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Poland

## **The Ties that Bind? Real Estate Education in Europe and Regulatory Framework in Poland**

### **Abstract**

The main research goal was to explore the linkage between regulatory framework and university level real estate education in Poland. In order to achieve the research goal we analyzed the results of European and American to-date research into real estate education and we studied curricula from selected Polish universities for compliance with ministerial minimum requirements. Finally, we conducted a survey among students studying real estate economics from state universities with the best economics faculties in Poland. Based on the conducted research, it has been established that in their specialization choices Polish students are motivated mainly by pragmatic factors (professional prospects, possibility to obtain a broker's or administrator's license) and by interests. On the other hand, though, the research has revealed that in all the Polish schools surveyed curricula for the subject of real estate economics have been to a greater or lesser degree adjusted to the minimum programs connected with professional license system, and do not differ significantly from one another.

**Keywords:** *real estate education, real estate professions, license limitations, Polish education, regulatory framework*

### **Introduction**

#### **Research problem**

As early as at the very beginning of the political transformation in Poland, Kwiatkowski (1990) pointed out that universities in Poland were in poor condition,

and that the only hope for them could be a drastic reform and improvement in the quality of teaching. As one of the ways out of the crisis Kwiatkowski suggested the necessity for adjustment of the programs, mainly making them more applied and industry oriented.

Since then, as Dąbrowski and Wiśniewski (2011) indicate, Polish education “has been in a state of permanent reform”, in the same way as education in other countries of Eastern and Central Europe.

It is important to note that the main focus has not been on key competences (Dąbrowski & Wiśniewski, 2011). At the same time, Polish economy developing fast after 1989, has been subject to far-reaching regulations which limited the freedom of business operations (45<sup>th</sup> place in the Doing Business 2013 world ranking). After 20 years, it seems that adjusting university curricula to the needs of the overregulated economy may have reached its climax.

One manifestation of that sort of adverse tendencies is the process of adapting university curricula to the minimum requirement levels related to obtaining licenses and professional qualifications as specified in the Polish law. In this paper, we analyze that phenomenon on the example of economic education in the subject of real estate, where at most universities programs are adjusted to the minimum requirements levels set by ministerial bodies. An inspiration to undertake the research came from the current reform of higher education in Poland, initiated in 2008<sup>1</sup>, and from a reform related to the deregulation of Polish economy and initiated a few years later, in 2011, by the Ministry of Justice, with the view to eliminating barriers in the access to certain professions, real estate market included. Although we focus on real estate education, we believe that our research has more general, nomothetic implications. We demonstrate what are the reasons and consequences of strictly linking curriculum to the existing regulatory framework, which can be subject to unexpected, revolutionary changes.

## **Real estate education in the context of previous studies**

There is no consensus on boundary lines of the real estate discipline. Some researchers (Diaz, 1993) argue that real estate is not defined by paradigms, but

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<sup>1</sup> On 2 December 2008, the Council of Ministers passed a set of 5 acts (“Building on Knowledge – Science Reform for Development of Poland”), thus starting the reform of higher education in Poland, which has been continued up till now.

rather by activities (i.e. managing, governing, transferring rights to use, financing, building).

Following this logic, we can assume that real estate is:

- applied,
- interdisciplinary,
- well-grounded in the fields of economics, finance, management, law, urban planning, architecture and built environment.

A broader analysis of to-date research into real estate related education is beyond the scope of this paper; therefore, let it suffice to say that such a study concerned countries with the most developed real estate markets, like the US and the UK, additionally characterized by a more transparent and systemic approach to the evaluation of educational programs.

Dasso and Woodward (1980) made one of the first attempts to describe the real estate education in the context of university courses. The discussion that followed focused on two basic problems: (i) curricula content, mostly defining the core knowledge, skills and competences upon completion. (ii) liaison between curricula content and property market demand. As for the former, the main direction of the research was an attempt to create a synthesis of the real estate body of knowledge, teaching paradigms and also of certification systems. Here, a study by Blake et al. (2010) may serve as an example. They analyzed the degree to which legal issues are taught in real estate undergraduate programs offered in Australia. Even more comprehensive and in-depth studies of Master's programs in real estate at the university level in the United States were recently undertaken by Weinstein and Worzala (2008), and also by McFarland and Nguyen (2010). In the latter, the most important issue was to investigate the level of the convergence of academic studies curricula with the expectations of the main groups actively participating in the real estate market, such as intermediaries, administrators, assessors, investors or developers. Good examples here may be the Callan and McCarthy research related to students' ideas as confronted with the demand of the real estate sector (2003), or the study by Chikafalimani and Cloete (2010) on real estate professionals' expectations connected with curricula content in the Republic of South Africa.

The real estate education has become independent of traditional economic, financial or built programs it originated from some decades ago. Until now it has been offered by numerous academic units in most countries in the world, and probably every country in Europe.

For instance, according to the most recent evidence, the number of Master's degree real-estate- related programs offered to students in the United States alone ranges from 24 to 130, depending on the source (McFarland, Nguyen, 2010).

Consistent with the European Real Estate Society data from 2011, the rough estimate on a number of university real property programs in Europe equals nearly 400.

**Table 1.** Real estate programs in Europe

Country	Number of programs		Number of institutions	
	N	%	N	%
Austria	10	2.7%	5	3.0%
Belgium	4	1.1%	3	1.8%
Bulgaria	n/a	n/a	n/a	n/a
<i>Croatia*</i>	2	0.5%	2	1.2%
Cyprus	1	0.3%	1	0.6%
Czech Republic	n/a	n/a	n/a	n/a
Denmark	5	1.3%	2	1.2%
Estonia	1	0.3%	1	0.6%
Finland	14	3.8%	5	3.0%
France	25	6.7%	19	11.3%
Germany	100	26.9%	39	23.2%
Greece	n/a	n/a	n/a	n/a
Hungary	5	1.3%	3	1.8%
Ireland	6	1.6%	3	1.8%
Italy	9	2.4%	9	5.4%
Latvia	4	1.1%	1	0.6%
Lithuania	8	2.2%	1	0.6%
Luxembourg	n/a	n/a	n/a	n/a
Malta	n/a	n/a	n/a	n/a
Netherlands	24	6.5%	16	9.5%
<i>Norway*</i>	3	0.8%	3	1.8%
Poland	7	1.9%	6	3.6%
Portugal	3	0.8%	2	1.2%
Romania	2	0.5%	2	1.2%
<i>Russian Federation*</i>	4	1.1%	1	0.6%
Slovakia	1	0.3%	1	0.6%
Slovenia	2	0.5%	1	0.6%
Spain	8	2.2%	6	3.6%
Sweden	5	1.3%	2	1.2%

Country	Number of programs		Number of institutions	
	N	%	N	%
<i>Switzerland*</i>	6	1.6%	4	2.4%
<i>Turkey*</i>	8	2.2%	6	3.6%
United Kingdom	105	28.2%	24	14.3%
<b>Total</b>	<b>372</b>	<b>100.0%</b>	<b>168</b>	<b>100.0%</b>

\*not a member of European Union

As noted before, real estate curriculum is interdisciplinary in nature. Not surprisingly, real estate education is offered by academic units of different origin—both general or economic and technical. Some programs are offered by large and independent university units – the School of Real Estate and Planning at Reading University or Institut für Immobilienwirtschaft at the University of Regensburg, to name only two most renowned. It corresponds well to results of a worldwide survey conducted by Black and Rabianski (2003). The results show that there are countries where real estate programs are hosted by business schools, and are focused on finance and investment (US), while in others real estate programs are founded in business schools and have a broader scope, mainly achieved by including construction and planning in the curricula (European tradition – seen in the UK, Germany, the Netherlands).

As shown above, the education in real estate economics has become independent, and somewhat universal, but to some extent also subject to country specific regulatory environment. This regulatory framework also applies to real estate professionals. Although the list of professions in real estate industry is not clearly delimited (as the discipline itself) the most obvious examples include: property and asset management, brokerage, valuation, construction, architecture, planning, law, investment, finance, and housing policy.

As one of the major goals of education offered at the university level is to provide students with necessary skills, knowledge and competences to work in a given industry, we can assume that there is a direct and strong linkage between state level regulatory environment and real estate education.

## **Research methodology**

The main research goal was to explore the linkage between regulatory framework and university level real estate education in Poland.

In order to achieve the goals of the research we:

- (i) analyzed the results of European and American to-date research into real estate education,
- (ii) analyzed the curricula of selected Polish universities for compliance with ministerial minimum requirements, and also
- (iii) conducted a survey (October 2011 – January 2012) among students studying real estate economics at state universities with the best economics faculties in Poland<sup>2</sup>. Questionnaire forms were filled in by students studying both for their Bachelor's and Master's degrees at six Polish higher education institutions: the University of Economics in Katowice (UEKA), the Cracow University of Economics (UEKR), the University of Economics in Poznań (UEPO), the University of Gdańsk (UG), the University of Łódź (UL) and Warsaw School of Economics (SGH).

## **Results and discussion**

In the result and discussion section we present the regulatory framework of real estate education in Poland and discuss the results of our qualitative and quantitative studies.

### **Real estate education in Poland in the context of licenses limitations**

In Poland, education in the area of real estate economics started in the early 1990s, together with the political transformation. The new subject was introduced in 1992 at the Cracow University of Economics, and then at six other state universities in Poland (Kałkowski, 2005). Education in the area of real estate economics has become a vital part of education at economic and technical universities in Poland. It results, to a great extent, from the importance of the real estate field for the national economy and from the demand for high-class real estate specialists. It is estimated at present that education in real estate economics is conducted at several dozen universities, with the majority of students studying at several biggest state universities.

From the very beginning, education in this area was determined, on the one hand, by the regulations issued by the Ministry of Science and Higher Education, which set the minimum curriculum requirements for all subjects related to economics and management (real estate economics included), and on the other, by

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<sup>2</sup> All the universities taking part in the research are among the 12 best Polish institutions for economic subjects offered – cf., University Ranking 2012, 'Perspektywy', No.6 2012

those issued by the Ministry of Transport, Construction and Maritime Economy, and setting the general program and specific curriculum for those studying to be real property valuer, real estate broker and real estate managers. The three professions mentioned are regulated in Poland by the act of real estate management of 27 August 1997, specifying the basic requirements which those aspiring to the three professions have to meet.

As regards the didactic process in the analyzed field of knowledge, there is the important role of the above-mentioned directive by the Minister of Transport, Construction and Maritime Economy of 7 June 2010, regulating the minimum program requirements for post-graduate studies in the area of property assessment, real estate brokering and management. The main aim of the adopted regulation was to systematize and unify the minimum program requirements which have been applied so far, due to the fact that the real estate market is served by representatives of all three aforementioned professions. All three disciplines i.e. property valuation, real estate brokering and management, share common knowledge elements. Among them there is legal knowledge (84 lesson units in total), rudiments of economics and finance (from 24 lesson units for brokers to 44 lesson units for real property valuers and managers) and partially also basic technical knowledge (26 units for brokers, 30 for valuers and 42 for property managers). The remaining elements of the minimum program requirements have been adjusted individually for each profession. Table 2 presents the results of the analysis of teaching programs for real estate economics in the leading academic centers in Poland, to show how they relate to the minimum set by the Ministry.

As shown in Table 2, only two of the universities surveyed, i.e. the University of Łódź and the University of Economics in Katowice, have developed their own curricula for studies in real estate. However, it can be attributed to a strategic decision of running post-graduate studies in real estate (in line with ministerial requirements). The remaining four institutions have substantially adjusted their curricula to the ministerial program minimum. The adjustments are made sequentially, accordingly to the changing minimum requirements, but with a substantial lag as the curriculum must be approved by the faculty before the academic year starts. The linkages are very strong in the property brokerage and property management areas and somewhat less visible in the property valuation area. This effect can be explained by the fact that the property valuation license is more difficult to obtain and qualifications are more challenging. Therefore, the necessary blocks of knowledge (ministry minimum requirements) are difficult to fit into the traditional economic curriculum. In another section we focus on the student perspective.

**Table 2.** Education in real estate economics in Poland in the context of the minimum program requirements set by the Ministry of Transport, Construction and Maritime Economy

University/ College/ School	Place in the “Prospects 2012 – economic subjects” Ranking	Name of real estate specialization	Broker’s license	Real estate manager’s license	Qualifications for real property valuer
University of Economics in Katowice	8	Real estate management	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary
University of Cracow Economics	5	Real estate management	(+)  Program of studies covers the ministerial minimum for those who complete 5-year studies	(+)  Program of studies covers the ministerial minimum for those who complete 5-year studies	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary
Poznan University of Economics	3	Investment and real estate management	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary	(+)  Program of studies covers the ministerial minimum for those who complete 5-year studies	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary
University of Gdansk	12	Investment and real estate	(+)  Program of studies covers the ministerial minimum for those who complete 5-year studies	(+)  Program of studies covers the ministerial minimum for those who complete 5-year studies	(+/-)  Program of studies covers the ministerial minimum only for those who complete 5-year full-time studies



University/ College/ School	Place in the "Prospects 2012 – economic subjects" Ranking	Name of real estate specialization	Broker's license	Real estate manager's license	Qualifications for real property valuer
University of Lodz	11	Investment and real estate	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary
	1	Real estate brokering and management (two specializations)	(+)  Program of studies covers the ministerial minimum for those who complete 3-year courses leading to a bach- elor's degree	(+)  Program of studies covers the ministerial minimum for those who complete 2-year courses leading to a master's degree	(-)  Program of studies does not cover the ministerial minimum – post-graduate studies necessary

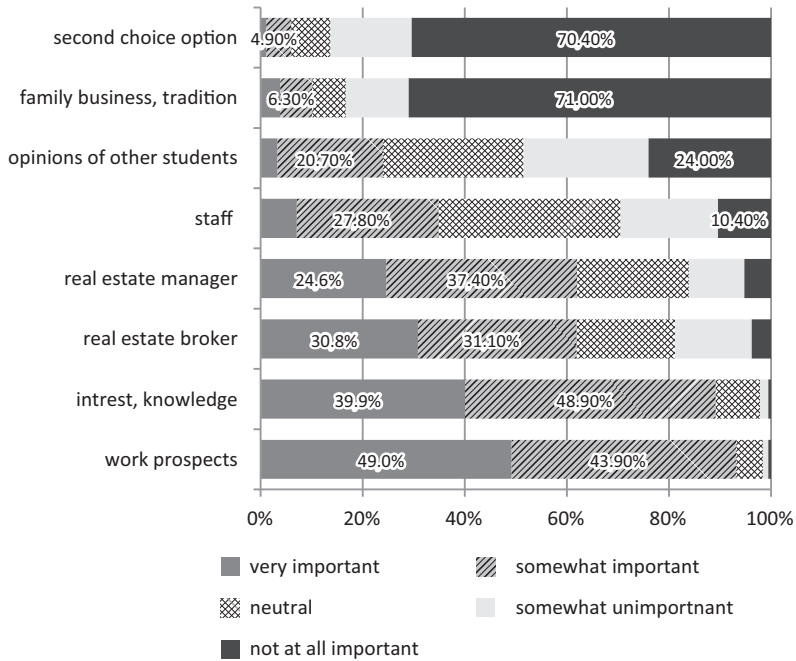
Source: authors' own

### The results of the survey

We studied the motives of Polish students studying real estate economics. The survey was carried out during lectures or classes in the second half of November 2011 and the first half of January 2012, at the six chosen universities. Our research sample consisted of 367 students. The questionnaire we constructed contained 13 questions (2 of matrix type). Except for one, all the questions were of the “closed” type.

In order to find out the reasons which made the students choose real estate economics as their area of interest when studying economics, finance or management a matrix (tabular) question was used. We used a standard 5-point Likert scale, where the respondent was asked to mark the answer choosing between: 1- totally unimportant, 2 – rather unimportant, 3 – hard to say, 4- rather important, 5 – very important.

Figure 1. The reasons for choosing real estate economics



As the analysis of the data from Figure 1 shows, when students choose studies in the field of real estate economics, they are mainly guided by professional prospects after graduation, as 94% consider this factor to be important or very important. Then there are one's own interests with 89%, and the easier access to licenses for real estate brokers and administrators, with 62% each. The remaining factors, such as e.g. friends' opinions, the quality of the faculty or family business continuation are of much less influence on the choice of studies. It needs to be pointed out that the reasons why students chose to study real estate do not show any significant differences within the six universities selected for the research.

The next question was related to what curriculum content the students would like to see the most of. Here they could choose from among 10 basic subject blocks offered during the course of studies.

**Table 3.** Students' preferences for the division of chosen subject blocs into lecture units [in%]

	SGH (N=33)	UEKA (N=45)	UEPO (N=46)	UG (N=88)	UL (N=55)	UEKR (N=100)	Total (N=367)
Real estate market*	17.0	13.0	11.6	13.5	12.8	15.8	14.0
Real estate management	9.9	12.7	11.3	12.4	11.9	10.3	11.4
Real estate valuation*	15.1	17.0	18.6	15.0	17.6	17.1	16.7
Developers' investments	9.6	10.0	7.8	10.9	8.0	9.2	9.4
Public real estate management	5.6	5.9	5.2	7.3	6.5	6.1	6.3
Real estate law*	12.4	11.8	14.7	8.7	11.5	11.2	11.3
Real estate financing	9.5	9.4	9.7	9.2	8.9	8.3	9.0
Technical assessment	8.0	7.8	8.7	8.9	7.3	8.0	8.2
Building and construction	5.3	7.4	7.0	7.3	8.5	7.3	7.3
Real estate investment trust	7.6	5.0	5.4	6.5	6.8	6.6	6.4

\* Significant statistical differences in spreads at the 0.05 materiality level (according to the Kruskal-Wallis test for independent trials)

The results show that for the real estate economics students the most required content is that related to real estate valuation (16.7%), real estate market (14%) and real estate management. The least demanded areas were public real estate administration (6.3%), real estate funds (6.4%) and construction issues (7.3%). The students' preferences related to curriculum content seem to be strikingly similar all through the polled sample. The Kruskal-Wallis test showed that there are statistically valid differences only in the areas related to the real estate market, developers' investments and real estate law, but even in those cases the differences were not too big.

Due to its specific character, studies in the field of real estate economics are deeply embedded in the market context. The result analysis shows that as many as 73% of the respondents link their professional career with the real estate market, 25% have not made up their mind yet, and only 2% said they would work in a different line of business after graduation.

Here the first differences in the students' expectations should be mentioned. It turns out that from among the students of the University of Economics in Katowice only 50% intend to embark on a career in the real estate market, while at the other extreme there are the students from the Cracow University of Economics, 80% of whom plan to do that. Another question related to future plans reveals that 59% of the students will look for employment in private companies operating in Poland, 19% are going to set up their own business, and 14% plan to join the public sector. The remaining respondents will seek employment abroad or have not yet decided on any particular path for their professional career.

The research shows that only 14% of the students from Cracow are considering starting their own business, while for the Warsaw SGH students the rate is almost 40%. Therefore, the conclusion is that students in Poland differ in their expectations regarding future professional career choices.

Finally, to get insights into the students' plans after graduation, the survey posed a question related to professional Bachelor's degrees. The answers show that a great majority, i.e. as many as 72% of the students, are interested in obtaining one of the three licenses that find application in Poland (for details – cf., Table 4).

The analysis of the results shows that only slightly over 12% of the students are not planning to try to get professional licenses (this time the differences between schools are bigger, e.g. at UEPO only 6.5% are not interested while at SGH the ratio reaches 33.3%). Despite the differences concerning the choice of a particular license (e.g. interest in obtaining the license of a real estate manager is shown by 58% of the students from UEPO and only by 9.1% of those from SGH), it is worth pointing out that, regardless of the institution, for the significant majority of students to gain

**Table 4.** Interest in gaining professional qualifications in the field of real estate economics [in%]

	SGH (N = 33)	UEKA (N = 45)	UEPO (N = 46)	UG (N = 85)	UL (N = 54)	UEKR (N = 100)	Total (N = 363)
Real estate broker	51.5	46.7	32.6*	68.2**	38.9	50.0	50.1
Real estate manager	9.1*	40.0	58.7**	44.7	33.3	40.0	39.7
Real estate valuer	45.5*	46.7	60.9	63.5	48.1	65.0**	57.6
<i>No planning to obtain any licence</i>	33.3**	11.1	6.5*	8.2	14.8	11.0	12.4

\* min (comparison between Universities)

\*\*max (comparison between Universities)

a professional license is just one of their pragmatic goals to achieve after graduation. Additionally, the analysis has shown that most frequently the students choose to work in the private sector (59%) or plan to start their own business (19.5%). In the latter category, the students from SGH seem to be most active (39.4%), while the least interested are those from the Cracow University of Economics (14%). The research shows that more than 14% of the students are aiming at the public sector, while almost 9% do not have clear professional career plans yet.

## Conclusions

Based on the conducted research, it has been established that in their specialization choices Polish students are motivated mainly by pragmatic factors (professional prospects, possibility to obtain a broker's or administrator's license) and by interests. What is more, it has been shown that in the light of the students' expectations regarding curricula the main focus should be on real estate valuation, real estate market, legal aspects of real estate brokering and of real estate administration. On the other hand, though, the research has revealed that in all the Polish higher education institutions surveyed the curricula for the subject of real estate economics have been to a greater or lesser degree adjusted to the minimum programs connected with the professional license system, and do not differ significantly from one another. Also, they do not differ significantly in that respect although the competences expected locally or the students' expectations

regarding the didactic process are not identical. It can be noted that the curricula are less adapted to the students' expectations and more to the institutional and legal framework. That, to a high degree, limits the possibility of improving and adjusting the programs to the fast-changing market surrounding. In the light of the attempts undertaken by the Polish Ministry of Justice to deregulate the Polish economy, and to do away with the license of real estate broker and real estate administrator among others, a question arises as to the future of real estate education in Poland. On the one hand, the reform being prepared may lead to the situation where curricula will focus on key skills and competences demanded by the real estate market, thus getting out of the restraining institutional straitjacket connected with ministerial minimum program requirements. In a less optimistic scenario it can be expected that, as a result of the implemented reform, universities will focus on adjusting their programs to the minimum program requirements connected with real estate valuation, as this qualification will be preserved, according to the guidelines of the reform.

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