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A building family

Sibling rivalry helps brothers guide growing business after merger of their two companies

By Matt Hawk
Staff Writer

Brothers Robert and Bill Buchalter shared a bedroom when they were children, setting the stage for a goodnatured sibling rivalry.

Now, they share leading roles in Capital Growth Properties Inc., the \$1 billion construction, retail development, investment and management firm the brothers created in 2007 out of the Tuscaloosa-based Buchalter Company founded by their father more than 40 years ago, and Bill's investment firm.

Yet, their sibling rivalry lingers.

"We're both hypercompetitive people and love it," Bill, 48, said via a recent conference call. "He can still take me on the tennis court."

"And on the golf course, and the basketball court and the poker table," Robert, 53, added.

But the moment the brothers step into the office or sit down at the negotiating table they morph into a formidable business team.

Just be careful when asking which brother is the boss.

"That's my favorite question," Bill said. "I kind of kid [Robert] because there's only one CEO box, and that's me."

Robert quickly plays the older brother card.

The brothers' story and that of The Buchalter Company and its consolidation into Birmingham-based Capital Growth Properties is a classic tale of Americana.

Father works hard to create a successful construction and housing business. The eldest son stays in Tuscaloosa to carry on the family legacy, while the younger son leaves to chase, and find, fortune in New York City before returning years later to take his rightful place in the family business, transforming it in the process.



STAFF GRAPHIC | ANTHONY BRATINA

And their local roots mean their success is Tuscaloosa's success.

For more than 40 years The Buchalter Company has been a leading residential and commercial developer in Tuscaloosa, and though the creation of Capital Growth Properties has meant a relocation to Birmingham, their commitment to the Druid City remains.

Their first project in Tuscaloosa under the new company structure is the Capital Market Center. Announced last month, the \$20 million commercial development, anchored by a Publix supermarket, will be built at the intersection of Alabama Highway 69 and Southview Lane in the Taylorville community.

The brothers say the combined expertise of their two very different career paths means that's only the beginning for Tuscaloosa.

"When you have that kind of alchemy, it creates an environment where some pretty extraordinary results can occur," Bill said.

Their beginning

The Buchalter story began in 1964 with the founding of The Buchalter Company by the brothers' father, Aubrey. Formerly a proprietor of a Tuscaloosa clothing store, Aubrey started building houses in the early 1960s to sup-

plement his primary income. After several early successes, he closed the clothing store, bought out his building partner and entered the construction business full time.

The Buchalter Company steadily expanded in size and scope over the following two decades, becoming a leading residential developer in Tuscaloosa. In 1981, he asked his oldest son, Robert, who had recently received a business degree from the University of Houston, to join him in business.

"Dad pretty much said 'Hey, I'd like you to come back,'" Robert said. "I saw it as an opportunity. We had all grown up around that business."

Bill, meanwhile, had plans of his own.

Although not averse to the idea of eventually joining the family business, Bill, who received a degree in accounting from the University of Alabama, said his interests pulled him in a different direction.

"Like everything in life, it's about timing," Bill said.

While Robert returned to Tuscaloosa, Bill made plans for an out-of-state career in the securities industry. He didn't get away, however, without making a parting contribution to The Buchalter Company.

"I think before [he] left we had [him] paint our office building," Robert said. "That's what little brothers are for."

Having gone their separate ways, the brothers flourished in their chosen fields. Robert pushed The Buchalter Company from its residential construction roots to include commercial construction and retail build-to-suite, while expanding the company presence into several surrounding states. He became president of the company in the early 1990s.

Bill, meanwhile, had successful stints at financial management firms Merrill Lynch and PaineWebber, working everywhere from Los Angeles to Houston to South Florida,



STAFF PHOTO | DAN LOPEZ

Aubrey Buchalter, center, stands with his sons, Bill Buchalter, left, and Robert Buchalter, right, at the site of the future \$20 million Capital Market Center on Feb. 9 in Tuscaloosa. The Buchalters' Birmingham-based company, Capital Growth Buchalter, should have the project completed late in 2008.

before relocating to New York to take a job with Prudential Securities. He eventually became a senior vice president with Prudential, overseeing more than \$120 billion in client assets.

The brothers never lost touch, though, and Robert said they frequently discussed pooling their disparate yet complementary skills under a single company banner.

"[Bill would] say, 'I think I can assist in bringing more value to your business model than you can the way you currently do business,'" Robert said.

Though Bill grew increasingly enamored with the idea of returning home, the brothers' talk remained just that — talk — until the Sept. 11 terrorist attacks forced Bill to re-evaluate his priorities.

Just blocks away from the World Trade Center when the first plane hit, Bill said he was quickly caught up in the panicked rush to escape the wounded heart of the Big Apple.

"It's kind of a tough deal when you're standing on the tip of Manhattan and trying to get off with a million of your closest friends," Bill said.

Family, friends and home quickly became his top concern, and he decided to leave New York and his career with Prudential behind.

"All of those things took on a very important meaning after that," he said. "That was the point when I made the decision I was going to move back to Birmingham."

Bill returned to Birmingham in mid-2002, but did not immediately dive into a new business venture. Instead he spent the next few years "settling in," and laying the groundwork for his next move.

Joining forces

In 2005, Bill created Capital Growth Properties as a separate entity from The Bu-

chalter Company, with the intention of merging with the family business at a later date.

"The Buchalter Company has a brand name within the industry," Bill said. "Just as a business strategy, it really made more sense to start a second company and protect the brand of the first."

Capital Growth grew quickly with Bill's experienced leadership. In July 2007, the company acquired the midwest division of Madison Marquette, a Washington, D.C.-based mixed-used real estate developer, thanks to the efforts of Bill's partner, John Nagle, formerly of General Growth Properties, the country's largest real estate investment trust.

"That really complemented what The Buchalter Company did, without creating any risk," Bill said. "Once we did that, putting [the companies] together made all the sense in the world."

In September 2007, the brothers decided the respective companies were finally ready to merge.

Bill became CEO of the new company, which kept the Capital Growth Properties name, while Robert became chief real estate officer and president of the company's construction and retail management arm, Capital Growth Buchalter. Nagle became president and chief operating officer, and remains heavily involved in Capital Growth Madison Marquette, the firm's mixed-use properties arm.

Aside from the Capital Market Center development, the firm is continuing to develop Commons North, a project begun under the Buchalter Company in 2004. The \$40 million mixed-used development, located at the intersection of New Watermelon and Rice Mine roads, features a large apartment complex, an office park, banks and restaurants, with more development

planned. While other local projects are being planned, not every Capital Growth endeavor is in Tuscaloosa. The firm also has a \$70 million shopping center in Bemidji, Minn., that Bill said will be similar to The Summit in Birmingham.

"It's been a bit of a whirlwind," Robert said. "[Bill] has a front row seat at the real estate opera and I have a front row seat at the securities opera."

Nagle, meanwhile, has tickets to both shows. Speaking from the Capital Growth office in Minnetonka, Minn., last week, he said each brother has a unique leadership style formed by their years of experience in differing financial fields.

"If anything, Bill is a bit more structured," Nagle said. "Robert is a bit more entrepreneurial, sensing a big deal and going for it."

Both brothers said they had to learn how to separate business and family. Fortunately, their extra-curricular activities prove a ready means of settling differences. Tennis is a popular equalizer. Both brothers played competitively in school and Robert even went pro for a few years. And though they like to kid each other about who's in charge of who, the reality is quite democratic.

"The truth is we're partners," Bill said. "There's a mutual respect between us on the thought process."

Still, that doesn't stop people from asking who the elder — and by implication, the boss — is. True to their personalities, the brothers have a ready and witty answer.

"Robert will say 'I am,' and I'll answer 'Well, he used to be,'" Bill said. "We have fun with it."

Reach Matt Hawk at matt.hawk@tuscaloosaneews.com or 205-722-0213.