



MANHATTAN GMAT

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CAT Exam #4

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AWA ESSAYS: Analyze Argument

ESSAY QUESTION:

The following appeared in *The Homebuilder* magazine, a local publication with a focus on construction and sale of real-estate properties:

“According to the most recent survey of our readers, nearly 70% of the respondents indicated that they are planning to build or purchase a new home over the next 2 years. These results indicate that the growth in the construction industry is likely to accelerate in the near future. Therefore, this industry continues to offer lucrative opportunities for investment.”

Discuss how well reasoned you find this argument. Point out flaws in the argument's logic and analyze the argument's underlying assumptions. In addition, evaluate how supporting evidence is used and what evidence might counter the argument's conclusion. You may also discuss what additional evidence could be used to strengthen the argument or what changes would make the argument more logically sound.

YOUR RESPONSE:

The argument in the article in magazine states that real estate industry continues to offer lucrative opportunities for investment. The argument is based on the facts that which were collected in a recent survey. These facts are that 70% of the respondents are planning to build or purchase a new house over the next 2 years. Also article states that this result indicates that growth in construction industry will accelerate in near future. The argument suffers from various flawed assumption. It takes a leap of faith to arrive at the conclusion that is very much susceptible to criticism. Perhaps if more information was provided and certain assumption were clearly highlighted the argument would have seemed more reasonable.

Firstly, the argument bases its conclusion on a recent survey. However, this facts of this survey are open to criticism. It is not clear whether the survey is properly representative and no details regarding number of people who responded have been provided. The argument bases it conclusion on the response of 70% of the respondent. It is probable that only those people who are planning to purchase a new house read this magazine. It is also possible that only those people who are planning to purchase a new house are more willing to reply to this survey. Perhaps if more information was available regarding how this survey was conducted, the argument would have been more reasonable.

Secondly, based on the details of the survey the argument makes a statement that results indicate a growth

in construction industry and predict that this growth is likely to increase in future. This represent a leap of faith and is not properly substantiated with proper reasoning. Indeed, survey may show that there is demand for housing but it nowhere properly suggests a growth. Maybe the demand for the housing has been the same for many years. Moreover, the prediction that growth will accelerate in future has no basis. No past trend has been discussed in the argument. Furthermore, no reason has been provided for the growth or any risks considered which may hamper the growth.

Thirdly, argument concludes on basis of facts that it provides that industry continues to offer lucrative opportunities for investment. However, at no place the article has mentioned anything about the kind of returns that are offered by such an investment. From builders perspective probably the cost of building houses is too much at the moment. Maybe for the re-seller, the existing cost of houses is already too much. Also, the argument provides no option of comparing this investment instrument with other available avenues such as bonds or stocks. It also does not discuss risks associated with this investment which may make it less lucrative.

To conclude, it can be said that there are various assumptions in the article which have not been addressed properly. Perhaps if some question such as - how was survey conducted, what is the basis for predicting the future growth in housing, what are other investment option and what risks are associated with housing investment - were discussed then the argument would have been more believable. However, due to lack of these, the argument is open to criticism and the conclusion is not acceptable.

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