

THE MAKING OF AN APPLIED GEOGRAPHER IN REAL ESTATE RESEARCH

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Professionally people refer to me as a market analyst, an economist, an investment strategist, and a research director for the commercial real estate industry. Within the real estate industry, I am well known as one of the leading real estate economists in the country. I am also an applied urban/economic geographer and, thus far, have had a demanding but very stimulating 25-year career.

My responsibilities are to analyze and forecast market performance for different types of real estate around the country. I answer a variety of questions, such as where are occupancy and rental rates trending, what is the development outlook, how do different submarkets within a city compare to each other and which offer the best opportunity for new investment, which metropolitan areas in the country will outperform others in income growth, which industries are creating demand for real estate, what are the major long-term structural changes in demand impacting particular property sectors, and where are the market risks and opportunities for different property types.

My profession has allowed me to visit nearly every U.S. city and to satisfy my curiosity about urban America. On a daily basis, I analyze the economic, demographic, spatial, and financial forces shaping the urban landscape, and the economic health of metropolitan regions throughout the U.S. I study the urban morphology and dynamics of cities. I research large-scale regional economic patterns, and interpret short-term and long-term dynamics for real estate investment risk and opportunity. And everything I do has an eye to the future, attempting to project real estate outcomes.

Twenty-five years ago, good fortune directed me into this profession, so one cannot say that the components of my formal education were directed specifically towards being a real estate market analyst. However, looking back, the geographic perspectives and training I received provided strong

foundations upon which it was built. And then, my applied geography education has continued throughout my professional career.

Growing up in my family, everyday life was a learning experience. The origins of products were frequently discussed—from cheerios to chainsaws. When an unfamiliar place was mentioned, the U.S. or world atlas would be quickly consulted. On outings, even to the nearby grocery store, it was a rare occasion that we would take the same route to our destination coming and going. There could be something new to see!

Our drive from our southern suburb to downtown Seattle led past the Port of Seattle. We would often stop and see what ships were coming in, watch the unloading, or observe the trains taking their cargo to the port. To this day, ports fascinate me, and some of the most exciting days on vacations have been those exploring ports like Sydney, Australia; Rotterdam, The Netherlands; Duisburg, Germany. When I lived in Houston, I required all visiting family and friends to accompany me on the Port of Houston tour!

All family trips were geographical. Our travels, always by car, were as much about getting there as the destinations. Even when we were headed for one of my dad's favorite salmon or trout fishing spots, we usually took the back roads to explore the countryside, small towns, and other unique out-of-way places. On short or long family outings, WPA (Works Progress Administration) guides and other similar books with historical and geographical references were our usual companions. I did sometimes get bored with the book excerpts my mother would read, but most of the time I listened attentively. My daughter today has much the same fate when we travel together.

To bring places to life, my parents would find tours. If a place did not have one, my mother would create one on the spot. There was the visit to the popcorn factory in Seattle, the pea cannery near Skagit Valley, and the steel foundry in Michigan in 1968.

The latter tour was one of a hundred notable events on the “Big Family Trip” in the summer of 1968. During that politically charged summer, my parents took three teenagers in an International Traveler (a SUV before there were SUVs) full of camping gear around the U.S. on a six-week tour. Among our many adventures, we got lost in Harlem. Our evening finding our way out of Harlem definitely led to my fascination with cities, an interest which shaped my education and profession.

One other major trip helped shape me into a geographer. My parents scrounged up enough money for me to participate on a “People-to-People” tour of Europe when I was 16 (nine countries in six weeks). I remember walking through the Roman Forum and wondered: what did this place once look

like? Who were the Romans? How did the city work? And I took these questions to college. I started my life long love affair with Europe, which led to more foreign language study in college plus two years living in France and Italy, at ages 19 and 21, respectively.

My childhood in Seattle, inadvertently, gave me one other very strong foundation in urban/economic geography. As a child of a career Boeing engineer, I not only learned something about international business via the aerospace industry, I learned economic-base theory first hand, especially during the tumultuous years when so many of my father's colleagues lost their jobs and the infamous billboard was erected: "Will the Last Person Leaving Seattle Please Turn Off the Lights."

One day in my senior year of high school I decided I would study meteorology in college. Within the state of Washington, meteorology was only offered at the University of Washington (UW), and that is where I ended up. Once at UW, I quickly learned that 1) atmospheric science was basically applied physics, which was basically applied calculus, and 2) that while I had always been a math whiz, my gifts did not translate so well to college calculus. I persevered through a year of calculus, and managed to achieve a B average, but that was the end of meteorology as a major.

At the same time, I fell in love with history. I became a history major with concentration in medieval history, and developed an insatiable intellectual appetite for anything to do with the Middle Ages. As a sophomore I spent a very cold winter hitchhiking around Spain and researching the medieval pilgrimage of Santiago de Compostella by following the Spanish portion of the pilgrimage, a 500-mile route from the French-Spanish border in the Pyrenees to Northwest Spain, even walking the last 60 miles. One of our great reference books was a travel guide written for pilgrims in the 12th century! The year spent in Spain and France opened me up to more geography and field experience.

Just before leaving for Spain, I discovered the academic discipline of geography. It was serendipity. The UW History Department was on the third floor of Smith Hall; Geography was on the fourth floor. Finding myself on the fourth floor by accident one day, I saw the new books display for the geography library and the various geography class project summaries on the hallway walls. Wow! I soon found myself in my first formal geography class, an Introduction to Human Geography. Even though I stuck with my history major, I knew I was a geographer. And as an undergraduate, I took numerous human geography courses.

During my junior year back at UW, I met geography professor Ronald Boyce and took several urban and economic classes from him. His passion for

geography was wonderful, and he helped shape my academic career. I also had the opportunity to take “Economic Base Theory” from Ed Ullman. I certainly use those principals every day in my real estate analysis.

When I began graduate school two years later, I switched from history to geography and started graduate school at Queen’s University in Kingston, Ontario, Canada. Queen’s had graciously offered me a scholarship and teaching assistantship.

Historical geography professors Brian Osborn, Dick Ruggles, and most of all Peter Goheen were all phenomenal. Peter, as my academic advisor, always challenged me intellectually, giving me new theory to apply to my practical approach to geography, and then helping me translate the philosophical into the practical. Kingston became a great laboratory for learning historical geography; my thesis focused on 100 years of urban development in Kingston.

At the University of Chicago (UC), I enjoyed the intellectual atmosphere during my two years completing my coursework requirements for a doctorate. Classes with geographers Michael Conzen, Marvin Mikesell, and many other legends were exciting. Offerings in other fields like urban sociology and economics helped to round out my education. Preliminary work towards my doctoral dissertation, “The Impact of Late 19th Century Industrialization on Italian Urban Structure,” was very exciting.

Despite my profound fascination with my chosen dissertation topic, I faced two obstacles after completing my two-year course work requirements. The first was that I was becoming more interested in contemporary geography. The second was I had no money and my fellowship had run its course (the UC did not have teaching assistantships). I could not live on part-time work. With that, I decided to take some time off from my formal studies, and I never returned.

There comes a point in the life of nearly all geographers when the passion for geographical inquiry gives way to the necessity of seeing where their formal geographic education can lead professionally, in other words, finding a job. That point came for me in the summer of 1982 in San Antonio, Texas. This was also the point at which my education in applied geography really began.

When I started my job search in San Antonio, there was no clear picture of where I was headed. Certainly, my college education in geography had taught me a great deal, and my graduate education looked good on the résumé, but I had little basis for identifying non-academic geography-related jobs. In making the circuit and talking to numerous and varied professionals in San Antonio, I realized that I had two marketable skills: 1) I could conduct

research, and 2) I understood urban dynamics. One individual made a casual statement that would jump start my career: “That’s real estate research.”

I quickly made the switch from historical geography to the here and now, and the future. My analysis and responsibilities evolved over the following 25 years based in four Texas cities, and working with about five different firms over the span. My education as an applied urban/economic geographer has continued everyday through my professional career.

The lucky break came when I got the opportunity to help create and build a small commercial real estate research consulting business. The position gave me the opportunity to really get to know San Antonio’s urban morphology and real estate landscape. The experience was also a crash course on the commercial real estate industry. San Antonio was in the midst of the huge real estate boom (1983-85), and I was able to experience first hand the excitement—and mistakes—this climate creates.

My focus was on rapidly changing urban landscape, especially as defined by income-producing real estate assets—office buildings, shopping centers, industrial facilities, hotels, and apartments. I was learning the tools to be able to predict future successes, strengths and weaknesses, risks and opportunities for real estate, and future patterns of urban structure.

After two years as research director for Tremar, I joined one of San Antonio’s leading developers (Embrey Investments) to conduct feasibility analysis for their proposed developments. The Embrey years (1985-87) led to opportunities to analyze cities I had never previously visited. The firm was developing apartments and other commercial properties in other Texas cities, Florida, Tennessee, and other states.

In conducting feasibility work for Embrey, I gained a new appreciation for the usefulness of my urban geography studies. I used theoretical urban models as guides and then customized them for use in the real, time-constrained world for deciphering the real estate fabric of unfamiliar cities. I learned how to drive a market in a day to understand its socio-economic landscape. In the field or back at my office pouring over data, my analysis would attempt to interpret the influence of all the types of urban forces I had studied at university. I learned how to measure a multitude of factors that collectively governed the health of the economy and the commercial real estate market. Comparative metro market analysis began in this phase of my career, and one outcome of this analysis was to recommend new metropolitan areas for development.

During the Embrey years, I also realized that I had several advantages as an applied geographer over academic geographers. My travel brought me out

to see what was happening in urban America. I also recognized that I did not have the time to do the theoretical research that was done in the university. The fieldwork, analysis, and written reports always had to be completed in very short timeframes—perhaps a week at most for a typical assignment. I developed the philosophy that every academic researcher should have a partnership with an applied researcher to bring “real world” experience to the theoretical. I maintain this philosophy today. In the commercial real estate field, there are opportunities for university professors to interact with and gain insights from the practitioners.

By the mid 1980s, the economic and real estate markets had clearly busted. Professionally, the silver lining was that to make a living, Houston real estate developers and investors had to conduct business outside of Houston and Texas. Their mortgage bankers, the people who arrange financing for such ventures, followed. But to be credible to the institutions providing the capital for the real estate loans, mortgage bankers had to become knowledgeable on new markets right away.

I proposed to a small Houston mortgage banker firm that I could make money for them by analyzing markets around the country and thereby help make lending sources comfortable with those markets and the deals brought to them. Holliday Fenoglio Fowler, L.P. (HFF) bought into the idea, and I enjoyed a rewarding 16-year tenure with the firm. During my tenure, HFF became the largest commercial mortgage banker in the U.S.

At HFF, my geographical skills at analyzing new markets and understanding their economic and urban growth dynamics were fundamental to my success. My research took me all over the country, and my knowledge of market dynamics of all the major property types (office, industrial, retail, apartments, and hotel) deepened greatly. My communications skills improved dramatically.

HFF was acquired by Dallas-based AMRESKO in 1994. Similarly, in 2000, Lend Lease Real Estate Investments (based in Atlanta, but Australian owned), bought the commercial real estate divisions of AMRESKO including HFF.

With each company acquisition came promotions for me plus more demanding, but exciting research responsibilities. In 1996, I relocated to Dallas where I continued to provide research services for HFF. During the AMRESKO period (primarily 1996 through 1999), my research team grew to 20 people.

In 2000, following the acquisition by Lend Lease, at the time the largest institutional real estate advisor in the U.S., I was promoted again and became

one of three research directors. I was specifically responsible for delivering research and strategy for all groups involved in debt capital within Lend Lease, and maintained my HFF ties.

With AMRESKO and especially with Lend Lease, my responsibilities grew to include broader real estate issues and much more high-level strategy. Rather than focusing on individual markets, emphasis was placed on comparative market analyses and metro market strategies for different property type investing. I also became a national leader in tracking and understanding real estate capital market flows, including the rapidly emerging area of public mortgage debt, or the CMBS market. My responsibilities also included analyzing structural demand change in the real estate industry, such as outsourcing, globalization, and demographic change. With these broader areas of research, my analysis was less intraurban and more interurban and economic geography.

In 2003, I joined Crescent Real Estate Equities, Ltd., a mid-sized REIT (real estate investment trust or publicly traded real estate company) based in Fort Worth, Texas. The job responsibilities at Crescent were similar in many ways to my former research positions. My job was to research the market environment and help the company make the best decisions based upon present and future market conditions. Crescent owns, manages, and develops premier office buildings, luxury resort residential developments, business class and resort hotels, and cold storage industrial facilities.

The “bread and butter” responsibility is the office market analysis—answering questions such as: How is the market performance of the metro markets and submarkets where we own assets? How is the competition doing? What is likely to change the market environment in the near term? All of this analysis requires extensive understanding of the economic fabric of each metropolitan area where properties are owned, as well as an ability to rank markets based on the most pertinent criteria. Conducting field research, and visiting each of the markets (Miami, Atlanta, Houston, Dallas, Austin, Denver, Phoenix, Orange County, and Seattle) and sets of properties annually was an important part of the analysis.

Field research always reinforces two basic geographic philosophies. First, to understand one metropolitan region, you must understand multiple metros. The comparative analysis allows the researcher to know what characteristics of the city are unique and which fit general patterns seen in other cities. For example, every city has a kind of urban renaissance going on today, but the flavor of each is different. Second, the field research confirms that it is still imperative to “get out and touch the real estate.”

At a higher level is the office investment strategy which answers such questions as: Based on current and expected market conditions, which are the

best metro markets for office investments? Which markets are most likely to provide the highest return on the investment given income potential? Where should we be buying or selling assets based on expectations for future market conditions and investment pricing? What kinds of metro submarkets should we consider for investment? What submarket strategies should we use in markets with more investment risk or expensive pricing?

Crescent's involvement in other property types opened up new avenues of research to me. Crescent develops luxury resort residential properties in Tahoe, California; the Beaver Creek area of Colorado; and far North Scottsdale, Arizona. For those developments, I had the opportunity to conduct extensive primary research on the vacation/resort residential market. Interestingly, for the abundance of housing research in America, there had been little written about the market for second homes, and my research represented some of the first comprehensive analyses of the long-term demand forces.

Similarly, despite extensive information on the overall industrial market in the U.S., my market analysis on the cold storage industry was one of the first research pieces to detail the long-term demand drivers for refrigerated warehouses and services in the U.S.

Many successful applied geographers, simply fall in love with geography, study it well, but don't direct their studies to any particular vocational pursuit. While this path did end up working well for me, current and future geography students can be more directed in their studies.

For geographers that wish to consider a path in business—not just commercial real estate, but other areas—here is what is important in geography education.

- **Learn About the World.** Geographers have an almost unique opportunity to gain great understanding about other parts of the world. In today's age of globalization, sooner or later this knowledge will prove to be invaluable. Regional courses are especially good, but all topical courses will enlarge a student's world.
- **Economic and Urban Geography.** For real estate and many other areas of business, an applied geography education should be well founded in economic and urban geography. Cultural and other human geography courses that touch upon transportation, demographics, public policy, infrastructure, and other matters that shape cities are also really useful.
- **Learn GIS.** Most students take GIS to help get them in the door for their first job. There is nothing wrong with this motive. More important, every applied geographer should be aware of the power of GIS for

industry analysis and have enough technical knowledge to incorporate it into a job and interpret the results. It should be understood however, that developing GIS technical skills without the accompanying ability of spatial thinking is very limiting.

- **Learn to Synthesize.** Almost any class in geography helps students develop a coherent multi-disciplinary approach to a topic. In the business world, the ability to synthesize issues from a variety of angles is very important, especially the higher up one climbs in their career.
- **Learn to Read the Landscape, Literally.** Geography's tradition of getting out on fieldtrips should be emphasized, and every student should take advantage of opportunities granted them, or make opportunities by organizing their own field trips. Any kind of personal travel, of course, is very useful.

Other recommended curriculum:

- **Learn to Write.** Remarkably, a larger percentage of graduates from leading universities struggle with presenting ideas clearly in writing. Business communication is quite different from college writing, but the student that obtains good experience in college writing will have a competitive advantage in today's business world.
- **Communication in Other Forms.** Of course, in college, a geographer should perfect their presentations skills in other forms that are important in the business world, including tables and graphs via PowerPoint and Excel. Verbal communication is also very important.
- **Learn Basic Statistics.** Often the pace of the business world does not allow even research people the luxury of extensive statistical analyses. Nevertheless, at a minimum, successful business people should understand how conclusions from statistical analyses are derived and therefore, an applied geographer needs to be versed in statistics and other social science research methodologies.
- **Learn the Basics of Business Language.** Learning basic business vocabulary and concepts can be achieved partly through taking a handful of business classes like accounting, management, or finance. Some universities offer business courses for non-majors. These are a good start.
- **Learn Economics.** In addition to economic geography if available, I recommend taking courses offered by the economics department. It's useful to gain a different perspective.

To be a successful applied geographer, there is another requirement: creative self marketing. Geographers are both blessed and cursed that there are few jobs listed under the “Geography” category. Therefore applied geographers must translate their education and experience to the prospective employer.

First, applied geographers must demonstrate how their background in geography is useful to prospective employers. The “how is geography relevant” discussion is also an opportunity to demonstrate the breadth of an individual’s education and experience and the strong ties to the prospective employer’s industry and position.

Second, applied geographers can create opportunities for themselves. All my research jobs were created or largely designed by myself, based on discussions of the needs of the companies. Applied geographers can follow the same path in a multitude of industries and a multitude of positions. By designing your own job to a great extent, the opportunities are limitless.