

## Brokers indulge their entrepreneurial spirit

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Special To The Austin Business Journal

Frequent job changes are not uncommon in many professions, but real estate brokers seem to be particularly adept at playing musical chairs.

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and go in his own firm. Sometimes, they even come again. Stacy says he recently recruited a broker who had worked for him in the past.

The reasons for moving from one firm to another vary and often have little to do with market conditions. On the other hand, Austin career consultant Renee Trudeau says a slow market can cause individuals to take a harder look at their priorities, the balance of work, personal life and career trajectory. Movement isn't unusual, but the reasons for it may differ.

In addition, changing market conditions beyond vacancy and occupancy rates contribute to current movement, says Vaughn Brock of real estate firm Brock Consulting.

"Over the past few years, there has been a shift in the industry where bigger companies are being represented nationally rather than locally," Brock says. "So, some brokers are moving because they want to affiliate with national companies. Also, brokers are offering

Although it might seem the music stops even more often these days, most Austin brokers say it's more like the status quo.

"Change is constant in any business, but in commercial brokerage it is the natural evolution for brokers to go out on their own or change firms," says Tom Stacy, president of Austin's T. Stacy & Associates Inc.

Because brokers are generally independent contractors rather than employees of a firm, they have something of an entrepreneurial mentality, Stacy says. That's a mindset and employment arrangement which makes it easier to move from one company to another.

Stacy should know. With more than 20 years in the Austin real estate market, he worked at several firms before starting his own and has seen brokers come

expanded services such as space planning and moving, and it takes more critical mass to do all those things. That makes it hard for a one-man shop, so some people have been teaming up."

John Childers says he recently left Colliers Oxford Commercial to join The Staubach Co. because he liked the idea of working in a smaller office and helping it grow. The company has been in Dallas for 25 years, but opened an Austin office just two years ago.

"It was a difficult decision, because the folks over at Colliers are great personal friends," Childers says. "I've been in the business five years and grew up there professionally. But this move met my career goals. It was a great opportunity."

Current market conditions didn't really affect Childers' decision, although he says that a bad market tends to weed out those who aren't committed to the industry long-term.

"Sometimes when people switch jobs, it is more a sign of an individual opportunity rather than a factor of the market," he says.

As firms grow, they hire additional brokers — and some of them are likely to come from other Austin firms.

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"Everyone knows who the top performers are, who has a professional demeanor, that kind of thing," Childers says.

Stacy says whether customers move along to "new chairs" with their brokers depends on a variety of factors.

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Those who work as tenant representatives often take clients along when they change companies because the relationship is more with an individual than a firm, he says. With landlord representatives, the relationship is less likely to move with the person. Individual broker contracts often specify a period of time that has to pass before the departing broker can do business with their former company's clients.

Not all Austin brokers who leave one company hire on to a different brokerage. Instead, many decide to strike out on their own.

That shouldn't surprise anyone, says employment consultant Trudeau, who sees a general trend of people starting their own businesses today.

"People want more control over their career paths," she says. "They are frustrated with the uncertainty of the market. Starting their own businesses gives them more control."

That appears to be the motivation for several of Austin's new real estate firms.

David Sheldon left Endeavor Real Estate Group in July to become a principal in a new firm, Atlantis Properties LLC, which markets a select group of industrial and office properties in Austin.

"I started this company because I have a vision of how I want to exercise my business," Sheldon says. "Endeavor was a tremendous group of people, they were good to me and for me. Being with them gave me the confidence to do my own thing when it was time."

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Sheldon says his timing wasn't determined by the market, but given a choice, he believes it is better to launch a new firm when the market is not at a peak.

"In a market like this, there is a different skill set that comes into play," he says. "I believe if you can be successful in a nonpeak market, you have a much greater likelihood of success. This is not an easy market to make it in and a lot of people aren't [successful]."

Sheldon expects to be hiring down the road, but whether he will be trying to persuade individuals to leave an existing firm will depend, he says. "They will have to be a good fit. We aren't going to grow for growth's sake."

He sees new startups as a natural progression in this business.

"These are people who are ambitious, and this is a business where one of the ways of being successful is being entrepreneurial. If you are that kind of person, you eventually get to a place where you're doing your own thing," Sheldon says. "I don't think the market makes much of a difference in how much — it's always been that way and I think will always be that way."

Alex Castano, president of Castano Properties LLC, formed his company in September.

"It was something I always wanted, and I thought it would be more profitable long-term," Castano says. "I asked myself, in five or 10 years will I be more profitable out on my own or staying with another firm?"

Castano says real estate brokerage is a field where people move around a lot.

"There is only so much pie in any company and unless the relationships are really strong and people are willing to forgo financial advancement for the sake of maintaining those relationships, it is tempting to start your own firm."