

700 16TH STREET

REDEVELOPMENT OR GROUND UP DEVELOPMENT OPPORTUNITY



TURTON
COMMERCIAL REAL ESTATE

THE OFFERING



TURTON COMMERCIAL REAL ESTATE IS PLEASED TO OFFER FOR SALE ONE OF THE MOST PROMINENT DEVELOPMENT PROJECTS IN THE SACRAMENTO URBAN CORE.

THE SELLER IS REQUESTING A "CALL FOR OFFERS" DUE NO LATER THAN 5:00 PM, PST, WEDNESDAY, DECEMBER 7TH, 2016. SELLER MAINTAINS THE RIGHT TO SELECT AN OFFER DEEMED ACCEPTABLE PRIOR TO THAT TIME.

700 16th Street ("the Property") is the site of the former Clarion Hotel. The Property may be valued and purchased based upon any one of three different "value-add" opportunities: 1. Renovate the existing Hotel 2. Renovate and reposition the existing structure for a mixed use multi-family residential project 3. Raze the existing structure and build a new project.

The Property features an extremely desirable location on border of Downtown and Midtown, Sacramento. The Property is comprised of one single parcel of 1.18 acres encompassing one-half city block on H Street between 15th and 16th Street. The parcel are located directly across the street from State of California Governor's Mansion and represents one of the largest available land opportunities in Sacramento's Urban Core.

The existing structure (the former Clarion Hotel) is a multi-story wood frame building with a wood, masonry and glass exterior.. The "Structure" was built in 1958 and originally called the "Mansion Inn". In addition to the structure, the lot includes approximately 30 parking stalls.

The Structure is listed as 119,055 square feet by the County Assessor, of which 90,983 SF is listed as rentable including 105 existing hotel rooms, a lobby entrance, reception area, bar area, dining room, kitchen and basement used for conference and meeting rooms as well as "back of the house" items such as kitchen, laundry, storage and other hotel oriented uses.

The Property is also entitled for a new 167,130 SF, four story (plus lower level) mixed use project entitled for 141 individual apartments ranging from single bedroom to three bedroom units along with 10,631 SF of retail and approximately 40,000 SF of common area, including dining and activity areas.

CLARION HOTEL IN 1990s



700 16TH Street, Sacramento, CA 95816
Former Clarion Hotel
51,401 SF TOTAL PARCEL SIZE
119,055 SF BUILDING (gross)
90,983 SF BUILDING (rentable)
1 BLOCK FROM MEMORIAL AUDITORIUM
2 BLOCKS FROM CONVENTION CENTER
6 BLOCKS FROM THE STATE CAPITOL
9 BLOCKS FROM GOLDEN ONE CENTER

BUILDING INFO

PROPERTY: 700 16th Street, Sacramento, CA 95816
PARCEL NUMBER: 002-0172-024
PARCEL SIZE: 1.18 Acres (51,401 SF)
ZONING: C-2 General Commercial
BUILDING SIZE:
119,055 gross square feet
(90,983 net rentable area)
CONSTRUCTION:
Wood frame with cinder block, wood and stucco exterior
YEAR BUILT: 1958
PARKING: Currently 30 Stalls
TENANT: Formerly, Clarion Hotel

CLARION HOTEL IN 1990s



CLARION HOTEL IN 1990s



CLARION HOTEL IN 1990s



PROPERTY LOCATION



ERGONOMICS

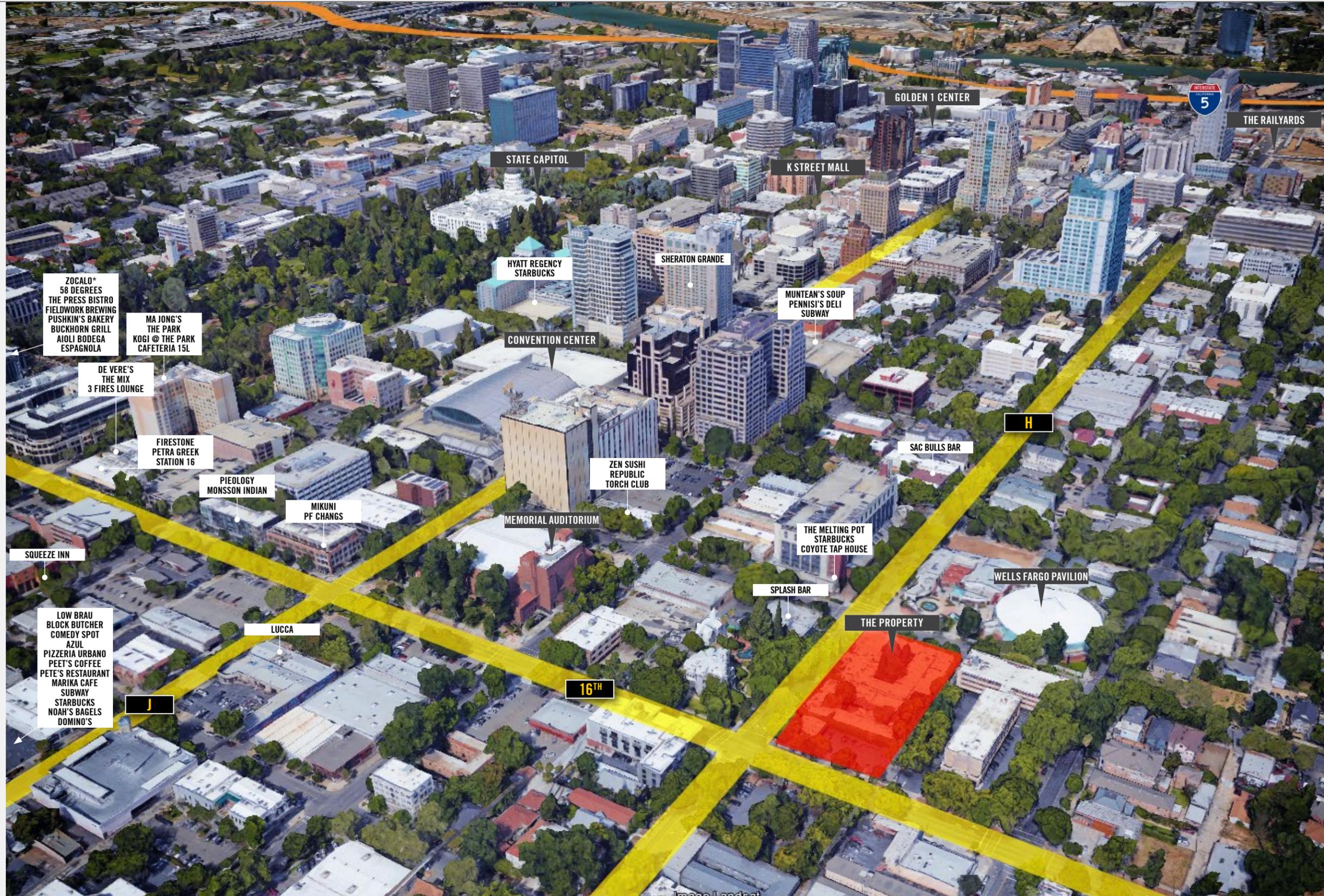
In a world that continues to evolve technically, people continue to seek emotional, physical and cultural balance in their personal lives. Commercial properties on the periphery of Midtown are interwoven among mature trees and landscapes, a variety of residential options each with their own personality, age and amenities. In addition, hundreds of retailers, eateries, coffee shops, and art hubs provide an eclectic environment that makes working and/or residing in the area extremely enjoyable.

PROXIMITY TO AMENITIES

In addition to close proximity to a number of prominent city attractions (namely, the Convention Center and Memorial Auditorium), the Property is located within a short walk of a number of reputable amenities. Sacramento favorites like Mikuni and Lucca Restaurant & Bar are only two blocks away, while national retailers like P.F. Chang's, The Melting Pot, and Pieology Pizza all within 5 blocks. Additionally, if one were to walk for 10-15 minutes, all of the K Street corridor amenities would be accessible.

ACCESS TO FREEWAYS

There are 11 primary arteries to freeway exits and entrances in Midtown and Downtown. None of them are more than 7 minutes from any location in Midtown and one of them is virtually always within 4 minutes. The Property is located on 16th Street, which is a direct arterial to Highway 160 and I-80. Vehicles coming into the city from the north would enter from 12th Street, just four blocks from the Property. Additionally, I-5 via I Street is a mere 11 blocks away and Highway 50 via 15th Street is about 15 blocks away.



HOTEL OUTLOOK (REDEVELOPMENT)

The Property is well suited as a hotel redevelopment or renovation project given its current infrastructure. Notwithstanding a building redesign or expanding the footprint, the building includes 105 rooms.

According to the 2016 Hotel Valuation Index, the greater Sacramento hotel market comprises Yolo, Sacramento, El Dorado, and Placer Counties. Both occupancy and average rate have increased since 2011. Driven by government-related business, a strong technology sector, and increased residential construction, average rate growth in Sacramento has accelerated over the last few years. After several years without new hotel supply, a number of proposed hotel projects are being pursued in the market, including a full-service Kimpton Hotel that is part of the larger public/private mixed-use development of a new Sacramento King's Arena in Downtown Sacramento. The region's comparable hotels saw occupancy rise to 79 percent at the beginning of 2016 and the average rate rose 5.6% from last year. According to the Sacramento Convention Center and Visitors Bureau the likely target room rate if the property was renovated a hotel would be approximately \$185 per night.

The hotel demand in Sacramento will continue to increase as the following facilities continue to attract regional and state-wide events:

State Capitol

The State Capitol is the policy-making epicenter of the world's 6th largest economy, attracting tourists, government officials and political figures from all over the globe. According to the Capitol Museum, the building attracts roughly 1.1 million visitors each year, half of which are on business. Nearly 1,000 permitted events from small press conferences to large rallies take place on the Capitol grounds each year. High-end hotel accommodations within walking distance are relegated to the Hyatt Regency and The Citizen Hotel. The Property is located just 4 blocks from the front lawn of Capitol Park and located perfectly to take advantage of the steady (and growing) hotel demand as a result of the Capitol business.

Golden 1 Center

The Property is located a short 15 minute walk from the Golden 1 Center, a sports and entertainment complex set to open in

October 2016. 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 estimated positive economic growth over the next 35 years. The arena will host 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.

Convention Center

The Sacramento Convention Center and Community Theater is located just two blocks from west-end of the Property. The Convention Center includes 137,000 square feet of contiguous exhibit space, a 10,000 square foot ballroom, and over 30 meeting rooms. The center hosts over 875,000 attendees each year, across hundreds of events, many of which cater to out-of-town guests. However, within the next decade, the City of Sacramento is pushing to renovate and expand the center and theater to compete with newer west coast facilities. The \$200 million renovation would expand the footprint by three times and "reopen" the K street thoroughfare. The renovation would spur a dramatic increase in hotel room demand, in an area with very few high end options.

Memorial Auditorium

The Memorial Auditorium, opened in 1927, has been a city landmark for most of the last century. Located just one block from the Property, the auditorium hosts a myriad of events from concerns to graduation ceremonies to private business engagements. The venue includes 3,850 seats, a full stage, and state-of-the-art entertainment infrastructure. The auditorium has been, and will continue to be, a source of hotel demand.

Wells Fargo Pavilion – Music Circus

Home of the California Musical Theater and Sacramento Theater Company, the Wells Fargo Pavilion draw acts from all over the region and state. Built in 2003, the 53,000 square foot building encompasses the better part of the entire city block, and includes 2,200 seats. The theater is located directly across the street from the Property.

MULTI-FAMILY OUTLOOK (NEW DEVELOPMENT)



The Property is well-suited for a ground up development project; it is currently entitled for a very attractive mixed-use development project consisting of 141 residential units averaging approximately 550 square feet per units over 10,613 square feet of ground floor retail. The entitled project was designed as a Senior Housing Community; therefore, it provides an above-standard amount of common area (over 40,000 square feet) that could be reduced for additional units. The project would also include 70 on-site parking stalls.

In the central city, the multi-family vacancy rate has fallen to 2.8% and the average rent has increased to \$1.77 per square foot during the second quarter of 2016. That said, recently built mixed-use projects in the Urban Core have fetched rents nearing \$2.75 per square foot. Still reeling from the effects of the last downturn, a large percentage of residents have exchanged home ownership for a more flexible, pay as you go lifestyle. As a result, the demand for high-end housing in strong demographic areas has dramatically increased and vacancy rates are now negligible. Furthermore, millennials have embraced an "urban" lifestyle that includes close proximity to metropolitan living, more sustainable forms of transportation and fewer ties to one city in an ever evolving business world. We expect this to continue until rents increase to a point where home-ownership is again economically competitive.





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