

# FOR SALE | 100% LEASED

±13,759 SF OFFICE BUILDING | INVESTMENT OPPORTUNITY | SACRAMENTO MSA



## OFFERING MEMORANDUM

**\$2,540,000 | 7.0% CAP RATE**

- » 88% Leased through 01/31/2023
- » Annual Rental Increases during primary lease term
- » Market ready spec suite, 1 year Lease Guarantee
- » Priced below replacement cost
- » Major Tenant has occupied for 10 years



Cushman and Wakefield Inc. LIC. # 00616335

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Cushman & Wakefield Ron Thomas, Chris Schwarze & Kevin Partington ("Brokers") have been retained on an exclusive basis to market the property described herein ("Property"). Brokers have been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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# INVESTMENT SUMMARY

<b>ADDRESS</b>	10680 White Rock Road Rancho Cordova, CA
<b>IN PLACE NOI (YR 1)</b>	\$144,127
<b>PRICE</b>	\$2,540,000
<b>CAP RATE</b>	7.0% In Place 1
<b>TRC COMPANIES LEASE RSF (12,179 sf)</b> <b>SPEC SUITE INCOME (1,658 sf x\$1.70)</b> 1 year Seller Rent Guarantee	\$248,452 (Year 1) - Gross Rent <u>\$33,823 (Year 1)</u>
<b>TOTAL GROSS RENT</b> <b>OPERATING EXPENSES</b> <b>NOI/CAP RATE</b>	\$282,275 (\$104,325) \$177,950 / 7.0%
<b>TRC LED</b>	01/31/2023
<b>TRC RENT INCREASES</b>	\$0.05 Every 12 months
<b>YEAR BUILT</b>	1989
<b>BUILDING SF</b>	13,759 SF
<b>PARCEL SIZE</b>	±1.45 Acres
<b>LEASE TYPE</b>	Full Service Lease – Landlord is responsible for insurance, taxes and all maintenance.



## PRICING BELOW REPLACEMENT COST

- » The Property is expected to trade below its estimated replacement cost (\$215 PSF), offering a Buyer an economic advantage over the competitive buildings in the market with higher basis. This will allow the investor more flexibility to structure attractive leases and terms in the unlikely event that a vacancy arises.

## UPSIDE IN SMALL VACANT SPACE

- » The Cap Rate reflects actual in-place income including a Seller Rent Guarantee for 1-year in the vacant spec suite. The vacant space is move-in ready with new Tenant Improvements and has its own restroom in the space. Current in place rents are below market at \$1.70/SF (average asking rents on the Hwy 50 Corridor are \$1.90/SF).

## INVESTMENT GRADE TENANCY WITH UPSIDE

- » The largest tenant, TRC Environmental Corporation (NYSE - TRR), occupies 88% of the property and has been a tenant in the building since 2007, thus providing an investor a stable and consistent cash flow. The small vacancy offers an investor immediate addition value in year 1 with the Seller Rent Guarantee.




VACANT  
±1,658 RSF






- |   |   |                                      |                |
|---|---|--------------------------------------|----------------|
| 1. Dignity Healthcare                     | 10. VSP Vision Care                               | 19. Liberty Home Equity Solutions    | 28. Health Net |
| 2. Kaiser Permanente Rancho Cordova       | 11. Altair Eyewear/Eyefinity                      | 20. Barco                            | 29. TEKsystems |
| 3. State of CA – State Controllers Office | 12. Franklin Templeton                            | 21. Sacramento County                |                |
| 4. Amec Foster Wheeler                    | 13. Blue Shield of CA                             | 22. Firemans Fund                    |                |
| 5. Moss Adams                             | 14. Delta Dental                                  | 23. National University              |                |
| 6. Aerotek                                | 15. Dignity Healthcare                            | 24. Kleinfelder                      |                |
| 7. Paramount Equity Mortgage              | 16. State of CA – Dep’t of Child Support Services | 25. Cisco Systems                    |                |
| 8. Wells Fargo Insurance                  | 17. Travelers                                     | 26. California Northstate University |                |
| 9. Progressive Insurance                  | 18. NEC Corporation of America                    | 27. Phillips                         |                |

**SACRAMENTO REGIONAL TRANSIT - RT (BUS & LIGHT RAIL)**

 BUS ROUTE - 74, 176, 177, 28

 BUS STOPS

**THE ZINFANDEL RT LIGHT RAIL STATION IS 25 MINS AWAY USING BUS LINES 74 & 177**

# TENANT SUMMARY



A pioneer in groundbreaking scientific and engineering developments since the 1960s, TRC is a national engineering, consulting and construction management firm providing integrated services to the power, oil and gas, environmental and infrastructure markets. They serve a broad range of clients in government and industry, implementing complex projects from initial concept to operations.

TRC has over 4,000 technical professionals and support personnel at more than 120 offices throughout the U.S. Our clients depend on TRC's multidisciplinary teams to design solutions to their toughest business challenges in the energy, environmental and infrastructure markets.

[www.trcsolutions.com](http://www.trcsolutions.com) | NYSE - TRR

# OF LOCATIONS 120+ # OF EMPLOYEES 4,000

## TRC RANKINGS

**ENGINEERING NEWS-RECORD** released its annual ranking in 2017 of **Top 500 Design Firms**, placing TRC at **#23**. TRC was also ranked on the **Top 20 Design Firms** for the **Power and Hazardous Waste sectors**.



www.enr.com

# LEASE ABSTRACT

<b>TENANT</b>	TRC Environmental Corporation	
<b>ADDRESS</b>	10680 White Rock Road Rancho Cordova, CA	
<b>RENT COMMENCEMENT</b>	November 1, 2017 - Third Amendment (Initial Lease commenced May 2007)	
<b>LEASE EXPIRATION</b>	January 31, 2023	
<b>RENT PER YEAR (12,179 SF)</b>	Current – 10/31/2017	\$22,044 (monthly)
	Year 2 - 11/01/17 - 10/31/2018	\$248,452 <i>(Month's 1-3 are rent free per the lease - Landlord will guarantee base rent at time of sale)</i>
	Year 3 - 11/01/18 - 10/31/2019	\$255,759
	Year 4 - 11/01/19 - 10/31/2020	\$263,066
	Year 5 - 11/01/20 - 10/31/2021	\$270,374
	Year 6 - 11/01/21 - 10/31/2022	\$277,681
	Year 7 - 11/01/22 - 01/31/2023	\$284,989
	<b>CANCELLATION OPTION:</b>	Tenant shall have the one-time option to terminate the Lease at the forty-eighth (48th) month of the Extended Term, with one hundred eighty (180) days prior written notice to the Termination Date, with penalty in the amount equal to the sum of the unamortized portion of the brokerage, the unamortized portion of the costs of all Tenant Improvements paid for or provided by Landlord for the Premises pursuant to the Work Letter. amortized on a straight-line basis with interest at the rate of five percent (5%) per annum, paid by Tenant no later than thirty (30) days prior to the Termination Date.
<b>LEASE TYPE</b>	Full Service - Landlord is responsible for utilities, maintenance, and property taxes.	
<b>SECURITY DEPOSIT</b>	None	
<b>OPERATING EXPENSES/ REAL ESTATE TAXES</b>	Landlord shall be responsible. - 2018 Base Year	
<b>ROOF/STRUCTURE</b>	Landlord is responsible for Roof and Structure	

# PROPERTY OVERVIEW

## LOCATION

The Property is located in the heart of Prospect Park – Rancho Cordova’s premier business center with close proximity to a plethora of local amenities. The Property is situated on one parcel of land totaling 1.48 acres and is located a short drive from Downtown Sacramento with excellent access to Highway 50. Building is associated with Capital Corporate Center (CCC) - A five building office complex with Sedgwick, US HealthWorks, Golden Sierra Overnight and others. CCC offers tenants an on-site deli located at 3320 Data Drive.

## ACCESS

10680 White Rock Road is conveniently located and provides access to Highway 50 via Zinfandel Blvd only half a mile away

## LOCATION

10680 White Rock Road is within walking distance to hotel and retail amenities and is less than a 5 minute drive to Rancho Cordova Town Center.

## OPERATING EXPENSES

YEAR 1 operating expenses are based on management’s 2017 estimates.

	\$	\$ psf
GAS	\$3,726	\$0.27
JANITORIAL	\$14,163	\$1.03
REPAIRS & MAINTENANCE	\$9,048	\$0.66
WATER/SEWER	\$1,760	\$0.13
ASSOCIATION CAM ACCOUNT	\$44,832	\$3.26
INSURANCE	\$3,784	\$0.28
MANAGEMENT FEE	\$7,553	\$0.55
REAL ESTATE TAX	\$19,459	\$1.41
<b>TOTAL OPERATING EXPENSES</b>	<b>\$104,325</b>	<b>\$7.58</b>



**Janitorial:** Includes the cost of the janitorial contract, plumbing and cleaning supplies and trash disposal for the entire building.

**Repairs & Maintenance:** Includes the cost of HVAC, and other general building repairs and maintenance supplies, and trash removal.

**Real Estate Taxes:** Includes the cost of estimated property tax from Sacramento County.

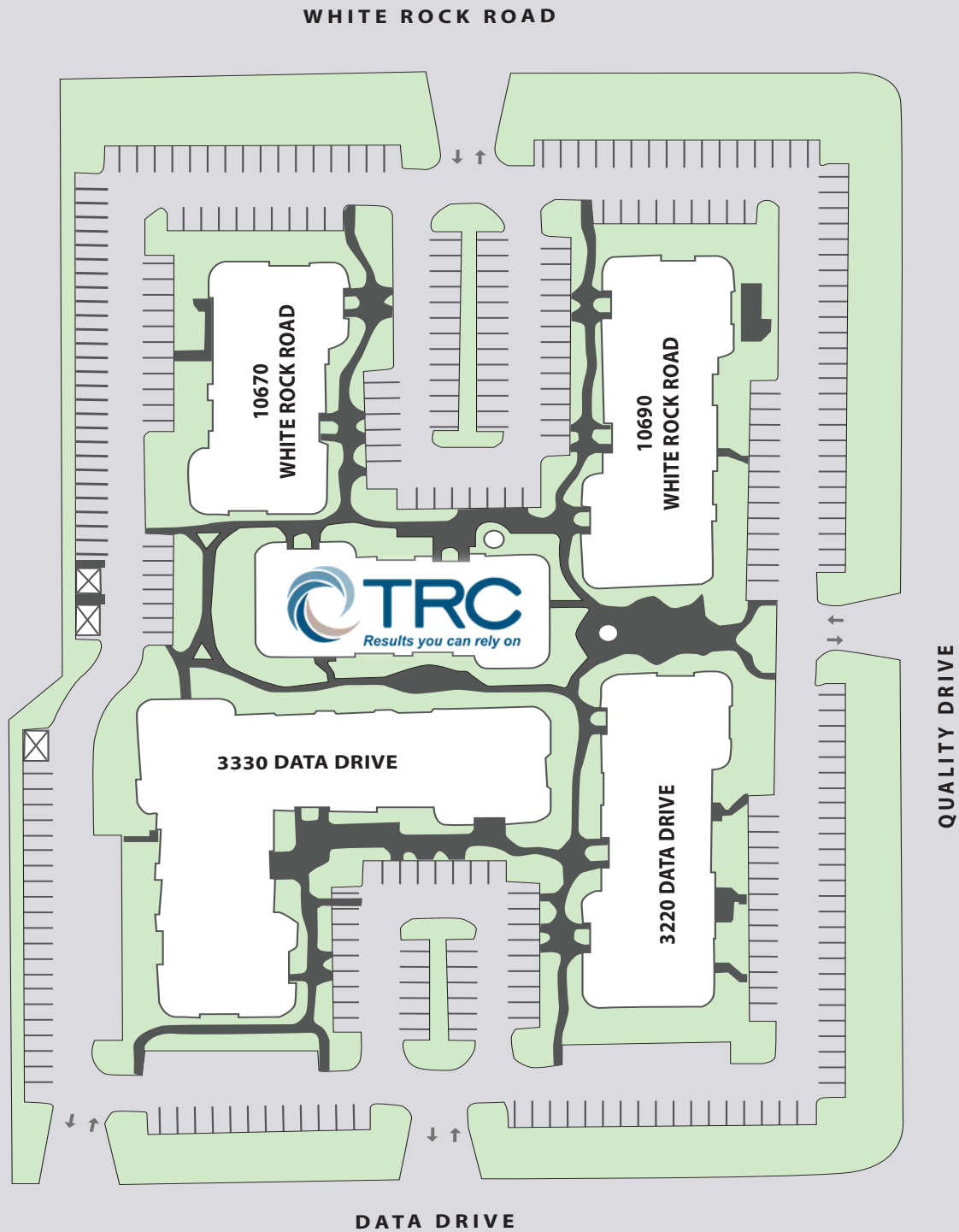
**Insurance:** Insurance includes the cost of premiums for property, casualty, general liability, and earthquake insurance.

Buyers should make their own assumptions regarding the cost to insure the Property.

**Management Fee:** Management Fee has been calculated at 3.0% of Effective Gross Revenue.

**Association CAM Account** - Includes the cost of Electricity for the entire building and all common area maintenance within the ASSOCIATION governing Capital Corporate Center

# SITE PLAN





# AREA OVERVIEW

Sacramento benefits tremendously from the fact that it is the capital of the State of California. In addition to the large employment requirements of the state government, the private sector has flourished as a result of proximity to the seat of government, and increasingly as a result of non-government influenced factors such as affordability, quality of life, and location relative to major transportation thoroughfares and facilities. Specifically, some of the driving factors contributing to the region's desirability include:

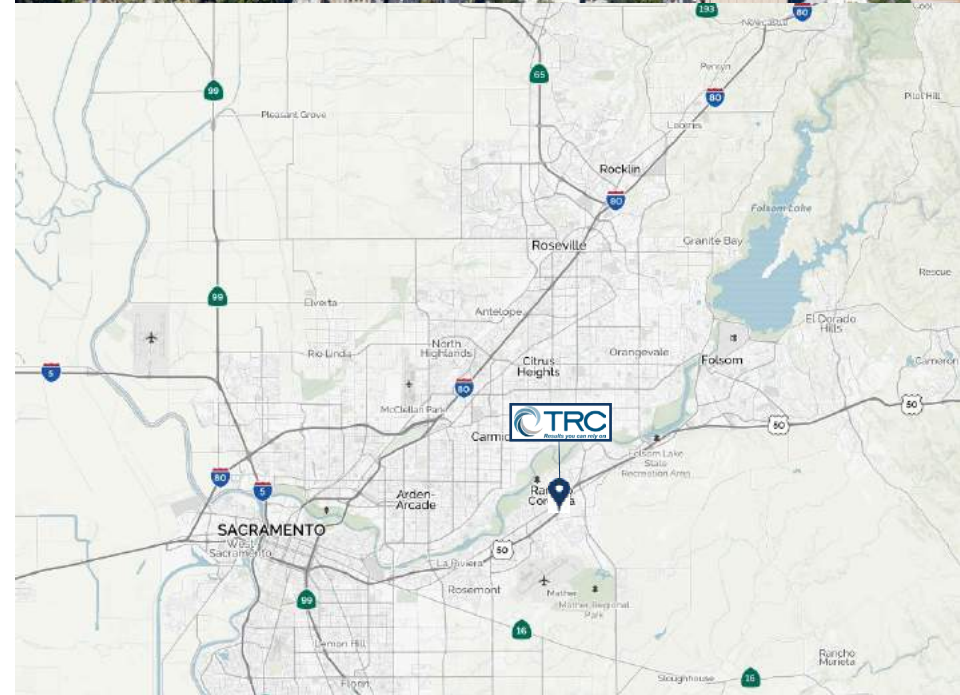
- » Affordable alternative to Downtown Sacramento (lower rents and ample free parking)
- » Central location with excellent freeway access and short distance from central business district
- » Proximity to executive and affordable housing options
- » Convenient access to robust amenity base
- » Access to the region's dense labor pools

## DISTINGUISHED TENANCY

In addition to the traditional government-service users prominent in Sacramento, the Rancho Cordova / Highway 50 Corridor market has emerged as a robust employment center for a diverse base of corporate users, featuring household names such as Accenture, Verizon, Franklin Templeton, Blue Shield, Cisco Systems and Delta Dental. The critical mass of premier tenants and cost effective advantages (compared to downtown Sacramento) will continue to drive tenant demand in the area.

## IN-BOUND TENANT MIGRATION

The Rancho Cordova / Highway 50 Corridor's geographic location, a short drive from Downtown Sacramento, places it in a strategic position to benefit from an increase in tenant migration. The excitement surrounding the Sacramento Entertainment and Sports Complex (scheduled for completion in October 2016) has escalated rents and tightened vacancies in Sacramento's CBD, pushing active tenants to expand their search parameters to markets like Rancho Cordova, which offers high quality space alternatives, first class amenities, ample parking, and proximity to the main arteries of transportation.



# DEMOGRAPHIC PROFILE

<b>2015 SUMMARY</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
Population	20,397	76,544	207,332
Households	7,506	28,670	81,917
Average Age	34.50	38.00	39.70
Average Household Size	2.70	2.70	2.50
Median Home Value	\$245,774	\$266,496	\$325,410
Median Household Income	\$53,918	\$58,703	\$66,435

<b>2022 ESTIMATE</b>	<b>1 Mile</b>	<b>2 Miles</b>	<b>3 Miles</b>
Population	21,690	80,768	218,653
POP Growth 2017-2022	6.34%	5.52%	5.46%
Households Growth 2017-2022	6.42%	5.54%	5.44%



# 10680 WHITE ROCK ROAD

RANCHO CORDOVA | CA



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