

OFFERING MEMORANDUM

1535 ARCADE BLVD

1535 Arcade Blvd, Sacramento, CA 95815

Marcus & Millichap



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Activity ID #ZAH0030045

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EXECUTIVE SUMMARY

Offering Summary
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OFFERING SUMMARY

1535 ARCADE BLVD



Listing Price
\$900,000



Cap Rate / Proforma
5.18% / 9.26%



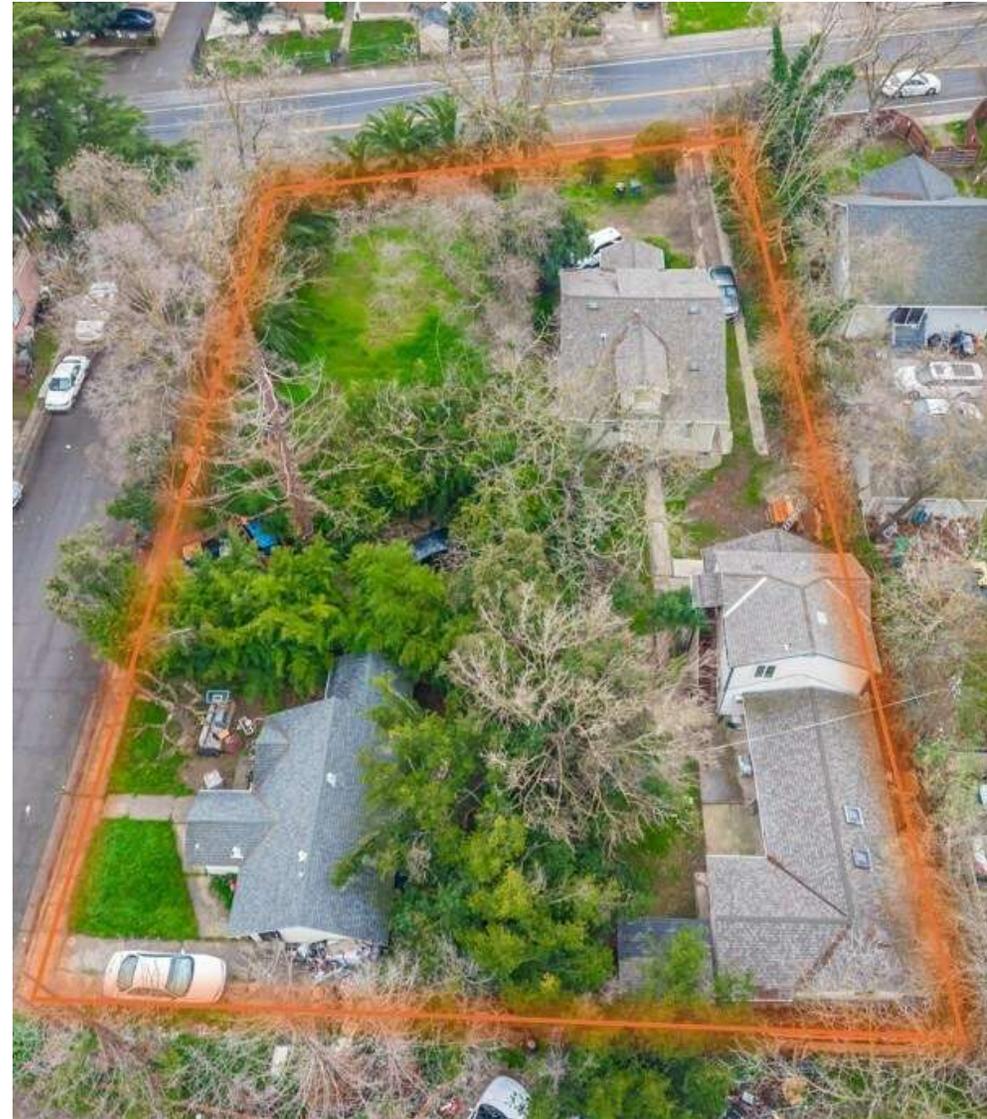
of Units
3

FINANCIAL

Listing Price	\$900,000
NOI	\$46,601
Cap Rate	5.18%
Price/SF	\$277.26
Rent/SF (Monthly)	\$2.18
Price/Unit	\$300,000

OPERATIONAL

Rentable SF	3,246 SF
# of Units	3
Lot Size	0.56 Acres (24,393 SF)
Occupancy	97%
Year Built / Renovated	1912 / 2021



1535 ARCADE BOULEVARD

1535 Arcade Blvd, Sacramento, CA 95815

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present as exclusive listing agent, a fee simple interest in 1535 Arcade Blvd in Sacramento, California. This fully occupied three-unit multifamily property offers an exceptional opportunity to add value to an already cash-flowing asset, with current annual rental income exceeding \$84,000.

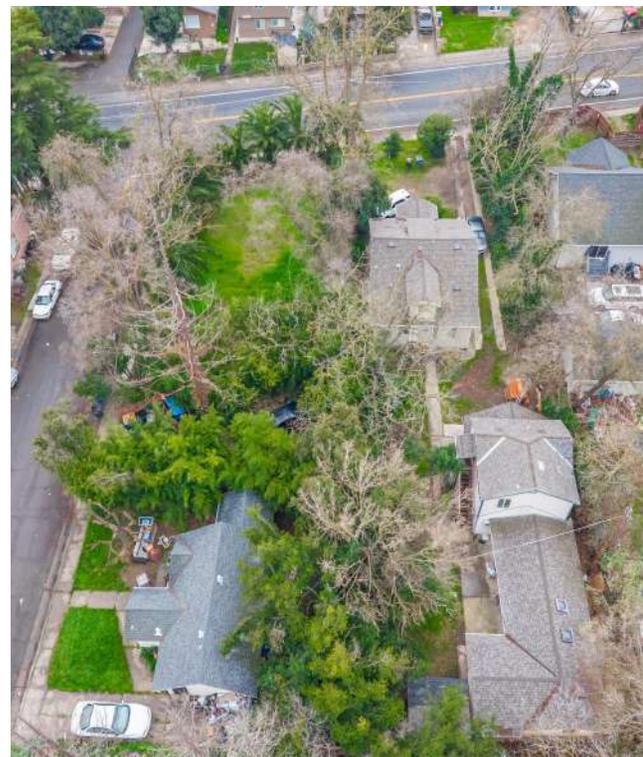
This property features a large 3-bed, 1-bath main house, a 2-bed, 1-bath secondary house, and a 2-bed, 1-bath cottage. All 3 structures have seen a mix of recent renovations, including flooring, cabinetry, countertops and new roofs. All three roofs were replaced in 2021. Additional revenue can be gained from further development of two non-conforming units.

Positioned in a strong rental market, this asset combines immediate and stable cash flow with the opportunity to add significant value.

Please do not disturb tenants or management.

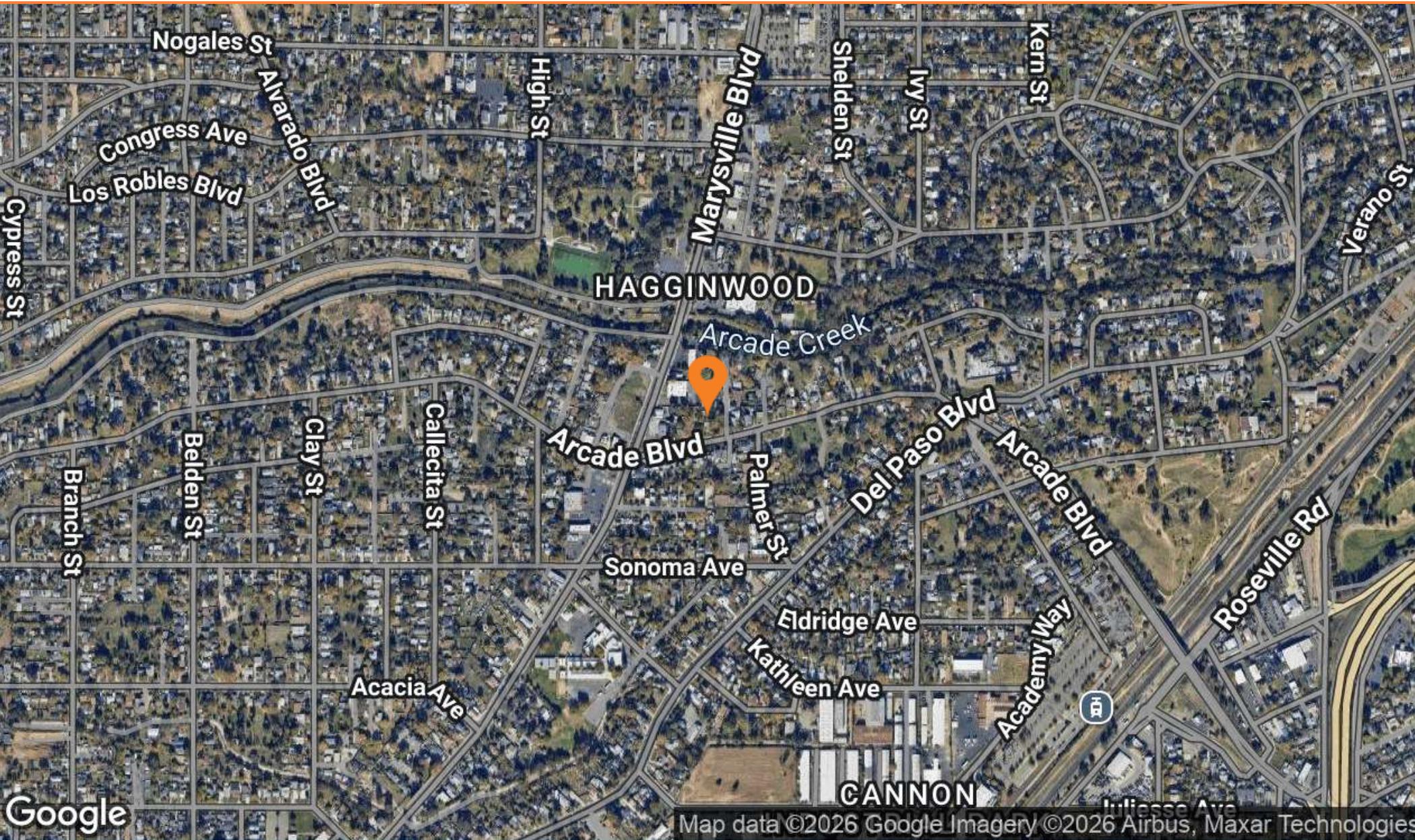
INVESTMENT HIGHLIGHTS

- Three separate buildings on a large .56 acre parcel
- Opportunity to permit and occupy Two additional 1Bd/1Ba units.
- Plans for parcel subdivision
- Recent renovations including new roofs (2021)



1535 ARCADE BLVD

REGIONAL MAP





SECTION 2

02

FINANCIAL ANALYSIS

Financial Details
Unit Mix Summary
Rent Roll

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1535 ARCADE BLVD

FINANCIAL DETAILS

SUMMARY

Price	\$900,000	
Down Payment	\$900,000	100%
Number of Units	3	
Price Per Unit	\$300,000	
Price Per SqFt	\$311.42	
Rentable SqFt	2,890	
Lot Size	0.56 Acres	
Approx. Year Built	1912/2021	

RETURNS

	Current	Proforma
CAP Rate	5.18%	9.26%
GRM	10.60	10.60
Cash-on-Cash	5.18%	9.26%
Debt Coverage Ratio	N/A	N/A

# OF UNITS	UNIT TYPE	SQFT/UNIT	SCHEDULED RENTS	MARKET RENTS
2	2Bd/1Ba	670	\$1,877	\$1,877
1	4Bd/1Ba	1,550	\$3,321	\$3,321

OPERATING DATA

INCOME

		Current		Proforma
Gross Scheduled Rent		\$84,900		\$84,900
Less: Vacancy/Deductions	3.0%	\$2,547	3.0%	\$2,547
Total Effective Rental Income		\$82,353		\$82,353
Other Income		\$0		\$33,600
Effective Gross Income		\$82,353		\$115,953
Less: Expenses	43.4%	\$35,752	28.1%	\$32,632
Net Operating Income		\$46,601		\$83,321
Cash Flow		\$46,601		\$83,321
Debt Service		\$0		\$0
Net Cash Flow After Debt Service	5.18%	\$46,601	9.26%	\$83,321
Principal Reduction		\$0		\$0
TOTAL RETURN	5.18%	\$46,601	9.26%	\$83,321

EXPENSES

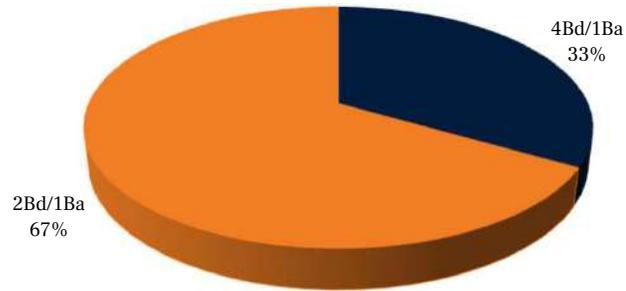
	Current	Proforma
Real Estate Taxes	\$10,294	\$10,294
Insurance	\$4,100	\$4,100
Utilities - Water & Sewer	\$9,600	\$4,800
Trash Removal	\$1,440	\$1,440
Repairs & Maintenance	\$5,000	\$5,000
Landscaping	\$1,200	\$1,200
Management Fee	\$4,118	\$5,798
TOTAL EXPENSES	\$35,752	\$32,632
Expenses/Unit	\$11,917	\$10,877
Expenses/SF	\$12.37	\$11.29

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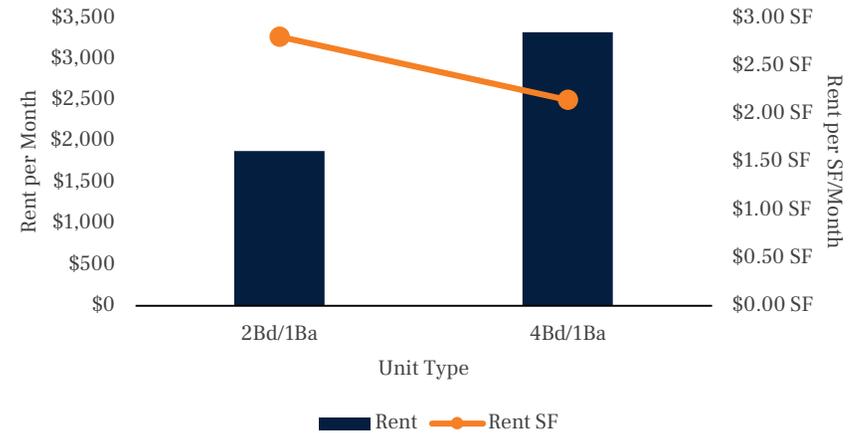
UNIT MIX SUMMARY

UNIT TYPE	# OF UNITS	AVG SQ FEET	RENTAL RANGE	Current			POTENTIAL		
				Average Rent	Average Rent / SF	Monthly Income	AVERAGE RENT	AVERAGE RENT / SF	MONTHLY INCOME
2Bd/1Ba	2	670	\$1,682 - \$2,072	\$1,877	\$2.80	\$3,754	\$1,877	\$2.80	\$3,754
4Bd/1Ba	1	1,550	\$3,321 - \$3,321	\$3,321	\$2.14	\$3,321	\$3,321	\$2.14	\$3,321
TOTALS/WEIGHTED AVERAGE!	3	963		\$2,358	\$2.45	\$7,075	\$2,358	\$2.45	\$7,075
GROSS ANNUALIZED RENTS				\$84,900			\$84,900		

Unit Distribution



Unit Rent



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RENT ROLL

As of February, 2026

UNIT	UNIT TYPE	Square Feet	CURRENT Rent / Month	CURRENT Rent / SF/ Month	POTENTIAL Rent / Month	POTENTIAL Rent/ SF/ Month
A	4Bd/1Ba	1,550	\$3,321	\$2.14	\$3,321	\$2.14
B	2Bd/1Ba	670	\$1,682	\$2.51	\$1,682	\$2.51
3221	2Bd/1Ba	670	\$2,072	\$3.09	\$2,072	\$3.09
Total		2,890	\$7,075	\$2.45	\$7,075	\$2.45





SECTION 3

03

MARKET OVERVIEW

Market Overview

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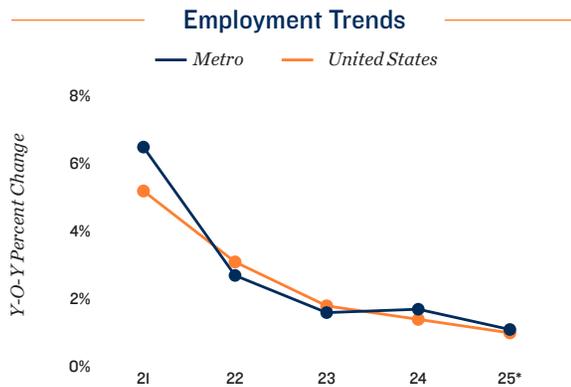
MARKET OVERVIEW

SACRAMENTO

Sacramento Navigates Slowing Supply and Demand Growth Amid Shifting Submarket Trends

Construction declines after a historic year. Sacramento's apartment openings reached a peak in 2024 with over 3,000 units completed. This comes after three consecutive years of elevated activity averaging more than 2,000 units annually — a pace not seen since the early 2000s. While deliveries are expected to slow in 2025, the effects of oversupply remain concentrated in the city's core. At the same time, Sacramento is projected to lead major California metros in number of jobs created this year, though gains are moderating and white-collar employment is set to decline for a fourth consecutive year. As a result, apartment demand growth will soften, pushing vacancies higher and keeping rent increases subdued.

Submarkets show diverging trends across property classes. While elevated supply has weighed on Sacramento's apartment market, performance varies by submarket and asset class. Downtown continues to struggle with vacancy over 9 percent. The Class C and A rates are near historic highs above 10 percent and 8 percent, respectively, alongside declining rents. Growing areas like Roseville-Rocklin and Arden-Arcade are seeing rent gains and falling vacancies across property classes. Meanwhile, more established suburbs, such as Folsom and Natomas, are posting slower rent growth in luxury buildings than budget ones. Taken together, these trends suggest a broader market shift: renters are increasingly favoring cost-efficient suburban options over high-end urban living.



Multifamily 2025 Outlook



11,000
JOBS
will be created

EMPLOYMENT:

Total employment in the metro is set to grow by 1.0 percent through 2025, even with a projected decline in white-collar roles — the smallest gain since 2011, excluding 2020's losses.



2,100
UNITS
will be completed

CONSTRUCTION:

Supply pressure is expected to ease after a record number of completions in 2024. Total inventory is forecast to grow by 1.1 percent in 2025, below the five-year average of 1.4 percent.



30
BASIS POINT
increase in vacancy

VACANCY:

A slowing labor market and residual supply pressure are poised to push the vacancy rate to 4.7 percent, in part due to elevated downtown vacancies, which stood at 9.0 percent as of March.



0.9%
INCREASE
in effective rent

RENT:

Fewer deliveries and strong absorption in 2025 will lift average monthly rent modestly to \$1,996. Sacramento has not seen a rent decline in over a decade — rare among major California markets.

1535 ARCADE BLVD

MARKET OVERVIEW

1Q 2025 — 12-Month Period

CONSTRUCTION

3,190 units completed

- The 12 months ended in March 2025 marked the highest number of deliveries in any 12-month period in the metro since at least before 2000.
- Apartments were delivered across several Sacramento submarkets. Central Sacramento, Folsom-Orangevale-Fair Oaks and Natomas each posted additions of more than 500 units.

VACANCY

120 basis point decrease in vacancy Y-O-Y

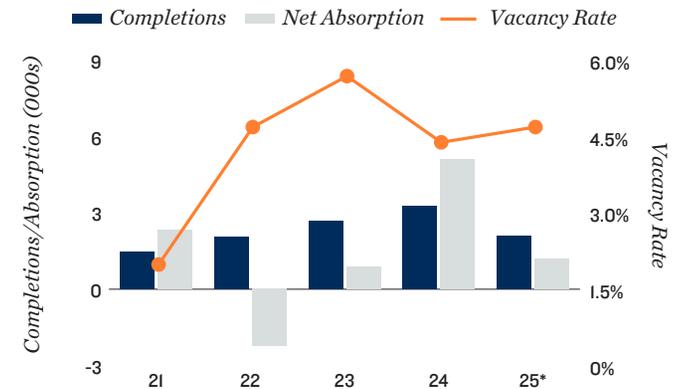
- Over the past 12 months, Sacramento saw one of its steepest vacancy declines. This drop brought the rate to 4.4 percent, matching the 2010-2019 average and suggesting a return to long-run equilibrium.
- Vacancy fell sharply in Class B and C assets — by 140 and 200 basis points, respectively — while Class A facilities saw only a 20-basis-point drop.

RENT

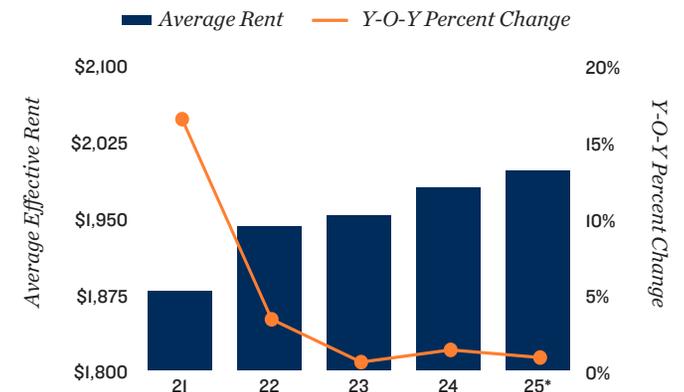
0.7% increase in the average effective rent Y-O-Y

- The average rent reached a historic high of \$2,003 per month in September 2024 before declining slightly, ending the first quarter of 2025 at \$1,971.
- Rents held steady year over year in most submarkets. The exceptions were Central Sacramento, which saw a decrease of 3.6 percent in the average monthly rent, and Natomas, where the mean rose by 2.0 percent.

Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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MARKET OVERVIEW

Investment Highlights

- Transaction activity has picked up over the past 12 months after a slow 2023, but the number of trades still trails the 2012-2022 average, suggesting more deals could materialize. The average cap rate has climbed to 5.7 percent — back to 2017 levels — driven by higher borrowing costs and a drop in average price per unit from the 2022 peak. While pricing has adjusted, consistent demand for workforce housing and resilient rent growth suggest the market is settling into a more sustainable equilibrium.
- Sales remain heavily concentrated in Class B and C assets. Class A properties make up less than 5 percent of historical transactions and show no signs of increased activity, which underscores Sacramento’s role as an affordable alternative to the Bay Area.
- Most transactions are occurring in Central Sacramento, followed by Natomas and Arden-Arcade. While the first two submarkets are also absorbing much of the metro’s recent apartment deliveries, Arden-Arcade has seen virtually no inventory growth in the past five years. Yet the submarket is drawing growing interest from renters due to its central location, relative affordability and rising demand for budget-conscious housing.

Sales Trends



** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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