

Higher Education in Real Estate Economics and Management in Armenia

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Keywords: Capacity building; Curricula; Education; Geo-information/GI; Land management; Real estate development; Valuation

SUMMARY

Having analyzed the present economic environment in Armenia, one can be confident, that the state monopoly for land ownership has been abolished, the institution of private ownership and lease-hold has been introduced, and the system of property owners' rights protection has been developed. All of the above mentioned innovations have formed favorable conditions for investing in real property and for real estate market functioning in Armenia.

However, a growth of property market is hindered by imperfect legislation. Besides, Armenia faces many other problems, namely inefficient management of real estate by both governmental and private entities, an unreasonably great number of institutions involved in real estate transactions, impossibility to use modern machinery for agriculture due to a large number of small plots, a lack of well-considered development plans for urban areas. The later has led to inefficient use of land resources and negative influence on real estate market (e.g., a considerable increase in land and real property prices - especially in Yerevan). Due to those problems, a large number of municipalities receive less income and, therefore, are not able to improve public infrastructure etc.

All these problems can be gradually solved by the professionals with high competence and by active public participation. For training and preparation of competent and highly skilled specialists in this newly formed field of economy it is of vital importance to establish an advanced educational basis with the following educational goals:

- to increase access to education;
- to improve the quality of education through arrangement of trainings using advanced technologies and international experience;
- to raise the efficiency of management within the education sector. For instance, to establish study centre for training and retraining of employees of different organizations related to real estate field.

For this purpose there was established a consortium with participation of Royal Institute of Technology, East London University, Yerevan State University of Architecture and Construction, Magistral Nakhagits ltd for realization of Joint European Project for Curriculum Development for a new Master program of Real Estate Economics and Management. This project will support the real estate sector of the country by providing more competent and professional specialists in this field.

The new program will be introduced in the Department of Economics, Law and Management of the YSUAC and will be launched on September 2009. The intention is to develop a full set

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INTROCUCTION

Having analyzed the present day economic environment in Armenia, one could be confident, that the state monopoly for land ownership has been abolished, the institution of private ownership and leasehold has been introduced, and the system of property owners' rights protection has been developed. All of the above mentioned innovations have formed favorable conditions for investing in real property and for real estate market functioning in Armenia.

However, a growth of property market is hindered by imperfect legislation. Besides that, Armenia faces many other problems, namely inefficient management of real estate by both governmental and private entities, an unreasonably great number of institutions involved in real estate transactions, impossibility to use modern machinery for agriculture due to a large number of small plots, a lack of well-considered development plans for urban areas. The later has led to inefficient use of land resources and negative influence on real estate market (e.g., a considerable increase in land and real property prices - especially in Yerevan). Due to those problems, a large number of municipalities receive less income and, therefore, are not able to improve public infrastructure and etc.

All these problems can be gradually solved by the professionals with high competence and by active public participation. For training and preparation of competent and highly skilled specialists in this newly formed field of economy it is of vital importance to establish an advanced educational basis with the following educational goals:

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It is obvious that the quality of education is put in focus. At present the system of higher education of Armenia is on the way of integration into the European Higher Educational System. In particular, the Republic of Armenia has signed the Bologna declaration and taken the responsibility to introduce the European education standards. It means that two level education is to be introduced, namely Bachelor (after 4 years) and Master Degree (two years) as well as ECTS is to be applied to the educational process. The Ministry of Education and Science has already decided to make some changes in legislation on education.

The main problems of educational system in Armenia are similar to those faced by other countries in transition:

- mainly technically oriented education;
- insufficient training of students in legal, managerial, and social subjects;
- a big gap between education and professional activity;

- inflexible educational system (i.e. impossibility to change study program after obtaining Bachelor degree, for example, for an engineer to continue education for Master in economics).
- considerable shortage of teaching materials and equipment; low efficiency in using facilities and staff.

The Yerevan State University of Architecture and Construction is not an exception.

The university experiences the above-mentioned problems in full content. In particular, the Department of Economics, Law and Management, the teaching staff of which is highly competent and approximately all of them have both theoretical and practical skills, always tries to apply modern educational approaches, however it is equipped with rather moderate technical facilities. For instance, the Department's IT center is equipped with only 10 PCs, while the total number of students to be trained is more than 500. Obviously, the technical staff provided by the university is not sufficient for qualified training of students. There is a library within the university structure with huge number of textbooks but most of them are out-dated. Besides this the Department does not possess enough premises, therefore the teaching process is organized in two sessions (i.e. morning and afternoon).

Thus, while observing gradually development of real estate market in Armenia, as well as analyzing the situation of land market after privatization process, the administration of YSUAC clearly realizes need for introduction of new Master program with specialization in real estate. This will support the real estate sector of the country by providing more competent and professional specialists in this field. For this purpose there was established a consortium with participation of Royal Institute of Technology, East London University, Yerevan State University of Architecture and Construction, "Magistral Nakhagits" ltd for realization of Joint European Project for Curriculum Development for a new Master program of Real Estate Economics and Management. After identifying the strategic goal of the project, the consortium members have decided to undertake a two year Curriculum Development project due to the scope and intensity of the work to be performed within this framework.

The project is expressly aimed to developing a new Master program in Real Estate Economics and Management to be launched on September 2009. The new program will be introduced at the Department of Economics, Law and Management of the YSUAC. The intention is to develop a full set of new courses by using newly prepared teaching materials and to apply advanced IT teaching methodology. The new Master program will be taught during two years after obtaining Bachelor degree. This program will end up by obtaining Master degree in Real Estate Economics and Management. The main target groups of the project are the university's teaching staff, Master and Bachelor students of the Department of Economics, Law and Management¹, as well as employees of different organizations acting in real estate sector. The total number of students to be educated at the 2 years Master program is estimated for up to 30 annually (including self-financing students).

¹ The Department prepares graduates in four specialties: Economics and Management of Organizations (in construction field), Urban Economics and Management, Expertise and Management of Real Estate, Environment Protection Economics and Management.

During implementation of the project the following outcomes shall be defined:

- introduction of a new curriculum for Master program in Real Estate Economics and Management at YSUAC in accordance with European standards;
- development of new courses and relevant teaching materials;
- establishment of Study Centre for teaching special courses related to real estate field;
- development of intensive courses for civil servants;
- retraining of teaching staff and training of students of YSUAC (particularly the Department of Economics, Law and Management).

All the consortium members will be involved in discussions of the project goals, outcomes and activities as well as in definition of roles of each partner. During the kick-off meeting² the project management group was established. For each new course a responsible teacher has to be assigned. Moreover the development of new courses has to be implemented by responsible teachers from YSUAC in close cooperation with the partners from KTH. The following courses with preliminary number of credits have to be developed during the project:

Courses	ETCS
<i>Economics</i>	25
1. Economics (Macroeconomics 2,5 + Microeconomics 2,5)	5
2. Urban Economics and Management	2,5
3. Real Property Economics and Management	2,5
4. Construction Economics and Management	2,5
5. Investment analysis	3
6. Real estate market analysis	3,5
7. Real estate valuation and taxation	6
<i>Law</i>	20
8. Fundamentals of Law (i.e. Public law, Civil law, Contract law)	10
9. Legislation related to land, environment, planning, roads, etc.	10
<i>Information systems</i>	20
10. Land information system	5
11. Geographical information systems	10
12. Applied geodesy	5
<i>Development</i>	20
13. Urban Land Planning	5
14. Property formation technique	5
15. Urban land development	10
<i>Other subjects</i>	5
16. Negotiation and communication technique	5

² The kick-off meeting took place during the coordinators meeting at Yerevan State University of Architecture and Construction on 3-7 December 2007.

The following main knowledge will be provided to students after the completion of master program:

- *Economics*. The course provides knowledge on functioning of market economy (basic insights into the role of economic policy). The course is divided into two parts: Macroeconomics (measurement of gross domestic product (GDP); determination of equilibrium GDP; unemployment and inflation; monetary theory; fiscal and monetary policy) and Microeconomics (the way markets work; the economic circular flow model; consumption theory, production theory and market equilibrium in perfectly competitive and monopolistic markets; basic welfare theory).
- *Building, Construction and Real Estate Economics and Management*. The course shall provide basic knowledge on Real Estate Economics with emphasis on institutional prerequisites and the role of real estate market and real estate management related to the market and the process of creation of new production.
- *Real Estate Market Analysis*. This course is an applied course in the analysis of housing and real estate markets from an international perspective, with special emphasis on US and Swedish experiences. This course shall prepare students to work with consulting companies, institutional investors and building companies.
- *Investment Analysis*. This course includes the basis of value theory and provides an extensive coverage of capital budgeting methods as well as development of a computerized valuation model.
- *Real Estate Valuation and Taxation*. The course will provide basic knowledge on value and valuation theories, applied valuation of residential, commercial and industrial properties. Taxation law with application to different types of real property shall be considered.
- *Fundamentals of Law and Legislation Related to Real Estate* (i.e. Civil law, Land law, Planning, Building and Environmental law, Contract law, Administrative law, Real Estate registration law, Housing law). The course provides knowledge on laws, which regulate land, housing as well as the environment. In particular, real estate transfers, the effective and efficient use of land, and the disposal and/or dispossession of land through different means including expropriation are to be considered during the course. The course also concerns cadastre and property registration as a tool for visualization of real estate for the market.
- *Land and Real Property Information Systems (Introduction to GIS)*. The aim of the course is to provide knowledge about the function of property register in a wider sense. The course will give also an introduction to Geographic Information Systems (GIS), CAD, database technology and reference systems.
- *Applied Geodesy and Cartography*. The aim of this course is to provide basic knowledge of obtaining and processing measuring information related to studying the surface of the Earth for the purpose of its exploration and how to master modern and conventional technologies for making cartographical products and how master modern technologies for surveying.
- *Urban land development*. The course provides deeper understanding of technical, economical, legal and organizational issues related to the urban land development process.
- *Property formation technique*. The aim of the course is to provide an understanding for, and knowledge about, the property division and the means of changing it to enable the students to handle complicated situations within the field of real property formation. Studies of precedents and preparatory works as well as the different laws within the field form an important part of the course. The aim of the course is also to provide an understanding for

how different policies regarding land use are displayed in the material regulation of real property formation and how these regulations are coordinated with other laws concerning land use.

- *Negotiation and communication technique*. The central aim of this course is to provide the students with skills and knowledge necessary for effective business negotiation and communication in general and complex context in particular.

The study period of above mentioned courses are three terms (1.5 year). Last term is envisaged for preparation and presentation of thesis work with preliminary 30 credits (0.5 year).

To test the content of the new courses, it is planned to have one project year for "pilot" implementation of the courses. It means that some courses will be run during the second project year and after completion, the course feedbacks from the students will be collected and analyzed to improve the quality and eventually update the courses to cover necessary topics.

To assist in teaching process new teaching materials are to be prepared and published. Lecture notes of new courses as well as text books will be developed by YSUAC's teaching staff with assistance of academic staff from EU partners.

Next project step covers establishing of the Centre on Real Estate Studies at YSUAC. The Centre will be incorporated into the university's structure according to the existing national regulations. They will be equipped with PCs and each student will have his/her own workplace during seminars. They will intensively be used for teaching/studying where students are to be both taught and examined and, therefore, new teaching methodologies will be applied. All necessary equipment will be purchased according to the procedures specified for EU funding. The equipment will be included into the registry of YSUAC and installed in the designated premises of the University. The premises will be prepared and furnished using own funds of YSUAC. Several databases (permanently updated), relevant textbooks, and periodicals (both national and international) are also to be purchased. Moreover, it is planned to establish internet connection with all the Centre's computers. The project consortium considers the website as a very important tool for distribution of information and communication, therefore it will be launched shortly after establishing of the Centre and will contain the information available up to the date. Electronical versions of courses will be posted on the websites of the Centre as soon as they are produced and, therefore, it will grow and become mature together with the Centre. This approach will help to spread the information and reach wide target group among English, Armenian and Russian speaking readers. On the website the information about the project developments as well as activities of the Centre will be presented. It is seen that these Centre will act as a dissemination centre of the best outputs reached during the project implementation for other Armenian universities educating in adjacent specialties. Moreover, the Centre is supposed to be used not only by students and teachers but also by the citizens who are looking for any information related to real estate business.

Within the framework of the project one student mobility (from Armenia to EU) is planned. The intention with this student mobility is to prepare new staff for teaching the newly developed courses at the Partner universities, therefore, to support education and training of young teachers by exposing them to other educational environment.

Moreover, the project intends to introduce new teaching IT methodologies. For this purpose a methodology seminar is to be organized at KTH for the Armenian teaching staff. During a week teachers will get familiar with KTH's IT teaching experience with aim to apply it in the future in Armenia. The participating Armenian teachers will be able to test on-line IT technology and to discuss it with KTH teaching staff. To facilitate introduction of new IT teaching methodologies and thereby to improve IT skills of Armenian teachers, IT courses are also included in the project. These courses are mainly aimed at teaching staff and graduate students involved in new study programs. After completion, the teachers will be able to apply IT teaching methodology to the educational process through development of on-line tests, exams, etc.

Retraining of teachers is to be organised in several ways, namely through study visits to the EU consortium members to increase teachers' professional competence as well as through English courses to improve teachers' communication skills. Thus, three study visits of YSUAC staff to each EU consortium member for a two week period are planned. Selection of teachers for study visits is to be transparent. These study visits to the consortium member universities are designed for experience exchange, learning new teaching methodology, acquiring new ideas. To improve communicative skills of the teaching staff of the YSUAC intensive English courses are organized

To promote new study programs, an advertising campaign is to be undertaken in Armenia in February-May of every year of the project (i.e. 2008 and 2009). To make this campaign visible, informational booklets about new study program will be published and distributed. The graduate students and teachers involved will advertise a new study programs at the local and national level in Armenian mass media.

The project will also include extensive dissemination activities. The final dissemination event for this project – dissemination conference will be organised in Yerevan to sum-up the project results, openly discuss existing challenges and identify new approaches for fruitful cooperation among the universities, businesses and public sector. There will be invited representatives of the Reference team and the European partners. Moreover, different stakeholders of the Armenian real estate market and the teaching staff from other Armenian universities as well as professionals from relevant government authorities are also to be invited.

BIOGRAPHICAL NOTES

Work experience	<i>Feb.</i>	<i>1998–</i>	<i>present</i>
	Lecturer , Yerevan State University of Architecture and Construction (YSUAC), <i>Department of Economy and Management of Construction</i>		
	<i>January</i>	<i>2006</i>	<i>present</i>
	National program officer , <i>Swiss development and cooperation office in Armenia, Embassy of Switzerland</i>		
	<i>Oct. 2000 – present</i>		
Participation in projecting, scientific research or other programs, publications	Director – founder , “Development ways” Ltd. (real property market valuation, cartography), Armenia		
	<i>March</i>	<i>2005</i>	<i>May</i>
	Adviser	of	Kotayk Region
	Governor		
	<i>Oct. 2000 – Aug.2003</i>		
Professional and Social membership	Expert , “Armexpertise ” Ltd., Chamber of Commerce and Industry of Armenia		
	<i>Nov.1998–May 2003</i>		
	Economist , Building and arranging enterprise “ElektroSevKavMontaj” (ESKM)		
	17.03.2000 – License for Activity of Market Valuation of Real Estate , State Committee of Real Estate Cadastre of The Government of Republic of Armenia		
	<i>Oct. 2006:</i> Individual mobility grant for the preparation of Joint European Project <i>2007 – 2009:</i> Local coordinator of Joint European Project.		
Research of real estate market, issues related with valuation, management, operation and taxation of real estate. Scientific works published (more than ten scientific articles, one conspectus of lectures, “Real Estate Economics and Management” text book will be published soon).			
2000 – present Member, Union of Private Surveyors and valuers			
2004 – present President of Armenian-Swedish Center			

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BIOGRAPHICAL NOTES

Work experience	1979 to present Assistant, leader lecturer, docent and from 1991 till now head of “Economy, Law and Management” department of Yerevan State University of Architecture and Construction
	1994 to present Participant at budget preparatory works of that years done by Budget committee of Ministry of Finance and Economy of RA
	1994 - 2000 Scientific secretary, Special counsel of vindicatory of 0.30 doctor's and candidate's speech of RA, <i>Manager of 3 scientific candidate's works</i>
	2002 to present Eternal committee-man of choosing attestation of civil services and personnel of Ministry of Finance and Economy of RA, Civil Service Committee of RA
	2004 to present Executive Director, “Future town-planner” Charitable Fund
	2006 to present Expert of the Ministry of Justice
Participation in projecting, scientific research or other programs, publications Professional and Social membership	2003 – 2004: Representative of Armenian side, “Development of water-power in RA” project, German FICHTNER organization within the bounds of TACIS program
	From 15.02.06: Manager on a voluntary basis of “Philosophy of Technology” project by OSI Assistance Foundation Grant No. 14802
	A lot of scientific articles are published.
	2005 – present: Member of the bureau of expertise commission in Ministry of Justice
	2004 – present: Member of the collegium of Civil Servants
	2003 – present: Secretary of the Management Council of YSUAC

CONTACTS

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