

OFFERING MEMORANDUM

SINGLE TENANT NNN LEASED INVESTEMENT

Sale Price: \$7,249,000

Cap Rate: 8.0%

6290 88TH STREET, SACRAMENTO, CA



EXCLUSIVELY LISTED BY

H.L. (BING) HECKMAN



SINGLE TENANT *NNN LEASED* INVESTMENT

Kidder Mathews is pleased to present 6290 88th Street on behalf of the ownership as a Single Tenant NNN leased investment.

The original construction was completed in 2007. The building was taken down to a shell in 2019, and the building now has a *\$5 Million investment in place for the Tenant Improvements and related equipment.* The Tenant, Conception Nurseries, is a leader in genetic development and tissue culture micro-propagation for Cannabis. Conception does not cultivate cannabis on-site, but genetically develops and grows ‘baby’ plants or ‘clones’ that cultivators then purchase for their cultivation.

TENANT WEBSITE LINK



TENANT	Conception Nurseries
ADDRESS	6290 88th St, Sacramento, CA 95828
APN	062-0160-010
BUILDING SF	±19,688 SF
SITE AREA	±1.25 AC
YEAR BUILT	2007
YEAR OF TENANT IMPROVEMENT	2019-2020
PRICE	\$7,249,000.00
NOI	\$579,945.00
ASKING CAP RATE	8.0%
INVESTMENT TYPE	Single Tenant Leased Investment

INVESTMENT HIGHLIGHTS

±19,688 SF Industrial building built in 2007

Significant Tenant Investment in the building

Generous going-in Cap Rate of 8.0% with annual rent increases

NOI of \$579,945.00

Cannabis Nursery, Genetics, and Research facility fully approved by the City of Sacramento and the State of California

Tenant is in its 6th year of occupancy with 9+ years of lease term remaining

Located at entrance of Oates Industrial Compound

Sub-Market vacancy still at historic lows

Stabilized tenant with a measured approach to growth and expansion

Long term value of Industrial Real Estate during 'new normal'



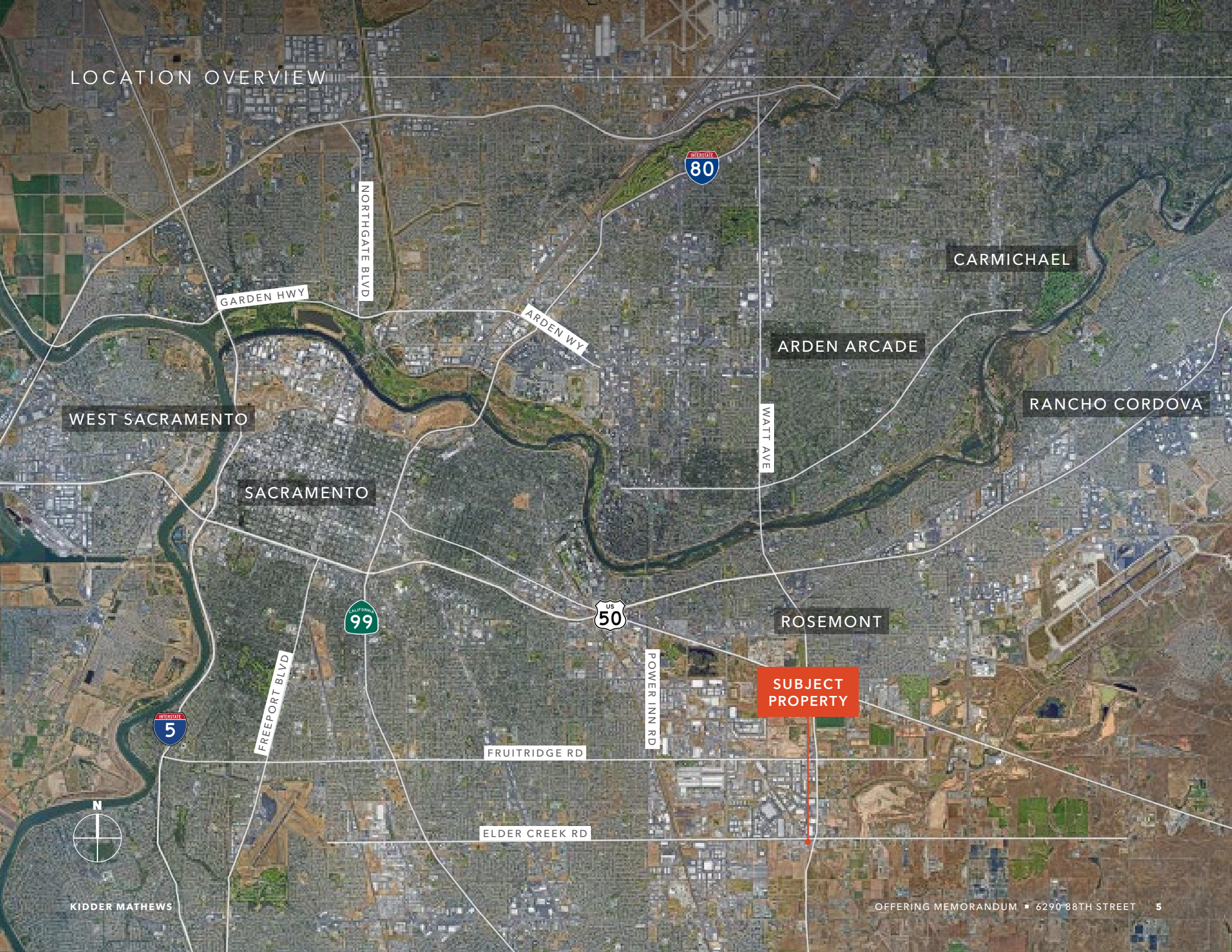


HIGHLY DESIRABLE INDUSTRIAL LOCATION

The Subject Property is located on 88th St, just off of South Watt Avenue. You can head directly South to Elk Grove and US 99, or North to US 50 and with access to Downtown Sacramento and the Bay Area (1.5 hours) to the West, and Lake Tahoe (1.5 hours) or Reno (2.5 hours) East. Regarding Cannabis businesses, Power Inn has become one of the largest concentrations in the state, with a micro-economy of Nurseries, Cultivators, Manufacturers, Processors, Retail, and Delivery now operating out of the submarket and totaling over 2+ Million SF.



LOCATION OVERVIEW



PROPERTY DESCRIPTION

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TENANT	Conception Nurseries



NO. OF FLOORS *One (1)*

ROOF *Pitched, Single Composition*

STRUCTURE *Concrete Tilt-Up*

CEILING HEIGHT *18'-20'*

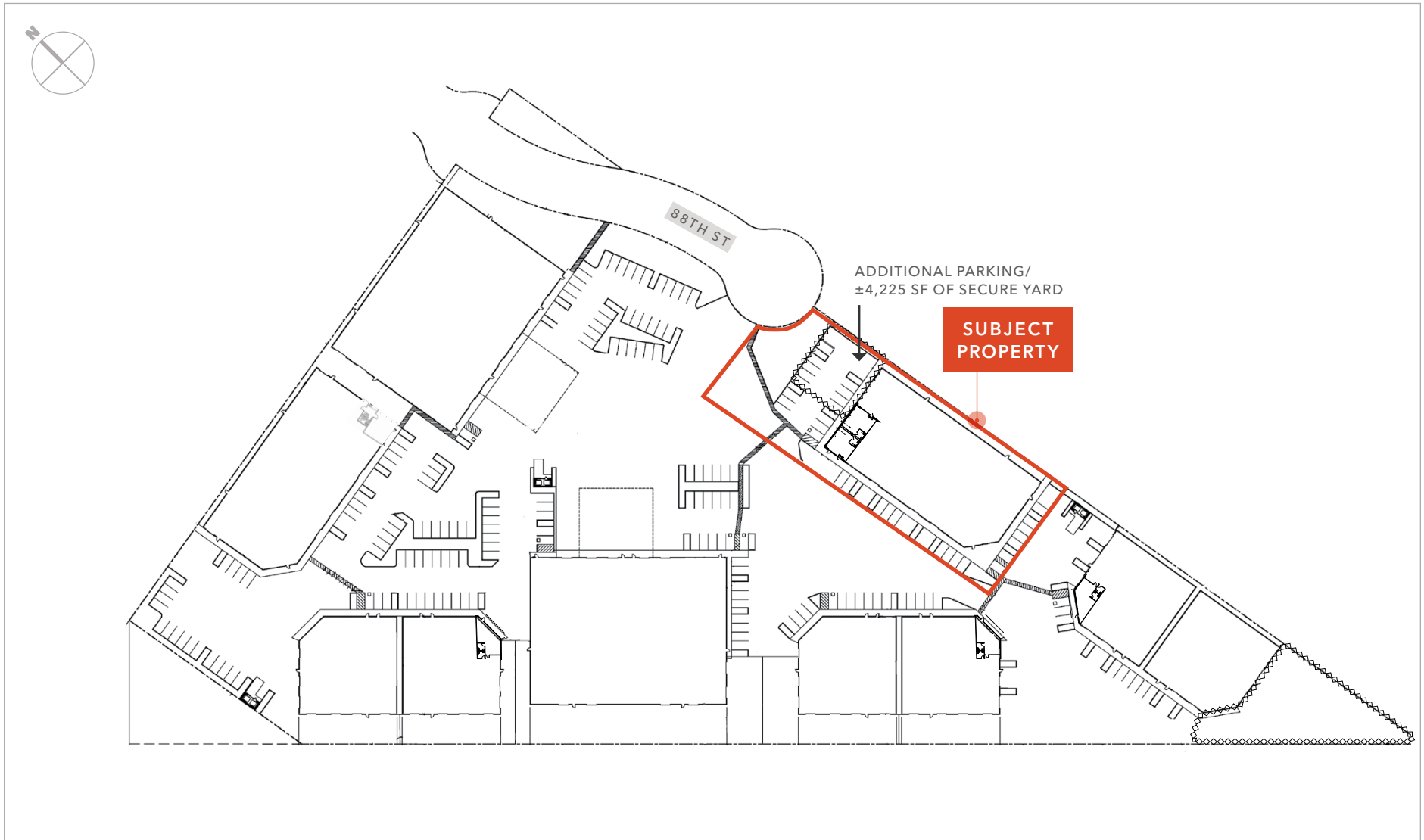
G/L DOOR CUT-OUTS *Five (5) 12'x12'*

UTILITIES *Gas - Natural
Sewer - City
Water - City*

POWER *2,000 Amps of 480V*

PARKING *28 Spaces*

SITE PLAN



PROPERTY OVERVIEW





CONCEPTION

Conception Nurseries is a cannabis micropropagation company that has been developing cannabis tissue culture clones for nearly 6 years. With tissue culture micropropagation, Conception produces plantlets that are free of pathogens and have exceptional vigor, at a cost-per-plant below producers' in-house costs.

Conception is led by Chief Executive Officer Kevin Brooks. Kevin previously served as the CEO of Connected Cannabis, which is one of the largest vertically integrated cannabis operations in California. Before entering the cannabis industry, Kevin spent 15 years as an executive in Silicon Valley supporting companies through multiple successful exits.

Conception has a strategic partnership with both Phyllos, a leading cannabis agricultural genomics company, and CropOne, a technology-driven indoor hydroponic vertical farming company whose mission is to deliver leafy greens in optimal growing conditions to meet global demand for pesticide-free and safe produce for the masses. This partnership allows, Conception to provide cultivators with next-generation, targeted cannabis varieties customized for the needs of consumers and cultivators.

Through its partnership with Phyllos, Conception's tissue culture clones will each be genetically tested and registered with Phyllos. A unique genetic ID is assigned to each plant tested, and includes a report revealing identical clone matches and how they're related to varieties around the world.

Through its technology partnership with CropOne, Conception uses the world's leading controlled-environment agriculture platform and plantlet development technology to ensure plantlets are pathogen free as well as consistent, vigorous growers.



TENANT FINANCIAL ANALYSIS

LEASE COMMENCEMENT	March 1, 2019
LEASE TERMINATION DATE	February 28, 2034
YEARS REMAINING	9+ Years
ASKING PRICE	\$7,249,000.00

RENT SCHEDULE

Months	Monthly Rent (NNN)	Annual Rent (NNN)
0 - 4	\$22,149.00	\$88,596.00
5 - 12	\$44,298.00	\$354,384.00
13 - 24	\$45,183.96	\$542,207.52
25 - 36	\$46,087.63	\$553,051.56
37 - 38	\$47,009.38	\$564,112.56
39 - 42	\$30,000.00	\$360,000.00
43 - 48	\$46,000.00	\$552,000.00
49 - 60	\$47,150.00	\$565,800.00
61 - 72	\$48,328.75	\$579,945.00
73 - 84	\$49,536.97	\$594,443.64
85 - 96	\$50,775.39	\$609,304.68
97 - 108	\$52,044.78	\$624,537.36
109 - 120	\$53,345.90	\$640,150.80
121 - 132	\$54,679.54	\$656,154.48
133 - 144	\$56,046.53	\$672,558.36
145 - 156	\$57,447.70	\$689,372.40
157 - 168	\$58,883.89	\$706,606.68
169 - 180	\$60,355.99	\$724,271.88

Original Term
 Current Term



SACRAMENTO MARKET OVERVIEW



SACRAMENTO INDUSTRIAL MARKET OVERVIEW

Vacancy in Sacramento is increasing at nearly the same rate as the national figure. Supply has outpaced demand for the past 10 quarters, increasing the vacancy rate by more than 200 basis points. Negative net absorption in three of the past four quarters has further complicated the space market. Market participants point toward numerous tenant requirements that lack urgency with more available options in the market.

The market's vacancy rate of 5.9% increased by more than 150 basis points over the past year. However, the market remains relatively tight and is below the 10-year average of 6.1%. The worst of the supply wave is over. Only 1.4 million SF is underway, the lowest total since 2018, of which one-third is available for lease. Development nodes like West Sacramento and Natomas/Northgate have seen a notable deceleration in construction activity. Developers have been mindful of the potential for growing supply-side risk in the market, and construction starts have been sharply curtailed. Just 200,000 SF has broken ground in the first half of 2024.

Attracting large users has been a labor, and no deal in 2024 has reached 200,000 SF. Recently completed blocks of space larger than 250,000 SF could linger on the market for longer, but leasing agents are confident that the spaces will become occupied in 2024. Leasing activity reached 3.3 million SF through the first half of the year, the lowest total since 2019. Several spaces of this size are available, including four which were built in 2023 or later. The largest is a 441,000 SF building at 12100 Atlanta Circle in the Sunrise Submarket. The sputtering demand that has characterized activity over the past 12 months may be short-lived. While market participants concede a slowdown in tenant requirements for large block tenants, several once dormant requirements have come back to life. The trailing 12-month net absorption figure of 160,000 SF is not indicative of current activity in the marketplace as several deals in Sacramento's traditional tenant size of 50,000 to 150,000 SF are expected to sign before the end of the third quarter.

NO.6

LARGEST CITY IN
CALIFORNIA

0.59%

PROJECTED
GROWTH RATE

500K+

2024 POPULATION

Exclusively listed by

JAY RICHTER, CCIM, SIOR
Senior Vice President
916.751.3609
jay.richter@kidder.com

LIC N° 01305696

KATIE KARKAZIS
Associate
916.751.3600
katie.karkazis@kidder.com

LIC N° 02092842

BING HECKMAN
Principal
650.799.4698
bing@bheckman.com

LIC N° 00837083

KIDDER.COM

H.L. (BING) HECKMAN

