



BKM Capital Partners acquires 140,693 s/f Airport Way Corporate Park for \$24.5 million

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Portland, OR BKM Capital Partners has acquired the Airport Way Corporate Park for \$24.5 million. The multi-tenant infill industrial park is located in Portland's highly trafficked Airport Way corridor.

"Portland, and specifically the Airport submarket, is a major target market for BKM; we acquired a facility down the road a year ago," said Brett Turner, the firm's senior managing director of acquisitions and dispositions. "So when we came across the opportunity to purchase Airport Way Corporate Park at a 55% discount to replacement cost, we were swift to act on this prime industrial property."

Located at 12021 NE Airport Way, the 140,693 s/f property is 97% leased and was built in phases between 1992 and 2008. The property features three buildings and 16 units ranging in size from 3,666 s/f to 32,533 s/f, with office space accounting for 36% of the overall leasable area. The park also comes equipped with 19 dock-high and 22 grade-level loading doors, up to 26-ft.-clear heights, concrete truck courts, and parking.

BKM will invest more than \$1.3 million into capital improvements over an eight-month period to bring the property to its brand standards, with allocations for speculative tenant improvements also included in the comprehensive value-add package. Plans call for upgrades to the roofs, parking lots, and HVAC systems, in addition to a modernized paint scheme, new signage across the property, and refreshed landscaping. A major aspect of this project also involves the conversion of an underutilized vacant unit into functional warehouse space, decreasing the overall office buildout at the property. The business park will also be renamed PDX Distribution Center as part of BKM's repositioning plan.

Credit tenants such as Vestas and Cardinal Health occupy a third of the park, while the remaining houses legacy tenants holding below-market rate rates that have resulted in a 23% market deficiency in rents. "With upcoming lease expirations turning over a fifth of the park annually, we hope to roll most of the existing tenancy to market rates over the next four years," said Turner. "The strong in-place income from credit tenants will help to offset the downtime incurred during our planned upgrades, allowing this investment to reach positive leverage within 12 months."

Airport Way Corporate Park is situated five minutes from Portland International Airport and the I-205 freeway, and 20 minutes from the Port of Portland and BNSF rail yard. Its location provides tenants with access to the West Coast's population hubs and both domestic and international consumers and suppliers.

BKM, which acquired the asset through a joint venture partnership with BMA Capital Corp, represented itself in the deal. CBRE's Paige Morgan and Brett Hartzell negotiated on behalf of the seller.