

Morning Calm buys and sells amid high valuations in SoFla

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Morning Calm Management of West Palm Beach, which owns and operates office buildings and shopping centers throughout the Southeast, doesn't see a lot of buying opportunities in South Florida now, given the run-up in prices over the past three years.

But "pockets of opportunity" do exist, and Morning Calm is taking advantage of the high prices to sell as well, CEO Mukang Cho told *The Real Deal*.



Morning Calm is due to close next month on the purchase of a four-office-building complex in Fort Lauderdale, with 240,000 square feet combined and two stories each. Cho declined to disclose the exact location or the purchase price, due to a confidentiality agreement. But the current occupancy rate is 53 percent, he said.

"We believe with the cost basis we have, we will be able to undercut the rent [compared to the going rate in the area,] which will allow us to drive leasing and retain tenants," Cho said. "We're very hands-on management. We like to have multiple touch points with every tenant in our portfolio, so we can keep tenants."

Morning Calm owns more than 5 million square feet of property, including a small portion outside the Southeast. It's a classical turnaround investor, buying underperforming assets at a bargain price, fixing them up and then hopefully selling at a substantial profit. The firm has a combination of high net-worth and institutional investors. It co-invests with Fortress Investment Group, one of the country's top money managers.

Commercial brokerage firm JLL said in its third-quarter Broward office market report that the 10.3 percent vacancy rate in southwest Broward is the lowest among all suburban markets, including Cypress Creek, Plantation and Sawgrass Park.

Morning Calm is currently shopping a two-story, 42,000-square-foot office building at 100 South Pine Island Road in Plantation. “It’s a fully stabilized property with a lot of upside potential, because some of the rents are below market,” Cho said. “It’s got a Main-and-Main location at the intersection of South Pine and Broward Boulevard.”

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