



BKM Capital Partners acquires North Cabot Industrial Park for \$10.5 million

July 16, 2024 - National News

San Francisco, CA BKM Capital Partners (BKM), a vertically integrated institutional fund manager, has acquired North Cabot Industrial Park for \$10.5 million, or \$206 per s/f, from a non-profit. The multi-tenant property is located along the I-880 Corridor, one of the most active industrial corridors in the San Francisco Bay Area.

“The Hayward industrial market is historically very lightly traded, and investment offerings generate significant interest,” said Brett Turner, BKM’s senior managing director of acquisitions and dispositions. “We immediately recognized the great opportunity of securing a highly infill park at a 50% discount to replacement cost with tremendous value-add potential.”

North Cabot Industrial Park consists of 51,038 s/f on 3.8 acres at 19707 - 19845 Cabot Blvd. Constructed in 1987, its two concrete-tilt buildings house 13 units that range in size from 2,794 to 6,936 s/f. The 91% occupied property features two dock-high and 15 grade-level doors, 14’ ceiling heights, sprinkler systems, and ample parking.

BKM intends to invest about \$685,000 on capital improvements to bring the asset to its brand standards. Improvements include upgrades and/or replacements of the roofs, HVAC systems, parking lot, paint, signage, and landscaping. The company will also invest \$49,000 on speculative tenant improvements to modernize a 4,580-square-foot unit with new carpeting, paint, fixtures, millwork and lighting.

“North Cabot Industrial Park represents some of the most functional and best-located small-bay product in the market, but lacks the cosmetic appeal needed to attract the East Bay’s deep pool of tenants, especially the smaller users who need to move quickly,” said Turner. “Our planned improvements will deliver a best-in-class product in the sub-10,000-square-foot size segment, which already has a vacancy of just 1.6%, compared to 5% for the broader Hayward industrial market.”

As part of the repositioning plan, BKM’s leasing team will work to fill the 9% vacancy at the property, taking advantage of the park’s 2.3-year WALTs to correct a 21% market deficiency in rents. With hard vacates anticipated for four current tenants, the leasing team expects to roll at least 77% of the existing tenancy to market rates over BKM’s hold period.

The inner-East Bay city of Hayward is one of the area's few municipalities directly connected to the San Francisco Peninsula. With the San Mateo Bridge connecting the East Bay to Silicon Valley, Hayward is a sought-after manufacturing/last-mile location for users servicing corporate anchors on the peninsula. Its accessibility and connection to the Bay area's population centers via highway, bus, and BART also bode well for companies looking to source labor and reach customers.

BKM represented itself in the transaction. CBRE's Robert Ferraro, executive vice president, Michael Barry, executive vice president, and Ken Morris, first vice president represented the seller.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540