**Industry Analysis**

The industry selected to fulfill the objective of the present paper is the American real estate industry, NAICS 531000. This industry has a long history. Following the end of the Revolutionary War, the US Federal government sold and granted land to private owners. In 1862, the Homestead Act was instituted. The law provisioned that people were free to own land in the US but had the responsibility of developing and improving it for at least five years. Following the act, more than 300 acres of US public land was distributed to private owners. This created the foundation for the real estate industry in the country. According to reports, the real industry progressed from an agricultural to an American industrial society. During the Industrial Revolution era, a set of shifts took place. For instance, people moved into cities and factories, which resulted in exceeding urban population. It also created the need for a greater level of livelihood. At the same time, the US’ wealth had increased tremendously. The banks and other financial institutions started advancing credits to all people provided that they had a source of income. Previously, they were only providing loans to the wealthy. As a result, the middle-class population and those working in white collar jobs were able to secure mortgages. Therefore, home ownership became a common feature within the US. During this time, the cities were experiencing growth. This contributed immensely towards the increment in the need for real estate transactions.

According to reports, retail centres, office buildings, residential housing, as well as, restaurants boomed. This brought to the forefront the need for a person or as a group of people to develop, sell and even manage all these. Soon after this, the urban areas in America sprawled. This meant that it was inevitable to establish suburbs, which implied that more housing, retail centres and businesses would be developed. In the current times, the American real estate industry is among the most lucrative sectors of the American society. It is said to create or support at least 9 million jobs. Presently, according to reports, the commercial real estate is worth at least 5 trillion USD. This is inclusive of 4 billion sq. Ft of the American office space, 4.4 million hotel rooms, 9.5 billion sq. Ft of shopping centre space and 33 million sq. Ft of apartment space among others. Adding to this, reports reported that there are at least 200 publicly traded REITs, with aggregate equity market capitalization reaching approximately 521 billion USD. This data is for the financial year 2013/2014. Inferring from economic reports, for each of these elements, there has been an increase of at least of 4 percent. This increase has been majorly attributed to unique marketing strategies including the use of social media platform. Other major strategies that are used to promote the industry include the cultivation of working relationships, efficiently matching buyers and sellers and the development of core abilities.

Within this industry, there is a set of factors, which often affect its growth. One of these is demographics. This represents the composition of the American population including gender, age, income, population growth and migration patterns among others. Take an instance of income. Usually, where the level of income of the American people increases, it follows that the level of tenancy and mortgaging increase. Therefore, the level of development, sale and management in the industry increase dramatically. However, if the level of income of the Americans falls, these real estate aspects falls, which means that growth in the industry is slowed.

Another important factor is the rates of interest. According to reports, changes in the rate of interest usually have an effect on the ability of the Americans to acquire residential property through purchase. This is especially so considering that as the rate of interest fall, it follows that the cost associated with obtaining a mortgage to buy a home often decrease and in the process, creating a higher demand for real estate. Consequently, the prices are pushed up. In stark contrast, if the rates of interest go up, the cost of acquiring a mortgage goes up, which in turn cause the demand, as well as, the prices of real estate to lower. The third factor that affects the growth of the industry is the country’s economy. In broader terms, where the rate of economic growth in America lowers, the same effect is experienced in the industry. While this is the case, according to reports, the cycle of the American society usually have varying effects on the various forms of real estate. Take an instance of a situation in which the Real Estate Investment Trust has a larger portion of its investments in the hospitality industry. Such a REIT would be affected more by an economic decline as compared a REIT that had invested in office buildings. Hotels, according to reports, are a very sensitive property to the economic activity and events. This is especially due to the lease structure, which is inherent in the business. What this means is that it is of central importance to acknowledge the part of the cycle that the economy is in as the real estate industry is very sensitive.

The American government often plays a huge role in the industry through its legislations and regulations. Indeed, according to reports, the governmental intervention can also be thought as a central factor that drives the growth of the industry along with the ones discussed above. The government has set forth varied Acts to govern the industry. One of these is the Federal Housing Administration Act. This law usually sets the standards that have to be followed when constructing and underwriting. It also insures loans that banks, along with other private lenders, make for the purpose of the home building. The law aims at improving the real estate standards and condition. It also seeks to provide sufficient home financing system, as well as, to ensure that the mortgage market remains stable. Another core law that affects the American real estate industry is the Real Estate Settlement Procedures Act, often abbreviated as RESPA. The aim of this law is to ensure that the real estate industry’s consumers are provided with the meaningful information regarding the cost of the settlement of mortgages. It also serves to ensure that the consumers are protected from unwarranted, high settlement fees as a result of specific abusive practices in the industry.

When conducting industry analysis, it is also important to account for demographics and psychographics. Foremost are the demographics. One of the major aspects is the population size. The current American population stands at 322,583,006 people. The American Society is the third most populous country in the world after China and India. The median household income is approximately 43,585 USD while the country’s median per-capita income stands at 15,580 USD. The median age is 37.3 percent, as of 2012’s estimates. Most people, accounting for 66.8 percent of the aggregate population, are between 15 and 64 years. A further 19.8 percent of the population is formed by individuals between the ages of 0 and 14. The rest of the population, 13.4 percent, is formed by aged people starting from the age of 65 years. In terms of gender, females (51 percent) exceed the number of male subjects.

According to reports, at least 88 percent of the American population have a household. Out of this population, 67.4 percent occupies their own home unit. This means that approximately 22 percent lives in rented housing units. The majority of homeowners are whites. Other races whose rate of home ownership is high include Asian Americans and Native Americans. The rate at which the African Americans, the Hispanics and the Latinos own housing units is essentially low, often falling below the 50 percent threshold. It has been recently discovered that the majority of the Americans prefer living in house units located in the American suburbs. A past survey has established that Americans are abandoning white-picket fences, two-car garages, as well as, neighbourhood cookouts and instead seeking for penthouses located within the vicinity of the American cities. Aside from this, it has been reported that fewer Americans prefer to purchase single-family houses.

The American real estate industry is comprised of an almost unlimited number of players. While this is the case, there are those that have a greater market share as compared to the rest. Such include Michigan Realty Solutions, Ohio Investments, Multifamily Utility Company, Pendo Management Group, and Signature Closers. Michigan Realty Solutions has been in business for the past 11 years. It is located in Richmond, Michigan. It has a market share of about 5.531 percent. Ohio Investments has been in the business for the past seven years. It is located in Enon in Ohio. It currently holds a market share of 5.5 percent. Multifamily Utility Company is located in San Diego, California. It has been in the business for the past eight years and has a market share of 5.2 percent. Pendo Management Group is situated in Lee’s Summit in Missouri. It was founded in 2007 and currently holds a market share of 3.88 percent. The Signature Closer, with a market share of 2.7 percent, is a major player in the industry. The company is located in Upper Arlington in Ohio and has been in the business for the past nine years.