

1001 K STREET



PROPERTY DESCRIPTION

Turton Commercial Real Estate is pleased to offer a rare opportunity to purchase the Second Floor of 1001 K Street: A fully leased office condominium enjoying one of the finest locations in the Downtown Grid.

1001 K is located in the heart of transformative K Street, just 1 block from the front lawn of the State Capitol, 4 blocks from Golden One Center, 3 blocks from the Convention Center, 2 blocks from City Hall, and equidistant to the three largest hotels surrounding the Capitol - there is no better location in Downtown Sacramento than 10th and K Street.

The Subject Property is a 7,755 rentable square foot ("rsf") full floor condominium unit in the landmark Roos Atkins Department Store building. The Condominium is occupied by California Cable and telecommunications Association and is leased through December 31st, 2020.

The current Net Operating Income is \$162,903 based upon a below market rent for similar location, space and improvements of \$2.70 per rsf plus pass-through Operating Expenses. The Property is being offered at a price of \$2,830,000 (approximately \$365 per rsf) which represents a 5.75% Capitalization Rate on NOI.

The floor is fully improved Class A space consisting of numerous upgrades including sliding glass conference room doors (to open the space to the floor), and special event/entertainment room that showcases technology from their top constituents and cable upgrades from Comcast.

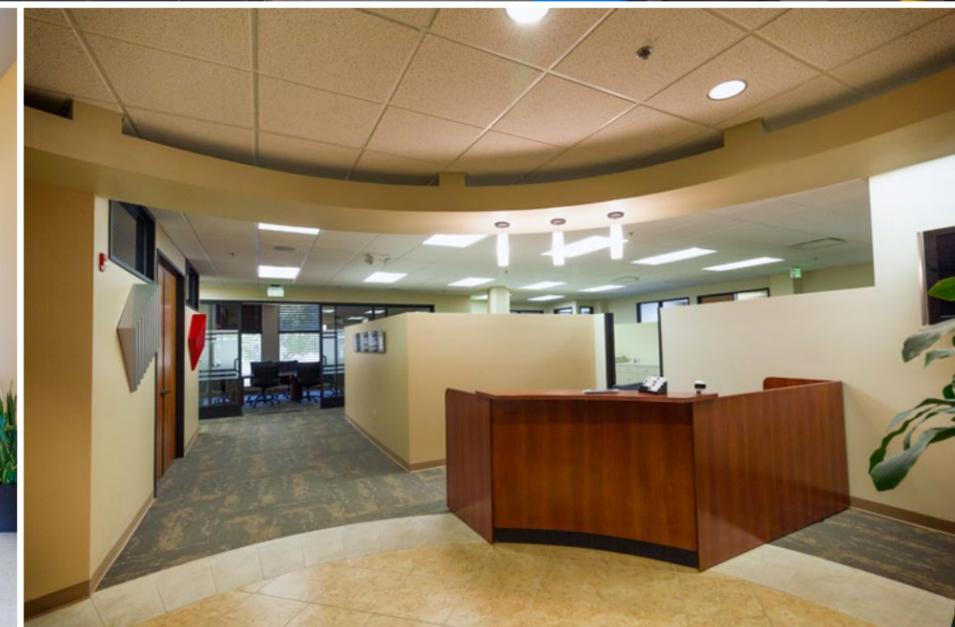
Other than the few condominium units at 1001 K Street there are no other small office properties of less than 9,000 sf located within two blocks of the Capitol front lawn. None. Owner occupants that purchased floors 5 and 6 have

invested over \$400 per sf into acquisition and improvements costs. The K Street Redevelopment Zone Overlay guidelines, extensive and exhausting cost of seismic, structural, ADA, hazardous materials, electrical, mechanical and fire safety code compliance make renovations in this size range virtually economically infeasible. The few properties that have been transacted for office occupancy typically cost between \$400 and \$600 per sf when combining purchase price with renovation and improvement costs.

The Subject Property was built in 1940 and constructed of steel reinforced, poured-in-place concrete throughout. The space features attractive historical glass lines and generous ceiling heights of (estimated) at 14 feet. The core improvements of the building include (effectively) new mechanical systems, new elevator, new fire safety, full seismic structural compliance, new roof and potential storage space in the basement area. Other condominium improvements include Class A reflective lighting, 2 X 4 second look ceiling tiles, full height 9' solid core wood doors with sidelight windows, generous kitchen and document processing room, huge conference room and granite countered restrooms.

Abundant monthly parking is located within one-half block at one of the Cities' largest public parking structures.

The combination of the condominium's size, structural features and highly desirable location creates one of the most unique office and retail environments in the Downtown Grid..., an opportunity that, given all variables, may literally not be available again.



LOCATION / ZONING FEATURES

On May 20th, 2014 Sacramento's City Council approved plans to renovate the blighted and deteriorating Downtown Mall into the new Golden 1 Center Entertainment Arena. A state-of-the-art 17,000 seat Arena designed to be a City attraction as well as primary entertainment venue. The impact on property values surrounding the Arena was immediate and the velocity of proposed development projects and demand for properties in the area has risen exponentially... especially those properties located on K Street.

The Subject Property is located on one of, if not, the most desirable corner locations in Sacramento and, as a result, is renowned as a landmark structure on the Southwest corner of 10th and K Street.

The property is located within 1 ½ blocks from the front door of the Capitol, 3 blocks from the Convention Center, 1 block from the Citizen Hotel, 2 blocks from the Hyatt Regency and Sheraton Hotel, 2 blocks from City Hall and squarely in the middle of the K Street Redevelopment renaissance. It is also directly adjacent to one of the largest Parking Garages in (and controlled by) the City with nearly 1,000 spaces.

The Property is also located in the K Street Redevelopment Zone which was implemented to create a mixed-use live/work entertainment zone along K Street. Patterned (somewhat loosely) in similar fashion to the Pearl District in Portland, OR, the City of Sacramento saw the vacant, blighted buildings along K Street as an opportunity to create a dynamic entertainment grid that would encourage residents to live in the area and form a vibrant, energized urban core that allowed for an 18 hour daily economic cycle.

The results of the Cities' directive have already had a dynamic impact along K Street between 10th and 11th Streets where David Taylor renovated the entire Southwest corner with

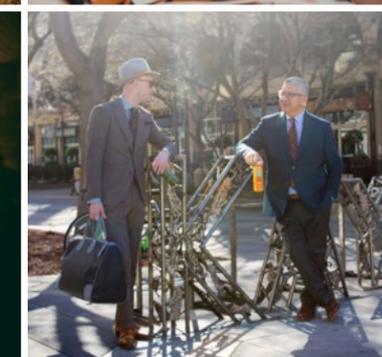
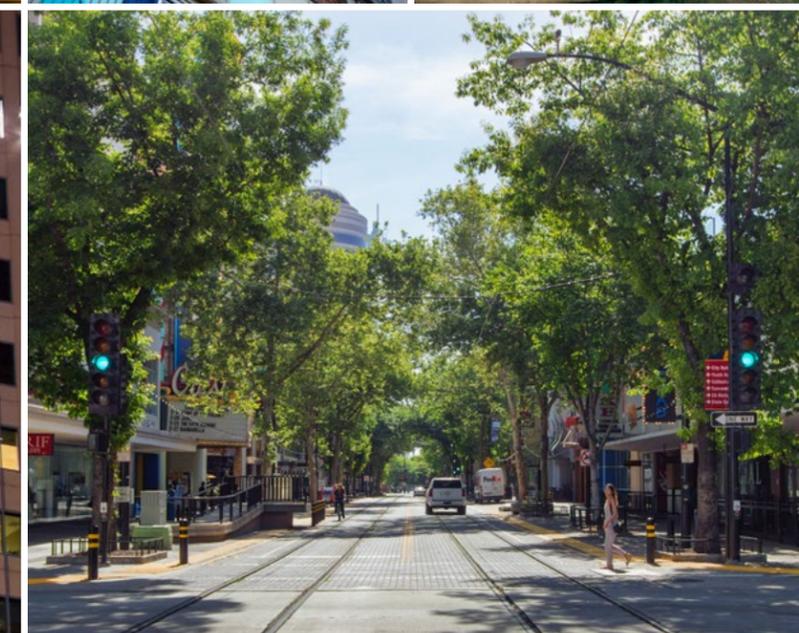
exciting retailers such as Social, Bennigan's, Dive Bar, Pizza Rock, District 30 and 30,000 sf Cal Fit fitness facility.

It is difficult to describe how rare an opportunity to purchase an asset of this size and structural quality within 1.5 blocks of the Capitol is. No such properties have been available (or even exist) within 2 or 3 blocks of the Capitol without significant (cost prohibitive) Capital Improvements. It would not be an overstatement to say an opportunity of this nature may never present itself again.

The K Street Redevelopment Zone Overlay requires that 75% of the ground floor street frontage on any given block be retail. Since virtually every ground floor portion of almost every building on K Street must be retail it makes it virtually impossible for any office user to purchase a property on K Street and renovate it for their use.

That said, if you can find an office to purchase in the vicinity the retail amenities are improving dramatically. Retail demand in the Urban Core (and especially K Street) is increasing monthly. In addition to the projects previously mentioned, many new retailers have entered or signed contracts to enter the Downtown Grid including Echo & Rig, Burger Lounge, Punch Bowl Social, Yardhouse restaurants along with Urban Outfitters and a completely renovated Century Theaters.

Furthermore, D & S Development, the exclusive developer for the 700 block of K Street, has signed Letters of Intent for 85% of the buildings including Solomon's Delicatessen, MidiCi Pizza, Insight Coffee Roasters and KoJo Kitchen. This project is expected to be completed this year. The 800 Block of K and L Streets is now owned by the Sacramento Kings and is slated as a mixed-use development with over 150 residential units and 15,000 SF of retail.





THE RAILYARDS

GOLDEN 1 CENTER
DOWNTOWN COMMONS

CITY HALL

700 BLOCK DEV.

CAFE SOLEIL

800 BLOCK DEV.

COIN-OP GAME ROOM
HANA'S CORNER
ALEJANDRO'S
BLACKBIRD CAFE

1001 K STREET

INSIGHT COFFEE
GRANGE

SOCIAL NIGHT CLUB
CAFE BERNARDO

TONY'S DELI
CLAIM JUMPER

10th STREET

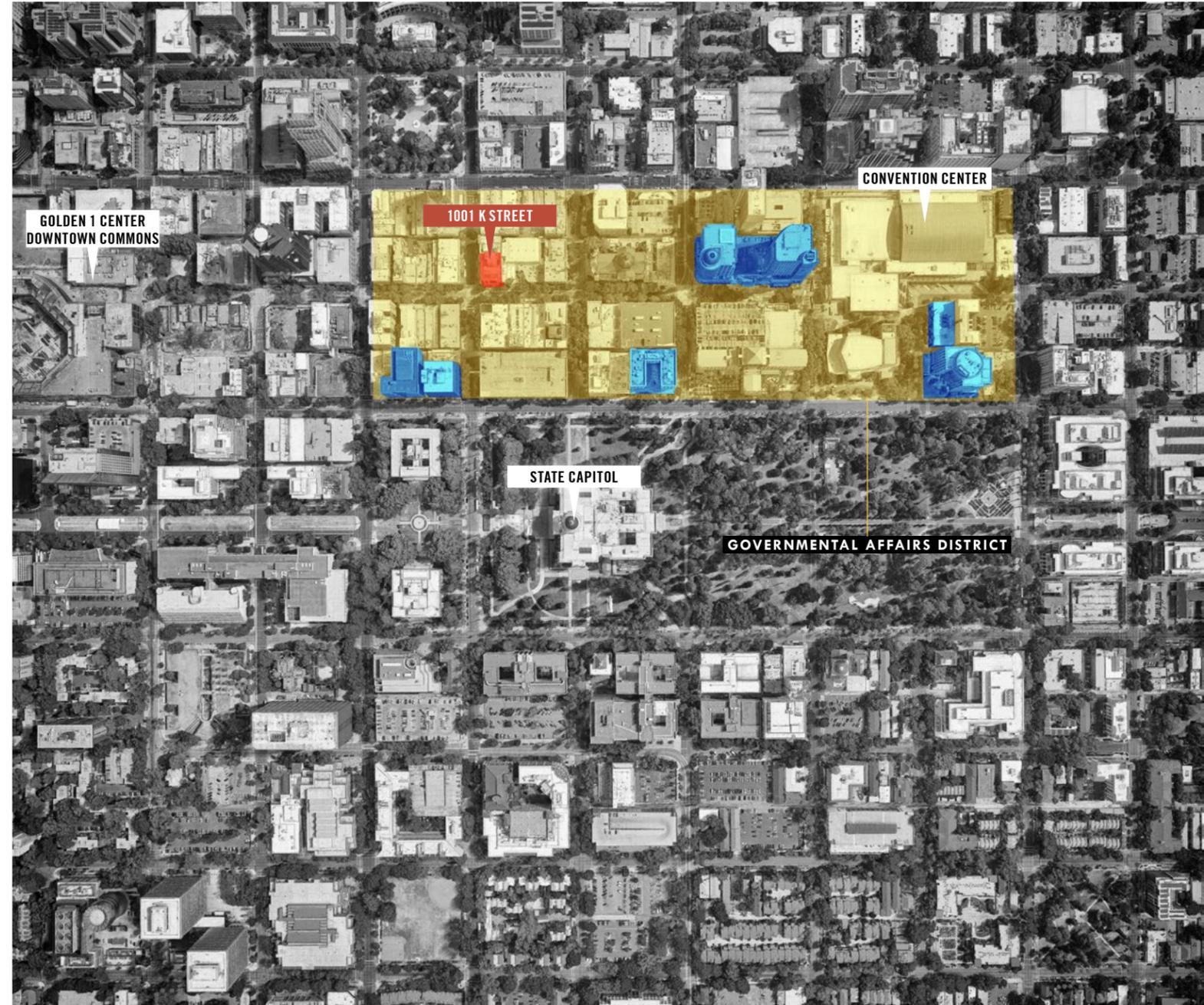
STATE CAPITOL

DIVE BAR
PIZZA ROCK
DISTRICT 30
CREST CAFE
ASUKA SUSHI
CAL FIT
AMBROSIA CAFE

ELLA DINING ROOM
MAYAHUEL
GALLAGHER'S PUB
DOWNTOWN & VINE

UPPER CRUST PIZZA
ESQUIRE GRILL

CONVENTION CENTER



THE MARKET

While office space is available, the market is as tight as it has been in many years and nowhere is this more obvious than the Capitol District (within which the Subject Property is located) which maintains the lowest vacancy rate of any micro-market in the region at sub 2%.

The Downtown office submarket has one of the lowest vacancy rates in the Sacramento region at 9.1%. Even this number is artificially high when accounting for entire buildings considered “available” but realistically not deliverable for over a year when factoring in core renovations. Buildings like 730 I Street (65,000 RSF), 818 K Street (50,000 RSF), 830 K Street (50,000 RSF), 831 L Street (50,000 RSF), and the California Fruit Building (50,000 RSF), to name a few. In addition, Downtown Commons (660 J Street) has intentionally withheld almost 100,000 RSF of office space as they evaluate their parking availability after leasing all of their available retail. Lastly, there is at least another 100,000 SF of basement space marketed as available which doesn't really compete for traditional office demand.

Market data demonstrates that activity has increased and space is getting leased, sold or otherwise occupied. The downtown market has now experienced positive absorption for six consecutive years. Rents are at historical highs and rents in the Capitol District average over \$3.00 per SF with some as high as \$3.45 per SF.

A big part of this increased demand is directly related to additional retail amenities created by the addition of the Golden 1 Center and the dramatic increase in ground-up construction of multi-family residential projects. Over 1,000 residential units have been added to the urban core over the last 24 months with another 1,500 slated for the next 24 months. Recent studies by Bay Area Economics indicate that the demand for urban residential units exceeds the supply by over 5,000 units. Apartment rents exceed \$3.00 per SF on virtually all new construction while the economic and educational demographics of the residents is improving by the month.





THE TENANT

The California Cable & Telecommunications Association (CCTA) is the industry's largest state cable and telecommunications association. CCTA is a leader in the development of video, broadband and communications policy in California, and represents the industry before the California Congressional Delegation, the State Legislature, state regulatory agencies and the state and federal courts. Paramount among the Association's goals is ensuring that the industry remains competitive in the rapidly changing world of information and communication services that contribute significantly to California's economy.



LEASE ABSTRACT

Tenant:	California Cable & Telecommunications Association, a California corporation	
Date of Lease:	May 1, 2009	
Date of First Extension:	July 1, 2013	
Lease Expiration:	December 31, 2020	
Current and escalations:	1/1/18 – 12/31/18	\$2.70/\$20,938.50/\$251,262
	1/1/19 – 12/31/19	\$2.75/\$21,326.25/\$255,915
	1/1/20 = 12/31/20	\$2.80/\$21,714.00/\$260,568
Current Operating Exp Pass-throughs:	\$1,441 per month	
Rentable Square Feet:	7,755	
Option to Renew:	None	



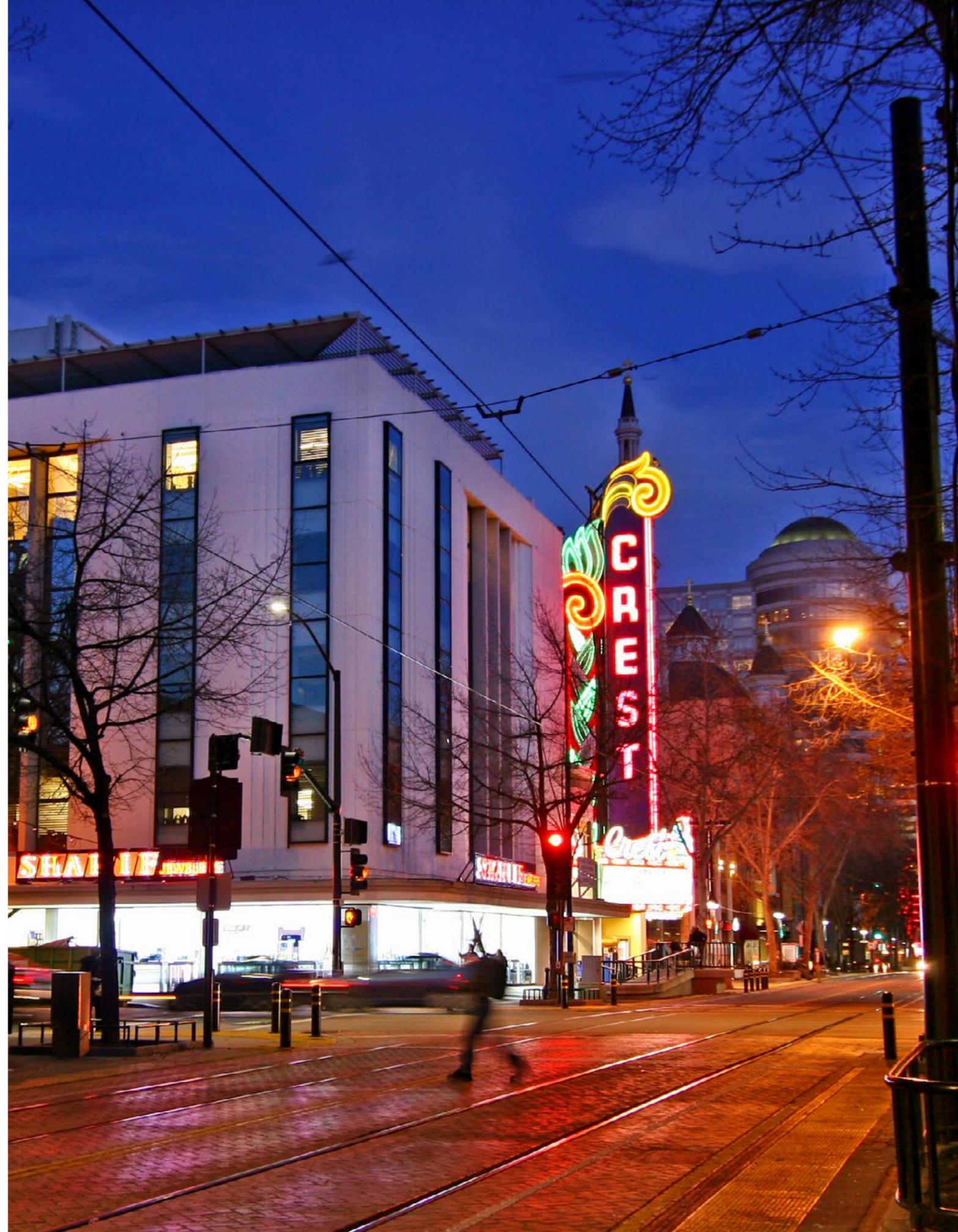
PROPERTY INFO AND ECONOMICS

PROPERTY INFO

Total Building Size:	54,000 rentable square feet ("RSF") including basement
Address:	1001 K Street, Second Floor
Parcel:	006-0103-022
Size:	7,755 rentable square feet
Structure:	Six story (including basement) Concrete, steel, w/unreinforced masonry
Year Built:	1940
Year remodel Completed:	2010
Elevator:	Two
Zoning:	C3 – K Street Redevelopment Zone

ECONOMICS

Gross Rent:	\$ 251,262
Op Ex reimbursement:	\$ 17,292
Total Revenue	\$ 268,544
Less 3% Vacancy/Reserve:	< \$8,057 >
Income less Vacancy/Reserve:	\$ 260,487
Operating Expense w/o Taxes:	< \$65,464 >
Est Taxes incl Assessments:	< \$32,120 >
Net Operating Income:	\$ 162,903
Value at 5.75% Cap Rate:	\$2,830,000



EXIT





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