

SUN CENTER

10961 & 10971 SUN CENTER DRIVE | RANCHO CORDOVA, CA



HIGH QUALITY OFFICE PROPERTY • 92% LEASED WITH STAGGERED EXPIRATIONS • STRONG CASH YIELDS AT ATTRACTIVE BASIS

THE OFFERING

Cushman & Wakefield, as exclusive advisor, is pleased to present the opportunity to acquire the 100% fee simple interest in Sun Center (the "Property"), located at 10961 and 10971 Sun Center Drive in the established and popular Prospect Park area of Rancho Cordova, California. The Property consists of two identical, two-story office buildings totaling 88,010 rentable square feet and 419 parking spaces. Sun Center is situated within the dynamic Highway 50 Corridor submarket which is the location of choice for major companies in the Sacramento region. The Property is adjacent to Highway 50 with immediate access to a broad range of amenities and services.

The State of California occupies 100% of 10961 Sun Center Drive with a lease through April 2023, while 10971 Sun Center Drive is 75% leased to DeVry University (Chamberlain School of Nursing) and EOS Healthcare through June 2025 and May 2022, respectively. **At 92% leased with staggered lease expirations, the Property offers an investor the opportunity to monetize stable, in-place cash flow while simultaneously realizing additional value by leasing up the remaining vacancy.**

PROPERTY SUMMARY

Name	Sun Center
Address	10961 & 10971 Sun Center Drive
Year Built	1982
Net Rentable Area (RSF)	88,010
Number of Buildings	2
Number of Stories	2
% Leased	92%
Weighted Average Lease Term	4.5 Years
Parking Ratio	419 Stalls (4.8 per 1,000 RSF)



RECENT RENEWAL FROM INVESTMENT GRADE ANCHOR TENANT

The Property is 50% leased to the State of California (Department of Corrections) through April 2023. The Department of Corrections is the largest State agency in terms of staffing with 66,800 employees statewide and has a budget of more than \$12 billion (Fiscal Year 2018-2019). The tenant maintains an investment grade rating of AA- by S&P. The State of California has occupied 10961 Sun Center since 2007 and recently extended its lease term which provides strong testimony to the tenant's commitment and indicates a stable investment.



"PRIDE OF OWNERSHIP" BUILDING AT DISCOUNT TO REPLACEMENT COST

The Property has been meticulously maintained and upgraded throughout the years, incorporating contemporary, high quality interior and exterior finishes. Anticipated pricing is projected to be well below replacement cost, estimated to be \pm \$300 PSF for a building of the Property's quality. With current market rents more than 50% below levels required for speculative office development, the Class A office market is protected from future competition until rents rise significantly.



IDEALLY SITUATED IN CLOSE PROXIMITY TO THE CITY OF SACRAMENTO

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 both 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, seismic stability and location relative to major transportation thoroughfares and facilities. In 2018, over 73% of incomers to Sacramento came from the San Francisco Bay Area.



PROVEN ABILITY TO ATTRACT AND RETAIN LARGE CORPORATE TENANTS

The Property provides large users prominent building identity while being a short commute away from Downtown Sacramento and the State Capitol. The individual buildings' relatively large, flexible floor plates are ideal for both large corporate and government users seeking either full-floor identity or smaller, multi-tenanted build-outs. In addition to the State of California, a strong prestigious corporate tenant roster surrounds the Property including Kaiser Permanente, VSP Vision Care, Franklin Templeton Investments, Sutter Health, Delta Dental, Blood Source, and Dignity Health.



KAISER PERMANENTE®



Dignity Health.



Sutter Health



BloodSource®



DELTA DENTAL®



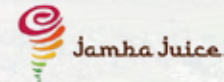
FRANKLIN TEMPLETON INVESTMENTS



ACCESS TO AMENITIES

Within a short drive of the Property are more than two dozen restaurants, numerous hotels, and Capital Village, a 265,000 square foot retail center that includes a Lowe's, US Bank, Starbucks, Habit Burger, Panera Bread, Noodles & Co, Chili's, and Rubio's. On the north side of Highway 50 and Zinfandel Drive is the Rancho Cordova Town Center that includes a Target, Walmart, Safeway, Chipotle, Panda Express, Subway, New York Bagel, and Jamba Juice.

RANCHO CORDOVA TOWN CENTER



FOLSOM BLVD



CAPITAL VILLAGE





STAND OUT MARKET FUNDAMENTALS

The Sacramento office market experienced an impressive 532,528 square feet of net absorption in 2018. Average asking rates stand at \$1.89/sf/mo full service—a 17% increase from just five years ago, while vacancy rates have decreased 36% in that same time. Downtown Sacramento is among the strongest CBDs in the nation, and the consistent market activity extends through the region's submarkets. Rapidly tightening CBD fundamentals along with a lack of available large block space continue to drive active tenant requirements to Rancho Cordova and other neighboring submarkets.



SACRAMENTO OFFICE MARKET SNAPSHOT

89.4 MSF
INVENTORY

9.2%
OVERALL
VACANCY

\$1.89 FS
AVG.
ASKING RENT

17% GROWTH
IN RENT SINCE Q4'13

COMPETITIVE ALTERNATIVE TO DOWNTOWN SACRAMENTO

The Rancho Cordova submarket provides a desirable economic alternative to Downtown Sacramento. Properties located within the submarket offer high quality, large blocks of contiguous space, proximity to growing residential neighborhoods, convenient access to major freeways, competitive rents and abundant free surface parking. The average Class A asking rent in Downtown Sacramento is \$3.04 per square foot per month (full service), 30% higher than the overall regional Class A average, and 55% higher than the Rancho Cordova Class A average. Additionally, parking in Downtown is scarce and expensive. The Property offers ample parking with a ratio of 4.8 per 1,000 RSF.





**SUN
CENTER**



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