

AUSTIN BUSINESS JOURNAL

DAVIS BASS

He leased almost 1.2M s.f. of industrial space in 2018

MATT EPPLE

He sold 865,000 s.f. of commercial space last year

JONATHAN TATE

He leased 695,000 s.f. of office space for landlords in 2018

DIANA HOLFORD

Her clients ate up 854,000 s.f. of office space in 2018

CHARLES CIRAR

He sold almost 7,000 multifamily units last year — over 6M s.f.

RYAN RIDGEWAY

He executed 38 retail leases in 2018 for over 235,000 s.f.



THESE ARE AUSTIN'S HEAVY HITTERS

The city's top brokers offer advice for handling a red-hot real estate scene

*Erin Edgemon - Staff Writer, Austin Business Journal
June 20, 2019, 10:00pm EDT*

Commercial broker Diana Holford has three tips she likes to share when giving advice on how to be successful — a heavy hitter — in real estate.

"No. 1 is to bring some skill to the table other than just your presence," the 25-year veteran broker said. That could be a deep knowledge of real estate, a talent for business development or some type of technical expertise, Holford explained.

Holford is a managing director on the tenant representation team at Jones Lang LaSalle Inc. While she declines to name her clients, Holford said she leased 854,340 square feet of office space in 2018, making her the top tenant rep in Austin, according to information submitted to the Austin Business Journal and included in the 2019 Commercial Real Estate Heavy Hitters list.

Dive into all of the data we have on the Heavy Hitters — from how much they leased or sold in 2018 to how long they've worked at their companies — by checking out our online List portal.

So, the advice from Holford and the other No. 1 heavy hitters on our lists — in the office landlord, retail, industrial, building sales and multifamily sales categories — are worth paying heed.

We asked them to share their counsel to fellow brokers and tenants looking to buy or lease space, and to give their insight on the current commercial real estate market.



515 CONGRESS AVENUE, SUITE 2100 · AUSTIN, TX 78701
WWW.STREAMREALTY.COM/AUSTIN

TO FELLOW BROKERS

"Work on as many transactions as possible irrespective of the fees involved because you learn something on every single transaction you do," Holford said, as her second piece of advice. "Just think of every transaction you do as another chapter in your textbook."

Thirdly, she advised new real estate associates and brokers to find a sponsor or mentor to learn from and follow. "If you have those three elements, you are destined for success in commercial real estate," Holford said.

Jonathan Tate, a principal at Endeavor Real Estate Group, ranked No. 1 on ABJ's heavy hitter list in the office landlord category. He's leased prominent buildings such as Domain 10, 11 and 12 — the latter being one of his biggest deals of 2018.

After leasing 694,605 square feet of office space in 2018 via 16 transactions, Tate advises newcomers to the real estate business to take care when deciding which firm to join.

"It is much more important to be with the right company and group of people than to worry about making money in the first few years," he said. "A good mentor who will put in the time to train you is key."

Tate recommended starting a real estate career as a financial analyst. That's how he began his career 16 years ago, and it exposed him to different product types and deal structures, he said.

"Be wary of any company that just sends you cold calling with no clear direction or training," he said.

Ryan Ridgeway, a vice president at Stream Realty Partners who specializes in retail, said one of the secrets to success is getting to know as many people in Austin as possible and cultivating those relationships.

Ridgeway leased the most retail space in Austin in 2018, according to the ABJ heavy hitter list. He said he leased 235,359 square feet — one of his biggest deals was a lease for an indoor go-kart track in a former Hobby Lobby store.

Davis Bass, who sells, leases and develops industrial space across the Austin metro for HPI Real Estate Services & Investments, advised keeping an open dialogue with clients between deals.

"You need to be a partner and adviser to them year-round," said Bass, who has been in real estate for about seven years. "Then when it comes time to do a real estate deal, they will remember you."

Bass is the No. 1 heavy hitter in industrial space for selling or leasing 1.2 million square feet in 2018. He was also No. 1 on the ABJ list the previous year.

Ultimately, success in real estate comes down to doing what you love.

"At the risk of sounding cliché, I think it is finding something you like to do and finding people who you like to do it with," Bass said. "I'm certainly not smarter than anybody. I'm not better looking than anybody. I just think I have tried to work as hard as I can, be as honest as I can and be as reliable as I can. I am able to do those things because I have great people that I work with, and I've got something that I really love to do. I know that's what they tell us all in fifth grade, but it's true."

CBRE Group Inc. Vice Chairman Charles Cirar, who specializes in multifamily investment sales in Central Texas, preaches adaptability.

"There is nothing static about our business," said Cirar. "You have to be willing to learn something new every day and push the envelope because the tools you are presented are getting more powerful every day."

Cirar knows that all too well as he's worked in real estate since 1977 and specialized in multifamily investment sales for the last 32 years. He topped ABJ's heavy hitter list — again — in the category for closing deals representing 6.2 million square feet.

To tenants



Start the search early, the heavy hitters say, because the Austin market is severely constrained in office, retail and industrial space.

"Act quickly and decisively," Tate recommended. "Quality space does not last long in the current market. Focus on what is important instead of letting a negotiation get bogged down by non-essential side issues."

Bass echoed that for those on the industrial side, saying decisions need to be made "on an aggressive timeline. Planning needs to start sooner rather than later," he said.

The days of starting to look for space 60 days before your existing lease is up are long gone, he said.

"With the rise of e-commerce companies, a lot of the new warehouse space is getting gobbled up fairly quickly," Bass said. "The market is outpacing our ability to supply the buildings."

"If there is a 30,000-square-foot space available in the area you want, it is probably the only one and it is probably not going to last very long," he added.

One of the questions he hears regularly relates to how clients select the right amount of space they need to accommodate expansion while considering rising costs.

"That question is always the hardest to answer," Bass admits.

"We try to evaluate their future growth needs with current costs and make the best decision," he said. "We don't want to be in a position where the tenant cannot take on new business because they are limited by their facility, but you have to balance that need versus what they can afford. The last couple of years, tenants who were more aggressive in taking on space have come out on the winning end. Rental rates have risen quite sharply over the past few years."

On the retail side, Ridgeway, who has worked for Stream for 10 years, said startups need to do their homework and be at the top of their game before ever thinking about opening shop in Austin.

"For all of the restaurant users and tenants out there, you have to be good," he said. "You have to be good to survive. You have to know your competition because the competition in Austin is fierce. The talent pool is at the top."

Ridgeway said prospective tenants still don't understand how limited retail space is in Austin.

"People want to be in Austin, and patience is sometimes what end users, retailers, have to really have to hold out for the location that is going to best suit them and be the most profitable," he said. "That is something a lot of people in general don't have, the lack of knowledge of how truly limited the retail space is currently in Austin."

The density of rooftops over the last several years has kept occupancy of Austin retail centers relatively high, Ridgeway said.

Matt Epple, an executive vice president at Weitzman and the No. 1 heavy hitter in building sales, sold 864,898 square feet of space last year. He said groups looking to buy or lease need to have realistic expectations on rising costs.

"Construction costs have been up 20 percent conservatively year over year," he said. "Sales are obviously doing the same. If capital improvements are needed at your shopping center to get higher rates, that costs more money than it used to."

BIGGEST CHALLENGES

As a tenant rep, Holford said the biggest challenges in the market is the shortage of office space, high construction costs and accessibility.



"The traffic makes it harder for companies to attract talent," she said.

It also makes it imperative for a company to pick the right location from the get-go because not many people move from one side of the city to the other, Holford said.

It's a tough market for tenants, especially mid-level companies looking for around 25,000 square feet.

"What you find is tenants disillusioned at the price — what you get for your dollar," Holford said. "It's not any different than moving here to buy residential real estate."

Tenants aren't being priced out of the market, she said, but they may have to lease a smaller space than what they wanted, take class B space rather than class A or move southwest instead of the Central Business District.

Bass said the lag time in getting projects approved and built in Austin puts developers at risk of missing the market.

"It takes us two to two-and-a-half years sometimes to get a warehouse built and leased whereas in other markets like Houston you can do that in six months," he said.

"Any building we've built in the last five years, we've had a risk of missing the market," Bass added. "We've been fortunate that the market has continued to remain strong. We are certainly not blind to the fact that that may change."

The time it takes to develop projects in Austin controls supply, he said.

"So, I don't think Austin is even close to being at risk for being overbuilt," Bass said. "What it does is make our city more expensive. You do reach a paralyzing point where if you don't have the infrastructure and the facilities, real estate included, you are at risk of not being able to continue to grow."

CURRENT MARKET

"Large, national tech companies have driven demand and absorption (for office space) during the past 10 years," Tate said, which is the biggest change in the market he's seen during his career in Austin. "Eight companies alone accounted for nearly half of the absorption in new construction during this cycle. Historically, downtown demand was driven by law firms, financial services and lobbying groups. That's not the case anymore."

Amazon.com Inc., Facebook Inc. and Google Inc. have inked some of the largest leases of late. But in the changing retail market, some large or big-box retailers are shrinking. The new trend is filling these empty spaces with family entertainment facilities.

"That's where we see a lot of the big power center and shopping centers migrate to," Ridgeway said. "You are going to see a heavy entertainment push in a lot of these older shopping centers."

He said retail may evolve, but it will continue to be strong especially in Austin as more retailers enter the market. That doesn't mean rising operating expenses aren't a great concern for retail tenants' health ratio.

"It will continue to be an ongoing concern as properties are being reassessed," Ridgeway said.

Epple said Austin is seeing more real estate investors from outside the state and region.

Ten years ago, just about every corner retail space was owned by a local group, he said. Now, it's one out of four — if that.

"I don't know if that's good or bad but it has changed things, and from a brokerage standpoint it puts more of an emphasis on controlling the listing and the seller side of the equation," Epple said.



Now, there are fewer buyers who are making a deal during the timeframe sellers need to close in, he said, as land prices continue to climb.

For example, he said about six years ago downtown land was maybe \$300 a square foot. Now, prime parcels trade at \$1,200 a square foot.

About 90 percent of the capital that flows through the commercial investment space in Austin comes from outside the region and outside the state, Cirar said. There's also international capital in some of those entities purchasing major assets in Austin.

"I am not dialing the 512-area code that many times during the day," he said. "I doubt 10 percent of my calls have the 512 in front of it."

Multifamily real estate is selling at a premium in Austin, Cirar said, going so far as to say that the capital city has the strongest real estate market in the state due to the healthy economy, low unemployment and demand for housing.

Because of the low risk, though, properties in Austin trade at a low cap rate, he said. Investors are placing money in high-end downtown projects because they sell at a premium but have a low return due to the low risk, Cirar explained. Groups are also buying and upgrading older apartment buildings in the city and raising rents on those properties.

Cirar said there's a very large demand for workforce housing from institutions. That property class is also seeing a considerable investment in upgrades, he said.

On the industrial side, the real opportunity is in the continued rise of e-commerce, Bass said.

To deliver fast, companies like Amazon and Wayfair need warehouses in every town or population center to serve the e-commerce economy, he said.

MOST DESIRABLE SUBMARKET

Tate said The Domain is where he would invest in or build a new office building, though he admits bias since he leases projects there.

"The Domain has proven to be a great place to build office and will continue to outperform the market in general," he said. "It is also easier to build at The Domain than, say, downtown A few of the reasons being that the entitlements and utilities are in place, no street closure fees and plenty of room for construction staging, supportive neighbors, no capitol view corridor or compatibility issues to deal with, and much more breathing room to build in general. The Domain also has a lot of the same walkable amenities as downtown but at a lower price point and better parking."

Holford said most of her clients are seeking space in the North or Northwest Austin submarkets such as The Domain and Riata Corporate Park, as well as buildings off U.S. Highway 183 and Parmer Lane.

"Companies that hire a younger workforce love downtown because young, single people love downtown," she said. "But if you are hiring somebody in their 30s with two children ... They are probably living in Round Rock or Cedar Park. The employers want to be closer to them."

Ridgeway's first response when asked about the most in-demand retail submarket was Southwest Austin, but he said really the entire city is strong for retail.

"They are all extremely hitting on all cylinders," he said, "and I have product in all of them."

"Austin is an easy conversation piece for anyone that's in the restaurant business — any business," Ridgeway. "Austin is something that people want to talk about."



AUSTIN BUSINESS JOURNAL

THE LIST AUSTIN'S HEAVY HITERS TOP RETAIL BROKERS JUNE 21, 2019

Rank	Heavy Hitter's Name	Retail S.F. Leased In 2018 ¹	Heavy Hitter's: First Name	Heavy Hitter's: Last Name	Heavy Hitter's Email	Company Name	Website	Retail Category: No. Of Local Leases In 2018	Representative Deals	Year Began Career	Year Began At Current Firm
1	Ridgeway, Ryan	235,359	Ryan	Ridgeway	rridgeway@streamrealty.com	Stream Realty Partners Austin LP	streamrealty.com	38	13729 Research Blvd. (63,575 s.f.)	2004	2009
2	Robertson, Travis	181,033	Travis	Robertson	trobertson@theretailconnection.net	The Retail Connection	theretailconnection.net	29	Crème De La Crème Cedar Park at Breakaway Park in Georgetown: Farmer Lane at Glacier Pass Ln. (118,744 s.f.)	2007	2012
3	O'Farrell, Robert	178,205	Robert	O'Farrell	robert.ofarrell@am.jll.com	JLL	jll.com/austin	17	Kohl's lease at 13609 N. I-35 (86,300 s.f.)	2001	2013
4	Zimel, Adam	146,185	Adam	Zimel	azimel@endeavor-re.com	Endeavor Real Estate Group LLC	endeavor-re.com	27	Pinstac at Tech Ridge Center (45,815 s.f.)	2004	2014
5	Faludi, Jason	142,787	Jason	Faludi	faludi@aquilacommercial.com	Aquila Commercial LLC	aquilacommercial.com	33	The Grove at the Domain (4,040 s.f.)	2004	2007
6	Sawwell, Travis	137,415	Travis	Sawwell	travis.sawwell@am.jll.com	JLL	jll.com/austin	46	Academy Sports at Bluebonnet Plaza (62,917 s.f.)	2009	2013
6	Switzer, Jon	137,415	Jon	Switzer	jon.switzer@am.jll.com	JLL	jll.com/austin	46	Academy Sports at Bluebonnet Plaza (62,917 s.f.)	2011	2013
8	McMurrey, Bryan	126,217	Bryan	McMurrey	bryan.mcmurrey@cbre.com	CBRE Group Inc.	cbre.com/bryan.mcmurrey	34	Rooster Teeth at The Linc (20,000 s.f.)	1998	2004
9	Burggraaf, Dave	120,025	Dave	Burggraaf	daveb@retailsolutionsre.com	Retail Solutions	retailsolutionsre.com	26	FM 620 & Smyers Lane, Round Rock (39,204 s.f.)	2003	2015
10	Epple, Matt	109,666	Matt	Epple	mepple@weitzmangroup.com	Weitzman	weitzmangroup.com	23	JPMorgan Chase Bank at La Frontera (4,010 s.f.)	2002	2003
11	Majors, William	108,579	William	Majors	will.majors@srsre.com	SRS Real Estate Partners	srsre.com	6	Four Points (54,014 s.f.)	2002	2002
12	Gary, Michele	103,668	Michele	Gary	mgary@endeavor-re.com	Endeavor Real Estate Group LLC	endeavor-re.com	28	Hopdoddy, The Lyndo at Springtown (3,632 s.f.)	1994	2014
13	McWilliams, Austin	103,444	Austin	McWilliams	austin.mcwilliams@am.jll.com	JLL	jll.com/austin	15	Sauls at 2301 Hairy Man Rd, Round Rock (38,000 s.f.)	2007	2013
14	Morrison, Britt	100,852	Britt	Morrison	bmorrison@weitzmangroup.com	Weitzman	weitzmangroup.com	57	Marshalls at Shops at Arbor Trails (20,386 s.f.)	2008	2008
15	Brodhead, Cole	100,019	Cole	Brodhead	cbrodhead@edge-re.com	Edge Realty Partners	edge-re.com	29	POA Tour Superstore (30,050 s.f.)	2004	2014
16	Mendez, Joey	99,006	Joey	Mendez	joey@retailsolutionsre.com	Retail Solutions	retailsolutionsre.com	49	13427 Pond Springs Rd (10,752 s.f.)	2013	2013
17	Haydon, Barry	91,531	Barry	Haydon	barryhaydon@am.jll.com	JLL	jll.com/austin	31	CareNow at Wolf Crossing (35,000 s.f.)	2006	2016
18	Powell, TJ	83,795	TJ	Powell	TJ.Powell@srsre.com	SRS Real Estate Partners	srsre.com	16	AT&T	2010	2014
19	Tarantino, Nick	82,665	Nick	Tarantino	nick@tarantino.com	Tarantino Properties Inc.	tarantino.com	35	Jason's Deli (5,000 s.f.)	2006	2006
20	Quisenberry, Charlie	77,655	Charlie	Quisenberry	cquisenberry@edge-re.com	Edge Realty Partners	edge-re.com	20	Deluth Trading Co. in Round Rock (15,560 s.f.)	1983	2015
21	Maze, Brett	74,678	Brett	Maze	bmaze@weitzmangroup.com	Weitzman	weitzmangroup.com	43	Soarborough - Punch Bowl Social (20,038 s.f.)	2012	2012
22	Sanchez, Gabe	66,324	Gabe	Sanchez	gsanchez@weitzmangroup.com	Weitzman	weitzmangroup.com	29	Lumber Liquidators at Century South (8,640 s.f.)	2009	2007
23	Perkel, Andrew	64,605	Andrew	Perkel	andrew@retailsolutionsre.com	Retail Solutions	retailsolutionsre.com	31	2000 S. I-35, Round Rock (10,998 s.f.)	1992	2010
24	Frey, Dan	64,099	Dan	Frey	dfrey@endeavor-re.com	Endeavor Real Estate Group LLC	endeavor-re.com	25	Jason's Deli at Anderson Burnet Plaza (5,000 s.f.)	2014	2010
25	Lewis, Jeff	58,190	Jeff	Lewis	jlewis@weitzmangroup.com	Weitzman	weitzmangroup.com	31	AutoZone at 11720 RR 620 (50,094 s.f.)	2011	2011

¹ For this list, square footage leased represents the Heavy Hitter's portion of the deal only. When an agent handles a deal solo, the agent counts 100 percent of the s.f. for that deal. When deals are shared between team members, the square footage is split equally. Representative deals will show total s.f. of the transaction, not just the agent's portion.

