

Morning Calm Forms \$500M JV to Finance Office Properties

An estimated \$566 billion of debt maturities are coming due across the sector over the next five years.

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Morning Calm Management, of Boca Raton, Fla., has launched Morning Calm Office Finance, a \$500 million joint venture with a global investment manager with more than \$50 billion in assets under management, Morning Calm announced on Monday, April 17.

The joint venture reportedly will focus on providing “high-quality office owners and investors with flexible financing solutions, helping them to navigate the evolving market environment.”

The venture is intended to be one of the first and so far few specialized credit vehicles focused on the office sector, helping to fill what Morning Calm describes as a massive capital void resulting from big and regional banks, life companies and debt funds pulling back on office lending.

MCOF will originate and acquire structured office debt investments, including senior and mezzanine loans, B-notes and preferred equity. It plans to invest across the nation’s top 30 MSAs, focusing on Class A office properties in high-barrier markets supported by strong fundamentals. Loan sizes will range from \$25 million to \$100 million or more.

“Launching this strategy is an opportunity for us to provide liquidity to a corner of the debt markets for which we have a lot of experience and expertise. Every asset is unique and has its own value drivers, and we seek to identify the properties we believe are positioned for success,” Mukang Cho, CEO & managing principal at Morning Calm Management, told Commercial Property Executive.

As a long-time office investor, Morning Calm understands the unique challenges the sector is facing and how difficult it is even for the best positioned properties to secure new financing, Cho said in a prepared statement.



Ample Opportunities

Morning Calm asserts that MCOF has a compelling market opportunity, with an estimated \$566 billion of office debt maturities projected to be coming due over the next five years. (This figure is based on information from Trepp and the Chicago Fed, according to a Morning Calm spokesperson).

“This wave of maturities will force borrowers to refinance, recapitalize or exit investments,” Morning Calm asserts, “all of which will likely require fresh debt capital at a time when available sources have dwindled.”

Currently, Morning Calm Management owns approximately 10 million square feet of commercial real estate around the country, including more than 4.5 million square feet of office assets.

This past November, Morning Calm Management acquired Towers at Park Central, a three-building, 875,000-square-foot office campus in Dallas.

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