

STATE CAPITOL

THE 800 BLOCK



GOLDEN 1 CENTER



TURTON COMMERCIAL REAL ESTATE

THE OPPORTUNITY



- 52,800 Total Square Feet (“SF”).
- 28,800 SF of land on the southeast corner of 8th & K Street.
- 24,000 SF of land and 52,000 gross SF of buildings on the northeast corner of 8th and L Street.
- Fully entitled site
- 1 block from the primary pedestrian entrance to the new Golden 1 Center.
- 2 blocks from the front lawn of the State Capitol.

Turton Commercial Real Estate, as exclusive advisor, is pleased to present the opportunity to acquire the 100% fee simple interest in the City of Sacramento Redevelopment Agency Successor Agency land and buildings located at 800 – 816 K Street, 1109 – 1125 8th Street and 805 – 815 L Street (the “Subject

Property”).

The offering, commonly referred to in development circles as the “800 Block”, represents one of the most prominent and exciting acquisition and development opportunities presented in Sacramento’s Downtown grid. Located in the heart of one of the most robust urban redevelopment markets in the Country, the site consists of two separate properties totaling 52,800 SF (approximately one-half city block) of land and approximately 52,000 SF of buildings. The two properties may be purchased together or separately.

The “800 Block” runs the entire eastern span of 8th Street between K and L Streets separated by the 20 foot alley running

east-west. The K Street corner (“8K”) is an assemblage of seven contiguous land parcels totaling 28,800 SF. 8K is fully razed and graded featuring 180 feet of K Street frontage and 160 feet of 8th Street frontage. The L Street corner (“8L”) is comprised of two land parcels totaling 24,000 SF with three (3) structures totaling 52,000 SF including the Bel-Vue Apartments (a registered historic landmark), a small vacant two-story retail/residential structure on the corner of 8th and L St, a parking garage and the former Sam’s Downtown Hof Brau. Any modification to the Bel-Vue would require an extensive review process by the City of Sacramento Preservation Office. 8L features 150 feet of L Street frontage and 160 feet of 8th Street frontage. All project submis-

sions will be considered for these two high profile locations.

Both 8K and 8L are zoned C3 providing Sacramento’s “...most intense retail, commercial, and office developments in the city”. Both are also located in the Incentive Zone (allowing for “Fast Track” development procedure as outlined in the zoning ordinance) and the Capitol View Protection Area (maximum 300 feet height restriction). In addition, both properties have CBD (Central Business District) zoning which provides for the most intense “...mixed use high-rise development and single-use or mixed-use development within easy access to transit” and SPD (Special Planning District) zoning which mandates 75% of retail frontage (for an entire block).

8K

ADDRESS:

800 – 816 K Street and 1109 – 1115 8th Street

APN:

006-0098-003, 004, 006, 007, 008, 022 and 024

COMBINED PARCEL AREA:

28,800 square feet

CURRENT ENTITLEMENTS (EXPIRES 2017):

192,921 SF building/144 apartment units/11,865 SF retail/138 - 144 parking spaces

UTILITIES:

Electricity (SMUD), Gas, City Water and Sewage, County Storm Drain.

FLOOD ZONE:

X (100 – 500 year Flood Zone)

ENVIRONMENTAL REPORTS:

Phase I and II

ZONING:

C-3 CBD-SPD

MAXIMUM HEIGHT:

300 Feet

MAXIMUM LOT COVERAGE:

Special Permit required for any building constructed or expanded to exceed 75,000 square feet of gross floor area. 4,800 RSF ground floor plus 4,800 SF finished basement

DENSITY:

61 - 450 dwelling units per acre

Floor Area Ratio (FAR): 3.00:1.0 - 15.00:1.0

PARKING REQUIREMENT:

No parking restrictions for any type of use in the CBD.



8L

ADDRESS:

1121 – 1125 8th Street and 805 – 815 L Street

APN:

006-0098-021 and 014

COMBINED PARCEL AREA:

24,000 square feet

STRUCTURES:

Bel-Vue Apartments and Parking Garage (approximately 42,000 gross SF), Former Sam’s Hof Brau (11,000 SF).

CURRENT ENTITLEMENTS (EXPIRES 2017):

79,505 SF building/56 apartment units/10,712 SF retail/30 parking spaces

UTILITIES:

Electricity (SMUD), Gas, City Water and Sewage, County Storm Drain.

FLOOD ZONE:

X (100 – 500 year Flood Zone)

ENVIRONMENTAL REPORTS:

Phase I and II and HBMS Survey

ZONING:

C-3 CBD-SPD

MAXIMUM HEIGHT:

300 Feet

MAXIMUM LOT COVERAGE:

Special Permit required for any building constructed or expanded to exceed 75,000 square feet of gross floor area. 4,800 RSF ground floor plus 4,800 SF finished basement

DENSITY:

61 - 450 dwelling units per acre

Floor Area Ratio (FAR): 3.00:1.0 - 15.00:1.0

PARKING REQUIREMENT:

No parking restrictions for any type of use in the CBD.

GRID TRANSFORMATION



“The K Street Grid” is the Downtown micro-market bounded by 3rd Street to the west, 12th Street to the east, J Street to the north and L Street to the south. For two decades public officials have been strategically acquiring property, instituting redevelopment guidelines, establishing development incentives and making public policy changes to attract retail, residential, and office tenants while simultaneously encouraging high density projects.

Through 2013 the results of these efforts had been slow but steady. The redevelopment of the Citizen and Sheraton hotels (at 10th and 13th on J Street respectively), The Forum Building at 9th and K Street, 630 K Street and the former Woolworth’s and Roos Atkins department stores at 10th and

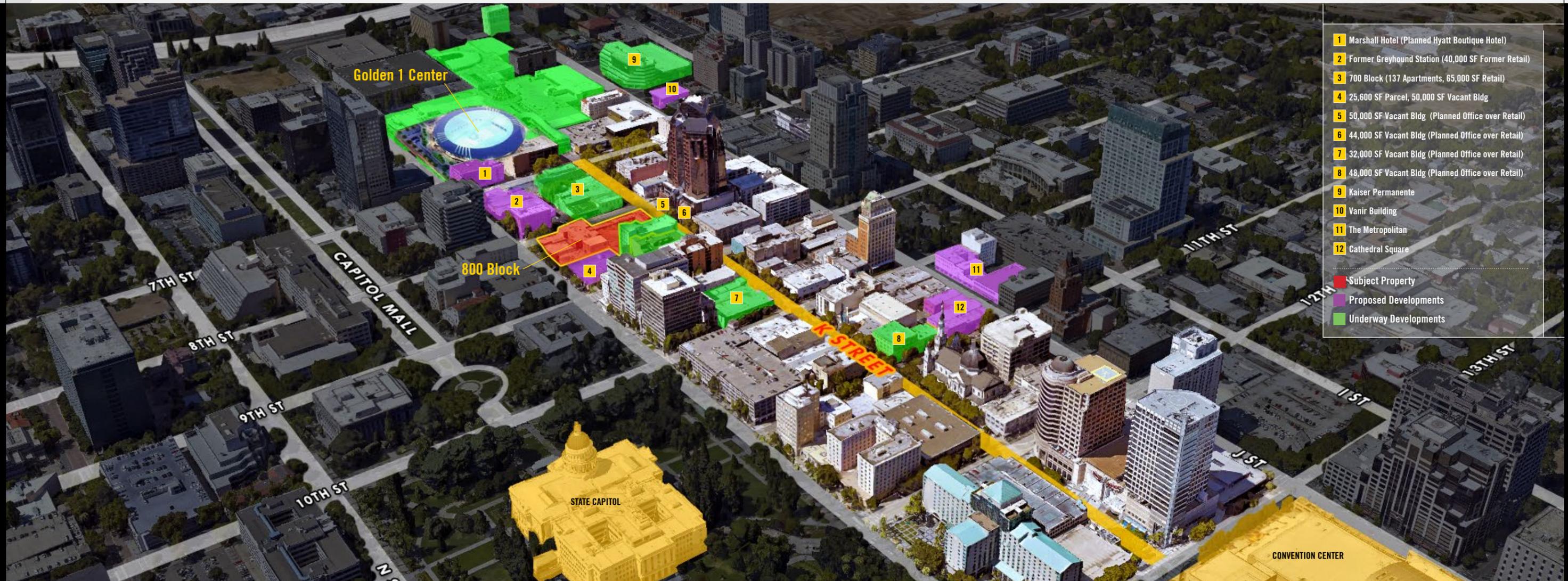
K Street being the foremost examples. In 2014 these efforts were expedited by the approval of the new multi-purpose 780,000 sf, 17,500 seat Golden 1 Center to be developed in the former Downtown Plaza.

The Golden 1 Center is a transformative project for downtown. The new “Home of the Sacramento Kings” is expected to attract over 1.7 million attendees to a projected 190 annual events and generate over \$230 million in annual economic activity. As a result, developer interest in properties surrounding the Golden 1 Center has been robust. Two significant ground-up development projects (the Kimpton Hotel at 5th and J Street and the proposed 26-story Vanir Tower at 6th and J Street) are in the entitlement stages. In addition there are no less than five significant

existing building renovations underway including 501 J Street (Kaiser renovating 170,000 SF building for medical offices), 930 K Street (30,000 sf vacant building), 1031 K Street (48,000 sf substantially vacant), 830 K Street (44,000 sf vacant) and the “700 Block” (the entire south side of K Street from 7th to 8th Street). Other potential renovation projects include the Hyatt Hotel (renovation of the former Marshall Hotel at 7th and L Street), 818 K Street (48,000 sf vacant), 831 L Street (50,000 sf vacant), the NE corner of 10th and J Street (25,600 assemblage/demolition and new construction project) and SW corner of 11th and J Street (32,000 sf assemblage/demolition and new construction project).

The most attractive development opportunity of all is the 800 Block. Ideally positioned just one block from the

pedestrian entrance to the Golden 1 Center and two blocks from the front lawn of the State Capitol, the property provides a multitude of highly desirable development options including retail on the ground floor and residential units on the upper floors. While the City of Sacramento is embracing parking standards that encourage urban living and public transportation, the long term economic benefits of multi-level parking are also significant. Parking is scarce in the two block radius surrounding the property and there are over 500,000 sf of buildings within that zone that currently have little or no parking for their tenants. Current parking rates are approximately \$200 per space for secured covered parking and special event parking is estimated at \$10 - \$20 per stall per event.



- 1 Marshall Hotel (Planned Hyatt Boutique Hotel)
 - 2 Former Greyhound Station (40,000 SF Former Retail)
 - 3 700 Block (137 Apartments, 65,000 SF Retail)
 - 4 25,600 SF Parcel, 50,000 SF Vacant Bldg
 - 5 50,000 SF Vacant Bldg (Planned Office over Retail)
 - 6 44,000 SF Vacant Bldg (Planned Office over Retail)
 - 7 32,000 SF Vacant Bldg (Planned Office over Retail)
 - 8 48,000 SF Vacant Bldg (Planned Office over Retail)
 - 9 Kaiser Permanente
 - 10 Vanir Building
 - 11 The Metropolitan
 - 12 Cathedral Square
- Subject Property
 - Proposed Developments
 - Underway Developments

URBAN RENAISSANCE



While the Golden 1 Center has expedited urban renovation on the K Street Grid, the renaissance of Sacramento's urban sectors surrounding the K Street Grid has been underway for several years now. Residential migration to the higher density urban cores is a phenomenon easily recognizable in Tier 1 population centers like New York, Chicago, Philadelphia and, in California, Los Angeles, San Francisco and San Diego. This same pattern is now beginning in Tier 2 population centers like Portland, Denver, San Antonio and Sacramento.

Sacramento is the California Capital, Capital of the world's 8th largest economy. It is the most desirable business location in the Sacramento region and easily boasts the lowest commercial vacancy rate, hovering between 5 - 8%. This figure is impressive when factoring in many buildings marketed as "available" that are functionally obsolete and non-compliant.

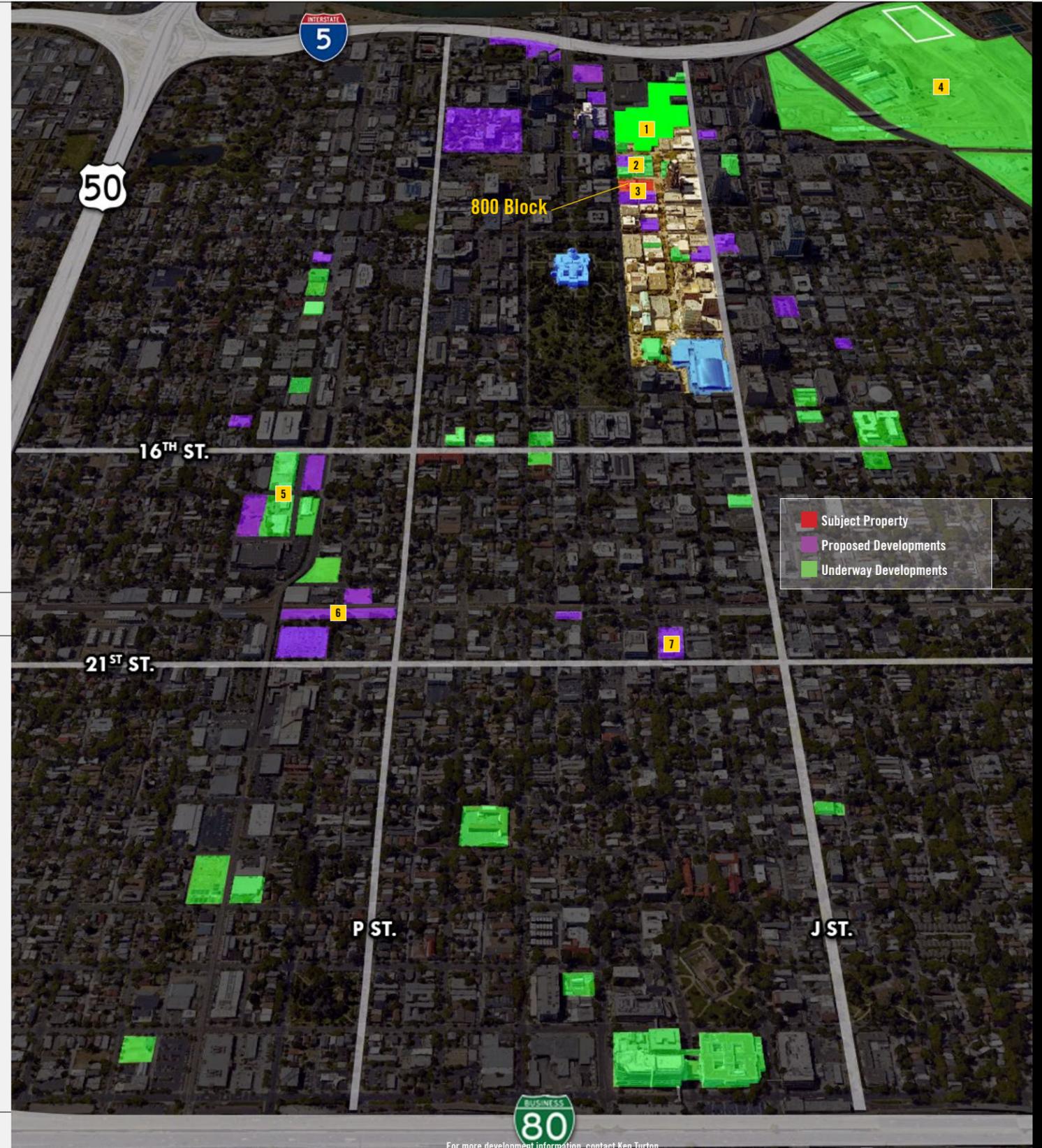
The urban core is the perfect fusion of locally-owned businesses, organic youth-infused retail and services, carefully selected national and regional retailers, the best

restaurants east of the Bay Bridge, an eclectic mix of high-end demographic occupations and a range of housing all magically embedded in a landscape of unique older buildings and mature trees.

Developers are now highly focused on the "cool" vacant buildings and key infill properties within the downtown grid to further capitalize on this increasing demand. Unique historic buildings and warehouses, multi-story downtown midrise structures with impressive window lines and ceiling heights create the foundation for amazing opportunity.

Interest is high with virtually every vacant building within the Grid having activity.

If one looks at the history of urban development in Sacramento along with the current composition of activity, momentum and demand, the most attractive opportunities reside within the Grid, and the opportunity with the most versatility, best location and greatest upside with least risk is the 800 Block.



MAJOR PROJECTS



1 Golden 1 Center
(Arena, 300,000 SF Retail, 100,000 SF office, hotel)



2 700 Block
(137 Apartments, 65,000 SF Retail)



3 800 Block (Subject Property)
(52,800 SF of developable land)



4 Railyards
(Planned Office & Residential over Retail including a new Kaiser hospital and MLS Stadium)



5 ICE Blocks
(55,000 SF Office, 70,000 SF Retail, 160 housing units)



6 Q19
(72 housing units, 1,985 SF Retail)



7 Whole Foods
(50,000 SF, 150 housing units)

10,000 RESIDENTIAL UNITS



Ever-increasing resource scarcity coupled with technological advancements in resource efficiency has created a natural evolution towards urban core residential migration. Higher density residential environments are more cost effective for the resident, developer and City. This is especially true if one's occupation is in the urban core of which there are over 100,000 people in Sacramento's urban workforce. As more and more workers recognize this inefficient use of their most valuable resource, time, many are evaluating residential options available to them in and around the downtown area.

Sacramento Mayor Kevin Johnson's initiative is to build 10,000 residential units over 10 years in the Central City. The numbers indicate this goal is achievable. There are currently over 32,000 residents in the Central City. This number will be significantly enhanced with the 3,500 units underway.

The investment market has recognized multi-family residential projects as one of, if not the lowest, risk commercial properties in the market. Sacramento's

market has mirrored this national trend with virtually no substantive residential vacancy in urban core multi-family properties. Lenders have rewarded owners and developers of these properties with historically low lending rates for well-located Class A multi-family properties which, in turn, creates abundant demand at correspondingly low capitalization rates. These factors allow multi-family projects to be extraordinarily competitive with single-family ownership even during a market with sub 4% interest rate financing for single family residences. The general consensus is when interest rates rise, multi-family residential demand will increase and rent rates will follow.

Combine increased demand with increased migration towards more efficient higher density urban environments and you get significant developer demand. Add to that the exciting prospect of additional activities, services, restaurants and retail associated with the new Golden 1 Center and you create a vortex of demand and new projects in Sacramento's urban core. At its center is the 800 Block.

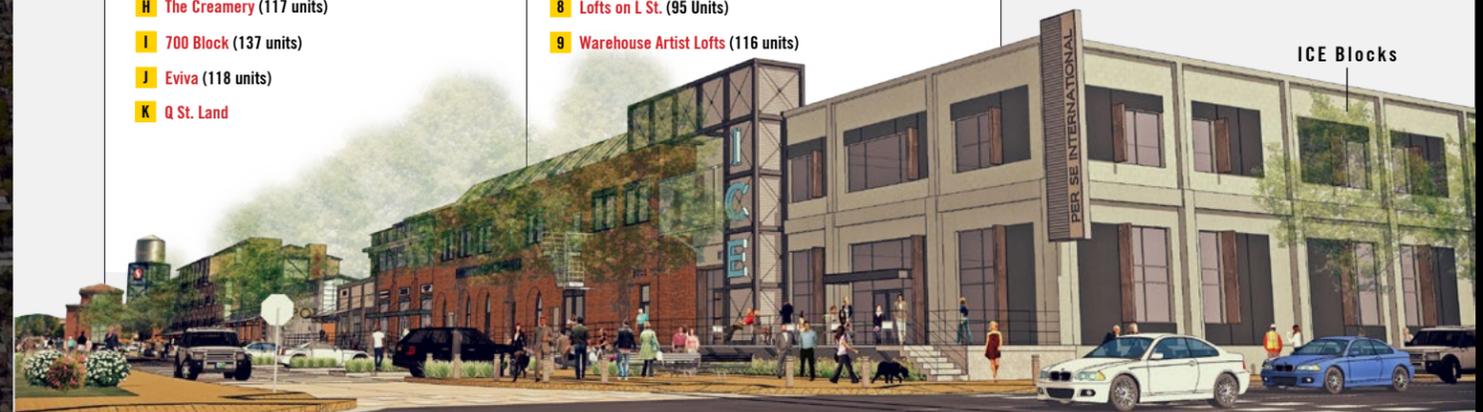
RESIDENTIAL PROJECTS

MULTI FAMILY RESIDENTIAL PROJECTS UNDERWAY:

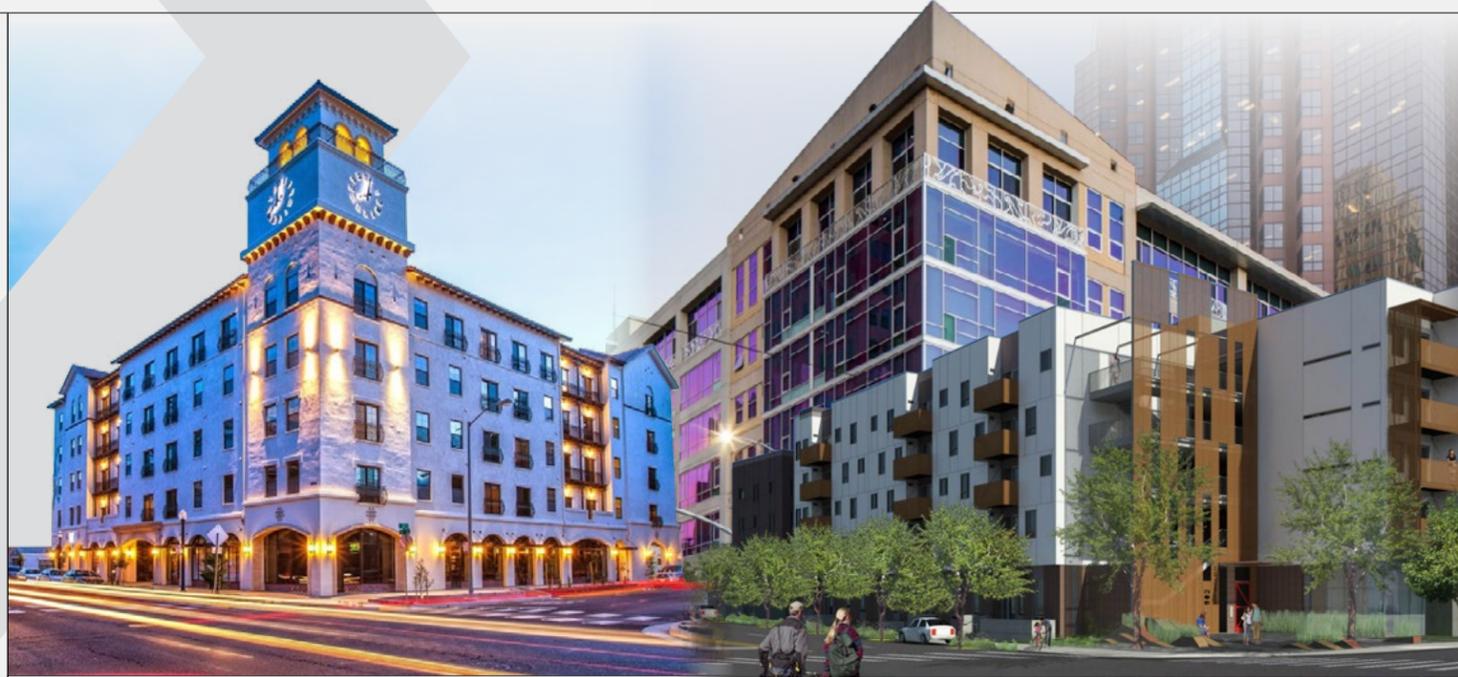
- A** The Mill at Broadway (1,000 units)
- B** Whole Foods Project (150 units)
- C** Golden 1 Center (550 units)
- D** Senior Artist Community at Mansion Flats (160 units)
- E** Sacramento Commons (1470 units)
- F** Bridge District (4000 units)
- G** Ice Blocks (150 units)
- H** The Creamery (117 units)
- I** 700 Block (137 units)
- J** Eviva (118 units)
- K** Q St. Land

EXISTING "CLASS A" MULTI-FAMILY RESIDENTIAL PROJECTS:

- 1** 800 J Street (225 Units)
- 2** Legado De Ravel (84 units)
- 3** 1801 L Street (163 Units)
- 4** Fremont Mews (119 Units)
- 5** LINQ (275 Units)
- 6** Capitol Towers (409 Units)
- 7** St. Anton Building (65 units)
- 8** Lofts on L St. (95 Units)
- 9** Warehouse Artist Lofts (116 units)



NEARBY MULTI-FAMILY REFERENCE PROPERTIES



800 J STREET

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2006	225	98.0 %	Studio	74	\$1,310	567	\$2.31
			1x1 Small	29	\$1,630	765	\$2.13
			1x1 Large	17	\$1,915	882	\$2.17
			2x2 Small	48	\$1,910	962	\$1.99
			2x2 Large	57	\$2,435	1,206	\$2.02
			Amenities: Full-time concierge, fitness center, screening room, patios/balconies, W/D in all units, landscaped courtyard, courtesy security patrol, secure parking garage, storage, controlled access, and street-level retail.				

800J Lofts is a Downtown Sacramento loft apartment building offering high-end studio, one bedroom, and two bedroom lofts. These modern living spaces feature floor-to-ceiling windows and luxury finishes. 800J is one block from The Kay and two blocks from the State Capitol.



LEGADO DE RAVEL

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2013	84	% 98.0	1x1 Small	31	\$1,601	708	\$2.26
			1x1 Large	29	\$1,754	780	\$2.25
			2x2	24	\$2,169	1,067	\$2.04
Amenities: Spanish-style, luxury flats, balconies, W/D in all units, landscaped courtyard, 24-hour on-site staff, surface grade parking, and controlled access.							

Legado de Ravel is Midtown's modern take on Spanish-style living spaces. The building is just blocks away from Fremont Park, the State Capitol, a wide variety of restaurants, and entertainment venues.



1801 L

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2006	163	%98	Studio	38	\$1,155	459	\$2.53
			1x1	85	\$1,738	712	\$2.46
			2x2	40	\$2,251	1,080	\$2.08
Amenities: Pool/spa, business center, courtyard, W/D in all units, patios/balconies, storage, controlled access, and on-site retail.							

1801 L is a 175-unit modern apartment building which was built in 2006 and renovated in 2014. Located in the heart of Midtown's restaurant scene, as well as sitting above an entire block of well-regarded eateries, 1801 L is situated among an abundance of nearby amenities.



FREMONT MEWS

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2005	119	98.0%	Studio	18	\$1,338	495	\$2.70
			1x1	71	\$1,626	712	\$2.29
			2x1	18	\$1,950	1,013	\$1.92
			2x2	12	\$2,050	1,106	\$1.88
Amenities: Bike racks, courtyard, parking garage, night patrol, W/D in all units, patios/balconies in select units, storage, and controlled access.							

Fremont Mews is located in Midtown Sacramento, offering studio, 1 bedroom, and 2 bedroom flats. The apartments are close to parks, sporting and concert venues, shopping, dining, museums, theaters and more.



LINQ

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2009	275	95.0%	Studio	27	\$1,399	620	\$2.26
			1x1	131	\$1,739	797	\$2.15
			2x2	117	\$2,158	1,124	\$1.92
Amenities: Resort-style pool, fire pit, BBQ, fitness center, lounge, controlled access, on-site retail, business center, courtyard, screening room, gaming room, patios/balconies, and storage.							

LINQ is a collection of luxury apartments and studios quartered in the heart of Midtown. With direct freeway access and close proximity to the Sacramento Natural Foods Co-op, LINQ has made a name for itself as a comfortable place to live.



CAPITOL TOWERS

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
1965	409	98.0%	Studio	131	\$1,147	552	\$2.08
			1x1	198	\$1,379	682	\$2.02
			2x1	44	\$1,387	797	\$1.74
			2x2	18	\$1,984	1,064	\$1.86
			3x1	16	\$2,007	1,156	\$1.74
			3x2	2	\$3,385	1,551	\$2.19
Amenities: Olympic-sized pool, fire pit, BBQ, fitness center, spa/sauna, lounge, business center, controlled access, on-site retail, courtyard, private pet park, screening room, gaming room, on-site housekeeping, 24-hour patrol, patios/balconies, and storage.							

At the Capitol Towers, you will find a wide selection of newly renovated luxury Sacramento apartments that are defined by their spacious floor plans, beautiful amenities, and convenient location.



ST. ANTON BUILDING

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2006	65	95.0%	Studio	13	\$1,137	549	\$2.07
			1x1	34	\$1,475	761	\$1.94
			2x2	18	\$1,921	1,164	\$1.65
Amenities: Parking garage, concierge, storage, on-site restaurant, courtyard, BBQ, fitness center, W/D in all units, patios/balconies, and controlled access.							

The St. Anton Building rests on the corner of 21st and L Street, placing it right in the middle of Midtown. An abundance of amenities, both on-site and nearby, make this apartment complex a desirable home.



LOFTS ON L STREET

YEAR BUILT	TOTAL UNITS	% LEASED	UNIT TYPE	# OF UNITS	MKT. RENT	AVG. SF	RENT/SF
2008	42	93.0%	Studio	3	\$1,975	700	\$2.82
			1x1	34	\$3,088	1,103	\$2.80
			Penthouse	5	\$3,875	1,279	\$3.03
Amenities: Parking garage, 24-hour concierge, W/D in all units, patios/balconies in select units, and controlled access.							

Among the most luxurious multi-family living spaces in Sacramento, the L Street Lofts are located across the street from the LINQ apartments, meaning residents share the same plethora of amenities. Huge windows and modern design bring beauty to this midtown neighborhood.

THE GOLDEN 1 CENTER



189

PROJECTED ANNUAL EVENTS

1.7 MILLION

PROJECTED ANNUAL ATTENDANCE

\$5,075,000

AVERAGE GROSS SALES OF TOP 10 DOWNTOWN RESTAURANTS

\$230 MILLION

PROJECTED ANNUAL ECONOMIC ACTIVITY

80

LUXURY RESIDENTIAL UNITS

100,000 SF

OF OFFICE SPACE

300,000 SF

OF IN-LINE RETAIL

330,000 SF

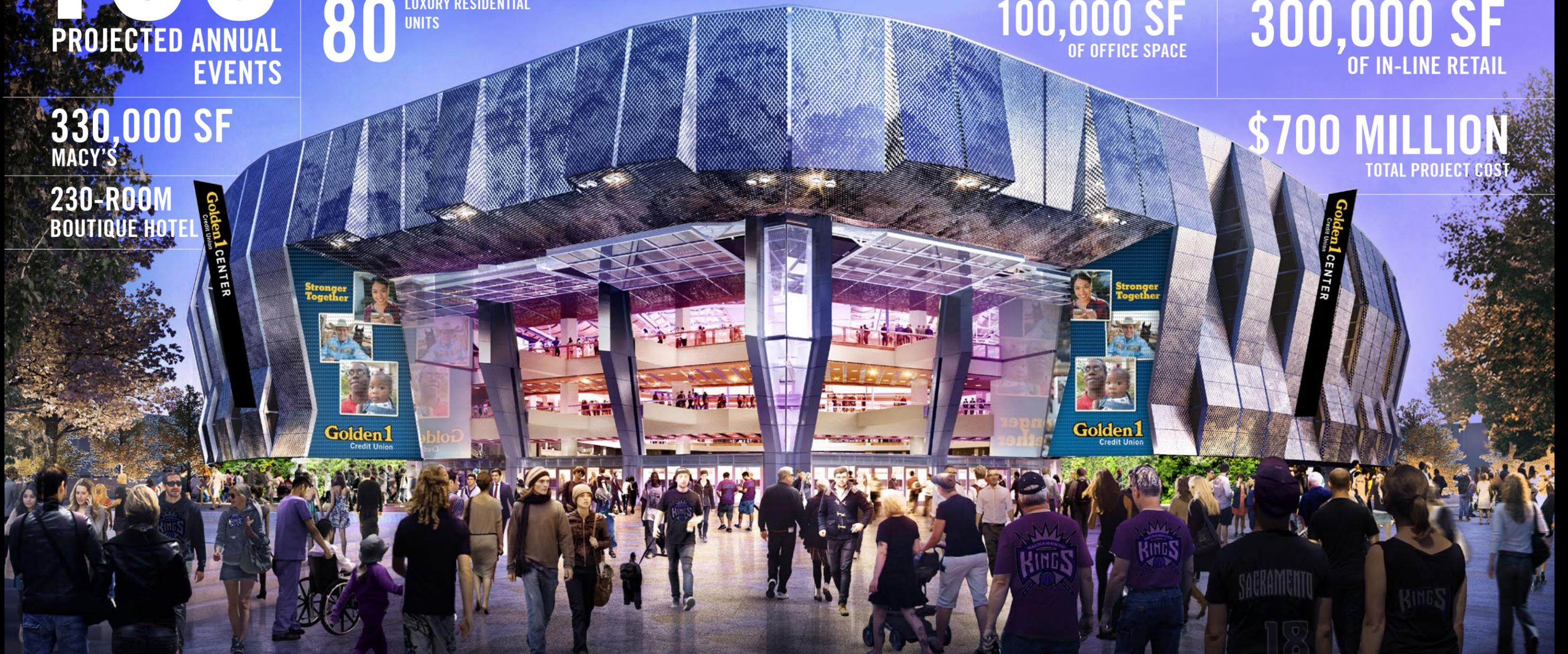
MACY'S

230-ROOM

BOUTIQUE HOTEL

\$700 MILLION

TOTAL PROJECT COST



In the last twenty years the Nation's newest arenas have had a profound economic impact on the cities that have built them. This is particularly true of those arenas built in higher density urban centers like the following:



COORS FIELD - DENVER, 1995

20 years after its construction, Denver's Coors Field maintains a lasting cultural and economic impact on the city. It has spurred the development of the surrounding area into "charming and eclectic" neighborhoods filled with young professionals and families.

- \$214 million project.
- 408% increase in nearby residential units since construction began.
- 25% increase in downtown Denver's hotel occupancy.
- "Rapid" and "impactful" growth of local retail, restaurants, bars, and nightclubs.
- \$195 million estimated annual economic influence.



STAPLES CENTER - LOS ANGELES, 1999

The massive Staples Center has brought in millions of dollars of tax revenue for the City of Los Angeles through event attendance and nearby retail, hotel, and residential projects.

- \$330 million project.
- Over \$600 million in nearby projects developed since construction.
- \$35.56 million annual sales increase.
- 12,500% increase in number of local housing units.



AT&T PARK - SAN FRANCISCO, 2000

The five-mile stretch of San Francisco's southeastern waterfront between the Giants' current and former homes - AT&T Park and Candlestick Point - is a window into both the city's industrial past and development future.

- \$357 million project.
- Over 3,000 new housing units have been built nearby since construction.
- Average of \$1,025 per SF for residential units near AT&T Park.
- \$13 billion worth of projects underway or completed.
- "Whole new neighborhood" of 980 housing units proposed nearby.
- Retail rent rates have doubled.



CHESAPEAKE ENERGY ARENA - OKLAHOMA CITY, 2002

Oklahoma City's arena has surpassed expectations and generated hundreds of millions of dollars worth of growth. After claiming the NBA team from Seattle, Seattle lost around \$12.5 million per year of economic impact.

- \$89 million project.
- \$525 million increase in economic activity in the first year after construction.
- \$60 million estimated annual income for Oklahoma City.
- Below-average unemployment rate - 5.3% (vs. 9% national average)
- \$190 million of hotel, \$256 million of office, \$61 million of retail, and \$238 million of housing developed since construction.



PETCO PARK - SAN DIEGO, 2004

Rather than just provide a space for a sports team, San Diego's Petco Park has developed an urban fabric with a 24/7 lifestyle, drawing loads restaurant, retail, office, and residential projects. Local blighted parts of town were redeveloped, as well.

- \$474 million project.
- 19,220 jobs created.
- 14,700 new housing units built.
- \$1.79 billion worth (609,670 SF) of commercial development near Petco Park.
- 957 hotel rooms built.



BARCLAYS CENTER - BROOKLYN, 2012

Part of a larger \$4.9 billion project to renovate downtown Brooklyn, the Barclays Center has shown promising economic impacts. Businesses in the area surrounding Barclays Center said that they are "seeing some much-desired spillover from the arena on event nights."

- \$1 billion project.
- \$251 million economic impact in its first year of operation.
- 100% increase in retail rent rates since construction.

PRICING & PROCESS

The primary goal is to sell the properties for the highest and best use while simultaneously achieving the highest possible price. Seller is interested in a Buyer who will build an exciting, attractive project that activates this important location. The project should be completed by the end of 2019 and in accordance with a mutually agreeable timeline. Ideal projects will include retail and multi-family housing but office developments will also be considered.

SBH Real Estate Group, LLC has twenty (20) business days from notification by the City of a Third Party Offer to elect whether to purchase the Parcel(s) at the price and upon other terms and conditions contained in the Third Party Offer.



Minimum offer for 8K: \$2,880,000

Minimum offer for 8L: \$1,500,000

Offers are due by October 31, 2015.

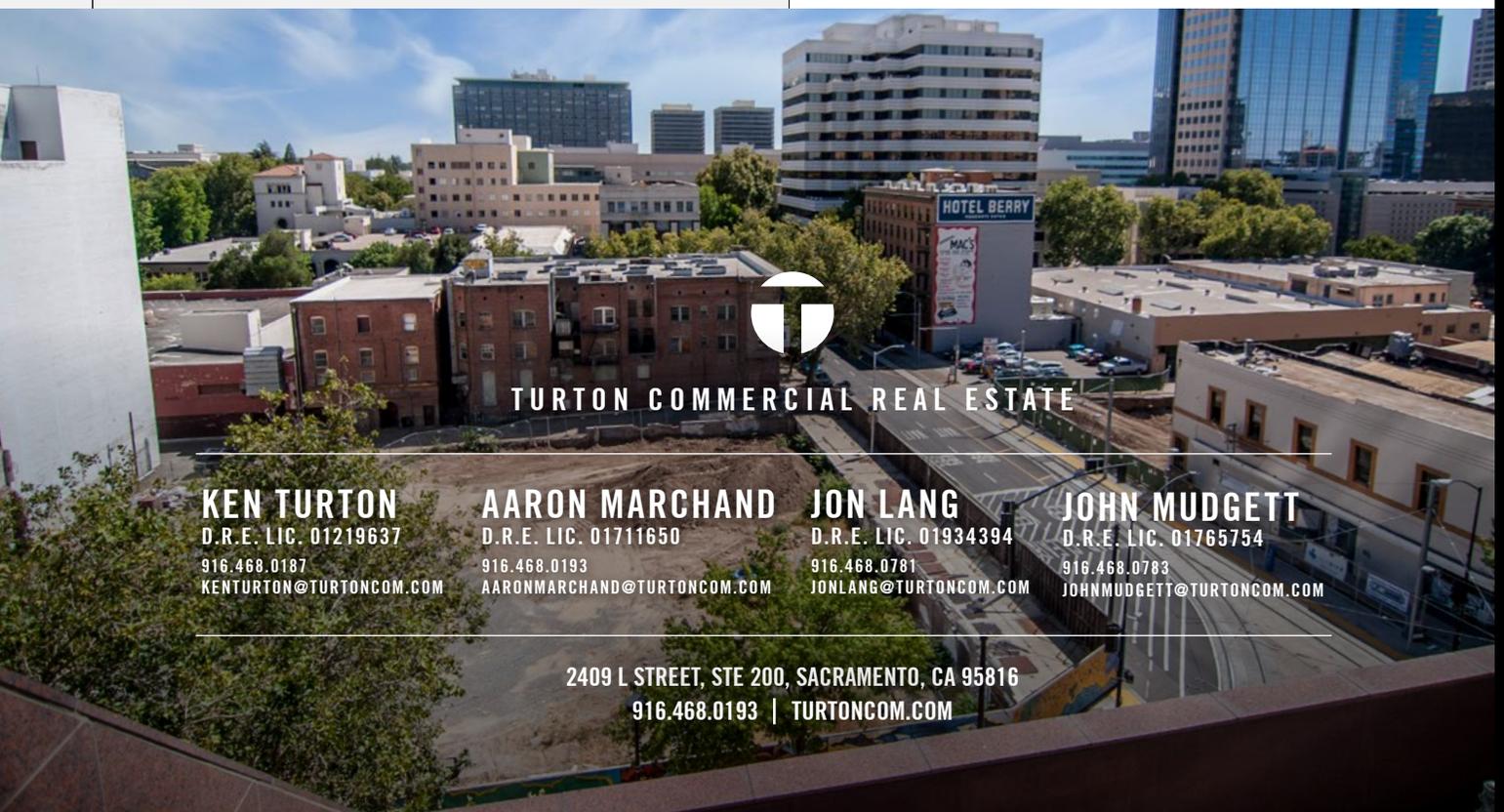
Prospective buyers will be provided a Term Sheet Template along with due diligence information from Seller upon written request.

Term sheets will be accepted for the following purchase options:

- Entire 9 Parcel Portfolio
- 7 Parcels at 8K
- 2 Parcels and Buildings at 8L

Terms included on Offer Sheets will include:

- Purchase Price
- Initial Deposit (\$100,000)
- Investigation Contingency Period
- Finance Contingency Period (if any)
- Any additional contingencies
- Additional Deposit upon waiver of contingencies
- Project Description
- Estimated Timeline for process and completion
- Proof of Funds and Loan Commitment (if lending is required)
- Resume of Buyer and Development Team



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