
\$5.97M sale closes for Rainier Brewery

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A group that plans to convert the Rainier Brewery into artist studios, apartments and galleries closed on buying the hulking landmark last week for \$5.97 million from Benaroya Co.

Herzel Hazan and Shimon Mizrahi of Ariel Development also upped their estimate of the cost to clear out brewing equipment and convert the structure from \$2 million to between \$3 million and \$4 million.

Brett Goldfarb, meanwhile, confirmed that he and his father, former Carpet Exchange owner Michael Goldfarb, are Hazan and Mizrahi's financial partners in the brewery deal.

Tully's Coffee will continue occupying 80,000 square feet of the 240,000-square-foot structure next to Interstate 5 in the industrial corridor south of downtown Seattle, said Ariel's broker, Tamir Ohayon of Puget Sound Properties.

When word came out a month ago that the developers were planning to buy the brewery to turn it into an arts center, some real estate professionals wondered if they would close on the purchase because — at that price — they would have to charge potentially higher rents than artists will pay.

But with the Goldfarbs behind them, they closed, King County property records show.

Hazan and Mizrahi "have such a vision for the brewery, and so much excitement around it," said Brett Goldfarb in a phone interview. "It will be a lot of work to get there, but I don't doubt that they'll get there."

"I knew Ariel through friends, and they're good guys," Goldfarb continued. "This is our first time backing them. ... With the artists involved, they're coming up with new ideas all the time. It really is a fun project. Herzel and Shimon saw the diamond in the rough there."

Michael Goldfarb formed and ran Carpet Exchange until he sold the chain to Shaw Industries in 1997. Brett Goldfarb was working in the business with his father by then. He joined Shaw for a year and a half, and then moved into real estate investment with his father, as Michael J. Goldfarb Enterprises.

The Goldfarbs backed Michael Sandorffy, Roy Bennion and Mo Muscatel in developing a two-building, 930,000-square-foot warehouse facility for UPS in Kent that won this year's Society of Industrial and Office Realtors' industrial development of the year award.

They financed some shopping centers, and single-family land

development, in the Puget Sound region. They have also invested extensively in developments in Arizona, such as conversion of a distressed project into a plant leased to Raytheon.

The Goldfarbs still own and manage the retail buildings occupied by Carpet Exchange stores in Washington. Two years ago they began operating carpet stores again in Colorado by buying more than a dozen stores out of a bankruptcy action, said Brett Goldfarb. They're up to operating 19 stores in the Denver area, he said, 12 of which they own, with the others leased.

Hazan said Friday that he didn't want to discuss details of Ariel's plans for redeveloping the brewery for another month. He said the estimated rehab cost has risen to between \$3 million and \$4 million.

Hazan said a couple of tenants have signed leases, but he wouldn't provide any more details.

Ariel has been using consultant Conan Gayle as its connection to the arts world. Gayle couldn't be reached to comment.

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

Benaroya, which financed the formation of Tully's, then leased the building to Tully's for relatively low rent and set out to figure out what to do with the property long-term. Benaroya drew up plans to convert the building into space for established artists, and put the building and plans up for sale at a \$7.5 million asking price. The price later dropped to \$6.5 million before Ariel surfaced.

Hazan and Mizrahi developed four convenience store gas stations in Seattle, then moved into co-developing two hotels with Silver Cloud Inns, one next to Safeco Field and one next to Seattle University on Broadway in Capitol Hill.

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