



REALonomics

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# What is REALonomics?

Who can question the current global economic transformations taking place before our very eyes? Traditional economic models are being eroded and are giving way to new market models and consumer connections resulting in a world where everyone has equal access to everything without political, economic and social distinction.

*REALonomics* is the analysis and application of market trends, technology factors and consumer behaviors that have a bearing on the real estate industry's economic well-being and more specifically the science and art of the real estate industry's business models and their resultant financial outcomes.

## real-o-nom-ics

Pronunciation: "reel-ä-nä-miks" Function: *noun plural but singular or plural in construction*

1. **REALonomics:** the science of business modeling connected to and concerned chiefly with the real estate industry and the manner in which it executes its business models in order to produce desired financial outcomes internally and externally with consumers;
2. **REALonomics:** a single defined economic accounting principle utilized as a test and sustained by empirical data demonstrating maximum market exploitation and business model efficiencies; the *economic* practices, principals and rationale utilized in building and sustaining profitability;
3. **REALonomic conditions:** current or contemporary market trends, technology solutions and consumer behavioral characteristics that distinguish one period of time from another as exemplified in its financial performance within the real estate industry.

Of those traditional sectors of the U.S. economy having national impact and their business paradigms, the real estate brokerage business model stands out as perhaps the most unique (strange, as in foreign) of all. There is simply no other business model or culture that can compare in any way to a real estate company and its methods of operation, employing, marketing and profit production.

*REALonomics* is the science and art of understanding and applying new world economic principles to real estate brokerage business modeling in order to produce a better ROI. Traditional real estate business models are akin to the proverbial elephant that needs to be (a) moved and (b) eaten, one bite at a time. It could be said that my use of *REALonomics* is designed to be a subset of business modeling, asset identification, general economics and accounting. Elsewhere, I have defined the real estate industry as consisting of three distinct economic waves, each era having its own unique identifiers and controllers which eventually give way to new subsequent identifiers and controllers. *REALonomics* encompasses all of these issues but focuses primarily upon the following:

- Market factors influencing real estate brokerage operations and outcomes;
- Technology and the Internet as the alchemy for new profitability;
- Consumer behavior and demands for service modeling in the open markets.

The website [www.REALonomics.net](http://www.REALonomics.net) offers content and blogging related to the principles associated with *REALonomics*. The traditional real estate industry is experiencing erosion under the tsunami-like changes that are pounding its shoreline. *REALonomics* is in the business of seeking explanation and clarification with respect to how the three factors impact real estate industry and specifically brokerage firms.

*REALonomics* seeks to gather and gel concepts into economic frameworks that have real applicability to the real estate industry's business modeling. *REALonomics* challenges the notion that 2+2 will always equal four and that owners cannot simply "do the math" and expect an automated and predictable ROI. Two plus two may have one day equated to a satisfactory solution but may now prove to be a financial disaster. *REALonomics* is the model-math of an industry in its *Third Economic Wave* ( see <http://www.donaldteel.com/docs/thirdwave.pdf>).