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WHAT IS THE REAL ESTATE STUDIES?

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What is the real estate studies?

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1. Introduction

With the real estate conference like this, a problem arises as to the scope of the subjects, such as whether the conference should include city planners, architects, geographers or lawyers. Just the same problem exists to the department of real estate studies. Though it is self evident that the studies deals the real estate, it is too unclear which aspect of the real estate the studies should investigate, differentiating itself from the neighboring studies such as economics, law and the others. The paper is intended to solve the problem. About what does the real estate studies study? How is it different from the other studies?

In Korea, a few real estate texts maintain that the real estate study(or science) studies every subject, so long as the study object is real estate and the study benefits people. (Kim Yeung Jin, p.p. 22-60; Bang Keng Sik, p.p.22-45) This kind of problem can be argued subjectively, since the study subject or the study scope can be visioned differently according to the scholars' will. It will be better, however, to focus upon the same direction, in order to gather scattered efforts of scholars. To this purpose it may useful to distinguish between the objective real estate study, which has been and the subjective one, which a person plans to study in the future. This is important, because a study can not be made in a day like Rome, and a vision should be on the objective basis. In order to know what the objective real estate study is, a historic approach is followed with comments on real estate textbook contents or the education.

2. Brief history of the real estate studies

In the United States, the real estate studies dates back to 1892, when Ely taught landed property at Wisconsin, which was beginning of land economics. (Dasso, Ring, McFall p.5) The land economics is institutionally orientated, and, the land economists deal not only economics, but also, law, sociology and the technical aspect of the real estate. (This tradition makes the present real estate study interdisciplinary.) However, their professional area is economics, while the other field, like law is auxiliary. Owing to the urban land price increase due to urbanization, the land related professions had been created, for which the qualifying exams were imposed. The contents for the exams or the knowledge, which the professions demanded, were different from what the land economics had done. Where as the latter is chiefly concerned with economic policy of government, the former is with private business. It was Ratcliff in 1961, who systemized the real estate studies first, with the real estate investment approach under the urbanization. Thus, the real estate study is chiefly involved with business or the management study rather than land economics. (Thus, the real estate becomes different from the land economics.) Since then, the real estate study in the United States has followed Ratcliff's vision. Smith broadened the real estate

investment approach to a semi-public sector, such as public housing in 70's (Smith, Tschappat, and Racster, p.p.17-28) and the portfolio is studied vigorously in 90's. Roughly speaking, the U.S. textbook contents are consisted of the 70% economic and business aspect, the 20% law, the 10% technical or the other aspect. Thus, most of the study courses are in the business school, while some of them in the architect, emphasizing the technical aspect of the study.

Compared to the U.S., England is more technically oriented in the real estate study such as the survey and the building management, which seems to have influenced Hong Kong's real estate study. Taiwan seems to be public policy orientated from the study name. Korea is the same, since its department is in the politics or the public administration school. But, the content is not much different from the U.S., because the need is strong in the investment area and there are not enough education materials. Paralleled with the real estate department, there are a few survey departments, in Korea, and there was one land public administration department. The names may appear different from the real estate department, but the difference is negligible. (A survey department was established by the real estate study department of a university and the survey section of the government. The survey department changed the name to the public land department, which is renamed into the real estate nowadays.) Uncovering name of the studies, the situation in Taiwan, the author guesses from a few texts, may be similar to Korea. Japan, which starts lately the real estate, seems more architect orientated. Thus, we can say superficially that the real estate studies in the world can be classified into two group; the business orientated, and the architect orientated. But, the former dominates the study, because the present real estate studies in every country is under the absolute influence of the U.S. Thus, it is concluded that the real estate study is a study, in which the real estate investment approach exists in its essence. Thus, a study about health center facilities can not be the real estate studies, so long as it is intended for people's health, though the center is a real estate. But it can be if it is for a profit. By the same token, it is the opinion of the author that the above contention in Korean real estate texts can not be accepted. How can we study all real estate related studies such as forestry and geology? In the real estate text, there is not such knowledge at all.

3.The concept of the real estate investment approach

The opponents criticize the concept of the real estate investment is too narrow for study or discipline subject, since they misunderstand it to narrowly mean the investment knowledge in finance texts. But, the real estate investment approach is not narrow, as the term implies, since we all know the real estate study includes real estate appraisal, development and others. The knowledge in them includes economics, law and the technical elements, as well as finance. It is an opinion of the author that the investment approach should be interpreted that the real estate is a study motivated by wealth and should make efforts to supply knowledge about when, where and how to invest. The other criticism is that the real estate investment is a zero sum game, which is different from the stock investment and the real estate (investment) study is not worth for an academic study. Regarding this problem, many American real estate texts already replied

with the highest and best use. But, a critic argues that explanation is invalid in small land country like Korea. But, the merit of the highest and best use is a result from exchange in free market and the merit can not be denied, so long as one believes efficiency of market in a small country. (Even the opponent will not contend to abolish the land market in Korea.)

Smith has expanded the real estate investment to cover the quasi-public sector such as public housing, and a problem is whether to cover the pure public policies, such as the real estate price freeze, which are far from revenue generating. It is an opinion of the author that the pure public sector belongs to the real estate study, since the same reasons exist there, which makes the private firms the real estate study subject by Ratcliff. That is the policy maker's knowledge about the real estate investment is essential, (just like the private real estate sector such as real estate brokerage) and the real estate investment is seriously influenced by the public policy (just like the other real estate sector). Thus, the real estate scholars may study not only investment, but also the other related knowledge, just like they study the real estate office organization and management. But, a problem is how far the related one will be investigated. Regarding this, Ratcliff told that real estate education teaches law, but does not aim to be a lawyer. It means that there is a need for the investor to know the zoning content, but it is unnecessary for the investor to know whether a new zoning or regulation is unconstitutional or not, which will be studied by the lawyer. But, the real estate office organization and management should be studied as much as the real estate investment, whether it belongs to the business administration or the real estate studies because the real estate broker and the real estate counselor need that. Then, if the public policy makers in the real estate need the constitutional judgement, (in fact, they do.) the real estate study should supply the knowledge whether it is jurisprudence or the real estate. The Ratcliff's remark should be interpreted to mean only that the real estate study does not aim to be a lawyer.

Anyway, it can be said that the department of the real estate studies should supply the investment and the related knowledge, which is necessary for the real estate firms whether it belongs to the real estate study or the business administration, or the law. And then, shall we include the latter related knowledge in the real estate study? If it is included, the scope may be too wide for a person to major. But, it is author's opinion that it should be included. The first, someone may be suspicious, since the related knowledge belongs to the other study field. But, that is the same to the field of the real estate investment, of which knowledge is economics and finance. The second, though it is difficult since it covers many studies, but, the study area and the study depth is different. (In order to study the real estate, it is apparent that real estate requires broad subjects of the study. And the students, who are majoring in the real estate study, are discouraged to find that they study so many disciplines. But, there are some fields that we do not pay attention in economics (such as monetary policy). Regarding business, the real estate study is irrelevant with most of business study except finance. Compared to the law school, the real estate law study in the real estate department is limited.) The situation is similar to the urban planning study, where various subjects are interdisciplinary studied. Though the business or commercial law is taught in the business

school, or the architect law is in the architect school, they are not thought as a business or an architect study. By the same reason, we may or may not distinguish the related knowledge from the real estate investment and define the real estate study with narrow or broad concept. Anyhow, there is no difference that the related knowledge should be taught in a real estate class.

The real estate firms or business can be characterized by its function such as brokerage, appraisal, management, development, finance, and public sector. These are connected with each others, which means that the brokerage affects the development and vice versa. Thus, we can conceive these functions as a system, in which a part is interconnected with the other parts.

Thus, one who studied the brokerage can be easy in the study for the development. The problem is how to delineate the boundary of the real estate firms, or functions, which are the objects for the real estate study. It is my opinion that the answer will be determined socially. Thus, the real estate development counseling was not a profession in Korean society, and could not be a subject, but nowadays the real estate counseling emerges as a real estate profession. Then, it should be recognized a function or a firm to be studied in the real estate study.

4. Is the real estate study an economics or a business study?

It is my opinion that the real estate is neither economics, nor the business study. It seems clear from the previous history that the real estate study is no more economics. But, many seem to believe the study belongs to the business study. But, the latter studies about the organization, finance, personnel of the firm. The stock investment can be influenced, when an investor knows who will be next president. Thus, there is an interconnection between the stock investment and the business study and there is reason that the former is included in the latter. But, there is no connection between the real estate investment and the business study. The real estate investment is related with urbanization or where the land develops. (Fundamentals of real estate by Dasso, Ring, and Mcfall mention some points in which the real estate study is different from the other decision making in the business study. (pp7-8,1977) But, those are comparison of the imperfect market of the real estate market with the other perfect market. But, business study deals with imperfect market, and that is only difference within the business study. The difference is not the real estate study from the business study.) Some may argue that the real estate study is a business study, because the former uses much knowledge in the latter such as IRR and portfolio. But, nobody thinks the economics is the mathematics, although the economics uses the mathematics heavily.

5. Is the real estate a science?

The answer depends upon the term of the science. When it requires a unique method, which is different from others, the real estate is not the science. But, nobody requires it for the science criteria these days. When the science requires substantially accumulated knowledge under its brand, which was accepted at the past, the real estate can not be a science, since much knowledge is not accumulated under the real

estate study name. But, when we insist this position, there will not be a newly born science and this criteria is abandoned nowadays. Nowadays, it is recognized as a science so long as the study has an independent vision or position from the other studies. (It is no wonder that many engineering studies or departments are recognized as a science, paralleled with the pure science such as the physics.) The real estate study, which was previously defined, can be distinguished from the other neighboring studies because we saw the difference from the economics or the business study. From the historic background and the textbooks, the real estate is a social study. In this aspect the distinction can be made with the architecture and the survey in the civil engineering. The technical aspect is utilized, not investigated. (The before mentioned survey, which is not the civil engineering, may be distinguished from that of the civil engineering since the former utilizes the technical aspect, rather than investigating it.) In this respect it is clear that the real estate is different from them.

6. Method of the real estate studies

Though most studies or sciences are interdisciplinary nowadays, the interdisciplinary degree is deeper in the real estate discipline.

A question arises whether this approach is meaningful or useful. To the job seeker students, it will be useful, because the real estate industry demands interdisciplinary knowledge from employee. To the scholar, who majors in the real estate, the wide background will be merit. The demerit is difficulty of mastering a few disciplines, of course. But, it was already mentioned earlier that is not so difficult as being thought at first.

7. Conclusion

Based upon the study history and the text contents, we conclude that the real estate studies is the study about the real estate business, in which the real estate investment is essential and that the real estate studies is a social discipline or science, just like the engineering discipline or science.

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