

Frank Giuffre President, Mallory Properties

People who buy distressed real estate have been characterized by the local media as "bottom feeders" and "vultures." But Mallory Properties President Frank Giuffre would seem to be anything but. Giuffre, who with his brother Dominic owns Mallory Properties, has a history of buying distressed commercial and industrial buildings and transforming them into marketable properties. "He is a redeveloper - a visionary type of guy," says Barry Chavin of MLG Commercial. "Frank looks for properties that have an upside," Chavin said. "He looks for buildings that are challenged - some might call them distressed. Frank is a character, and he tries to put character into the building. He is the ultimate marketer and salesman."

The Giuffre brothers' business holdings currently include not only Mallory Properties, but their crane rental and sales operation, a finance division started to help contractors and other buyers finance their cranes, a marina facility in Florida and other entities.

"Our first development was a building we utilized ourselves in 1967 in Cudahy," Giuffre said. "We built a shop for our cranes." "Next, we built a multi-tenant building," Giuffre said. "We were in the process of looking for tenants when a single tenant came along - a telephone company - AT&T it would have been 35 years ago - and they used the whole thing. So we built another building and it went on from there. It evolved slowly. I was more active in the development end of it, and my brother was more active in the crane end of it."

"The first rehab we did was a car dealership in South Milwaukee," Giuffre said. "We converted it into a Wonderbread discount store. That was our first venture into rehab. I enjoyed that. I liked doing that. I thought I knew what the potential was and it worked out pretty well. We rehabbed a couple of Firestone stores -- both were turned into auto body shops. And I think the first large project was 25th and St. Paul. That was an old gasification works owned by the gas company. It's an 8-sided tower in the Menomonee Valley - 200,000 square feet. We turned it into warehousing and transportation." Giuffre bought an additional 12.5 acre tract south of St. Paul Avenue and west of the 16th Street Viaduct - adjacent to the former gasification plant. The deal includes 30,000 square feet of building space - making Giuffre one of the largest property owners in the Menomonee River Valley. "Our most significant one now is the Oster Building," Giuffre said, referring to the facility at 5301 North Ironwood Lane in Whitefish Bay. "The unique thing about that

building is that it was an old industrial building - vacant - and had some environmental problems. It was a location suitable for office or retail." Giuffre bought the property in 1995, and things started to happen. "We brought in some warehousing people," he said. "We used it as a warehouse, and then we made our contact with Manpower - which was a natural because they were neighbors. The building lent itself to rehab - the column spacings were right, the ceiling spacings were right - it had the right amount of plumbing. It had adequate parking - you need more parking per square foot for an office development than an industrial property. It had all the elements of a conversion. We negotiated long-term leases and rehabbed the space."

But as much as Giuffre likes the Oster building, his favorite project is still a combination swap/purchase deal he put together with compressor manufacturer Vilter Manufacturing in 1994. Giuffre had bought and rehabbed former Ladish Co. facilities on Packard Avenue. Giuffre leased the space to machinery clients until trading the building to Vilter for Vilter's own 1st Street facility, just south of downtown Milwaukee, and an undisclosed amount of cash. What it takes - "One thing these buildings all had in common was they had some type of environmental problem - or brownfields issues," Giuffre said. "One reason that we have been able to acquire these buildings is that we have an environmental remediation company. We like to buy buildings that are environmentally challenging."

The ability to buy the whole enchilada gives Mallory a natural negotiating advantage, Giuffre said. "Machinery people aren't interested in real estate and real estate people aren't interested in machinery or ongoing businesses."