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# GREEN BUSINESS QUARTERLY

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# THE MULLER COMPANY

30-year-old property manager specializes in efficient interior remodeling

BY CHRISTINA GALOOZIS



*Rendering of the Tustin Executive Centre, which will be aiming for a LEED Silver rating.*

IN THE 30 YEARS SINCE ITS FOUNDING, The Muller Company has always sought to improve the efficiency of the properties it buys, sells, develops, and manages. It has installed in almost every building motion sensors to save electricity, as well as native landscaping materials that require little water. But only recently have these efforts been recognized as green.

“We weren’t trying to be green, per se; we were just trying to be efficient,” says Richard Fragapane, director of construction and development for The Muller Company. Now the Laguna Hills, California-based firm is spring-

boarding from its decades-long sustainability practices into the official green building market by working toward LEED, Energy Star, and other certifications for its projects.

One such project is the Tustin Executive Centre in Santa Ana, California. When the company purchased the site in 2001, it was a 10-story 20,000-square-foot building on 5 acres. To complete the campus, the Muller Company partnered with Nadel Architects in 2006 to design another four-story 80,000-square-foot office building that would eventually apply for LEED certification. The building, which was

completed in August 2009, is now aiming for a LEED Silver rating, though it might even achieve Gold.

The Tustin Centre project incorporated several green components, from a 50-percent reduction in outdoor water usage to diverting three-fourths the normal amount of construction waste to be reused or recycled. The new site was also built with low-emitting paints, carpet, adhesives and wood, and recycled content. To maximize energy efficiency, 90 percent of the suites have daylight views, and the roof qualifies as a heat island effect reducer through Energy Star-compliant roofing.

## AT A GLANCE

**LOCATION:**  
LAGUNA HILLS, CA

**EMPLOYEES:**  
85

**YEAR FOUNDED:**  
1979

“ [Originally, our interior upgrades] weren’t trying to be green, per se; we were just trying to be efficient. ”

*Richard Fragapane, Director of Construction & Development*

For The Muller Company—which began new construction on the Tustin Centre in 2006 but which usually holds on to its properties for only a handful of years after improvements have been made—a sale may be a longer way down the road.

“In the time since we started this, the world has sort of turned upside down. So the intent is to get it leased and stabilized, and then discuss with [the partner] when to sell it,” Fragapane says.

That’s the bread and butter of The Muller Company: buying West Coast properties that are undervalued for whatever reason—such as poor

building maintenance or tenant relations—then fixing the problem, maximizing the number of lease occupants, and selling the property within three to five years. For example, in 2005 it purchased Torrey Pines Court, a 30-year-old five-building site in La Jolla, California that had a 50-percent vacancy rate and was not compliant with current ADA, seismic, and energy codes.

After spending \$15 million on three buildings to demolish (everything but the structures), rebuild, re-landscape, and fix the parking lot, which had 13 dead-end lanes, the property is now 99 percent leased. One of the buildings was awarded the Building of the Year Award in 2008 from the Building Owners and Managers Association.

“Brokers wouldn’t even look at this site because it was such a mess,” Fragapane says. “To them, life was too short for such a daunting project, but we invested the money to make them Class-A buildings again.”

In addition to buying, developing, and rehabbing properties, The Muller Company acts as a third-party manager for several clients. Its current portfolio consists of 20 million square feet of office, industrial, and retail real estate, worth \$3.5 billion.

Looking forward, it plans to apply its renovation and rehabbing expertise to the green-building market. Karen Winter, director of property management, who has been with the company for 10 years, says there’s a growing interest



among clients—especially government tenants—to have their improvements certified under the LEED for Commercial Interiors designation. Not only is it good for business, but some of the changes promoted by the USGBC affect the bottom line, like low water usage and energy efficiency.

Its newest goal is to have every building it develops or manages become Energy Star certified—a goal that is already making an impact in California. The 177,000-square-foot Ryan Ranch was the first office building in Monterey, California to receive the label. The company’s next big project, called 100 Bayview in Newport Beach, California, is a 300,000-square-foot office and hotel building that achieved a LEED Gold rating.

Though The Muller Company isn’t able to sell its properties as quickly it was as before the recession began in 2008, it is using the poor market conditions to its advantage.

“As soon as the partners feel like the markets are bottoming, they’ll pull together funds and become aggressive buyers,” Fragapane says. “I suppose there’s a silver lining to every gray cloud, and everyone in this business knows there are going to be some buys of a lifetime in the next three to seven years.” GBQ

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