

FOR SALE

1421 G STREET
SACRAMENTO, CALIFORNIA

OFFERING MEMORANDUM

\$1,750,000 | 6 LARGE UNITS | ±6,000 RENTABLE SF

NEWMARK

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CA RE License #O1249433

DISCLAIMER

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (DATE) of this Memorandum have remained the Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request of interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller's sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder.

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The property is 100% occupied, please do not disturb tenants. Drive-by tours only. Please contact Kelly Rivett for any questions or additional information.



THE OPPORTUNITY

Newmark, as the exclusive advisor, is pleased to present the opportunity to acquire 1421 G Street, a classic 3-story walk up apartment building in Mansion Flats, a desirable neighborhood within Downtown Sacramento, Ca. Built in 1916, this well-preserved and Pride of Ownership property runs street to alley and fronts G Street between 14th and 15th Street. 1421 G resides on a .15-acre parcel and offers the investor 6-spacious one bedroom/ 1 bath units (approximately 1,000 square feet each) and a detached 5-car garage. All apartment units and garages are 100% occupied and leased by working professionals. Income upside can be achieved through rent increases and the implementation of utility reimbursement. Current rents are an estimated to be 20% below market, averaging \$1,512 a unit. With units this size and in this location, market rents could easily fetch \$1,750 or \$1.75 sf.

Recent Capital Improvements include new roof, exterior paint, and a rear stairwell.

1421 is well located and allows tenants an active urban lifestyle with easy access to employment, restaurants, cafe's, art galleries, coffee shops, shopping, schools, parks and churches.






PROPERTY INFORMATION

Address:	1421 G Street, Sacramento, CA 95814
Offering Price:	\$1,750,000
Cap Rate (Current):	4.3%
Cap Rate (Market)	5.2%
Price/SF:	\$291
Building SF:	±6,000 SF
# of Units:	6
Parcel Size:	±0.15 Acre or ±6,400 SF
Parking:	5 Garage Spaces (Off-Street) Open Parking (On-Street)
APN:	002-0165-017
Zoning:	R-3A
Year Built:	1916
# of Stories:	3
Roof:	Pitched Composition (New 2017)
Mechanical:	Wall Heat/Air Units
Construction:	Wood Frame/Wood Lap Exterior
Foundation:	Raised (Perimeter)
Plumbing:	Copper (Partial)
Electrical:	Unknown





PROPERTY HIGHLIGHTS

-  Large Units (≈1,000 SF Each)
-  100% Occupied
-  Rent Upside (15% Below Market)
-  Street to Alley Lot (40' x 160')
-  Pride of Ownership Building
-  Location! Location! Location!
-  New Exterior Paint (2018)
-  New Pitched Composition Roof (2017)
-  New Back Stairwell (2018)
-  Laundry On-Site
-  Walkers Paradise (94)
-  5 Off-Street Garage Spaces
-  Mansion Flats Location (Submarket of Downtown Sacramento)

FINANCIAL ANALYSIS

1421 G Street
Sacramento, Ca 95814

PRICE:		\$1,750,000				<u>Current</u>	<u>Market</u>
PROPOSED DOWN PAYMENT	50%	\$875,000		GRM:		15.07	13.14
NUMBER OF UNITS:		6		CAP RATE:		4.26%	5.20%
YEAR BUILT:		1916-Updated		PRICE PER UNIT:			\$291,667
APPROXIMATE LOT SIZE:		.15/Acre		PRICE PER NET RSF:			\$291.67
APPROXIMATE NET RSF:		6,000		ROOF TYPE:		Pitched Comp	
ZONING:		R-3-A		EXTERIOR		Wood Lap	

CURRENT AND MARKET RENTS

# of Units	Unit Mix	Approx SF	Total NRSF	Avg Rent/Unit	Annual Rent	Mkt	Mkt Rent/ Month	Mkt Rent/ Year
6	1/1	1,000	6,000	\$1,512	\$108,900	\$1,750	\$10,500	\$126,000

ESTIMATED OPERATING EXPENSES

Account	Amount
New Taxes	\$19,250
Insurance	\$2,000
Utilities (water-sewer)	\$9,000
Administrative (acct, legal, permits, advtsg)	\$500
Management (4%) (on-site, off-site)	\$4,600
Maintenance and Repairs (Indscp, turns, etc.)	\$3,000
TOTAL ESTIMATED EXPENSES:	\$38,350

	CURRENT	MARKET
SCHEDULED RENTAL INCOME:	\$108,900	\$126,000
Other Income/Laundry	\$7,200	\$7,200
GROSS SCHEDULED INCOME (GSI):	\$116,100	\$133,200
Less Vacancy Reserve (3%)	(\$3,267)	(\$3,780)
GROSS OPERATING INCOME:	\$112,833	\$129,420
Less Expenses (33% of GSI)	(\$38,350)	(\$38,350)
Per SF \$6.39		
Per Unit \$6,391		
NET OPERATING INCOME:	\$74,483	\$91,070

CASH FLOW

	CURRENT	MARKET
NET OPERATING INCOME	\$74,483	\$91,070
PROPOSED DEBT SVC	(\$55,422)	(\$55,422)
ESTIMATED CASH FLOW	\$19,061	\$35,645
CASH ON CASH	2.2%	4.1%

RETURN ON INVESTMENT

	CURRENT	MARKET
CASH ON CASH RETURN	\$19,061	\$35,645
LOAN REDUCTION	\$20,801	\$20,801
TOTAL RETURN	\$39,862	\$56,446
RETURN ON EQUITY	4.6%	6.5%

FINANCING

Loan Type	LTV	Amount	Lender	Ind ex	Amort	Curr Rate	Term	Year Due	Monthly P&I	Annual P&I	Assumability
New	50%	\$875,000	TBD		25 YRS	4.00%	7		\$4,618	\$55,422	

10 YEAR CASH FLOW ANALYSIS

10 Year Cash Flow Analysis

Rental Income Growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Vacancy & Concession Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Income Growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating Expenses Growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Property Taxes Growth	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Terminal Cap Rate	5.00%
Cost of Sale	5.00%
Sales Price, End of Year 10	\$2,371,109

	Per Unit / Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
INCOME												
Rental Revenue [1]	\$21,000	\$126,000	\$129,780	\$133,673	\$137,684	\$141,814	\$146,069	\$150,451	\$154,964	\$159,613	\$164,401	\$169,333
Vacancy & Concessions	(630)	(3,780)	(3,893)	(4,010)	(4,131)	(4,254)	(4,382)	(4,514)	(4,649)	(4,788)	(4,932)	(5,080)
Other Income/Laundry	1,200	\$7,200	7,416	7,638	7,868	8,104	8,347	8,597	8,855	9,121	9,394	9,676
Effective Gross Income	21,570	\$129,420	133,303	137,302	141,421	145,663	150,033	154,534	159,170	163,945	168,864	173,930
EXPENSES												
New Taxes	\$3,208	\$19,250	\$19,635	\$20,028	\$20,428	\$20,837	\$21,254	\$21,679	\$22,112	\$22,554	\$23,006	\$23,466
Insurance	333	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	2,688
Utilities (water-sewer)	1,500	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	12,095
Administrative	83	500	515	530	546	563	580	597	615	633	652	672
Management (4%)	767	4,600	4,738	4,880	5,027	5,177	5,333	5,493	5,657	5,827	6,002	6,182
Maintenance and Repairs	500	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032
0	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	6,392	\$38,350	39,308	40,291	41,299	42,334	43,396	44,485	45,603	46,750	47,927	49,134
Net Operating Income	\$15,178	\$91,070	\$93,995	\$97,011	\$100,121	\$103,329	\$106,638	\$110,049	\$113,567	\$117,196	\$120,937	\$124,795

Capital Upgrades	-	-	-	-	-	-	-	-	-	-	-	-
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Purchase / Sales Price	(1,750,000)	-	-	-	-	-	-	-	-	-	2,495,904	All-Cash IRR
Cost of Sale	-	-	-	-	-	-	-	-	-	-	(124,795)	
Total Cash Flow	(1,750,000)	\$91,070	\$93,995	\$97,011	\$100,121	\$103,329	\$106,638	\$110,049	\$113,567	\$117,196	\$2,492,046	8.31%
Loan Amount	\$875,000	-	-	-	-	-	-	-	-	-	(\$624,395)	Leveraged IRR
Debt Service [2]	-	(55,422)	(55,422)	(55,422)	(55,422)	(55,422)	(55,422)	(55,422)	(55,422)	(55,422)	(55,422)	
Cash Flow After Debt	(\$875,000)	\$35,648	\$38,573	\$41,589	\$44,699	\$47,907	\$51,216	\$54,627	\$58,145	\$61,774	\$1,812,229	11.27%

All-Cash Returns											NEWMARK
Capitalization Rate	5.20%	5.37%	5.54%	5.72%	5.90%	6.09%	6.29%	6.49%	6.70%		
Cash-on-Cash	5.20%	5.37%	5.54%	5.72%	5.90%	6.09%	6.29%	6.49%	6.70%		
Gross Rent Multiplier	13.14	12.76	12.38	12.02	11.67	11.33	11.00	10.68	10.37		
Leverage Returns											
Cash-on-Cash	4.07%	4.41%	4.75%	5.11%	5.48%	5.85%	6.24%	6.65%	7.06%		
Debt Coverage	1.64	1.70	1.75	1.81	1.86	1.92	1.99	2.05	2.11		

[1] Rental income based on Market Rent Assumptions.

[2] Loan set to 50% LTV, 4% interest rate with a 25 year amortization period.

This information was obtained from sources believed to be reliable. All information, while supplied by Broker and Seller, is not warranted by either. BROKER and/or SELLER make no representations or warranties whatsoever, written or implied, regarding the physical condition or economic feasibility of the property. Any references to income, expenses, age, square footage, number of units, current rents, market rents, or specific location, are estimates only. Buyer must verify all information and bears the risk of any and all inaccuracies.

PROPERTY PHOTOS



THE NEIGHBORHOOD



ZONING

Designation:

R-3-A

Purpose:

R-3-A Purpose is to accommodate higher density development in the central city, along major commercial corridors and in areas near major institutions and public facilities.

Permitted Uses:

A variety of residential and commercial uses

Current Use:

6 apartment units

Zoning Authority:

City of Sacramento

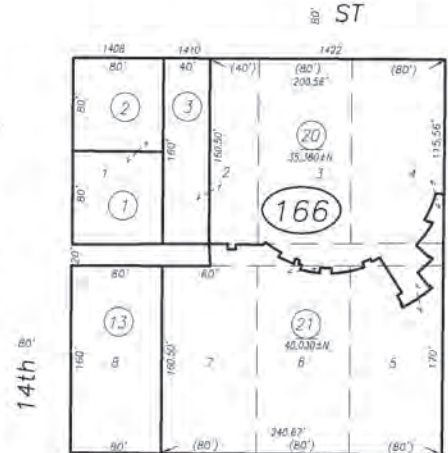
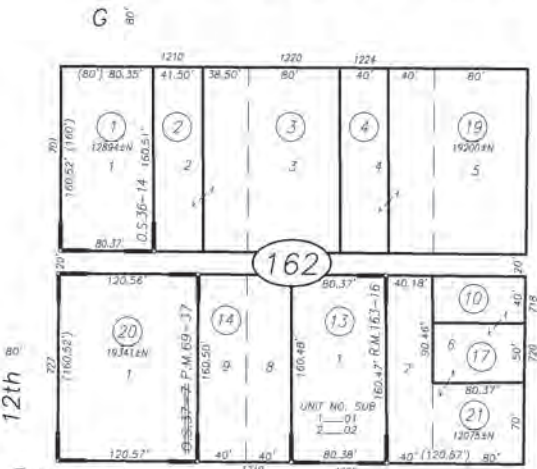
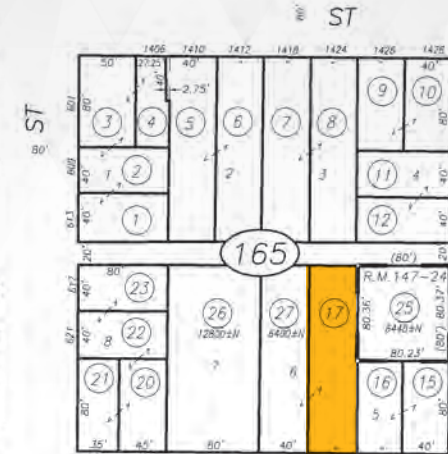
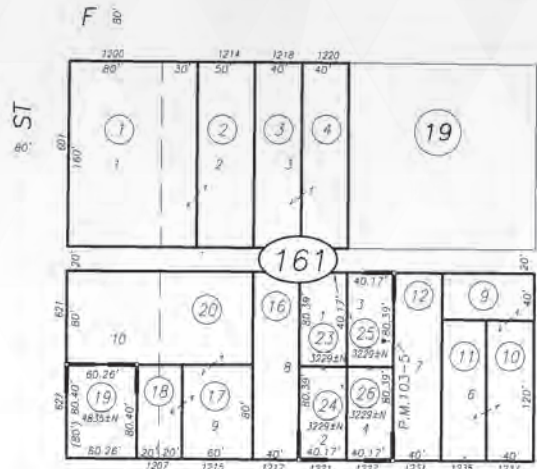


PARCEL MAP

DISCLAIMER: ASSESSOR'S PARCELS ARE FOR TAX ASSESSMENT PURPOSES ONLY AND DO NOT INDICATE EITHER PARCEL LEGALITY OR A VALID BUILDING SITE. THE COUNTY OF SACRAMENTO ASSUMES NO RESPONSIBILITY ARISING FROM USE OF THIS INFORMATION.

OLD CITY

002-016



O.S. Bk.37, Pg.7 (12-30-81)
 Bell Condominiums, R.M. Bk.165, Pg.9 (9-13-85)
 1225 H Street, R.M. Bk.163, Pg.16 (5-28-85)
 Mansion La Mancha, R.M. Bk.147, Pg.24 (10-22-81)
 O.S. Bk.36, Pg.14 (5-12-81)
 O.S. Bk.37, Pg.7 (12-30-81) O.S. Bk.82, Pg.36 (11-23-2011)

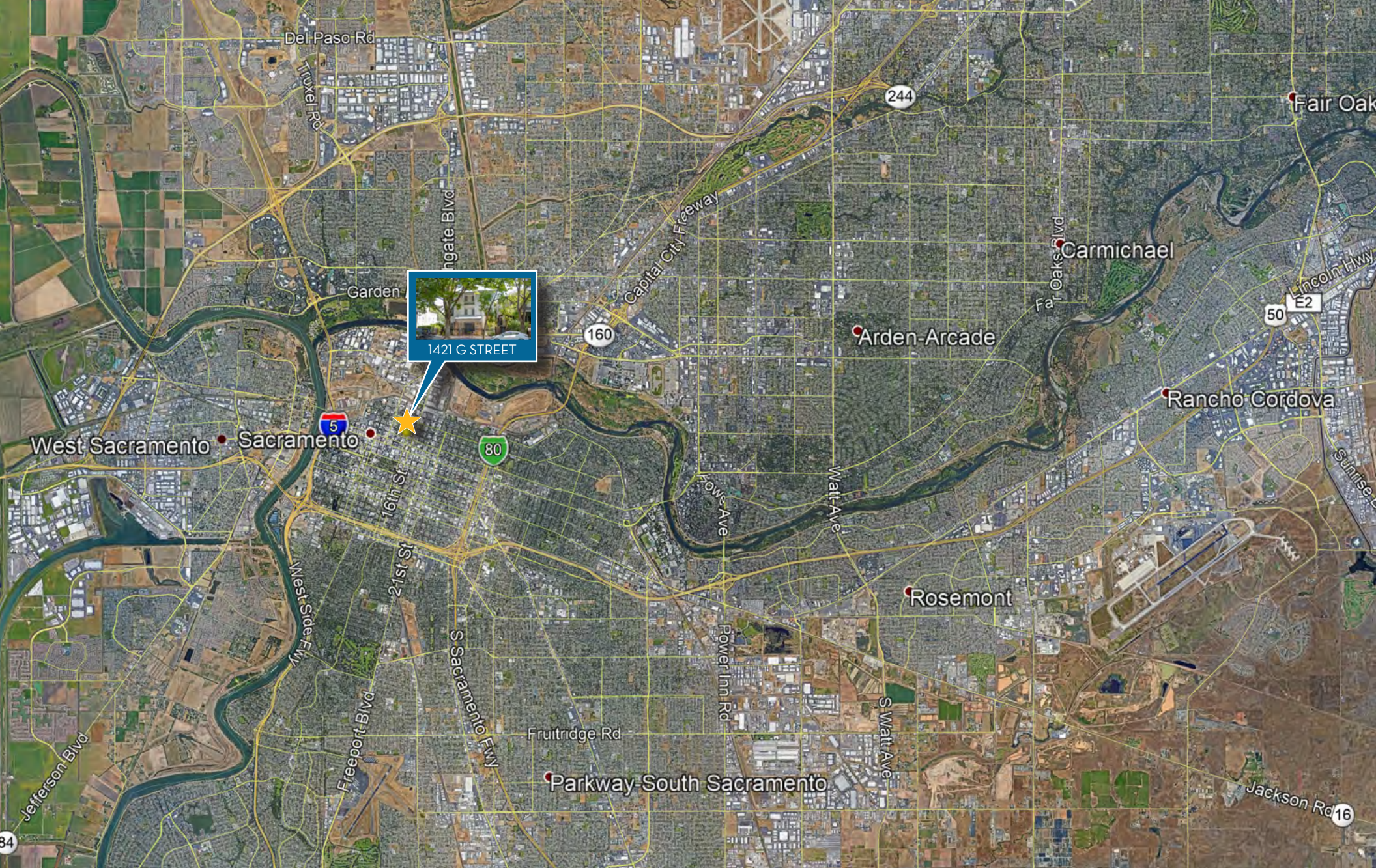
H
 Bk. 006
 1318 F Street, P.M. Bk.228, Pg.6 (11-9-2016)

CITY OF SACRAMENTO
 Assessor's Map Bk. 002 Pg. 016
 County of Sacramento, Calif.
 Nov. 16th, 2018

AMENITIES MAP



AERIAL MAP



WHY SACRAMENTO MAKES SENSE!



Sacramento is the Farm to Fork Capital of US



Top 10 Nationally for Coffee Aficionados



#14 America's Coolest Cities



#16 Best City for Millennials



7th Nationally for "Greenest" Lifestyle



6th Most Diverse Big City Nationally

7.3%

Year over Year Rent Growth

3.0%

Vacancy Factor

5.3%

Projected Growth 2021

7.3%

Top 5 for Multifamily Job Growth



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