

# Morning Calm Management launches middle-market focused commercial real estate mezzanine loan, preferred equity platform

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Institutional Real Estate, Inc.

Morning Calm Management, an investment and management firm with a focus on special-situation investing and commercial real estate credit, has formed Morning Calm Strategic Credit (MCSC), a \$500 million investment vehicle.



Morning Calm also announced that Ian Russell has joined the firm as senior managing director and will lead MCSC's investment strategy.

MCSC is focused on originating, acquiring and managing mezzanine loans and preferred equity investments in commercial real estate nationwide. MCSC primarily will invest throughout the country's top 50 MSAs, targeting transactions for acquisitions, developments and recapitalizations across all property types except office. Investment sizes will generally range from \$10 million to \$50 million, and MCSC also will consider larger transactions for select individual and portfolio transactions.

MCSC is aiming to fill the massive capital void in commercial real estate's middle market created by the pullback in lending by banks and other capital sources. Traditional lenders have retreated as a result of market volatility, causing lending to slow considerably in recent years and valuation across all asset classes to retreat. The need for debt is exacerbated by approximately \$3 trillion of commercial real estate loans that are projected to mature over the next five years, which will force borrowers to refinance, recapitalize or exit investments. Moreover, many traditional lenders that are still active in the market cannot execute on whole loans due to tighter leverage requirements, resulting in a pipeline of potential co-origination opportunities. This supply-and-demand imbalance has generated the opportunity for MCSC to capture a sizeable market share in the higher yielding components of the capital stack.

"We formed MCSC to help a large and underserved segment of commercial real estate investors secure reliable capital in a challenging and uncertain market," said Mukang Cho, founder and CEO of Morning Calm. "Ian and I have known each other for a very long time. His vast experience, long-standing relationships and familiarity with our business make him the perfect person to lead this strategy. We look forward to

leveraging our track record as a diversified equity and debt investor to deliver bespoke capital solutions that resonate with our partners.”

Russell has more than 20 years of experience working in the commercial real estate industry and has led various middle market-focused investment strategies. Before joining Morning Calm, Russell was a principal of acquisitions at Singerman Real Estate, the head of new business development at Blue Vista Capital, and a senior vice president within the real estate investment banking team at JLL. He also worked within Macquarie Group’s Real Estate Investment Banking and Funds Management division and subsequently for Charter Hall Group after it acquired Macquarie’s real estate Funds Management division.

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