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Galapagos Art Space Plans \$6.25 Million Detroit Property Flip

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Screen shot of Galapagos Art Space website

"The arts are already in the real estate business—they just aren't being rewarded for it," Galapagos Art Space director Robert Elmes wrote a little more than a year ago, when he announced that the space was fleeing Brooklyn's ever-escalating rents for Detroit.

A little over a year later comes some swingeing confirmation of the rewards: Elmes is already putting one of the buildings that he purchased in Detroit back on the market, and at the kind of markup familiar mainly to devotees of *Flip That House*.

According to Crain's Detroit Business, Galapagos purchased the 138,000-square-foot building in Corktown in December 2013 for \$500,000; the asking price now is \$6.25 million. If the sale goes through, the property will have surged from \$3.62 per square foot to closer to \$45.29 per square foot, a more than 12-fold increase.

The Corktown building was an outlier for Galapagos, which simultaneously acquired eight other properties in another Detroit neighborhood, Highland Park, where their main arts initiative will have its home, and where the proceeds from the Corktown sale will go.

Speaking to Crain's, Elmes emphasized the altruistic works planned for Highland Park: free-to-use venues for fundraising and needed daycare services, in addition to arts amenities.

Still, the news touched off a wave of anger on social media that was

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intense and pervasive enough that Alan Stamm of Deadline Detroit took it upon himself to pen [a defense](#) of Galapagos. That essay includes the delightful line, "Sorry/not sorry to harsh your hatefest, but get off our lawn, you hippie socialists!"

Elmes himself was one of the first to comment in the Crain's story, further elaborating on the motivations behind the sale:

From Galapagos Art Space:

Last year our toddler son was diagnosed with leukemia. Taking care of him and making sure he gets better has (of course) become our most important priority. Over the last year we learned that we had to decide between Corktown and Highland Park as we simply couldn't manage and improve both sites and our sons care at the same time. We decided to focus on Highland Park and had the Corktown building appraised three times. If I owned a house—we rent—like anyone else I wouldn't want to sell it for less than the appraisal. Being able to move the equity to Highland Park is critical to our success; though we believe in Highland Park very much and have staked our future there, it's been difficult to attract funding and capital to the city. The neighborhoods haven't shared fairly in the revitalization of Detroit; we're taking the increase in Corktown and applying it in the neighborhoods and we think that's an important move forward for the city's growth and for Highland Park. It also helps balance our limited bandwidth while we take care of our son.

Robert Elmes
Executive Director, Galapagos Art Space

What does the sale mean within the bigger picture of the politics of real estate in Detroit? I reached out to Vince Carducci, the publisher of the blog [Motown Review of Art](#) and a long-time observer of Detroit's cultural scene. Last year, Carducci wrote a substantial article titled "[On Art and Gentrification](#)" for the Detroit art site Infinite Mile. Below is his take on the sale of Galapagos's Corktown space:

The area that the building in question is in, Corktown, is part of what's known as the 7.2 (for the 7.2 square miles around the Central Business District [CBD]). That's one of the most prime of the new hipster zones and one of the places where property values are really going up. The other location, Highland Park (the site of Henry Ford's original Model T factory), has experienced no upside from all the "creative economy" heat. I haven't met Elmes but have heard fairly decent things about the guy. Having said that, he has made some statements that have raised an eyebrow for me. (Here's something that might interest you in that regard: "[T-shirt offers tart reply to Galapagos.](#)")

Personally, I have had mixed emotions about the Galapagos relocation. I used to go to Galapagos in Williamsburg when I lived in Brooklyn, so I am positive about the space itself. Robert Elmes being connected with billionaire real estate investor Dan Gilbert in doing the deal to come to Detroit raised a red flag for me. That guy has cornered the market in the CBD, now owning 80 buildings totaling some 14 million square feet. He isn't doing this because he has a deep love for Detroit. He's doing it because he wants to maximize the return on his investments, one of which was [recently](#)

reported as having increased 18 times in value. He has also erected a privatized security/surveillance district around his holdings that is positively Orwellian. He is truly a scary guy. So there's that saying about lying down with dogs...

The asking price on the Galapagos property is relatively big by local standards and of course the multiple is big by any standard. But even if it hits that number, it's \$45 a square foot, not huge when looked at in that light. Elmes apparently has a reason for selling, specifically that his son has developed leukemia and he wants to scale down his ambitions. Of the two properties, the Corktown place is the one with more market viability, so from an economic perspective it's not a bad decision to sell that one. Also, one could argue that the property he is keeping is in a much more beleaguered environment and much more of a risk from a financial perspective, so keeping it is more of a commitment to the local community. Elmes has professed to be aware of that aspect in some of his comments.

Focusing simply on the number and the increased market value (which hasn't been validated by a sale) misses the larger points in my opinion, which has to do with the classic Marxist question of exchange vs. use value. When you look at Elmes's comments about the deal, he does speak the developer lingo pretty well. Creative Capital has fostered that mentality among cultural producers with the idea that it's kind of a detournement, subverting the system by using its tools. In the city of Detroit there is still massive poverty (in fact according to the new Census, Detroit is the poorest large city in America). People are having their water shut off and are still being foreclosed on by the thousands. And bankruptcy was a clear example of [Marxist geographer] David Harvey's concept of accumulation by dispossession. Who has a right to the city and what is it for?

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