

John Amend: The Market is What You Make of It

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When I was a young man, my father, J.W. Amend, affectionately referred to as the wise old sage, asked me a curious question: “How long is a piece of rope?” Seeing my bewilderment, he answered the question for me. “Son,” he said, “it’s just as long as you cut it.”

It occurred to me years later that a similar question is frequently asked of real estate professionals: “What is the market for office space in Dallas?” And I realized that the answer was virtually the same as the truth my father had once revealed.

I have observed over my career that there is a widespread misconception concerning precisely what constitutes a “market deal.” The reasons for this misconception are understandable, based on the reality that identical situations may yield economic differentials as great as 35-40 percent or more. However, these disparities naturally create confusion regarding true market conditions.

So, what are the reasons for this puzzling dilemma?

- The factors and processes that work together to create a cost model for a conventional real estate transaction are incredibly inefficient, and therefore, are inherently subject to a wide array of differing results.
- The information required to understand and navigate a complex marketplace is difficult to obtain and no single consolidated source of such information exists. Accessing relevant—and sometimes confidential—information can be instrumental in producing optimum results and creates a valuable-competitive “knowledge” advantage. (My father, once again, crystallized my thinking about this important concept when he mused, “Son, what you know is not nearly as important as what you don’t know, because it’s what you don’t know that often will make the big difference” It’s funny how much smarter my Dad became as I grew older!)
- Management of the processes that contribute to an optimum transaction is fragmented, inconsistent and driven/impacted more by schedule constraints than by refined, professional management protocol.
- Real estate markets are dynamic and constantly changing. The same deal completed in March, using identical management processes, may differ significantly from a deal done in February. Bottom line: Timing can be critical in market management.

To summarize, the elements comparing “the market” are complex and subject to a individual interpretation, depending on a wide variety of circumstances and conditions. The good news: opportunity abounds for those who are armed with knowledge and take steps to become a “market driver,” as opposed to a “market passenger.”

The wise old sage said it best, “Son, the market is what you make it.’ Now, get out there and cut that piece of rope!

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