

Rare investment opportunity in Midtown Sacramento

1401 21st Street



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THE OFFERING

Turton Commercial Real Estate is pleased to offer the Crosstown Building at 1401 21st Street, a three story, 24,703 rentable square foot steel reinforced concrete building with abundant glass and parking located in the heart of Midtown, Sacramento's hottest submarket.

The Subject Property is being offered at a price of \$5,600,000 representing an unleveraged yield of 6.50% on actual income inclusive of pro-forma property taxes. The Property represents a true value-add opportunity as the in-

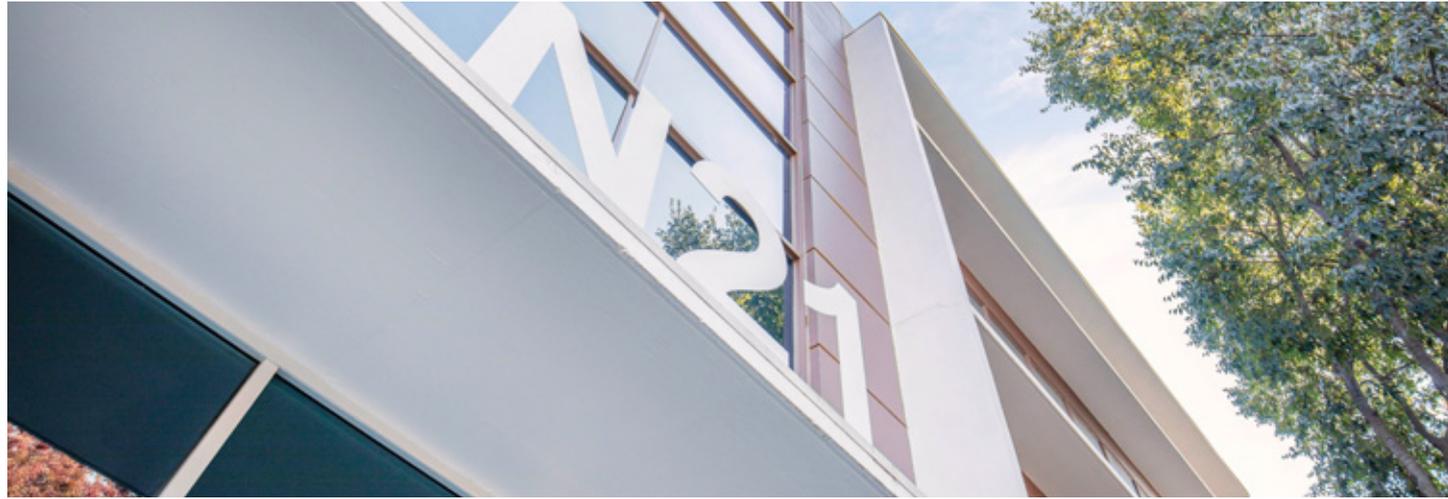
place Net Operating Income (NOI) reflects 86% occupancy of which 75% of the tenants are at rents 15 – 20% below market rate and over 50% of the parking does not generate income in a market where most tenants pay \$100 per space.

Using conservative back-of-the-napkin market rent rates of \$2.45 per RSF with \$65 per SF tenant improvement allowances, market rate commissions and historical disposition capitalization rates, an additional investment of \$1,515,000 should increase NOI from \$379,000

to \$535,000 and facilitate disposition pricing of approximately \$9,375,000 providing the astute investor with a potential profit of up to \$2,000,000 in 3 – 4 years in addition to the annual return with minimal risk.

The Property also features an additional separate 6,400 SF parcel currently required for parking that would be valued independently at \$640,000. As the need for parking diminishes the parcel represents an additional multi-family housing development opportunity.





THE PROPERTY

24,703
RENTABLE SF

48
PARKING STALLS

6.50%
CAP RATE

The Crosstown Building is a classic 24,700 rsf three story mid-century modern landmark building located on the southeast corner of 21st and N Street. The Property is widely renown for its spectacular Raphael Delgado mural of the California Golden Bear painted on the entire south facing exterior wall. The Property also features abundant glass on all four walls of the steel and concrete structure. Ownership invested upwards of \$1,000,000 completely renovating the ground floor exterior and interior space creating glass store fronts where concrete walls once faces the

highly trafficked 21st Street.

The first floor is leased entirely to the Midtown Association (MA) Property Business Improvement District (PBID) on a NNN basis through 2027. The MA is regarded as one of the most effectively and efficiently operated PBIDs in California and is responsible for making the entire Midtown Area clean and safe. You couldn't ask for a better anchor tenant. The remaining tenants have been in the building for many years and, as a result, occupy their spaces at very favorable rents providing the investor with sig-

nificant upside opportunity through strategic improvement and/or leasing.

The Property includes 48 parking spaces of which less than 50% are being rented. The market rate rent for parking in this part of Midtown is \$100 per space, again providing additional value opportunity for the investor.

Built in 1962 and renovated multiple times over the years, the classic mid-century modern design is highly sought after and the capital building features are all in good condition.

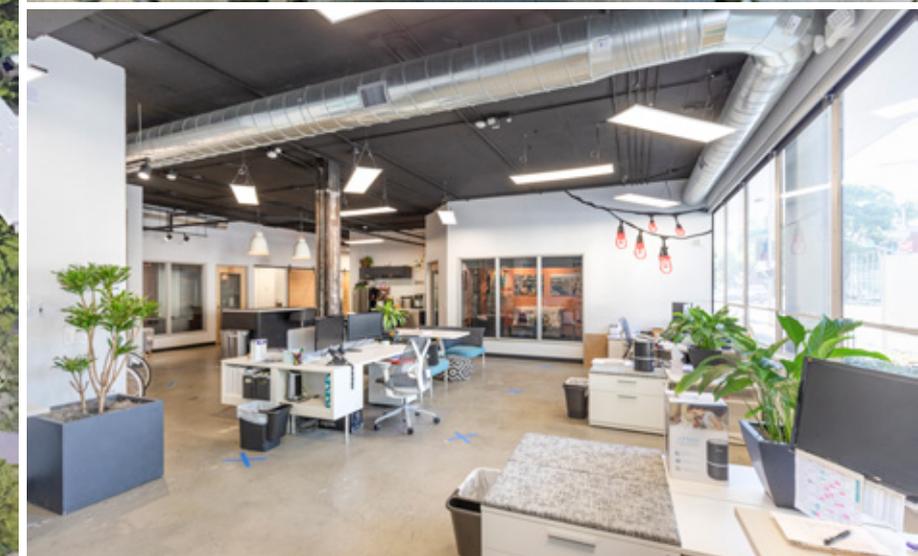




PROPERTY DETAILS

NAME:	Crosstown Building
ADDRESS:	1401 21st Street, Sacramento, CA 95811
PRICE:	\$5,600,000
COUNTY:	Sacramento
APN:	007-025-1025 and 1009
ZONING:	C2
CURRENT CAP RATE:	6.50%
2020 NOI:	\$364,168
PARCEL SIZE:	19,200 SF
BUILDING SQUARE FEET:	25,600 SF
RENTABLE SQUARE FEET:	24,703 SF
FLOORS:	4
PARKING STALLS:	48 Spaces
AVERAGE FLOOR SIZE:	6,308 SF
ELEVATOR:	Yes
HVAC:	Individual Package Units in Good Condition (some new)







BUILDING LOCATION

In the heart of Midtown Sacramento!

The Subject Property is located within a short walk from many of Midtown's most desirable amenities, including Temple Coffee, N Street Café, Jack's Urban Eats, Chipotle, Waterboy, Zocalo, Mulvaney's, Der Bier Garten, Cantina Alley, LEXI boutique, the new Burger Patch, Art Beast, Flamingo House, the MARRS Building (home to LowBrau, Block Butcher Bar, Nekter Juice Bar, Pizzeria Urbano, Azul taqueria & tequila bar, Sleek Wax, Kin Thai restaurant, and Peet's Coffee), Faces, The Depot, Mango's and much more. Furthermore, the Subject Properties can take advantage of a handful of service-based amenities within a few blocks including Golden 1 Credit Union, UPS Store, Floppy's Printing, Judi's cleaners, and some of the best hair and nail salons in the region. Midtown Sacramento is the perfect blend of carefully

curated local, national, and regional retailers with an eclectic mix of high-end demographic occupations embedded in a landscape of unique older buildings paired with mature trees. Business owners, residents and investors near and far have flocked to the center of Sacramento's art, music, and cultural scene to cash in on the fruitful submarket. Many people consider Midtown to be the most desirable area in the city of Sacramento, with easy freeway access and adjacent to Downtown, Old Sacramento, West Sacramento and East Sacramento. One block away the opportunity, the Lavender Heights neighborhood has emerged as one of the submarket's hottest micro-markets. The epicenter of this exciting district is the MARRS building. The neighborhood recently welcomed rainbow cross walks to commem-

orate the cultural inclusion and progressive thinking of the neighborhood. The neighborhood features some of Sacramento's most successful restaurants and nightlife venues and has over thirty unique mix of local restaurants, art galleries, coffee houses and boutiques. The Lavender Heights district has high foot traffic both day and night and is a local hot spot for those who love to eat and drink and enjoy many of Midtown's most popular establishments. While it is an excellent starting location for the popular Second Saturday festivities, this area is home to many additional noteworthy events such as the Midtown Love, The Midtown Farmers' Market, Midtown Mini, THIS Sacramento block parties, PARK(ing) Day, and so much more!





THE LOCAL MARKET

Several new large infill housing and mixed-use development projects are under construction throughout the grid, indicating regional growth and an increased emphasis on inner-city living. Nearby prominent tenants include Starbucks, Noah's Bagels, Pete's Restaurant & Brewhouse, Bev Mo, Tank House, The Old Spaghetti Factory, Faces, Badlands, Subway and many more.

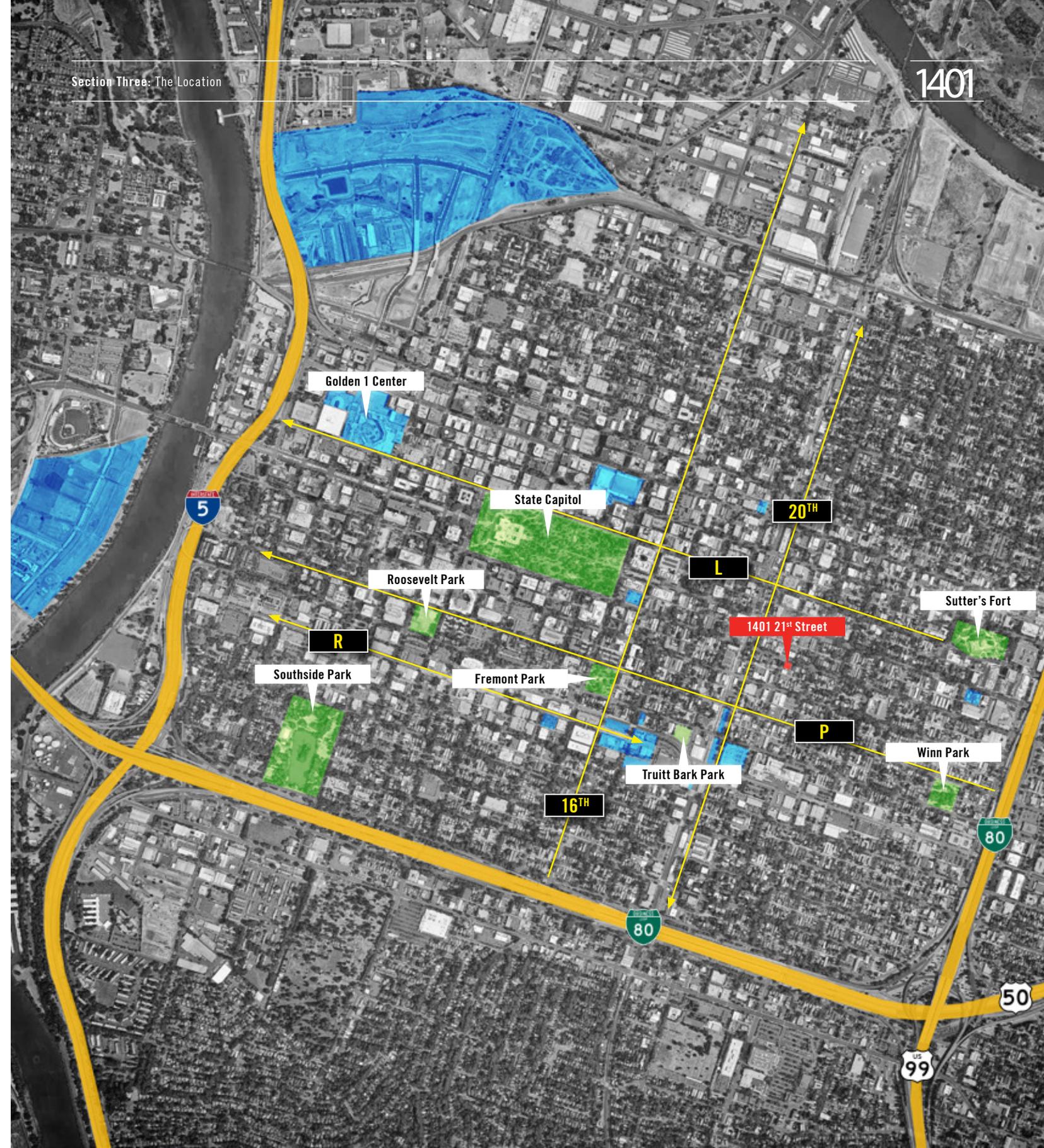
As a result of the transformation of the surrounding Midtown corridor and the new arena development (Golden 1 Center) and Downtown Commons (DOCO) retail and residential interest in the Downtown sub-market has increased dramatically. There are cur-

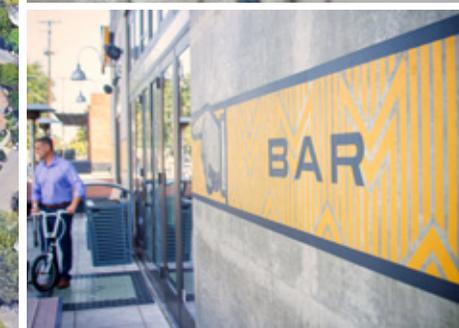
rently as many as 10,000 residential units planned for the Midtown/Downtown area throughout the next decade. There are over 600 units recently completed and another 2,000 units planned within the Midtown, Downtown, and The Bridge District of West Sacramento over the next three years. The residential migration from the suburbs to the higher density urban core has not been lost on retailers which the addition of more vibrant retail helps add needed amenities to attract office tenants who can now seriously consider an urban location.

Furthermore, the vacancy rate for Class A, B, and C office space within a one-mile radius of 2115 J Street is

approximately 5%. A large portion of the occupancy is attributed to Sutter Memorial Hospital back office or affiliates, UC Davis Medical Group, and various State of California Health and Service Departments.

The overall market also continues to show signs of growth. Net absorption in all Sacramento office buildings was positive 150,000 square feet during the same time period. The increase in activity can be attributed to a bevy of ground up development projects, market-self correction and a bullish attitude towards Sacramento's bright future.







SACRAMENTO

15.3 MILLION
ANNUAL REGIONAL VISITORS

71,335
DAYTIME EMPLOYEES

215+
BARS / RESTAURANTS

California's fastest-growing metropolitan area!

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.

The urban core of Sacramento (Downtown and Midtown) is the most desirable business location the Sacramento region and easily boasts the lowest combined 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 ur-

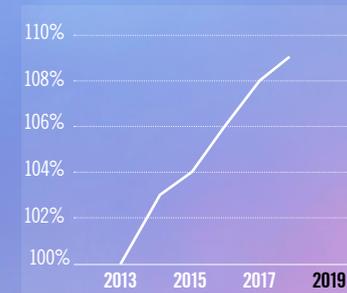
ban core is the perfect fusion of multi-generational locally owned business, organic youth infused retail and services, a healthy dose of carefully selected national and regional retailers, the best restaurants east of the Bay Bridge, an eclectic mix of high-end demographic occupations all magically embedded in a landscape of unique older buildings and mature trees and flora.



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 recent years, Bay Area residents have flocked to Sacramento to escape exorbitant housing costs.

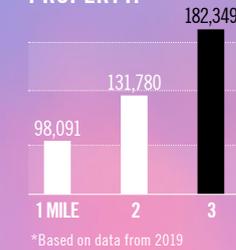
FASTER GROWTH THAN AVG IN PROFESSIONALS WITH BACHELORS



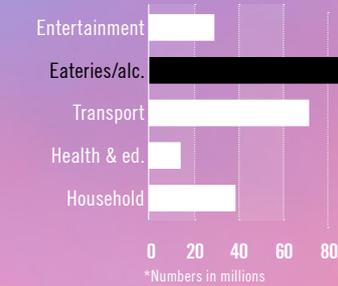
SACRAMENTO'S CITY RANKINGS

- #1 Happiest workers in midsized 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 Lease Stressed-out cities
- #14 America's coolest cities
- #16 Best cities for millennials

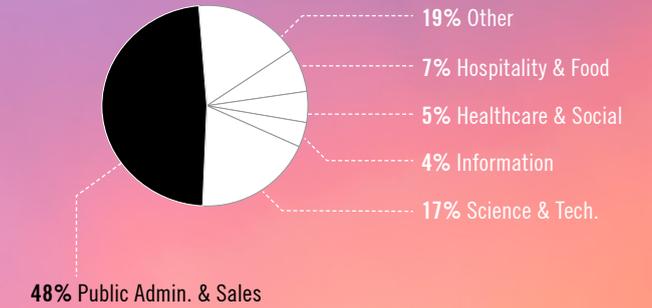
NUMBER OF EMPLOYEES WITHIN VARYING RADIUS OF THE PROPERTY:



ANNUAL CONSUMER SPENDING WITHIN A ONE MILE RADIUS OF THE PROPERTY:



LARGEST EMPLOYMENT INDUSTRIES WITHIN 1 MILE RADIUS OF THE PROPERTY:



SACRAMENTO REGION ANNUAL SALARY BREAKDOWN:



WALK SCORE: 90

BIKE SCORE: 98

TRANSIT SCORE: 69



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