

DOWNTOWN / MIDTOWN

SACRAMENTO UPDATE

*The Towers on Capitol Mall:
Right Vision, Wrong Time*



Towers on Capitol Mall

AS WE PASSED 2007'S MID-YEAR POINT,

there were a number of developments were underway in Downtown Sacramento that held the promise of not only radically changing the city's skyline, but of completing the evolution of Sacramento's Central Business District from that of a sleepy Monday-to-Friday metropolis to that of a 24-hour live/work/play city. Construction was underway on the two new high-rise multi-tenant Class A office buildings—the largest amount of multi-tenant office space to be in the development pipeline since the late 1990s. Meanwhile, retail and mixed-use development was flourishing with multiple projects underway throughout the Downtown and neighboring Midtown submarkets. And, the long planned redevelopment of the former Union Pacific Railyards site was underway with developer Thomas Enterprises in the final phase of the entitlement process and busy at work on the environmental cleanup of the 240-acre site that will further expand and redefine the Downtown region.

Yet, the apparent demise of the The Towers on Capitol Mall, Aura and Epic Condominium projects has left questions in the marketplace as to the state of Sacramento's Downtown/Midtown residential market. With two new high-rise office buildings under construction, but high-rise residential projects seeming to stumble, we have been deluged with inquiries from market watchers posing the question, "Why is the Downtown Sacramento commercial real estate market continuing to flourish while the residential market appears to be floundering?"