

Offices of South Coast Plaza Get Green Certification

Essex Realty Picks Up Property Management Gig; Holiday Inn Laguna Hills Sells for \$12M

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COMMERCIAL

The Offices of South Coast Plaza have spent the past month getting plaudits from Washington, D.C., for making its three high-end Costa Mesa towers among the most environmentally friendly buildings in the country.

C.J. Segerstrom & Sons LLC's three prominent office towers—Center Tower, Plaza Tower and Park Tower—have been getting a green makeover in the past year, with a variety of upgrades and operational tweaks to their energy-related operations.

Improvements to the Costa Mesa buildings, which total about 1.2 million square feet, will result in a 9.5 million pound reduction in the amount of carbon dioxide released into the atmosphere per year and will reduce water consumption by more than 3 million gallons annually, the landlord said.

Segerstrom isn't saying how much was spent to make the changes to its towers, but said the costs aren't likely to result in notably higher rents at the buildings, which range from nearly full to 30% empty.

If anything, the changes should prove to be a competitive advantage when it comes to leasing, officials said. Tenants at the offices—particularly a number of large national companies that use the buildings as their OC headquarters—are demanding that their offices are on the cutting edge of green technologies, the landlord said.

Last month saw the buildings officially certified by the building industry's green agency—the U.S. Green Building Council—for their work. Officials, including managing partner Henry Segerstrom, traveled to Washington for the recognition.

Each building got the highest possible rating for an existing office building: LEED-EB Gold certifications for operations and maintenance.

They are the first multitenant buildings in California—and three of the first four buildings in the U.S.—to get that distinction.

Also in the past month, Segerstrom and his company's offices also were recognized for their green efforts by President Obama's Council on Environmental Quality, which coordinates federal environmental efforts.

Buildings are responsible for one-third of the country's greenhouse gases and more than 10% of potable water use, according to officials at the council.

Essex Additions

Essex Realty Management Inc. of Irvine, one of Orange County's largest property managers, picked up another big local portfolio listing.

The company recently was awarded a leasing, property management and construction management assignment for an 800,000-square-foot portfolio of multitenant business parks, owned by Anaheim-based developer Leaverton Co.

Properties include the 452,000-square-foot La Palma Business Park, the 102,000-square-foot Orangethorpe Business Park and the 197,000-square-foot Anaheim Business Park.

The Leaverton portfolio is currently 84% full and is used by office and industrial users in 1,000-square-foot to 15,000- square-foot spaces.

The deal is a big boost of business for Essex Realty. The company came in at No. 3 in the Business Journal's May ranking of OC property managers. It reported having an OC portfolio of 8.1 million square feet in 2008.

Hotel High

Laguna Hills has become OC's city for big sales in the past month.

The 147-room Holiday Inn Laguna Hills, at the San Diego (I-5) Freeway and La Paz Road, recently traded hands for \$12 million, or about \$82,000 per room.

The buyer was Arcadia-based Lee's Laguna Hills Resort LLC. Dwight Chang is the new owner's managing partner and Michael Mofid also is a partner.

The seller was San Mateo-based Laguna Hills Hotel Development Venture LP; Clement Chen is partner.

It's the largest non-resort hotel sale seen in OC so far this year amid the down market that's caused larger hotels and resorts to fall into financial distress, said Rod Apodaca, managing director for the Los Angeles office of hotel brokerage PKF Capital Inc., which arranged the sale.

The seller provided financing of \$6 million for the sale, according to PKF officials.

Mofid will be the hotel's general manager, a position he held at the property with the seller's family several years ago.

The Holiday Inn sale comes a few weeks after OC saw its largest industrial sale of the year, also in Laguna Hills.

About a mile away from the hotel, the 11-building, 388,000-square-foot Saddleback Business Park was acquired by Corona-based Watermarke Properties Inc. in late June for \$62.3 million.

Muzzy Named

Irvine-based real estate developer and investor Bixby Land Co. said it has finalized the formation of its board with the addition of a big local name.

The company's latest board appointment is James Muzzy, founder and retired managing director of Newport Beach-based bond management company Pacific Investment Management Co. and one of OC's wealthiest businessmen.

Other Bixby board members include Robert Brunswick, chief executive of Newport Beach Buchanan Street Partners; Jeff Dritley, managing partner of L.A.-based Kearney Real Estate Co.; and Tom Purcell, president of Newport Beach-based venture capital firm Spring Creek Investors.