March 8, 2012

Peter Lyons Ph.D.
Associate Provost for Institutional Effectiveness
Georgia State University

Dear Professor Lyons,

The following constitutes the report of the three person team you asked to review the Department of Real Estate at Georgia State University. On behalf of Professors Karen Lahey and Ko Wang, I want to thank you for the opportunity to visit the campus and for the courtesies extended us during our visit. We wish to offer our assistance as you go forward and to let you know that we stand as friends, and fans, of the program and wish it the greatest success.

The external review team considered the documentation provided in advance of its visit, including the Georgia State University strategic plan, the Department of Real Estate self-study, and supplementary documentation provided on request. These important paper documents were significantly expanded by a series of interviews and meetings over a two day campus visit. These inputs provide support for the following comments and recommendations.

**Strengths and Weaknesses**

The department is an integral part and critical element in the college’s goal to become a world class business school, and the university’s goals, specifically Goal 2, to grow its distinctive graduate programs and Goal 4, to be a leader in complex challenges of cities and developing effective solutions.

The strength of the program appears to lie with its location in Atlanta, its existence within the College of Business, and in the growth in reputation of the university. The Real Estate department has a long history of offering a visible program in one of the earliest stand alone real estate departments, and it appears poised to capitalize on that history with a reinvigorated doctoral program. It offers a balance between graduate and undergraduate programs and serves both traditional and non-traditional students.

This wealth of possibility is constrained by diminishing resources within the university and the college and by the changing economic environment caused by the Great Recession, which had a disproportionate impact on real estate.

**Historic and Current Context**

The real estate curriculum can be offered in a number of disciplines, across disciplines, and across colleges. Over time several models have developed, the most common of which is the
major or concentration within the department of finance in a college of business. The strength of this approach is that it reinforces the notion of real estate as a special asset within the investment decision model and provides a mechanism for rigorous quantitative analysis rather than anecdotal approaches to decision making. However, the physical and regulatory aspects of real estate investment and management do not fit within a strict finance paradigm and many times finance departments are uncomfortable offering a curriculum that includes planning, project management, demographic analysis, and other topics that make for an enriched program. In addition, it is difficult for finance departments to evaluate the research productivity of their colleagues when the research is published in journals with which they are unfamiliar. Real estate research is only infrequently accepted for publication in the more general top ranked finance journals. For example, within the past five years there have been a total of three articles remotely related to real estate published in the Journal of Finance, all of them on mortgage and securitization topics.

For both curricular and scholarly reasons, some universities have created inter-disciplinary or cross-disciplinary programs. These frequently languish due to lack of an established home, and faculty within them find it difficult to progress in their academic careers. Some programs are housed in schools of architecture and planning and have only minimal connection to real estate as a business. These programs also have minimal connection to the business community and its resources, and they tend to focus on the design and management aspects of real estate projects.

Another approach is to house the program in its own department within the college of business. This permits the program to develop and control its curriculum, rather than relying on courses offered within other disciplines, and it provides an academic home for scholarly productivity. Course enrollments and number of declared majors are typically among the lowest within any of the colleges in which they are housed. However, alumni engagement, prominence within the business community, and endowed gifts are generally high.

Like other stand alone real estate departments, Georgia State’s department is small, does not offer a required core course, and its faculty is stretched by the requirement to serve both a traditional daytime undergraduate audience and an evening professional part-time student audience. Further, it is one of a handful of doctoral programs in real estate, including Berkeley, Wisconsin, Baruch, Wharton, University of Connecticut, and Florida State. More commonly the need for doctoral level faculty is accommodated by students who take a finance degree and then write their dissertations on a real estate topic. Prominent universities in this class include University of Georgia, MIT, University of Florida, and the University of Cincinnati.

There are a number of problems that place pressures on departments of real estate. The credit hours generated by the undergraduate majors and the two masters programs will not be sufficient to support the number of faculty required. The program depends on enrollment by students who take only one or two real estate courses as electives. This is especially the case when the program maintains a resource intensive doctoral program. The program’s viability depends on non-major enrollments and on external funds. Managing the service to the profession, including the committee duties of faculty governance that is part of faculty members’ responsibilities, is also difficult. It is virtually impossible to staff even the most important committees when the department consists of only half a dozen or so members. Small, specialized programs like real estate can only survive with strong internal support at the highest level, coupled with external sponsorship and connections.
The Georgia State program was reviewed by an external team, including one member of the 2012 team (Susanne Cannon), who served in the same function seven years ago. In the interim, there have been significant changes. Undergraduate enrollments first grew, and then declined significantly, and there has been a shift within the masters level preference from MBA to MSRE; the department’s reliance on part time and graduate students as instructors has grown significantly. At the same time, tenured and tenure track faculty have been reduced from seven to five and the number of PhD students has grown from two to nine. The changes are to some extent related and they require further discussion.

First, there were external forces that were largely not within the control of the department. During the period 2000 to 2007, real estate enrollments across the country grew tremendously. Then, these enrollments plummeted. Conversations with program directors and department chairmen across the country suggest that most programs saw drops of over 33% in their enrollments and a similar drop in declared majors and MS students. The drop in credit hours appears to be stabilizing in many universities.

During the same period from 2000 through 2007, several new programs were created and many schools received seven and eight figure endowment gifts, including Clemson, Colorado State, USC, Baruch, DePaul, and others. Within the region, Florida International, Florida Gulf Coast, University of Central Florida, University of Florida, and University of Memphis, have all received gifts of at least $1,000,000 and some have received significantly more. These endowed gifts typically provided both operating funds for named programs and centers, and also named chairs with faculty stipends. It became common for real estate departments, and for programs housed in finance departments, to create industry advisory boards with annual memberships ranging from $1,000 to $20,000. The funds were typically used to provide administrative support, scholarships, and faculty research stipends. In the period 2008 through 2011, in addition to enrollments plummeting in most programs, membership based boards have seen significant drops in funding.

Georgia State’s real estate department did not benefit from the growth in external financial support that most programs did. This is likely a function of the change in department chairs followed by significant changes in the doctoral program and in the retirement of senior faculty as well as several faculty moving to different schools.

It has been through the same cycle in enrollments as other programs. Unfortunately, it is difficult to cut the course offerings commensurate with the enrollment changes without adversely affecting students’ ability to take their courses in a logical order and to graduate timely. Classes must be offered, even if they have lower enrollments than wished, or the program risks withering away. As at other schools, a solution has been to cut the number of duplicate sections and to rely on adjunct faculty and graduate students for the bulk of undergraduate course offerings, while focusing the full time faculty on graduate courses. This approach has been carried out to the extreme in the department of real estate. Based on data the review team requested, it appears that for the past two academic years the department has relied on graduate student teachers for 20% to 40% of its credit hours, more than double that of the rest of the college. The combination of adjunct faculty and graduate student teachers accounts for 40% to 50% of credit hours, again considerably higher than the 35% or so for the rest of the college.
The area that the GSU real estate department has changed by intention is its doctoral program, which has grown from one or two students in total to two or three students admitted per year, for a total of nine current students. The doctoral curriculum remains largely focused within the department of real estate but has increased its research expectations for its doctoral students and has been successful in placement in appropriate programs. Placement in universities of higher ranking would require expanding the course requirements in mathematics, economics and finance, specifically in quantitative methods and theoretical literature.

During this same period the research productivity of the faculty has similarly increased. The faculty regularly publish in Journal of Property Research, Journal of Real Estate Research, Real Estate Economics, and Journal of Real Estate Finance and Economics, as well as in mid tier pedagogical and other journals. They typically do not publish in the highest level finance journals. It should be pointed out again that these finance journals rarely accept real estate manuscripts.

**Progress toward goals and objectives**

The department laid out a number of goals in its 2003 review.

- The faculty have continued to be active in the profession and have maintained a consistent record of publication in scholarly and professional journals.

- As mentioned earlier, they were successful in their enrollment and undergraduate major goals through 2008, but the nationwide decline has affected the department since then.

- Their course offerings by terminally qualified faculty do not meet their goals. Their curriculum has remained static with the exception of a recently completed new course with significant writing requirement. However, this course was developed and is being taught by a graduate student. Further, the course syllabi indicate that most courses are being taught in lecture format with two or three exams, not with cases, team projects, and presentations. The faculty is currently reviewing their curriculum and they may find that there are ways to integrate these tools into the curriculum to provide a richer classroom experience. The review team suggests that for consistency and quality the department institute steps to coordinate the undergraduate course syllabi and materials and to work with the instructors to ensure a common academic experience for its students.

- The department once played a more active role in placement and internships, and that function appears to have been shifted to the college. Given their resource constraints this is likely a wise move but may need to be bolstered by faculty maintaining active contacts with the real estate community to attract job offerings for students.

- Students report a great sense of good will toward the department and its faculty as advisors and mentors.

- The PhD program has been strengthened and has been successful in placing its graduates.

**Students**

Student SAT and GMAT scores are similar to those of other colleges within the university and other departments within the college.
Faculty
The faculty productivity is equal to or better than that of faculty in comparable environments. The combination of recent retirements and its new hire suggest that the department is in the early stages of a building plan for its research productivity. Faculty are burdened with administrative tasks and multiple course preps.

Resources
As has been made clear in earlier sections, the department is severely resource constrained. First, it appears to be lacking at least one faculty member. This need is brought on largely by a need to address the large number of credit hours taught by part time and student instructors. There are a number of steps that can be taken to change this ratio, not all of them necessarily designed to improve the student experience. For example it might be possible to increase the size of undergraduate introductory classes and to have them taught by senior faculty. This would change the ratios on paper. Another approach would be to hire a non-research focused faculty member who would teach a large number of sections or sections with large enrollments.

Given the intention of the department to compete nationally on its doctoral program, which is resource intensive, the program should have at least one other terminally qualified faculty member to provide guidance to these students.

The team requested data on doctoral student support and found that in all other departments across the college support ranged from $10,000 per student to $15,000 per student. For the real estate department college support was less than $5,000 per student.

Interviews elicited concern from faculty on travel budgets, including international meetings, support for the fees to submit to expensive journals, the lack of support for housing a journal and its editor, and for support to permit students to compete in multi –university case competitions.

Given the imminent retirement of the department chairman, who has been instrumental in all of the changes to the department since its last academic review, his replacement is critical. It is late in the hiring cycle and it may be difficult to attract a top level candidate for next academic year. There are limited options for a backup plan and the review team recommends that the hiring process be addressed forthwith.

Goals and Objectives
The department goals for 2012 through 2018 are to be a global leader in real estate education and research. Their objectives appear to be reasonable and achievable. The review team suggests that the lofty goal can only be met with significant resources allocated and with somewhat modified objectives. These include the hiring of a new department chairman and an additional faculty member, an increase in funding for databases, doctoral student support, and a significant increase in external funding for operations and student scholarships.

One element in the future success lies in cooperation and collaboration across departments within the college and across the university. There is strong University interest in reaching across disciplines, both
within colleges and between them. Possibilities exist with Marketing, Geography, Public Health (for senior housing) and other areas with an urban focus. The new curriculum that is in the planning stage within the college may have implications for the role of real estate. We reiterate our experience that a real estate program cannot survive only on its majors; it must have non-majors and that requires cooperation from other departments.

The department needs to seek stronger connections to the real estate community for funding, placement, students, mentors and speakers. The dean speaks of embedded relationships and that is an excellent characterization of the depth of the relationship that the program should strive for. The department currently has a 50 person honorary board, plus ties to REIAC, an industry group. This is a good base for building on and will require someone with interest and ability to focus on that. The new chairman should take this on as a priority.

Conclusions
In summary, the review team believes that the real estate department at Georgia State University is precariously poised. The program retains a strong regional and national reputation. However it is being starved of resources. There are too few faculty members to manage the large number of courses offered to graduate and undergraduate students and to maintain a viable doctoral program. There are tremendous opportunities available in the community that could provide external financial support and these should be tapped. But that will not be possible without a strong department chairman, and it is our recommendation that the college take the steps necessary to attract a top scholar with an interest in working with the real estate community to that post.

Sincerely,

Susanne E Cannon, PhD
Chairman, Department of Real Estate
Richard H. Driehaus College of Business