

2511 & 2517 O STREET

TWO MULTI-FAMILY RESIDENTIAL PROPERTIES
IN MIDTOWN SACRAMENTO FOR SALE



TURTON
COMMERCIAL REAL ESTATE



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2517 0 Street

2511 0 Street

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THE OPPORTUNITY

2511 & 2517 0 Street is a contiguous set of well maintained Victorian two-story mid-rise buildings comprised of two 1-bedroom and 1-bathroom, four 2-bedroom and 1-bathroom, and one 3-bedroom and 1-bathroom units. The Project has been remodeled and modernized over the years, with a restored staircase and fresh paint throughout. The Properties are complimented by detailed landscaping, community washer/dryers, and eight alley side parking spaces. As tenants

vacate, some of the apartments are being remodeled with new flooring, appliances, and bathroom finishes. There is a development opportunity for new ownership to construct 8-12 additional Multifamily units at the rear of each parcel, up to the alley way.

In addition to an efficient design and classical feel, these Properties enjoy one of the most premier locations for Urban residents in Midtown and Downtown. Prominently positioned on a 6,534 SF

parcel on 0 Street between 25th and 26th Streets, the Subject Property is located within easy walking distance to over 20 of Sacramento's finest midtown eateries and café's and a wide variety of coffee shops and watering holes.

2511 & 2517 0 Street is being offered at a price of \$2,400,000 based on an in-place* net operating income of \$90,368 inclusive of pro-forma property taxes. It should be noted that ownership is refurbishing apartments upon vacancy.





PROPERTY FEATURES

BUILDING INFORMATION

ADDRESS:	2511 & 2517 0 St, Sacramento, CA 95811
PRICE:	\$2,400,000 (for two buildings & land)
CAP RATE ON ACTUAL INCOME:	3.77%
YEAR BUILT:	1940/1890 Respectively
NUMBER OF UNITS:	7
SF OF DEVELOPABLE LAND:	Approximately 6,500 SF
RENTABLE SF:	6,420 SF
PARKING SPACES (ON ALLEY):	8
AVERAGE UNIT SIZE:	914 SF
AVERAGE IN-PLACE RENT:	\$1,651
OCCUPANCY:	100%

SITE

ADDRESS:	2511 & 2517 0 St, Sacramento, CA 95811
COUNTY:	Sacramento
APN:	007-0263-018 + 007-0263-017
ZONING:	R3A
PARKING:	8 alley parking spaces

UTILITIES

ELECTRICITY:	SMUD
WATER:	City of Sacramento
SEWER/STORMWATER:	City of Sacramento
GAS:	Pacific Gas & Electric
GARBAGE:	Republic Services
FIBER:	Comcast/Direct TV/U-Verse



THE PROPERTY

7	6,420	6,500	8
UNITS	RENTABLE SF	SF OF DEV LAND	ALLEY PARKING SPOTS

250 is an extremely well designed property package of two individual complexes comprised of two 1-bedroom and 1-bathroom apartment units, four 2-bedroom and 1-bathroom units, and one three-bedroom and 1-bathroom units. Each unit is efficiently designed to provide residents with ample kitchen and cabinet space, including full gas stoves, generous living room and a spacious separate bedroom area with bathroom. The Property exterior was renovated in 2018 with a renovated staircase for 2517 0 Street and exterior paint throughout. The Property also features a manicured landscape demonstrating a high degree of attention and pride of ownership. In addition, the Property consists of eight onsite alley spaces, representing a significant source of additional income as average rent rate for such parking spaces are \$200 per month in this submarket. There is also free street parking directly in front, and surrounding, the Subject Property.

The Golden Block, The Sutter, and The Handle

District, a few of Sacramento's best kept secrets, bring delicious cocktails, theater, live music, and award-winning cuisine to the Urban Core. Between 2016 and 2019 over 1,000 new residential units will be added to the Downtown Grid and/or immediately surrounding blocks. Midtown, already recognized nationally as one of the most walkable business/residential neighborhoods in America, unofficial home of the farm-to-fork movement and home to over 100 restaurants and eateries, became even more popular with rents soaring into the upper \$30 per SF annual range and vacancies diminishing to under 4%. Residential rents which had historically hovered below \$2 per SF escalated to \$3+ per SF for best-in-class properties.

The significantly increased demand for residences is not just a function of increased amenities (although that appears to be the piece that was missing to expedite the process). It is also a function of the evolution taking place at a national level to manage resources more efficiently. Dominated by

single and two-person family structures, urban renters recognize they have virtually no maintenance requirements (yard, pool, larger scale housing, etc...) and much more efficient transportation options. Today, urban residents may not even need a car. This is particularly true if one is a resident of The Palms located just a few blocks from the busiest public transportation hub in the City, and 8 blocks from the primary urban grocery store (Safe-way). Over 120,000 people work in the Downtown/Midtown area and there is no workplace that isn't in walking distance from the Subject Property. In addition, the amount of utility resources (electricity, gas, water and trash) are greatly minimized in apartment environments and this is certainly true in the Subject Property.

Sacramento's multi-family residential occupancy has been well below national averages for Tier 1 and 2 population centers for many years and current rents and waiting lists indicate it may be many more years for supply to meet the pending demand.





BUILDING LOCATION

10+
NEARBY DEVELOPMENTS

1,000+
NEW HOUSING UNITS

75+
NEARBY AMENITIES

25th & 0 St. is located within easy walking distance of virtually every significant landmark in Sacramento's urban core:

In addition, The Subject Property finds itself centrally positioned to all of the Urban Cores' primary retail/experience corridors:

- 4 blocks from J Street which in 2020 will have over 20 Restaurants, dozens of retail shops and art galleries
- 9 blocks from 19J, Sacramento's newest mixed use

retail and multifamily development

- blocks from the 16th Street corridor with over 20 restaurants
- In the best location on the Midtown Grid: 70 square blocks bounded by I Street/Capitol Avenue/16th Street/28th Street filled with Sacramento's finest eateries and soft good retailers
- 6 blocks from K Street corridor which in two to three years will be Sacramento's most robust retail corridor located between the Convention Center and

the Golden 1 Center

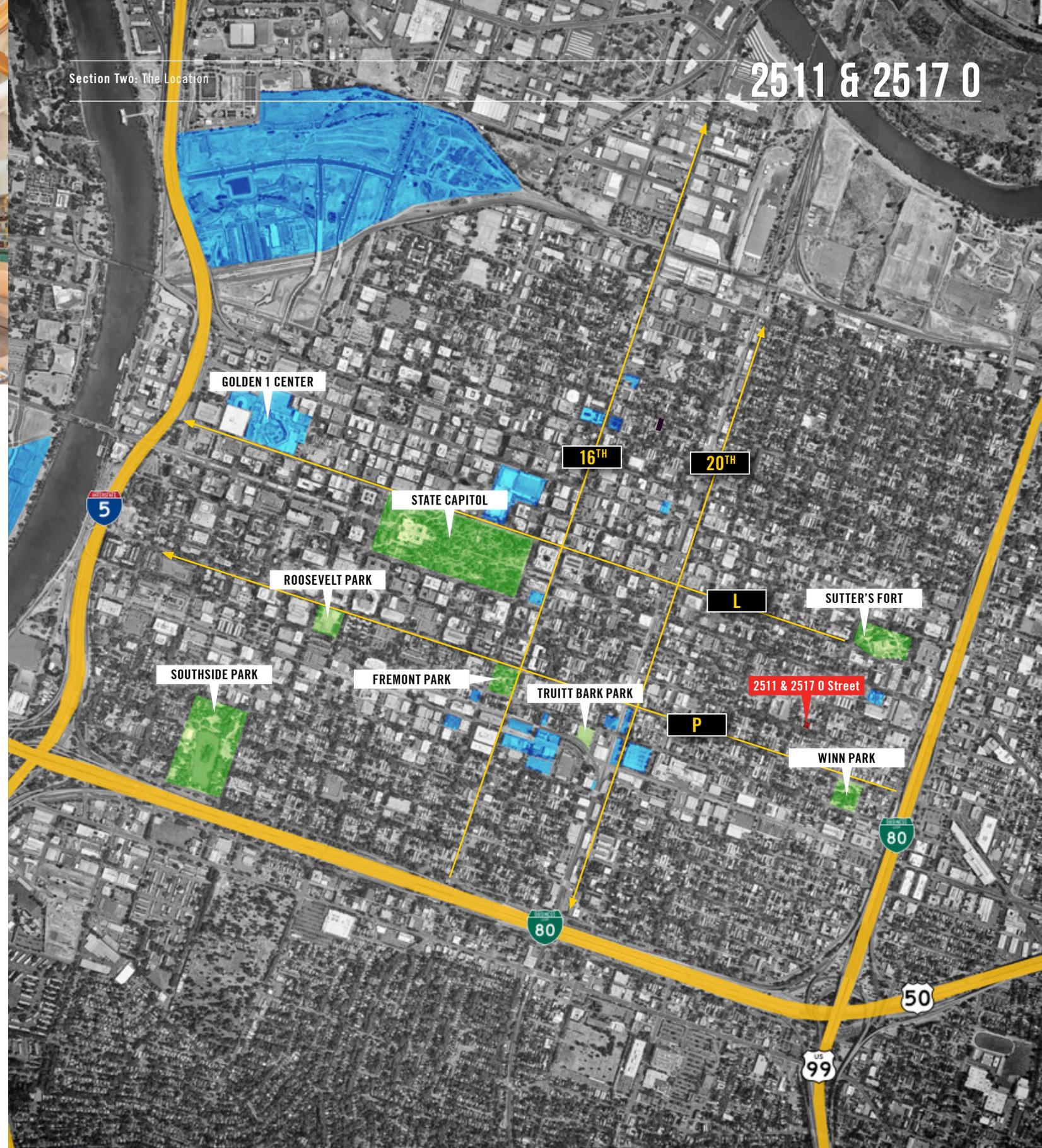
- 7 blocks from the Sutter District
 - 6 blocks from the Handle District
 - 4 blocks to the Interstate 80 egress and ingress
 - 4 blocks to Interstate 5 egress and ingress
 - 4 blocks to the light rail station and bus connection
- The result is a well-maintained property with highly affordable units in one the most demanded residential submarkets the region.





Section Two: The Location

2511 & 2517 0



NEARBY AMENITIES

This Property has one of, if not, the finest locations in the highly-desirable midtown submarket of Sacramento and is within easy walking distance of virtually every significant landmark in Sacramento's urban core:

POPULAR RESTAURANTS NEAR 2511 & 2517 0 STREET (NOT ALL ARE MENTIONED HERE):

- | | | | | |
|----------------------------|-----------------------------|--------------------------|-------------------------|-------------------------------|
| 58 Degrees & Holding Co. | Cornerstone | Karma Brew | Paesano's | Tank House BBQ |
| Ace of Spades | Crepeville | Kru Japanese | Paragary's | Tapa the World |
| Aioli Bodega Espanola | Der Biergarten | Bombay Bar & Grill | Pizzeria Urbano | Tea Cup Cafe |
| Amaro Italian Bistro & Bar | Dos Coyotes | Kupros Craft House | Portofino's | Temple Coffee |
| Art of Toys | Eatuscany Cafe | Lowbrau | Press Bistro | Thai Basil |
| Azul Mexican | Elixir Bar & Grill | Lucca | Pronto Pizza | Thai Canteen |
| Badlands | Faces | Luna's Cafe & Juice Bar | Pushkin's Bakery | The Bread Store |
| Bar West | Federalist Public House | Mango's/Burgertown | Q Street Bar & Grill | The Golden Bear |
| Bento Box | Fieldwork Brewing Co. | Make Fish | R15 | The Mill Coffee House |
| BevMo | FishFace Poke Bar | Mercantile Saloon | Red Rabbit | The Porch |
| Block Butcher Bar | Fit Eats | Metro Kitchen & Drinkery | Rick's Dessert Diner | The Press |
| Bottle & Barlow | Fox & Goose Public House | Mikuni Sushi | Roxie Deli and Barbecue | The Rind |
| Broderick Midtown | Ginger Elizabeth Chocolates | Monkey Bar | Saddle Rock | The Waterboy |
| Buckhorn Grill | Grange | Mulvaney's B&L | Sakamoto | Tres Hermanas |
| Burgers and Brew | Highwater | N Street Cafe | See's Candies | Uncle Vito's Pizza |
| Cafe Bernardo | Hot Italian | Nekter | Shady Lady | University of Beer |
| Café Bernardo's | I Love Teriyaki | Nido | Shoki Ramen House | Waffle Square Country Kitchen |
| Cantina Alley | Identity Coffee | Nishiki Sushi | Skool | Yogurt a GoGo |
| Centro Cocina Mexicana | Iron Horse Tavern | Old Soul Coffee | Squeeze Inn | Zelda's Pizza |
| Chipotle | Jack's Urban Eats | Pachamama Coffee Coop | Sun & Soil Juice | Zocalo |

Section Two: The Location

2511 & 2517 0

Scorpio Coffee
Ju Hachi

Safeway
Ryujin
Panda Express
Truitt Bark Park
Philz Coffee
Mendocino Farms
Hook and Ladder

West Elm
Beast + Bounty
Iron Horse Tavern
Cafe Bernardo
Shake Shack
Burgers and Brew
Shoki Ramen House
Mas Taco Bar
Ace of Spades
Pressed Juicery
Warby Parker
Milk Money

Temple Coffee
Naked Lounge
Magpie
Orchid Thai

Chita's Taqueria
The Sandwich Spot
Localis

Royal Peacock Tattoo
Adamo's
Subway
Holy Diver

I Love Teriyaki
Federalist
Jack's Urban Eats
Bombay Bar & Grill
Kupros
The Cabin
Jalapenos
Alaro
The Waterboy

Zocalo
Crepeville
Pushkin's
Buckhorn Grill
Aioli
Mulvaney's
Chipotle
Broderick Roadhouse
Golden Road
Devine
Ginger Elizabeth
Yogurtagogo

Lowbrau
Mango's
Bandlands
Peet's Coffee
Nekter Juice Bar
The Old Spaghetti Bar
Tank House BBQ
World Famous HOTBOYS
The Morning Fork

Tres Hermanas
Rick's Dessert Diner
Cantina Alley
Temple Coffee Roasters
Burger Patch
Der Biergarten
Pizzasaurus Rex
Cider House
Chicago Fire

Fremont Market
American Market

Tea Bar & Fusion Cafe
Cafe Bernardo
Sutter General Hospital

Ink Eat & Drinks
Paragary's
Starbucks

Winn Park

25th

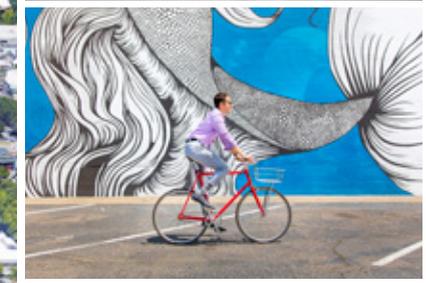
26th

0

N

2511 & 2517 0 Street

**NUMEROUS COFFEE SHOPS, AL FRESCO
DINING & PARKS CONTRIBUTE TO A HIGH
QUALITY OF LIFE FOR YOUR TENANTS
EVEN WITH COVID-19 RESTRICTIONS**





**THIS LOCATION IS A SACRAMENTO
HOTSPOT. AND THERE IS PLENTY OF
PENT UP DEMAND FOR GOING OUT**





H16 Mural by Jolene Rose Russell

NEARBY REDEVELOPMENT PROJECTS

The Property also benefits from proximity to several nearby development projects which will serve tenants of 1614 K Street for years to come.

H16 Midtown by SKK

95 units completed April 2020 on NEC 16th & H St

Manor Flats

27 Victorian-style units completed SWC 16th & F

Eleanor Apartments by SKK

95 units nearing completion October 2020 on SEC 16th & E Streets

17 Central by D&S

111 units under construction on NWC 17th & K

The Mansion by SKK

186 units under construction delivering early 2022 on SWC 16th & H Streets

16J and 17J

147 units planned, start of construction early 2021

Lavender Courtyard by Mutual Housing

50 units planned for SEC 16th & F Streets

Lotus Equity Partners

60 units proposed for NEC 14th & H Streets

Convention Center

Plans for the project include additional ballrooms, larger exhibit hall and more meeting space. These plans allow the Convention Center to hold multiple events at the same time. It is part of a 3-project renovation/modernization that includes the Memorial Auditorium and the Community Center Theatre.

CONVENTION CENTER





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.



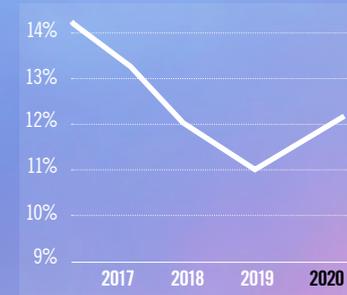
THERE'S A REASON EVERYONE IS COMING HERE.



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).

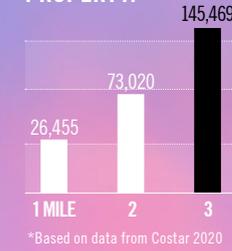
SACRAMENTO OFFICE VACANCY:



SACRAMENTO'S CITY RANKINGS

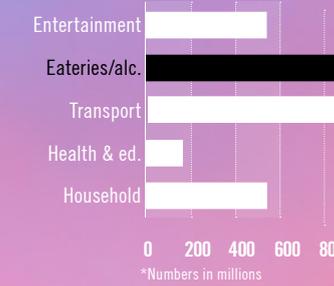
- #1 Happiest workers in midsized cities
- #2 Top 10 most fun, affordable U.S. cities
- #2 in the U.S. for net millennial migration
- #4 U.S. metro clean tech index
- #4 Best cities for nerds
- #5 Hot startup cities
- #10 Best cities for women in the workforce
- #10 Best cities for coffee snobs
- #10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

NUMBER OF EMPLOYEES WITHIN VARYING RADIUS OF THE PROPERTY:



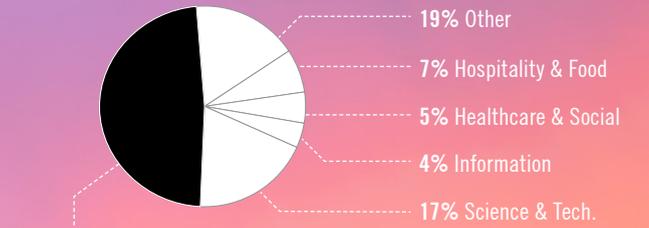
*Based on data from Costar 2020

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



*Numbers in millions

LARGEST EMPLOYMENT INDUSTRIES WITHIN 1 MILE RADIUS OF THE PROPERTY:



48% Public Admin. & Sales

SACRAMENTO REGION ANNUAL SALARY BREAKDOWN:



34.3% Of population have a bachelor's degree

Sources: SmartAsset 2018
Emsi 2019

WALK SCORE:
97

BIKE SCORE:
98

TRANSIT SCORE:
55



THE MARKET

DEMAND

Sacramento's strong economic momentum has continued through 2018. Apartment demand began in 2012 driven by distress in the housing market, forcing many former homeowners to become renters, in addition to a steady rebound in employment beginning that same year. The metro's vacancy recovery has not yet been burdened by large-scale supply additions, which has allowed vacancies to remain near historical lows. Greater net in-migration, particular-

ly from the Bay Area, and solid demographics have helped boost demand. According to Apartments.com, more than 20% of year-to-date searches for Sacramento apartments came from Bay Area residents (as of May 2017). Midtown Sacramento was listed as one of their most popular search areas.

Improving economic conditions have supported steady demand. Construction, Education and Health services led the way in job growth year-to-date and

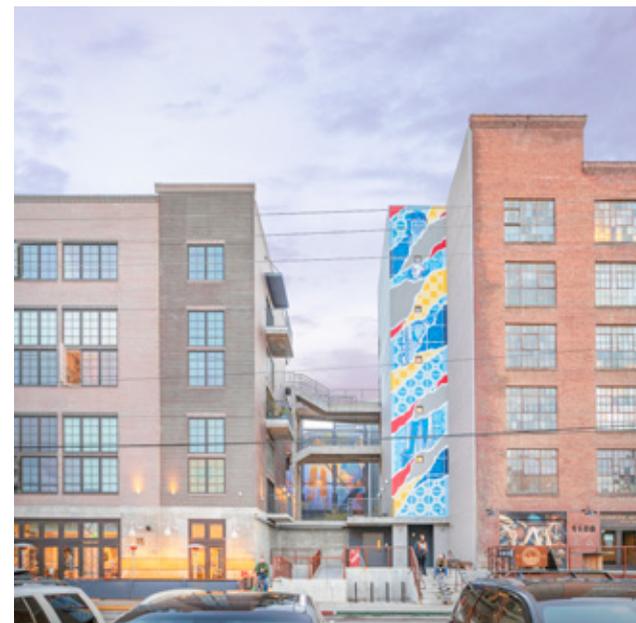
this trend is expected to continue in Sacramento's urban core with Kaiser expected to occupy their new 200,000 SF location at 6th and J Street as well as their new medical campus spread out over 17 acres in the Railyards over the next decade. Above-average employment growth is also expected to continue in the leisure and hospitality sector, thanks in large part to the new retail and hotels opening in relation to the Golden 1 Center development.

SUPPLY

The majority of projects underway are in the affluent suburban submarkets of Roseville/Rocklin and Elk Grove. A few developers have focused on market rate urban core properties such as 19J, a 160 unit development 6 blocks West of the Subject Property, Ice House, a 146-unit development, (occupancy October, 2017), Q19 (44 units occupancy Q2/2018), the 700 Block of K Street (136 units on K Street occupancy

Q2/2018), Eviva (118-unit modular development) and the 800 Block of K Street (170 units scheduled for Q3/2019). This does not even come close to supplying the apparent demand for urban core apartments as most of these projects have waiting lists at rents above pro forma (and pro forma is over \$3 per SF). As stated earlier and pointed out in the recent study completed by Bay Area Economics, the pend-

ing demand for higher end fair market apartments is at least 2,000. Given the scarcity of available land, the emphasis at the City level for providing "low income" housing options, the increasing cost of permit fees and the ever-extending construction timelines for project completions, it appears the supply of market rate urban housing will be constrained for the foreseeable future.





ECONOMICS

SUMMARY

The Property is being offered for sale for \$2,400,000 representing a 3.77% Capitalization Rate on actual Net Operating Income inclusive of pro-forma property taxes. In the last two years, ownership began exterior renovations they have also refurbished each individual apartment as renters vacated.

In addition, it appears there is still room for upward mobility on the rents as fully remodeled two bedroom units may well achieve \$2,200 per month. There are also 8 unreserved parking spaces included with the Property that are currently made available to all tenants, for \$100 per month,

on a first come, first serve basis. In many other typical apartment scenarios in the urban core, owners make these spaces available to residents on a reserve basis for \$200 per month. The result would be an increase in Net Operating Income (NOI) of \$9600 annually. The scarcity of free street parking surrounding the Property makes this a realistic revenue objective.

Lastly, ownership is not yet collecting utility reimbursements from any of the tenants. RUBs are commonplace at virtually all comparable apartment projects and therefore also seem achievable over the course a 12 – 24 month period. A \$50 for

the one-bedrooms and \$75 for the two-bedroom, and \$90 for the three-bedroom per month utility reimbursement would also increase NOI by \$6,480 annually.

The Property is being sold “as-is, where-is”.

Within this brochure prospective investors shall find:

- 10 Year Pro Forma Cash Flow
- Assumptions to the Pro Forma Cash Flow model
- Offerors shall also receive electronically:
 - Detailed current residential rent roll
 - Operating Statement
 - Property Due Diligence



FINANCING

Purchase Price:	\$2,400,000
Loan to value:	\$1,937,000
Term:	30 years
Fixed Rate Term:	10 years
Interest Rate:	3.75%



Mural by Jessie Unterhalter & Katey Truhn

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