



**ATTACHMENTS** – None.

Prepared by:

Reviewed by:

/S/  
Kathryn T. Regalia  
Chief Operations Officer

/S/  
Annette St. Urbain  
Interim Chief Executive Officer



# SACRAMENTO MARKET UPDATE

Prepared For

**SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT  
SYSTEM**

JULY 2017





# Sacramento Urban Renaissance





## 2016 Downtown by the Numbers

### Housing

198 units created in 2016  
1300 under construction  
12,380 total units

### Restaurants

50+ opened in 2016  
68 bars  
139 restaurants

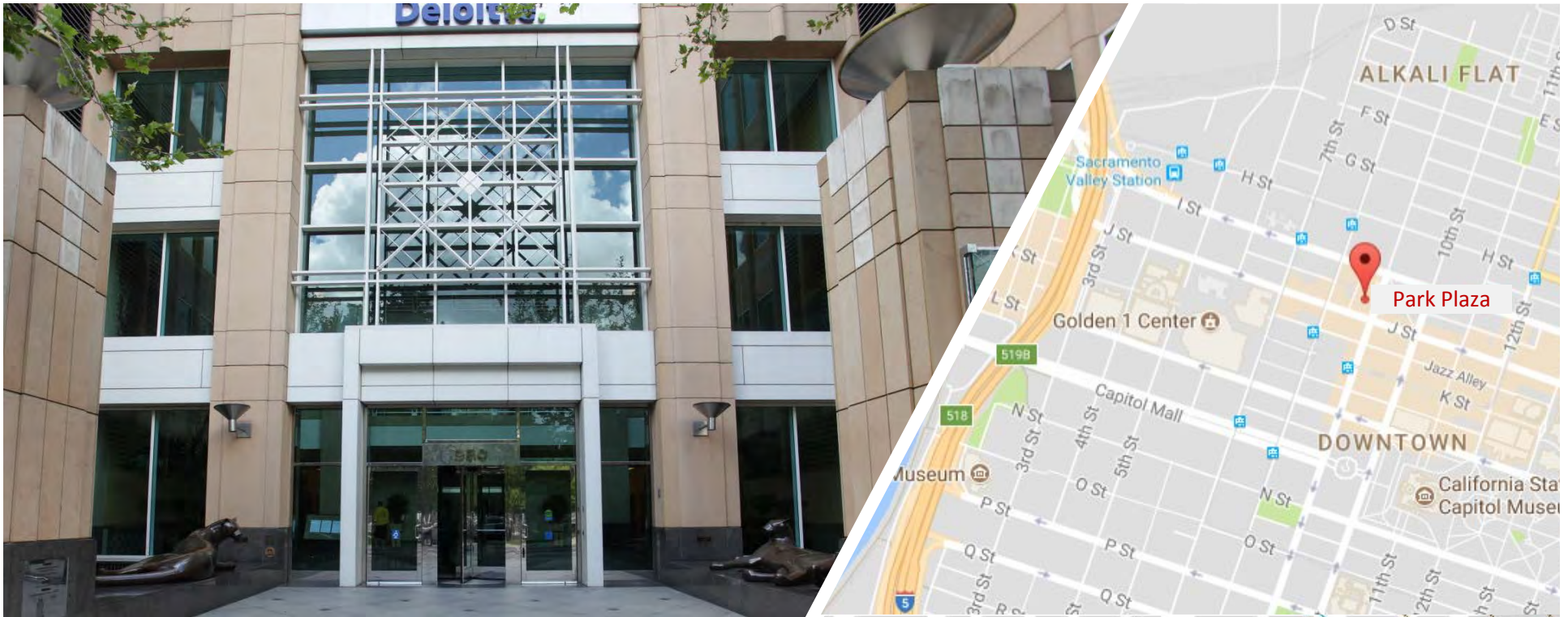
### Population

21,326 Downtown residents  
101,968 daytime employees  
4.3 million Old Sac visitors

### Hotels

10 in Downtown  
Kimpton Sawyer opening in 2017  
Hyatt Place starting redev in 2017

# 980 9<sup>th</sup> Street- SCERS Lease Snapshot



## SCERS

<b>Total RSF Occupied</b>	17,065
<b>Lease Expiration</b>	April 30, 2021
<b>Lease Start</b>	March 1, 2011
<b>Term</b>	122 months
<b>Options</b>	Two 5-year @ FMR

<b>Current Monthly Rent / SF</b>	\$2.80
<b>Current Monthly Rent / Total</b>	\$47,782
<b>Ending Monthly Rent / SF</b>	\$3.00
<b>Ending Monthly Rent / Total</b>	\$51,195
<b>Base Year</b>	2011

# 980 9<sup>th</sup> Street – Building Information



## LEASE

Total RSF	463,556
Vacancy	32%
Vacant RSF	143,000
Asking Rate	\$2.90 - \$3.00
TI	\$60 (\$30 relet)



## IMPROVEMENTS

- Expand Fitness Center
- Redo locker and showers
- ADA work
- New HVAC
- New furniture in the lobby



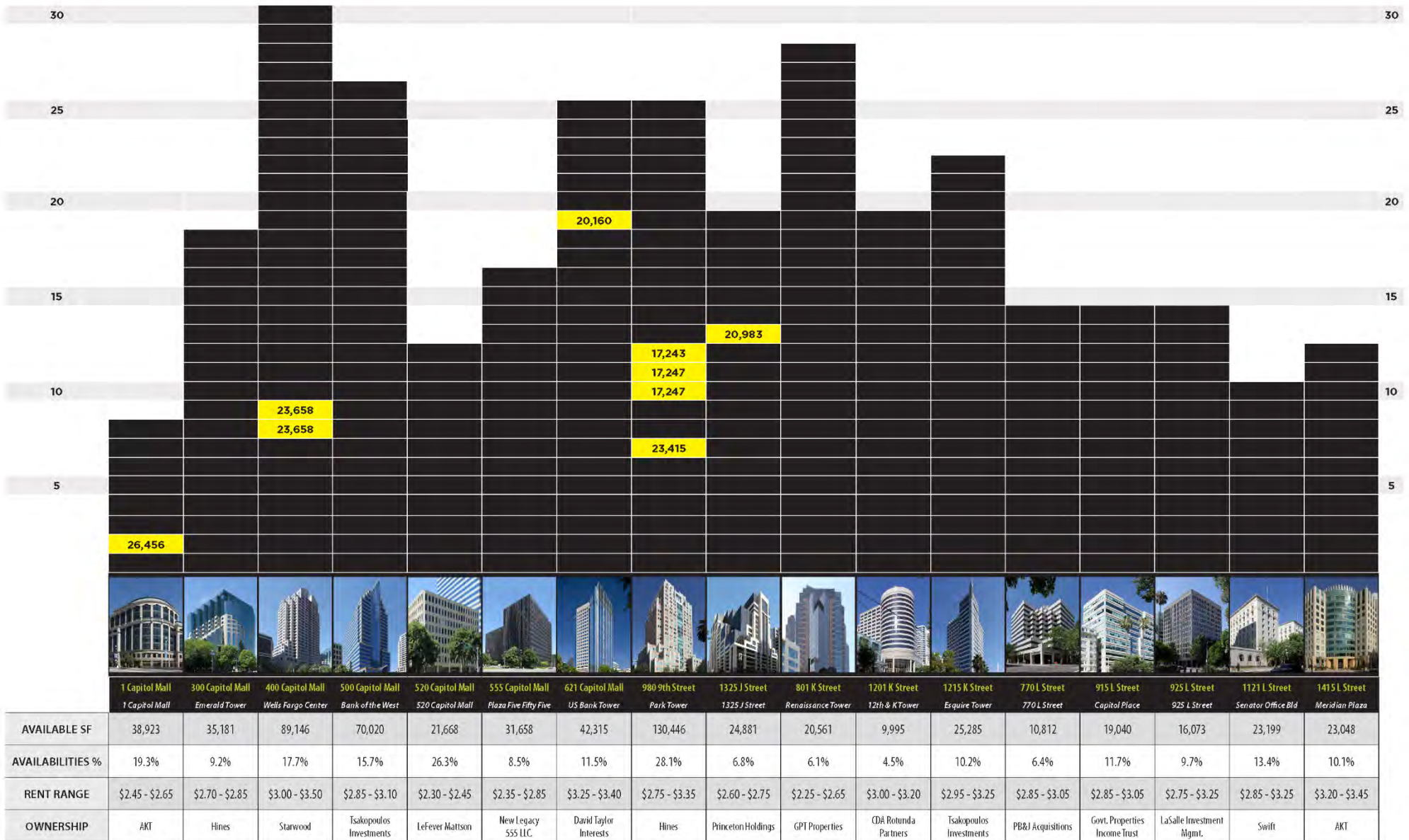
## SALE

Sale Price (2016)	\$120.5 m / \$244
Sale Price (2009)	\$97 m / 24% ↑





# Downtown Office Market – Office Blocks >17K SF





# Downtown Class A Office Market - 2Q 2017 Stats



# Sacramento Office Development



831 K Street



The Tribute Building



301 Capitol Mall



601 J Street

## *Cordano*

- ✓ Office: 200K SF
- ✓ Retail: 6,500 SF
- ✓ LEED Silver
- ✓ 300 yards to Capital Steps

## *Heller*

- ✓ Four stories
- ✓ Office: 40K SF
- ✓ Retail: 7,032 SF
- ✓ Building will feature original Wayne Thiebaud mosaic art throughout common areas, in addition to the 52 foot tall exterior art

## *CIM Group*

- ✓ 30 stories
- ✓ Residential: top 5 floors
- ✓ Office: 615,000 SF
- ✓ Retail: 28K SF

## *Vanir Construction*

- ✓ 26 stories
- ✓ 372,700 SF
- ✓ Ground-floor retail
- ✓ Directly across from Golden 1 Center / DOCO

What it will take:  \$75 PSF Rents  30% Preleased  \$700 PSF Construction Costs



## THE MARKET AHEAD:

*Increasing construction costs → No new supply  
→ Increasing rents & Decreasing concessions*

## SCERS' FACILITY ALTERNATIVES:

- ① Stay put; exercise Fair Market Rent option in 2021
- ② Move to new location in 2021
- ③ Recast & extend lease