



The sweet spot of light industrial investment: Middle-market opportunities, 30%–50% undermarket rents

Unlock middle-market light industrial real estate investments with BKM Capital Partners

The middle-market sector — defined as deals valued at \$15 million to \$50 million — is a rare sweet spot for commercial real estate investment. Too small for big institutions and too large for many high-net-worth individuals, the market segment offers plenty of opportunity.

It is BKM's strategy to source multi-tenant industrial properties in the middle-market sector that are geographically positioned in growth markets. Our focus delivers an attractive entry point into value-added properties that offer value-creation opportunities through rehabilitation, redevelopment, repositioning and re-leasing to take advantage of market rents. Typical rents are 30 percent to 40 percent below market with short WALT (weighted average lease term), and this allows for an immediate value capture and upside. This process, combined with our active asset management and on-site property management, offers a combination of value creation and income generation.



2023 Activity

 **\$660 million**
acquired

 **21 assets**
acquired in 14 transactions

 **3.7 million**
square feet

as of March 31, 2024

MULTI-TENANT LIGHT INDUSTRIAL OPPORTUNITY

- + **Small- to mid-bay light industrial & multi-use logistics properties;** 200,000-square-foot to 500,000-square-foot business parks
- + **Inflation hedge with favorable spreads** over broader industrial property sector
- + **Infill locations; importance to ecommerce and supply chain;** proximity to customers; barriers to new supply
- + **Compelling fundamentals;** strong secular demand; static supply; excellent rental growth potential
- + **Fragmented ownership;** undercapitalized and undermanaged; rents typically well below market
- + **Strong risk-adjusted returns;** low credit loss; tenant diversification; value of infill locations
- + **Institutional capital flows;** institutions recognizing niche opportunity and pursuing this segment of the light industrial sector

FULLY INTEGRATED PLATFORM

The value-added, multi-tenant light industrial asset class requires a vertically integrated operator platform and team capable of managing the space and relationships of significantly more tenants.

TRANSACTION VOLUME

2.2 leases per business day
575 leases per year

SPECULATIVE IMPROVEMENTS

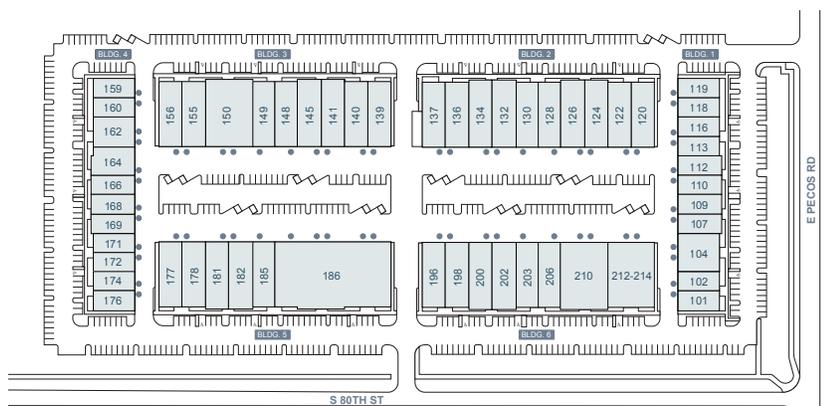
2.1 units per business day
550 move-in ready units per year

Asset Management | Leasing Management | Property Management
Construction Management | Industry-Leading Technology



INVESTMENT CRITERIA

 LOCATION Western U.S.	 PROPERTY TYPE Industrial	 TRANSACTION SIZE \$15M-\$50M	 PROPERTY SIZE <200K SF
 NUMBER OF BUILDINGS 4-10	 NUMBER OF UNITS 20-200	 WAREHOUSE BUILDOUT 70-75%	 OFFICE BUILDOUT 25-30%



BKM at a glance

26.2%

gross IRR on realized investments²

2.4x

gross equity multiple on realized investments²

\$3.5 billion

in transactions

17 million

square feet acquired

97

light industrial properties acquired

3,000+

tenants

90+

employees

25+

average years of experience among leadership

13

offices

6 states

in which we operate
AZ • CA • CO • NV • OR • WA

2013

founded

as of March 31, 2024

¹Cambridge Associates/IHS Markit Real Estate Fund Index 4Q2023; Preqin 4Q2023

²Gross IRR and gross equity multiple are aggregated property-level returns gross of fund-level expenses, management fees and carried interest, based on realized value as of March 31, 2024.

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