

BKM Capital Partners

Unlocking Potential and Driving Innovation in
Industrial Investments

Value-Add Execution Snapshot



HOHOKAM BUSINESS PARK | PHOENIX, AZ

INTRODUCTION

Hohokam Business Park spans 256,920 square feet across 18 buildings on nearly 17 acres of industrial-zoned land in Tempe, Arizona, serving as a cornerstone of the thriving Phoenix industrial market. Strategically positioned in Tempe's Northwest submarket with prominent frontage on SR-143, near I-10, Sky Harbor International Airport, and Arizona State University, this multi-tenant light industrial park offers highly functional small-bay space to a diverse tenant base.

Phoenix's industrial market is driven by advanced manufacturing, aerospace, technology, and regional distribution. Its metro population of approximately 5 million has grown 17% over the past decade, supported by a young, educated workforce anchored by Arizona State University. As one of the nation's fastest-growing metros and a key logistics gateway to the Western U.S., the region continues to attract major employers such as Amazon, Intel, and Honeywell, driving durable demand for infill industrial space.

Purchase



PURCHASE PRICE

\$29M



SQ. FT.

257K



PSF

\$113



ACQUIRED

Jun '20



MARKET

Phoenix



BUILT

1985



OCCUPANCY

89%



BUILDINGS

18



UNITS

81



CLEAR HEIGHT

16'



AVG. REMAINING LEASE TERM

1.5 Years



G.L. DOORS

91

Sale



SALE PRICE

\$54M



SQ. FT.

257K



PSF

\$209



SOLD

Dec '24

OPPORTUNITY



Aesthetic Vision

- » The property originally lacked a modern design concept, allowing BKM to enhance its visibility and appeal.
- » Cosmetic upgrades included a refreshed paint scheme, updated tenant and monument signage, drought-tolerant landscaping, and parking lot resurfacing.
- » Overbuilt, office-heavy units would be reconfigured into smaller, more functional industrial suites, reducing the office buildout and broadening tenant appeal.



Financial Vision

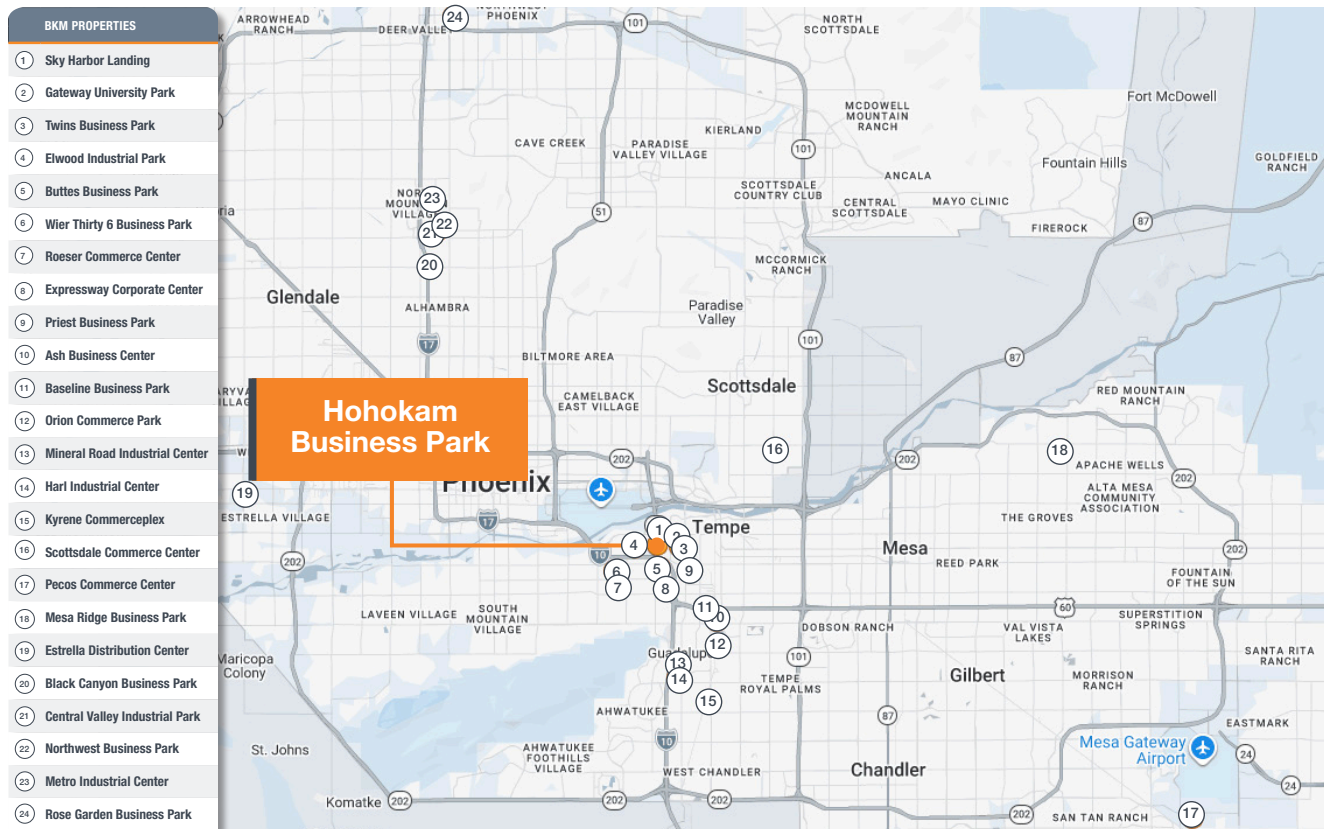
- » Acquired at a 60% discount to replacement cost with stable in-place cash flow from 89% occupancy.
- » Opportunity to mark over 50% of NRA to market within the first two years of the hold.
- » 24% below-market in-place rents, offering strong rent growth potential.
- » Average unit size of 3,172 SF across a diversified base of 66 tenants, with no tenant exceeding 4% of NRA to limit cash flow volatility.

BKM's current Arizona portfolio encompasses over 4.3 million square feet across 25 projects. With both a localized market presence and fully integrated operating platform, BKM effectively manages a robust leasing pipeline at the asset level to maximize performance across the portfolio.



NEARBY BKM PROPERTIES

KNOWLEDGEABLE MARKET OWNER



WHY WE LOVED THIS DEAL

- » **EMBEDDED DEMAND:** The property was acquired at 89% occupancy across a diversified 66-tenant base, proving underlying demand for the small-bay product type despite years of prior mismanagement and deferred maintenance.
- » **TENANT BASE:** The tenant base blends industrial and service-oriented users across construction, manufacturing, logistics, design, and technology, creating balanced, diversified demand rather than reliance on any one use type.
- » **LOCATION:** The park has prominent frontage on SR-143, a key arterial connecting Tempe to major Phoenix submarkets, minutes from I-10, Sky Harbor International Airport, and Arizona State University.

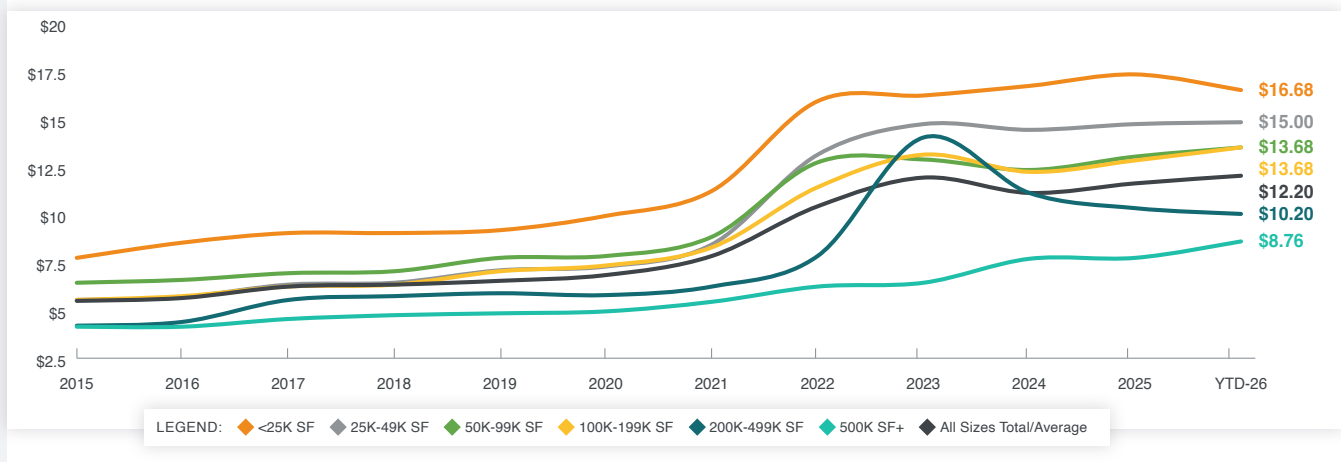
MARKET DYNAMICS

- » **Small-bay continues to command a strong rent premium.** Spaces <25K SF are averaging \$16.68/SF compared to the metro-wide average of \$12.92/SF, roughly a 29% premium. With small-bay rents up about 50% over the last five years, there's also a meaningful opportunity to bring older leases closer to current market rates.¹
- » **Vacancy is much tighter in the smaller size ranges.** While overall market vacancy sits at 15.1%, spaces <25K SF are only at 5.5%.¹
- » **Demand is decisively outpacing new supply.** Phoenix absorbed 4.2 million SF against just 1.9 million SF of new deliveries, pushing vacancy down to 8.7% — a fifth consecutive quarterly decline and a drop of 220 basis points year over year.²
- » **The market has a deep and diverse demand base.** With a population of 5.3 million and the 13th-largest manufacturing employment base in the country, the metro has a strong industrial foundation that supports continued tenant demand.¹

¹CBRE, U.S. Small Bay Industrial Trends, H1 2026, pp. 70–72. ²Colliers, Phoenix Industrial Market Report, Q2 2026.



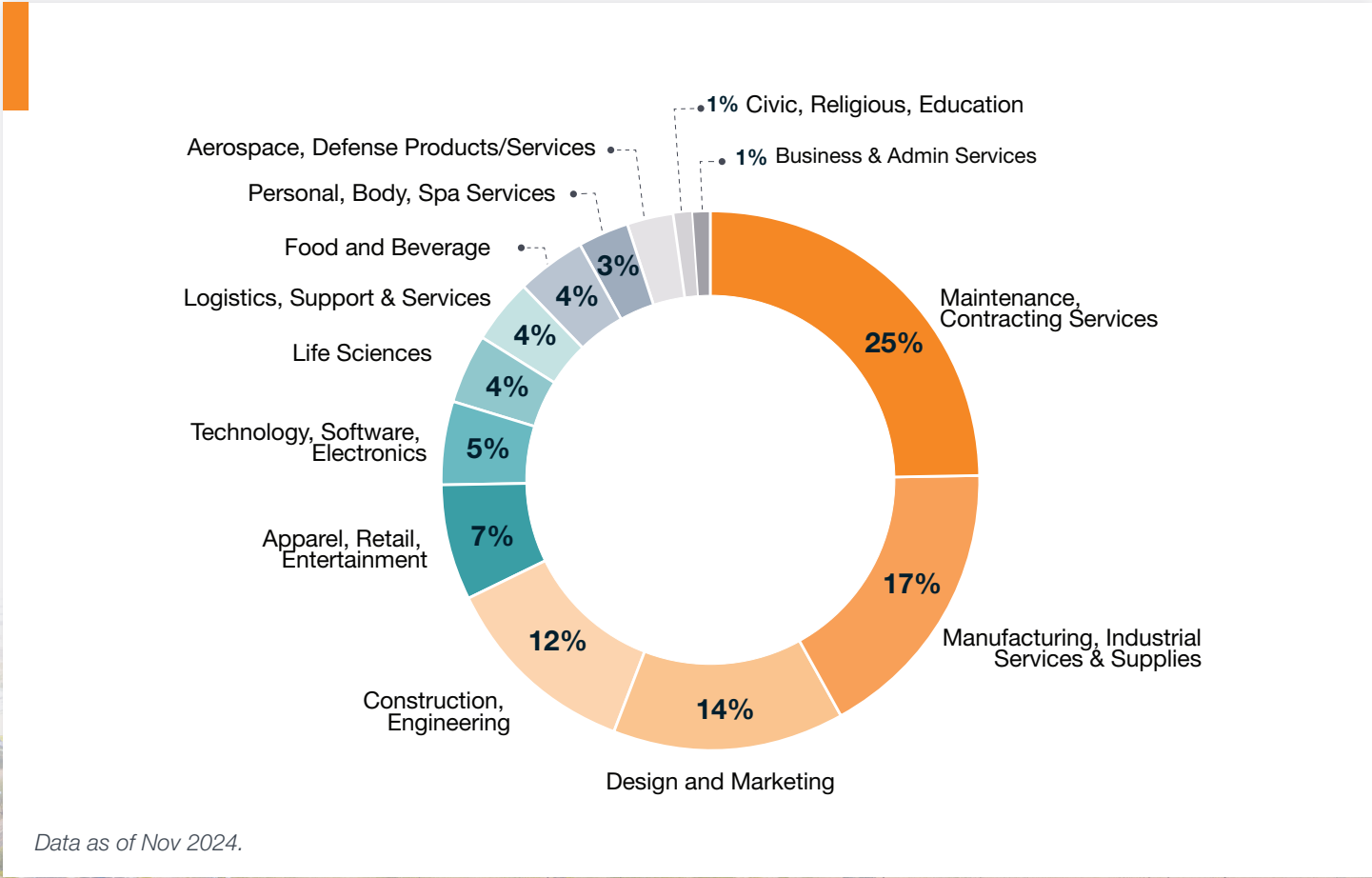
NNN Asking Rent (\$/SF/YR) By Size Tranche



Sources: Costar Group, Q2 2026. Data labels to the right of charts reflect the current quarter/year-to-date value for each size tranche.

FOCUS ON GROWTH - SIC CODES

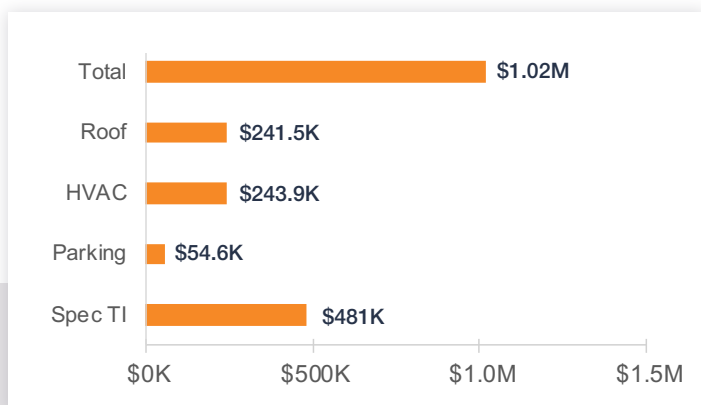
The BKM team seeks to continuously diversify its tenant mix, aligning with its growth strategy to mitigate risk and hedge against industry-specific volatility.



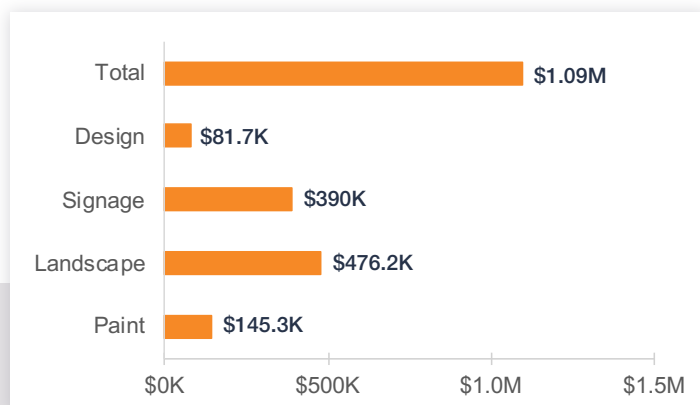
EXECUTION PLAN

- » BKM planned a comprehensive capital program to reposition the asset, including \$1.09M in cosmetic upgrades (paint, signage, and drought-tolerant landscaping) and \$1.02M in structural improvements.
- » To unlock rent growth, the team aimed to roll under-market leases to market, targeting over 50% of NRA within the first two years of the hold and capturing the 24% gap between in-place and market rents.
- » This approach required active property management and ongoing tenant improvement and leasing investment to enhance marketability and justify market-rate rent premiums.

Structural Improvements



Cosmetic Improvements



EXTERIOR IMPROVEMENTS



NEW PAINT
SCHEME



PROJECT
SIGNAGE



TENANT
SIGNAGE



LOW-DENSITY
LANDSCAPING



ROOFS
& HVAC



PARKING
LOT

The property's outdated, muted color palette was replaced with a bold, modern industrial scheme, featuring BKM's signature orange against clean charcoal and white tones for a sharper, contemporary aesthetic. The integration of accent colors and color-coded wayfinding signage improved navigation throughout the 18-building park, enabling tenants and customers to locate their destinations more efficiently.

EXTERIOR PROPERTY TRANSFORMATION



INTERIOR IMPROVEMENTS



REDUCE
OFFICE %



DIVIDE
UNITS



ACCENT WALLS/
CARPET TILES



POLISHED
CONCRETE



IMPROVED
LIGHTING

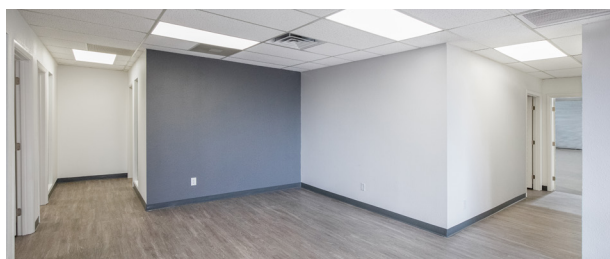


NEW/UPDATED
RESTROOMS

- » BKM budgeted \$269K (\$14 PSF) to reconfigure 7 functionally obsolete, overbuilt units totaling 19,635 SF into smaller, market-ready industrial suites that meet local small-bay demand and accelerate lease absorption.
- » With a 59% office build-out at acquisition, the conversions optimized the office-to-industrial ratio by demolishing underutilized office components, delivering a 35% office build-out aligned with market demand.
- » Interior renovations were executed in two phases:

Phase 1: Focused on the 7 static vacant units, addressing as-builts, spec TI, and unit reconfiguration to deliver functional first-generation space.

Phase 2: Converted previously occupied units as leases expired, systematically reducing risk for a seamless transition and stable cash flow.

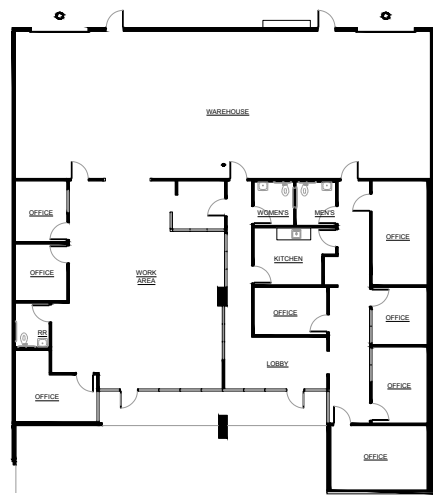


INTERIOR PROPERTY TRANSFORMATION



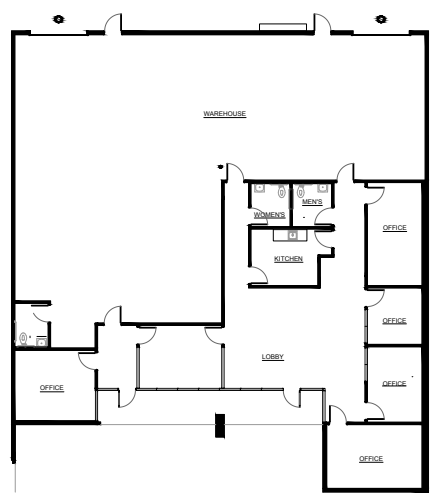
SUITE CONVERSION

AT ACQUISITION



Suite 2425-4&5 Original Plan	
Office SF	3,394 SF
Warehouse SF	1,963 SF
Office %	63%

POST RENOVATION



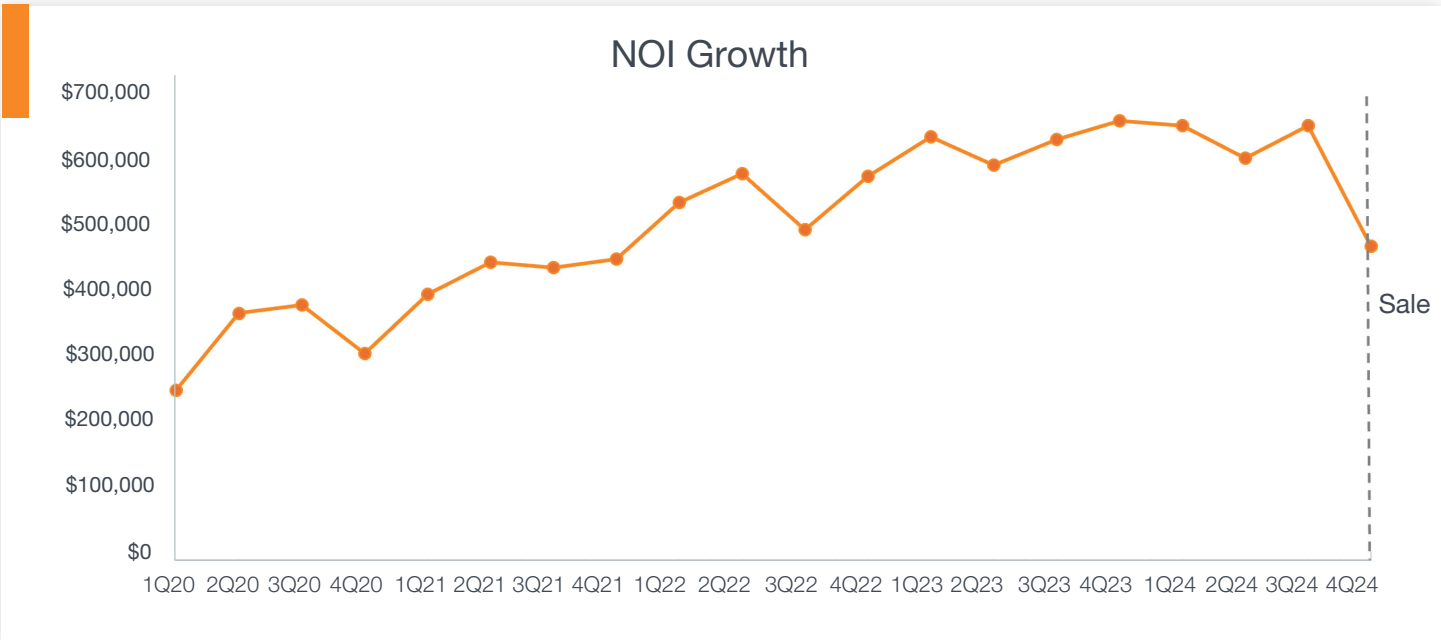
Suite 2425-4&5 Proposed Plan	
Office SF	2,438 SF
Warehouse SF	2,919 SF
Office %	46%



RESULTS

BKM’s strategic value-add approach has delivered exceptional operating and leasing outcomes at Hohokam Business Park, showcasing the successful execution of its business plan and its proven ability to generate strong returns for investors.

80% increase in NOI between 2020 and 2024.

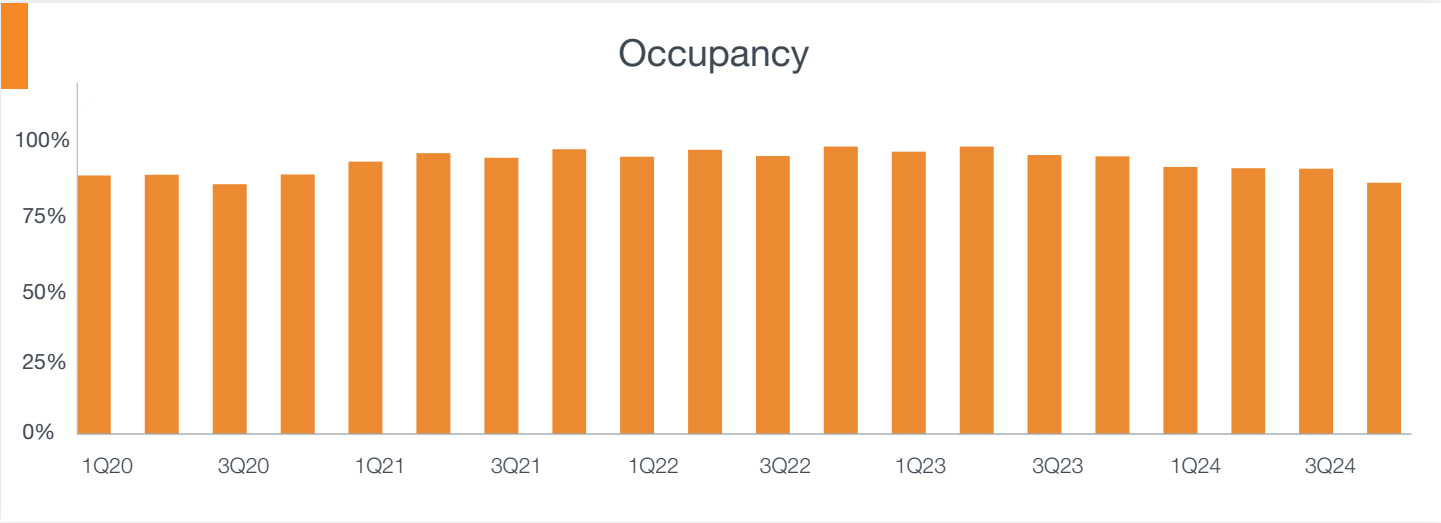


26.9% average leasing spreads between 2020 and 2024.



RESULTS CONTINUED

Sustained 95% occupancy between 2020-2024.



OPERATIONAL HIGHLIGHTS

- » 34 of 72 units rolled over to-date, allowing BKM to mark nearly 40% of the park’s square footage to market.
- » 4 months average downtime since acquisition.
- » 84% increase in property value over the hold, growing from \$29.1M at acquisition in 2020 to \$53.6M in December 2024.
- » 32% average leasing spreads achieved across the hold, or 26.9% when including quarters with no leasing activity.
- » \$2.1M in capital improvements completed across cosmetic and structural upgrades, including paint, signage, landscaping, spec TI, HVAC, roofing, and parking improvements, helping reposition the asset to drive rents and occupancy.

80% Increase

In Net Operating Income between 2020 and 2024

26.9% Average

Leasing Spreads between 2020 and 2024

95% Average

Occupancy between 2020 and 2024

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