



Leadership Conversation

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America's Pathway For Growth

In 1981, Joel Garreau wrote *The Nine Nations of North America*, a book that divided America into a map of cultures and values. Joel Kotkin has written several reports on "America's Growth Corridors," and countless researchers and think tanks have written hundreds of studies on the growth of suburbs. From the rise of the patio culture to diversified urban redevelopment, real estate investors and developers have been on a quixotic search for the next opportunity.

There is a difference between markets of opportunity and markets of sheer size. However, the ascension of dynamic, growth-based markets over the next decade will be based on perceived opportunities grounded in strong market and demographic fundamentals. **Real estate investors and entrepreneurs must seek markets which have a desire for and a positive attitude for growth.** High-tax states such as New York, New Jersey, Connecticut and California drive growth, population and opportunities elsewhere. States like Texas, Colorado, Georgia, the Carolinas, Virginia and Florida attract drivers of economic growth. The education gap between states is narrowing, and migration data reveals some cities remain population magnets (e.g., Dallas, Houston, Austin, Charlotte, Nashville, Seattle, Denver and Salt Lake City to name a few). Immigrants are attracted to the growth corridors.

CEL & Associates, Inc. has identified more than 25 quantifiable factors/variables (16 of which are highlighted below) that should be the discerning criteria for where and why to invest and capitalize on current emerging and long-term opportunities. I believe the U.S. is becoming a latticework of connective and inter-dependent opportunities that are more cloud-based than asphalt-based. The list highlights some of the factors.

Factors Driving Market Success

- Presence of major colleges and universities.
- Markets exhibiting population growth.
- Markets of interest to investors and lenders.
- Presence of major hospitals and healthcare facilities.
- Markets with high barriers to entry.
- Markets with growing and sustainable job growth.
- Tax- and business-friendly markets.
- Markets with cultural/entrepreneurial options.
- Markets attractive to out-of-town visitors.
- Creative class cities.
- Markets with sustainable economic growth.
- Markets with robust transit systems.
- Gateway markets with linkages to other markets.
- Markets exhibiting economic diversification.
- Markets with branded charisma.
- Markets attractive to Millennials.

Source: CEL & Associates, Inc.

From technology to healthcare, from energy to financial services and from lifestyle to exceptionalism, the U.S. is becoming a nation without boundaries. Traditional means of quantifying demand are giving way to psychology and predictive analytics. Real estate entrepreneurs traditionally have been Jungian proselytizers. Today some real estate firms have already shifted to predictive analytics based on psychological profiling to optimize leasing rate closures. Harnessing and harvesting a range of incredible opportunities requires patience, perseverance, focus, talent and leadership. Remember if you don't know where you are going, all roads lead there.



Key Questions To Discuss With Your Leadership Team

1. How sophisticated is your market/opportunity process and filter?
2. How have you quantified and qualified market opportunities (current and future)?
3. What knowledge or proprietary market intelligence do you maintain that gives you a strategic advantage over your competitors?
4. Do you utilize market data/research sold and/or made available to your competitors? How does using this data make your investment decision better?
5. If you reviewed your process for selecting market opportunities in about 2000 or 2010, how different is it from what you do today?

Prediction

“Expect best-in-class firms to dramatically upgrade and add proprietary information from non-traditional sources to their market research process and renew their focus on the ‘have’ and ‘have not’ market locations.”

Closing Comments

We hope you enjoyed this article and will be able to utilize the “Key Questions” at a future leadership meeting within your firm.

We welcome your comments, feedback, insights and perspectives

Regards,



Christopher Lee

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