a more intelligent understanding of the social customs and practices and the economic forces that control real estate values and affect their ownership.

I cannot help but quote from Nelson (1925) about the importance of corporate real estate: "It [real estate] appears as the chief asset in many corporation accounts, and from all others it exacts a heavy contribution in the form of rent."

Functions of the Real Estate Dealer

In order to decide what should be included in real estate courses NAREB and its partners outlined the functions of real estate dealers (Nelson, 1925):

1. Negotiating real estate transactions.
2. Appraising the value of real estate.
3. Planning the utilization of the land resource and carrying his [*sic*] plan into execution.
4. Counseling.

In addition there were other functions assigned to the dealer from other vocations:

1. The preparation of some legal documents.
2. Advising on construction.
3. Acting in some respects as the architect, city planner and landscape gardener.

Recommended Courses (1925)

The recommended courses the group described were agreed upon by all the parties, although there was not agreement about their content (Day, 1925). Nelson (1925) listed the courses that had been approved up to that time:

1. Fundamentals of Real Estate Practice
2. Outlines of Economics
3. Real Estate Law
4. Real Estate Finance
5. Real Estate Transfers and Conveyances
6. Real Estate Selling
7. Building Construction and Design
8. Land Economics
9. Property Management
10. Valuation and Appraisals

There was no particular order for these courses. They were all important. Real estate boards were encouraged to create opportunities for dealers to take these courses taught by members of the boards. These were not designed as college courses, but as adult education opportunities. There was some talk of creating a four-year college curriculum in real estate, but I have not yet found a reference to its actually being done.

Real Estate Literature

As previously mentioned there was a scarcity of texts. With the cooperation of the Institute for Land Economics and Public Utilities at the University of Wisconsin and under the overall editorship of Richard T. Ely, the Director of the Institute, three books were immediately written and published in 1924: Fisher (*Principles of Real Estate Practice*, 1924) on real estate practice, Ely and Morehouse (*Elements of Land Economics*, 1924) on land economics, and Babcock (*The Appraisal of Real Estate*, 1924) on appraisal.

Prior to 1923 Ernest M. Fisher had been on the staff of Ely's Land Economics Institute. At that time he also became Director of Education and Research for NAREB. It was in this role that he wrote his text on real estate principles. At the NAREB conference on real estate education in 1925 he reviewed the literature available for the NAREB courses. He provided a list of basic texts, as well as collateral reading. The books that he mentions (Fisher, 1925) for text use for each course are discussed here.

General Real Estate Practices: (Fisher, *Principles*, 1924 and Benson and North, *Real Estate Principles and Practices*, 1922). Benson and North were lecturers at NYU: one was a CPA, the other a lawyer. Today we would call them adjunct faculty. Their work was written as a college text and included much more law than Fisher's text. For modern readers this is the first edition of the current text of the same title by Dasso and Ring (1989). Please note that it was written before the NAREB texts.

Real Estate Law: (MacChesney's, *Principles of Real Estate Law*, 1927). Fisher, in 1925, mentioned that this would be published in the next few months, but it seems to have actually been completed several years later. In the meantime he recommended several real property law texts. The main difference was that the MacChesney book included the model licence law promoted by NAREB for each state.

Real Estate Transfers and Conveyances: This was meant to be a problem course, so no text was recommended.

Real Estate Selling: Fisher noted that only general books on selling were available. However, two new texts were promised for the near future, including one with Joint Commission sponsorship. I find no actual reference to these books later, although one book in the Joint Commission Series is Gifford's *Real Estate Advertising* (1925).

Real Estate Finance: Bingham and Andrews (*Financing Real Estate*, 1924). This text was not in the Joint Commission Series. A supplementary reading recommended was Clark and Chase (*Elements of the Modern Building and Loan Associations*, 1927), which was another in the Joint Commission Series.

Building Construction and Design: No text was available, but one was promised by the Joint Commission. However, it seems never to have materialized.

Land Economics: Ely and Morehouse (*Elements of Land Economics*, 1924).

Property Management: No text was mentioned for this course.

Real Estate Appraisals: Babcock (*The Appraisal of Real Estate*, 1924).

Fisher does mention that Hurd (*Principles of City Land Values*, 1903) had been reprinted in 1924 and was a pioneering book on the explanation for variations in urban growth and urban land prices. As far as I can tell this was the first real research book on real estate. Hurd was a mortgage banker who had looked for material on these questions to help him in his work. Finding none, he wrote his own. It was the best until Hoyt (*One Hundred Years of Land Values*, 1933).

Richard T. Ely and the Land Institute

Richard T. Ely was the founder of the American Economics Association and author of the most popular college text in economics, *Outlines of Economics*. In the 1890s he had become interested in problems of land economics. Land meant land and property, real property. Trained in the German Historical School, Ely was more interested in public policy than theoretical analysis. In fact he is not considered to have made any contributions to economic analysis. He was an organizer, an administrator (Schumpeter, 1954). In land economics he was a leader, but he had written primarily on agricultural land economics. He searched unsuccessfully for funds to establish a land economics institute prior to 1920. In that year he received some funds and did establish the Institute at the University of Wisconsin on October 20, 1920 (Rader, 1966).

He continued to have trouble raising money for the Institute. Some funds were received from NAREB to help start its education program. In 1923 he added public utilities to the title of the Institute to facilitate raising money for research in both areas. One of the angles he used for raising money was to attack the single-tax enthusiasts. That somewhat tainted the Institute, since many thought he was not a disinterested scientist, but an advocate of a particular point of view (Rader, 1966).

Ely (1938) wrote that the Institute had four divisions. One was in the area of general land economics dealing

with the relation of the different kinds of natural resources to the distribution and movement of population, standards of living, industrial development, distribution of wealth, property rights, national policies, and international relations.

The purpose was the effective utilization of all natural resources. The second area was urban land economics—

the securing of intelligent planning by governmental units and by private interests which will make possible satisfactory living conditions and efficient economic life for the growing numbers of city dwellers.

The third area was public utilities. The fourth was taxation, especially as it related to land.

Ely (1925) thought that real estate education was a derivative of land economics. He explained the relation of real estate to land economics this way:

The distinction between real estate education and land economics will be of some significance in the future. It may be somewhat like the distinction between medical practice and the science of medicine. The science of medicine goes beyond the training of the practitioner who deals with human ills and earns his living thereby. No physician could properly apply his rules of practice without a considerable acquaintance with the science of medicine or without keeping a constant contact with the developments of that science after his days of training are over. So is adequate real estate education impossible without a knowledge of the fundamentals of land economics, nor can the practice of real estate be well carried on without contact with the developing science of land economics.

For Ely (1925) adult education of real estate dealers was significant in improving urban welfare.

The general welfare of society depends so much upon the men in the real estate business through whom, in the main, sales and purchases take place. A lawyer's mistake may cause us the loss of our property, but, in general, I believe the mistakes made by lawyers are not so serious as the mistakes made in the sales and purchases of landed property. They are not so lasting in their effects. To get on the land in the right way is one of the conditions of prosperity, and in the future, properly educated men in the real estate business are going to render a service unsurpassed by those of any other occupation or profession in bringing about this result.

Since land economics was the central discipline it is useful to describe it. Not unlike current texts in urban economics, Ely and Morehouse (1924) devoted the first five chapters of their *Elements of Land Economics* to general principles and then applied these in the subsequent chapters to land problems and public policies. The contents, however, were not like those of current texts in urban economics. In the first chapter the authors wrote that all principles and policies should be tested against the standard that they improve the social conditions of living. The foundations of this belief were land utilization policies and land classification (highest and best use), as a social science.

The second chapter was devoted to the legal, physical, economic, and social characteristics of land. The third was devoted to a land classification scheme, mostly descriptive by very broad categories. The fourth chapter was a summary of principles of economics. The authors began with human nature, in which they were critical of the notion of economic man (Ely and Morehouse, 1924).

Among other evidences of this changed concept of the "economic man" is the fact that public agencies definitely recognize that the desire for private gain does not always induce persons to act in such a manner as will accomplish the greatest social good. For that reason it is found desirable sometimes to control the behavior of private persons for the public good.

The rest of the chapter was devoted to principles as found today in The Appraisal Institute (1992) (I always wondered where they came from). Ely and Morehouse discussed the scarcity, anticipation, capitalization, substitution, and proportionality principles. The earlier principles chapters are rounded out in chapter five with a description of land use in the United States.

The subsequent chapters each take up an issue of land policy: urban land utilization, agricultural land utilization, forest and mineral land, property rights in water, ownership of land, land credit, land values and valuation, the social ends of land utilization, the policies of land settlement and development, and policies of land taxation.

Reactions to the Joint Commission Courses

The Dean of the School of Business at the University of Michigan, Edmund E. Day (1925) participated in the conference on real estate education in 1925 sponsored by NAREB, and made supportive and critical remarks on the program:

I find myself now not so much in difficulty as to the general scope of the curriculum as I do in regard to the specific content of the courses at particular points, and as to the emphasis which shall be placed upon different subjects in the program.

Dean Day further noted that university schools at that time were under a great deal of pressure to increase the number and variety of courses that they offered (see, also, Bossard and Dewhurst, 1931). Dean Day thought that university schools of business administration should

develop a certain capacity for resistance by saying "No" on an occasion when it would be easier in many ways to say "Yes". I, personally, have felt that there was a great danger that the collegiate schools of business might put too many dishes on the shelf and serve a meal which was more alluring than satisfying. In the case of real estate education, I felt at the outset that there were sufficient grounds for the acceptance of the proposal that there be collegiate instruction on the subject.

But he was worried about the popular type of education being promoted. Dean Day's further comments indicate that he had no trouble with the importance of land economics (he was an economist), but that he had no interest in teaching real estate selling at the university. He raised questions about whether the members of NAREB actually believed in and understood the code of ethics that had been adopted. He conceived of the

Realtor of the future as a man who has attributes which qualify him for high standing in the community. He should be a good counselor in a real estate transaction, not to one party, to the exclusion of the other, but his primary interest should be a trade that is fair to both parties. I want him in the course of his practice to develop a good will in the community.

Today we would say that is impossible and represents dual agency.

The real estate dealers commented that they were initially reluctant to take on the teaching tasks, but that they were able to obtain deals by doing so, and encouraged others to teach as well (Ely, 1925). One dealer, Harry Hall, who was also an instructor at Columbia University, indicated that the university should teach the fundamentals of real estate, which to him included a course in building management. He had taught 194 students real estate fundamentals and 124 students building management. He described the ideal teacher as a successful real estate businessman with high ethical standards, and one who must have teaching ability (Day, 1925). Another dealer urged NAREB and Ely to find an easier text on appraisal techniques. The Babcock book was too tough for brokers. Ely replied that some subjects were naturally difficult and that they would be less useful if too easy. He did thank the dealer for his comments and said that these books would be revised frequently (Fisher, 1925). As far as I can tell the revisions were not made.

Impact on Real Estate Education in Universities by 1931

A review of collegiate business education by Bossard and Dewhurst (1931) revealed the impact of NAREB's efforts on university courses in real estate. There were forty-two collegiate schools of business that were members of the AACSB in that year. Of those schools, twenty-two had day school courses in real estate and two more had evening school education in real estate (University of Michigan and Boston University). Most schools only offered two or three terms of courses, but five had significant offerings in the area: Marquette University (nine terms of two-hour courses), Michigan (seven semesters of three-hour courses, including landscape design), New York University (eleven semesters of two-hour courses), Northwestern University (nine semesters of two-hour courses), and Wharton (four semesters of three-hour courses). The typical offering of two or three courses included: real estate principles and practices, land economics, or real estate appraisal. These were the first three courses in the standard real estate curriculum developed by the Joint Commission in 1923 for which texts had been created in 1924.

Interestingly, a survey of real estate courses in AACSB universities was conducted fifty years later by Garrigan and Wardrop (1981). Of the forty-two that had been AACSB schools of business in 1931, the number offering real estate courses had increased from twenty-two to thirty-five. In 1931 only five had a specialization in the field, whereas in 1980 twenty-two of them did. Two schools that had taught real estate in 1931 (Northwestern and Georgia Tech), no longer did so by 1980.

Conclusions

The National Association of Real Estate Boards was influential in establishing real estate courses in collegiate schools of business and in shaping their direction. Would real estate courses have been established without its efforts? Perhaps, but surely both its political pressure, and its establishment of a series of texts—Fisher (1924), Ely and Morehouse (1924), Babcock (1924), and MacChesney (1927)—provided the materials for such courses to be created. Books on real estate principles (Benson and North, 1922) and real estate finance (Bingham and Andrews, 1924) were written outside of the series. Nonetheless, by 1931 courses in colleges were modeled on the broad outline developed by the Joint Commission of 1923, and especially the first three texts written for the Joint

Commission. Thus, collegiate courses in real estate were created and designed to improve the productivity and ethical standards of real estate dealers, to improve dealers' understanding of their economic and social function, and to provide an education about real estate customs, economics and valuation for consumer and business property owners and renters.

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