

OFFERING
MEMORANDUM

2020 I STREET

Sacramento, California

Marcus & Millichap

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section 1
Executive Summary



offering summary



investment overview




investment highlights

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OFFERING SUMMARY

2020 I Street, Sacramento, CA 95811

 \$3,100,000	5.80% <small>CAP Rate</small>
Current Occupancy	100%
Gross Leasable Area	8,715 SF
Price/SF	\$355.71
Year Built/Renovated	1909/Recently Renovated
Lot Size	0.32 Acres

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2020 I Street

The subject property is a modern 8,715-square foot multi-tenant retail/office property located in the heart of Midtown Sacramento, California. More specifically, the property is located along I Street between 20th and 21st Streets (roughly one block for the bustling J Street Corridor and five blocks from the California State Capitol building). The property is currently 100 percent occupied by four tenants all on modified leases (tenants reimburse the Landlord for a portion of their pro-rata share of the expenses). Located in the epicenter of Midtown Sacramento, the property is surrounded by some of Sacramento's most dynamic retail, restaurants, and nightlife venues.

Located only one block from J Street the building's tenants' benefit both day and night from the high foot, bicycle, and vehicle traffic in the immediate area. J Street, otherwise known as the "J Street Corridor," is known as one of the busiest thoroughfares in Downtown and Midtown Sacramento. The property is supported by the Lavender Heights neighborhood, home to an eclectic mix of local and regional restaurants, boutiques, coffee houses and nightlife venues. Midtown is the most centralized area in the city of Sacramento with easy access to East Sacramento, Old Sacramento, Downtown and West Sacramento. Furthermore, the property benefits from its ease of access to all of Sacramento's major freeways and highways including Interstate 5, Highway 50, Interstate 80, and Capital City Freeway/Business 80 (see the included aerial photo).

The building was recently renovated re-imagining it with a modern "hip" appeal to fit in with the rest of the Midtown area. An art mural covers the west side of the building and art metal decorations are strategically placed throughout the exterior of the property. The building is constructed out of low maintenance brick construction keeping the landlord's repair and maintenance costs to a minimum. Unique to Downtown and Midtown Sacramento, the property offers a secure parking lot (two security gates) including 24 parking spaces. Two-hour street parking is also available.

The building is fully occupied by four tenants all on a double-net lease structure. The leases have staggered expiration dates reducing the landlord's vacancy exposure. The largest tenant is Porter Communications occupying 2,822 square feet. Porter Communications is a modern marketing and branding agency with clients including McDonald's, Sacramento Kings, Dignity Health and MillerCoors. The second largest tenant is Humani Pilates Studios occupying 2,556 square feet. The remaining two suites are occupied by RealPage, a property management software company, occupying 1,792 square feet and CPA Mark Glickman occupying 1,545 square feet.

INVESTMENT HIGHLIGHTS

Location, Location, Location (Located in the Heart of Downtown Sacramento)

Supported by an Abundance of Restaurants, Retailers, and Residential Dwellings

Immediate Access to All Major Sacramento Highways and Freeways

High Quality Brick Construction with Modern Appeal

Above Average Downtown On-Site Parking (24 Spaces)

Excellent Visibility Along I Street



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section 2
Property Description



the property

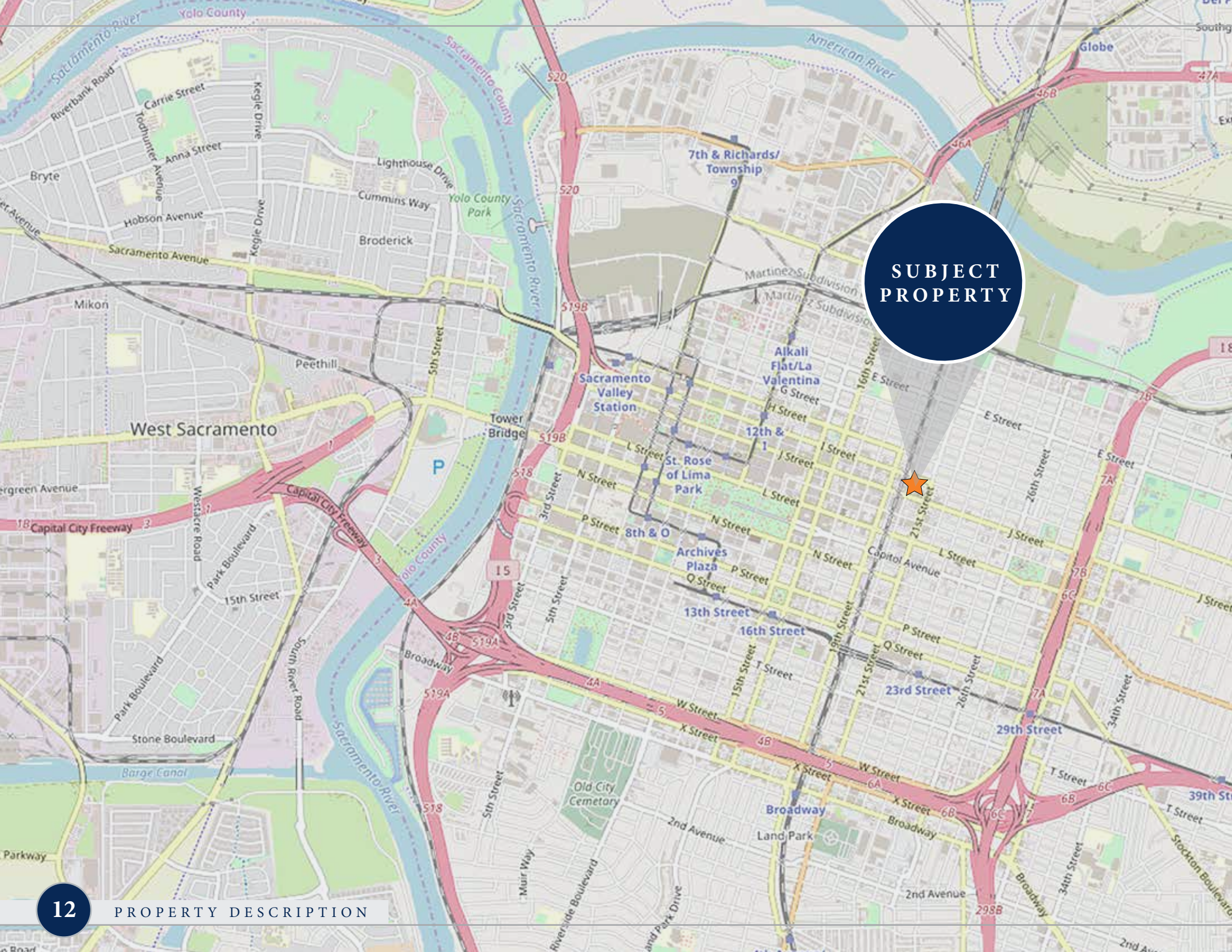


local and regional maps

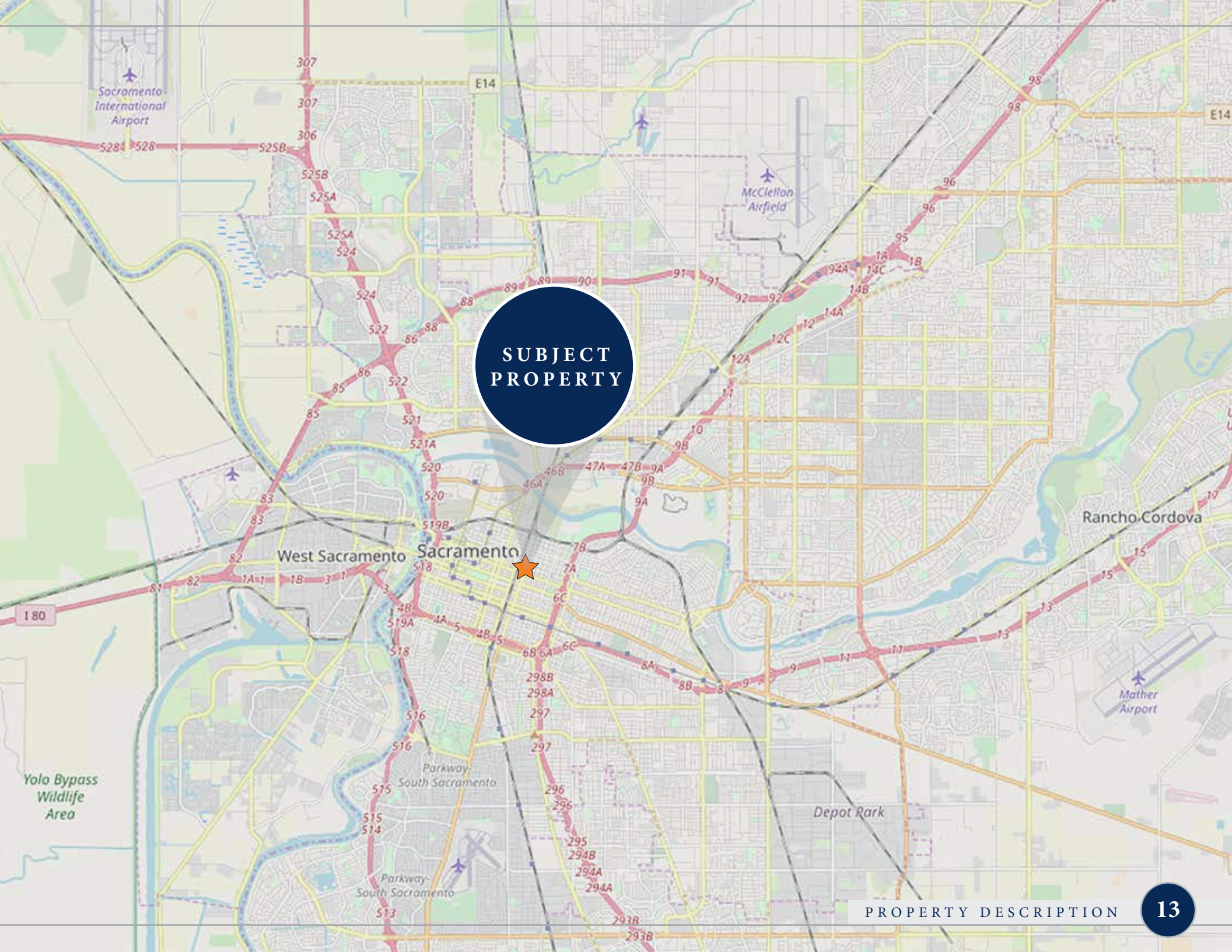


aerial map

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**SUBJECT
PROPERTY**



**SUBJECT
PROPERTY**





PROPERTY DESCRIPTION // 2020 I Street

Ownership	Fee Simple
Number of Stories	2
Parking	24 Gated Spaces w/ Additional Street Parking
Parking Ratio	2.75 Per 1,000 Square Feet
Topography	Flat
Number of Tax Parcels	1
APN	007-0016-007-0000

CONSTRUCTION

Foundation	Concrete
Framing	Masonry/Brick
Exterior	Painted Brick
Parking Surface	Asphalt
Roof	Flat-White Rubber Membrane ENERGY STAR (Replaced October 2013)

MECHANICAL AND ZONING

HVAC	6 Roof-Mounted Units
Utilities	Public To-Site
Zoning	Commercial (C-2)

ACCESS POINTS

Located on I Street Mid-Block Between 20th and 21st Streets

UTILITIES

Gas	Landlord Responsibility
Electric	Landlord Responsibility
Water	Landlord Responsibility
Sewer	Landlord Responsibility
Trash	Landlord Responsibility







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section 3
Financial Analysis



pricing details



operating data

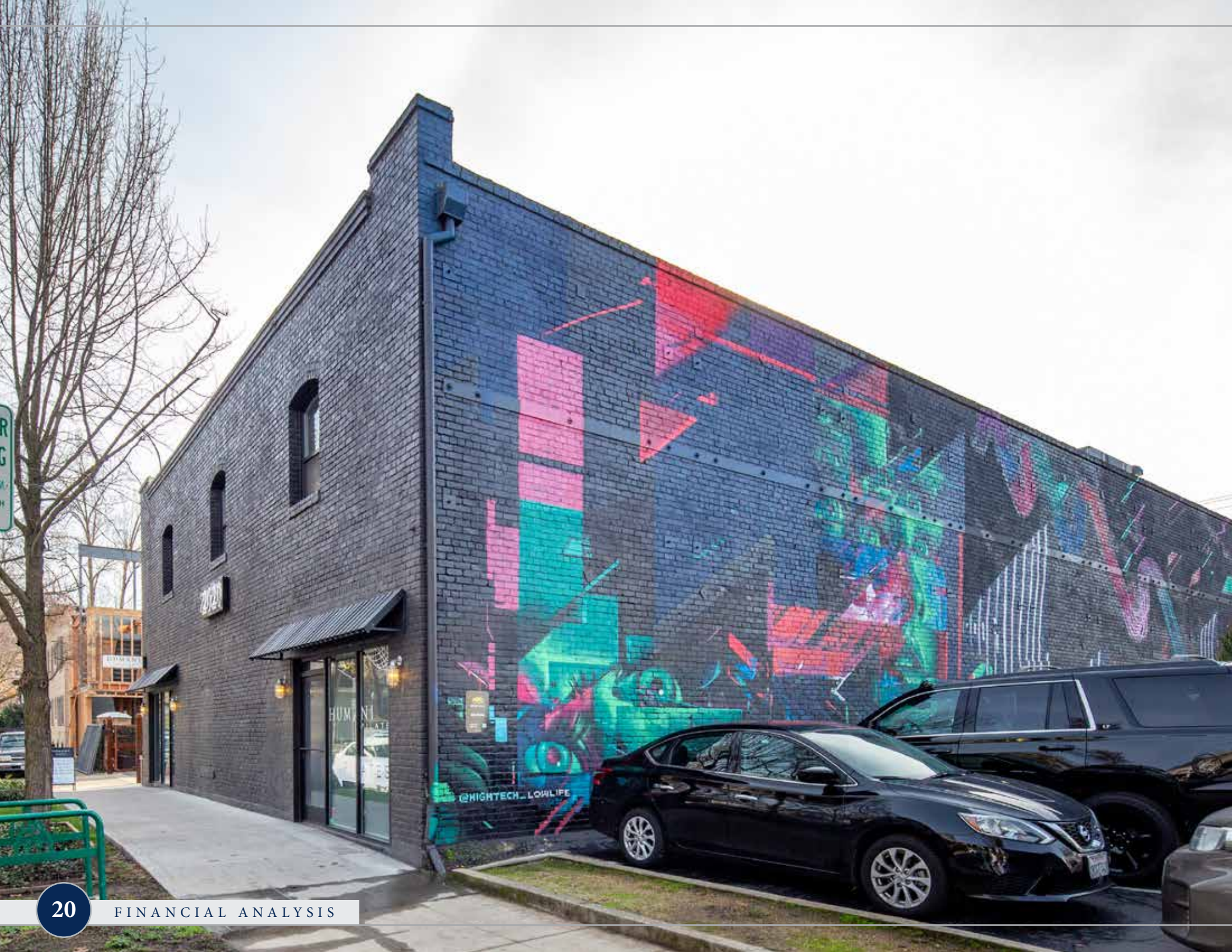


tenant summary



lease abstracts

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PRICING DETAILS

PRICE	\$3,100,000
Number of Suites	4
Price Per Sq Ft	\$355.71
Gross Leasable Area (GLA)	8,715 SF
Lot Size	0.32 Acres
Year Built/Renovated	1909/Recently Renovated
Occupancy	100.00%

TENANT SUMMARY

				LEASE DATES									
TENANT	SUITE	SQUARE FEET	% BLD SHARE	COMM.	EXP.	MONTHLY RENT/SF	TOTAL RENT/MONTH	TOTAL RENT/YEAR	CHANGES ON	CHANGES TO	LEASE TYPE	RENEWAL OPTIONS	
Humani Studios	120	2,556	29.3%	1/1/17	12/31/21	\$2.06	\$5,265	\$63,180	Jul-2020	\$6,134.00	NN	One 5-Year Option	
Mark Glickman	130	1,545	17.7%	7/1/19	M-T-M	\$2.00	\$3,090	\$37,080	N/A	N/A	NN	None	
Porter Communications	200	2,822	32.4%	2/28/18	3/31/23	\$1.96	\$5,531	\$66,373	Mar-2020	\$5,700.44	NN	One 5-Year Option	
RealPage	220	1,792	20.6%	9/1/17	8/30/20	\$2.07	\$3,717	\$44,609	N/A	N/A	NN	Two 5-Year Options	
Total		8,715				\$2.02	\$17,604	\$211,242					
Occupied Tenants: 4				Occupied GLA: 100.00%				Unoccupied Tenants: 0		Unoccupied GLA: 0.00%			

OPERATING STATEMENT

INCOME	YEAR 1		PER SF	YEAR 2		PER SF
Scheduled Base Rental Income	218,149		25.03	225,395		25.86
Expense Reimbursement Income						
CAM	37,986		4.36	39,122		4.49
Total Reimbursement Income	\$37,986	41.6%	\$4.36	\$39,122	42.0%	\$4.49
Parking Income	21,600		2.48	21,600		2.48
Potential Gross Revenue	277,735		31.87	286,117		32.83
General Vacancy	(6,544)	3.0%	(0.75)	(6,762)	3.0%	(0.78)
Effective Gross Revenue	\$271,191		\$31.12	\$279,355		\$32.05

OPERATING EXPENSES	YEAR 1		PER SF	YEAR 2		PER SF
Common Area Maintenance (CAM)						
Miscellaneous R&M	1,200		0.14	1,224		0.14
Gardening & Grounds	1,800		0.21	1,836		0.21
Janitorial Service	7,200		0.83	7,344		0.84
Janitorial Supplies	400		0.05	408		0.05
Backflow Test & Repair	175		0.02	179		0.02
HVAC R&M	1,600		0.18	1,632		0.19
Trash	3,900		0.45	3,978		0.46
Electricity - Actual w/ 3% increase	12,255		1.41	12,500		1.43
Water/Sewer	4,035		0.46	4,116		0.47
Roof PM @ Report w/ \$400 contingency	2,750		0.32	2,805		0.32
Security/Alarm	5,660		0.65	5,773		0.66
Internet	3,300		0.38	3,366		0.39
Insurance	3,000		0.34	3,060		0.35
Real Estate Taxes	34,450		3.95	35,139		4.03
Management Fee	9,577	3.5%	1.10	9,769	3.5%	1.12
Total Expenses	\$91,302		\$10.48	\$93,128		\$10.69
Expenses as % of EGR	33.7%			33.3%		
Net Operating Income	\$179,889		\$20.64	\$186,227		\$21.37

LEASE ABSTRACTS

TENANT NAME		PORTER COMMUNICATIONS
Legal Tenant		Porter Communications, Inc.
Effective Date		2/28/2018
Expiration Date		2/28/2023
Early Termination		None
Options		One 5-Year Option
Percentage Rent		None
Common Area Maintenance	Paragraph 4.2 - Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the Operating Expense Increase. Paragraph 7.1 - Lessee's Obligations - Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse.	
Insurance	Paragraph 8.1 - The cost of the premiums for the insurance policies maintained by Lessor are included as Operating Expenses. Paragraph 8.2 - Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the premises and all areas appurtenant thereto.	
Taxes	Paragraph 10.2 - Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses. Paragraph 10.3 - Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the project by other lessees or by Lessor for the exclusive enjoyment of such other lessees.	
Exclusive Use	None	
Other	The Personal Guarantee on the full lease is limited to the initial 2 years of the lease. After the initial 2 years then the Personal Guarantee would only apply to the \$37,500 unamortized TI & commission reduced by 1/5th every year starting in year 1 of the initial term of the initial lease. All controllable expense charges shall be capped at a 5% maximum annual increase calculated on a non-cumulative basis.	

LEASE ABSTRACTS

TENANT NAME		HUMANI STUDIOS
Legal Tenant		Humani Studios LLC
Effective Date		3/24/2014
Expiration Date		12/31/2021
Early Termination		None
Options		One 5-Year Option
Percentage Rent		None
Common Area Maintenance	Paragraph 9 - Landlord agrees to furnish to the Premises during generally recognized business days, and during hours determined by Landlord at its sole discretion, electricity for normal desk top office equipment and normal copying equipment, and heating ventilation and air conditioning. If Tenant desired HVAC outside of normal business hours Tenant shall pay Landlord's Charges therefor on demand. Paragraph 11 - Tenant at Tenant's sole expense shall, except for services furnished by Landlord, maintain the Premises in good order, condition and repair, including the interior surfaces of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures, Building Standard furnishings and special items and equipment installed by or at the expense of Tenant.	
Insurance	Paragraph 22 - Tenant's insurance shall name Landlord as additional insured.	
Taxes	Paragraph 5.6 - In addition to the Rent and any other changes to be paid by Tenant hereunder, Tenant shall reimburse Landlord upon demand for any and all taxes payable by Landlord which are not otherwise reimbursable under the Lease.	
Exclusive Use	None	

TENANT NAME		REALPAGE (RENTLYTICS)
Legal Tenant		Rentlytics, Inc.
Effective Date		9/1/2017
Expiration Date		8/30/2020
Early Termination		None
Options		Two 5-Year Options
Percentage Rent		None
Common Area Maintenance	Paragraph 3.2 5B - Tenant shall pay Landlord as Additional Rent for each calendar year or portion thereof during the term Tenant's Share of the sum of (x) the amount by which Operating Costs for the period exceed Base Operating Costs, and (y) the amount by which Taxes for such period exceed Base Taxes. It is the intention of Landlord and Tenant that the Base Rent paid to Landlord be absolutely net of all increases in Operating Costs and Taxes over the Base Operating Costs and Base Taxes. Tenant agrees that any Taxes or Operating Costs that accrue or are incurred during the Term of the Lease may be included in the calculations of Additional Rent, notwithstanding that such Taxes or Operating Costs may be payable by Landlord in arrears. Paragraph 9.2 - All electricity usage in the Premises outside of the Business Hours shall be electronically monitored, and Tenant shall pay Landlord's charges.	
Insurance	Paragraph 11.1 - Tenant shall maintain in full force throughout the Term, commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than \$2,000,000 each occurrence for bodily injury and property damage combined, \$2,000,000 annual general aggregate, and \$2,000,000 products and completed operation annual aggregate. Paragraph 11.2 - Landlord shall maintain in effect insurance on the Building against special form perils insuring the Building and Improvements in an amount equal to at least 80% of the replacement cost.	
Taxes	See Common Area Maintenance	
Exclusive Use	None	

LEASE ABSTRACTS

TENANT NAME		MARK M. GLICKMAN, CPA
Legal Tenant		Mark M. Glickman
Effective Date		8/1/2019
Expiration Date		M-T-M
Early Termination		None
Options		None
Percentage Rent		None
Common Area Maintenance	Paragraph 7 - In addition to the Base Rent required to be paid hereunder, beginning with the expiration of the Base Year, Tenant shall pay as Additional Rent, Tenant's Proportionate Share of the Building of increases in Operating Expenses over the Year Operating Expenses shall not include market-wide labor-rate increased due to extraordinary circumstances, including, but not limited to, boycotts and strikes, and utility rate increases due to extraordinary circumstances including conservation subcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements. Tenant shall pay the applicable Tenant's Proportionate Share of each such Operating Expense.	
Insurance	Paragraph 7 A 2 - Operating Expenses shall include Insurance. Paragraph 7 B - Tenant shall procure at Tenant's sole cost and expense and keep in effect from the date of the lease Property Insurance and Liability Insurance.	
Taxes	Paragraph 7 A 1 - Operating Expenses shall include Taxes	
Exclusive Use	None	



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section 4
Market Overview



location overview



market research



demographics

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SACRAMENTO CALIFORNIA

POPULATION
501,901

City Of SACRAMENTO



The Sacramento-Roseville-Arden-Arcade metro is located in the middle of the 400-mile-long Central Valley of California and is composed of four counties: Sacramento, El Dorado, Placer and Yolo. It contains nearly 2.3 million people and unlike the nearby San Francisco Bay Area, Sacramento is seismically quiet.

Sacramento, home of the state capitol, is the most populous city, with approximately 500,000 residents, followed by Elk Grove and Roseville with 168,000 and 133,000, respectively. During the next five years, a more affordable cost of living and infill redevelopment projects will help draw businesses and residents to the area.

Residents and visitors to Sacramento can enjoy many recreational activities. The region is home to professional sports teams such as the Kings (NBA), Republic FC, Sirens (IWFL) and the River Cats. A short drive away is some of the world's finest wine-producing regions: the Napa, Sonoma and Alexander valleys. Sacramento is also just a short distance from Lake Tahoe and its popular ski resorts. The area offers various cultural opportunities including the ballet, opera, museums, a zoo and music festivals. In addition to four community colleges, there are two universities located in the region: California State University, Sacramento, and University of California, Davis. Housing is relatively affordable in the metro compared with the Bay Area, drawing many residents and businesses.

DEMOGRAPHICS // 2020 I Street



375,856

Total Population Within a Five-Mile Radius



\$70,064

Average Household Income within
a Five-Mile Radius



152,113

Total Households in a Five-Mile Radius



POPULATION	1 Mile	3 Miles	5 Miles
2023 Projection			
Total Population	23,819	140,027	381,473
2018 Estimate			
Total Population	23,338	138,859	375,856
2010 Census			
Total Population	21,557	129,441	350,818
2000 Census			
Total Population	21,555	129,758	334,143
Daytime Population			
2018 Estimate	97,696	289,149	550,917
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2023 Projection			
Total Households	15,625	65,403	156,955
2018 Estimate			
Total Households	15,169	63,969	152,113
Average (Mean) Household Size	1.51	2.1	2.4
2010 Census			
Total Households	13,800	58,826	140,860
2000 Census			
Total Households	13,474	58,231	136,016

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
\$150,000 or More	6.60%	10.21%	8.51%
\$100,000 - \$149,000	9.41%	12.45%	11.38%
\$75,000 - \$99,999	9.00%	10.83%	10.56%
\$50,000 - \$74,999	15.29%	15.89%	17.03%
\$35,000 - \$49,999	12.54%	11.59%	13.15%
Under \$35,000	47.15%	39.02%	39.38%
Average Household Income	\$62,365	\$75,178	\$70,064
Median Household Income	\$37,931	\$49,041	\$46,726
Per Capita Income	\$41,245	\$35,256	\$28,703
Under \$15,000	16.77%	15.91%	16.48%
Average Household Income	\$62,365	\$75,178	\$70,064
Median Household Income	\$37,931	\$49,041	\$46,726
Per Capita Income	\$41,245	\$35,256	\$28,703

POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2018 Estimate Total Population	23,338	138,859	375,856
Under 20	7.61%	20.40%	24.58%
20 to 34 Years	43.68%	27.52%	26.43%
35 to 39 Years	10.05%	8.00%	7.40%
40 to 49 Years	11.99%	12.77%	12.00%
50 to 64 Years	16.97%	18.40%	17.13%
Age 65+	9.68%	12.91%	12.45%
Median Age	34.54	36.19	34.39
Population 25+ by Education Level			
2018 Estimate Population Age 25+	19,805	101,293	255,134
Elementary (0-8)	3.44%	4.20%	5.26%
Some High School (9-11)	4.28%	7.40%	8.74%
High School Graduate (12)	12.80%	17.92%	21.38%
Some College (13-15)	27.38%	23.14%	23.47%
Associate Degree Only	6.47%	7.14%	7.76%
Bachelors Degree Only	29.00%	23.00%	18.98%
Graduate Degree	15.75%	14.61%	11.01%



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