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Bayne: Remarkable surge in real estate activity

Austin Business Journal by Colin Pope, Editor

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Austin's commercial real estate sector is full of young up-and-comers, and it's epitomized by firms such as **SkylesBayne** Co.

The handful of brokers who work at the six-year-old firm are either in their late 20s or early 30s, but all have their hands in — or eyes on — multimillion-dollar deals to move companies from one place to another. In SkylesBayne's case, most of the business comes from intra-city moves on the office and industrial side, though the company would like to expand its reach beyond Central Texas.

There are plans to hire a few more experienced brokers, and some new office space downtown soon should yield the needed elbow room.

SkylesBayne co-founders [Justin Bayne](#) and [Chris Skyles](#) have graced the Austin Business Journal's Heavy Hitters list, which ranks the most successful brokers. Their team has brokered more than \$160 million in transactions since they joined forces.

I recently sat down with Bayne—who happens to be one of those rare native Austinites — to ask him about running with the young dogs in Austin's bustling commercial real estate sector.

Has being relatively young been helpful or a hindrance in your business?

Commercial real estate service, especially tenant and buyer representation, requires pounding the pavement to get up-to-date market information, an aggressive and precise negotiating strategy, and adaptation to the modern, constantly rising level of service as it evolves with new technology and new circumstances. Our youthful energy absolutely gives us an edge over older competitors concerning all aspects of our service.

You decided to [go into business about five years ago with Chris Skyles](#). How did you get to know each other?

I met Chris in the seventh grade in the Westlake school system and we've been great friends ever since. We shared parallel careers in real estate in Houston and in Washington, D.C. Once we realized the void Austin had in the high level of service that tenant and buyer rep firms provided in larger cities, we decided to jump on the opportunity. We succeeded in bringing the modernized methods we had learned to Austin by forming the SkylesBayne Company in 2006.

What's the best — and worst — part about starting your own business?

There are many unseen, time consuming chores and details that arise when starting up your own firm. It can and will certainly get very difficult from time to time concerning all aspects of your new business and there is no safety net to catch you when you fall. Of course, I can tell you that once you achieve your first real success as an entrepreneur, the feeling is hard to beat.

What advice do you have for a company on the verge of seeking new or more space?

Make sure to mind the supply of options. Especially for larger users, large blocks of available space are getting eaten up rapidly with all the new activity. The worst-case scenario for any tenant is to end up with few options on the table at the last second; this ruins their leverage. Also, please spend the extra time and effort in planning for growth regarding layout, furniture, future employees, etc. This is where the most costly mistakes are made.

What's the biggest mistake you've made in business, and what did you learn from it?

Every mistake I've made feels too big. I work hard to minimize mistakes and more so to avoid making them twice. I can think of one instance early in my career where I accidentally copied the opposing party on an internal negotiation strategy email that resulted in ruining all of our leverage. I learned that even the simplest of errors can have compounding consequences, and that I must always pay close attention to the details. "The devil is in the details" seems to consistently ring true in this business.

You mentioned that business was stout even during the recession, but now the activity is "unreal." How so?

The market certainly has had its swings over the past years but our firm has luckily achieved a strong growth pattern; even through the tough times. As of late there's been a remarkable acceleration in activity. It seemed as though the vacancy rate got cut in half overnight. I am amazed at how quickly new developments have come online and old ones have reorganized and restructured. Money is flowing into new construction investment seemingly more quickly in Austin than anywhere else in the U.S., and there's enormous general investment interest.

Not much has been built in recent years but Austin has thrived so occupancy rates are at record highs in some parts of town. What does that mean for companies that want to expand or relocate here?

Well, it has to be great news all around for expanding and incoming firms — with the exception

of occupancy costs of course. The downtown market is especially full at this time and lease rates are at an all-time high. This also means that the value of commercial real estate is increasing for those companies that choose to own their own real estate. But remember, Austin is a large metroplex, and there are opportunities all around for getting great, cost-effective space.

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