

FOR SALE OR LEASE



777 12TH STREET

SACRAMENTO, CA 95814

CONFIDENTIAL OFFERING MEMORANDUM



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EXECUTIVE SUMMARY



THE OFFERING

CUSHMAN & WAKEFIELD, as exclusive advisor, is pleased to present the opportunity to acquire the 100% fee simple interest in 777 12th Street (the "Property"), a 39,119 square foot, three-story office building.

The Property will be delivered vacant and is available in the heart of the highly sought after Downtown submarket of Sacramento. It is well positioned for an owner-user or investment opportunity.



PROPERTY FACTS

ADDRESS	777 12 th Street, Sacramento, CA
YEAR BUILT:	1983
STORIES:	3
BUILDING SIZE:	±39,119 RSF
SITE AREA:	0.44 Acres
PARKING RATIO:	Covered, 75 Spaces
OCCUPANCY:	Seller currently occupies building and has plans to vacate
PRICING:	\$5,995,000
PRICE/SF:	\$150.00
LEASING:	Rent = \$1.95/SF Full Service.

INVESTMENT HIGHLIGHTS



5



OWNER-USER/VALUE-ADD OPPORTUNITY

With limited properties available for sale in Downtown Sacramento, 777 12th Street presents a rare opportunity for an owner-user to occupy its own building with on-site, secured parking. The building also offers value-added investors the opportunity to lease to public and private sector tenants in the highly sought after Downtown Sacramento submarket. Buyers may also explore development into a variety of uses including residential/multi-family, senior housing, co-working space or other mixed uses.



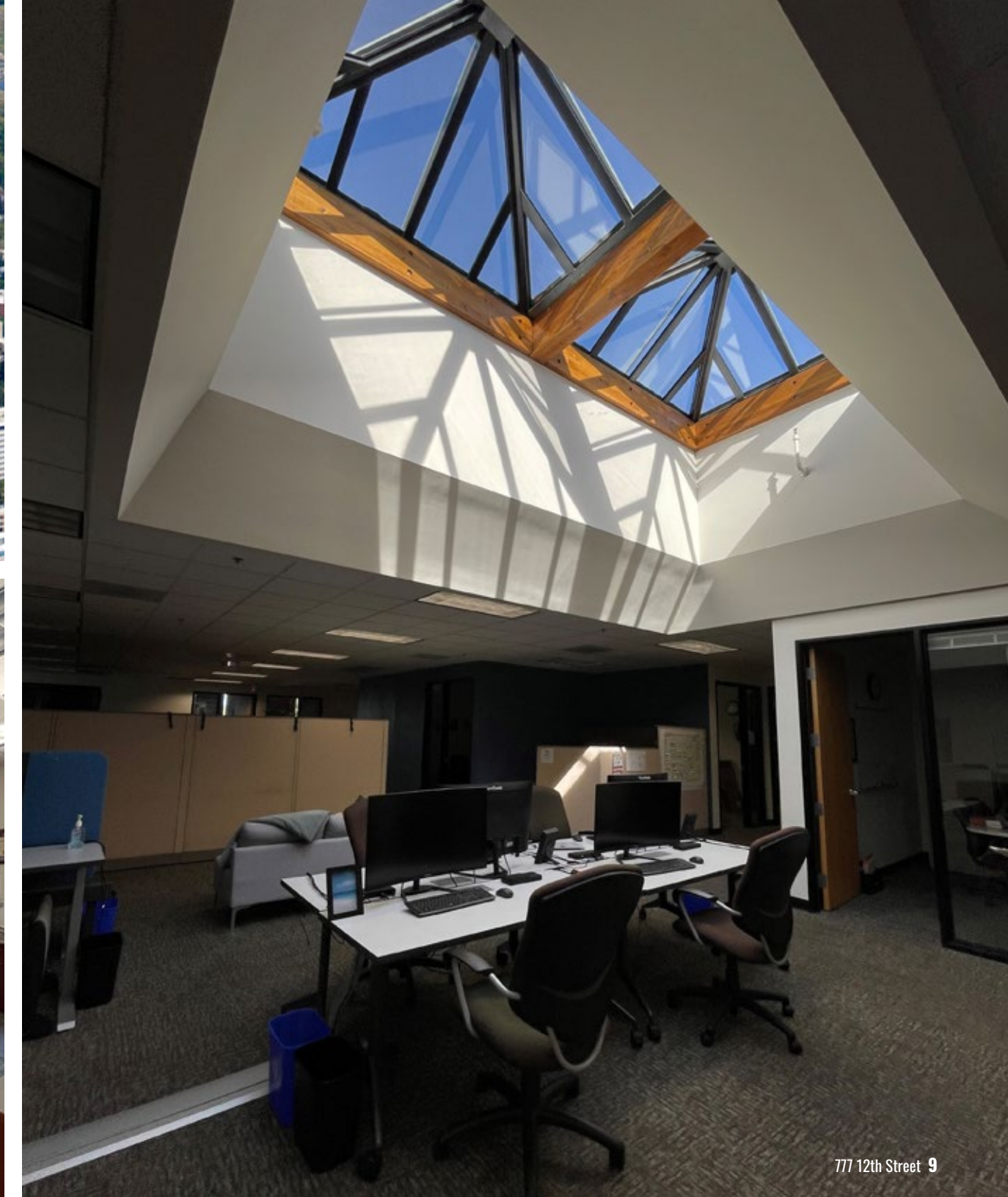
SECURE PARKING/PARKING INCOME

The Downtown and Midtown average parking ratio is 2 per 1,000 SF. 777 12th Street provides secured parking, a rarity in the Downtown and Midtown submarkets with 75 tandem, covered & secure parking spaces. Additionally there are five dual port (10 ports total) charging stations. Parking rents in Downtown Sacramento generally range from \$150-225 per space, per month.



IDEAL LOCATION

The property is located on the H Street Corridor surrounded by numerous amenities, parking and public transportation. A light rail stop is conveniently located across the street, providing employees and visitors access to the building from throughout the Greater Sacramento Region. The building is situated in close proximity to the U.S Courthouse, Sacramento City Hall, Memorial Auditorium, the Convention Center, Golden 1 Center, Downtown Commons, California State Capitol and a variety of other government buildings. Additionally, the Property is closely located to the Railyards Development which will potentially include the new MLS Stadium for the Sacramento Republic.



PROPERTY DESCRIPTION



777 12th Street

is a three-story office building comprising of 39,119 rentable square feet in the Downtown submarket of Sacramento, located at the NW corner of 12th Street and H Street. The building was originally constructed in 1983. The project has been acclaimed for its architectural design and has skylights and open stairwells throughout the property which provides an abundance of natural light. The property covers 0.44 acres and includes 85 covered spaces which is located on the ground floor.

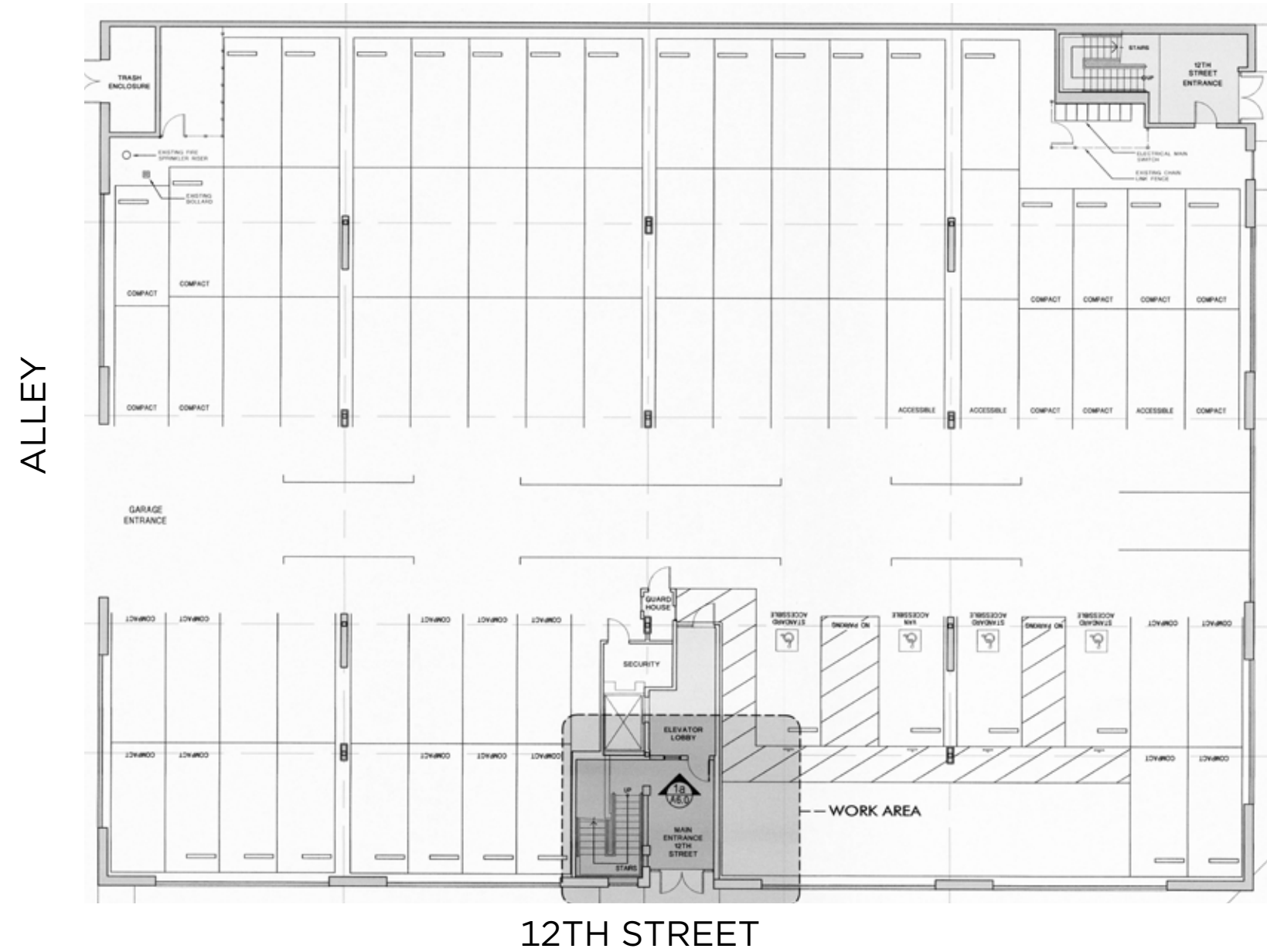
KEY BUILDING STATISTICS/CONSTRUCTION DETAILS

ADDRESS:	777 12th Street Sacramento, CA 95814
COUNTY:	Sacramento
PARCEL NUMBER:	002-0162-020
BUILDING SIZE:	±39,119 RSF
STORIES	3
FLOORS:	First Level: Parking Second Level: Office Third Level: Office
LAND AREA:	0.44 Acres
YEAR BUILT:	1983
ZONING:	C-2, Sacramento
PARKING:	75 Covered Spaces, 1st level of Secured Parking
ENERGY STAR	Yes, received in 2010
CONSTRUCTION TYPE:	Masonry
EXTERIOR:	Brick
ROOFING:	Flat tar
ELEVATORS:	1



FLOOR PLANS

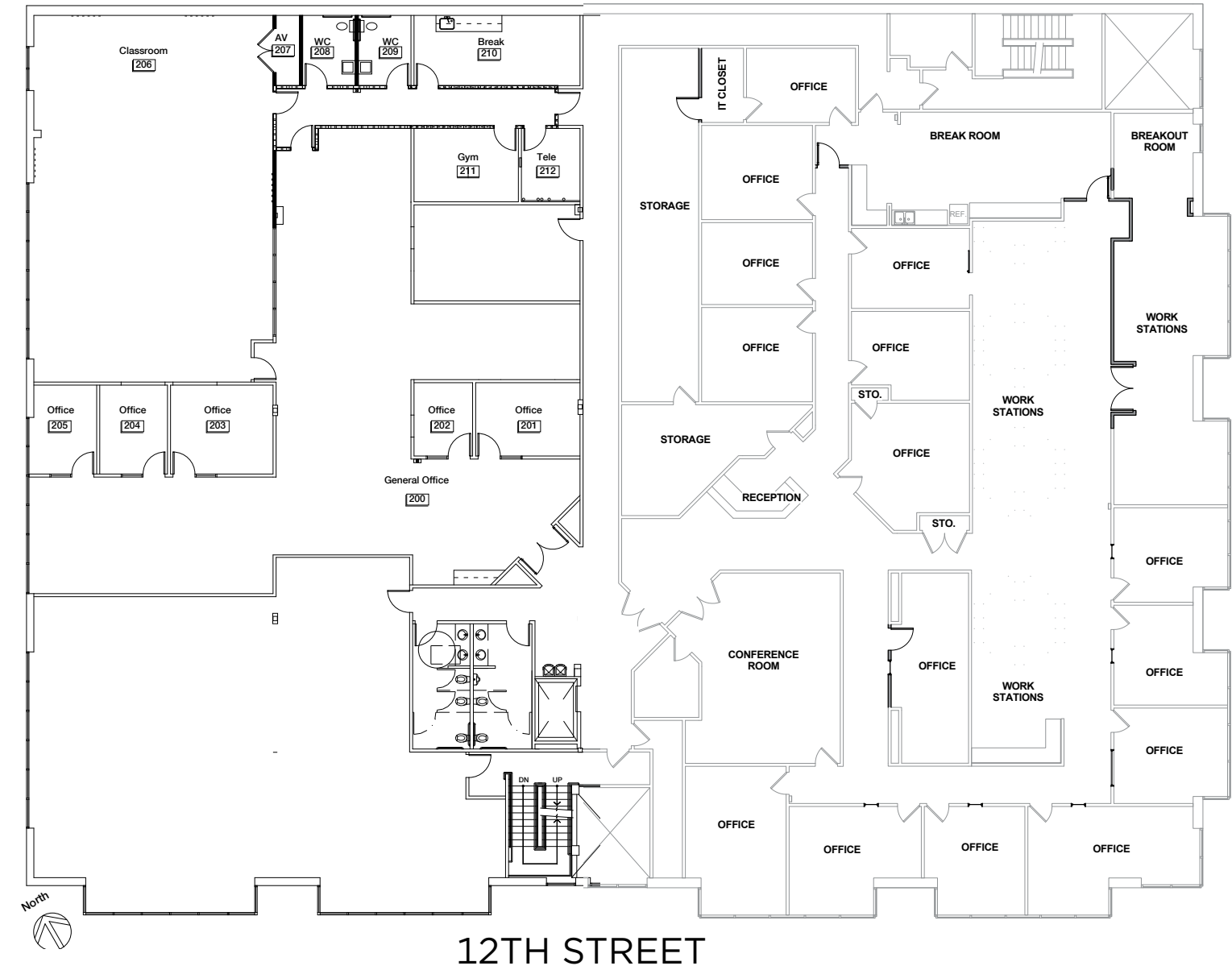
GROUND FLOOR



SECOND FLOOR

H STREET

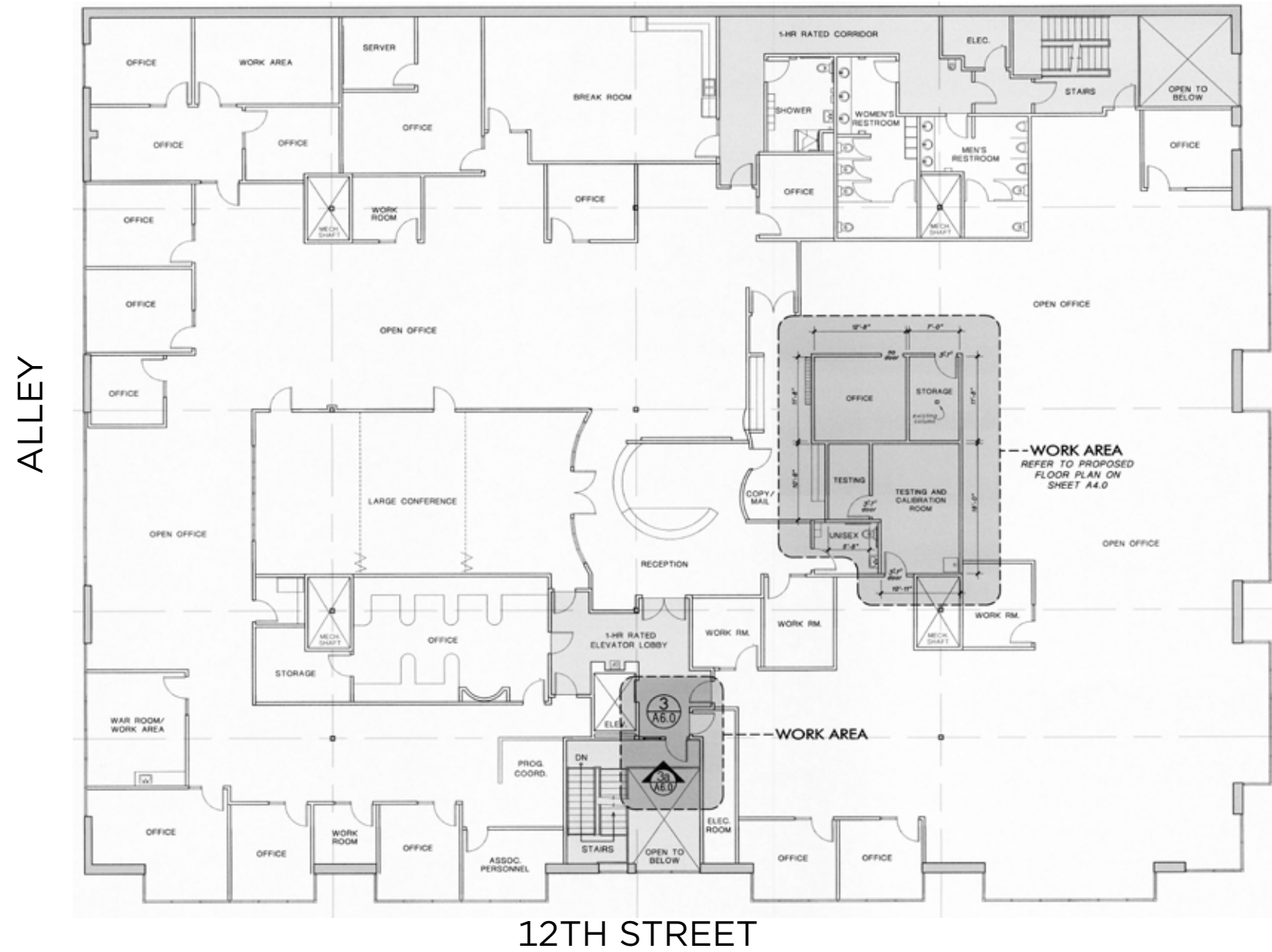
ALLEY



H STREET

FLOOR PLANS

THIRD FLOOR



H STREET



MARKET OVERVIEW



SACRAMENTO, CA

Located approximately 75 miles northeast of San Francisco, the Greater Sacramento region, consisting of El Dorado, Placer, Yolo, and Sacramento counties, is one of California's most vibrant economic centers. Situated at the intersection of Interstate 80 and Interstate 5 and surrounded by the Sacramento Valley to the north and San Joaquin Valley to the south, Sacramento lies in the center of one of the world's richest agricultural regions.

As the Capital of California, both the City of Sacramento and the outer suburbs benefit from a strong governmental presence. Government employment makes up more than 25% of the jobs in the region and much of the State's \$180+ billion budget flows through Sacramento in some form. In addition to government related industries, over the past two decades Sacramento has become increasingly attractive to private sector industries including technology, life sciences, education, and healthcare, which have been drawn to the region's high-quality workforce, lower cost of living, lack of seismic activity, and extensive infrastructure connecting it easily to other metropolitan areas throughout the West Coast.

SACRAMENTO IN THE HEADLINES



4.3%

UNEMPLOYMENT RATE AS OF SEPTEMBER 2023



14.3%

MARKET-WIDE OFFICE VACANCY



#2

RANKED MSA (US metro statistical area) among redfin users searching outside immediate market.



2.2M

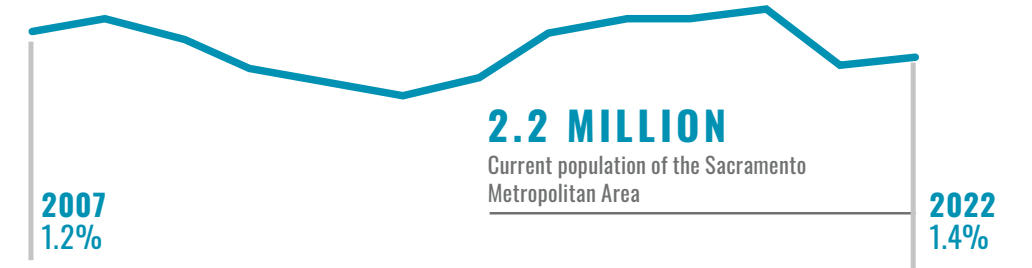
CURRENT POPULATION



4.8%

AVERAGE FIVE-YEAR ANNUAL EMPLOYMENT GROWTH

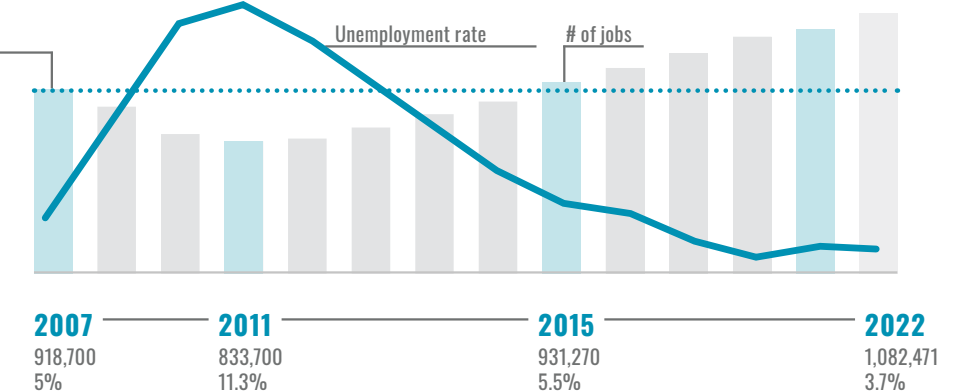
POPULATION INCREASE



HISTORICAL EMPLOYMENT GROWTH

2007 PEAK

The job market peaks in 2007 and has since surpassed that peak beginning in 2015.



EMPLOYMENT

Long thought of as a government town, Sacramento's private sector employment has grown significantly in recent years with a variety of companies investing in the region long-term. The healthcare industry has been responsible for the most employment growth and accounts for the top three private-sector employers in the region.



EDUCATION

The Sacramento Region offers quality education from K-12 to universities. There are a variety of education choices for families, young adults, and professionals seeking continued education opportunities.



36.2%
OF POPULATION 25+ HOLDS
ASSOCIATE OR HIGHER EDUCATION DEGREE



60K
STUDENTS ENROLLED AT UC
DAVIS AND CSUS



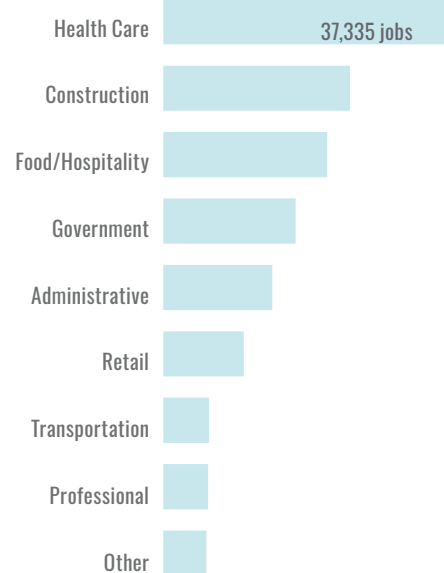
19,200
GRADUATES PER YEAR



38.3
MEDIAN AGE OF RESIDENTS

EMPLOYMENT GROWTH

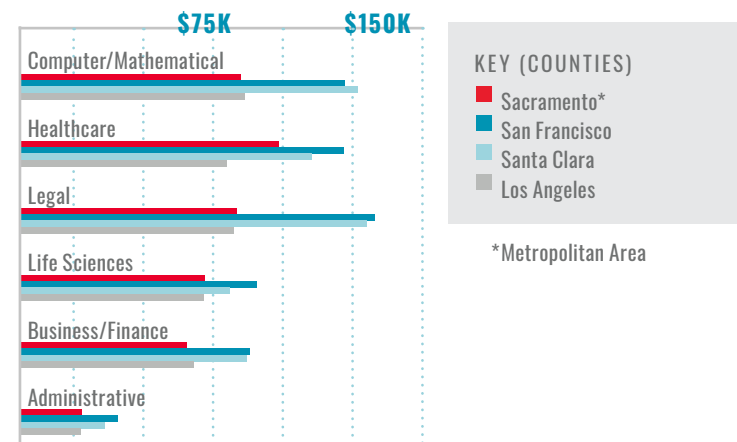
INDUSTRY TRENDS since 2013



LABOR COSTS

Sacramento has the lowest cost of labor throughout the top MSAs in California. Although income levels are lower, a high quality of life remains achievable.

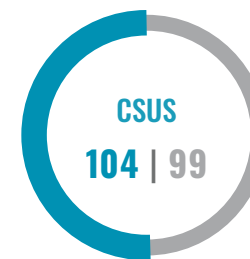
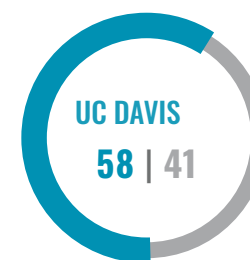
AVERAGE ANNUAL COMPENSATION 2018



PRIVATE-SECTOR EMPLOYERS GROWING IN SACRAMENTO

1. Centene (5,000) 2020-2022
2. Amazon (2,000) 2017
3. Penumbra (1,000) 2019-2020
4. Apple Inc. (500) 2021-2022
5. CSUN (250) 2018
6. TriWest (235) 2016
7. US Foods (182) 2020-2021
8. McKesson (150) 2017

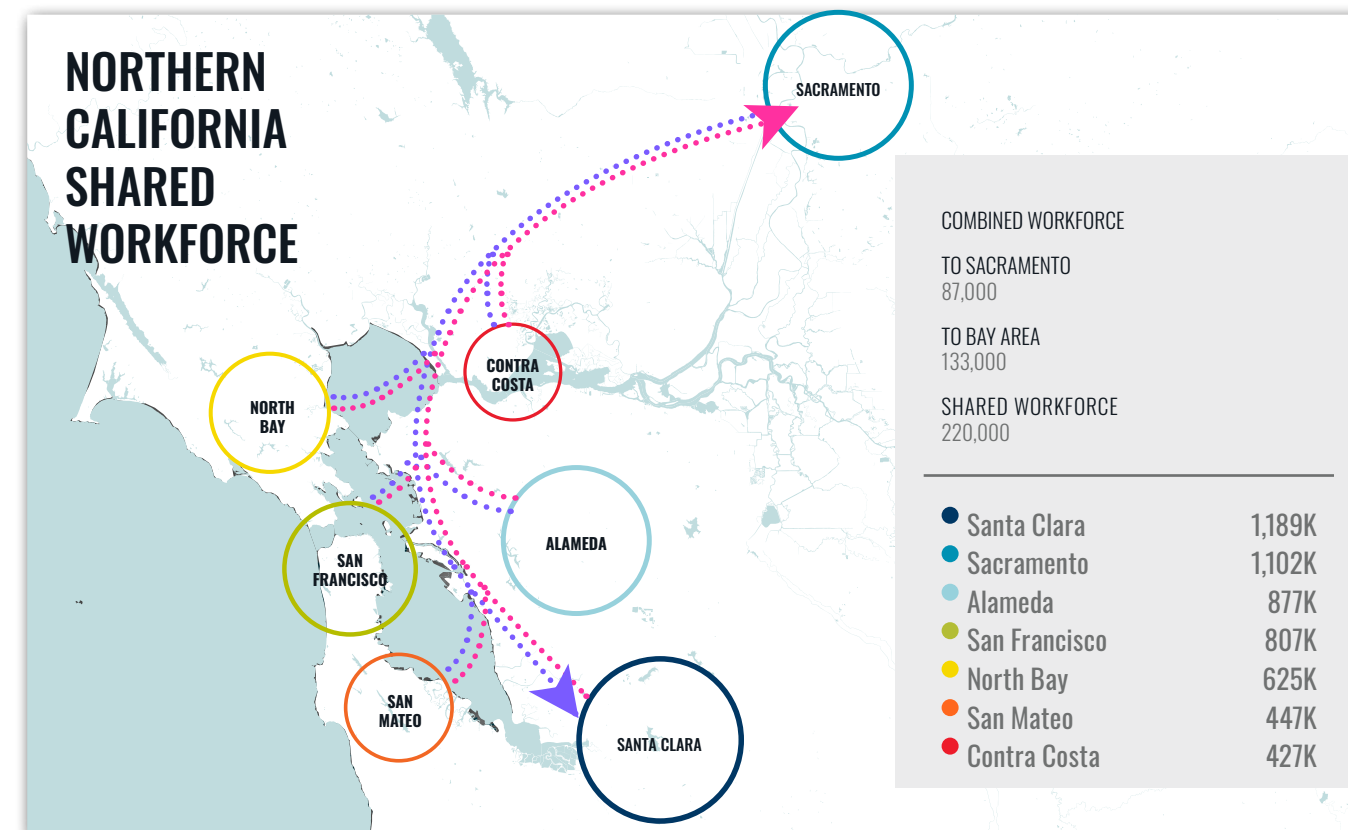
COLLEGE PROGRAMS



■ UNDERGRADUATE

■ GRADUATE

NORTHERN CALIFORNIA SHARED WORKFORCE



URBAN DEVELOPMENT

BRIDGE DISTRICT

- 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, The Barn, and the newly installed Subtile art piece. The housing market is booming with the addition of Capitol Yards, Park Moderns, Habitat apartments, and the newly constructed 980 Central apartments. 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 7,290,000 square feet of commercial development).

THE RAILYARDS

- Located just north of Downtown and south of the River District, the Union Pacific Railyards that once served as the western terminus of the 1860s Transcontinental Railroad, will soon be transformed into a dynamic, urban mixed-use hub for residents, workers, and visitors.
- The 244-acre development would include 1 million sq. ft. of retail, 5 million sq. ft. of office, housing, theaters, parks, hotels, museums, a Kaiser Permanente hospital, and a proposed Major League Soccer stadium.
- The Railyards specific plan envisions high-rise housing with 6,000 residential units. Most of the railyard would be designated as a central business district, with residential, retail, and office space. The area surrounds the central shops buildings and includes east of 7th Street, where the proposed stadium would be.
- In the northwest corner of the property, the designation of a hospital district would be for a planned Kaiser Permanente medical center. At the far eastern end of 10th Street, the designation would be commercial with mostly smaller businesses, such as repair shops and warehousing.

ENERGETIC ARTS AND ENTERTAINMENT

- Greater Sacramento's arts and entertainment scene is experiencing a renaissance, bringing new talent and an exciting energy to the region. Home to the NBA team the Sacramento Kings, the Sacramento Republic FC Major League Soccer team and the River Cats, a Triple-A affiliate of the San Francisco Giants, the region provides family-friendly sports entertainment year-round.

DOCO

- Sacramento's Downtown Commons (DOCO) is the region's newest shopping destination. Located in the heart of downtown Sacramento, you can't miss it, as it houses Golden 1 Center, the Kimpton Sawyer Hotel, and enough food and drink places – and we don't mean your typical for court – that you'd need at least several weeks in the city just to try them all.
- DOCO is where you'll find the Sacramento Kings team store, unique clothing stores, Macy's, and more. The central corridor is open-air, letting in plenty of the California sun for an ideal west coast shopping experience.

DOCO

- 2017 Sports Facility of the Year by Sports Business Journal
- #1 Arena in the world to be 100% solar powered & achieve LEED Platinum designation
- #6 in the World in 2021 as ranked by Pollstar



THE BRIDGE DISTRICT

INTERSTATE 5

LAND PARK

AVERAGE HH INCOME= \$194,160

POPULATION = 7,996

DOWNTOWN

POPULATION = 24,166

96,671 EMPLOYEES

THE RAILYARDS

777 12TH STREET



16TH STREET

J STREET

MIDTOWN

AVERAGE HH INCOME= \$92,160

POPULATION =7,721

HIGHWAY 50

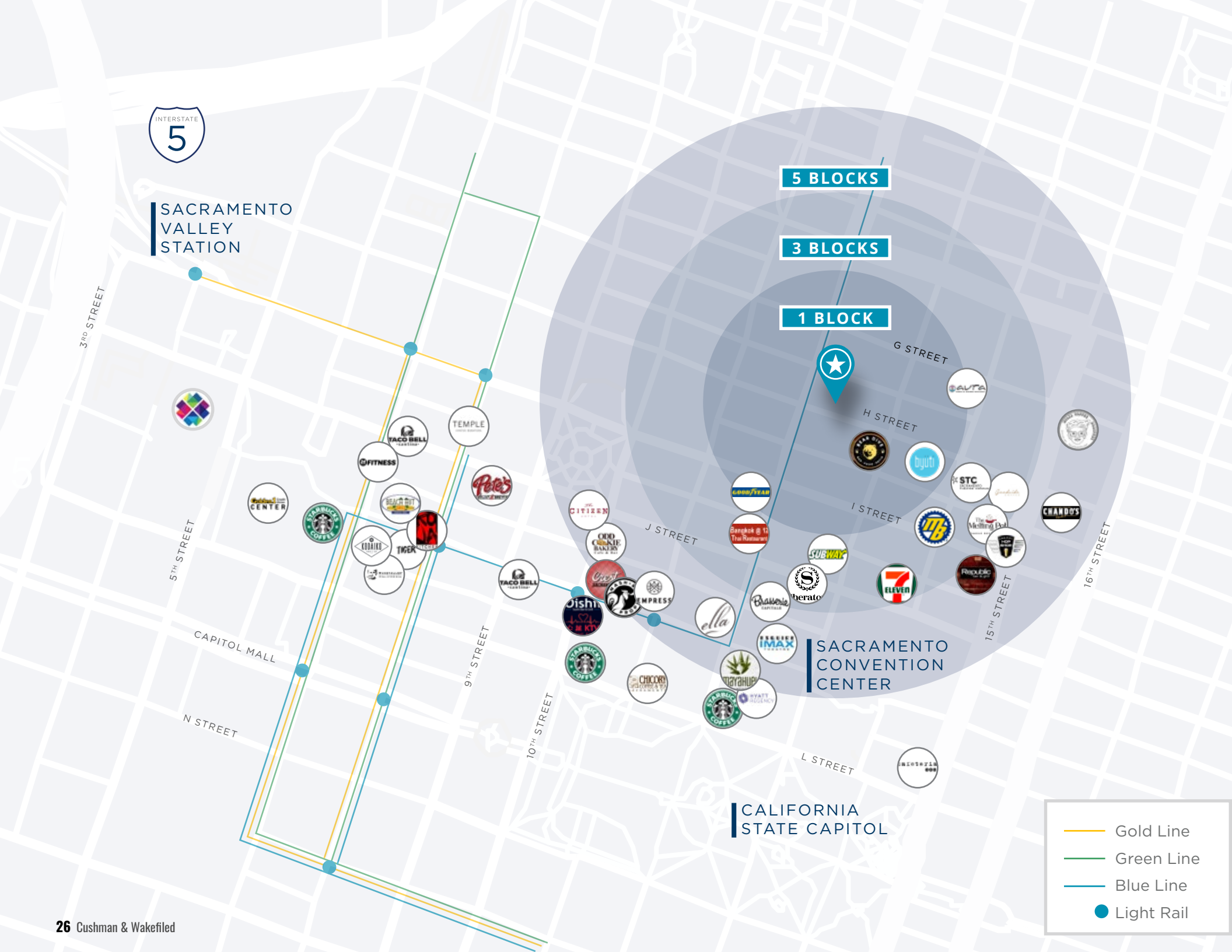
R STREET CORRIDOR

BUSINESS 80

EAST SACRAMENTO

AVERAGE HH INCOME= \$172,349

POPULATION =20,036



MOVING & SHAKING

GREAT HOUSING VALUE

Sacramento was the most popular migration destination this year, with more than half of home searches from buyers outside the area. Affordability has made Sacramento a desirable location for many looking to move. The region continues to rank in the top 5 for net inflow based on searches made through Redfin's website.

Lower housing costs and property tax rates maximize value. The cost-effective housing options are why Sacramento is one of the most popular cities for millennials and transplants.

GREATER SACRAMENTO FIGURES

\$623,250
MEDIAN HOME PRICE IN THE AREA

\$2,300
MEDIAN RENT RATE FOR MILLENNIAL NEIGHBORHOODS

1%
CAPPED CALIFORNIA PROPERTY TAX

“SACRAMENTO WAS THE MOST POPULAR MIGRATION DESTINATION IN 2023”

URBAN SACRAMENTO
Approximately 38% of downtown and midtown residents are aged 25-34. Downtown and Midtown has a similar urban density to popular streets and neighborhoods in Portland and Austin

MEDIAN HOME PRICE BY METRO

Below shows the median home price and the average cost of property taxes.

PROPERTY TAX	CITY	PRICE
\$12,367	SAN JOSE	\$1,454,997
\$10,718	AUSTIN	\$549,633
\$8,031	SAN FRANCISCO	\$1,085,333
\$7,998	LOS ANGELES	\$975,333
\$7,821	SEATTLE	\$744,867
\$6,387	PORTLAND	\$585,933
\$5,796	SACRAMENTO	\$623,267
\$4,351	DENVER	\$639,900

MOST POPULAR SUBURBAN RESIDENTIAL AREAS

EAST SACRAMENTO
2BR/2BA, 1,300 SF | ~\$750,000

ROSEVILLE
3BR/2BA, 1,645 SF | ~\$612,000

FOLSOM
3BR/2BA, 1,687 SF | ~\$711,000

1. <https://www.greatersacramento.com/quality-of-life/cost-of-living/>
 2. <https://www.redfin.com/city/16409/CA/Sacramento/housing-market>
 3. Realtor.com active listings November 3, 2023; Zillow November 2023; Zillow Rents November 2023
 4. EMSI Economic Modeling, MigrationPolicy.org

SACRAMENTO OFFICE MARKET SUMMARY | 3Q-2023

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown Sacramento	11,719,808	44,806	1,733,956	15.2%	-12,762	-58,019	156,527	0	\$3.10	\$3.46
Campus Commons	1,555,623	31,352	150,630	11.7%	9,111	2,254	75,109	0	\$2.32	\$3.00
Carmichael / Fair Oaks	889,053	2,119	129,422	14.8%	-2,698	28,026	22,533	0	\$1.65	N/A
Citrus Heights / Orangevale	1,361,040	0	109,749	8.1%	1,078	14,892	10,118	0	\$1.58	N/A
Auburn / Lincoln	1,240,059	0	41,151	3.3%	-1,548	-643	9,769	0	\$1.73	N/A
Davis/Woodland	1,921,610	3,465	117,935	6.3%	692	23,094	20,832	0	\$1.94	\$2.33
East Sacramento	1,244,549	0	5,185	0.4%	0	11,398	2,933	569,000	N/A	N/A
El Dorado Hills	1,564,786	2,241	146,663	9.5%	-19,211	10,994	11,692	0	\$2.09	N/A
Elk Grove	1,420,495	15,238	24,032	2.8%	4,337	20,719	29,372	0	\$2.76	\$2.90
Folsom	3,362,529	83,608	210,115	8.7%	1,081	42,409	67,762	0	\$2.25	\$2.50
Highway 50 / Rancho Cordova	12,717,523	214,704	2,200,448	19.0%	-204,650	-406,544	239,474	0	\$1.84	\$2.50
Howe Ave / Fulton Ave	3,525,412	34,350	603,629	18.1%	3,220	14,758	88,511	0	\$1.58	\$1.99
Midtown	2,821,590	7,001	169,140	6.2%	-3,052	-2,588	29,230	0	\$2.47	\$2.80
North Natomas	3,106,082	529,599	324,396	27.5%	-2,065	-547,631	58,846	0	\$1.82	\$2.19
Point West	2,538,320	7,737	418,900	16.8%	27,381	66,668	160,760	0	\$1.92	\$2.16
Roseville / Rocklin	9,890,394	387,000	909,458	13.1%	30,394	123,208	320,570	0	\$2.01	\$2.16
South Natomas	3,383,908	24,755	662,114	20.3%	-7,176	-63,197	32,591	0	\$2.27	\$2.28
South Sacramento	2,145,018	2,795	105,901	5.1%	6,390	2,859	38,104	0	\$1.59	N/A
West Sacramento	2,006,062	0	332,759	16.6%	-5,417	-7,209	3,020	0	\$2.83	\$3.25
Market Totals	68,413,861	1,390,770	8,395,583	14.3%	-174,895	-724,552	1,377,753	569,000	\$2.19	\$2.55

*Rental rates reflect full service asking

LEASE COMPS



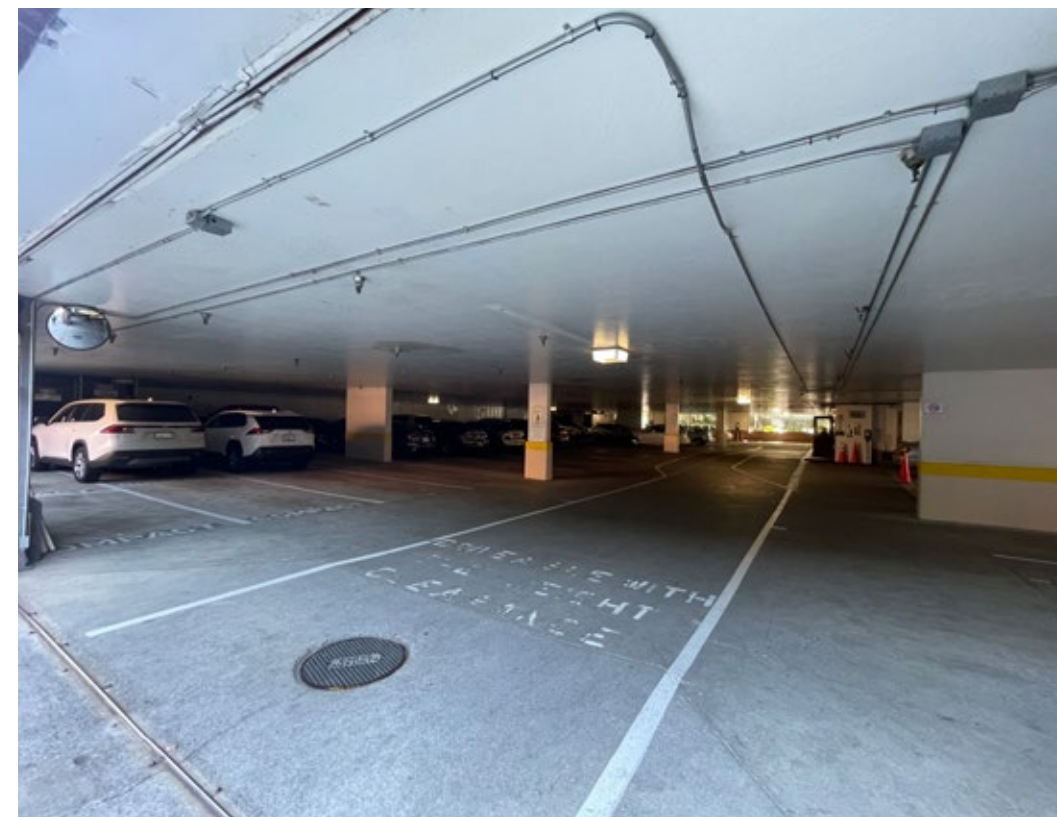
TENANT	One Community Health	Blossom Ridge Home Health Agency, LLC	Western Contract Furnishers of Sacramento	HDR	State of CA - Department of Finance	Sacramento Regional Transit District
LEASE TERM	12 Months	36 Months	128 Months	132 Months	96 Months	100 Months
LEASE DATE	1/31/2023	8/4/2023	10/26/2022	9/21/2023	8/22/2023	6/22/2023
TOTAL RSF	12,813	7,260	5,731	26,929	94,317	6,439
STARTING RATE	\$1.95	\$1.98	\$2.80	\$2.50	\$3.05	\$2.57
FREE RENT	NONE	NONE	8 Months	NONE	NONE	4 Months
TI ALLOWANCE	None	None	\$10/sf	\$65/sf	\$10/sf	\$40/sf
ANNUAL INCREASES	Flat Rate	3%	3%	3%	2.50%	2.50%

Source: Costar.com

FOR SALE PROPERTIES & SALE COMPS

	FOR SALE			SALE COMPS				
								
	1100 11TH STREET	1919 19TH STREET	2101 K STREET	1200 R STREET	1221-1225 H STREET	1015 20TH STREET	816 21ST STREET	1730 I STREET
SELLER	Clippinger Investment Properties	Starkweather Dibs Family Trust	Kitchell Corporation	Ridge Capital	California Cattlemens Association	William L Gekakis 2008 Trust	Robert Mistretta Family Trust	Dynamic Healthcare Solutions
BUYER	For Sale	For Sale	For Sale	Cebterville Group, LLC	California Federation of Teachers	Sacramento LGBT Community Center	California Academy of Family Physicians	CDF Firefighters
NET RENTABLE SF	27,000	18,685	25,600	26,562	11,250	11,250	3,000	20,186
PRICE	\$10,500,000	\$5,900,000	\$7,900,000	\$12,000,000	\$4,300,000	\$4,300,000	\$1,100,000	\$5,800,000
PRICE PSF	\$388.89	\$315.76	\$308.59	\$452.00	\$382.00	\$382.00	\$367.00	\$287.00

Source: Costar.com



DISCLAIMER

This Confidential Offering Memorandum ("Memorandum") is being delivered subject to the terms of the Confidentiality Agreement (the "Confidentiality Agreement") signed by you and constitutes part of the Confidential Information (as defined in the Confidentiality Agreement). It is being given to you for the sole purpose of evaluating the possible investment in 777 12th Street Sacramento, CA (the "Project"), and is not to be used for any other purpose or made available to any other party without the prior written consent of Sacramento Air Quality Management ("Managing Member"), or its exclusive broker, Cushman & Wakefield. This Memorandum was prepared by Cushman & Wakefield based primarily on information supplied by Managing Member. It contains select information about the Project and the real estate market but does not contain all the information necessary to evaluate the Project. The financial projections contained herein (or in any other Confidential Information) are for general reference only. They are based on assumptions relating to the overall economy and local competition, among other factors. Accordingly, actual results may vary materially from such projections. Various documents have been summarized herein to facilitate your review; these summaries are not intended to be a comprehensive statement of the terms or a legal analysis of such documents. While the information contained in this Memorandum and any other Confidential Information is believed to be reliable, neither Cushman & Wakefield nor Managing Member guarantees its accuracy or completeness. Because of the foregoing and since the investment in the Project is being offered on an "As Is, Where Is" basis, a prospective investor or other party authorized by the prospective investor to use such material solely to facilitate the prospective purchaser's investigation, must make its independent investigations, projections and conclusions regarding the investment in the Project without reliance on this Memorandum or any other Confidential Information. Although additional Confidential Information, which may include engineering, environmental or other reports, may be provided to qualified parties as the marketing period proceeds, prospective purchasers should seek advice from their own attorneys, accountants, engineers and environmental experts. Neither Cushman & Wakefield nor Managing Member guarantees the accuracy or completeness of the information contained in this Memorandum or any other Confidential Information provided by Cushman & Wakefield and Managing Member. Managing Member expressly reserves the right, at its sole discretion, to reject any offer to invest in the Project or to terminate any negotiations with any party at any time with or without written notice. Managing Member shall have no legal commitment or obligations to any prospective investor unless and until a written sale agreement has been fully executed, delivered and approved by Managing Member and any conditions to Managing Member's obligations thereunder have been satisfied or waived. Managing Member has retained Cushman & Wakefield as its exclusive broker and will be responsible for any commission due to Cushman & Wakefield in connection with a transaction relating to the Project pursuant to a separate agreement. Cushman & Wakefield is not authorized to make any representation or agreement on behalf of Managing Member. Each prospective investor will be responsible for any claims for commissions by any other broker in connection with an investment in the Project if such claims arise from acts of such prospective investor or its broker. This Memorandum is the property of Managing Member and all parties approved by Managing Member and may be used only by parties approved by Managing Member. No portion of this Memorandum may be copied or otherwise reproduced or disclosed to anyone except as permitted under the Confidentiality Agreement.



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