Professional Education and Training in Real Estate Sector in Russia and Eastern Europe

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Russia
FIABCI’s STRATEGIC VISION is:

• To be the driving force for environmentally sound and sustainable development;
• To act as an international business forum for all members across the Globe;
• To become an Umbrella Organization for all Real Estate professionals around the world.
FIABCI’s Objectives:

- To become the most effective global business network;
- To be multidisciplinary, multi-sectorial, multilingual;
- To focus on FIABCI advantages: Networking; Marketing; Education.

In May 2011 FIABCI created four World Councils:

1. Managers
2. Developers/Investors
3. Experts
4. Brokers
Real Estate Law and Consumer protection

- At the World FIABCI Congress held in St. Petersburg in May 2012 during the meeting of the World Council of Brokers, we discussed the problem of decline of the Realtors’ professional image in Russia and developing countries and, in particular, the insufficient number of qualified brokers. We need services of highly qualified brokers to protect the interests of both consumers and professional realtors, and to ensure security of transactions.

- We decided to address the Real Estate Advisory Group with a proposition to create a working group that will develop recommendations for adopting a Real Estate Law in developing countries.
Real Estate Sector of the Market

- Plays an important role in the development and strengthening of national economies
- Is a foundation of the society’s social stability

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Conditions of a sustainable development of the real estate sector:

- An integrated national legal system;
- Bringing of services into accordance with international professional standards and the Code of ethics;
- Professional training;
- Certification. Requirements for qualifications should be clearly defined and based on high-level standards.
Conditions of sustainable development of the real estate sector

- Adopting of the Real Estate Law
- Obligatory certification (licensing)
- Professional training

- These conditions are not met in most countries of Eastern Europe, Russia and Turkey

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The Importance of the Real Estate Law

The main objective of the Real Estate Law is to protect the interests of both consumers and professional realtors in conformity with international standards and the Code of Ethics.
In 2002, compulsory licensing of real estate activities was abolished in Russia

• There is no “threshold” in the profession;
• Now anyone can call himself a real estate agent: amateurs, scammers and even criminals have flown into the real estate sector;
• Irreparable harm was made to the image of Realtor as a profession

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Current situation in the Russian Federation

• Population - 143 million people;
• 2417 cities;
• 155 000 rural settlements;
• 81 regions;
• Certified companies exist only in 21 regions.
Current situation in the Russian Guild of Realtors

• 1330 real estate companies;
• Out of them: only 610 certified companies.
• Over 100 000 agents working in the real estate sector;
• Out of them: only 9500 certified agents and brokers.
Current Situation.

Regions.

Moscow:
• 12 000 000 citizens,
• 600 companies actively working in the real estate sector
• 40 certified companies

St. Petersburg:
• 4 500 000 citizens,
• 370 companies actively working in the real estate sector
• 55 certified companies

Nizhniy Novgorod:
• 1 800 000 citizens,
• 100 companies actively working in the real estate sector
• 26 certified companies

Samara:
• 1 500 000 citizens,
• 85 companies actively working in the real estate sector
• 4 certified companies

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**Current situation:**

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Territory thousands sq km</th>
<th>Licensing</th>
<th>Real Estate Law</th>
<th>Certification</th>
<th>Obligatory</th>
<th>Training program number of hours</th>
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<td><strong>Former USSR countries</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Russian federation</td>
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<td>17 098,242</td>
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<td>No</td>
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<td>No</td>
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<td>No</td>
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<td>No</td>
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<td>Poland</td>
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<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>120</td>
</tr>
</tbody>
</table>
Professional Education and Training in Russia

- Specialized education and training centers are the necessary requirement of a civilized real estate sector;
- No unified system of professional education and training in the real estate sector exist now in the former “Soviet” territories.
Professional Education and Training in Russia

- At the moment higher education in Russia can be easily obtained in the areas of Development, Economics, Appraisal and Property Management;

BUT

- Only few higher educational establishments offer programs in the area of Real Estate Brokerage.
Current situation in Russia. Number of State educational establishments offering Bachelor’s degree in real estate specialties

- **Economics**
  - «Property Appraisal» (5)
- **Management**
  - «Property management» (3)
  - «Real Estate brokerage» (1)
  - «Production management (brokerage)» (1)
- **Development, land cadastre and management**
  - «Property management» (1)
- **Construction**
  - «Construction, expertise and property management» (2)

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Current situation in Russia. Number of State educational establishments offering Master’s degree in real estate specialties

Programs:
«Property management» (1)
«Corporate property management» (2)
«Economic appraisal of businesses and investment» (1)

Second education:
MBA: Property management;
Property management and development (2)
Upgrading and professional development

- Managing of Developing projects (1)
- Property management and development (1)
- Appraisal (business, real estate properties)(4)
- Economics and property management (2)
Non-governmental educational institutions and programs:

- **Real Estate Institute. (St. Petersburg):** Upgrading of professional level programs (professional activities of brokers and agents, real estate property management)
- **Russian Guild of Realtors. Educational Center (Moscow):** Upgrading of professional level programs (professional activities of brokers and agents, real estate property management (IREM), investment into real estate properties (CCIM))
- **Real Estate Higher School (Perm):** Upgrading of professional level programs (in cooperation with State Educational Institutions): professional activities of brokers and agents, real estate property management
EUROPEAN STANDARD EN 15733

• This document (EN 15733:2009) has been prepared by Technical Committee CEN/TC 373 "Project Committee - Services of Real Estate Agents", the secretariat of which is held by ASI.

• This European Standard shall be given the status of a national standard, either by publication of an identical text or by endorsement, at the latest by June 2010, and conflicting national standards shall be withdrawn at the latest by June 2010.
This document represents a first European consensus in specifying requirements for the services of real estate agents. Due to the number of different approaches presently taken at national level to the degree of supervision of real estate services in Europe, this document aims to set general requirements only, and should therefore be taken as the basis upon which higher professional service provision and professional competence requirements may be defined in the field of real estate services.
According to the CEN/CENELEC Internal Regulations, the national standards organizations of the following countries are bound to implement this European Standard:

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.
EUROPEAN STANDARD EN 15733

• Competencies are best assessed by educational achievement and where so assessed, the standard should be the passing of examinations in property related subjects (in accordance with 6.2) that are equivalent to a minimum of 120 ECTS ("European Credit Transfer System).

• A period of relevant professional experience of at least 12 months (i.e. full time equivalence), within or following the above mentioned education, is recommended before the real estate agent independently takes on responsibilities as specified in this standard.
Conclusions:

The insufficient number of higher institutions and educational and training centers in real estate brokerage testifies of:

- The lack of educational and training programs;
- The lack of professional brokers working in the real estate sector;
- A great potential for the future development of education in this area.

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Recommendations and Conclusions

• We need to organize a working group that will develop recommendations for adopting the Real Estate Law in conformance with European Standard EN 15733 and requirements for professional education;

• Hold round table discussions in the countries of Eastern Europe, Russia and Turkey covering problems of professional education, certification and development of the Real Estate Law.
Thank you for your attention!

Alexander Romanenko
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