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INSIDE

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BETTING ON A WYNWOOD REVIVAL

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STORY BY DOUGLAS HANKS/MIAMI HERALD STAFF

On a recent Wednesday afternoon, Joey Goldman sat at the bar of his new Wynwood restaurant, looked out at empty tables, and figured the place would end the day losing money.

So Goldman pulled out his cellphone and cajoled about 40 friends into showing up — a rush that pushed the day's receipts into the black.

"That's the fun part," Goldman, 36, said in the midst of a packed Joey's during lunch the next day. "But it's hard, too."

Heir to a storied real estate empire, Goldman will have to hustle to keep his family's latest venture on track.

He and his father, legendary South Beach pioneer Tony Goldman, spent three years during South Florida's real estate boom buying up \$35 million worth of property in Wynwood, Miami's budding gallery district.

Now mostly warehouses and industrial lots, the district seems ripe for the Goldman strategy of reaping profits from a neighborhood in transition from gritty to trendy.

But it also will test the Goldmans' famously long view on real estate, as

The Goldmans see a new restaurant keeping Miami's new arts district prospering in a rough economy

economic conditions strain their timetable in Wynwood and put pressure on their holdings.

"I think they paid a fair price and they had decent timing," said Tony Cho, a commercial real estate agent active in Wynwood and president of Metro 1 Properties in Wynwood. The neighborhood is loosely defined as between 37th and 20th streets, with a railroad and I-95 forming the eastern and western boundaries.

"The question is how do they carry those properties through the difficult times?" Cho said. "It could be five, seven, 10 years [before Wynwood's real estate market recovers]. We don't

know."

The more than two dozen properties the Goldmans own in Wynwood don't generate enough rent to cover debt payments, said Jessica Goldman-Srebnick, Joey's 38-year-old sister and fellow partner who presides over Goldman Properties' South Beach holdings.

The Goldmans expect to lose money the first few years they move into an emerging neighborhood, and the plan calls for Wynwood to become self-sustaining in 2009.

But as a deteriorating economy and growing bankruptcies put pressure on commercial rents throughout the region, boosting revenue from the Goldmans' tenants will be tough.

The Goldmans recently put their second-biggest Wynwood property — a 75,000 square-foot shopping center at 2750 NW 3rd Ave. — on the market. They bought it for \$4.75 million in 2004, and want \$10.5 million for it.

NO ALARM

"We need some cash. Who doesn't?" Joey Goldman said when asked about the listing. But he said the attempted sale at a premium price would not affect the family's plans in Wynwood, because the building sits outside the core of their holdings there. "If you lost one acre it does not change the critical mass of the portfolio. But it's a great location and a great property."

The elder Goldman, now 65, says he feels no alarm at Wynwood's fate in the current economic meltdown.

"I think things are going to be a little tough for us over the next several years because of this economy," he said. "Are we in desperate straits? The answer is no. ... We've got patience."

Still, Wynwood has the potential to

keep Goldman on the sidelines in a historic buyer's market for real estate. His philosophy is to never have more than one venture in what he calls the "incubator" stage, the early years when his properties lose money.

Goldman also prides himself on conservative borrowing, saying he keeps debt levels at 50 percent or below a portfolio's value.

County property records show the Goldmans borrowed about 70 percent of the cash used for the Wynwood acquisitions. That could leave the Goldmans waiting for a major economic improvement before Wynwood falls in line with company doctrine.

STIFF, DEEP AND SCARY

"It just puts a couple of extra years on it for us," Goldman said of the economy's impact on the Wynwood timetable. "I've been through some cycles. But this is the stiffest, deepest, most scary one I've ever seen."

Goldman, who grew up in New York, got his start 40 years ago buying Brownstone apartment buildings on Manhattan's Upper West Side.

In the late 1980s he made a real

•TURN TO GOLDMAN, 17

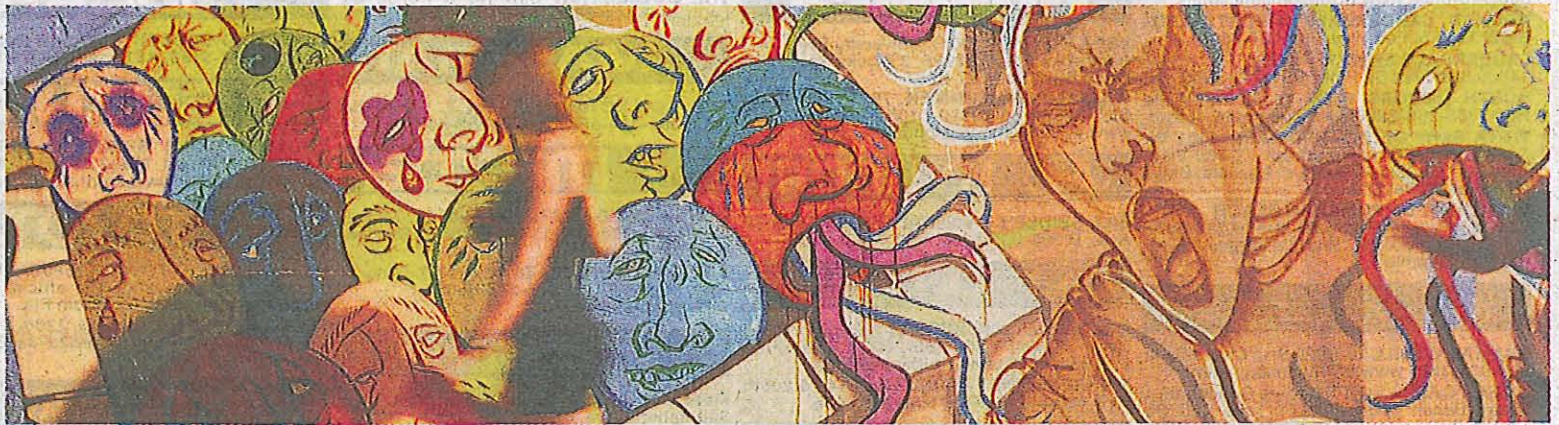
INVESTORS' PALETTE: At left, Tony Goldman, center, chairman and CEO of the Goldman Properties Co., breaks up a mock battle between his children, Jessica Goldman-Srebnick and Joey Goldman. At right above, the Goldmans survey Wynwood from Northwest Second Avenue and 25th Street, where they own the majority of the properties. Center, a young woman walks past a mural on Northwest Second Avenue in the Wynwood Art District. In December, Art Basel also created a lot of foot traffic in the area, bottom left. At bottom right, a photo of a neighborhood sign that was taken by a resident as part of an art project.



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The Goldman motto: Control street life

•GOLDMAN, FROM 14

estate move that would later make him famous, buying 18 properties in New York's South of Houston neighborhood before "SoHo" turned into one of the country's top loft-living spots.

Though drab at the time, the neighborhood's historic cast-iron architecture convinced Goldman that people would someday pay top dollar to live there.

Flush with money from his successful SoHo venture, Goldman came to a similar conclusion while on a trip to Miami Beach in 1985. Eyeing neglected Art Deco buildings along Ocean Drive, he bought one property a month and ended up with 18 buildings in what was then a low-rent section of South Beach.

"There was not one car on the street," recalled Craig Robins, a protégé of Goldman who went on to revitalize the Design District on his own. "I literally could walk out of my office on Sixth and Ocean and find a parking space anywhere I wanted."

No more, of course. The boulevard routinely clogs with traffic along what is now South Florida's most popular thoroughfare, lined with restaurants pouring out onto sidewalks widened at Goldman's urging in the late 1980s.

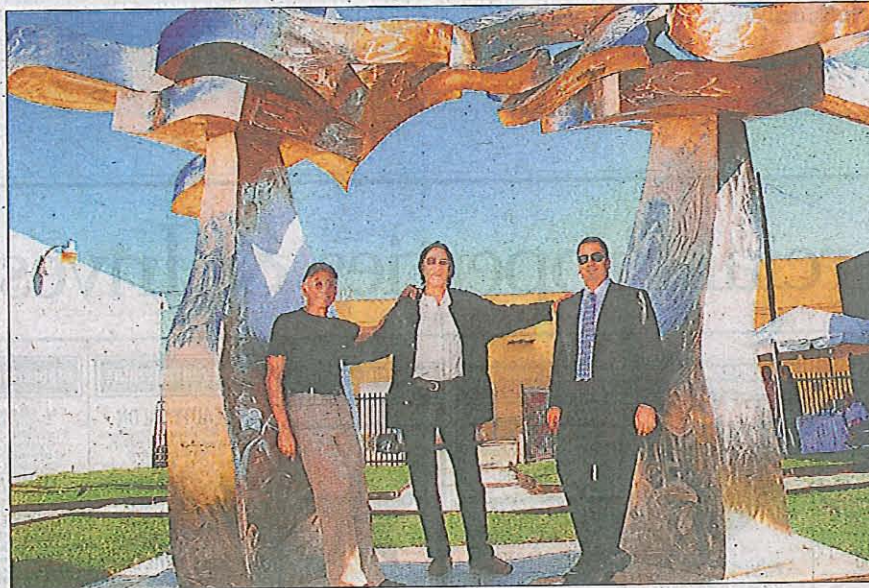
Wynwood, filled with boxy warehouses, lacks the architectural charm or historic significance that characterize past Goldman targets, including Philadelphia's Center City neighborhood and New York's Wall Street district.

STREETSCAPE

But Goldman sees potential in the Wynwood streets themselves.

"For me, it was its grid system," Goldman said. "I love the fact that the buildings are up to the street line. The setback thing is a suburban thing... — it doesn't do it for me."

Goldman said he and his son considered buying up property along Miami's Bis-



MIAMI HERALD FILE

AT WYNWOOD SCULPTURE PARK: Tony Goldman, left, joins artist Hans van de Bovenkamp, center, and Joey Goldman. Art is an important part of the Wynwood vibe that the Goldmans want to encourage.

cayne Boulevard before settling on Wynwood, but decided the streets weren't friendly enough to pedestrians to spark a retail revival.

"Biscayne Boulevard is not a walking street. It's too wide. It's too vehicular," he said. "When the streets are that wide, there's no synergy between stores on one side and stores on the other. You have that in Wynwood. It's perfect."

The Goldmans' move into Wynwood began in 2004, on the cusp of a redevelopment binge there. The nearby Midtown Miami shopping center and condominium complex were seen as major catalysts, ultimately bringing national retailers (including a Target) nearby.

The Wynwood Lofts building opened in 2005 and sold out. Graphic designers, photographers, marketing companies and others began renting office space there. Dozens of art galleries opened, including the Museum of Contemporary Art's 2005 opening in warehouse space donated by the Goldmans.

There was enough activity that, in 2007, a Wynwood warehouse reopened as an indoor soccer stadium — one that's still open 24 hours a day.

"I'm encouraged," said David Lombardi, developer of Wynwood Lofts and another top land holder in the neighborhood. "My residential real estate business [in Miami Beach] is in the toilet. At the same time, we've shown spaces all day today to three different artists looking to relocate from New York and South America."

Even so, the neighborhood often feels desolate even during the day, thanks largely to a lack of shops and restaurants.

WANTED: RETAIL

That's a key condition for the Goldman strategy, which calls for reviving foot traffic around their holdings by engineering the first retail tenants to open up in the neighborhood.

In South Beach, that included opening and running the Lucky's restaurant in the Park Central, followed by

Mark Soyka's News Cafe in the ground floor of a Goldman building on the corner of Eighth and Ocean in 1988 and targeting trendy boutiques and modeling agencies to rent space nearby.

"We buy in critical mass. Then we are the users of our own real estate," Jessica Goldman-Srebnick said. "So we can effectuate what the vibe is going to be."

The influx of local trendsetters and attractive workers helped set a fashionable vibe on that stretch of Ocean Drive, boosting the cachet of Goldman's first hotel, the Park Central. Goldman Properties also owns The Hotel — formerly the Tiffany — which opened 10 years ago two blocks from the Park Central.

"That's the whole thing — control the street life," Tony Goldman said. "Ocean Drive gives me a thrill every time I'm there."

The Goldmans see Joey's playing the role of News Cafe in Wynwood, acting as a magnet to attract competitors. Restaurants should then attract shops, eventually

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— JESSICA GOLDMAN-SREBNICK,
Goldman Properties

allowing the Goldmans to sell pricey apartments above street level in what is now a working-class neighborhood — a gentrification trend Tony Goldman followed in New York with the opening of SoHo's Greene Street Café.

The key is "to bring the new market of customers you're looking to attract to that neighborhood," Goldman said. "Restaurants are the fastest and most convenient way to do that."

With an 80-bottle wine list, fig-topped pizza, and \$20 cheese plates, Joey's aims to prove Wynwood can sustain a hip restaurant.

Joey's, which Goldman runs with his wife, Thea, is the first beneficiary of a special cafe district the Goldmans convinced city commissioners to establish in Wynwood last year, with relaxed parking and density restrictions. The second could be an upscale Vietnamese restaurant Joey and Thea plan to open nearby in 2009.

The younger Goldman sees the new restaurant district jump-starting Wynwood's evolution and cementing its status as an artsy enclave with Miami.

"It allows the galleries to survive because the restaurants and cafes will support the galleries," he said. As for banking on a neighborhood's turnaround amid a dismal economy, he says the plan always was to struggle in the outset.

"It is the first five years which are the hardest," he said. "It's also the biggest opportunity — to go from zero to 60."