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**DALLAS
BUSINESS JOURNAL**

Office space, spec deals and strategy: Q&A with Rosewood Property President Rick Perdue



Rick Perdue is the president of Rosewood Property Co.
ROSEWOOD PROPERTY CO.

By [Ryan Salchert](#) – Staff Writer, Dallas Business Journal

Last week, Dallas-based real estate investment company Rosewood Property Co. [announced a new lease](#) at its iconic Rosewood Court in Uptown. Law firm Frost Brown Todd will be consolidating two of its offices into a single floor at the building.

The lease is more good news for the company, which experienced few hiccups during shelter-in-place. Rosewood's portfolio includes office, industrial, self-storage and multifamily property across the U.S. Moving forward, [Rick Perdue](#), Rosewood's president, said there will be more opportunities in nearly all of these asset classes, especially in Dallas-Fort Worth.

On Tuesday, Perdue spoke with the *Dallas Business Journal* about how these last few months have been for Rosewood, the asset classes he's most bullish on and what the pandemic might mean for corporate relocations.

Has COVID-19 changed Rosewood's investment strategy?

Our investment strategy hasn't materially changed. We're still focused on the same product types, we're still looking and underwriting, and are still finding opportunities. We're just being more cautious and underwriting at a higher level. We're very fortunate that our portfolio hasn't been too negatively impacted by the pandemic.

What's your pulse right now on the asset classes Rosewood invests in?

With multifamily, we think that asset class really has great long-term demographics. We came into this downturn in really good shape as far as supply and demand goes. That's all across the country, especially compared to 10 years ago. Long term, we like multifamily a lot.

In industrial, we'll see some winners and losers based on the type of user. Overall, it's coming out OK. Conversations about onshoring are really a tailwind for demand. Before COVID, most markets were in balance while some were oversupplied. Those markets will welcome a slowdown in new starts. I think speculative construction could slow down, but overall, industrial has some great long-term tailwinds. Every year, when people say DFW is overbuilt, it all gets absorbed. We won't really know for a while if that's the case this time around, but I'm glad to see that new starts are down. In the long-run, I think it will all get absorbed.

Self-storage is a little wait-and-see. We've been positively surprised that storage has held up so well. A lot of demand has been brought forward due to students leaving school and work-from-home. We'll see if that comes back as lost demand later. We're also seeing lots of new deals that had not broken ground get shelved. I think self-storage might have been reaching its peak and a slowdown is a good thing for that product type.

With office, the notion that anyone will forever abandon office space has been completely overblown. People are starting to realize the importance of having a central location for their team to get together. People are ready to get back into the office. The loss of demand because of work-from-home will be off-set by social-distancing needs. We were seeing a trend of having more people per square foot. That has stopped and has probably gone in the other direction, but I think it could be a net zero. With all that said, I wouldn't start a spec deal today.

Was the project you're working on with Cawley Partners, [Heritage Creekside](#), not planned as spec?

It was not. We've been getting a lot of good inquiries on that opportunity. It will be interesting to see if there's a new push towards suburban office. I think there could be a marginal push in the short term, but it will eventually balance itself out. There are reasons why people want to be in the (Central Business District) and in Uptown, and they will continue to be there.

Do you have any other thoughts about the DFW real estate market?

I'm glad to wake up everyday in DFW. Arguably, we came into this as the best overall market in the country, and all the trends that led to that have since been accelerated. The trend of companies moving from California and New York has continued to accelerate. We might gain some new companies and we might lose some others, but a net zero during a pandemic would be a victory.

This interview has been edited for brevity and clarity.