

**BKM Capital Partners**

Unlocking Potential and Driving Innovation  
in Light Industrial Investments

**Value-Add Case Study**



**SORRENTO COMMERCE PARK | SAN DIEGO, CA**

# INTRODUCTION

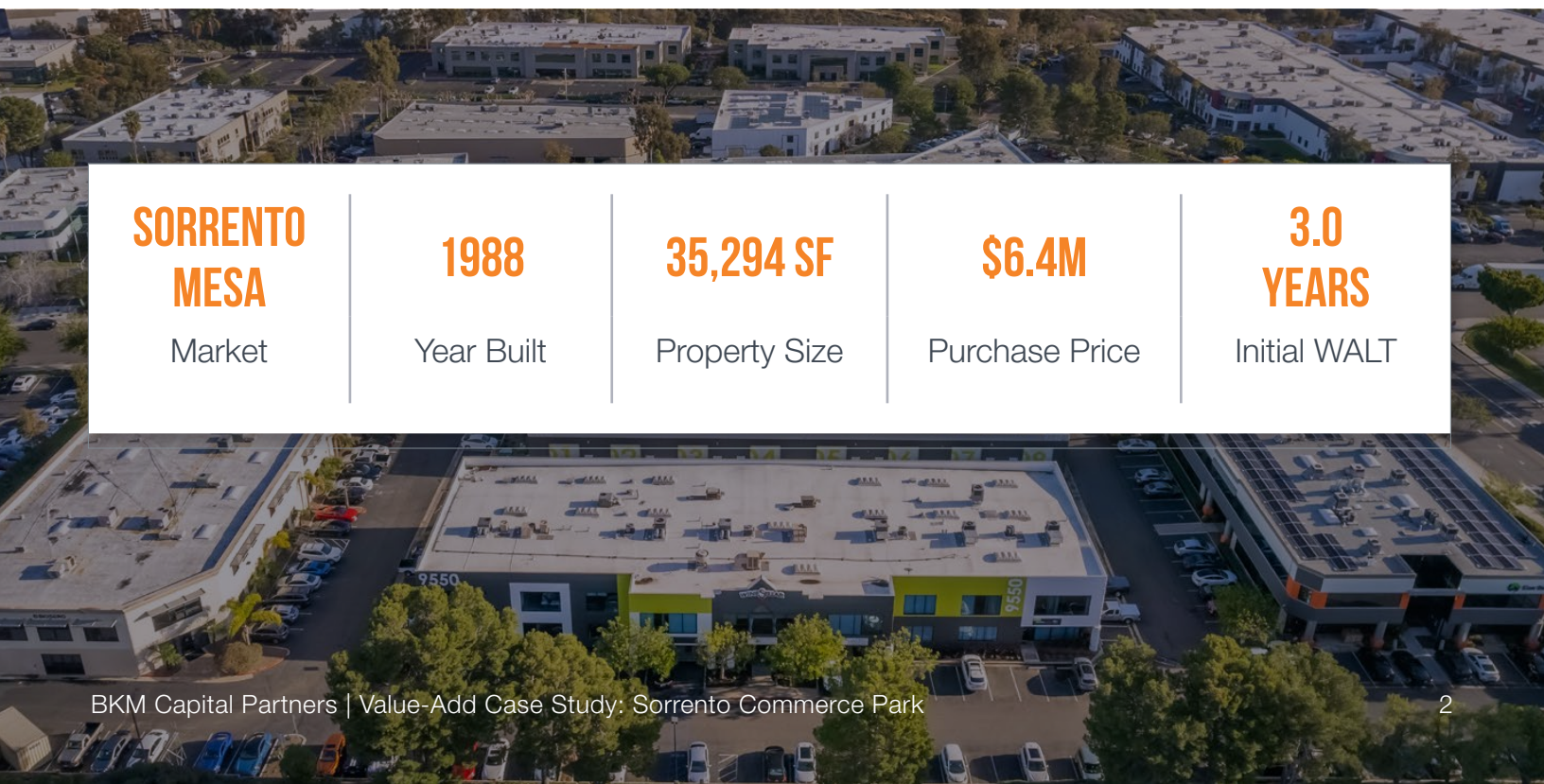
Situated in San Diego’s highly sought-after Sorrento Mesa submarket, Sorrento Commerce Park is a 35,294-square-foot multi-tenant light industrial property located within one of Southern California’s most supply-constrained industrial corridors. The property sits in the heart of Central San Diego’s premier innovation hub, where technology, life science, and advanced manufacturing companies continue to drive strong demand for well-located industrial space.

Sorrento Commerce Park benefits from direct access to Mira Mesa Boulevard—one of the area’s primary east-west corridors connecting Interstate 805 and Interstate 15—providing convenient connectivity throughout the greater San Diego region. With proximity to major employment centers, research institutions, and dense residential communities, the surrounding Sorrento Mesa submarket continues to attract businesses seeking highly functional infill industrial space in one of the region’s most competitive markets.

## PROPERTY OVERVIEW

BKM acquired Sorrento Commerce Park for \$6.4M as part of a larger \$16M two-asset portfolio, positioning the investment as a strategic value-add opportunity within San Diego’s high-barrier-to-entry Sorrento Mesa submarket. Originally developed in 1988, the property consists of two multi-tenant industrial buildings totaling 35,294 square feet, configured to accommodate small-bay users with suites averaging approximately 3,451 square feet.

During BKM’s ownership, the asset presented an opportunity to enhance a well-located industrial property through targeted operational and physical improvements designed to strengthen tenant appeal and long-term performance. The property features 24-foot clear heights, 12 grade-level roll-up doors, and a parking ratio of 3.6 spaces per 1,000 square feet, supporting a range of light industrial uses. Following the execution of its value-add strategy, BKM sold Sorrento Commerce Park in March 2023, completing a successful repositioning of the asset that produced significant performance.



**SORRENTO  
MESA**

Market

**1988**

Year Built

**35,294 SF**

Property Size

**\$6.4M**

Purchase Price

**3.0  
YEARS**

Initial WALT

# OPPORTUNITY



## Aesthetic Appeal

- » Excellent location in the Sorrento Mesa submarket positions the asset at the heart of San Diego's robust advanced manufacturing and technology-centric industries.
- » Frontage on Mira Mesa Blvd and proximity to both I-805 and I-15 deliver exceptional visibility across major regional passageways.
- » Targeted improvements would enhance the asset's highly functional layout to deliver a top performing asset unique to the submarket.



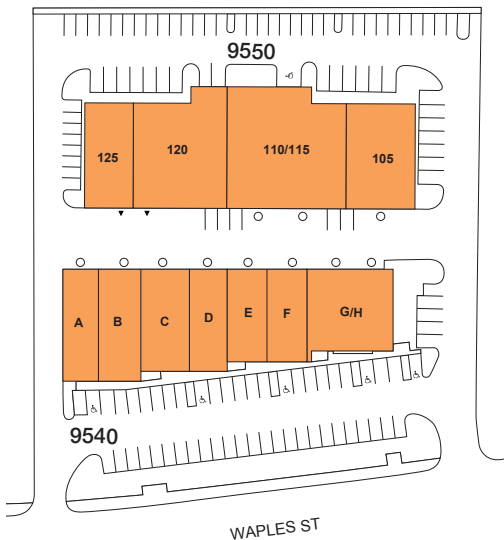
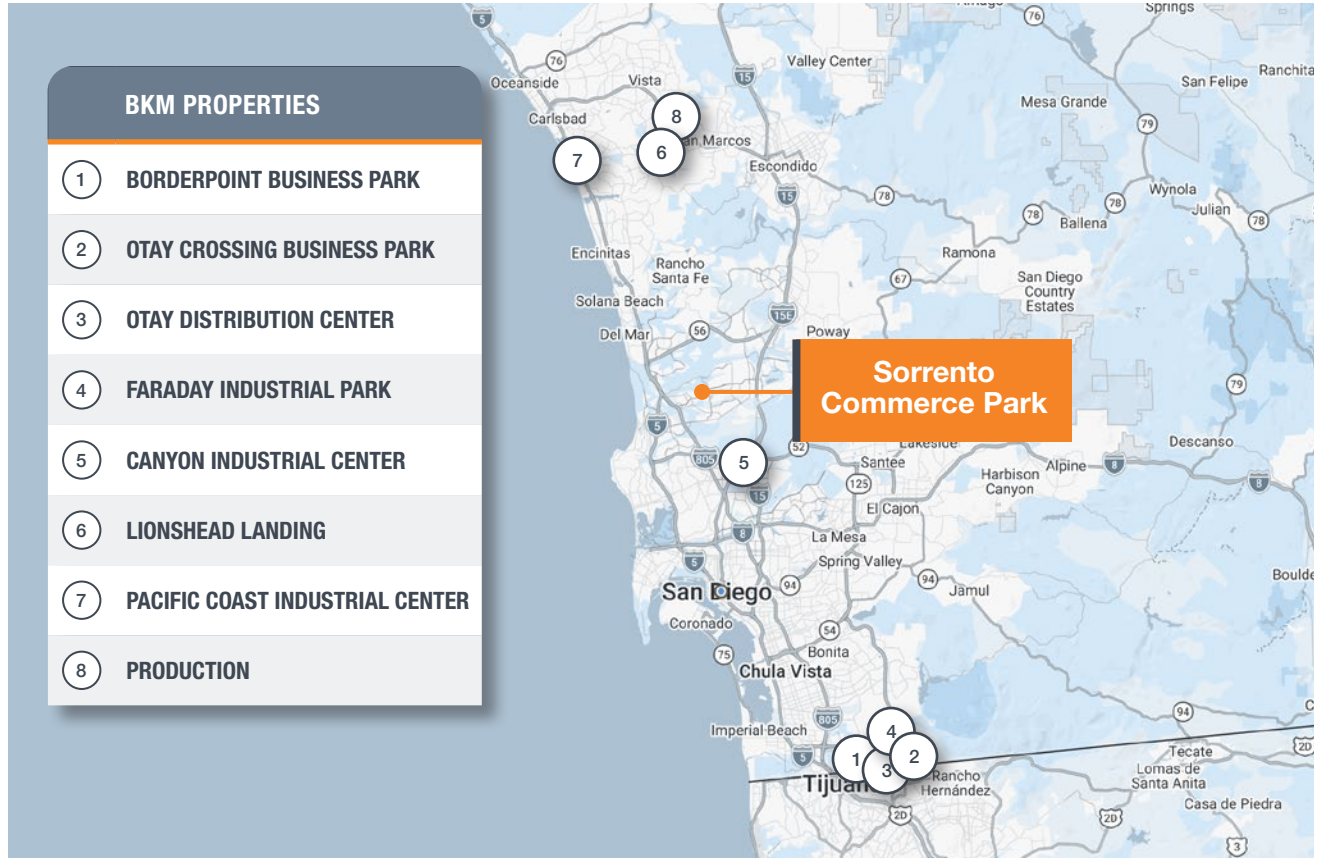
## Financial Appeal

- » The purchase increases capital exposure in one of the nation's top performing industrial markets by over 13%, creating sustained value in BKM's portfolio.
- » High historical occupancy provides opportunity to drive high in-place yield and steady on-going cash flow throughout the hold.
- » The asset presents a mark-to-market increase of 39%, as 64% of NRA was planned to expire over the hold.

BKM's current San Diego portfolio encompasses over 1.2 million square feet across 8 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.

# LOCATION AND SITE PLAN

## BKM REGIONAL PRESENCE

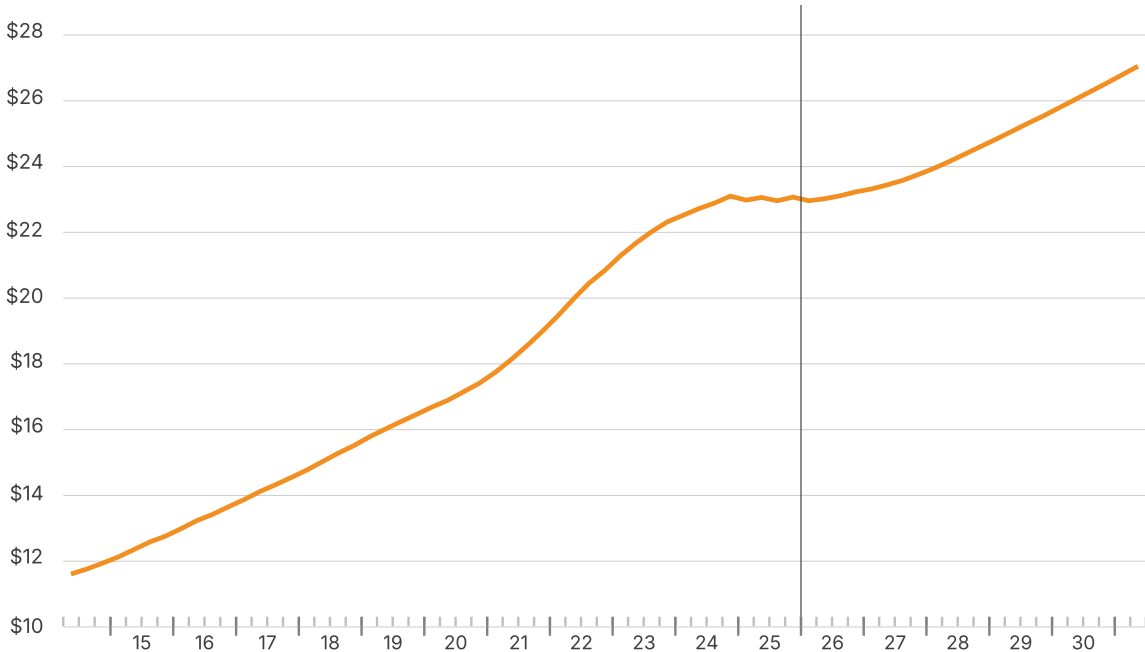


# MARKET DYNAMICS

- » **The Sorrento Mesa boasts a highly educated workforce and is home to a largely affluent population**, supported by major industries such as tech, healthcare, and finance.
- » San Diego's proximity to the U.S.–Mexico border, combined with its role as a major tourism destination, **supports long-term regional economic activity and cross-border logistics demand**.
- » **The submarket has had 0 industrial deliveries under 200K SF in the past 10 years**, eliminating supply-side pressures for small- and mid-bay product.
- » **Leasing activity has reignited in the submarket following periods of inactivity, reaching 189,752 SF for the past 12 months**—the highest volume seen in two years.
- » **Leases for spaces under 10K SF dominate total leasing in the greater San Diego region, capturing 80% of total leases signed in 2025**—the highest share in over five years.

Source: CoStar, March 2026.

### Sorrento Mesa Market Asking Rent Per SF



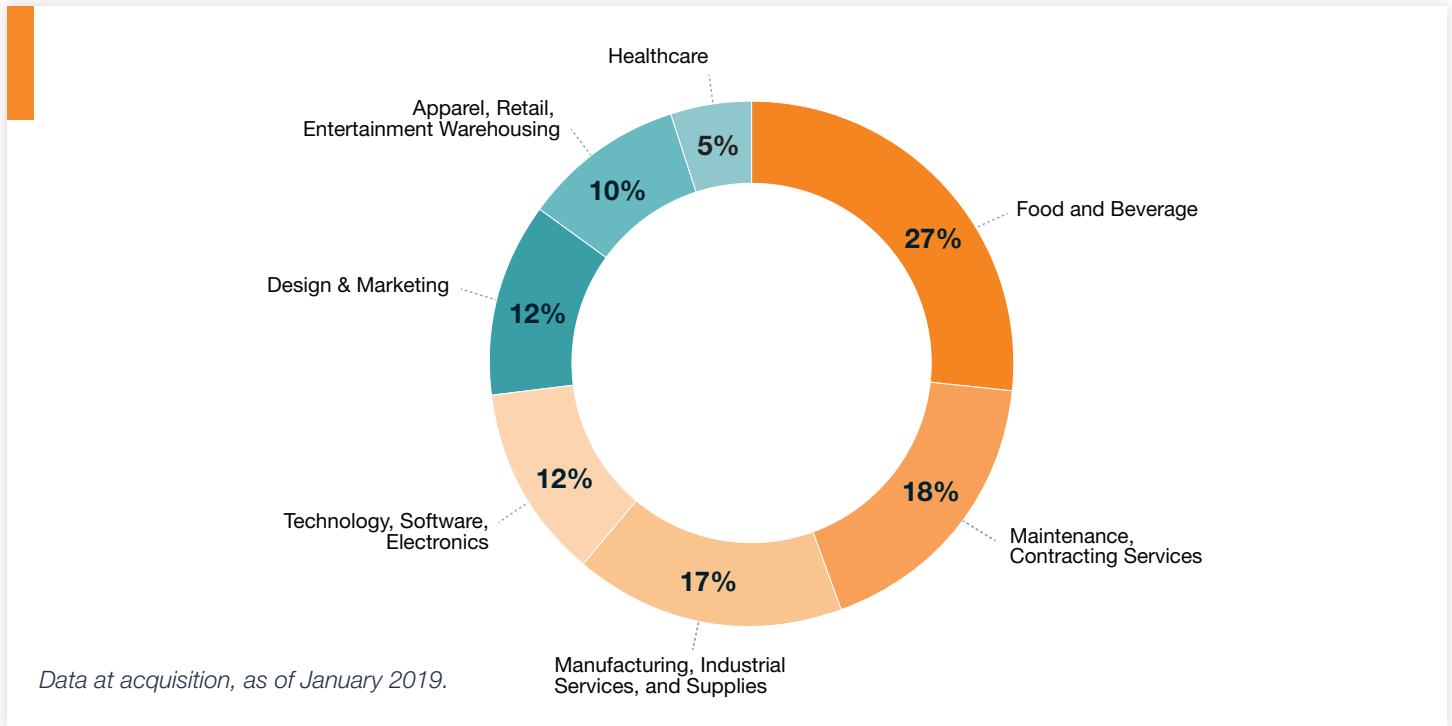
Source: CoStar, March 2026.



## FOCUS ON GROWTH - SIC CODES

BKM is committed to maintaining a diverse array of tenant industries across its portfolio, providing insulation from industry downturns and reducing overall credit exposure.

- » The park provided a diverse array of tenant industries at acquisition, varying across 7 different sectors. **Even in a smaller park, no tenant or industry takes up more than 30% of NRA, reducing exposure to credit risk.**



## MAJOR TENANT PROFILES

### EXECUTIVE WINE BANK

9,407 SF | 27% of NRA

The Executive Wine Bank operates under The Wine Sellar Brasserie and includes a tasting room, retail store, wine club and wine lockers facilities for high quality domestic and international wines. It has a full bar downstairs, adjacent to the WineSellar. This location has been in service as an original tenant since 1988. The restaurant and bar is a local staple to the community and the WineBank has three floors dedicated to private wine storage that fully utilizes the warehouse space.

### LEVITATE TECHNOLOGIES

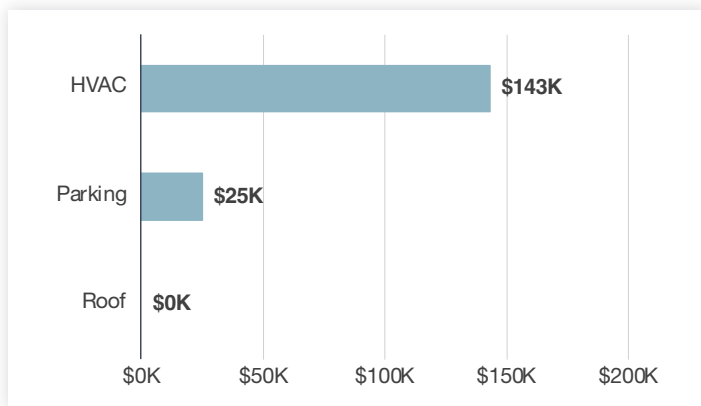
3,203 SF | 9% of NRA

Levitate Technologies is a company focused on engineering a healthier workplace for active professionals and skilled trade workers through innovative technology. Their main product, The Levitate AIRFRAME™ is a wearable, lightweight exoskeleton that transfers the weight of the arms from the shoulders, neck and upper back to the body's core, evenly distributing energy to reduce stress. This technology has struck a contract with BMW that utilizes the exoskeletons in their Spartansburg plant in South Carolina for use in production of their X-series models. Other manufacturers are looking into utilizing the devices.

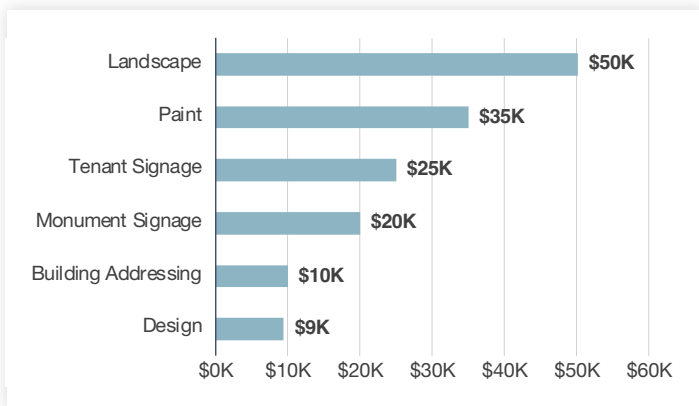
# EXECUTION PLAN

To reposition Sorrento Commerce Park as a more competitive small-bay industrial asset in San Diego's Sorrento Mesa submarket, BKM executed a targeted capital improvement program focused on functionality, tenant experience, and long-term performance. **The program included \$611K in tenant improvements and \$105K in speculative suite upgrades** that modernized units with polished concrete landings, carpet tiles, accent walls, and exposed hard-duct HVAC. **BKM also invested \$143K in HVAC replacements and \$25K in parking lot improvements** to address deferred maintenance and support operational reliability, while **more than \$140K in exterior and cosmetic upgrades** enhanced visibility along Mira Mesa Boulevard and strengthened the property's identity as a high-image business environment.

## Structural Improvements



## Cosmetic Improvements



# EXTERIOR IMPROVEMENTS

**Paint:** Major upgrades to the exterior paint across the park showcased the program's most visually significant element, replacing the muted brown tones with pops of bright yellow and dark gray to completely transform the exterior facades. These thoughtful enhancements further increase park visibility and give the asset a modern brand image.

**Signage:** To improve visibility and reinforce the property's positioning within the market, BKM implemented a comprehensive signage upgrade throughout the park. Enhancements included a new monument sign, larger building signage, and standardized tenant panels, creating a more cohesive look and strengthening the property's professional image.

**Landscape:** Enhancements were implemented to improve visibility and modernize the property's street presence. Overgrown frontage along Mira Mesa Blvd. was cleared and replaced with drought-tolerant plants, while building-front landscaping was redesigned to better define storefront entrances and improve wayfinding throughout.

# EXTERIOR PROPERTY TRANSFORMATION



# INTERIOR IMPROVEMENTS



REDUCE OFFICE %



DIVIDE UNITS



ACCENT WALLS/  
CARPET TILES



POLISHED CONCRETE



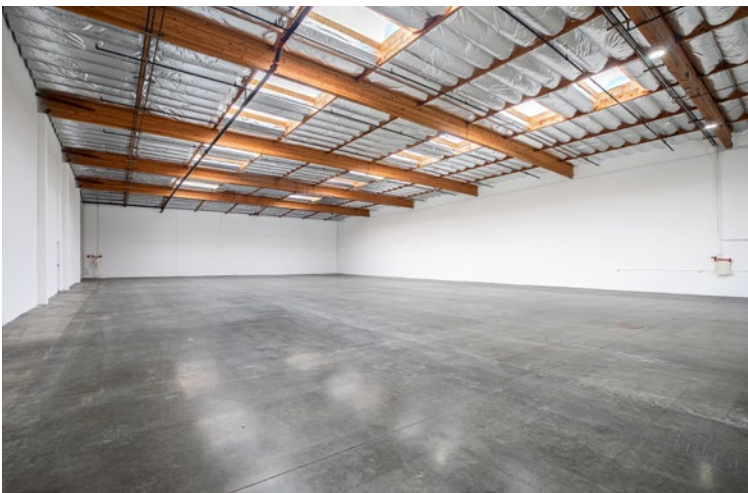
IMPROVED LIGHTING



NEW/UPDATED RESTROOMS

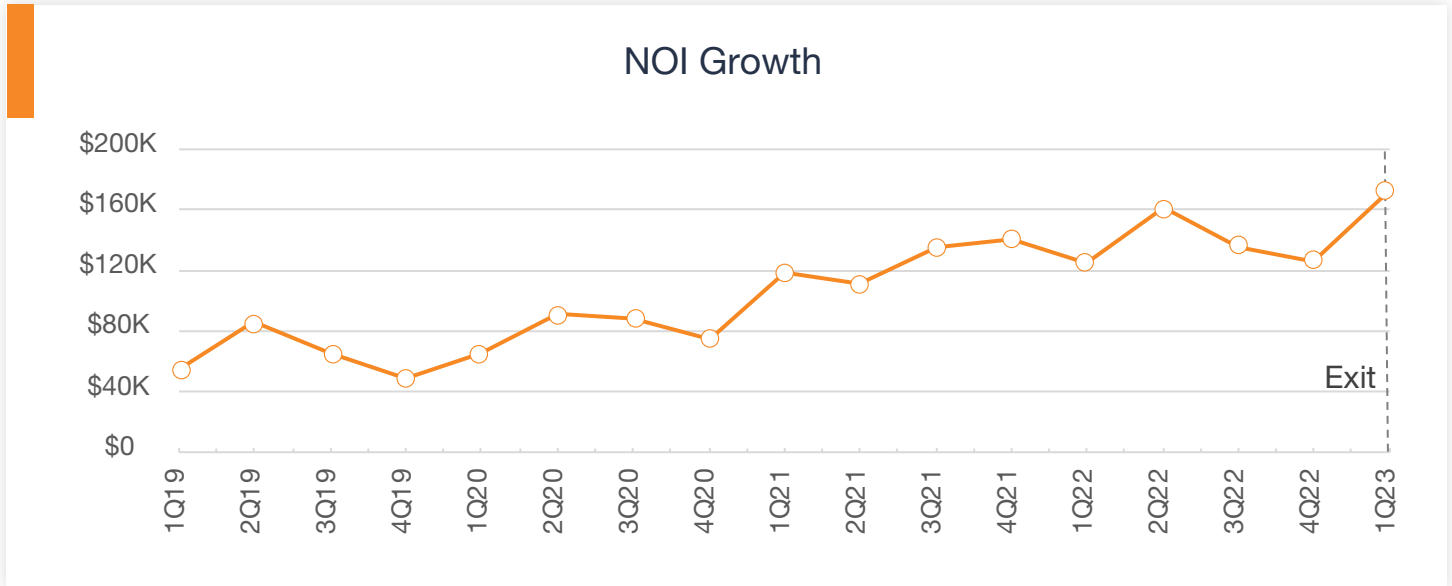
During the hold, BKM converted nearly 22,000 square feet of outdated space into modern, flexible office and industrial suites designed to meet evolving tenant demands and drive leasing momentum. Upgrades include office reduction, new warehouse HVAC, and energy-efficient LED lighting—features increasingly prioritized by today’s tenants.

## INTERIOR PROPERTY TRANSFORMATION

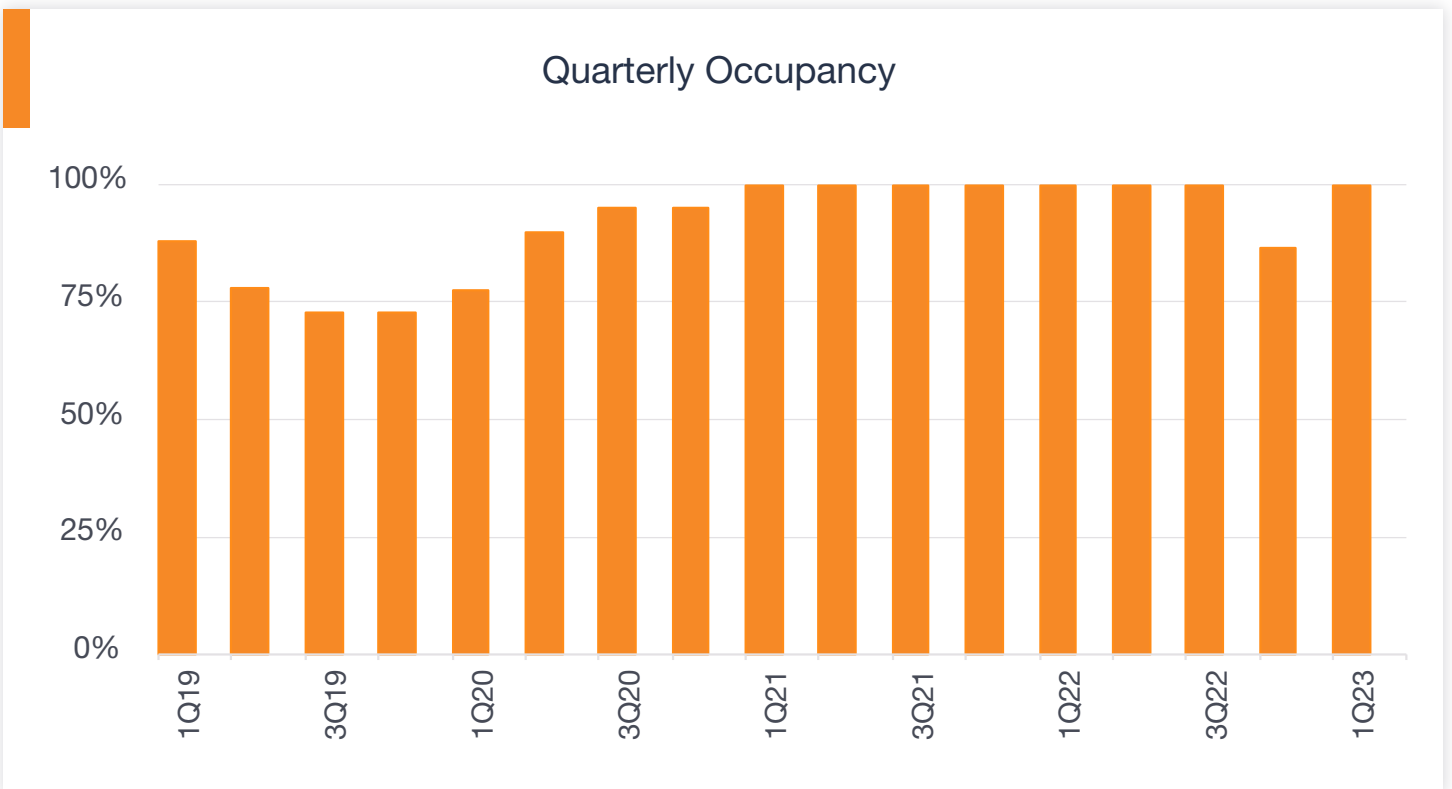


# RESULTS

**90% increase in NOI** between 2019 when the property became fully operational and at sale in early 2023, exceeding underwriting for the last 8 quarters of operations.



**Average occupancy of 91%** during the hold period, exiting at 100% occupancy.



## OPERATIONAL HIGHLIGHTS

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- » **30% average annual mark-to-market increases** on lease expirations between 2019 and Q1 2023.
- » **94% increase in in-place rents between acquisition and disposition**, with average in-place rents of \$0.83/ft in 2019, and \$1.80/ft in Q1 of 2023.
- » **Mark-to-market potential at disposition was just 8.3%, down from 39% at acquisition**, reflecting BKM's success in bringing leases to market over the hold period.
- » **90% of the total suites at the property were rolled during the hold**, representing 10 lease transactions.
- » **Executed 21,627 square feet of rollovers across 7 suites since acquisition**, which equates to about 61% of NRA. Total number of units was brought up to 11 from 9 at acquisition.
- » **Realized a 122% increase in value at sale**, with a sale price of \$14,250,000 in March of 2023.

**90%** Increase

In **net operating income**  
over the hold

**94%** Increase

In **average lease rates**  
over the hold

**122%** Increase

In **asset value**  
at sale

## CONCLUSION

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Through targeted upgrades and disciplined execution, BKM Capital Partners repositioned Sorrento Commerce Park into a modern, high-performing small-bay industrial asset in San Diego's premier Sorrento Mesa submarket. By enhancing functionality, modernizing the property's image, and capitalizing on strong tenant demand, BKM drove significant rent growth, NOI expansion, and sustained occupancy, demonstrating the firm's ability to unlock value across core U.S. industrial markets.

## CONTACT US

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