

# Morning Calm isn't ruling out any asset class as it expands in Dallas-Fort Worth

The Florida-based firm has made a splash in North Texas with the acquisition of an 875,000-square-foot office building in Dallas. But don't limit Morning Calm to office investments.

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By: Tucker Wells

With billions in transaction volume, decades of success, and multiple real estate companies, Mukang Cho says the "single most important thing that distinguishes us from other peers is our team."

Cho is chief executive officer and managing principal of Florida-based Morning Calm Management, a firm that recently acquired an 875,000-square-foot office building in Dallas-Fort Worth.

"Dallas is one of just a couple markets we are targeting top-down," said Cho in a recent interview.



Morning Calm's most recent acquisition, The Towers at Park Central, located near the intersection of US 75 and Lyndon B Johnson Freeway, is currently about 50% leased, with tenants that include well-established global, national and regional firms.

"Fortunately, there is very little rollover of the existing leases in the next three years. We can take advantage of a compelling basis by investing significantly in the building and offering prospective tenants meaningful concessions. And do all of this without pushing rents higher," said Cho.

When asked about Morning Calm's vision for the property and the tenant mix they'd like to see, Cho said the firm is not targeting any industry or sector.

"We will make a concerted effort to lease to light medical users," he said. "I wouldn't think of this as heavy-duty surgical center but light medical, whether it's dermatologists, med spas, dental practices and businesses more akin to that."

The current rent roll spans health care, financial services, engineering firms and global technology firms, in addition to retail brands.

Newmark Executive Managing Directors Nathan Durham and Duane Henley will manage leasing the property.

When asked Cho about his probability of continuing to do deals in Dallas, he pointed to a strategy of scaling across asset classes in the region.

"Dallas is a large city with favorable demographic trends and a reputation for being pro-business. Compared to other large cities in the country, it continues to grow at a nice clip. It has a robust, educated employee base – these factors will continue to drive other businesses to relocate or set up satellite locations in the area. Affordability is still pretty good compared to many different markets that are also fast-growing – this will prove to be important long-term," said Cho.

He added that "there aren't any asset classes we wouldn't acquire."

Cho spoke more about the firm's investment thesis and what sets Morning Calm apart from its peers in the interview that follows.

**You mentioned "special situation" investments as part of your investment thesis. Can you explain what makes those deals favorable to you?**

It's a catch-all for something that is quirky, something that might be off-the-run. Some investors might be core investors. That means they're buying long-term leases, low risk and measuring at lower return profiles.

There might be folks who are core plus investors, and that's a little bit more risk, a little bit more return.

There might be opportunistic investors, which are higher risk and higher return investments.

Special situation is closer to opportunistic. It's meant to capture a practice of investment that entails doing anything and everything that might not fit within a certain box. But usually, the connotation is that this is a higher risk, higher reward strategy – whether that's buying deals out of bankruptcy, buying loans to foreclose on someone or buying an asset to convert into a different use.

**What asset classes are you excited about?**

The RV Park asset class is in its infancy. About 70% of RV parks are owned by someone who owns that one particular asset. From our perspective, the RV park business is not institutionalized enough. We believe that there is an opportunity to scale given the fact that it's fragmented. It's easier from our perspective to scale and create meaningful value by aggregating a lot of parks, especially in markets that are deemed more desirable for RV park users, whether it's Sunbelt or in the mountain states.

The market is growing. The stereotype is that a retired couple with nothing else to do will buy an RV and live out of it for X number of months a year. But that's evolving, and it's trending younger, including families.

There are also a lot of folks who look at RVs as a potential proxy for housing. With home prices and rent rising, coupled with an increasing ability to work from somewhere other than the office you were hired to work in, people are moving in this direction.

For instance, traveling nurses or those who work in specific industries that are more seasonally based.

We think that pie is growing as far as the RV user.

We think there's going to be an increase in the number of RV parks in existence, and the fragmentation of that market to us is very intriguing.

### **What makes Morning Calm different than others out there?**

The way that we collaborate and come together and work as a team are second to none. That's been the recipe for success over the years.

On the transaction side, a lot of the time, the deals we close on are off-market. We've been around for quite some time and have done an excellent job at maintaining relationships with sellers, brokers, lenders and other constituents that comprise the transaction universe - lawyers, accountants, and bankers.

We pride ourselves in conducting ourselves professionally in an utmost manner. Through that and doing what we say we are going to do, that leads to repeat business traditionally.

Everyone at Morning Calm is passionate about the business, the firm and constantly thinking about ways to grow the organization. Be it when there is a more hectic time because we're in the midst of closing a transaction, or we're in Florida and we believe that there's going to be a hurricane potentially hitting our properties.

*This interview has been edited for brevity and clarity.*

<https://www.bizjournals.com/dallas/news/2022/12/06/morning-calm-mukang-cho-investments-rv-parks.html>