

Contact: Rachel Boon

**REQUEST FOR NEW PROGRAM AT IOWA STATE UNIVERSITY:
MASTER OF REAL ESTATE DEVELOPMENT**

Action Requested: Consider approval of the request by Iowa State University to establish a Master of Real Estate Development offered collaboratively by the College of Design and the Ivy College of Business.

Executive Summary: The Council of Provosts and Board office support approval of this program.

Background:

Description of proposed program. The proposed Master of Real Estate Development (MRED) is an interdisciplinary, professional degree developed by the College of Design (COD) and Ivy College of Business (iCOB) and offered in a blended format of online and in-person courses. The MRED arose in response to strong interest expressed by ISU stakeholders and alumni. An ISU taskforce on real estate made up of faculty from the COD and the iCOB worked closely with ISU alumni and senior management at several real estate investment, services and development firms to create the proposed MRED curriculum and delivery method described.

The MRED degree provides students with graduate training in real estate market analysis, business finance, fundamentals of the built environment and urban planning with an emphasis on current trends and innovations. The program will engage with industry to facilitate a novel curriculum, guest speakers and capstone project, and encourage a working relationship between ISU MRED faculty and our alumni in the real estate development and investment industries. The target student is a working professional with five to seven years of work experience in a real estate related field.

The program is a course work only degree. It includes 33 credit hours of cohort-based learning delivered over 21 months via online and in-person courses. The curriculum includes 10 core courses and an elective chosen from either the College of Design or the Ivy College of Business. Each course in the curriculum is a three credit hour course. Of the 10 core courses, three are "Core competency" courses, one of which may be waived at the discretion of the Director of Graduate Education if a student has had previous extensive undergraduate or graduate coursework in that field. Eight courses are online courses delivered asynchronously, and three courses are in-person and synchronous.

Academic objectives. The following learning outcomes are expected.

- Understand multiple disciplines as they relate to real estate development: design, market research, finance, construction and project management;
- Acquire practical and theoretical knowledge of finance, design and planning principles;
- Demonstrate an understanding of the price dynamics of global, national and local real estate markets;
- Demonstrate knowledge of current industry trends and innovations in energy and resource efficient development practices;
- Develop competencies for leadership, negotiation and successful communication;
- Develop professional networks with cohort peers and through program-facilitated interactions with industry experts.

Need for proposed program. Real estate investment and development has become more complex and dynamic, involving sophisticated networks and collaborations, as well as complicated

negotiations with public officials in the regulatory and planning process. Firms employ teams of professionals to make investment and development decisions – individuals specialized in such areas as law, finance, architecture, engineering and construction – but the role of developer often requires extensive on-the-job training to acquire the broad-based knowledge needed to advance firms' goals and individuals' careers. Industry discussions suggest that while many large firms have mechanisms to facilitate this type of learning, it can be costly and time consuming. Moreover, such in-house training is less available at smaller firms. An alternative is an MBA-type program to broaden this skill set; however, these do not tend to offer courses reflecting the increasingly complex field of real estate development in all of its capacities. There are very few professional master-level programs that tackle the multi-disciplinary aspects of this field.

In 2015-16, the ISU taskforce assessed market demand/need for this program by with online surveys of alumni and real estate firms as well as conducting in-person interviews with the senior management of 13 firms. The combined results revealed overwhelming enthusiasm for an ISU graduate real estate degree opportunity and a multidisciplinary structure that includes coursework in finance, design, community planning and construction science. Alumni and firms prefer a 21-month hybrid professional program for working professionals. Several firms have provided substantial and ongoing guidance on design, content and curriculum details, which the taskforce used in preparing this proposal.

Alumni and firm interest is consistent with a recent CNN Money ranking of Real Estate Development Manager as 16th on the list of the "Top 100 careers with big growth, great pay and satisfying work." <http://money.cnn.com/gallery/pf/2015/01/27/best-jobs-2015/16.html>

Link to institutional strategic plan. The proposed program will contribute to the educational mission and reputation of ISU. The University Strategic Plan established the goal of increasing the number and elevating the overall quality of graduate and professional students and to "provide exceptional undergraduate, graduate, professional, and outreach programs that prepare students and citizens for leadership and success." The iCOB Strategic Plan includes the goals of providing "students with skills and experiences needed to succeed in a complex, technology-driven, global society." One of the goals of the COD Strategic Plan is to "Educate students to become successful designers, planners, artists and scholars who enhance human experience and improve the natural, social and built environment." The MRED program addresses these goals by preparing students with an advanced set of skills that emphasize the role of technology and global forces in markets, and allows them to further their professional opportunities.

Relationship to existing programs at the institution. The proposed degree program would have synergies with existing master's programs within the iCOB, such as the MBA, Master of Business Analytics and Master of Finance programs. There could also be synergies with existing master's programs within COD such as the Master in Community and Regional Planning, Master of Urban Design and Master of Design in Sustainable Environments. Students from these programs would benefit from the expanded set of course offerings at the graduate level. Moreover, ISU offering graduate real estate courses through the MRED may help to increase enrollment in the other iCOB and COD programs by providing graduate elective courses in real estate. In addition, students enrolled in the Construction Engineering and Management Master Degree Program in the College of Engineering would benefit from the opportunity to enroll in MRED courses.

Relationship to existing programs at other colleges and universities. None of the public universities in Iowa offer graduate work in the field of real estate. University of Northern Iowa, College of Business, offers a bachelor of arts in real estate and has a Center for Real Estate Education, which facilitates interactions between the real estate services industry such as sales persons and brokers and UNI real estate majors. UNI does not offer any graduate real estate

courses. The University of Iowa offers one undergraduate real estate course and has an undergraduate real estate club, but does not offer any degrees opportunities in real estate. A survey of the private universities in Iowa reveals that none of the private institutions offer graduate courses in real estate. The taskforce reviewed the programs offered at four of the relatively larger private institutions (Drake University, Upper Iowa University, Saint Ambrose University and Buena Vista University) and found limited real estate offerings (two of the institutions offer only a single undergraduate course; the rest offer none).

Unique features. ISU has an excellent reputation with industry in the fields of business, architecture, planning and construction. The MRED will draw on and enhance this reputation. ISU alumni and stakeholders have expressed a strong interest in ISU as a place to receive graduate training in the real estate field. In addition, as noted earlier, the program builds on and complements the unique strengths of the University.

Resources to establish a high-quality program. The MRED would be supported by existing faculty whose research is nationally recognized. Finally, the iCOB and COD have the quality of faculty and facilities required to sustain an excellent master degree program. The majority of the courses offered by this program will be online courses. The iCOB already has experience in offering a blended program, the Master of Business Analytics, and making use of the excellent infrastructure in place at ISU to offer distance education: (1) distance education classrooms equipped with the necessary high quality recording technology; (2) technicians with the experience to provide excellent lecture delivery; (3) an experienced support staff.

Student demand. ISU alumni and firm surveys indicated strong interest in ISU real estate course offerings and a blended degree format. Examining the national competitive landscape reveals numerous MRED-type residency programs, but only a few hybrid (online with a residency component) professional/executive programs: three master degree programs and an MBA with a specialization in real estate. Given strong interest and few online programs, an ISU MRED could serve a significant market.

Workforce need/demand. As mentioned previously, real estate development increasingly involves complex networks between developers, designers and financiers of real estate and negotiations with public officials in the regulatory and planning process. Demand for broad-base knowledge in this environment is expected to be strong as the industry evolves in response to changing technology and the flow of capital across borders into and out of US real estate markets. Moreover, there are few online master programs that tackle the multi-disciplinary aspects of finance, design and real estate development.

Cost. ISU uses a decentralized financial management model for the development of its annual operating budgets. The Resource Management Model (RMM) is a responsibility-centered and incentive-driven approach to financial planning and management. The model supports departments and colleges in making budgetary decisions that enhance student success (e.g., retention), innovate by meeting market demands from students and employers for degree programs of the future, and discontinue legacy curricula which are either not aligned with industry/employer needs or for which student demand is low. Through the RMM, 25% of net tuition revenue is allocated to academic colleges based on a student's choice of major, and 75% is allocated to academic colleges based on teaching (as measured by student credit hours). Through the infrastructure of ISU's budget model, then, financial resources follow students and are allocated based on majors and teaching that is conducted. Tuition revenue will include both base tuition and applicable differential rates. The proposed degree program will be funded through this existing, proven financial model, and is expected to be fully self-sustaining over time. In

addition to the budget model as described, financial resources may also come from internal reallocations made within the colleges during the program's startup phase. The level of reallocation will depend, in part, on the numbers of new students attracted to the proposed program, and the number of existing students who choose the proposed program over another program, based on standard and differential tuition rates. The proposed program will not be dependent on grants, contracts, gifts, central university resources, or reallocations between academic colleges.

Estimated new variable costs include recruitment and marketing costs, a one-quarter time graduate assistantship to support the Director of Graduate Education for the new program, and possible course development funds made available to faculty. Through the budget model described above, tuition revenue associated with student credit hour production will support any marginal costs. This program will not require investments in fixed expenses such as facility renovations, information technology software, equipment or licenses.

Projected enrollment.

Graduate	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Majors	20	40	45	50	50	50	50
Non-Majors	N/A						

Anticipated sources of students. MRED faculty and administrators will actively promote the MRED through "Lunch and Learns," presentations to advisory groups and other means to recruit prospective professionals from nearby firms. As the program grows in reputation, it is expected it will draw students nationally and internationally.

Accreditation. The program will be covered by the iCOB accreditation with AACSB.

Evaluation plan. The program will be evaluated according to a number of metrics. Initially, focus will be on application and admission rates, and ensuring adequate enrollment in the program to enable it to be self-sufficient. As the program progresses, focus will be on retention and graduate rates, and the MRED administrator is expected to be in close contact with supporting firms to ensure that curriculum needs are being met and evolving with industry innovations. In addition, a career metric will be developed to document program success through professionals' career advancement.

Date of implementation. August 2019

Letters of Support



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August 8, 2017

Rick Dark, Chair
Departments of Accounting and Finance
Iowa State University College of Business
2330 Gerdin Business Building
Ames, Iowa 50011

Dear Rick,

I received and reviewed your proposal for a Master of Real Estate Development program to be jointly housed in Finance in ISU's College of Business and Community and Regional Planning in ISU's College of Design. I also forwarded it to Dean Sarah Fisher Gardial, Senior Associate Dean Amy Kristof-Brown and Associate Dean for MBA Programs David Frasier.

We have no concerns about this program nor any objections to it. We wish you luck with your proposal and program.

Let me know if I can be of further assistance. Feel free to contact me at (319) 335-0856 or Thomas-Rietz@uiowa.edu.

Thank you,



Thomas A. Rietz, DEO
Department of Finance
Tippie College of Business

cc: Dean Sarah Fisher Gardial
Senior Associate Dean Amy Kristof-Brown
Associate Dean David W. Frasier



Office of the Dean

20 October 2017

David P. Spalding, Raisbeck Endowed Dean
Iowa State University College of Business
Robert H. Cox Dean's Suite
2200 Gerdin Business Building
2167 Union Drive
Ames, IA 50011-2027

Dear Dean Spalding,

I have received your request for consideration of a new Master of Real Estate Development program at Iowa State University, a joint program between the colleges of Business and Design. As the institution with the only undergraduate Real Estate program in the state, we have no objections for offering this program and do hope that there are opportunities for collaboration as it is developed and offered.

Sincerely,

A handwritten signature in purple ink that reads "Leslie K. Wilson".

Leslie K. Wilson
Dean & Professor of MIS