

## COMPANY PROFILE | NAI RUHL &amp; RUHL

# Until the deal is done

Six years ago NAI Ruhl & Ruhl started in Des Moines with a one-man office, opening up one of the successful chapters of the 107-year-old firm. Now the company is expanding and finding its niche in an ever-evolving market.

By Patrick W. Rollens

Nick's Bar & Grill comes alive as the day ends. The pub is just a few blocks away from most of the major commercial real estate services firms in the Des Moines market—NAI Ruhl & Ruhl, CB Richard Ellis|Hubbell Commercial, Knapp Properties and Grubb & Ellis|Mid-America Pacific among them—and the brokers might end a day at Nick's with drinks and appetizers.

On one particular Monday, the brokers and associates from NAI Ruhl & Ruhl Commercial's West Des Moines office trickle into Nick's one by one around 6 PM. In a seeming tribute to the fact the job never ends, John Viggers, the regional vice president, arrives late explaining he had to finish up a deal that was "redlining" at the end of the day; Kurt Mumm, president of the office, got caught up in a conference call as he was putting on his jacket.

Even here in Nick's, it's hard to escape the job; within minutes of cocktails arriving, Mumm and Barb Hokei, a sales associate with the firm, are on their cell phones, sipping drinks and working deals.

As the brokers discuss business, they throw wry glances over their shoulders; often competitors will be sitting just a few tables away.

## Small is a state of mind

The nachos arrive and the brokers dig in heartily. Mumm's eyes light up when a clump of cheese and corn chips the size and shape of Texas breaks off in his hand—according to the rules, it still counts as 'one nacho.'

As they make short work of the appetizers Mumm tells how a good portion of the firm's growth has come in the just the last year.

"We've doubled our property management revenue in the past 12 months and picked up an additional 500,000 square feet of retail listings." He's hoping to add a couple new brokers in the coming year.

The staff is up to nine and each member of the team has his or her own specialty: Mumm is in investment real estate; Jerry Cobb, a sales associate, scouts land for development astride his Harley Davidson; Viggers, who formerly split his time between the company's Quad Cities office and the Des Moines market, heads up property management; and Hokei currently serves as the president of the Iowa CCIM chapter; she spends her days working the big box retail corridor in nearby Ankeny.

Mumm spies a familiar face and peels off; within

minutes he's backslapping and chatting by the bar. Viggers stands while he eats, his PocketPC is close at hand.

Ruhl & Ruhl's market tenacity engenders confidence among local developers even in the face of stiff competition.

Rick Davis Jr., president of the Davis Group, which owns and manages 250,000 square feet in Iowa, continues to work with Viggers, following him from Hubbell Realty to Ruhl & Ruhl four years ago.

Davis praises the firm's attention to financing, an often-overlooked aspect of commercial real estate.

Some companies tend to get bogged down in day-to-day details," he explains. "Financing is a pretty important business."

Ruhl & Ruhl recently arranged key financing for three of Davis' four properties.

Clyde Evans, community development director in West Des Moines, says Ruhl & Ruhl is viable versus larger area firms.

"They're competing against some pretty significant heavyweights in the market," Evans says.

Viggers acknowledges that the Ruhl & Ruhl team isn't the largest firm in Des Moines, but he says the nine-person staff is the hardest working, a legacy of the company's that goes back 107 years.

In 1900 John G. Ruhl added a real estate brokerage arm to his already-successful insurance company. It proved to be a successful family affair; in the early 1900s Ruhl's sons, Edward and C. Arthur, joined the company.

By the late 1950s, the two ruling Ruhls split their companies, with real estate in one direction and insurance another. In the following decades, a fourth generation of Ruhl family members soon came into the fold: Charles Ruhl Jr. in 1976, Caroline Ruhl in 1980 and John G. Ruhl in 1991.

In 1999, Charles Ruhl Jr. founded the NAI-affiliated Des Moines office of Ruhl & Ruhl Commercial. It was a one-man operation in an office downtown. Four years later, the company had added more professionals, including Mumm, who came from Grubb & Ellis|Mid-America Pacific.

To illustrate the close-knit real estate community, Mumm's previous firm is just a block down the street from his current office.

## Creating a new niche

At Nick's Bar & Grill, all that remains of the nachos is a sad, soggy specimen even Cobb won't touch; instead, he calls for another round of drinks.

Hokei abruptly snaps her phone shut and reaches for purse. With a grin and an apologetic "sorry, duty

calls" she's gone—as brokers know, the deal waits for no one.

That leaves Mumm, Cobb, Viggers and Steve Scott, a vice president specializing in retail surrounding the small high top bar table.

With retail booming in Des Moines, it is here that Ruhl & Ruhl is doing some of its unique work.

"Major retailers have reached saturation points in first and second tier markets," Scott says. "If they're public companies, they've got to continue to grow. That's the only way they can keep their stock prices up."

NAI Ruhl & Ruhl is right in the thick of the market, enjoying close relationships with a variety of national retailers, including Walgreen's, Kohl's and Best Buy.

"We're getting the reputation as being the retail niche office specializing in retail site selection," says Mumm.

Scott explains that recently the market has seen a new phenomenon emerging: the small-market concept.

Companies like Best Buy, which might not think to expand into smaller markets like Mason City, Iowa, are now investigating the viability of 'condensed' stores to cater to smaller populations.

The firm's Willow Creek Crossing development, in Mason City (north-central Iowa along I-35), features these new conventions. Anchored by a Wal-Mart Supercenter, Kohl's and Best Buy, the 400,000 square foot development will be the largest development between Minneapolis and Des Moines.

The location is prime; many of the major retailers involved do not have a presence within a hundred-mile radius.

The size of the stores might surprise you. Kohl's, which averages 110,000 square feet in a major metro area, will occupy just 70,000 square feet in Willow Creek Crossing. Best Buy will be similarly stunted, down to 21,000 from an average 50,000.

Scott says this is an emerging market trend that Ruhl & Ruhl is perfectly poised to capitalize on because they represent so many mid-sized regions.

Midway through dinner, half the brokers at the table are talking on their mobile phones. The setting sun illuminates the ruin of food scraps on the table and shines through iced cocktails.

As Cobb swirls the last quarter-inch of beer in his glass, he explains that Iowa isn't the first place developers might think to locate a new shopping center. He has identified a difficult-to-quantify reason why Iowa is ripe for development.

"There's a lot of net worth in Iowa," Cobb says,

## NAI RUHL & RUHL TIMELINE

1862 - One-man insurance company during Civil War. Firm changes hands several times.  
1899 - John G. Ruhl acquires the company.  
1900 - Ruhl adds commercial real estate to his successful company, which quickly becomes an industry leader.  
1919 - John's son Edward Ruhl joins the firm, focusing on real estate.  
1920 - The second son, C. Arthur Ruhl, joins the firm to pursue insurance.  
1959 - Arthur Ruhl dies, furthering a distinct separation between insurance and real estate.  
1982 - The final split occurs - insurance and real estate part ways. Charles A. Ruhl heads up the commercial real estate firm.  
1976 - Charles A. Ruhl Jr., a fourth-generation family member, joined the firm.  
1980 - Caroline Ruhl joined the company, focusing on residential brokerage.  
1991 - John G. Ruhl II joined the company.  
1997 - Ruhl & Ruhl underwent another reorganization; Caroline took over Ruhl & Ruhl Realtors, and Charles and John founded Ruhl & Ruhl Commercial.  
1998 - The firm began its affiliation with the NAI worldwide network.  
1999 - John G. Ruhl opened the West Des Moines-based branch of NAI Ruhl & Ruhl Commercial.

"because you've got all these farms that have been held in families for years and years. It provides a lot of income, but it isn't something that shows up on a 1040 form." This wealth, he says, allows places like Willow Creek Crossing to thrive.

Ruhl & Ruhl is just venturing into development. Scott says the firm's development portfolio is around 500,000 square feet.

It's a good start, but Mumm is quick to point out that the company is not overly concerned with creating a massive development portfolio.

"We're a brokerage company first," he says. And with that, they're out Nick's door and back on their phones, pursuing deals.

# MAJOR METRO MOJO

West Des Moines evolves into its own independent market



PHOTO BY PATRICK W. ROLLENS

The Jordan Creek Town Center opened in 2004, bringing nearly 2 million square feet of retail space to West Des Moines. It is one of four malls in the area.

By Patrick W. Rolles

Beyond the earthmovers and dirt piles that signal development in suburban Des Moines, there's a whole lot of open space. Brokers joke that there's always another cornfield to develop, which places very few practical limits on the outward push of some communities. And with the new I-235 improvement

project nearing completion, commuters will enjoy faster-than-ever travel times across the metro area.

West Des Moines, population 51,744, is immediately southwest of the city proper. The region saw an impressive 46.5 percent population growth from 1990 to 2000. Since 2000, the population has grown 11.5 percent and boasts a daytime workforce of 47,000 people. Though that's only the ninth-largest city in

the state, West Des Moines nonetheless sports Iowa's fourth-largest tax base at \$2.51 billion.

West Des Moines' impressive numbers compare favorably versus the CBD, which is trying to get its own momentum going.

"I think it's going to be difficult for the city of Des Moines to get any real vibrancy and intensity and energy going downtown when you can just go and develop in the suburbs," says Steve Scott, a vice president with NAI Ruhl & Ruhl Commercial's West Des Moines office.

## Factoring growth

It's not a true competition, says Clyde Evans, director of community development for West Des Moines.

"We see it not so much as a rivalry," Evans says. "We provide a complement to downtown."

A combination of factors—land prices, infrastructure and proximity to the CBD—has made West Des Moines into a major office and retail hub. Evans can rattle off a laundry list of retail and office developments—totaling more than 6 million square feet—planned or being occupied in West Des Moines. Data from the City of West Des Moines show almost 6,500 residential units under development.

At this point, he says, the community doesn't even have to actively court businesses; tenants have been beating down the door to develop in West Des Moines.

"We're just reacting to what comes through the door," Evans says.

Land prices are an indicator of West Des Moines' good fortune. Retail-zoned land with basic utility services that five years ago sold for \$5 per square foot now goes for as much as \$18 per square foot, says Evans.

The transportation infrastructure is an important element in the success of the western suburbs. Des Moines is famous for its mild traffic, says Scott. At the end of the workday, commuters in Des Moines can be home in time for soccer practice at 5:45 PM. The completion of the I-235 expansion project will only improve that travel time.

The city is already circumnavigated by an interstate loop serving the CBD. However, Lorne Wazny, a planner for the Iowa Department of

Transportation, says a master-planned secondary loop would extend access to the growing suburbs like Altoona and Ankeny by 2030.

## Retail boom

A quick glance at the numbers shows that 2003 and 2004 were banner years for West Des Moines development, with \$146.5 million issued for building permits in 2003 and \$287.6 million in 2004. Evans says two developments—the Jordan Creek Town Center and the Wells Fargo Home Mortgage corporate headquarters—influenced these numbers and guided development in West Des Moines since 2003.

The Jordan Creek district, located southwest of the intersection at I-80 and I-35, is an example of the outward expansion of West Des Moines.

The Jordan Creek Town Center, developed by Chicago-based General Growth Properties, became Des Moines' fourth area mall when it opened in August 2004. The city knew that development would follow this 2 million square foot retail anchor, so they fronted \$20 million to connect the Mills Civic Parkway with I-35. Their prediction was spot-on; the improvement spurred further development in the Jordan Creek district.

New developments quickly caught on. West Glen, a 1 million square foot mixed-use development east of the Jordan Creek Mall, is anchored by a Super Target. The Crossing at Jordan Creek will boost office and retail by 270,000 square feet, in addition to 60 more residential units. The Galleria, a development immediately southwest of the new mall, will bring 1.2 million square feet of mixed-use space, including 370 residential units. Anchors at the Galleria include Holiday Inn, Staples and TJ Maxx.

All three developments are at or near the same intersection as the Jordan Creek Town Center, showing that the new mall is truly a focal point for development. Even big box retailers are willing to change their game; a new Super Wal-Mart in the Galleria is attempting to blend in with a neighborhood-friendly look featuring classic brickwork instead of the usual blue-and-red façade.

The Jordan Creek Town Center is currently 91.6

## Chief Financial Officer



Highly successful and growing privately held commercial real estate company with holdings in the Midwest specializing in office and retail development, investment, management, and leasing seeks a Chief Financial Officer.

Responsible for the company's accounting activities / practices, maintenance of fiscal records, preparation of financial reports, budgeting, forecasting, financial analysis, financial control systems, audit and tax planning and reporting. Other responsibilities include, but not limited to, providing direction and input on company financial policies and practices, developing and maintaining relationships with banks and other sources of financing and developing financing packages for development and investment projects. Position oversees Human Resources Department.

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REAL ESTATE NEWS

## Transportation opens up new neighborhoods to development

Riverpoint West, a parcel of nearly 300 acres of retail and old offices immediately southwest of the Des Moines CBD, is the focus of long-term acquisition and development plans by Sherman Associates.

The story of Riverpoint West begins with the completion in 2005 of the Martin Luther King Jr. Parkway, which bisects the Des Moines CBD fringe from east to west. The broad roadway (along with two essential bridges over the Raccoon and Des Moines Rivers) opened up the area south and west of the CBD to traffic, which in turn brought the attention from groups that led ultimately to redevelopment.

"In economic development, you have to have transportation infrastructure," says Tim Leach, vice president of economic development with the Des Moines-based Downtown Community Alliance. The MLK Parkway connects I-235 with the Des Moines River on the eastern edge of the downtown district.

Until the completion of the MLK Jr. [Parkway], that entire area was pretty inaccessible," says Jackie Nickolaus, a project manager with Sherman Associates. "Most people in Des Moines didn't even know it existed."

The 300-acre site offers a large expanse of land to develop alongside the CBD, but Nickolaus says the site's industrial past means a cleanup is in order. The former Pittsburgh Des Moines Steel Co.'s toxic leavings have contaminated the groundwater at the site.

When the initial development negotiation began, Hubbell Realty competed with another developer to secure 20 acres occupied by Pittsburgh Des Moines Steel. The land happened to be directly across the

street from some of Hubbell Realty's flex office space, and the firm wanted to eliminate potential competition so close to their assets. Hubbell won the bid, but the groundwater contamination meant they were saddled with the burden of cleaning up the entire Riverpoint West site.

Hubbell Realty is currently decontaminating the area, Nickolaus says, and will in turn develop a 10-acre chunk of Riverpoint West.

That leaves the rest—as much as 120 acres—available to Sherman Associates for redevelopment. Nickolaus, a former economic development coordinator with the city of Des Moines, says the firm did its research and determined that the market would be best served by a mixed-use development.

Sherman Associates' role as primary developer was finalized in 2004, and Nickolaus says the firm is now in acquisition talks with the 12 separate landowners in the area.

Looking ahead, Nickolaus says Sherman Associates' master plan for the site will include 350,000 square feet of office and retail lining both sides of MLK Parkway.

"Right now we're projecting a 50-50 split," Nickolaus says, explaining the predicted dynamic between office and retail space.

Rottlund Homes, a residential developer, has committed to building 400 townhomes, and Sherman Associates will bring an additional 50 townhomes and 100 condos to the parcel, Nickolaus says.

Funding for the Riverpoint West redevelopment will come in the form of a Section 108 HUD, which provides federal loan money through community development block grants.

—Patrick W. Rollens

percent occupied, up from 87 percent when the occupancy numbers were first offered by CB Richard Ellis|Hubbell Commercial.

### Survival

Stephen Brower, a leasing agent for the mall with General Growth, says an additional 50,000 square feet of spec space has recently been delivered, and tenants will start occupying this summer.

A nagging doubt, however, is Des Moines' ability to support four malls.

Kyle Gamble, managing director of CB Richard Ellis|Hubbell Commercial, says time will tell. Southridge Mall, located in southern Des Moines near the city's international airport, has been struggling of late.

Southridge's occupancy was at 60 percent in 2005, down from 80 percent the previous year. The mall has increased that number to 77 percent for first quarter 2006, but it's not out of the woods yet.

"It's the most vulnerable of the four malls," says Gamble.

The other two shopping centers—Merle Hay Mall, which opened in 1959 northwest of the city, and Valley West Mall in the western submarket—

recently completed renovations and boast occupancy numbers in the low-90s.

Jordan Creek has set the stage for the quality of development in West Des Moines. The corridor along Mills Civic Parkway is growing so quickly that the city expects an early payoff from TIF bonds used to finance the infrastructure. High-end architecture, unique clients and well-planned infrastructure speak to the hard work being done by both developers and local government officials.

"When we have companies really actively looking here, they know that their investment's going to be protected," says Evans.

The other massive development deal that tipped the scales in 2004 was Wells Fargo Home Mortgage's decision to build a three-building office park on a parcel of land across the street from the Jordan Creek Town Center.

The campus, located on 160 acres, will be delivered in phases, ultimately bringing nearly 1 million square feet of brand-new Class A office space to West Des Moines. In addition, the city expects Wells Fargo to add upwards of 5,000 new jobs as they occupy their new corporate headquarters over the next few years.

AREN

## Thousand-acre development guides expansion

Ankeny's growth is an almost tangible part of the Des Moines metro area. Brokers discussing the region will talk about the northeast, the western suburbs, the riverfront and Ankeny. The city, located 10 miles northwest of the CBD, is in a class by itself. In CB Richard Ellis|Hubbell Commercial's 2006 market survey, Ankeny was listed as a separate submarket in its own right.

Ankeny's growth at this point is largely dwelling-driven; the city issued 1,206 residential permits in 2005, and the next-highest competitor was Urbandale with 389.

Barb Hokel, a senior associate with NAI Ruht & Ruht Commercial's West Des Moines office, specializes in the Ankeny submarket. She says developers are eyeing Ankeny, sitting astride I-35, as a superlative locale for new commercial opportunities.

"The suburbs connected to Des Moines are nearing the point of saturation, and their limits are becoming landlocked," Hokel says, "whereas Ankeny still has unincorporated county ground surrounding it."

With such a massive influx of new homes to bank on, Hokel says developers are seeing Ankeny as a new opportunity zone.

Five years ago, says Hokel, Ankeny had essentially no retail space to speak of. The

population in 2000 rested just above 27,000 people, whereas by 2005, when a special census was taken, the city was found to have expanded 33 percent, to 36,161 people. Hokel says property taxes are similar to West Des Moines, but home prices are still below the market.

Development was not idle during that time period; since 2000, Ankeny has added 1.6 million square feet of retail space. Much has been in the form of big box retailers capitalizing on the I-35 corridor; Ankeny currently has just over a million square feet in this retail category. As these large anchor stores are established, smaller retail outlets filter into strip malls and shopping centers. At the end of 2005, Ankeny reported taxable retail sales in excess of \$465 million.

The town's overall growth will be predicated on Prairie Trail, a massive 1,031-acre master planned development. The city of Ankeny purchased the land, previously used as a dairy research farm for the University of Iowa, in June 2005. A request for proposals followed immediately thereafter. In December of 2005 the city of Ankeny announced that Pittsburgh-based Urban Design Associates would serve as the master planner for the development.

—Patrick W. Rollens

## Revealing what's on the horizon

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