

FOR SALE | 100% LEASED

±32,061 SF OFFICE BUILDING | INVESTMENT OPPORTUNITY | SACRAMENTO MSA



OFFERING MEMORANDUM



\$6,300,000 | 7.34% CAP RATE

- » 67% Leased through 05/31/2024
- » Annual Rental Increases during primary lease term
- » Priced below replacement cost
- » Main Tenant has occupied for ± 7 years



Cushman and Wakefield Inc. LIC. # 00616335

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Cushman & Wakefield Chris Schwarze (“Broker”) 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.

CHRIS SCHWARZE

Executive Director

916.288.4803

chris.schwarze@cushwake.com

CA RE License # 01291261



INVESTMENT SUMMARY

ADDRESS	3330 Data Drive Rancho Cordova, CA
IN PLACE NOI (YR 1)	\$462,342
PRICE	\$6,300,000
CAP RATE	7.34% In Place - Year 1
Sedgwick LEASE	\$478,654 (Year 1) - Gross Rent
GSO LEASE	\$231,840 (Year 1) - Gross Rent
TOTAL GROSS RENT	\$710,494
OPERATING EXPENSES	(\$248,152)
NOI/CAP RATE	\$462,342/ 7.34%
Sedgwick LED	05/31/2024
GSO LED	08/30/2020
SEDGWICK ANNUAL RENT INCREASES	3% Every 12 months (starting 06.01.2020)
YEAR BUILT	1989
BUILDING SF	32,061 SF
PARCEL SIZE	±3.10 Acres (APN# 072-0690-082)
LEASE TYPE	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 (\$196PSF), 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.

INVESTMENT GRADE TENANCY

- » The main tenant, Sedgwick Claims Management Services, occupies 67% of the property and has been a tenant in the building since 2011, thus providing an investor a stable and consistent cash flow with upside.

BUILDING UPGRADES

- » The following upgrades were completed in 2Q 2019.
 - 5,000SF expansion space - Brand new space for Sedgwick
 - New building standard carpet and paint throughout Sedgwick space
 - Sedgwick restrooms - New touchless Toilets, urinals, privacy panels, counters, sinks and faucets Sedgwick break room (Similar upgrades to existing restrooms)
 - New ADA faucet, sink and garbage disposal in new break room.

DISTINGUISHED TENANCY

- » In addition to the traditional government-service users prominent in Sacramento, Rancho Cordova has emerged as a robust employment center for a diverse base of users, featuring prominent companies like Centene, VSP, Delta Dental, UC Davis, State of California and Maximus. The critical mass of premier tenants and cost effective advantages (compared to Downtown Sacramento) will continue to drive tenant demand.



FUTURE SITE



CAPITAL VILLAGE RETAIL



50





- 1. Dignity Healthcare
- 2. Kaiser Permanente Rancho Cordova
- 3. State of CA – State Controllers Office
- 4. Amec Foster Wheeler
- 5. Moss Adams
- 6. Aerotek
- 7. Paramount Equity Mortgage
- 8. Centene
- 9. Progressive Insurance

- 10. VSP Vision Care
- 11. Altair Eyewear/Eyefinity
- 12. Franklin Templeton
- 13. Blue Shield of CA
- 14. Delta Dental
- 15. Dignity Healthcare
- 16. State of CA – Dep’t of Child Support Services
- 17. Travelers
- 18. NEC Corporation of America

- 19. Liberty Home Equity Solutions
- 20. Barco
- 21. Sacramento County
- 22. Firemans Fund
- 23. National University
- 24. Kleinfelder
- 25. Cisco Systems
- 26. California Northstate University
- 27. Phillips

- 28. Health Net
- 29. TEKsystems

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



Sedgwick has grown into a leading global provider of technology-enabled risk, benefits and integrated business solutions with 21,000 colleagues, located in 65 countries.

Through innovative product development, organic business development and strategic acquisitions, Sedgwick's offerings continue to evolve beyond claims processing to meet the current and future needs of our clients. Our approach to delivering quality service in areas such as workers' compensation, liability, property, disability and absence management goes far beyond just managing claims—we aim to simplify the process and reduce complexity, making it easy and effective for everyone involved.

www.sedgwick.com

# OF LOCATIONS	±65 Countries	# OF EMPLOYEES	±21,000
HEADQUARTERS	Memphis, TN	FOUNDED	1969



LEASE ABSTRACT

TENANT	Sedgwick Claims Management Services			
ADDRESS	3330 Data Drive			
RENT COMMENCEMENT	Initial Occupancy: 2007			
LEASE EXPIRATION	May 31, 2024			
RENT PER YEAR (21,561 SF)	Period	Annual Base Rent	Monthly Base Rent	Base Rent/ RSF
	01/01/19 - 05/31/20	NA	\$39,887.85	\$1.85
	06/01/20 - 05/31/21	\$494,178.12	\$41,181.51	\$1.91
	06/01/21 - 05/31/22	\$507,114.72	\$42,259.56	\$1.96
	06/01/22 - 05/31/23	\$522,638.64	\$43,553.22	\$2.02
	06/01/23 - 05/31/24	\$538,162.56	\$44,846.88	\$2.08
LEASE TYPE	Full Service - Landlord is responsible for utilities, maintenance, and property taxes.			
SECURITY DEPOSIT	None			
OPERATING EXPENSES/ REAL ESTATE TAXES	Landlord shall be responsible. - 2019 Base Year			
ROOF/STRUCTURE	Landlord is responsible for Roof and Structure			



TENANT SUMMARY



GSO, founded in 1995 has a service area throughout the West that includes California, Arizona, Nevada, New Mexico, Oregon, Washington, and Idaho, along with service types to cover Priority, Ground, and Freight shipping needs.

In October of 2016, GSO became a wholly-owned subsidiary of GLS U.S. Holdings Inc., which is one of the largest parcel companies in Europe with headquarters in Amsterdam and operations in 41 European states.

www.gso.com

HEADQUARTERS San Ramon, CA **FOUNDED** 1995



LEASE ABSTRACT

TENANT	Golden State Overnite (GSO)			
ADDRESS	3330 Data Drive			
RENT COMMENCEMENT	Initial Occupancy: 2013			
LEASE EXPIRATION	August 31, 2020			
RENT PER YEAR (10,500 SF)	Period	Annual Base Rent	Monthly Base Rent	Base Rent/ RSF
	01/01/19 - 02/28/20 03/01/19 - 08/31/20	NA	\$18,270.00 \$19,320.00	\$1.74 \$1.84
LEASE TYPE	Full Service - Landlord is responsible for utilities, maintenance, and property taxes.			
SECURITY DEPOSIT	None			
OPERATING EXPENSES/ REAL ESTATE TAXES	Landlord shall be responsible. - 2019 Base Year			
ROOF/STRUCTURE	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 3.10 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 TRC Environmental, US HealthWorks, Golden Sierra Overnight and others. CCC offers tenants an on-site deli located at 3320 Data Drive.

ACCESS

3330 Data Drive is conveniently located and provides access to Highway 50 via Zinfandel Blvd only half a mile away.

LOCATION

3330 Data Drive is within walking distance to hotels and retail amenities and is less than a 5 minute drive to Rancho Cordova Town Center.

OPERATING EXPENSES

Operating expenses are based on management’s 2018 estimates.

	\$ psf
GAS	\$0.02
JANITORIAL	\$0.09
REPAIRS & MAINTENANCE	\$0.03
WATER/SEWER/STORM	\$0.016
ASSOCIATION CAM ACCOUNT	\$0.275
INSURANCE	\$0.011
MANAGEMENT FEE	\$0.048
REAL ESTATE TAX	\$0.12
HVAC	\$0.035
TOTAL OPERATING EXPENSES	\$0.645



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.

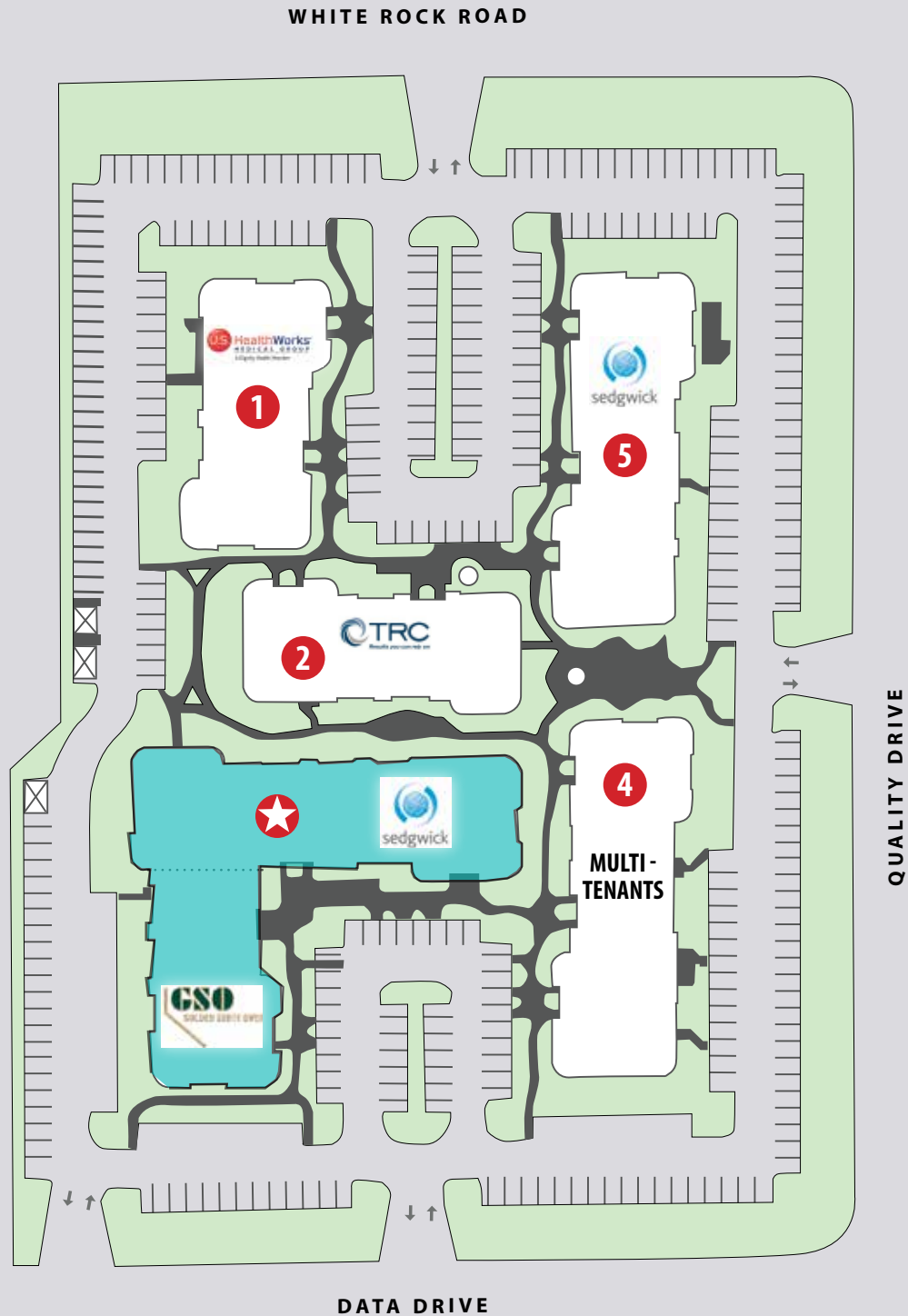
Buyers should make their own assumptions regarding the cost to insure the Property.

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

- 1 10670 White Rock Road
- 2 10680 White Rock Road
- ★ 3330 Data Drive
- 4 3320 Data Drive
- 5 10690 White Rock Road



AREA OVERVIEW

With 17.3 million square feet, The Highway 50/Rancho Cordova is the second largest office submarket in the region accounting for 20% of the total regional inventory. Rancho Cordova is located just 13 miles east of Downtown Sacramento. The city has a population of more than 73,000 residents and serves as the Sacramento area's largest employment subcenter, attracting in excess of 50,000 commuters. The submarket is known for its central location with easy freeway access, plentiful and free parking, large labor pools, and more affordable and available large blocks of space as compared to Downtown.



All of the above factors have made Rancho Cordova / Highway 50 Corridor a primary target for corporate relocations and expansions in the Sacramento Area.

DISTINGUISHED TENANCY

In addition to the traditional government-service users prominent in Sacramento, Rancho Cordova has emerged as a robust employment center for a diverse base of users, featuring prominent companies like Centene, VSP, Delta Dental, UC Davis, State of California and Maximus. The critical mass of premier tenants and cost effective advantages (compared to Downtown Sacramento) will continue to drive tenant demand.

AFFORDABLE ALTERNATIVE TO DOWNTOWN WITH LARGE BLOCKS OF OFFICE SPACE

A dearth of large block availabilities and rapidly tightening fundamentals in Downtown and Midtown have caused the Highway 50 submarket to become a preferred location for corporate tenants who seek affordable and flexible floorplates to optimize worker density, along with abundant parking to offer employees. No office has been developed in the submarket since 2012 and there are currently no projects under construction. These factors combined with easy access to the residential areas of the city put Rancho Cordova in a prime position for continued rent growth.

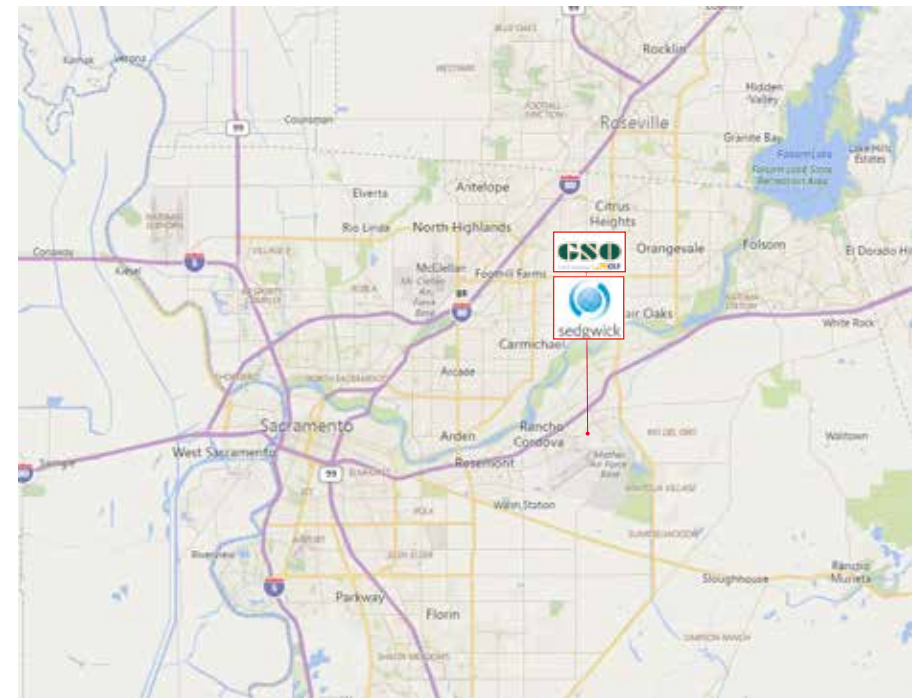
VIBRANT LEASING ACTIVITY

Since the beginning of 2017, the submarket has been home to some of the region's largest leases including Centene/ Healthnet (200K SF) at 10811 International Driv & 10730/10734 International Drive, Maximus (80k SF) at 11050 Olson Drive, and UC Davis (45K SF) at 10545 Armstrong Avenue. This trend shows little sign of slowing down, with YTD gross absorption of 191,983 square feet. The Class A average asking rate stands at \$1.95 psf with the upward trend expected to continue given local employment growth and lack of new construction.

17.4
million sf
of inventory

388
office
buildings


10.9%
vacancy rate



DEMOGRAPHIC PROFILE

2018 SUMMARY	1 Mile	3 Miles	5 Miles
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

2022 ESTIMATE	1 Mile	2 Miles	3 Miles
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%



3330 DATA DRIVE

RANCHO CORDOVA | CA



CHRIS SCHWARZE

Executive Director

916.288.4803

chris.schwarze@cushwake.com

CA RE License #01291261



**CUSHMAN &
WAKEFIELD**

Cushman and Wakefield Inc. LIC. # 00616335 • cushmanwakefield.com