▸▸ 2Q 2026 White Paper

BKM Capital Partners

NEW MARKET ENTRY CASE STUDY

Houston, TX

Southwest Business Park | Houston, TX

BKM INTEL

THOUGHT LEADERSHIP SERIES

bkmcp.com

EXECUTIVE COMMENTARY

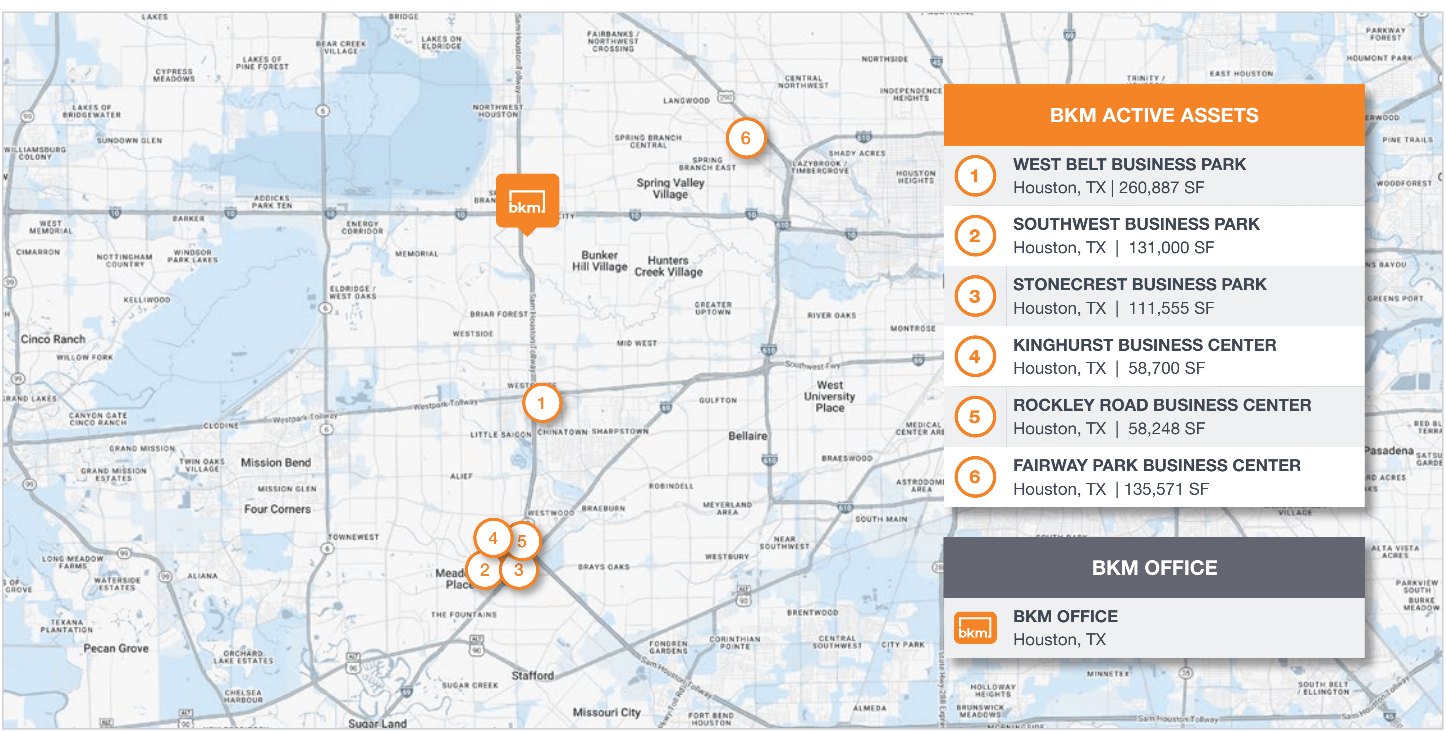
In January 2025, BKM Capital Partners executed its entry into the Houston market with the acquisition of a 260,000 SF light industrial asset. Within twelve months, BKM scaled the platform to six properties totaling more than 750,000 SF, established a dedicated local team, and transitioned from leased flex office space to a true onsite management presence. Houston now stands as a clear template for how BKM enters, builds, and scales in a new market.

This case study documents that execution against BKM's four pillars of new market entry: establishing a local property management presence, executing on leasing, executing on capital improvements, and scaling the footprint through follow-on acquisitions.

HOUSTON AT A GLANCE

Metric	At Market Entry (Jan 2025)	Current (Q2 2026)
Properties	1	6
Total SF	~260,000	~750,000+
Tenant Count	Single-asset base	92 across portfolio
Local Headcount	1 (Property Manager)	3+ (PM, APM, Leasing Mgr)
Office Footprint	Leased flex space (offsite)	Transitioning to onsite

Houston Footprint



BKM'S NEW MARKET PLAYBOOK

BKM's approach to new markets is deliberate, sequenced, and front-loaded with work performed before any capital is deployed. The model is designed to ensure that, on day one of ownership, the team is positioned to set market rates rather than chase them.

Five-Step Sequence

1. **Market Selection.** Identify a market with the demand drivers, tenant profile, and supply dynamics that fit BKM's light industrial thesis.

2. **Deep Underwriting.** Underwrite a meaningful pipeline of deals in the target market. The objective is not just deal selection but a granular working understanding of submarkets, rent comps, tenant industries, and operating standards.

3. **Scale-Anchored Deal Identification.** Target a deal, preferably a portfolio, that provides the operating scale to justify a local platform. Single-asset entries are workable when the asset is large enough to anchor follow-on growth.

4. **Pre-Close Platform Build.** Establish the local office and core staffing before closing. In-house teams complete market research, design and TI standards, and broker relationship-building during the diligence and pre-close window.

5. **Day-One Execution.** Close, transition, and immediately begin executing on leasing and capital improvements at BKM's institutional standard, with the in-market team already operational.

Stonecrest Business Park

Staffing Triggers

BKM's staffing model scales with tenant count and unit count rather than property count, ensuring service levels remain consistent as the platform grows. The framework, formalized in BKM's internal staffing guidelines, governs each new market entry:

Role	Coverage Target	Hire Trigger	Long-Term Objective
Property Manager	200 tenants per PM	30 days prior to closing	Onsite in each market
Assistant PM	Paired with each PM	As tenant base grows	Continuity & coverage
Regional Asset Manager	400–600 units (10–16 assets)	30 days prior to closing	Based in regional hub
Leasing Manager	300–500 units	First portfolio in market	Live & operate in market
Leasing Coordinator	400–500 units	As market scale dictates	Local administrative support
BKM Local Office	1,200–2,000 SF onsite	Flex space initially; on-site at scale	Onsite at owned asset

HOUSTON EXECUTION

Pre-Close: Building the Foundation

Before BKM closed on its first Houston asset, the firm had already completed the work that defines its market entry approach. The internal teams underwrote a meaningful pipeline of Houston deals to develop a granular view of submarket dynamics, tenant industries, and rent comps. The in-house construction and design team developed Houston-specific standards and TI specifications calibrated to position BKM's product at the top of the local market. Senior leasing and asset management leadership engaged with local third-party brokerage teams during diligence to begin building the relationships that would drive day-one velocity.

This pre-close lift is intentional. By the time the asset transferred, the BKM playbook in Houston was no longer theoretical—pricing, design, and broker engagement were already calibrated to the market.


RENDERING | Rockley Road Business Center


RENDERING | Kinghurst Business Center

January 2025: Initial Acquisition (260,000 SF)

BKM entered Houston with the acquisition of a 260,000 SF light industrial asset. The entry strategy intentionally combined retained institutional knowledge with BKM's centralized expertise, allowing the platform to operate at full capability without waiting for a fully built-out local team.

- **Property Management.** BKM retained the seller's onsite property manager and hired that individual full-time. This preserved tenant continuity, retained granular asset-level knowledge, and accelerated transition. The PM operated under direct oversight from BKM's existing senior asset and leasing managers.
- **Office Space.** The acquired asset did not contain a unit suitable for a BKM office. Consistent with BKM's guidelines, the firm leased nearby flex office space as an interim solution—preserving local presence while keeping fixed costs low until scale justified a dedicated onsite office.
- **Leasing.** Initial leasing was driven by BKM's existing in-house leasing and asset management team, working in concert with the onsite PM and local third-party leasing brokers. The pre-close broker relationship work paid immediate dividends in deal flow.
- **Capital Improvements.** BKM's in-house construction and design team executed CapEx and TI work to BKM's institutional spec. The improvements were designed pre-close, allowing construction to commence within 60 days of the January closing—a velocity made possible by the pre-close design and specification work.
- **Market Positioning.** BKM hosted broker and tenant events at the property to formally introduce the platform to the Houston market. These events translated directly into expanded dealflow on both leasing and acquisitions, and enabled BKM to showcase its capital improvement program to brokers and prospective tenants—driving new and renewal leases at or above market rates.

West Belt Business Park

August 2025: Second Acquisition (240,000 SF Portfolio)

Eight months after market entry, with BKM's brand and operating presence firmly established, the firm acquired a 240,000 SF portfolio. The acquisition pushed the Houston platform to three properties totaling over 500,000 SF and grew the tenant base materially. Per BKM's staffing framework, this scale triggered the next platform hire:

> **Assistant Property Manager.** An APM was added to support the existing PM across the growing tenant base, providing the continuity and coverage redundancy that BKM's guidelines target as standard practice in every market.

The acquisition itself was a direct dividend of the dealflow generated by BKM's market positioning work earlier in the year.

Stonecrest Business Park

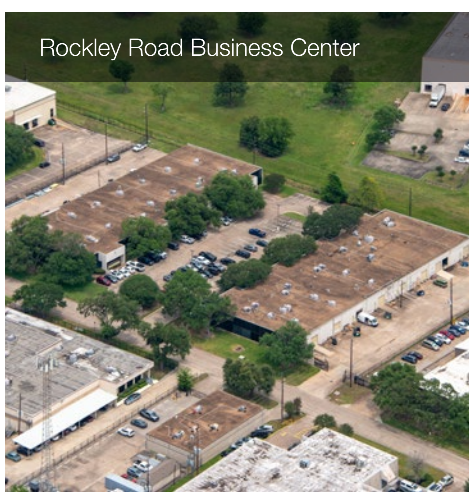

Southwest Business Park

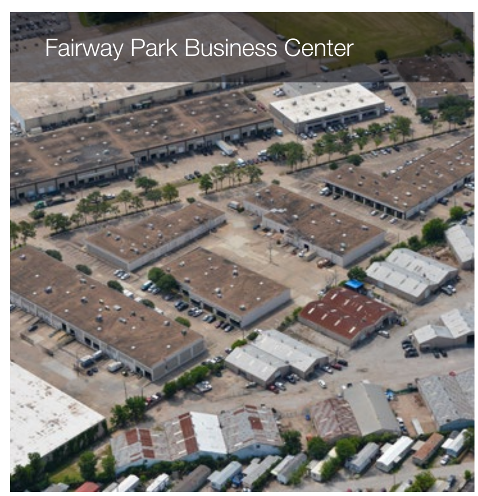
November-December 2025: Three-Property Add-On (250,000+ SF)

In the final two months of 2025, BKM closed on three additional properties totaling more than 250,000 SF, bringing the Houston footprint to six assets and over 750,000 SF. With the platform now at the unit-count threshold that BKM's guidelines associate with a dedicated leasing function, the firm made its next platform hire:

> **Local Leasing Manager.** BKM hired a leasing manager based in the Houston office. Consistent with BKM's regional model, the leasing manager's coverage extends to Dallas as well, providing efficient regional coverage from a Texas hub.


Kinghurst Business Center


Rockley Road Business Center

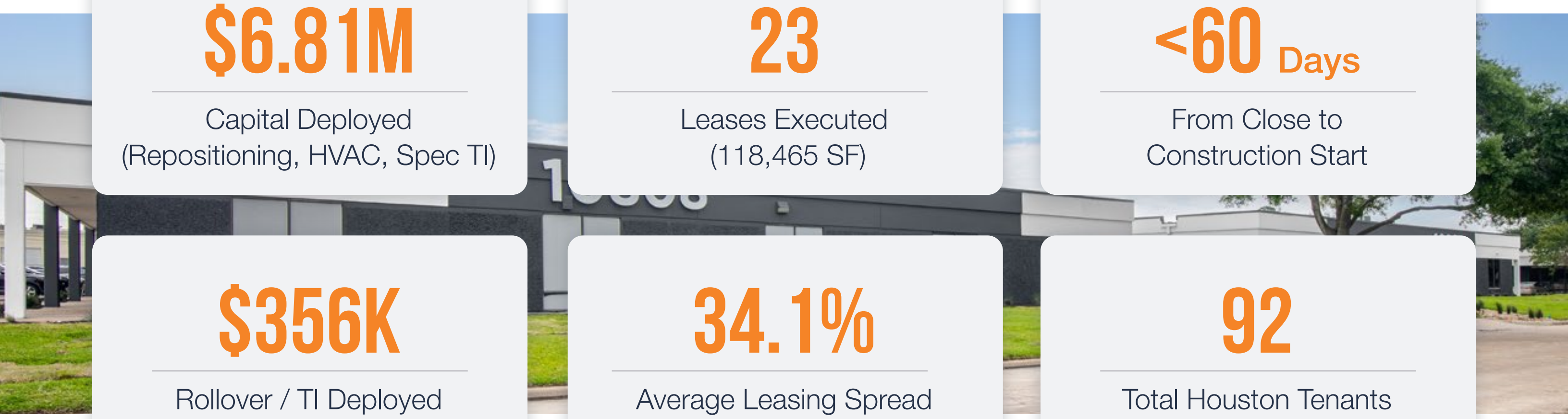

Fairway Park Business Center

2026: Transition to True Onsite Office

With the Houston platform now at meaningful scale, BKM is in 2026 transitioning from leased flex office space to a true onsite management presence—the long-term objective embedded in the firm's guidelines for every market. This transition reflects a platform that has earned its onsite footprint through scale rather than committed to it speculatively.

RESULTS TO DATE

BKM's Houston execution has produced measurable results across capital deployment, leasing velocity, and rate achievement. The metrics below reflect performance from January 2025 through Q2 2026.



$6.81M
Capital Deployed
(Repositioning, HVAC, Spec TI)

23
Leases Executed
(118,465 SF)

<60 Days
From Close to
Construction Start

$356K
Rollover / TI Deployed

34.1%
Average Leasing Spread

92
Total Houston Tenants

Capital Investment

BKM commenced its CapEx repositioning plan within two months of the January 2025 acquisition—a direct payoff of the pre-close design and specification work performed by BKM's in-house construction team. To date, BKM has deployed $6.81 million across the Houston portfolio in capital repositioning, HVAC, and Spec TI, alongside $356,000 in Rollover/TI.

The total programmed capital investment for the Houston portfolio is $14.4 million in capital repositioning, HVAC, and Spec TI, plus an additional $2.8 million in Rollover/TI. The remaining capital deployment will continue through the repositioning of the four properties acquired in late 2025.

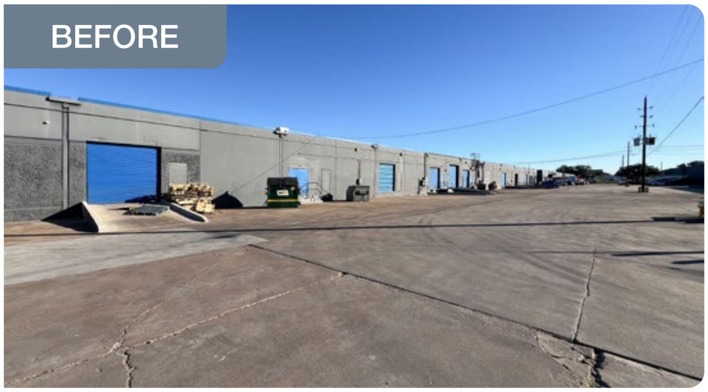
Leasing Performance

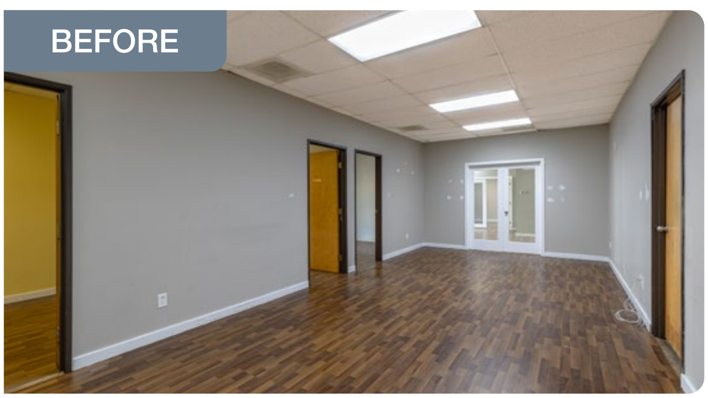
Since market entry, BKM has executed 23 leases totaling 118,465 SF in Houston, with an average leasing spread of 34.1% above prior in-place rents—direct validation that BKM's product positioning commands top-of-market rates.

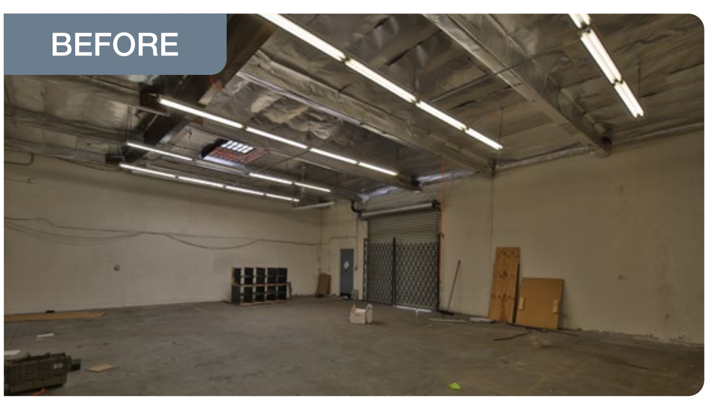
Portfolio-level occupancy is not yet a useful operating metric for Houston given the timing of the buildout. West Belt was acquired at 100% occupancy. Prime is progressing through planned vacancy and significant Spec TI execution. The four properties acquired in November and December 2025 are early in their leasing cycles. Leasing performance is best read in the velocity and spread numbers above; occupancy will become a meaningful portfolio metric as the late-2025 acquisitions mature.

REPOSITIONING IN ACTION: WEST BELT BUSINESS PARK

West Belt is BKM's first Houston acquisition and the first property to complete its repositioning. Capital improvements are complete and have been received well by the local broker and tenant community.

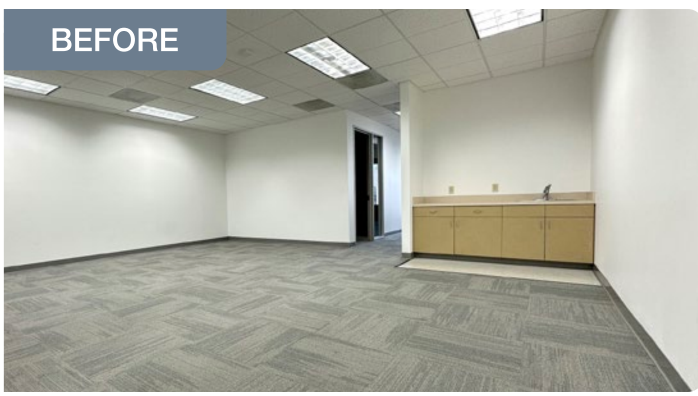


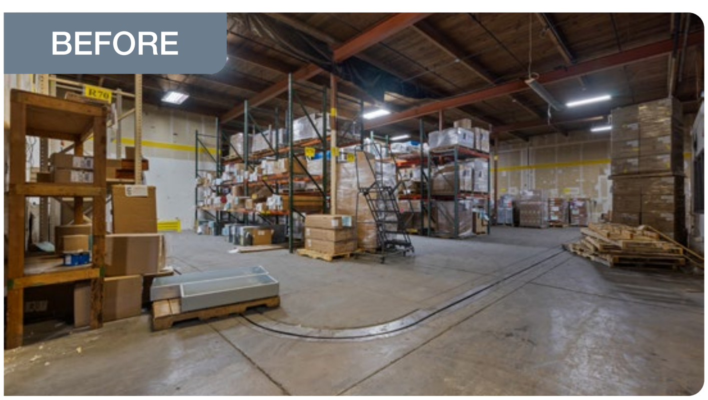


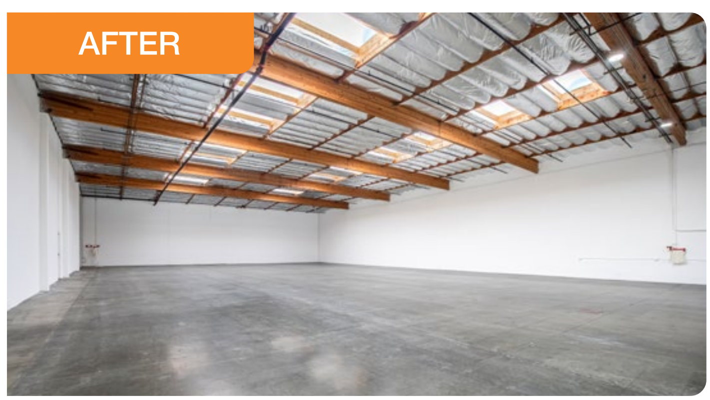


REPOSITIONING IN ACTION: SOUTHWEST & STONECREST BUSINESS PARK

Southwest Business Park and Stonecrest Business Park were BKM's second and third acquisitions in Houston and comprised the firm's first portfolio acquisition in the region. Capital improvements are complete and have drawn significant attention among local tenants and brokers.







HOUSTON TIMELINE AND STAFFING BUILD

Date	Acquisition	Cumulative Footprint	Platform Action
2024-2025	Diligence pipeline	N/A	Underwriting, design specs, broker relationships, market positioning
Jan 2025	260,000 SF (single asset)	260,000 SF / 1 property	Retained seller's PM full-time; leased flex office; broker & tenant events
Aug 2025	240,000 SF (portfolio)	500,000 SF / 3 properties	Hired Assistant Property Manager
Dec 2025	250,000 SF (3 assets)	750,000 SF / 6 properties	Hired local Leasing Manager (also covering Dallas)
2026	—	Stabilized platform	Transitioning to true onsite management office

KEY TAKEAWAYS

Pre-close work drives day-one execution. Diligence-driven research, TI specifications, and broker relationships positioned BKM to set market rates from day one instead of chasing them.

In-house centralized expertise enables flexible local entry. Centralized leasing, asset management, construction, and design teams enabled institutional-quality operations from day one, allowing BKM to enter Houston with just one local hire and minimal platform risk.

Retaining the seller's PM provides continuity. Retaining the onsite property manager preserved tenant relationships and asset knowledge, supporting BKM's broader local platform.

Staffing scaled with tenant count, not property count. Each subsequent hire—APM, leasing manager, transition to onsite office—was triggered by reaching the unit and tenant thresholds defined in BKM's staffing guidelines, not by aspirational headcount targets.

Market presence drove dealflow. Broker and tenant events translated directly into expanded acquisition pipeline, evidenced by five additional properties acquired within 11 months of entry.

Capital improvements were a marketing asset. Showcasing CapEx execution to the local broker and tenant community led to new and renewed leases at or above market rates, validating BKM's quality-led leasing thesis.

ABOUT THE AUTHOR

Headquartered in Newport Beach, California, BKM Capital Partners is the largest institutional fund manager and operator of multi-tenant light industrial properties in the United States. BKM's singular focus, market knowledge, decade-long track record, and institutional approach provide a platform for investors to access a traditionally fragmented asset class through an experienced partner with the expertise to execute. BKM's platform drives significant ROI in this niche asset class through active hands-on management with an experienced investment and operations team. Since its inception in 2013, BKM has successfully acquired nearly 40 million square feet of light industrial projects valued at $8 billion. The firm continues to grow its investment management business through strategic joint ventures, institutional investor funds and separate account equity capital.

Definition: Multi-Tenant Light Industrial

	SMALL-BAY	MID-BAY	LARGE-BAY
PROPERTY SIZE	<200K SF	200K-500K SF	500K-1M SF
TENANTS	20-200	5-15	1-2
NUMBER OF BUILDINGS	4-10	1-5	1
AVG. UNIT SIZE:	1,000 - 15,000 SF	15,000 - 75,000 SF	75,000+ SF
WAREHOUSE %	70-75%	80-90%	85-95%

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