



## **BKM Capital Partners executes \$110 million recapitalization with global investment manager**

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Newport Beach, CA BKM Capital Partners (BKM), a vertically integrated institutional fund manager, has executed a \$110 million recapitalization of a five-property light industrial portfolio. The transaction also marks an expansion of BKM's partnership with a global investment manager, bringing the joint venture's total holdings to more than \$760 million in value.

"This transaction marks a significant milestone in our ongoing partnership," said Brian Malliet, BKM's CEO and CIO. "The continued trust in BKM underscores our commitment to delivering exceptional value and performance in the small and mid-bay industrial sector. We are excited about the opportunities ahead and look forward to further strengthening our partnership as we continue to execute on our strategic objectives."

The five properties in the portfolio consist of 90 units and nearly 540,000 square feet of small-bay industrial space in the Western U.S. They include:

### Faraday Industrial Park

Faraday Industrial Park, a 99,349 s/f, 20-unit property in San Diego, CA, where a lack of new construction of shallow bay space and increased demand driven by nearshoring has led to tighter market conditions. BKM intends to leverage a phased rollover schedule to gradually correct a 14% mark to market deficiency over the fully occupied property's 3.1-year WALTs.

### Cherry Commerce Center

Cherry Commerce Center, with 97,799 s/f across four units in Newark, CA. There is an immediate opportunity to increase the asset's NOI by leasing the remaining vacant space in the 83% occupied building. In the longer term the firm intends to leverage the property's institutional-quality features

and 4.3-year WALTs, to gradually achieve a 13% mark to market opportunity over a phased lease rollover schedule.

#### Havana 37 Business Center

Havana 37 Business Center, a 150,255 s/f, 13-unit property in Denver, CO that is 95% occupied. Phased lease expirations and a 2.5-year WALT will allow BKM to roll 66% of existing tenancy to new rates, addressing a 12% mark to market opportunity while improving the overall credit profile of the tenant roster.

#### Patrick Airport Center

#### Mojave Airport Center

Patrick Airport Center, with 142,451 s/f in 44 fully occupied units, and Mojave Airport Center, a 94% occupied asset with 50,066 s/f in nine units. Both properties are in Las Vegas, where economic and

rent growth has outpaced prior expectations, generating a 17% mark to market deficiency BKM intends to correct over a collective WALT of 2.1 years. BKM plans to turn 95% of the properties' tenancy over to new leases over its hold period.

“While our team successfully extracted substantial value from all these assets, the sector’s dynamics sent industrial performance through the roof in their respective markets,” said Brett Turner, BKM’s senior managing director of acquisitions and dispositions. “Given the continued demand for small-bay industrial and the market’s high trailing rent growth, we feel that these properties have much more potential for growth, which our institutional management approach can maximize.”

This is the sixth transaction for the companies since launching the joint venture in 2021.

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