

Sacramento Business Journal - September 17, 2007

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# SACRAMENTO BUSINESS JOURNAL

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Friday, September 14, 2007

## Developers to lure 'artsy' Class A tenants to m

Sacramento Business Journal - by [Michael Shaw](#) Staff writer

Loftworks LLC partner Mike Heller considers the partnership's latest venture to be somewhat risky and the industry think it's a solid bet.

The company's planned Class A office building will be the first of its type in midtown Sacramento, the interview at his office at the Midtown Art Retail & Restaurant Scene building, also known as the MAI

### **Heller Pacific Co.**

Although near **Sutter Hospital**, the new building won't be a medical office. Instead, Heller and his variety of "creative" types, from architects to advertising firms, who want a professional setting in which to work. The goal is to provide the amenities of Sacramento's central business district but in a more relaxed setting.

They expect construction on the four-story, \$12 million project at the southeast corner of 26th Street to be completed by late summer next year.

The 55,000-square-foot building, with the understated name of 2600 Capitol, its address, will be built at a high risk.

It will also cost more than the average four-story office building because the developers are including amenities such as bicycle storage, showers and changing rooms, a reflective roof and water-conserving restrooms. The building has an efficient "silver" rating under Leadership in Energy and Environmental Design, or LEED, criteria. Only a few buildings in Sacramento have that level of LEED certification; both are owned by **DPR Construction Building Council**, which administers LEED certification.

Office brokers think there will be plenty of demand for the space, with no similar product competing in the area.

John Frisch, managing partner at the Sacramento office of **Cornish & Carey Commercial**, said "Loftworks is the thing" when it comes to redevelopment and infill projects around town, and Frisch expects this project to be successful.

"(Heller) really has his finger on the pulse of midtown," Frisch said, adding that the developer's MAI building has amenities that some others might lack.

For his part, Heller is enthusiastic about the venture.

"Loftworks wants to be on the cutting edge," Heller said. "We think there's an enlightened crowd that is interested in this kind of development."

His partners on the project are Mark Friedman, Glenn Sorenson and Randy Boehm.

The Loftworks team wanted to put housing on the site -- as they're doing with the Sutter Brownstone from about 1,120 to 1,990 square feet on N Street, between 26th and 27th streets.

But the soft housing market gave them other ideas; an office building wasn't entirely off-the-wall. The years ago -- a "very ugly and plain office," said Kay Knepprath, a member of the Winn Park Capitol A past 22 years in the neighborhood where 2600 Capitol will be built.

She said Loftworks adjusted its original plans to appease residents' concerns. The Loftworks partner in the building because that would increase traffic in an area where residents say parking is a top concern requests that the building have some smaller retail use such as a coffee or deli that would remain open.

"I think if we had our druthers, it would be nice to have something smaller," Knepprath said, adding project primarily because of its size. "But those of us who have participated in development projects and the developer doesn't profit from it, then it doesn't work. That building was empty for a while, and

The partnership had originally suggested a highly modern design but toned it down with more natural Victorian homes. Knepprath said she's glad the design isn't trying to duplicate the style of homes that are attempting something unique.

The building was designed by **Lionakis Beaumont Design Group Inc.**

A team at **CB Richard Ellis** is handling the leasing for the building. Rates are set at \$2.75 per square space downtown, and brokers are hoping for a mix of tenants.

Heller on his own is also launching another venture, the conversion of a Travelodge motel complex a small live/work spaces for rent, starting at about \$600 a month for the smallest units. He expects completion this year.

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