



901 H

901 H Street - Downtown Sacramento
98% Occupied Office Building
For Sale for the First Time Ever



TURTON
COMMERCIAL REAL ESTATE



2131 CAPITOL AVENUE, STE 100
SACRAMENTO, CA 95816
916.573.3300 | TURTONCOM.COM

KEN TURTON
PRESIDENT - LIC. 01219637
916.573.3300
KENTURTON@TURTONCOM.COM

JACK SCURFIELD
DIRECTOR - LIC. 02127988
916.573.3316
JACKSCURFIELD@TURTONCOM.COM

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THE OPPORTUNITY

51,340	98%	33	\$6.2M	\$121	~35%
SF BUILDING	LEASED	PARKING STALLS	PRICE	PER SF	RENT UPSIDE

VALUE-ADD OPPORTUNITY WITH MIDCENTURY MODERN AESTHETICS

Turton Commercial Real Estate is pleased to offer to market 901 H Street (the “Property”), also known as “Court Plaza,” for the first time since its inception. Court Plaza represents a rare opportunity to acquire fee-simple interest in a pride of ownership asset, providing a stable cash flow and potential future upside as a value-add conversion project. The Property is being offered for sale, including the adjacent parking lot (approximately 8,600 square feet), at \$6,200,000 representing a \$121 price per square foot on the building and while providing the buyer with an in-place capitalization rate of 6.1% based on rents well below

market and inclusive of pro-forma property taxes. Built in 1964, Court Plaza is a six-story office building located directly across the street from City Hall and the Gordon D. Schaber Courthouse. Due to its proximity to numerous City, State, and Government landmarks, especially the courthouse and City Hall, the Property serves as headquarters to dozens of professional office tenants consisting predominantly of criminal defense attorneys and legal service providers that require this central location. The tenant mix in the building, flexible floor plates, and Court Plaza’s current 98% occupancy rate provide a strong hedge against

the current work-from-home paradigm that many Downtown office Landlords have recently faced. Aside from the desirable strengths of the reliable tenant base and history of consistent performance, Court Plaza boasts tangible features that create an enticing vision for future redevelopment of the Property, such as shotgun barrel roofing on both the first and sixth floors, extensive window lines, verandas on all floors, and most importantly, highly demised floorplates. These characteristics lend themselves well towards an office condominium or residential conversion, detailed further on pages 9 - 12.





OFFERING HIGHLIGHTS

INTERCONNECTED LOCATION

901 H Street has excellent access to major freeways, with Interstate 5 immediately to the west, and Highway 50 and Interstate 80 within a five minute drive from the property. The site is fifteen minutes from the Sacramento International Airport, and sits just blocks from the nearest SacRT Light Rail station which connects to a broad regional public transportation system. The property is also five minutes from the Sacramento Intermodal Transportation Facility, a hub for Amtrak train and bus service and the planned California High Speed Rail. Amtrak's Capitol Corridor offers eight daily trains along its 168- mile route that connects Sacramento to the San Francisco Bay Area and San Jose.

HISTORICALLY STRONG OCCUPANCY

Due to its proximity to City Hall and the County Courthouse along with its flexible floorplates, Court Plaza has a track record of putting up strong occupancy rates compared to surrounding Downtown investments. The Tenant base in the building consists of mostly legal professionals that need proximity to these Downtown landmarks, and can not shift to a work from home location.

MID CENTURY MODERN DESIGN

While aesthetics are not always factored into our underwriting, it is worth noting that Court Plaza has some truly unique features that no other Downtown office building can offer tenants in the market, such as outdoor patios on

all floors of the southern, eastern, and western facing facade of the building, shotgun barrel roofing on the first and sixth floors, and expansive glass window lines throughout most suites.

VALUE-ADD REDEVELOPMENT OPPORTUNITY

We believe there is not only a strong demand for smaller size office space in the Downtown market, but also increased demand from tenants in the market to have more control over their real estate, our solution; office condominiums. The floorplates and infrastructure of the Property bode well for a condominium conversion which, as opposed to a residential project, allow a new owner to retain the existing tenancy and income throughout the development process. Anticipated exit of the condo units ranges from \$275-325 per square foot.

EXISTING ECONOMICS

CURRENT MONTHLY INCOME:	\$61,528.05
ANNUAL INCOME:	\$738,336.60
PRO-FORMA OPERATING EXPENSES:	\$360,485.20
NET OPERATING INCOME:	\$377,851.40
AS-IS CAPITALIZATION RATE:	6.1%

PROPERTY DETAILS

PROPERTY INFO

Address:	901 H Street, Sacramento, CA 95814
APN:	002-0152-024-0000
Zoning:	C-3-SPD
Building:	51,340 square feet
Parking Lot:	±8,600 square feet
Year Built:	1964
Stories:	Six
Basement Level:	Yes
Recent Improvements:	HVAC chiller system, suite renovations, new security entry system

UTILITIES

Electricity:	Sacramento Municipal Utilities District (SMUD)
Gas:	Pacific Gas & Electric (PG&E)
Water/Sewer:	City of Sacramento
Storm Drain:	City of Sacramento

SEISMIC / FLOOD

Fault Zone:	This parcel is not within an Earthquake Fault Zone (per State of California Dept. of Conservation)
Flood Zone:	X



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DOWNTOWN SAC
BY THE NUMBERS

9.7%
 Downtown
 Office Vacancy
 Rate
Costar Q3 2023



THE PLAY

OFFICE CONDO CONVERSION PRO-FORMA*

For the last two years and counting, Downtown office tenants have been forced to adjust to the work from home paradigm, primarily fueled by the effects of the Covid-19 pandemic, and size down in their office leases or leave them entirely. One of the reasons we see Court Plaza boasting a 98% occupancy rate is due to their flexible floor plates ranging from 300 to 6,000 square feet for any one Tenant. We believe that these highly demised floor plates, combined with office tenants' desire for more control of their real estate decisions, lend themselves well to the opportunity for a profitable conversion of the Property into office condominiums. While retaining the existing tenant base and income in place at Court Plaza, a new owner may work closely with the City to develop condo mapping and consult with contractors and SMUD to develop a plan to individually meter each suite. Once completed, the Tenants would have an incredible opportunity to shift from a lease to own scenario, or the condos could be marketed towards owner users or as leased investments. Here's our napkin analysis of this opportunity, with a projected exit from the condo's between \$275 - 325 per SF (comparables to be provided upon request).

CONVERSION COSTS:	
CONDO MAPPING:	\$200,000
IMPROVEMENT COSTS:	\$5,134,000 (\$100/SF)
CLOSING COSTS:	\$100,000
5% COMMISSION ON DISPOSITION:	\$770,100
DISPOSITION AT \$300 PER SF:	\$15,402,000
PARKING LOT VALUE:	\$1,320,000
TOTAL VALUE:	\$16,722,000
LESS CONVERSION COSTS & PURCHASE PRICE:	\$12,404,100
NET PROFIT:	\$4,317,900

* Speculative income, expense, and disposition figures - buyers and developers to perform their own underwriting for the project





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DOWNTOWN SAC
BY THE NUMBERS
#1
 Best place to
 live in
 California
 Forbes 2023

**901 H
 COURT PLAZA**
 CERTIFIX LIVE SCAN
 ALEXANDER ASTERLIN, ESQ.
 SCRAM OF CA
 WYATT LAW CORP.
 MICHAEL A. SAWAMURA

*RESIDENTIAL CONVERSION PRO-FORMA**

Aside from the office condominium conversion, 901 H Street is also poised as a strong long term hold with an eventual residential conversion opportunity. The highly demised floor plates and expansive balconies promote a vision for future residential use, which is undoubtedly considered the “highest & best” use as Sacramento continues to play catch up with the rising demand for residential units across the urban core. The below model is projected to achieve 42 residential units (each unit approximately 700 SF) with approximately 5,500 square feet of ground floor retail.

** Speculative income, expense, and disposition figures - buyers and developers to perform their own underwriting for the project*

CONVERSION COSTS:	
HARD & SOFT COSTS (\$200/SF):	\$9,168,000
RETAIL TENANT IMPROVEMENTS (\$50/SF):	\$275,000
6% COMMISSION FOR RETAIL LEASE UP:	\$49,500
NET OPERATING INCOME:	\$1,231,276
DISPOSITION AT 5.5% CAP RATE:	\$22,386,841
LESS CONVERSION COSTS & PURCHASE PRICE:	\$15,692,500
NET PROFIT:	\$6,694,342



THE LOCATION

- <.25**
BLOCK FROM
COUNTY COURTHOUSE
- 0.5**
BLOCK FROM
CITYHALL
- 1**
BLOCK FROM
CA EPA OFFICE
- 1**
BLOCK FROM
SAC LIBRARY
- 2**
BLOCKS FROM
SAC COUNTY RECORDERS

The Subject Property is well-positioned on the corner of 9th and H Street, surrounded by City Hall and the County Courthouse. Office tenants of the project don't only enjoy the proximity to these landmarks involved in their day to day business operations, but also a short walk or bike ride to more than 100 restaurants, bars, art galleries and entertainment venues. The

Subject Property provides walkability to the entire Sacramento urban core. The property is located with immediate access to Interstate 80 and nearby access to Interstate 5, Highway 50, and the Sacramento International Airport. Nearby Capitol Mall, widely recognized as Sacramento's premier address for business with nearly one third of the region's

Class A office space, is home to top legal, financial, government related firms, and most notably the California State Capitol. 901 H is also located within a short drive of the Crocker Art Museum and Crocker Park, and the Old Sacramento Waterfront - a 6-block historic district that is Sacramento's largest visitor destination with over 3 million visitors annually.



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DOWNTOWN SAC
BY THE NUMBERS

100,825

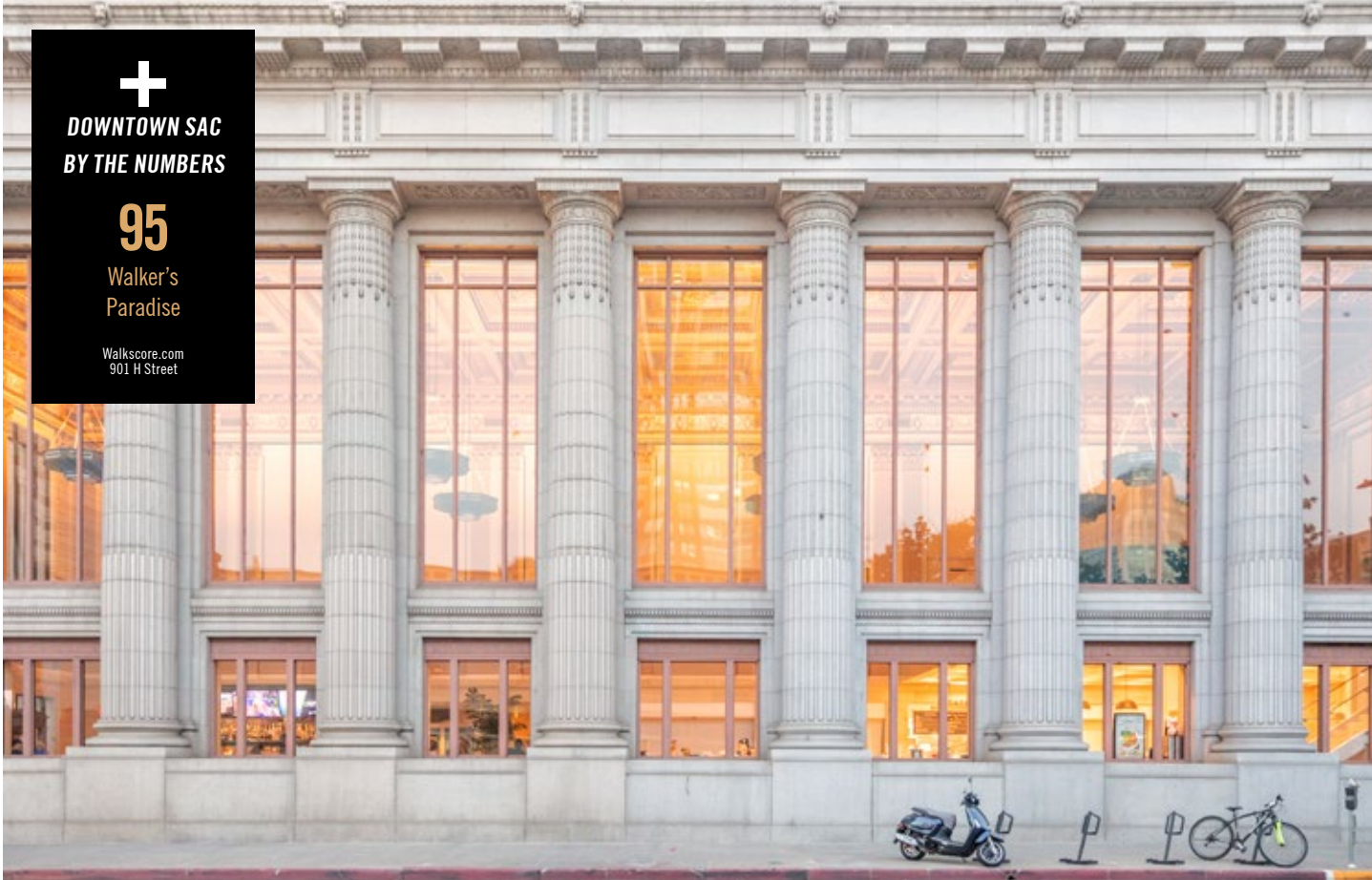
Employees 1 mile
radius around
State Capitol

Costar 2023

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DOWNTOWN SAC
BY THE NUMBERS
2.62 M
 Population of
 Greater
 Sacramento

GSEC 2023
 Applied Geographic Solutions
 GIS Planning 2022





+
DOWNTOWN SAC
BY THE NUMBERS
95
 Walker's
 Paradise
 Walkscore.com
 901 H Street



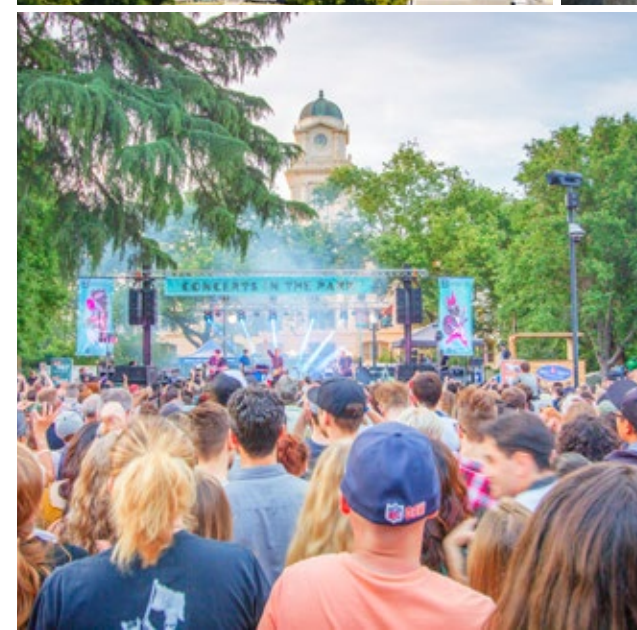
CIVIC CENTER DISTRICT

J, K and L Streets are widely recognized as Sacramento's premier addresses for government business.

The Civic Center District represents the seat of City, County, and Federal government. The 19-block district includes the stretch of J, I and H Streets between 13th Street to Interstate 5.

The Civic Center District is distinguished by the historic architecture of landmarks such as Elks Tower, Historic City Hall, and the Robert Matsui United States Courthouse. It is also a

major entry point into Downtown with Amtrak's Sacramento Valley Station, access to major freeways and the gateway to The Railyards.



OTHER NEARBY DISTRICTS

CAPITOL MALL / DOWNTOWN SACRAMENTO

Capitol Mall is widely recognized as Sacramento's premier address for business. Beginning at the eastern end of Tower Bridge, Capitol Mall is a four-lane boulevard that follows along a landscaped parkway median shared with pedestrian walkways and ground floor restaurants and cafés, to its eastern terminus at the California State Capitol and Capitol Park at 10th Street. The region's preeminent legal, financial, accounting and government-related firms are located across 2.3 million square feet of Class A office towers along Capitol Mall, with a current average occupancy rate of 91.1%. The most recent Class A office developments, US Bank Tower at 621 Capitol Mall and Bank of the West Tower at 500 Capitol Mall were completed in 2008 and 2009 respectively, each commanding premium rents of \$3.55 to \$3.75 per rentable square foot, per month, full-service gross.

DOWNTOWN COMMONS/G1C

Downtown Commons and Golden 1 Center, the home to the Sacramento Kings, has dramatically changed the landscape of downtown Sacramento, creating a vibrant community center unlike any other. Centered around the Golden 1 Center, Downtown Commons, the surrounding apron of development, includes The Sawyer, a 16-story Kimpton Hotel, with 250 luxury hotel rooms and 45 high-end residences, and 630,000 square feet of retail shopping, dining and entertainment space. It has won a myriad of awards for its sustainability practices, cutting edge technology,

flexible design and innovative farm-to-fork food program. Downtown Commons also features a robust collection of public art, sculptures and murals by prominent artists.

WEST SACRAMENTO / THE BRIDGE DISTRICT

Located just across the river from Downtown Sacramento, West Sac is on fire. It is one of the region's most up-and-coming real estate markets. The new Golden 1 Center set off a development boom in downtown Sacramento, and several of the most innovative projects are taking shape in West Sacramento. The area is designated for pedestrian-oriented, transit-served development due to its large commercial developments and proximity to Sacramento employment centers. The Bridge District is a waterfront orientated urban mixed-use district located along the West Sacramento side of the Sacramento River. This district includes recreational amenities such as River Walk Park, Raley Field, Mill St. Pier, and The Barn. At development capacity, The Bridge District has the potential to house 12.5 million square feet of residential and commercial development (5,210 residential units and 7.3 million square feet of commercial development).

RAILYARDS

In the heart of Sacramento, one of the nation's largest infill projects is transforming 244 acres of historically significant land into a thriving, mixed-use urban community that will double the size of downtown Sacramento and redefine the region.

This isn't just another development. The developer is designing a sustainable, authentic downtown community that is a testament to Sacramento's past, and is built for our future. As the nation's largest infill project, The Railyards is transforming a former industrial site into a new future of resource conservation, economic prosperity, and social equity.

At capacity, The Railyards will feature 5 million square feet of modern innovative office space, 500,000 square feet of retail space, 10,000 residential units and cultural and entertainment amenities like a museum and hotels, 30 acres of green open space and parks.

Kaiser Permanente is also bringing a new, state-of-the-art, 1.3 million SF Medical Center campus to The Railyards in Sacramento. The 14-story, 420-bed hospital is one of the flagship projects planned for the Railyards.

OLD SACRAMENTO WATERFRONT

The rebranded and revitalized Old Sacramento Waterfront is one of the most unique and vibrant atmospheres in the Sacramento urban-core. Composed of 53 historical buildings, this national and state historical landmark is home to some of Sacramento's richest history, architecture, and culture. This creates a pluralism of live music, exciting events, sprightly retail shops, and delectable food. With easy access to all major freeways and a tunnel system connecting to the extravagant Downtown Commons, this destination sees an estimated foot traffic of two million people per year.



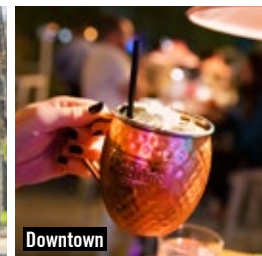
Downtown



Old Sacramento Waterfront



Capitol Mall



Downtown



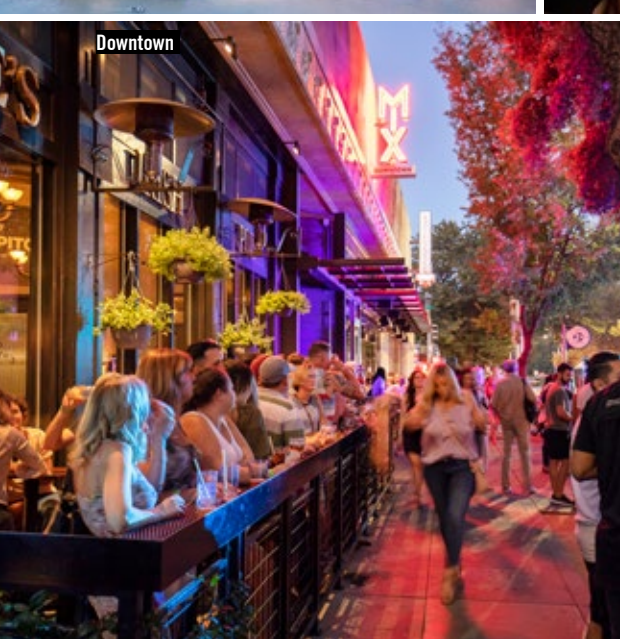
The Railyards



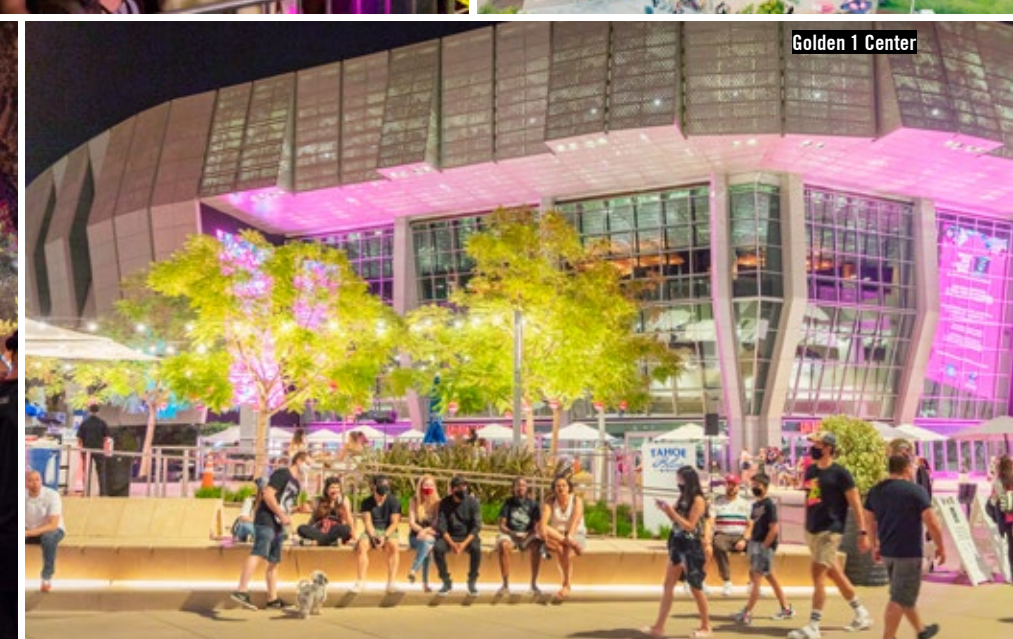
The Bridge District



Old Sacramento Waterfront



Downtown



Golden 1 Center



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DOWNTOWN SAC
BY THE NUMBERS

52.93%
 Lower Housing
 Cost than San
 Francisco

\$100,000 Base Salary
 GSEC 2023
 Applied Geographic Solutions
 & GIS Planning 2022

SACRAMENTO

1,317,600 LABOR FORCE

91,637 TOTAL ESTABLISHMENTS

\$83,493 MEDIAN HOUSEHOLD EXPENDITURE

GSEC 2023
GIS Planning 2022

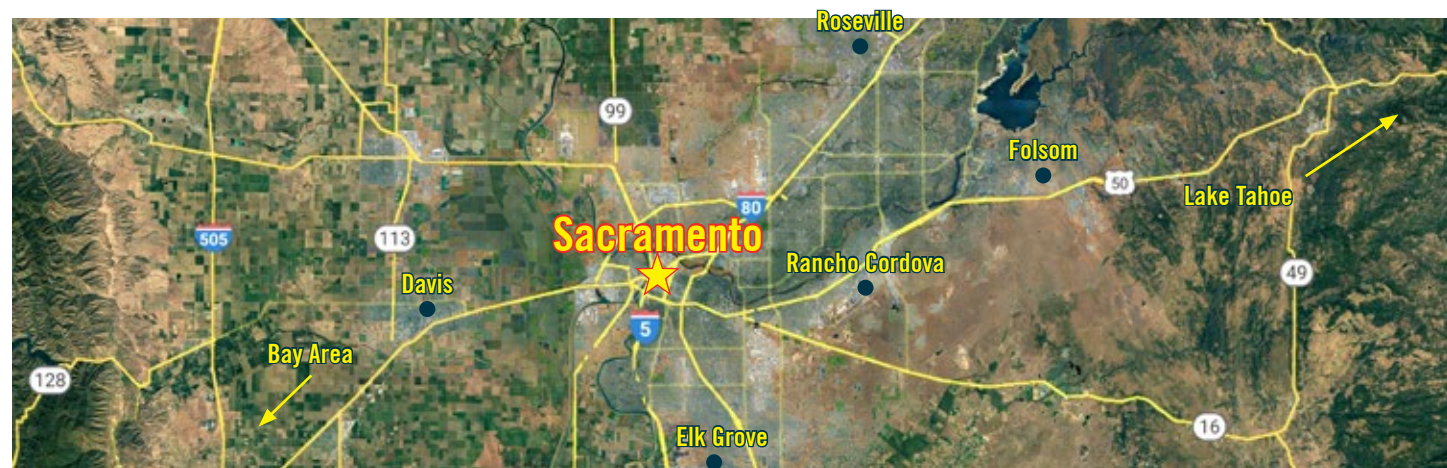
GREATER SACRAMENTO'S 2.6 MILLION RESIDENTS ARE DIVERSE & HIGHLY EDUCATED

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 desti-

nations 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, as such, boast the lowest vacancy rates. As of Q1 2023, the urban Sacramento office vacancy rate was 8.7%. This figure is impressive when

factoring in that many Class B buildings are included in these numbers but 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.





SACRAMENTO'S CENTRALIZED LOCATION

2,623,204
GREATER SAC POPULATION

1,317,600
GREATER SAC WORKFORCE

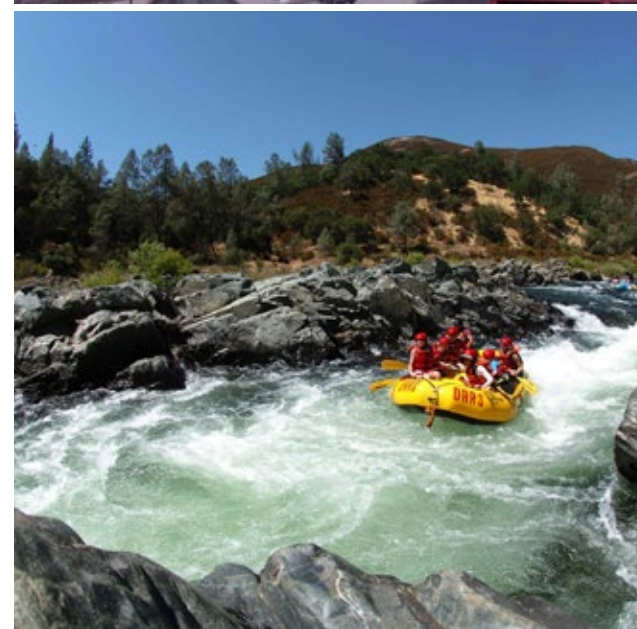
\$89,169
MEDIAN HOUSEHOLD INCOME

GSEC 2023
(Lightcast 2022)



Sacramento is the Capital of California, the sixth largest economy in the world. While sometimes overshadowed the tourism based cities in California such as San Francisco, Los Angeles and San Diego, being the hub of California's governmental structure provides an incredible amount of economic stability throughout the region. In addition, Sacramento is being increasingly recognized as an outdoor enthusiast's dream city with its remarkably central location to Lake Tahoe, the Sierras, Yosemite and the Coast. Located only 85 miles east of San Francisco, Sacramento enjoys easy, unfettered access to all of the entertainment amenities provided by the robust Bay Area as well as the entire Northern California region, for about 60% of the cost. Employment growth in Sacramento

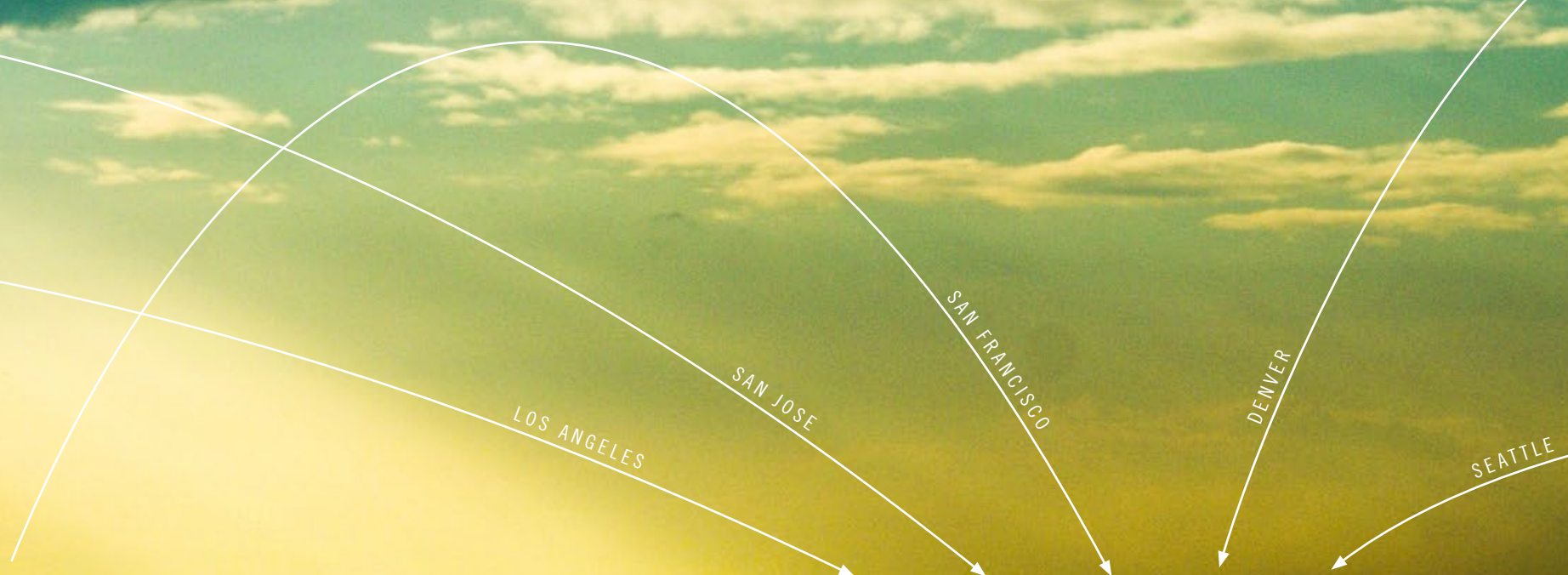
has largely outpaced the national average since 2012. Professional and business services, as well as leisure and hospitality, have been among the strongest growth sectors in this cycle, but the education and health services sectors have been the largest contributor to job growth since the bottom of the economic downturn. 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.



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DOWNTOWN SAC
BY THE NUMBERS

62.34%
 Sacramentans own their own homes.

GSEC 2023
 Applied Geographic Solutions
 GIS Planning 2022



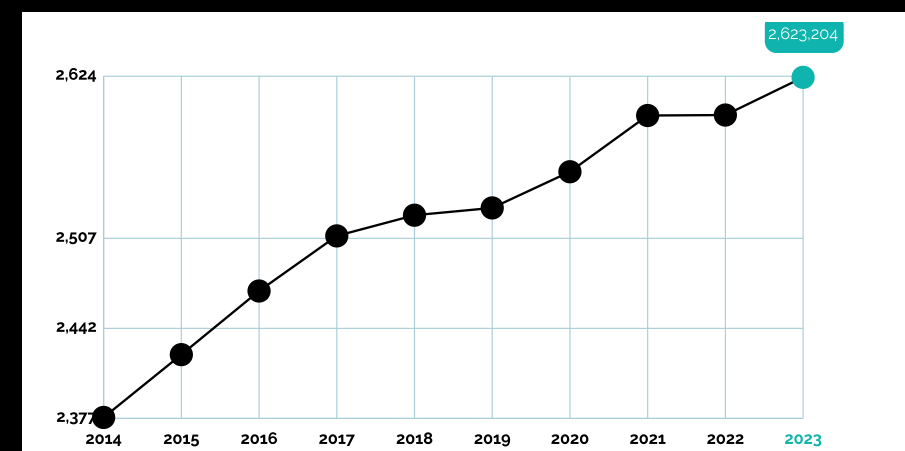
SACRAMENTO CONTINUES TO GROW

Sacramento is, and has been one of the top migratory cities for over a decade. Sacramento is ranked 4th nationally in net positive migration nationally. With newfound residential autonomy as a result of flexible work-from-home policies adopted by an increasing number of national employers, record numbers of Americans have relocated to more economic, and experience friendly, environments like Sacramento over the past three years. Even prior to the pandemic, over 150,000 in-

dividuals left the Bay Area. Since March of 2020, this number doubled to over 305,000. This exodus was not simply limited to San Francisco as other Tier 1 Metropolitan cities such as Los Angeles, San Diego, Seattle, New York City, and Washington DC saw similar negative migration. Many of these residents wanted to remain in California however and as a result, Sacramento has benefitted, with the urban core specifically seeing near 10% growth from 2015-22 and additional 9.7% growth fore-

casted for the next eight years. As company culture, specifically Bay Area tech company culture, continues to evolve giving people greater freedom to live where they choose, we at Turton Commercial see no slowing down in the residential growth of California's capital city. And as we look to the future we believe 1220 H is especially well positioned to benefit from its migration and work-from-home paradigm.

SACRAMENTO URBAN CORE POPULATION GROWTH



GSEC 2023
 Data from Lightcast 2023





TURTON
COMMERCIAL REAL ESTATE