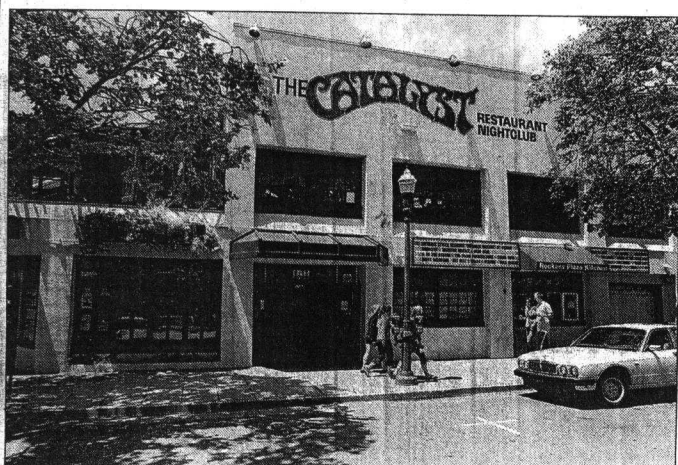


DOWNTOWN LANDMARK



DAN COYRO/SENTINEL

The Catalyst restaurant and nightclub building on Pacific Avenue in downtown Santa Cruz is for sale.

Catalyst nightclub building for sale

Catalyst
Owners asking
\$2.2 million

By JONDI GUMZ

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SANTA CRUZ — The building housing the fabled Catalyst nightclub is on the market for \$2.2 million.

The downtown landmark is up for sale at the behest of the heirs of Randall Kane, who owned the nightclub for 34 years and died in 2009.

In its heyday, someone famous was on the stage every week. You could see Jerry Garcia, Chuck Berry, Neil Young, Van Morrison or a local band with a fresh sound.

This month, filmmaker Michele Benson premiered a historical documentary on the Catalyst, from its start as a bohemian coffeehouse to a venue for top artists and showcasing 40 years of music.

Ron Hirsch and Carl Blanke of Ron Hirsch and Associates in Capitola are marketing the property.

"We're selling cash flow," said Blanke, noting the nightclub operator has a lease that runs through December 2013 with options for renewal.

A staffer at the door on Friday night was unaware the building was on the market, and Paul Gerhardt, who bought the nightclub business with two associates from Kane in 2003, wasn't available to comment.

The Catalyst building is one of the oldest downtown.

The property at 1009-1011 Pacific Ave. consists of adjoining buildings that were built in 1938 and merged in 1973, creating a 19,500-square-foot structure that survived the 1989 earthquake.

A package for prospective buyers notes \$164,000 in net operating income, a price of \$112.82 per square foot, and a 7.5 percent rate of return.

Reuben Helick, a commercial real estate agent with Wilson Bros., considers the asking price a good one if the nightclub operator is a good strong operator and the landlord isn't required to pay a lot in capital improvements.

"It really does rely on the strength of the tenant," he said. "The buildings are very dated, at the end of their functional utility from my standpoint."

With the location in the heart of downtown, the property could be a key piece for redevelopment for a buyer who could acquire neighboring parcels and "put something grander up when the economy allows," Helick said.

Peter Beckmann, founder of

Beckmann's Old World Bakery, recalls going to the Catalyst to hear Wally's Swing World, which began performing in 1992.

"It was a great venue for all ages of the community to come together," said Beckmann, who hopes the Catalyst building stays in local hands.

"I hope some local people take a look at buying it as it is a quintessential Santa Cruz institution," said Mayor Ryan Coonerty, who recently attended a "fantastic" Lucinda Williams show there.

"The Catalyst is an important part of Santa Cruz entertainment history and should remain a downtown entertainment venue for years to come," said

Tony Wood, author of "The Commercial Real Estate Tsunami" and senior vice president at TRI Commercial Real Estate Services, said he has the deal in front of some prospective buyers.

"I think it is reasonably priced, however nightclubs generally have a bit of a stigma given their use, and financing if needed could be a challenge," he said.

The Catalyst is a venue well-known to local law enforcement.

Statistics from the Santa Cruz Police Department show calls jumped from 194 in 2009 to 363 last year and this year to date 159.

Most calls are for fights, drunks and alcohol-related problems, according to Deputy Police Chief Steve Clark.

"They're on pace again for a significant year insofar as the impact on police service," he said.

As for a change in ownership, Clark noted the locally owned Santa Cruz Beach Boardwalk is "a good city partner" but pointed out that some locally owned nightclubs "look for allowances that ordinarily wouldn't be given" while corporate-owned locations can do a better job of managing public safety concerns.

Former Mayor Mike Rotkin, who spent three decades teaching at UC Santa Cruz, observed that the Catalyst attracts performers that locals would otherwise have to go to San Francisco or Los Angeles to see.

The benefits are environmental, since music fans can drive less, and economic, since the audience is spending money in Santa Cruz and paying the city's entertainment tax.

"If not for the Catalyst, they wouldn't be stopping here," Rotkin said. "The tradeoff is worth it."