

DOWNTOWN

S T Y L E



Son of a Gun

How did Mark Merhige manage to dump his Go Directly to Jail card and replace it with a stack of property? Easy, he decided to play the game.

By Susan Betts

For the thirtysomething prep school set, Mark Merhige is something of a legend. Elvis swung his hips, James Dean smoked cigarettes. What did Merhige do? Merhige spent day and night tempting the law.

"Oh my God! I remember going to Hard Times [a now defunct teen-age nightspot] and smashing up ash trays and jumping up and down on tables," he says. Who doesn't remember? After all, he was the judge's son. "Those teachers at Collegiate, they don't know anything," he would tell his friends.

So how did this guy wind up a major player in Richmond's high-stakes Shockoe Bottom monopoly game? How did this guy—this college dropout—wind up on more corporate and museum boards than any other 32-year-old in the city? How did Merhige manage to dump his *Go Directly to Jail* card and replace it with a stack of property? Easy, he decided to play the game.

Since 1986, Merhige and his various real estate partners have led the way in historic Shockoe Bottom land use and

development. "Mark and his group have purchased and renovated a number of buildings that other investors were reluctant to get involved with and improve," says real estate broker Jay Ball. "It's a gamble that's been good for the city."

Among the Merhige-managed properties is the William Hill Building, a conglomerate of 30 apartments and 20,000 square feet of office space on the corner of Virginia and Canal streets. The Lawrence One Building (named for its last owner, Lawrence Sanitation Company) is an abandoned warehouse which Merhige plans to renovate into 29 apartment units and two restaurants. Another Merhige interest in blossoming Shockoe Bottom is Shockoe Hearth, which houses office space and two restaurants, Chateau Rouge, and Shockoe Bar and Grill. Merhige says it's the renovation of these properties that costs the bulk of the investment, and that the properties themselves are not particularly expensive.

In fact, when Merhige first started playing the brokerage game, the federal government was offering a 25 percent investment tax credit to persons willing to renovate historic properties. That incentive has since been lowered to 20 percent,

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and there are now a number of bureaucratic hoops prospective buyers must go through in order to secure a historic property for purchase and use. "They've made it difficult to do these projects now, which is sad." Merhige says the city's Architectural Review Commission also makes renovation of historic properties less appealing today than before, though he accepts the need for oversight.

Among Merhige's consultants [Mark Merhige Real Estate Brokerage and Development] is his father, the famous federal judge of landmark desegregation fame. Also, Merhige does business with an outfit called Dover Historic Properties in Philadelphia, and Irving Joel of Hat Brands Inc. Merhige is also in business with Steven Salomonsky of SSA Architects, who does most of the renovation work on the properties. Merhige says his business is about selling tax credits. "We sell to doctors, lawyers and Indian chiefs."

In real estate, location is everything—and on this score—Merhige is golden. He's got a stake in some of the city's hottest properties, and his excitement is barely concealed when the topic turns to the development of the Valentine Riverside and Ethyl property. "Stuff is really starting to happen," he says. "Wait until the flood wall is finished,

and Virginia Street has some beautiful cobblestones and trees and lights. You ask Frank Jewell [Valentine Museum director] and he'll tell you that when the people from Disney came here, they were saying that Shockoe Slip is a treasure that couldn't be reproduced at their park for \$100 million. ... It's not a good location until somebody else has proven it is, that's what drives up price."

Even though the picture looks rosy, real estate is about as tough as the newest horror film, "Glengarry Glen Ross," shows it to be. Cut-throat. And it's hard to make a profit. "It's a struggle to cover debt services and expenses. I'm beginning to come to grips with the fact that that's how it's always gonna be until—and if—we ever sell the properties for a profit."

Merhige keeps his office in the Shockoe Hearth space, suite 101. Like the other Merhige properties, Shockoe Hearth is a renovated warehouse. "These buildings weren't functioning particularly well as warehouses, but they work great as mixed-use properties."

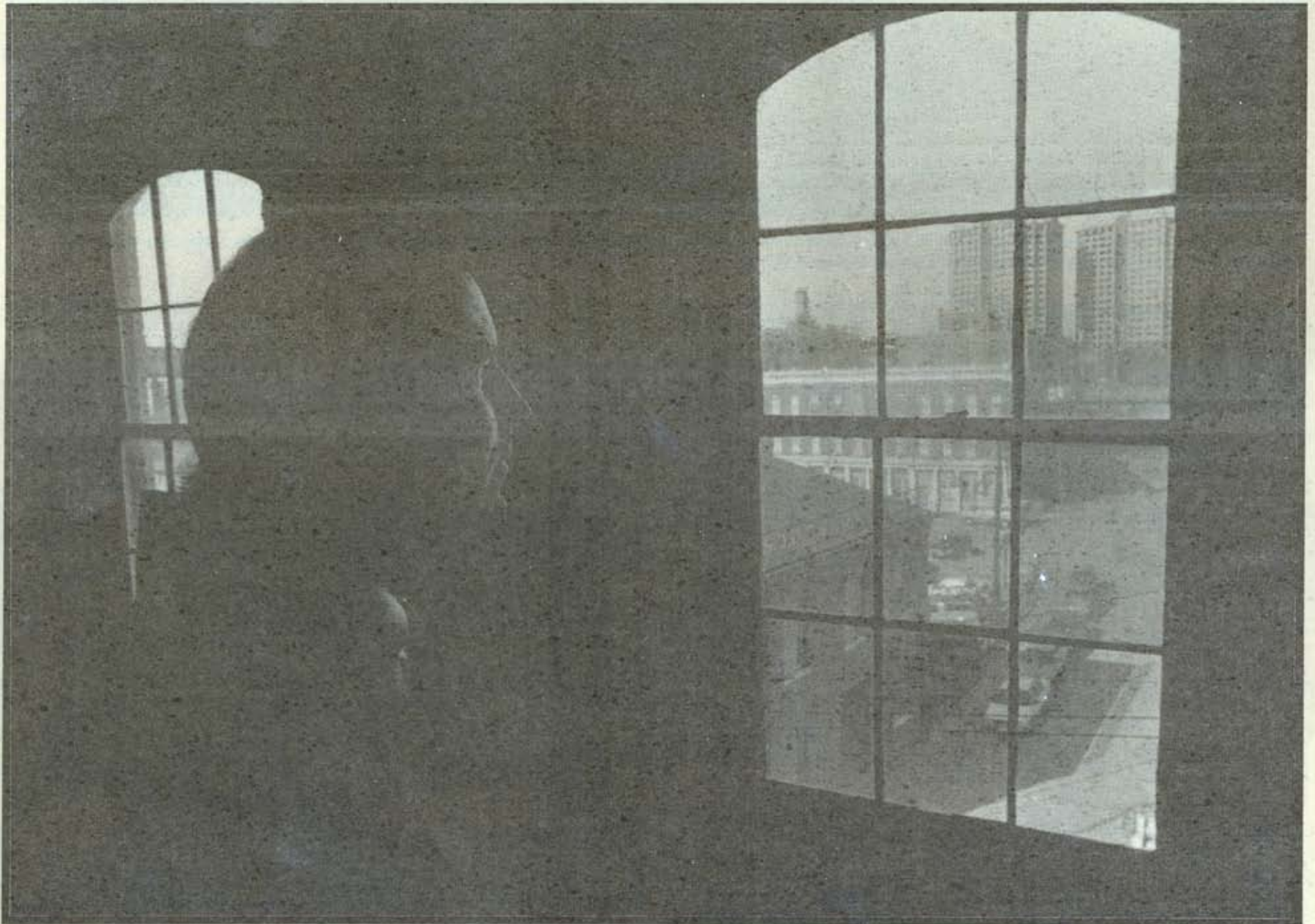
Merhige's work space is about as big as a kid's bedroom, and it's just about as comfortable, too. Merhige's desk chair is so springy that the boss can lie almost horizontal when chatting with visitors. He keeps a techno-impressive stereo and word processor in an open cabinet, and on a typical day, he listens to '70s superstar Jackson Browne. "The guy is very laid back," says Ball.

Work consists of paying bills and keeping various

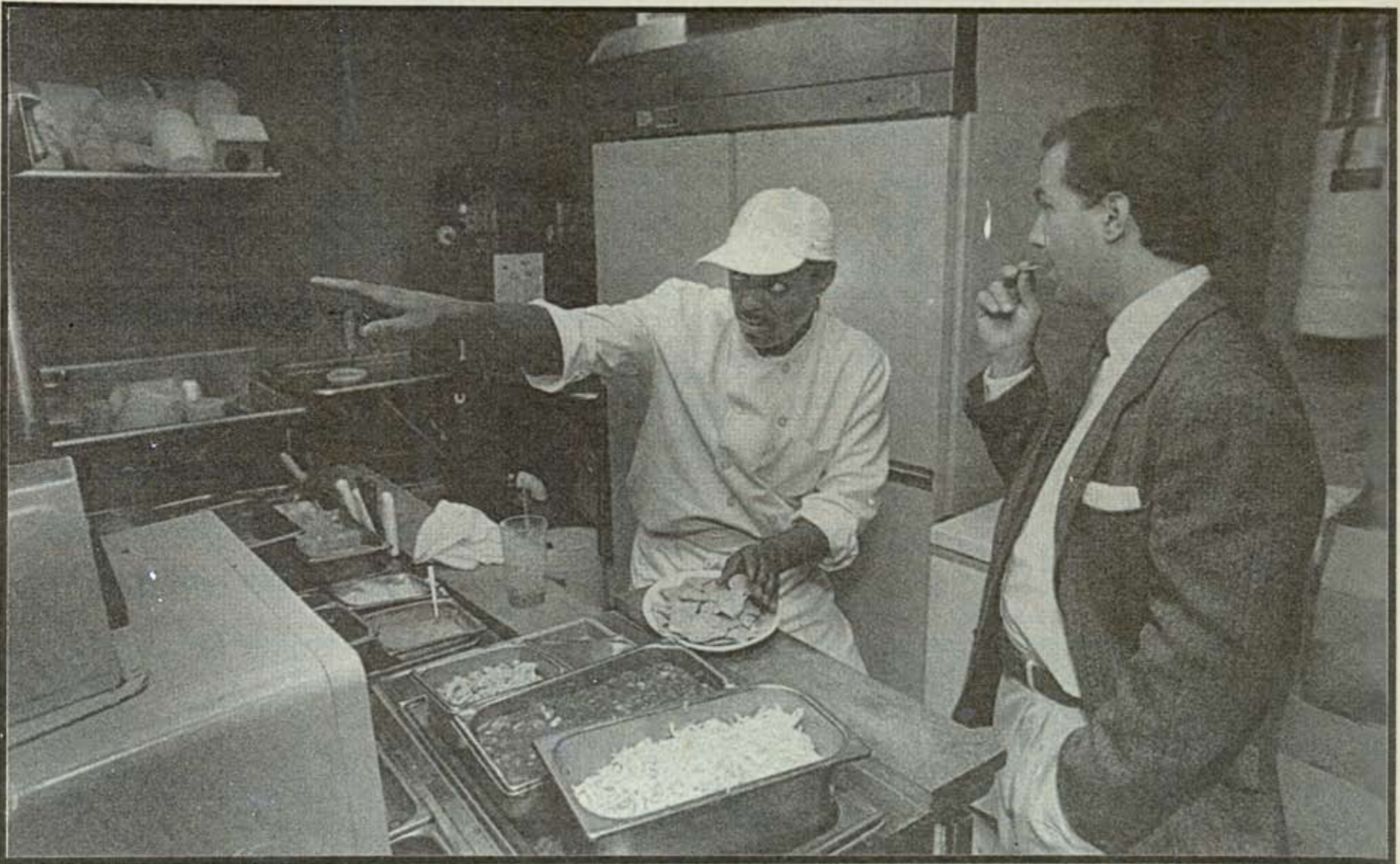
partners abreast of the latest market movements and tax codes. Essentially, Merhige's job is to manage. "That's the stuff that can sometimes be a pain. You know, the call at home at midnight when somebody's locked out or the fire alarm has gone off. ... But I love the flexible hours, and even with the financial uncertainty, it's still worth it," he says of his independence. "I'm not sure I could handle the corporate structure, I have problems with authority."

For a rebel, Merhige spends a great deal of time "giving back" to the community. "I've been lucky," he says, "and so I *should* give back." Merhige sits on the boards of directors of Downtown Presents, The Parliament (a group

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Merhige looks toward downtown. He hopes to lease the vacant building at 14th and Gary to a macro-brewery on the first floor as well as apartments.



Merhige places his lunch order at Shookoe Bar and Grill with assistant cook Fornadas Oliver. The eatery is in Shookoe Hearth, a Merhige interest which houses office space and another restaurant, Chateau Rouge.

Merhige property interests in Shockoe Bottom

Hill Building Limited Partnership
114-22 Virginia St.
Land \$144,000
Improvements \$1,885,000
Total \$2,040,000

Lawrence One General Partnership
c/o M.R. Merhige
1417-23 E. Cary St.
Land \$80,000
Improvements \$1,580,000
Total \$1,660,000

Lawrence Associates III
1401-11 E. Cary St.
Land \$205,000
Improvements \$170,000
Total \$375,000

Source—Real Estate Assessors Office, 1992 records; City Hall.

of 150 area businessmen who host guest speakers on occasion) and Downtown Richmond, Inc. He is a charter member of the Virginia Apartment & Management Association, and a trustee of the Valentine Museum and the Historic Richmond Foundation. He also sits on the alumni board of his high school alma mater, the Collegiate Schools, and is a member of the Commonwealth Club. The guy is no green jeans. Here is a man who accepts the advantages and the deficit inherent in the Merhige name.

Sitting at his desk, the boss wears a crisp dress shirt with semi-wide black stripes, a pastel green tie borrowed from a brother-in-law that morning, and a pair of black tassel loafers which frequently leave his feet. Merhige likes to walk around in his socks when the opportunity presents. The walls of Merhige's office are busy with maps of Costa Rica, Nantucket and a host of real estate diplomas and awards. Merhige likes his name; he wears his initials, MRM, on his cuff.

So how did Merhige wind up here? It's easy to get the impression that not even Mark Merhige knows. "I grew up as an only child, really. I have a half brother who is 16 or 17 years older than I am, but he was gone by the time I came along."

School was never a big enthusiasm for

Merhige. Nothing really turned him on at Collegiate, and his major in political science at Randolph-Macon and later, VCU, wasn't enough to keep his interest in earning a college degree. "School is school, and I was always just sliding by." Merhige was 19 when he landed a job at Eljo's clothing store. It was during this stint that Merhige learned one of life's biggest lessons: Mak-

ing money is kinda fun. "I fast realized that I wasn't making any money in school, and that there was money to be made." Merhige decided to drop out of college. Later, he worked at Bowers, Nelms & Fonville as a sales associate. During 1985, he was a real estate analyst with Multi Resources Corporation. Today, Merhige and his wife, Laura, enjoy life with their two children, 3-year-



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old Sayre Donovan, and 1-year old Mark "Rennie" Merhige Jr.

But it wasn't always so. Born May 6, 1960, Merhige crawled right into a world unable to make sense of itself. Maybe that's why dad spent so much time on the job.

"There were always lawyers in our house—and when I was very little—there were defendants in our house, too. If my father had a big criminal case, then generally he liked to have the fellow he was representing spend the night at our house as opposed to in the penitentiary—or whatever it was—so that they could chat and get the right temperament, I think." How are father and son alike? "I get my temper from him. When I was growing up what my dad said was law."

In the late '60s and early '70s, cracking the juggernaut of racial discrimination was a 24-hour job. And Merhige's dad was at the forefront of judicial activism on this score. Merhige remembers the marshals that typically staked out his home, and the FBI tape recorder that ran end to end in the den with every phone call. "But I was never scared because my father was never scared."

Still, his best memories of his mother involve retreat from all the excitement. There was that summer in Portugal that mom and son spent alone, and another summer in England when Merhige was still a kid. "We just wanted to get away from it all a little bit," he recalls. "It was just a little uncomfortable at times, so we went for the privacy mainly." Interestingly, Merhige pronounces "privacy" the way English folk do—with the passive "i." Freud would like that.

Merhige says his "down the road" fantasy is that someone will fly into town and offer his group three times the asking price for the Shockoe Bottom properties. "Then I would take off and go to Nantucket," he says.

And what does Merhige want for his own son? "With nurturing, love and support, I think everybody eventually finds their destiny in life. ... I don't think there's anything less healthy than for someone else to try to dictate to you what you should be or do."