

DOWNTOWN/MIDTOWN SACRAMENTO

MIXED-USE PROJECT DEVELOPMENT SUMMARY

1 RECENTLY COMPLETED

THE CATHEDRAL BUILDING -- 1131 K Street

Formerly the Sacramento region's original Sears & Roebuck store, renovation on this building began in April 2005 and finished in November 2006. This project includes 23 luxury residential condominium units, 4,600 square feet of professional office suites and ground retail and restaurant space. The Cathedral Building is the new home to Ella, a new bistro concept owned and operated by the same ownership group that operates one of Sacramento's premier gourmet restaurants, The Kitchen.

2 RECENTLY COMPLETED

ST. ANTON BUILDING -- 2110 L Street

The St. Anton Building is located on the corner of 21st and L Street on one of Midtown's premier corners and includes 65 apartment units as well as street level retail/restaurant space. This building is the new home to trendy eatery, the Stone Grill & Bar.

3 RECENTLY COMPLETED

MARRS - MIDTOWN ARTS -- 1050 20th Street

This project by Heller Pacific transformed an existing 52,000 square foot 1940's warehouse in the heart of Midtown into a mixed-use project consisting of art galleries, restaurants, bars, unique retail and modern office space. Completed in the first half of this year, this project added another 25,000 square feet of retail space to the Midtown market and seeks to capitalize on this neighborhood's reputation as Sacramento's urban artistic center with cutting edge design. Among the new retailers and restaurants to sign on here are the rapidly expanding Bay Area coffee giant, Peet's Coffee & Tea. Other new tenants include upscale Mexican restaurant and tequila lounge, Azul and the retro cool local pizza eatery, Luigi's Slice. Prominent local art gallery Solomon Dubnick is also counted among the new tenants of this high profile project.

4 NEARING COMPLETION

L STREET LOFTS -- 1818 L Street

SKK Development's L Street Lofts project was under construction as this report went to press. This 7-story project is a mixed-use residential/retail development in the heart of Midtown's dining district. This project will include 92 residential units with prices between \$350,000 and \$600,000 for most units. Included in this total will be 12 penthouse units that will be offered at a higher price point yet to be determined. This project will also offer over 5,800 square feet of street level retail.

5 UNDER CONSTRUCTION

COOPER UNION BUILDING -- NEC 16th & H Streets

This project recently began construction on the key 16th Street Corridor that serves as the boundary between Midtown and Downtown and one of the primary ingress/egress routes to the area. Upon completion this project will add over 60 new rental units to the multi-family market as well as 10,000 square feet of ground floor retail space on a prime urban corridor.

6 NEARING CONSTRUCTION

K STREET CENTRAL -- 10th & K Streets

The K Street corridor has multiple projects in the works, including this one slated for several parcels at the intersection of 10th and K Streets which will include retail and entertainment uses as well as a residential component. The project's first phase will include a restaurant and cabaret theater on the southeast corner of this intersection. The Theater will be managed by Music Circus while the restaurant will be a new casual dining concept for local restaurant giant, Randy Paragary. Future phases of this project will include a number of buildings ranging from 6 to 14 floors and provide a total of as much as 65,000 square feet of retail space—primarily in the form of street level shops with as many as 150 residential units on upper floors.

7 IN LITIGATION

K STREET REDEVELOPMENT -- 700 Block of K Street

This project by Zeiden Properties focuses on preserving/restoring the existing historical building facades on the 700 block of K Street, immediately east of Westfield's Downtown Plaza. The project will consist of high-end retail on the first floor with possible loft dwellings above. One of the primary retail tenants for the project would be a flagship Z-Gallerie store. Letters of interest have reportedly been received from such national and regional major retail tenants as Urban Outfitters, Firewood Café, Lucky Brand Dungarees, Sur la Table, American Apparel, Draper's and Damon's, Pinkies Salon and others.

However, as this report went to press, this project was the subject of litigation that could have a major impact upon how, when, and if this piece of the K Street Redevelopment plan is done. The City of Sacramento had sued to force a development team headed by prominent Downtown owner Moe Mohanna to proceed with a previously agreed-upon land swap that would have cleared the way for Zeiden's project while allowing for Mohanna's team to transform the 800 block of K Street with condos and retail. However, a judge's ruling on August 15th found that a fire and demolition of buildings in the 800 block had lowered the property value and would not have resulted in a fair exchange. The City's lawsuit is still pending, but the ruling will trigger discussions on the next steps in this process. Representatives for the City have not ruled out using its powers of eminent domain.

So what does this mean? While we don't think that this project is dead by any stretch of the imagination, litigation could add another year or more to this project's timeline. The good news is that Zeiden, Mohanna and the City are all committed to various visions of redevelopment for this stretch of K Street. The true test will be in which vision will ultimately prevail.