

COLUMBUS BUSINESS FIRST

20 AND STILL GROWING UP

Construction of Nationwide Arena touched off two decades of development that replaced the Ohio Pen with \$1 billion of offices, condos, music venues, baseball and dining spots. And it's not done yet.



NRI'S BRIAN ELLIS

Q&A with president of Nationwide Realty Investors, whose team made it happen.

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TOUCH OF COLUMBUS

Cities such as Milwaukee have looked to Arena District as development model.

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INTO A BUSINESS DRAW 25

EQUITY PLAY

CHEERS TO A BILLION-BUCK BEER MAKER

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as private school 20

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APPRECIATING ARENA'S EFFECT

BY EVAN WEESE | eweese@bizjournals.com | 614-220-5450, @EvanWeeseBiz1st

NRI chief reflects on past 20 years

Heading into 1997, Nationwide Mutual Insurance Co. executives wanted to quietly put money to work in real estate development.

That vision of an under-the-radar affiliate lasted only months before Columbus voters turned down a proposal to build a publicly funded arena in the city's downtown.

Bucking its conservative reputation, the property and casualty giant added an assignment for its Nationwide Realty Investors Ltd.: Build a National Hockey League arena in the shadow of corporate headquarters and a vibrant district of restaurants, offices and residences around it.

Twenty years later, President Brian Ellis spoke with *Columbus Business First* about the creation of an acclaimed urban enclave, the Arena District, and the evolution of what's now a \$2 billion real estate behemoth with a staff of 100.

The following is a transcript of that conversation condensed and edited for clarity:

How were the Arena District and NRI formed? They were disconnected originally. I started with Nationwide late in 1989, and in '96 I was asked by our chief investment officer to develop a business plan to create a new development company and be an equity investor in real estate. We already had a very large commercial mortgage loan portfolio when I started, but we were not really focused on real estate development. We had been in and out of the business since the '50s, (but) in the late '80s we had essentially dissolved the development company. That business plan was approved Jan. 1, 1997, and I was elected president then. It was capitalized with \$100 million of real estate investments that we thought

THE DETAILS

UNDER THE RADAR

Nationwide Realty Investors

Business: Real estate development arm of Nationwide Insurance focusing on master-planned districts including the Arena District and Grandview Yard in Columbus and Rivulon in Gilbert, Arizona.

Founded: 1997

Assets under control: More than \$2 billion

President: Brian Ellis

From jail to condos

Tracing the development of the Arena District.

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Model development

Why other cities admire NRI's master planning handiwork.

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Brian Ellis: "We took the initiative. We wanted to bring the NHL to Columbus. We thought it was a once-in-a-generation opportunity."

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fit in a portfolio that we intended to build. As it turned out, in early May, I believe May 6, the (arena) sales tax levy failed. The day after that, I was asked to get involved in putting together a plan to build Nationwide Arena privately and have (it) be a catalyst for a development district. Everybody really connects them because of the coincidence of timing. It just so happened that we took the lead, had an appetite for real estate development and saw the arena as a catalyst. Not even five months after we formed the company we got involved with that opportunity.

Did you have to tear up the business plan?

We didn't tear it up at all. We wanted to develop our own project, be invested in real estate, and we were able to continue with our mission. In the early days of NRI we partnered with other developers. We could invest, but had development partners help us continue to build a portfolio. At the same time, we were managing the development of the Arena District directly. Where I think it shaped NRI more than anything is it allowed us to attract, and then ultimately retain, talented people. So we were able to build a team of professionals that were very interested in being a part of large, complicated, impactful real estate developments, like the arena in particular. We were able to build a team of people that wanted to be a part of what was going to come down the road.

Why get involved in the arena? We took the initiative. We wanted to bring the NHL to Columbus. We thought it was a once-in-a-generation opportunity. We knew that if we could put together a plan to build an arena then we would get the franchise. You have to put this in context - in 1997 we were the largest city in the country without a downtown arena or "Big 4" sports team. It was an opportunity to capture that. Image was something that Columbus was struggling with. Having this would raise the image of the city by creating an attractive urban neighborhood. It would help Nationwide attract and retain talented people. Not to mention just the general philosophy that Nationwide has had from

its inception to promote the communities where we have associates based. We've always been focused on the health of downtown. Twenty years after we moved into One Nationwide Plaza, we made the decision to stay downtown and not move into a greenfield site outside the outerbelt. That was something that was considered in the early '70s. Nationwide Arena and the Arena District were phase two of that decision.


Has the Arena District met your expectations or exceeded? We've essentially completed the master plan, (which) included 75 acres. It's expanded - there was nothing originally planned west of Neil Avenue. Huntington Park wasn't in the original plan. I would definitely say that it's exceeded our expectations in terms of what we had intended to do. The reception for the Arena District and the arena has always been extremely positive, both locally and nationally. It's very well leased over the years, we've had very few challenges with continuing to develop through some ups and downs in the economy. We're still not done, there's still development that's going to occur west of Neil. We still have residential development at Neil and Spring. The other point I would make is, really in the last few years, it's really transcended just what we've done. If you think about - pick a number - the first 10 or 15 years that we were developing the Arena District, we were one of the few private investors that was making large-scale investments in downtown. Over the last five to 10 years in particular there is so much development activity, so much momentum downtown from many different developers. That's something that we're happy about and proud that we, I think, got the ball rolling.

So do you feel a sense of pride when you walk through? I'm proud of our team and what we've accomplished. I think more about what's in front of us - we still have a lot of work to do in the Arena District - and what we need to do better. Traffic and parking, how's the landscaping looking. We have very high standards of quality. People that are in the Arena District signed up for

a high-quality experience - energy, a great urban environment. Overall it's in good shape, we work hard to maintain it. I think it looks better now than it ever has. There's a crack here or there. (But) the buildings and infrastructure, there's a timelessness to them.

How has NRI evolved? Really in some respects, while we've gotten bigger we've narrowed our focus. Right now our development activities are really focused on Central Ohio and the Phoenix market. We want to be outstanding in the markets that we work in and not try to be in a wide variety of markets. We're invested in markets across the country, but that's primarily through our commercial mortgage loan portfolio. When we started, we had had other investments in other markets. I think that we've got a lot on our plate. One of the decisions that we made was, let's be impactful in the markets where we have associates.

Real estate is a numbers-driven business, so how do you quantify wanting to develop where the parent company has a presence? You can't do every project that's available to us, so we try to focus on the markets where we have associates. Otherwise, we really try to achieve our objectives the same as other real estate investors, creating value. The difference for us, I think, compared to many other developers, is our long-term view. We're trying to create long-term value. We want to be invested in what we're doing. Nationwide really is a part of the parent company's insurance portfolio. In other words, we are essentially an investment of the insurance company. The only difference is we have people in our portfolio.

Where do you see things in another 20 years? I think the sky's the limit for downtown, especially from a residential standpoint. Young people want to be in urban environments - I don't think that's a fad. The next couple of decades are going to be great for downtown Columbus, for Central Ohio in general. We're in a great position today and an even stronger position 20 years from now. And I think NRI will continue to be a part of that. 

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DOUG BUCHANAN

Nationwide Arena was built in the late 1990s, launching the district.



FILE PHOTO

The arena hosted its first Columbus Blue Jackets game in 2000.



DOUG BUCHANAN

The Condominiums at North Bank Park overlook the river.



DOUG BUCHANAN

Huntington Park has been called one of the nation's finest ballparks.



TOM KNOX

Columbia Gas' new main office offers Arena District views.

TIME LINE

A DEVELOPING DISTRICT

Tracing the evolution of the Arena District.

1834: The Ohio Penitentiary, or the "Pen," opened on 22 acres at the edge of the city along West Spring Street between West Street and what is now Neil Avenue.

1976: Nationwide Mutual Insurance Co. opens the 40-story One Nationwide Plaza after considering moving headquarters to Delaware County.

1984: The Ohio Penitentiary closes after falling into disrepair because of fires, riots and lack of funding.

1997: Franklin County voters turn down a ballot initiative to publicly finance an arena on the vacant penitentiary site.

1997: Days after the ballot failure, the newly formed Nationwide Realty Investors Ltd. announces plans to develop Nationwide Arena and a surrounding district of restaurants, offices and housing.

2000: The Columbus Blue Jackets host the Chicago Blackhawks in the franchise's inaugural home game.

2001: Lifestyle Communities Pavilion concert venue, now known as Express Live, opens on the west side of Neil Avenue. Nationwide Realty Investors' original master plan had Neil as the western boundary.

2004: The district's first residential development, Arena Crossing, opens.

2006: Portion of Buggyworks complex at 440 W. Nationwide Blvd. renovated for condos by developer Kyle Katz.

2007: The 20-story Condominiums at North Bank Park open at the northwest corner of Spring Street and Neil Avenue.

March 2009: Penn National Gaming Inc. plans to open a casino on the former Jaeger manufacturing site west of the newly built Huntington Park.

April 2009: Huntington Park, not part of the original Arena District master plan, opens as the Columbus Clippers relocate from the city's west side.

January 2010: Penn National Gaming says it will build Hollywood Casino Columbus on the west side after push back from civic and business leaders over the Arena District proposal. Nationwide Realty has since acquired the site for planned residential development.

2014: Columbia Gas of Ohio opens its new headquarters at the northeast corner of West Nationwide Boulevard and Neil Avenue.

2016: Office tenants begin moving into the renovated Buggyworks complex at 390-400 W. Nationwide Blvd.

Spring 2017: The first of two Parks Edge condo towers will open on Spring Street, across Neil Avenue from the North Bank condos. The second of the 12-story buildings is expected to be completed in 2018.

1834

1970

1980

1990

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

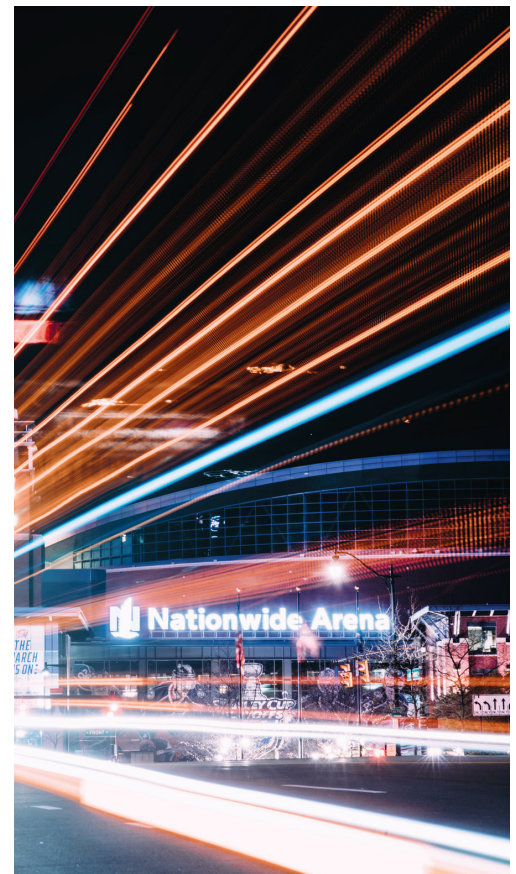
2013

2014

2015

2016

2017



JEFFRY KONCZAL

ARENA DISTRICT

BY THE NUMBERS

Columbus' Arena District is one of Central Ohio's largest mixed-use developments:

2 million s.f.
of commercial space

80
businesses

17,000
full and part-time employees

\$1 billion+
in total investment since 1997

20
restaurants/bars

1,030
apartment and condo units

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ARENA DISTRICT INSPIRING OTHER CITIES

Nationwide's master-planned home neighborhood
a model for other large, complex mixed-use districts



Milwaukee Bucks President Peter Feigin tours the construction site of the team's new training center and the planned Wisconsin Entertainment and Sports Center.

COURTESY MILWAUKEE BUCKS

BY JEFF BELL

Milwaukee Bucks President Peter Feigin is one in a long line of sports team executives to have made a pilgrimage to Columbus' Arena District over the past decade and a half.

Looking for clues on how to develop a successful sports and entertainment district anchored by a downtown arena, Feigin was

part of a Milwaukee delegation that traveled to Columbus a few years ago and came away impressed by what has been built around Nationwide Arena since it opened in 2000.

"We loved the template of the mixed-use plan and the element of neighborhood created there," he said. "Nationwide saw how to leverage the magnet of an arena being embedded in the neighborhood."

Milwaukee has incorporated some Arena

District elements in the plan for development around its new arena, now under construction. The project, which will include apartments, office buildings, restaurants and retail, is being led and partly funded by the owners of the Bucks, a National Basketball Association franchise.

"Columbus was a great place to visit and see that," Feigin said, adding the Milwaukee project draws on the Arena District's strate-

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gy of building a neighborhood and not just a sports facility in an underdeveloped downtown area.

The Milwaukee group is one of many to have made the trek to the Arena District in search of ideas. They have come from cities that include Edmonton, Canada, Pittsburgh, Seattle, Sacramento, California, Indianapolis, Detroit and Lexington, Kentucky.

Pioneering mixed-use

Keith Myers, a landscape architect and urban planner, has been an adviser on some of those tours. He and his former firm, MSI Design, were hired in 1997 by Nationwide Realty Investors, the real estate development arm of Nationwide Insurance, to help shape the plan for the Arena District.

"The first thing I tell those groups," said Myers, now associate vice president of planning and real estate at Ohio State University, "is that every site is unique. There are elements from what we did that they can learn from, but each (project) has to be shaped to the market and place in the city where it resides."

In Columbus' case, that involved turning the former Ohio Penitentiary site into a neighborhood not just anchored by an arena but with connections to a park (what became McFerson Commons), the North Market and the Scioto River.

"It was a very simple notion of making those three powerful connections," Myers said. "They are very evident today."

He praised the city of Columbus for giving the Arena District planners and Nationwide Realty Investors the leeway to deploy some design elements – granite curbs and brick streets, for example – that were a bit out of the box in Columbus at the time.

Myers said the biggest challenge faced by other cities is finding a master developer with the financial wherewithal, vision and patience that Nationwide has shown in the Arena District.

"It's made all the difference," he said. "They obviously can be patient, but they also are not averse to risk. They took some big chances in the development of the district. You have to remember that no one was doing big mixed-use urban development in 1997."

Nationwide Realty Investors President



Peter Feigin

Brian Ellis said one of the company's objectives was to make the Arena District a place that would help Nationwide and other downtown businesses attract and retain top talent.

Part of that has involved maintaining consistent quality not just in building construction but public spaces as well. Another part has been Nationwide taking a long-term view on developing a district where its corporate headquarters is located.

Ellis agreed the project has garnered a lot of attention from other cities looking for a formula on creating their own downtown arena district.

"The first thing I tell them," he said, "is there is no formula and it's not a 'build it and they will come' scenario. Each market is unique so you have to create a plan for all the other businesses and real estate investments around the arena."

Coming together to pursue shared goals

Nationwide has also been successful in building a public-private partnership with the city of Columbus on Arena District development. That is something that often doesn't happen

in other cities, said Dan Hanes, a principal at the Columbus Architectural Studio, a firm founded last year by former employees of 360 Architecture, which has designed a number of buildings in the district.

"Columbus is a small enough town that people can pull together and solve things," Hanes said. "Bigger cities have too many axes to grind to do that."

From a design aspect, Arena District planners got it right, he said, by solving parking and walkability issues that are key in designing a vibrant, sought-after mixed-use neighborhood anchored by an arena.

"The office and residential need for parking during the day (in the Arena District) is as great as it is for events at night," Hanes said, "so it's about using those resources 24 hours a day. It was also critical that they made sure (the plan) was of pedestrian scale and it was a walkable district."

That walkability feature is especially important today for cities looking to replicate what Nationwide has done in the Arena District, said Andrzej Czech, an architect with NBBJ's sports practice in Los Angeles.

"It fits with the way Millennials and young professionals want to live, work and play," he said. "It's about access, connections and the social environment with food and beverage, retail stores and having your sports team nearby. Columbus was ahead of the curve with that and became a benchmark to a lot of other cities."

That includes Lexington, Kentucky, where Czech is NBBJ's project manager for a renovation of Rupp Arena and overhaul and expansion of the city's convention center. The buildings adjoin 10 acres of city-owned land being considered for a mixed-use development with housing, restaurants, a hotel and retail.

The Arena District works as a model for Lexington because the scale is similar, said Czech, a Columbus native who lived in the Arena Crossing apartment complex about 10 years ago while working at NBBJ's Columbus office.

"The end goal in Lexington is to deliver something similar to what Columbus has done," he said.

Jeff Bell is a freelance writer.