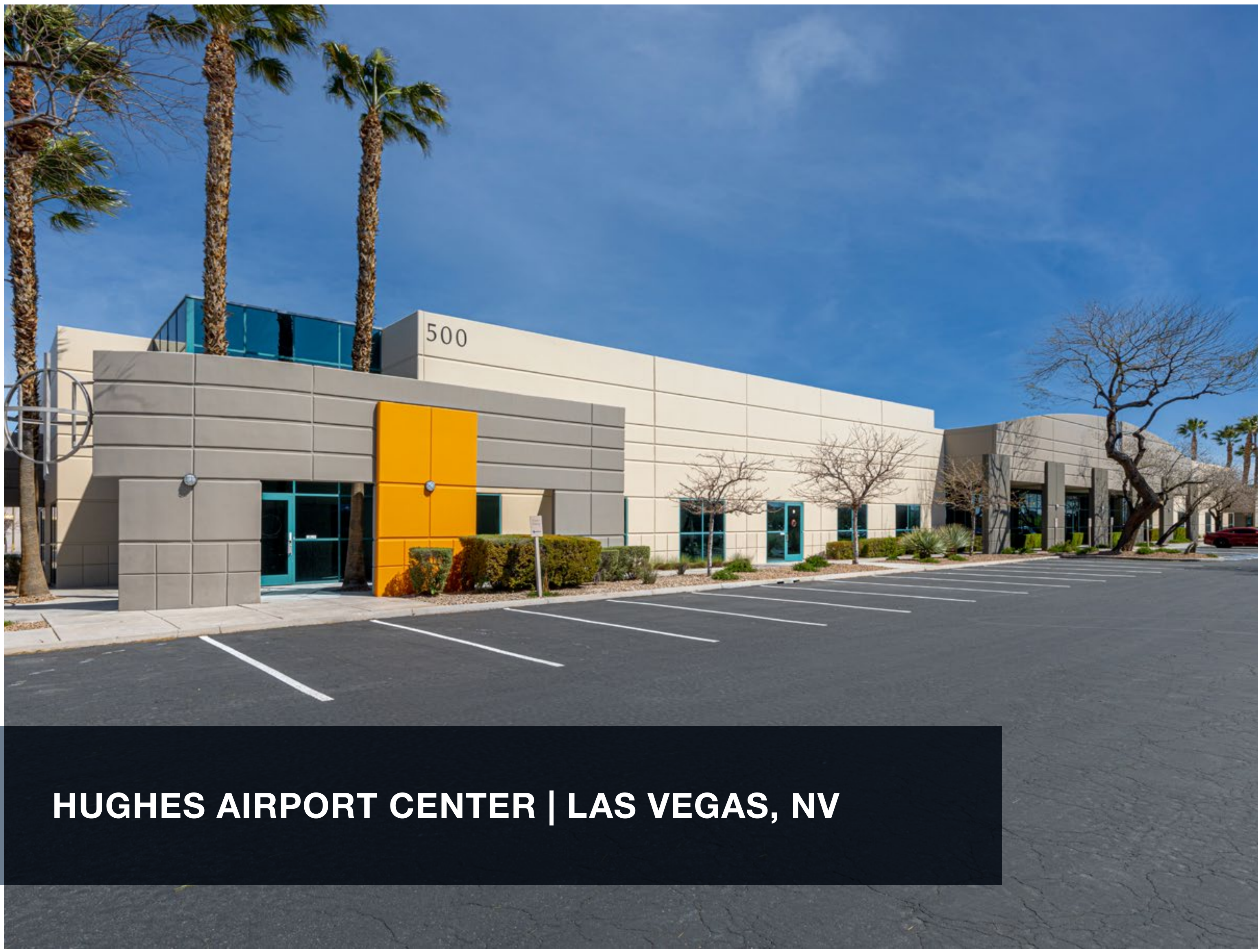
2Q 2025
CASE STUDY

BKM Capital Partners

Unlocking Potential and Driving Innovation in Light Industrial Investments

Value-Add Case Study



HUGHES AIRPORT CENTER | LAS VEGAS, NV

bkmcp.com

INTRODUCTION

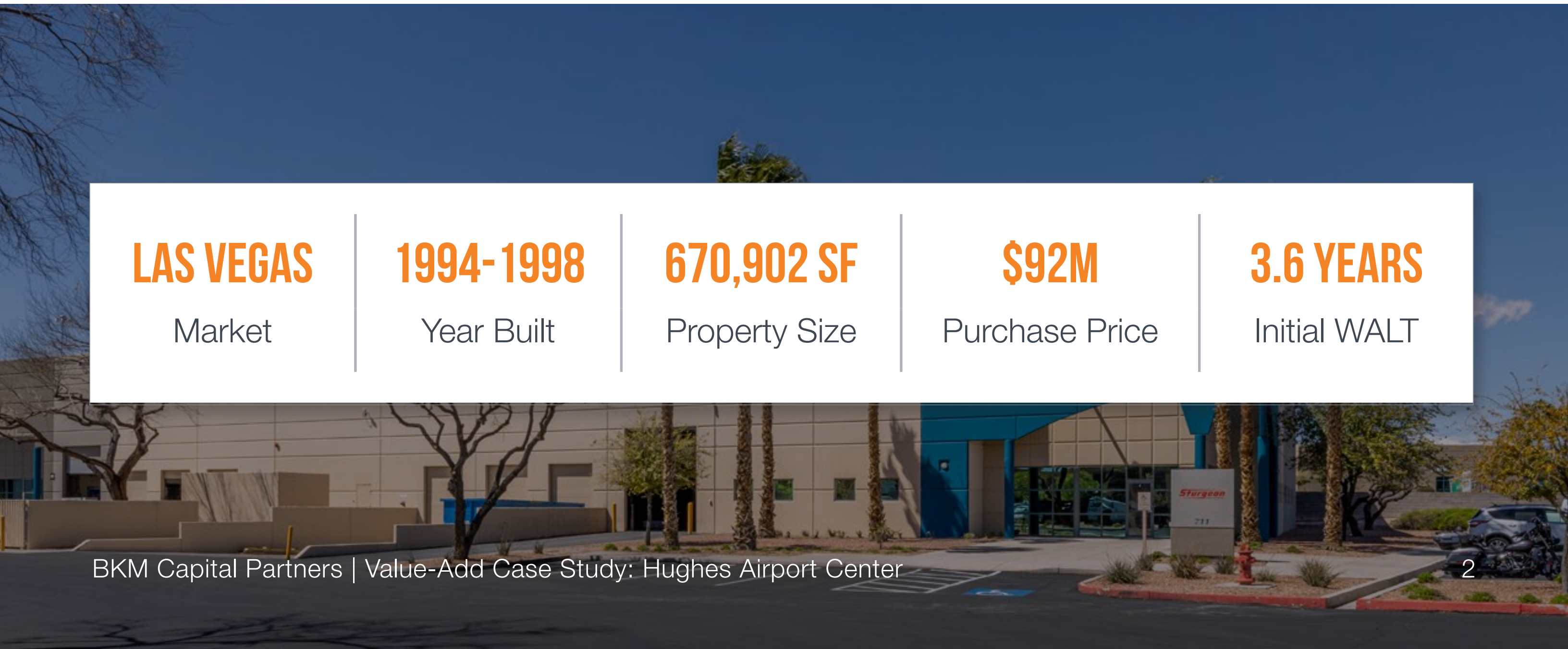
Hughes Airport Center encompasses over 50 acres of prime industrial land in Las Vegas, Nevada, offering 670,902 square feet of best-in-class industrial suites at the core of the city's premier airport submarket.

Las Vegas has rapidly evolved into one of the most dynamic industrial markets in the Western U.S., fueled by its expanding logistics infrastructure, tax-friendly business climate, and strategic proximity to Southern California's ports and logistics market. As a major distribution hub and supply chain waypoint, Las Vegas supports a wide range of industries—from e-commerce and retail logistics to advanced manufacturing and entertainment production. The city's favorable regulatory environment and lower cost of doing business continue to attract institutional capital and corporate investment, reinforcing long-term growth potential and positioning Las Vegas as a premier destination for today's modern industrial tenants.

PROPERTY OVERVIEW

Acquired in early 2018 for $92M, BKM purchased Hughes Airport Center as a rare chance to reposition a Class-A, multi-tenant industrial asset at a 26% discount to replacement cost. Located just minutes from McCarran International Airport and adjacent to both I-15 and I-215, the 670,902-square-foot campus encompasses 13 buildings with a mix of industrial and service uses. At acquisition, the property was 87% occupied and comprised 41 tenants averaging roughly 13,900 square feet per unit, with strong retention potential and below-market rents. With over 59% office buildout across the campus, BKM recognized an opportunity to reduce obsolescent office-heavy suites and convert them into more flexible, logistics-friendly industrial space. At YE 2024, BKM sold the property for $158M, marking a 71% increase in value.

Previously managed under a disengaged joint venture between CIP and Oaktree, the property suffered from operational drift and a lack of capital reinvestment. Misaligned objectives led to significant underperformance compared to comparable assets, despite its premier location and functionality. Upon acquisition, BKM planned to implement its vertically integrated management platform, reconfiguring dysfunctional office space into leasable industrial units and launching a comprehensive exterior capital improvement plan that would transform both the structural and cosmetic features of the property. These actions laid the groundwork for transforming Hughes Airport Center into a modern, highly competitive business park within the rapidly evolving Las Vegas industrial market.



LAS VEGAS	1994-1998	670,902 SF	$92M	3.6 YEARS
Market	Year Built	Property Size	Purchase Price	Initial WALT

OPPORTUNITY

Aesthetic Appeal

- » Highly functional construction and strategic airport location position the property as a “best in class” asset.
- » The addition of tactical cosmetic upgrades such as new paint and a comprehensive landscape renovation further increase curb appeal and visibility.
- » Outdated office configurations and overbuilt industrial spaces allow reconfiguration into flexible, modern suites designed to appeal to a broad spectrum of local tenants.

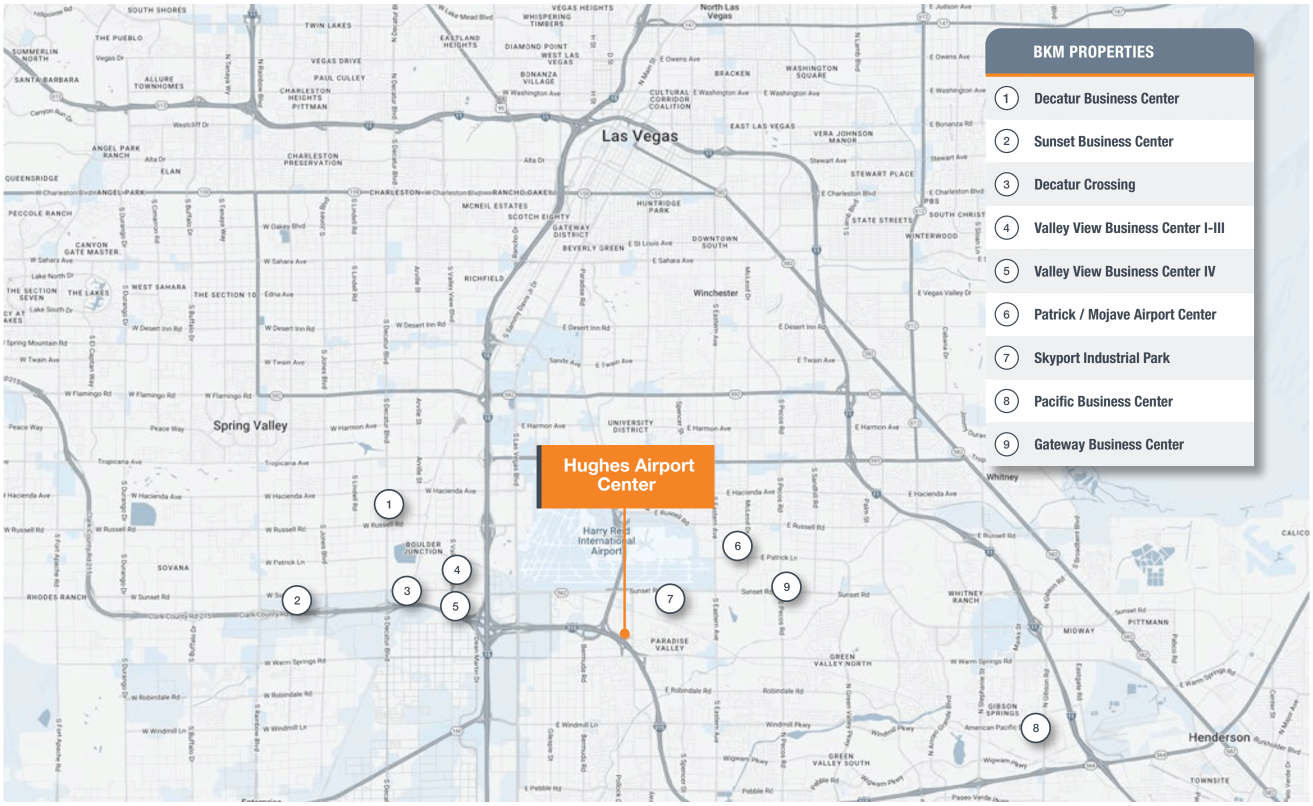
Financial Appeal

- » Rents achieved during escrow were already 14% above underwriting, and the asset was secured at a 7% going-in cap rate—well above the 6.1% cap rate at contract—highlighting its compelling value.
- » Opportunity to benefit from a 10.3% cash-on-cash return through the hold, ultimately contributing to 49% of total investment profit.
- » Industrial vacancy was sub 4% at acquisition, reflecting strong market fundamentals and a persistent shortage of small-bay construction.

BKM’s current Las Vegas portfolio encompasses over 2.8 million square feet across 15 projects. With deep regional insight and a well-established management platform, the BKM team effectively streamlines operations to accelerate lease-up execution and enhance asset performance.

NEARBY BKM PROPERTIES

KNOWLEDGEABLE MARKET OWNER



WHY WE LOVED THIS DEAL

» **Over 28,000 SF of dysfunctional space was identified for conversion,** providing BKM with immediate opportunities to drive NOI through spec suite repositioning and increased efficiency.

» **Strategic location near McCarran International Airport and direct access to I-15 and I-215** ensures long-term demand from logistics, service, and distribution users needing last-mile proximity across the Southwest.

» **Stable weighted average lease term (WALT) of 3.6 years** provides income stability while allowing for staggered mark-to-market over the business plan horizon.

» The tenant base was exceptionally diverse, with 41 tenants across 670,902 square feet. **No tenant occupied more than 6.2% of NRA,** significantly reducing rollover risk and enhancing long-term income durability.

MARKET DYNAMICS

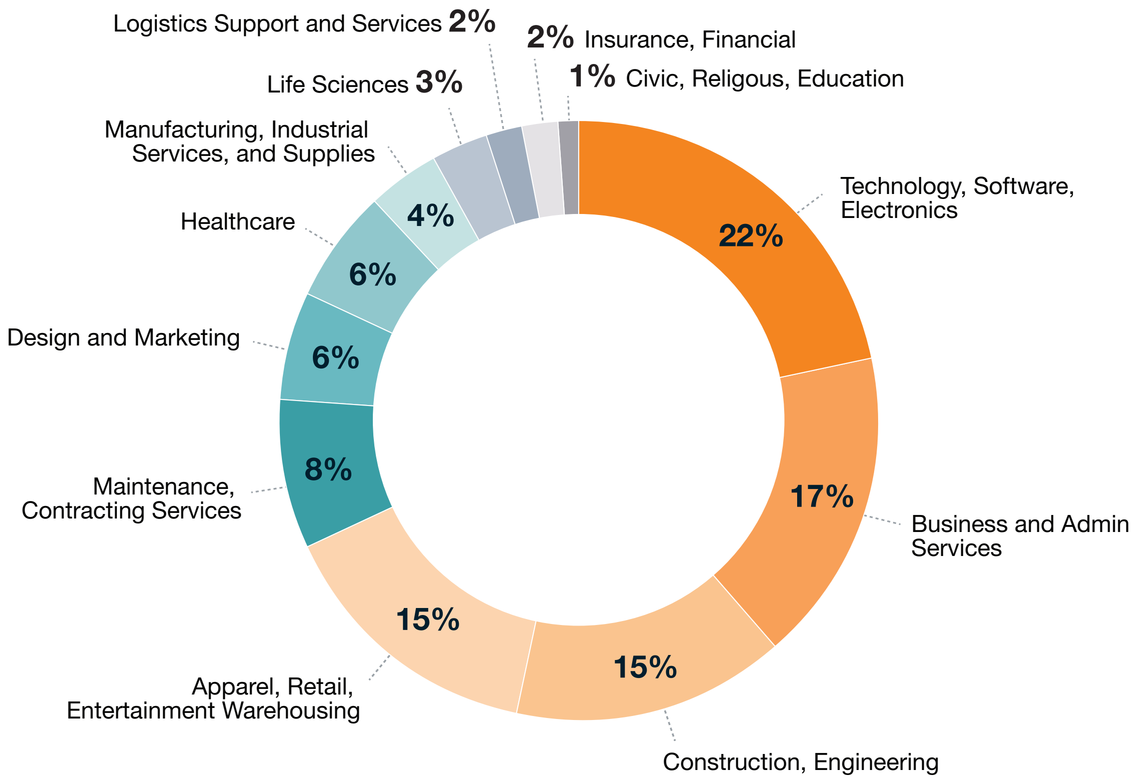
- The Las Vegas metro reached a population of 2.3 million by year-end 2024, **reflecting 16.2% growth over the past decade**—making it one of the fastest-growing markets in the U.S.[1]
- **The region's industrial footprint spans over 194 million square feet, with 8.2 million SF currently under construction,** signaling sustained developer confidence.[2]
- **Vacancy is at 9.8%,** driven in large part by newly delivered product that has yet to stabilize.[3]
- Asking rents average $14.31/SF, with 4.4 million SF of net absorption YoY. **Rates have grown 106% in the past decade, indicating consistent demand for the product type.[2]**
- Industrial investment activity remains robust, with **$1.1 billion in 2024 transaction volume and an average sale price of $192/SF,** highlighting the market's increasing appeal to institutional capital targeting yield and diversification.[2]

Source: CoStar.

[1]US Census Data. [2]CoStar, May 2025. [3]CBRE Las Vegas Industrial Report, Q1 2025

FOCUS ON GROWTH - SIC CODES

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

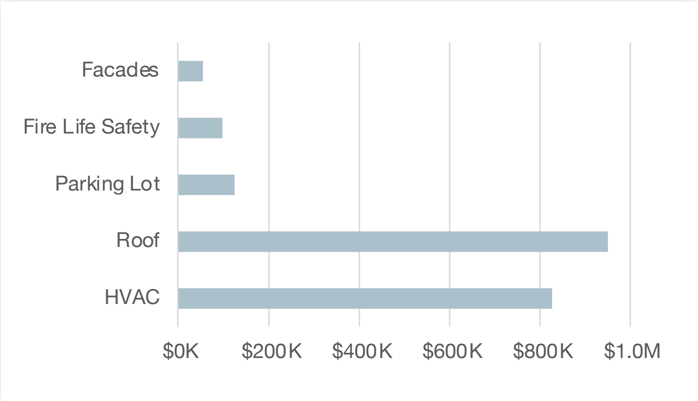


Data as of November 30, 2024.

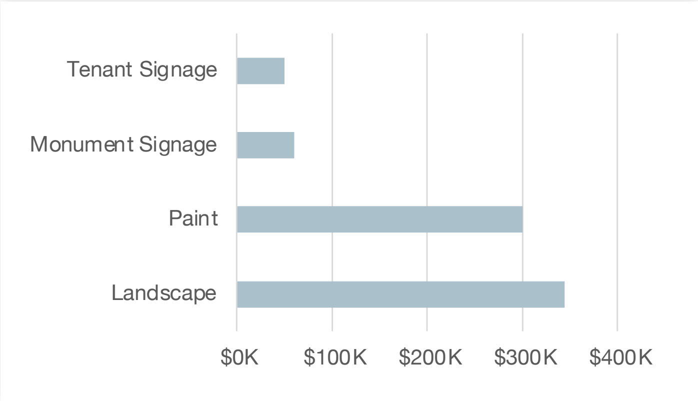
EXECUTION PLAN

To reposition Hughes Airport Center as a market-leading asset, **BKM implemented a $9.2 million capital improvement program** focused on functional upgrades, tenant experience, and long-term value creation. The plan included **$3.9 million in tenant improvements** and an additional **$1.3 million in speculative TI's** to modernize and reconfigure space for incoming users. In addition, approximately **$1.9 million was allocated to critical building systems,** including roofing, HVAC replacement, fire/life safety upgrades, and façade enhancements. In tandem, **BKM invested $879,555 in cosmetic enhancements**—such as exterior paint, monument and tenant signage, landscaping, and parking lot improvements—to elevate curb appeal.

Structural Improvements



Cosmetic Improvements



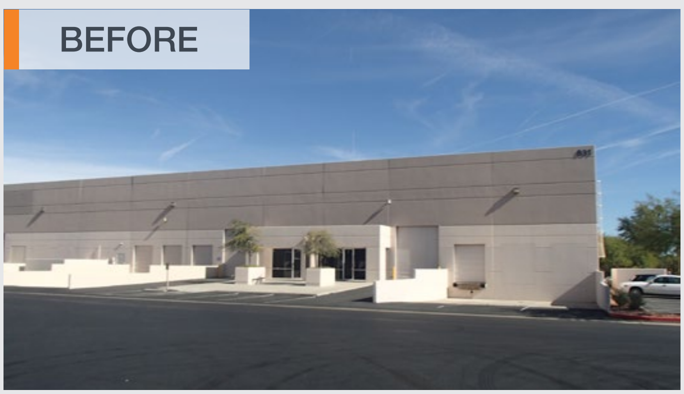
EXTERIOR IMPROVEMENTS

Paint: A key visual enhancement involved replacing the park's dated, muted tones with a refreshed palette featuring bold oranges and high-contrast accents. This more vibrant scheme brought more energy into the campus, significantly improving its curb appeal.

Signage: Enhancements included refreshed monument signage with vibrant color updates and modern design, helping the signs stand out across the park. Uniform tenant plaques were also introduced to create a more cohesive and professional visual identity.

Landscape: Nearly one million square feet of outdated turf was removed and replaced with low-density, drought-tolerant plant material, aligning with Las Vegas' strict water regulations. The new design enhanced visual appeal while delivering substantial reductions in long-term water costs.

EXTERIOR PROPERTY TRANSFORMATION

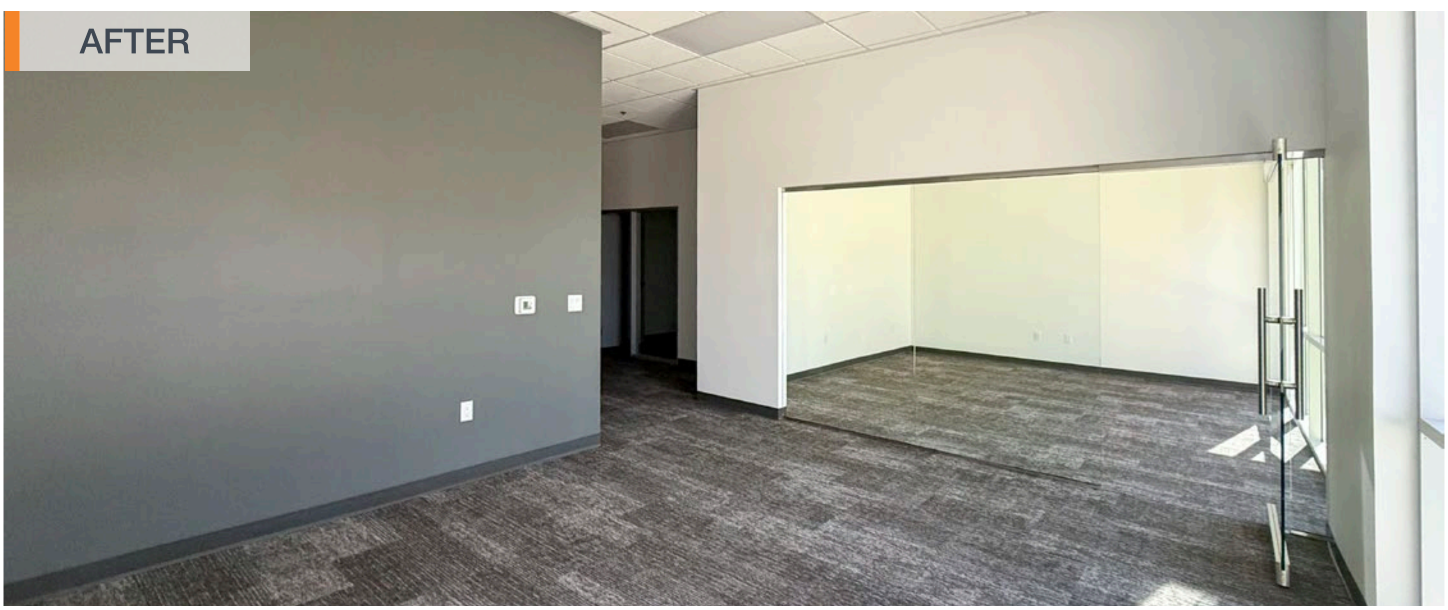


INTERIOR IMPROVEMENTS

REDUCE OFFICE %	DIVIDE UNITS	ACCENT WALLS/ CARPET TILES	POLISHED CONCRETE	IMPROVED LIGHTING	NEW/UPDATED RESTROOMS

Over the hold, the BKM team converted over 260,000 square feet of space into smaller, more versatile small-bay suites to better align with local tenant demand and accelerate lease-up. By subdividing larger units, the property could appeal to a broader mix of users, driving higher occupancy. With the asset acquired at a 59% office build-out, the plan also offered a strategic opportunity to reduce excess office space and rebalance the office-to-warehouse ratio for greater functionality and marketability.

INTERIOR PROPERTY TRANSFORMATION

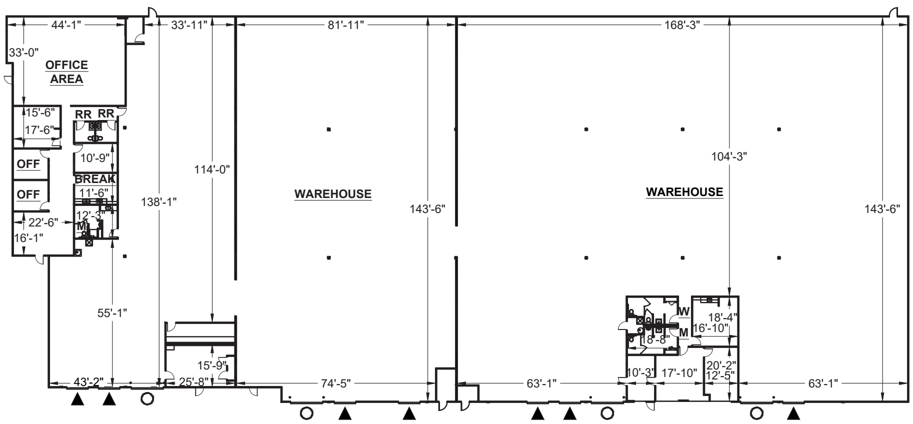


UNIT CONVERSIONS AND OFFICE DEMOLITION

EXAMPLE: BLDG 839

AT ACQUISITION

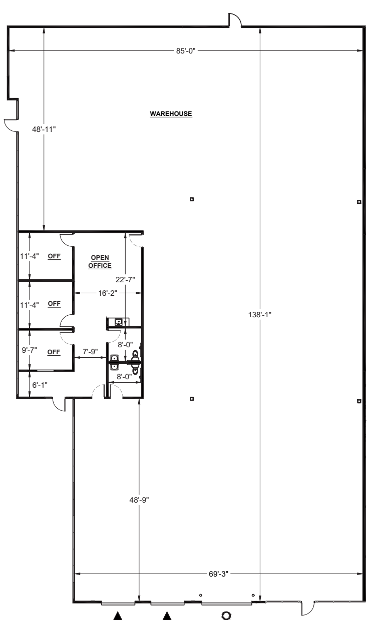
Suite A-C



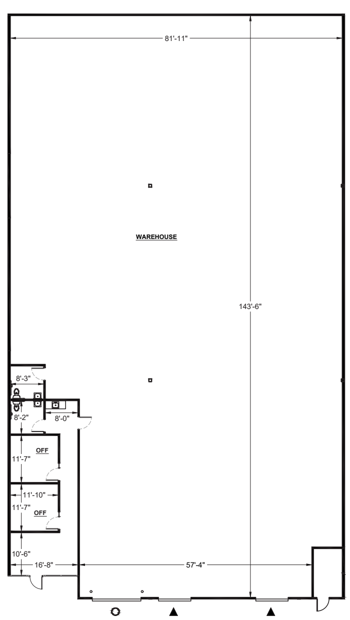
BLDG 839 Original Plan	
Number of Units	1
Average Unit Size	47,210 SF
Average Office Percent	11%

POST RENOVATION

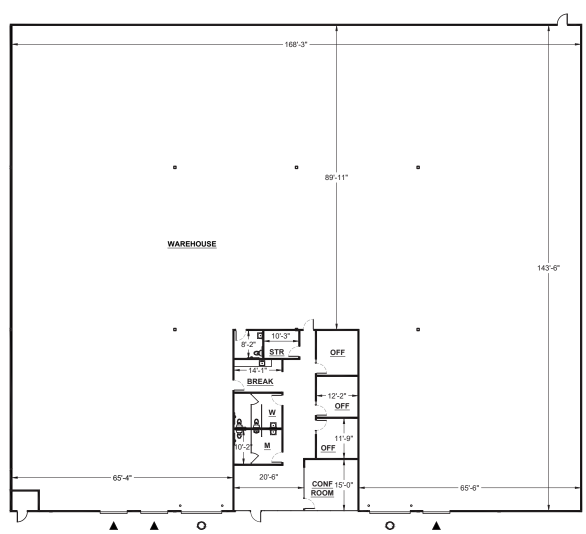
Suite A



Suite B



Suite C



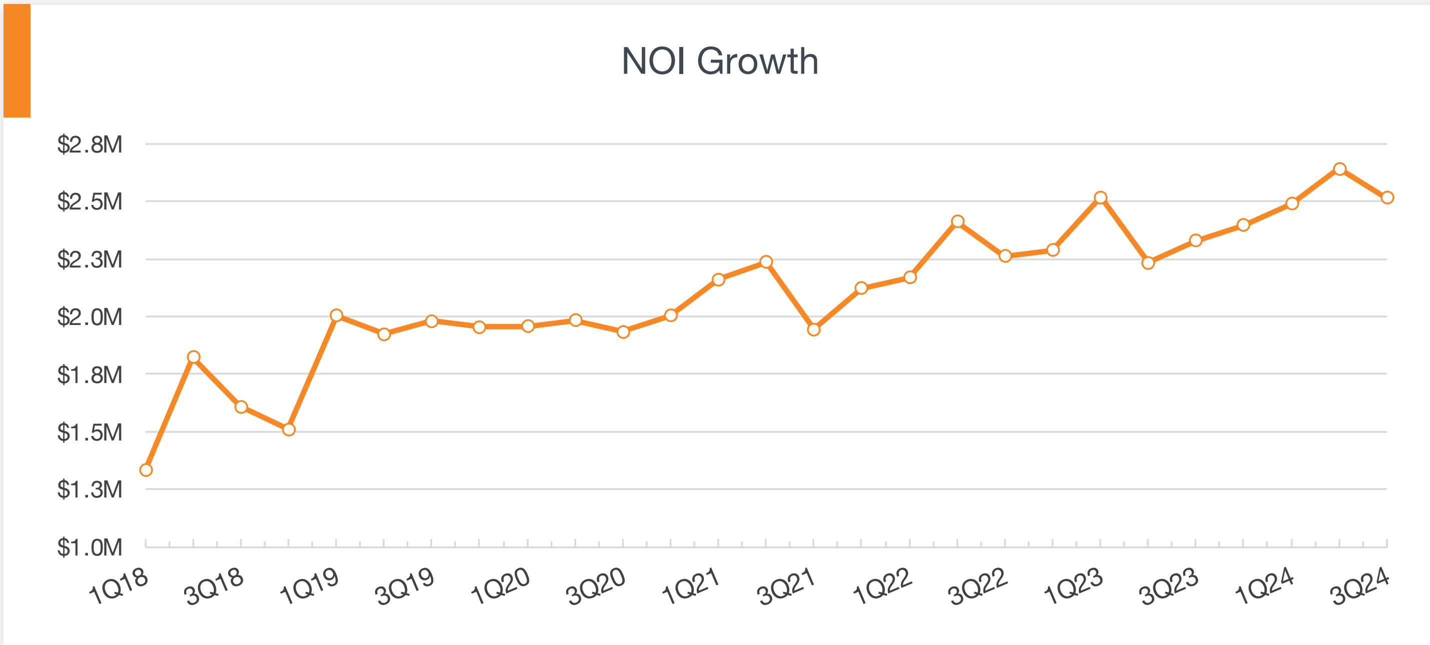
BLDG 839 Conversion Plan

Number of Units	3	Average Unit Size	15,736 SF	Average Office Percent	8%

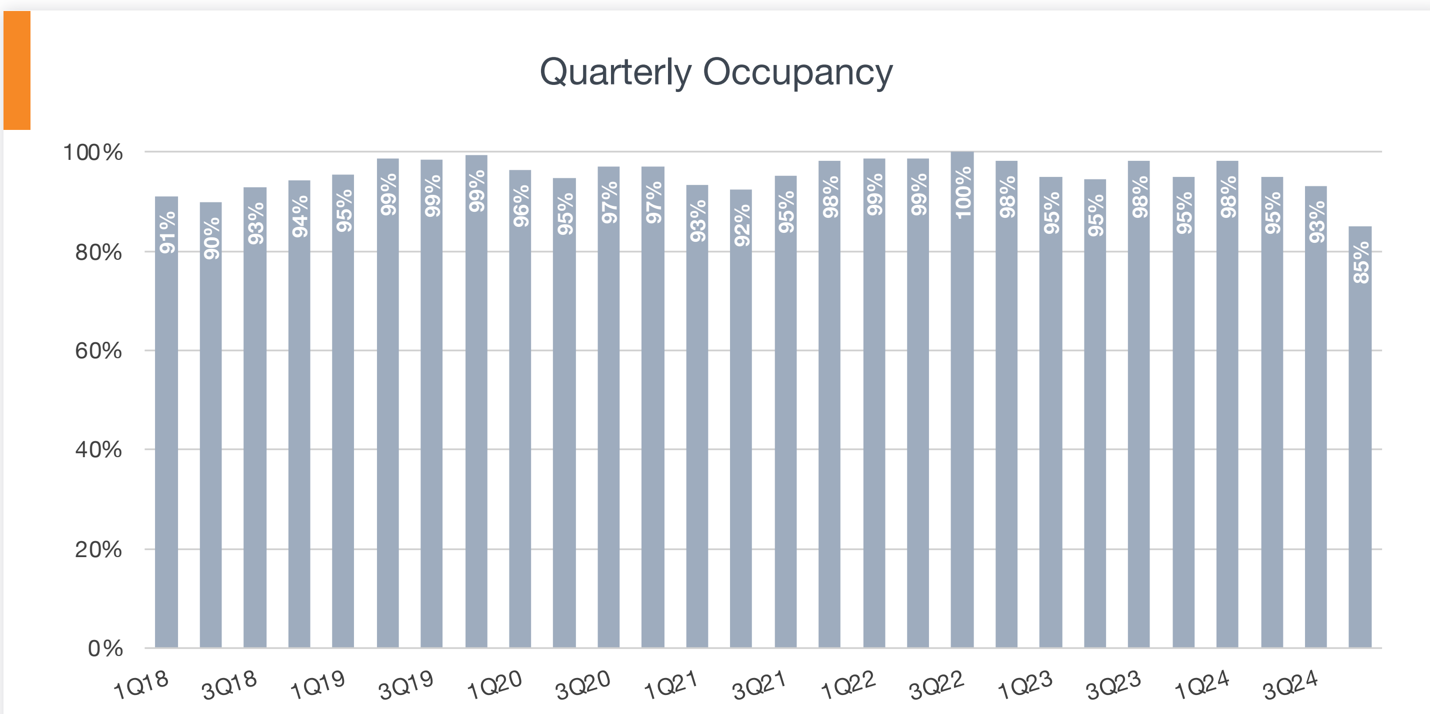
RESULTS

BKM's strategic value-add execution at Hughes Airport Center has yielded strong operational and leasing results, underscoring both the success of its business plan and its track record of delivering compelling returns to investors.

41% increase in NOI between 2018 and 2024.



96% average occupancy during the hold period.



OPERATIONAL HIGHLIGHTS

- **14% average annual mark-to-market increases** on lease expirations between 2020 and 2024.
- **45% increase in in-place rents** between acquisition and disposition, with average in-place rents of $0.97/ft in 2018, and $1.41/ft in 2024.
- **77% of NRA was signed at or above MLA** by the end of the hold.
- **88 total leases were executed** at the project by the BKM team between 2018-2024, reflecting the operational intensity of managing multi-tenant industrial assets.
- **Units at the property average 3-6 months downtime,** with MLA's hovering around 6-9 months.
- **260,434 square feet of rollovers were executed across 30 suites throughout the hold,** which equates to about 38% of NRA.
- **71% appreciation in property value** between the purchase and exit of the asset.

41% Increase

In **Net Operating Income** since acquisition

45% Increase

In **Average Lease Rates** since acquisition

71% Increase

In **Property Value** between acquisition and sale

CONTACT US

949.566.8800
investorrelations@bkmcp.com
bkmcp.com

Headquarters
1701 Quail Street, Suite 100
Newport Beach, CA 92660

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