

7E

Urban Infill Site Located in
Downtown Sacramento





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THE OPPORTUNITY

14,728	\$975,000	OB	± 21	3.0
SF LAND	PRICE	ZONING	UNITS POTENTIAL	MAX FAR

707 E Street, 709 E Street, 417 N 7th Street, Sacramento CA 95814

7E (the “Property”) is 14,728 square feet land centrally located on the northeast corner of 7th Street and E Street. The property consists of four (4) parcels in the City of Sacramento (APN: 002-0105-013-0000, 002-0105-014-0000, 002-0105-016-0000, 002-0105-026-0000) with the current zoning designation: OB. The property is a prime development opportunity for residential homes, multi-family apartments, or mixed-use project.

The Property is a rare corner location in a highly desirable residential neighborhood setting. In the epicenter of Midtown and Downtown Sacramento, the Property is mere blocks from 16th Street and 12th Street which are two main arterial streets of Downtown and 12 blocks from the Golden 1 Center, DOCO, nightlife, restaurants, as well as major employment centers. The Property provides walkability to most of the urban core, without sacrificing ancillary parking options, privacy, or noise.

The Property zoning allows 3.0 FAR and 65 units per net acre, which translates to potential yield of up to ± 21 units in a 3-story project. The Property provides many viable options for a project, highlighted by a high-density multifamily or mixed-use, or single family for sale development. There is an existing freestanding office building on the corner, which is a separate parcel and not included in this offering, but the ownership would consider a portfolio sale.





PROPERTY HIGHLIGHTS

- High-Density Infill Development Sites
- Desirable Historic Alkali Flat Neighborhood
- Rare Corner Configuration
- Central Location to Midtown and Downtown
- Proximity to The Railyards, Golden 1 Center, DOCO, Amtrak Sacramento Valley Station, and new Sacramento County Courthouse under construction.
- Near many significant infill development sites



BUILDING LOCATION

- | | | | | |
|---------------------------|-----------------------|------------------------------|------------------------------|--------------------------------|
| 1 | 3 | 4 | 5 | 6 |
| MIN FROM
THE RAILYARDS | MINS FROM
CITYHALL | MINS FROM
GOLDEN 1 CENTER | MINS FROM
THE COURT HOUSE | MINS FROM
THE STATE CAPITOL |

Alkali Flat is the oldest remaining neighborhood in Sacramento, and is undergoing a transformation into a community of residents, employees, artisans, restaurants and retailers. Between 2016 and 2019 over 1,000 new residential units were added to the Downtown Grid and/or immediately surrounding blocks, including The Creamery, which is a new development of modern tri-level homes. The Creamery has been occupied by a heady brew of professionals, “creatives,” young

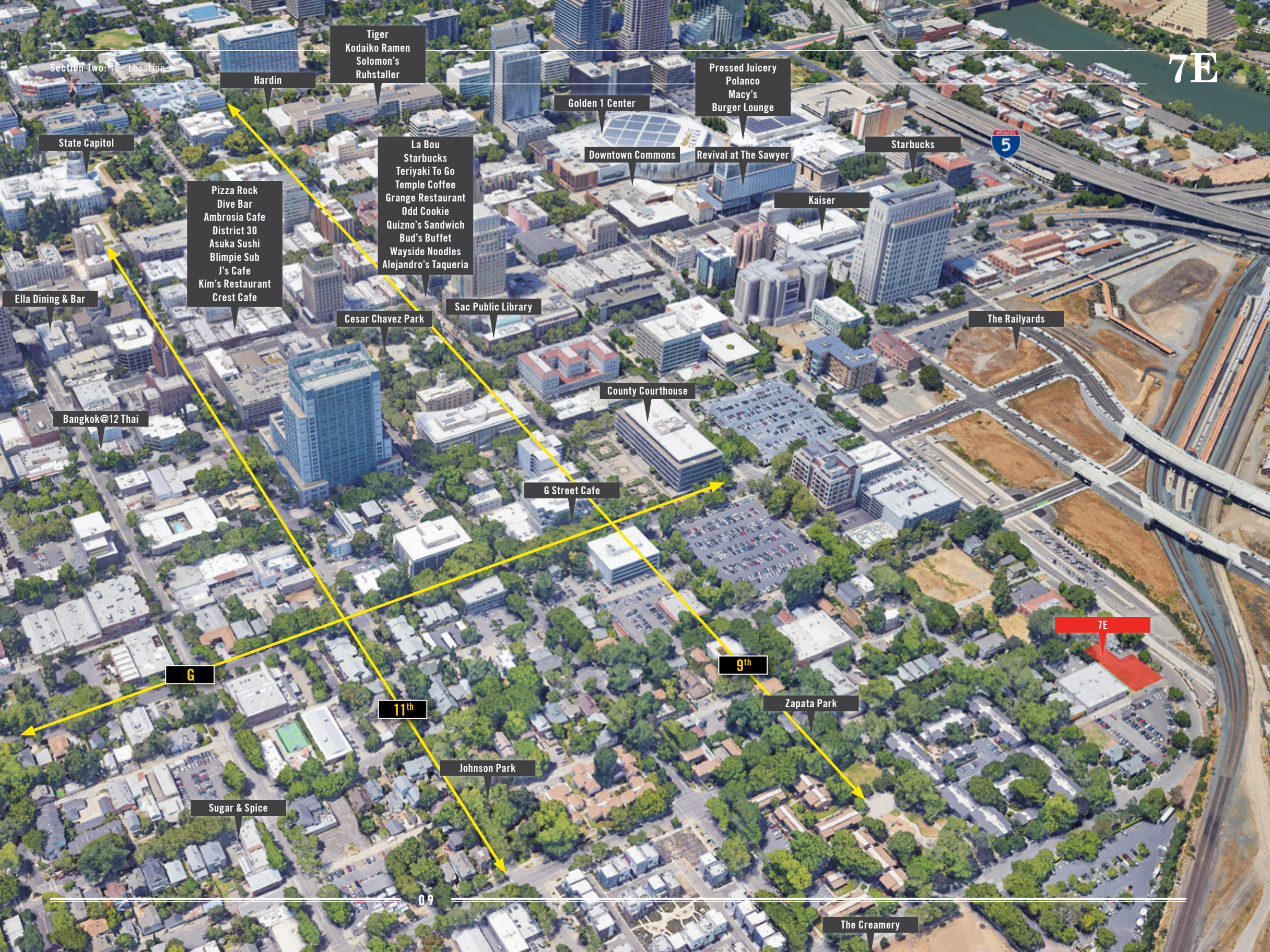
families and energetic mid-agers looking to re-connect with the eclectic and electric charms of the neighborhood.

4 minutes from the Property is the Golden 1 Center sports and entertainment complex. A third-party study estimates that the 17,500 seat arena will attract 1.6 million new visitors to Downtown Sacramento each year, and will be the driving force behind \$11.58 billion in positive economic growth over the next 35 years. The area

hosts over 200 events each year ranging from sporting events to concerts to civic events and ceremonies. The surrounding DOCO development will feature over 600,000 square feet of retail shopping, dining and entertainment space thus creating a truly dynamic year-round shopping and lifestyle destination.

6 minutes from the Property is the California State Capitol, the policy-making epicenter of the world’s 6th largest economy.





7E



NEARBY DEVELOPMENTS

Kaiser



The new 1,200,000 square foot Kaiser Permanente Medical Center is located on the northwest corner the Railyards on an 18 acre site and will replace the current hospital located at 2025 Morse Avenue location. The first phase of the project is underway and scheduled to open in 2025. The two phased project has an estimated cost of over \$1,000,000,000.

Township 9



The 65 acre infill site was recently acquired by 29th Street Capital, who has stated they plan to start on 900 multifamily units fall of 2020 with plans to eventually develop up to 1,400 units there in later phases. This same developer is responsible for the 752 homes that have been completed at the Mill at Broadway. There is no estimate of construction costs for the project.

The Railyards



One of the largest urban infill sites in the Western States, this project is slated to double the size of Downtown Sacramento and act as a destination worthy extension of the urban core. Includes the new Kaiser Hospital, MLS Stadium and room for high quality mixed use office, retail and residential projects. The Foundry is one such proposed development of two six-story office buildings that total 313,350 square feet with ground floor retail. It is likely there will be many more exciting projects proposed on this large infill site.

Powerhouse Science Center



50,000 square foot center with exhibition space, a planetarium and classrooms that's under construction and scheduled to be completed by the end 2020. Estimated costs are \$84,000,000.

MLS Stadium



Sacramento's FC Republic was awarded an MLS franchise in 2019 under the understanding that a new MLS Stadium will be constructed and completed in time for the 2023 season. The new stadium is scheduled to break ground Fall 2020 and be completed in December 2022. The 426,000 square foot stadium will accommodate up to 22,000 attendees for soccer matches, concerts and other events. Preliminary infrastructure work is underway. Estimated to cost are at \$252,000,000

Richards Blvd Office Complex



1,250,000 square feet of stunning offices for the State of California, expected to bring 4,650 daytime employees. Project is currently underway and anticipated completion of March 2024. Estimated cost are at \$1,000,000,000.

Mirasol Village



The project is a public-private partnership bringing 487 residential townhomes and apartments with amenities that include a park, community garden, walking paths and a light rail stop. Construction of the first phase of residential buildings is expected to begin in June and be ready for occupancy by January 2022. The second phase of residential construction is scheduled for late 2020 and total costs are estimated to be \$310,000,000.

Sac County Courthouse



Construction of an 18-story courthouse with 543,437 square feet and 53 courtrooms will allow the county court system to consolidate its operations from the existing courthouse a few blocks east and four leased locations. The state purchased the 2.4AC site in 2014 and it is estimated the construction of the courthouse to start in 2020 and to be completed in 2023. The project is expected to cost \$450,000,000.

Multifamily on 16th



Several multifamily projects are in different stages of development that will be delivering hundreds of units in the next year. The 186 unit Mansion Apartment project at 16th & H Street is underway, the 95 unit project at 16H recently completed, another 95 unit Eleanor project at 16th & E is nearing completion and 53 units at Lavender Courtyard. Several additional sites have early stage infill development projects not included in this total or estimate. Total unit come to 429 units and estimated costs are at \$150,0000.

The Richards Blvd Corridor



Now home to the new California Highway Patrol headquarters, the City of Sacramento headquarters, the new Greyhound Station and the Sacramento Police Department Headquarters.

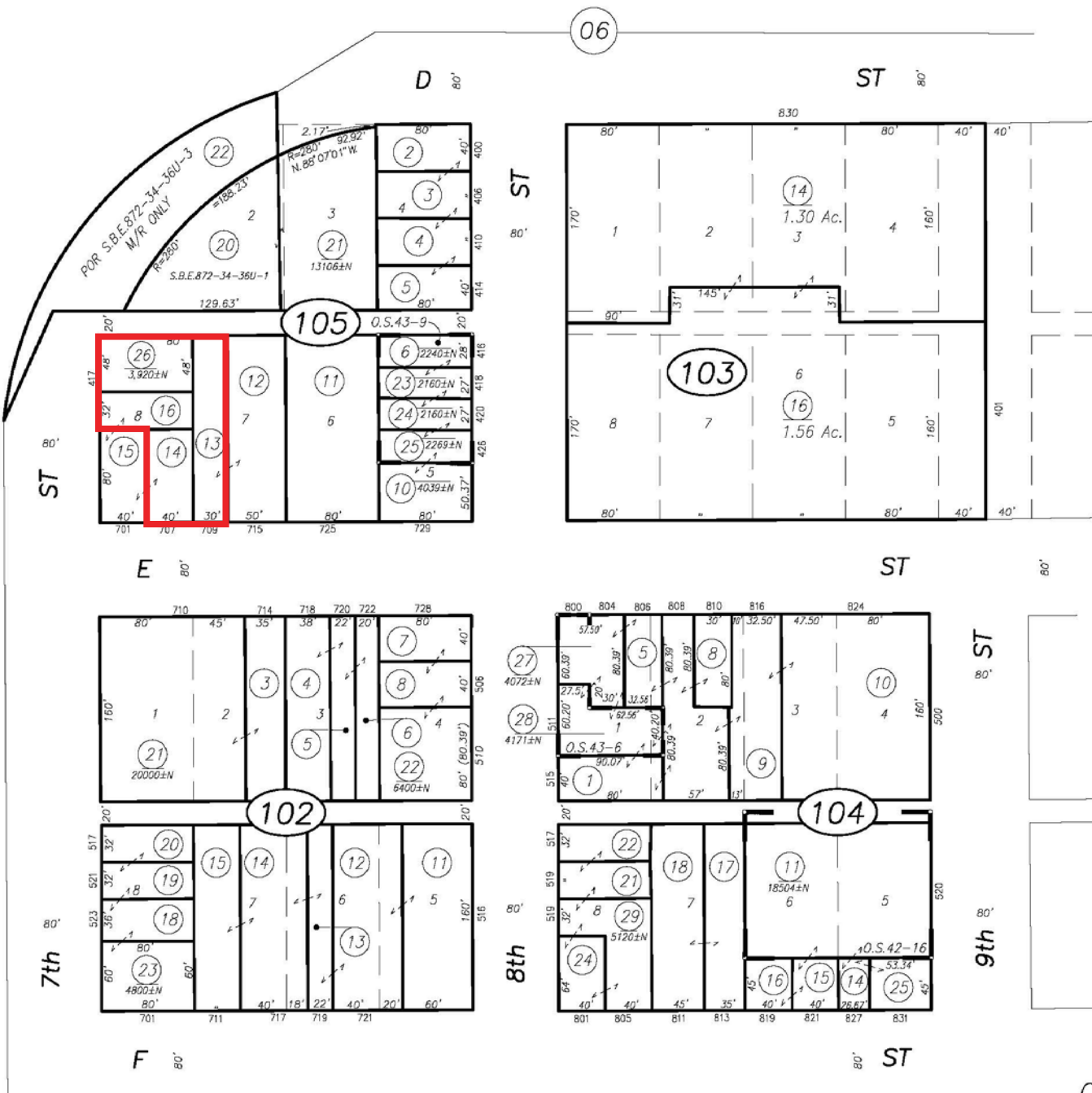


DEVELOPMENT POTENTIAL

Excellent location, flexible zoning, and open configuration offers numerous possible projects: professional office, apartments, condominiums, residences, townhomes, and/or mixed-use with ground floor retail, live/work or office.

In today's market, highest and best use for urban infill property is multi-family residential. With home sales prices increasing steadily higher and severely limited inventory of housing stock, there is also an opportunity for residen-

tial home or condominium development. Current studies indicate population growth for the City and the urban core, will outpace supply for the foreseeable future.





SACRAMENTO

15.3 MILLION	71,335	215+
ANNUAL REGIONAL VISITORS	DAYTIME EMPLOYEES	BARS / RESTAURANTS

California’s fastest-growing metropolitan area!

While the Golden 1 Center has expedited urban development, the renaissance of Sacramento’s urban core has been underway for several years now. Residential migration to Sacramento has also been increasing with over 150,000 people relocating from the Bay Area or Silicon Valley between 2014 and 2018 according to census data, and upwards of 70,000 people migrating to Sacramento since 2019. Attracted by the affordability of real estate, lower cost of living, easy access to outdoors and great proximity to destinations such as Lake Tahoe, Napa

Valley, and the San Francisco Bay Area, many have found that Sacramento is an ideal location to live and improve their quality of life. Downtown and Midtown, the two submarkets that make up the Central Business District and urban grid are the most desirable, amenity-rich locations for business in the Sacramento region and easily boast the lowest vacancy rates. As of Q3 2020, the Class A Office vacancy rate in Downtown was 6% while Midtown was 1.4%, and when combined with Class B Office vacancy, 11.7% and 7.5% respec-

tively. These figures are impressive when factoring in many Class B buildings on the market are functionally obsolete. The urban core is the perfect fusion of multi-generational locally owned business, organic youth infused retail and services, carefully selected national and regional retailers, Michelin guide rated restaurants, an eclectic mix of high-end demographic occupations all embedded in a landscape known as the City of Trees and Farm-to-Fork capital of the world.





LOCAL MULTIFAMILY MARKET

The Sacramento Urban Core apartment market is bordered by American River (North), HWY 50 (South), to CSUS (East) and I-5 (West). The market consists of 806 total properties (five units and greater) and a total of 13,028 rental units. These communities benefit from being in close proximity to plentiful urban amenities and the CBD of Sacramento.

At the close of 2020, the Urban Core vacancy rate stood at 7.9%, inflated by more than 700 units delivered over the past two years. The average asking price across all unit types in the Urban Core was \$1,442 and \$2,277 for newer product. Despite the rise in vacant units, leasing activity proved to be strong in 2020—in the middle of a global pandemic—as the year reported the second highest annual absorption on record at 252 units (compared to 307 in 2014).

The Urban Core has witnessed a dramatic increase in its apartment stock over the past eight years in response to the recent revitalization throughout. What was historically a B & C market until recently, saw a dramatic shift in the development of Class A communities. Represented by just two properties 20 years ago, The Urban Core has ballooned to 22 properties or nearly 2,000 units by year-end 2020, with more right around the corner. This shift was predicated on the growing number of millennials or younger and higher income earning individuals in search of enhanced onsite and local amenities.

The newer, “urban” package resembles more of what you’ll find in a hip, boutique hotel including smart home integration, WiFi lobby/ communal areas, roof deck lounges, micro-mobility, Amazon lockers, state-of-the-art fitness centers

with Peloton bikes, etc. Coupled with the best in restaurants, entertainment, and nightlife night life only found in the Urban Core, it’s no surprise millennials fit right in and why we’ve also seen a strong in-bound migration from the Bay Area.

Recent construction further demonstrates the double-down on the millennial population, as 78% of units delivered since 2012 were in the studio and one bedroom unit mixes. These tenants are likely to be either single or couples without children. Rents in these two categories and vintage are seeking on average \$1,788 and \$2,282 per unit, respectively. Currently in the construction pipeline are 7 more projects underway slated to be delivered over the next three to 24 months. In total, this will bring another 1,300 units to the Urban Core.

Multifamily Deliveries

Sacramento GRID – 2020



The Press, Sacramento
SKK, DeBartolo Dev.
277 Units; 200,616 SF
Studio (20); 1BR (137); 2BR (44); & 3BR (7)
Current Avg. Rent: \$2,256



H16, Sacramento
SKK, Guardian Capital
95 Units; 60,000 SF
Studio (42); 1BR (40); & 2BR (13)
Current Avg. Rent: \$2,108



1430 Q, Sacramento
D&S Development
73 Units; 72,000 SF
1BR (33); 2BR (39); & 3BR (1)
Current Avg. Rent: \$3,603



The Carlaw, Sacramento
James Cordano
26 Units; 45,000 SF
Studio (8); 1BR (10); & 2BR (8)
Current Avg. Rent: \$2,735

Source: Costar, Multifamily All Unit Mixes

Multifamily Trophy Sales

Sacramento GRID – 2020



Property Name:
Address:
Developer:
Owner / Buyer:
Year Built:
Site Size SF:
Gross Building Area SF:
Total Units:
Current Rent Avg:
Current Vacancy:
Building Sale Price:
Price / SF:
Price / Unit:
Vacancy:
Cap Rate:
Sale Date:

The Press
1714 21st St
SKK / DeBartolo Dev.
Oakmont Properties
2020
110,642
200,616
277
\$2,385
61.0%
\$118,000,000
\$588.19
\$425,993
70.0%
N/A
9/30/2020



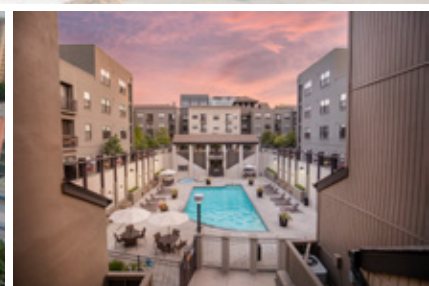
Q19 Apartments
1907 Q St
SKK / Grupe Company
Woodmont Real Estate
2018
25,700
46,170
68
\$1,899
7.4%
\$26,800,000
\$580.46
\$394,118
0.0%
4.65%
4/19/2019



16 Powerhouse
1606 P St
D&S Development
Demmon Partners
2015
19,166
71,929
50
\$3,341
6.7%
\$32,500,000
\$451.83
\$650,000
0.0%
5.05%
3/6/2018



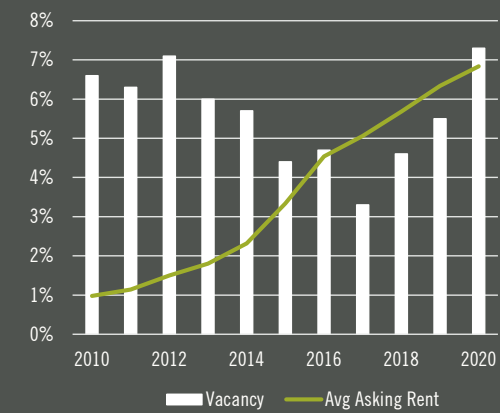
Eviva Midtown
1531 N St
LDK Ventures / Integral
Sequoia Equities
2016
30,492
180,000
118
\$2,226
4.2%
\$53,000,000
\$294.44
\$449,153
0.0%
4.78%
9/1/2017



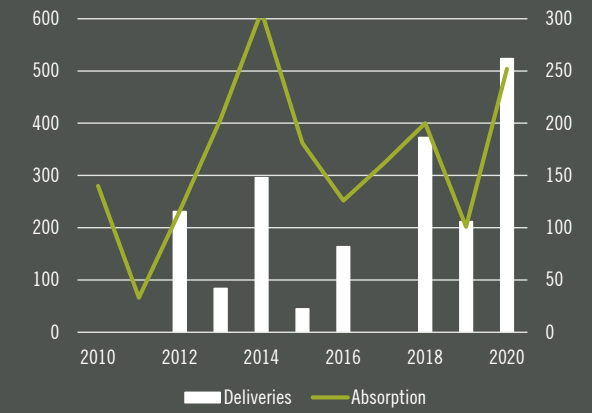
Multifamily Rental Trends

Sacramento GRID

Vacancy & Avg Rent Trend



Deliveries & Absorption Trend



Source: Costar, Multifamily All Unit Mixes

Multifamily Rental Trends

Sacramento GRID – New Construction Since 2012

All Unit Types

27.9%

Vacancy

\$2,277

Avg Rent / Unit

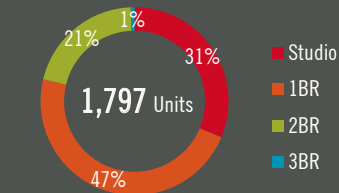
\$3.16

Avg Rent / SF

4.1%

Concessions

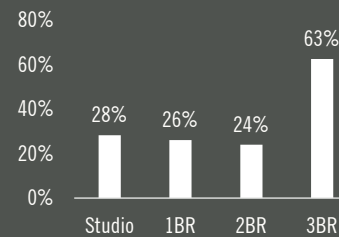
Total Units Delivered



Avg Rent / SF



Vacancy



Avg Rent / Unit



Source: Costar, Multifamily All Unit Mixes

SACRAMENTO DATA BITES

Sacramento's relative affordability versus amenities remains one of its biggest draws. Population growth is expected to average about 1% (20,000 annually for the region) over the next five years and is expected to outpace the national average. Household growth continues to far outpace the rate of single-family and apartment deliveries. In July 2020 Sacramento was the most popular migration destination in the U.S, with more than half of home searches from buyers outside of the area (Redfin).

MULTIFAMILY RENTAL TRENDS URBAN CORE:

Class	Inventory (units)	Avg Rent	Vacancy	Absorption* (units)	Under Const. (units)
A	1,993	\$2,053	14.5%	328	1,154
B	2,172	\$1,677	9.8%	36	140
C	8,864	\$1,041	4.4%	40	0
All Types	13,029	\$1,442	7.3%	252	1,294

Costar, Multifamily All Unit Mixes

SACRAMENTO'S CITY RANKINGS:

- #1 in the U.S. for net migration
- #1 Happiest workers in midsize cities
- #2 Top 10 most fun, affordable U.S. cities
- #4 U.S metro clean tech index
- #4 Best cities for nerds
- #5 Hot startup cities
- #10 Best cities for women in the workforce
- #10 Best cities for coffee snobs
- #10 Least Stressed-out cities
- #14 America's coolest cities
- #16 Best cities for millennials

\$3,123 AVERAGE RENT PER MONTH
BAY AREA

\$1,838 AVERAGE RENT PER MONTH
SACRAMENTO

Zillow, August 2020

PERCENTAGE OF POPULATION WITH A BACHELORS DEGREE:

34.3%

SmartAsset 2018

SACRAMENTO: OWNERS VS. RENTERS



GSEC 2020
Applied Geographic Solutions & GIS Planning



TURTON
COMMERCIAL REAL ESTATE

