



Rainier Brewery

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Rainier Brewery could become artist space

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Ariel Development would pay \$6 million for the brewery and spend another \$2 million converting it to studios, galleries and live-work space.

Eight years ago, Herzel Hazan and Shimon Mizrahi began their development careers together by creating four convenience store gas stations in Seattle and a small retail outlet in Burien. They've advanced to become partners with Silver Cloud Inns in developing a future hotel next to Safeco Field and another on Broadway, near Seattle University. The Safeco Silver Cloud will replace one of their convenience store gas stations.

The 41- and 43-year-old developers also launched plans to replace their station near Seattle Center with offices and condos, but that project was put on ice after the dot-com bust. Now they're stepping up to buy the former Rainier Brewery in the Sodo area for about \$6 million. They'd spend another \$2 million removing beer brewing equipment and then fill it with low-rent artist studios and possibly artist live-work units and galleries. Tully's Coffee would like stay, too, as a tenant in 80,000 to 100,000 square feet of the 240,000-square-foot, landmark on Airport Way, next to Interstate 5.

"It was Herzel's idea. It's his vision," said Mizrahi. "He has more of his heart in art."

The purchase from Benaroya Co. could come together in a few weeks. "We're close to closing," Mizrahi said.

Some local real estate experts said they remain skeptical that Mizrahi and Hazan, who work together as Ariel Development, will close on the deal, though, because it's hard to collect enough rent from artists to make such a complex profitably. "It's certainly not a dumb idea. It's a good idea ... but I don't know if there are enough artists to fill it up," said Art Wahl, a manager at the CB Richard Ellis brokerage

Since 1974, Wahl has been an owner of the Pioneer Square building that houses F.X. McRory's. He and his two partners evaluated turning the space above the F.X. McRory's restaurant into art studios many times but never could make it work, he said. He has looked at doing the same in an industrial structure near Georgetown and passed. "When you get down to it, the artists have to pay rent," Wahl said. "I think it would be a great addition to the city, but I'm just skeptical."

Stroh Brewing Co. transferred the brewing of Rainier Beer to Tumwater in 1999 and sold the brewery and 15 acres of land on Airport Way to Benaroya for \$17.6 million. Benaroya sold 11 acres to Sound Transit for a rail yard for a \$24.3 million, giving Benaroya a hefty profit even if it did nothing with the brewery building.

Benaroya leased the building to Tully's and explored what to do with it long-term. Last year, Benaroya drew up plans for converting the structure into space for established artists and put it up for sale with those plans for \$7.5 million. No buyer emerged and the asking price has dropped to \$6.5 million.

Hazan and Mizrahi have altered the plan to offer cheaper, trimmed-down space for less established artists. Mizrahi said they're looking at charging rents of \$7 to \$10 per square foot. Wahl, the skeptic, said that could still be a bit high for artists.

"We'd have a lot of space" to offer, Mizrahi.

"You can create some really neat space in there," said Tamir Ohayon, a Puget Sound Properties broker who is representing Hazan and Mizrahi in the deal. "It's like a bunker in there."

They're looking at converting several huge tanks that rise about 30 feet off the ground on the brewery's south side into studios. "Wouldn't that be cool?" Mizrahi said. Their plan also calls for installing windows throughout the building.

The developers have been contacting artists and arts organizations around the area to build momentum, much of that through consultant Conan Gayle.

Mizrahi and Hazan both grew up in Israel but didn't meet until each had moved to Seattle 12 years ago.

Mizrahi, 43, spent two years in Los Angeles converting apartments into condos before he moved to Seattle to do condo conversions here. Hazan, 41, started on the construction side. "We became friends here and were always looking for something to do together," Mizrahi said. Their company, Ariel Development, is named after one of Mizrahi's two young sons. Their first project was building the gas station north of Safeco Field, at First Avenue and Royal Brougham Way, Mizrahi said. The station includes a Tully's, Taco Bell and a lot of groceries, so Mizrahi described it as "more of a mini-mall" than a convenience store.

Their station at Denny Way and Aurora Avenue follows a similar format. Ariel is a joint venture partner with Silver Cloud Inns to replace the Safeco station with a high-rise Silver Cloud. That proposal is in for permits. That deal with Silver Cloud led to the second joint venture to develop the hotel that's scheduled to open in October on Broadway.

Their architect on at least two of the stations, Broadway Silver Cloud and the brewery is Ed Linardic's LDG Architects.

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