

1838 Higdon Avenue

MOUNTAIN VIEW, CA



OFFERING MEMORANDUM



Marcus & Millichap
Real Estate Investment Services

1838 Higdon Avenue

MOUNTAIN VIEW, CA

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PROPERTY DESCRIPTION

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INVESTMENT OVERVIEW

Investment Highlights

- Strong Mountain View Investment Location
- Strong Historical Occupancy
- Increasing Rent Submarket
- Located in Close Proximity to Highways 101, 280 and Caltrain
- New 800+ Square Foot Concrete Driveway
- 10 Off-Street Parking Spaces; Four Covered
- Close to Beautiful Downtown Mountain View
- On-Site Laundry Room



The subject property is located at the end of a quiet culdesac in highly desirable Mountain View, California. The grounds consist of 13,181 square feet with 3,472 square feet of living space nestled amongst mature landscaping.

Built in 1962, the property consists of a large concrete perimeter foundation, wood frame construction, stucco exterior, and a beautifully landscaped premises. The composite roof and galvanized plumbing are both in excellent condition, also over \$30,000 was recently put into a beautiful new concrete driveway.

The investment offers one four-unit building, an on-site laundry room, four covered and six additional on-site parking spaces. All four apartment units are two-bedroom/one-bath units measuring 865 square feet a piece. Two of the units have been redone with tile and laminate flooring. One of the downstairs units gives way to a private backyard and the two upstairs units share a nice sized balcony. Unit two provides for a great owner-occupied opportunity.

The property is located in close proximity to the Google Campus, and all other major employment hubs via Highway 101 and 280. Additionally, Mountain View's low housing affordability coupled with increasing jobs should yield continuing rent growth and decreasing vacancy in 2012.

PROPERTY SUMMARY

The Offering

Property Address	1838 Higdon Avenue Mountain View, CA 94041
Assessor's Parcel Number	154-02-019
Zoning	R3-2

Site Description

Number of Units	4
Number of Buildings	1
Number of Stories	2
Year Built	1962
Rentable Square Feet	3,472
Lot Size	13,181 SF
Type of Ownership	Fee Simple
Parking	4 Covered and 6 Uncovered
Parking Ratio	2.5:1
Topography	Flat

Utilities

Water	Landlord
Electric	Tenant Landlord pays common area
Gas	Tenant Landlord pays common area

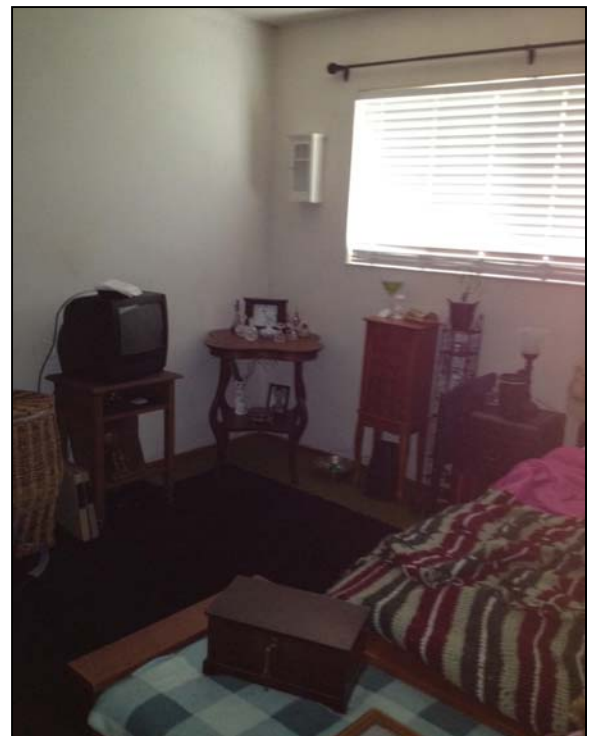
Construction

Foundation	Concrete
Framing	Wood
Exterior	Stucco
Parking Surface	Concrete
Roof	Comp Shingle

PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS



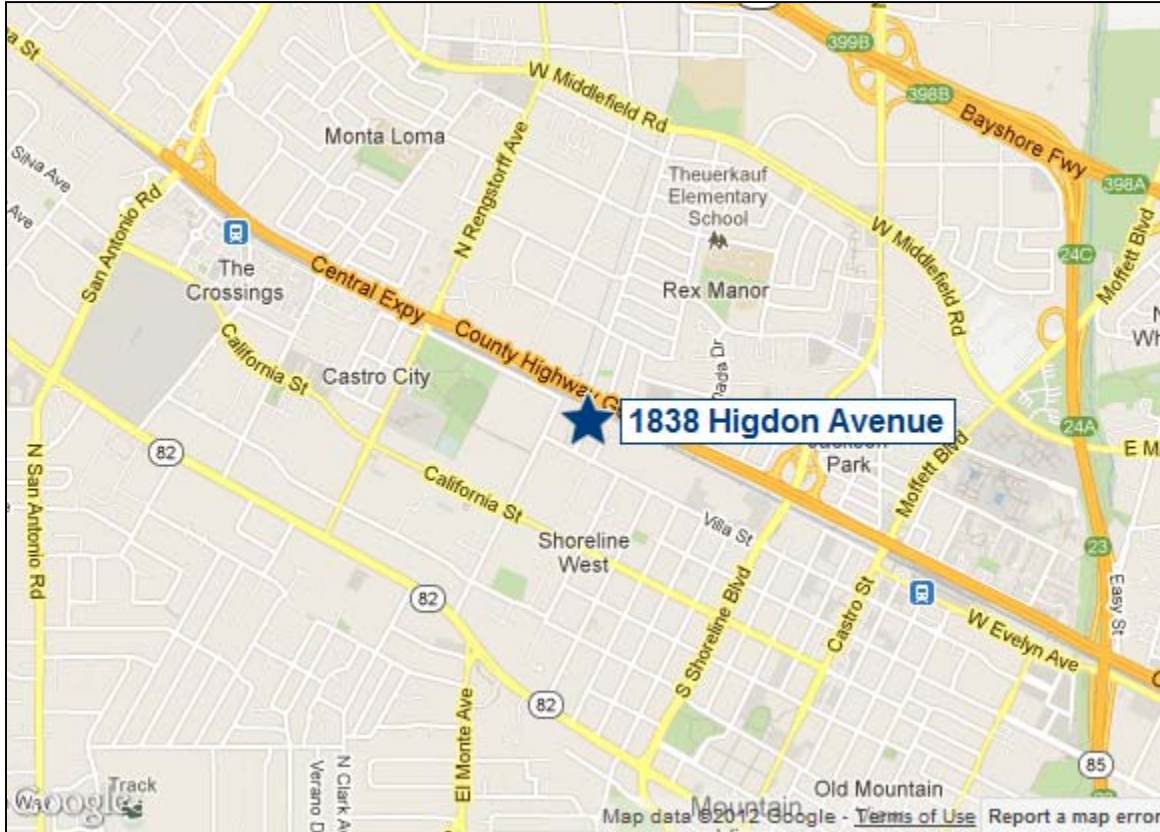
PROPERTY PHOTOS



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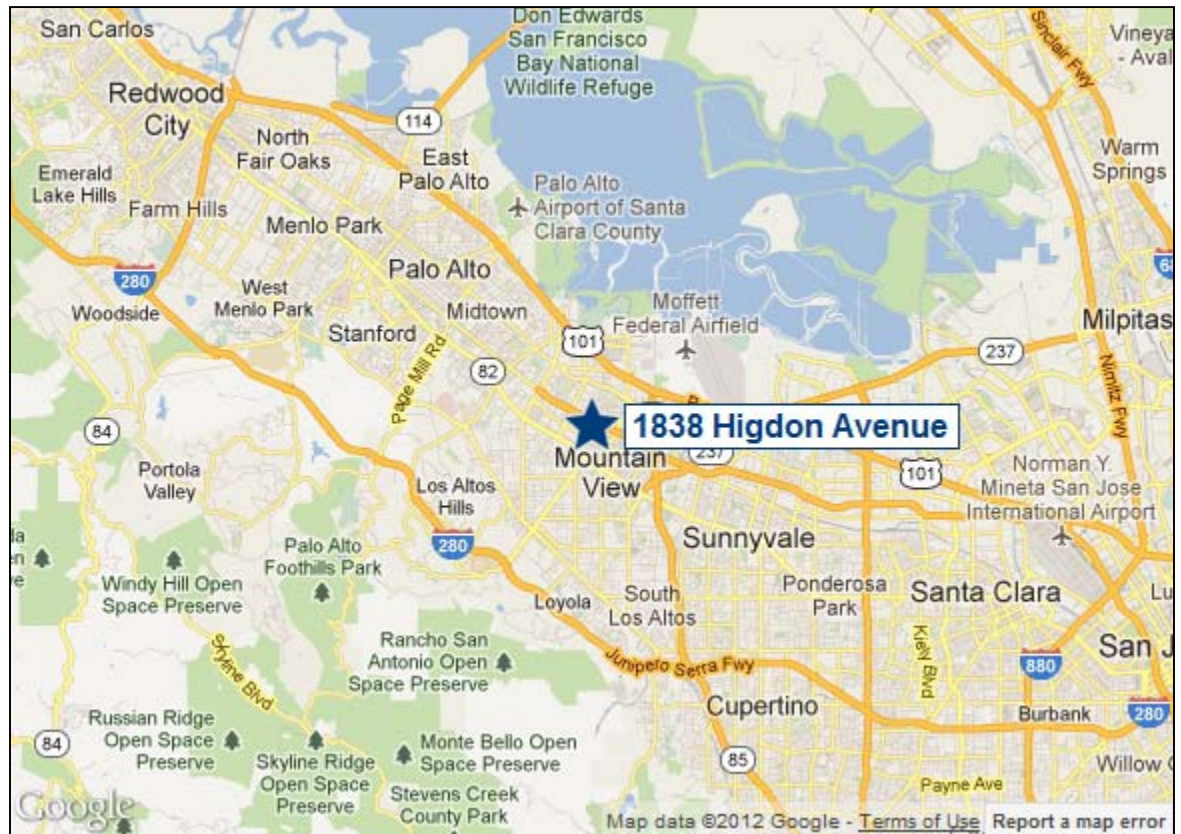
PROPERTY DESCRIPTION



Local Map



Regional Map



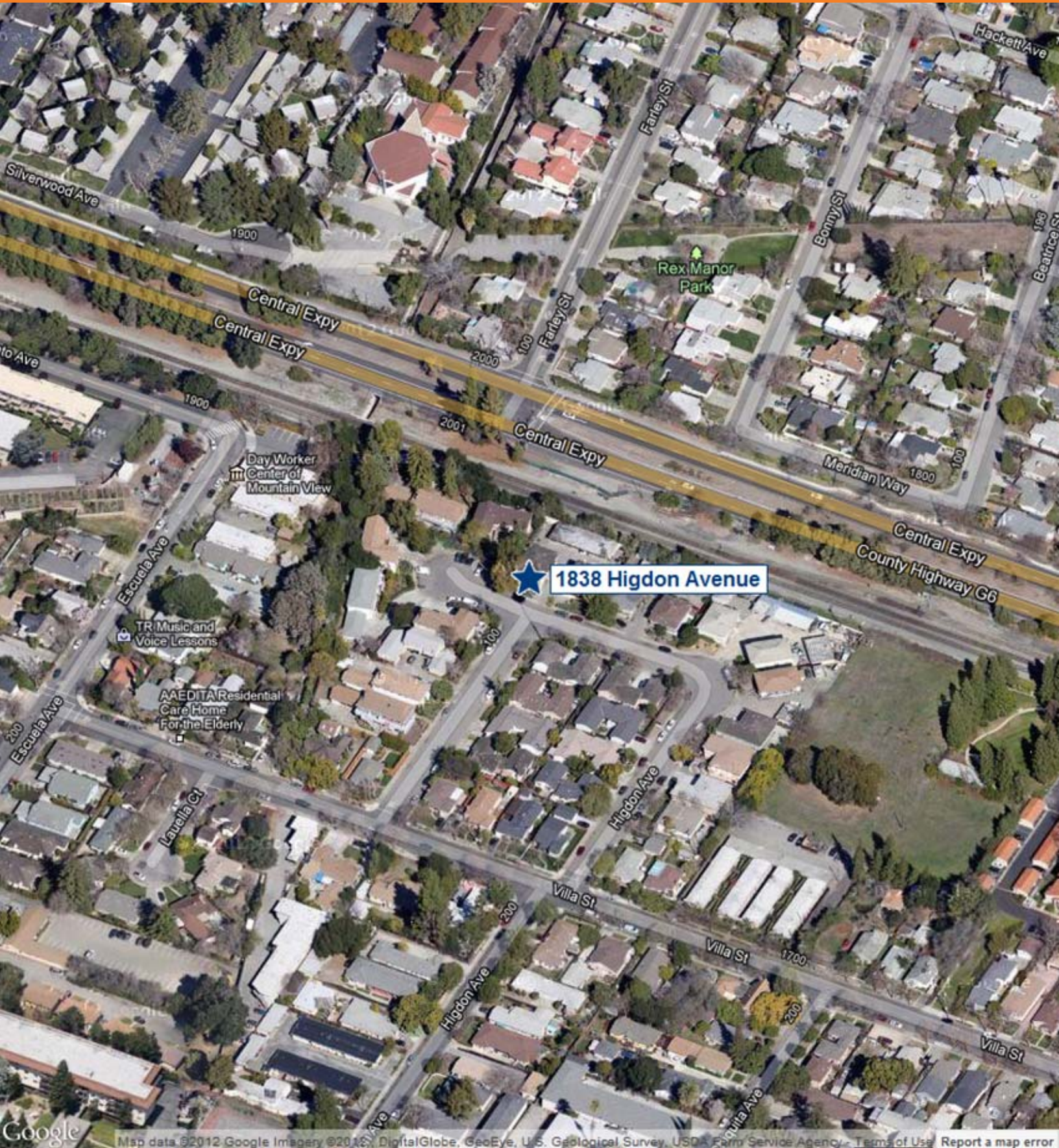
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PROPERTY DESCRIPTION



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SITE PLAN



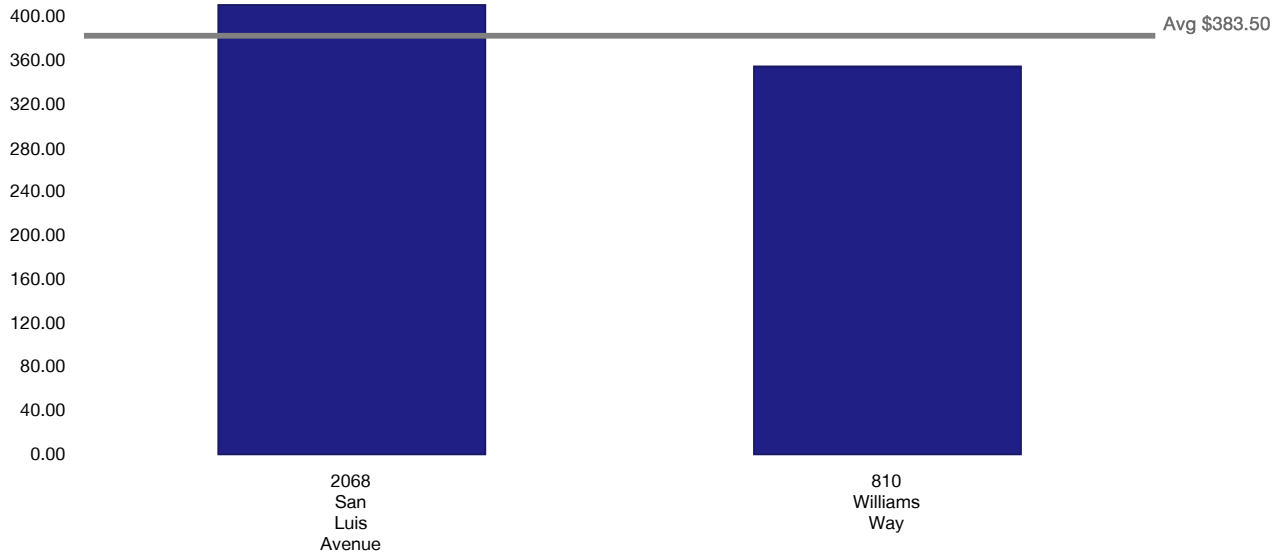
RECENT SALES

1838 Higdon Avenue

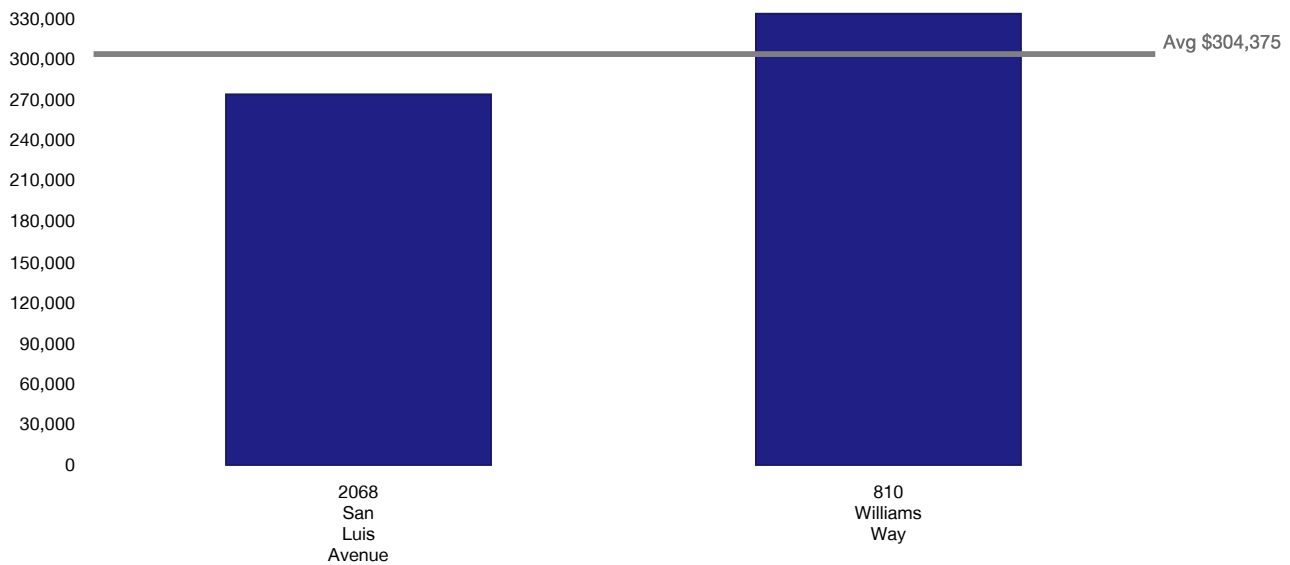
MOUNTAIN VIEW, CA

PRICE PER SF AND PRICE PER UNIT

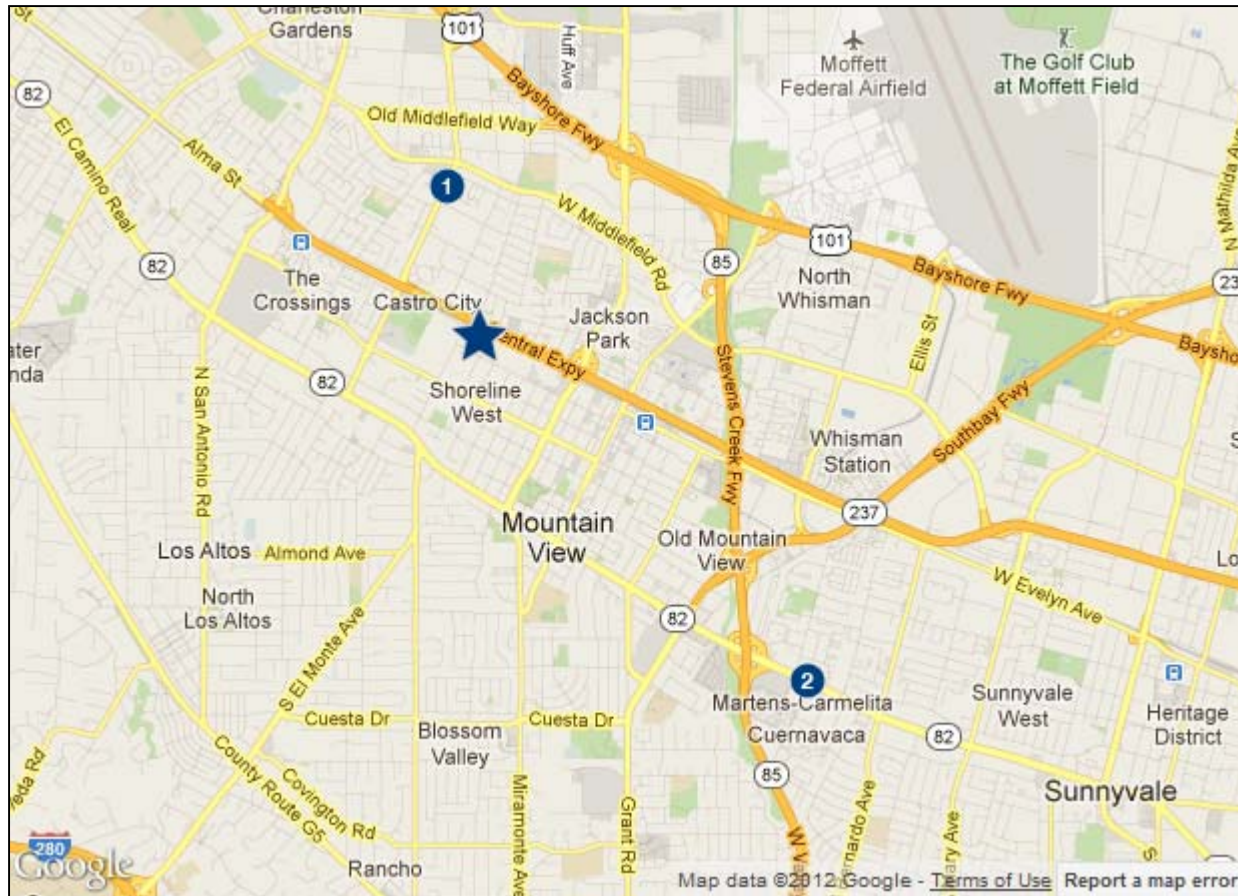
Average Price per Square Foot



Average Price per Unit



RECENT SALES MAP



- ★ 1838 Higdon Avenue
- 1) 2068 San Luis Avenue
- 2) 810 Williams Way

RECENT SALES

1



Close of Escrow: April, 2012

2068 San Luis Avenue
Mountain View, CA 94043

No. of Units: 4
Year Built: 1964
Sale Price: \$1,100,000
Price/Unit: \$275,000
Price/SF: \$412.00
CAP Rate: N/A
GRM: N/A

Units	Unit Type
4	2 Bdr 1 Bath

Comments

Older and a little run down. Large land parcel contributed to high price-per-square foot of livable space. This property was a short sale that sold above list price.

2



Close of Escrow: May 25th, 2012

810 Williams Way
Mountain View, CA 94040

No. of Units: 4
Year Built: 1964
Sale Price: \$1,335,000
Price/Unit: \$333,750
Price/SF: \$355.00
CAP Rate: 4.71%
GRM: 14.44

Units	Unit Type
3	2 Bdr 1 Bath
1	2 Bdr 1.5 Bath

Comments

Property was in great condition at time of sale. Pride of ownership property with lot of capital improvements contributed to a high sales price.

PRICING AND FINANCIAL ANALYSIS

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RENT ROLL

Unit Number	Unit Type		Unit SF	Current Rent	Rent/SF	Asking Rent	Rent/SF	Parking	Storage	
1	2 Bdr	1 Bath	Flat	865	\$1,530	\$1.77	\$1,850	\$2.14	2 On-site	Yes
2	2 Bdr	1 Bath	Flat	865	\$1,600	\$1.85	\$1,850	\$2.14	2 On-site	Yes
3	2 Bdr	1 Bath	Flat	865	\$1,450	\$1.68	\$1,850	\$2.14	2 On-site	Yes
4	2 Bdr	1 Bath	Flat	865	\$1,400	\$1.62	\$1,850	\$2.14	2 On-site	Yes
		TOTAL	VACANT		\$0		\$0			
4	TOTAL		OCCUPIED	3,460	\$5,980		\$7,400			
4	TOTAL			3,460	\$5,980		\$7,400			

INCOME & EXPENSES

Total Number of Units: 4
 Total Rentable Area: 3,472 SF

Income	Current	Per Unit	Pro Forma	Per Unit
GROSS POTENTIAL RENT	\$71,760	\$17,940	\$86,400	\$21,600
Other Income				
Laundry Income	\$960	\$240	\$960	\$240
Total Other Income	\$960	\$240	\$960	\$240
GROSS POTENTIAL INCOME	\$72,720	\$18,180	\$87,360	\$21,840
Vacancy/Collection Allowance (GPR)	3.0% / \$2,153	\$538	3.0% / \$2,592	\$648
EFFECTIVE GROSS INCOME	\$70,567	\$17,642	\$84,768	\$21,192
Expenses				
Real Estate Taxes	\$12,492	\$3,123	\$12,492	\$3,123
Insurance	\$1,647	\$412	\$1,647	\$412
PG&E (Common Area)	\$1,074	\$269	\$1,074	\$269
Water, Trash, Sewer	\$3,274	\$819	\$3,274	\$819
Repairs & Maintenance	\$2,000	\$500	\$2,000	\$500
Landscaping	\$960	\$240	\$960	\$240
TOTAL EXPENSES	\$21,447	\$5,362	\$21,447	\$5,362
Expenses per SF	\$6.18		\$6.18	
% of EGI	30.4%		25.3%	
NET OPERATING INCOME	\$49,120	\$12,280	\$63,321	\$15,830

FINANCIAL OVERVIEW

Location

1838 Higdon Avenue
Mountain View, CA 94041

Price	\$1,128,000
Down Payment	25% / \$282,000
Number of Units	4
Price/Unit	\$282,000
Rentable Square Feet	3,472
Price/SF	\$324.88
CAP Rate - Current	4.35%
CAP Rate- Pro Forma	5.61%
GRM - Current	15.72
GRM- Pro Forma	13.06
Year Built	1962
Lot Size	13,181 SF
Type of Ownership	Fee Simple

Financing

FIRST TRUST DEED

Loan Amount	\$846,000
Loan Type	Proposed New
Interest Rate	3.85%
Amortization	30 Years

Loan information is time sensitive and subject to change. Contact your local Marcus & Millichap Capital Corporation representative.

Annualized Operating Data

Income	Current	Pro Forma
Gross Potential Rent	\$71,760	\$86,400
Other Income	\$960	\$960
Gross Potential Income	\$72,720	\$87,360
Less: Vacancy/Deductions (GPR)	3.0% / \$2,153	3.0% / \$2,592
Effective Gross Income	\$70,567	\$84,768
Less: Expenses	\$21,447	\$21,447
Net Operating Income	\$49,120	\$63,321
Net Cash Flow Before Debt Service	\$49,120	\$63,321
Debt Service	\$47,593	\$47,593
Debt Coverage Ratio	1.03	1.33
Net Cash Flow After Debt Service	0.5% / \$1,527	5.6% / \$15,728
Principal Reduction	\$15,290	\$15,290
Total Return	6.0% / \$16,817	11.0% / \$31,018

Expenses

Real Estate Taxes	\$12,492	\$12,492
Insurance	\$1,647	\$1,647
PG&E (Common Area)	\$1,074	\$1,074
Water, Trash, Sewer	\$3,274	\$3,274
Repairs & Maintenance	\$2,000	\$2,000
Landscaping	\$960	\$960
Total Expenses	\$21,447	\$21,447
Expenses/unit	\$5,362	\$5,362
Expenses/SF	\$6.18	\$6.18
% of EGI	30.39%	25.30%

Scheduled Income

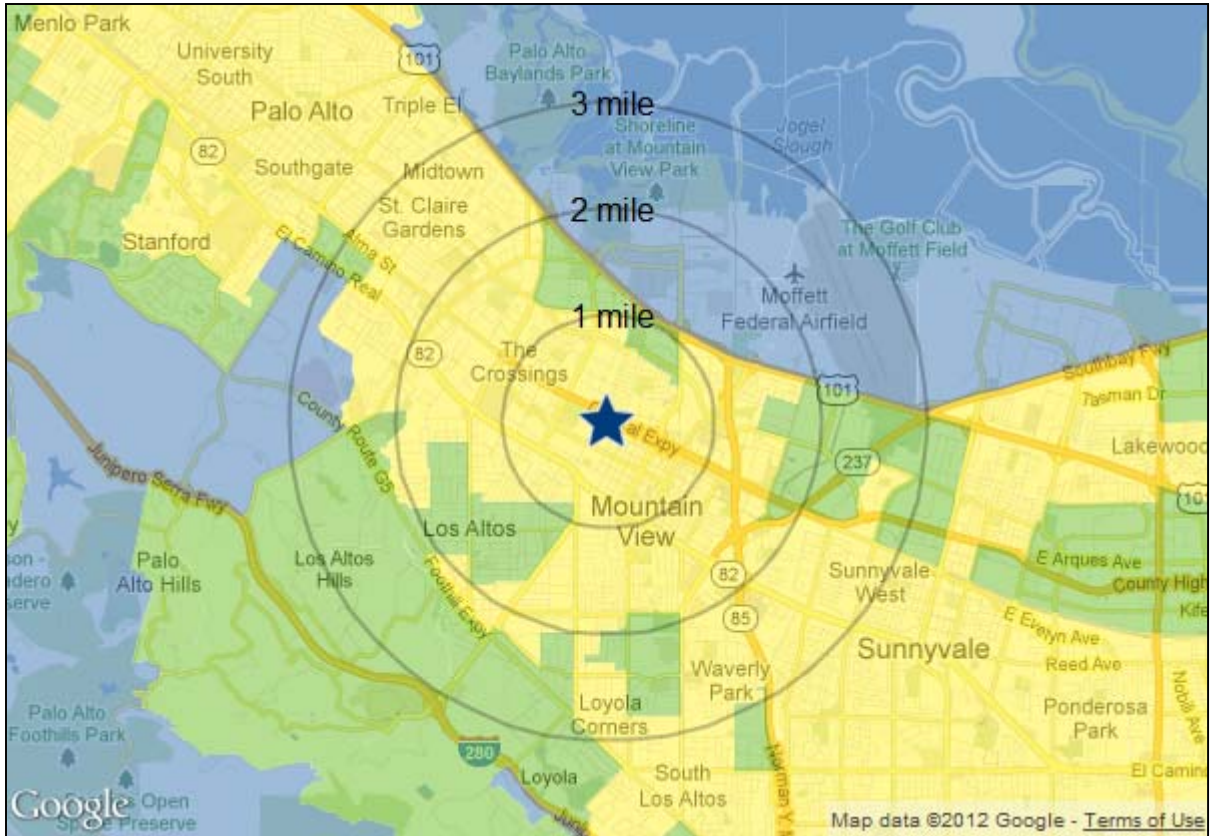
No. of Units	Unit Type	Approx. Square Feet	Current Rents	Rent/ SF	Monthly Income	Pro Forma Rents	Monthly Income
4	2 Bdr 1 Bath Flat	865	\$1,400 - \$1,600	\$1.73	\$5,980	\$1,800	\$7,200
4	Total/Wtd. Avg.	3,472			\$5,980		\$7,200

DEMOGRAPHIC ANALYSIS

1838 Higdon Avenue

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POPULATION DENSITY



Demographic data © 2010 by Experian/Applied Geographic Solutions.

Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

EMPLOYMENT DENSITY



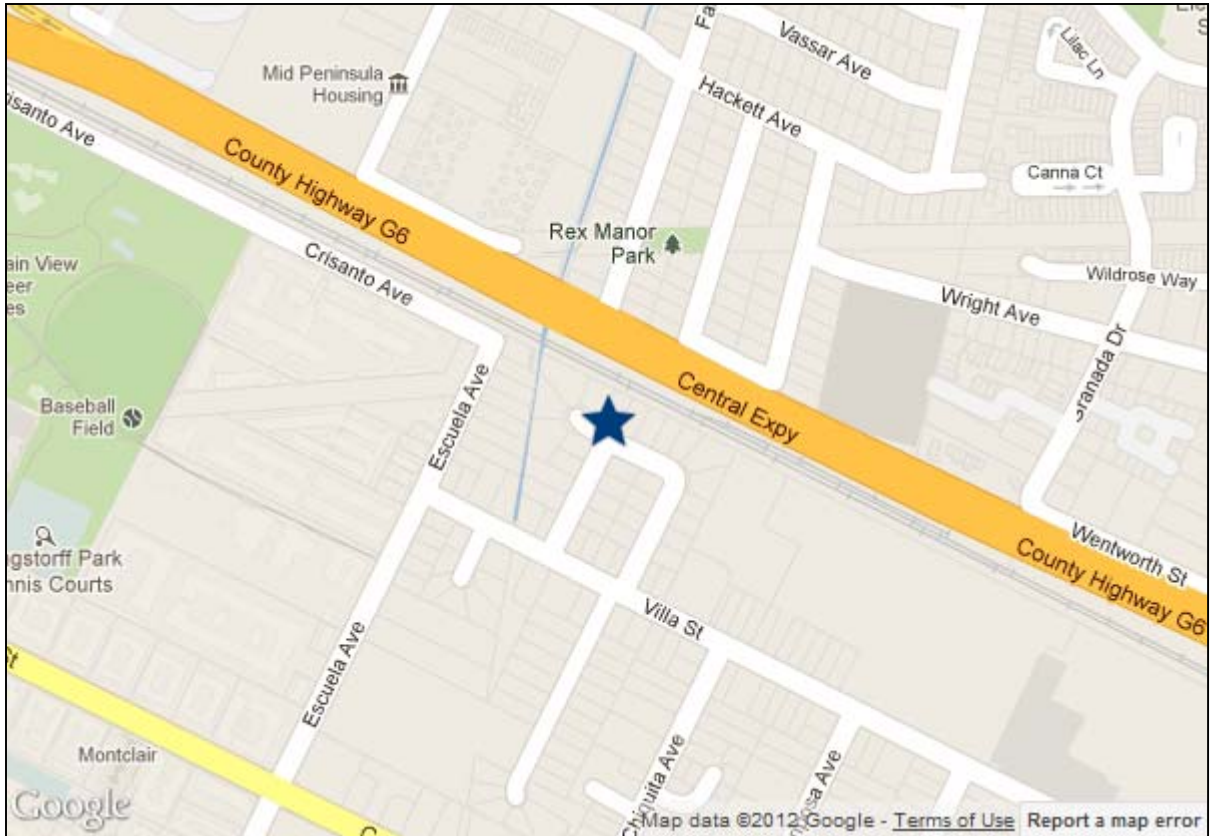
Demographic data © 2010 by Experian/Applied Geographic Solutions.

Employment Density

Theme	Low	High
Low	less than 9	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

TRAFFIC COUNTS

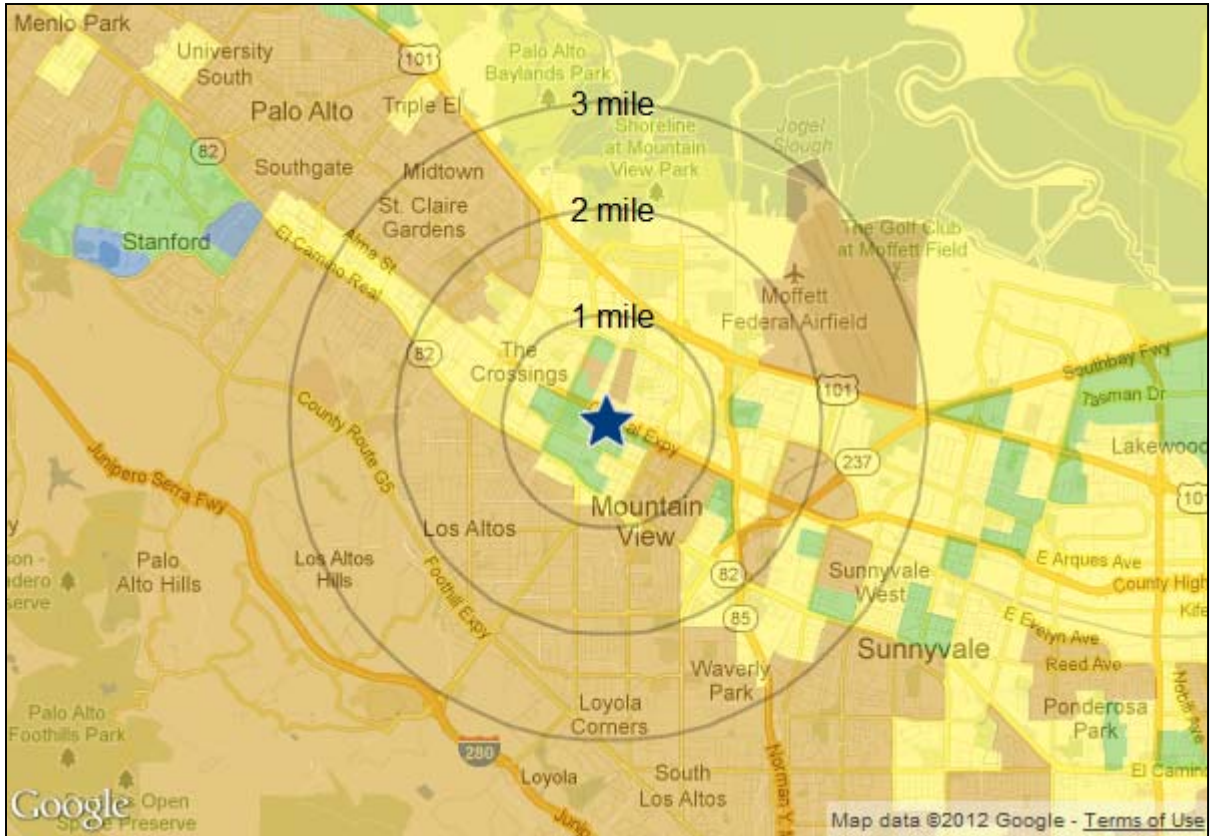


Traffic Count data © 2010 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.



AVERAGE HOUSEHOLD INCOME



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Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.

DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
1990 Population	31,710	128,401	264,951
2000 Population	33,940	135,042	275,341
2010 Population	35,522	141,630	295,297
2011 Population	36,744	145,592	302,655
2016 Population	40,813	156,603	321,185
1990 Households	14,014	54,662	108,388
2000 Households	14,648	56,900	112,350
2010 Households	15,078	58,125	115,355
2011 Households	15,457	59,697	117,688
2016 Households	17,100	64,086	124,800
2011 Average Household Size	2.37	2.43	2.52
2011 Daytime Population	15,059	79,731	166,904
1990 Median Housing Value	\$302,483	\$417,459	\$424,458
2000 Median Housing Value	\$461,109	\$692,017	\$681,066
2000 Owner Occupied Housing Units	32.12%	47.96%	50.64%
2000 Renter Occupied Housing Units	64.98%	48.46%	46.29%
2000 Vacant	2.89%	3.58%	3.07%
2011 Owner Occupied Housing Units	33.31%	48.05%	50.67%
2011 Renter Occupied Housing Units	61.50%	46.53%	44.16%
2011 Vacant	5.19%	5.42%	5.06%
2016 Owner Occupied Housing Units	33.25%	48.18%	50.74%
2016 Renter Occupied Housing Units	61.73%	46.46%	44.18%
2016 Vacant	5.01%	5.36%	4.98%
\$ 0 - \$14,999	8.7%	6.6%	6.9%
\$ 15,000 - \$24,999	8.7%	5.7%	5.4%
\$ 25,000 - \$34,999	5.6%	5.5%	6.1%
\$ 35,000 - \$49,999	9.8%	8.2%	8.3%
\$ 50,000 - \$74,999	14.7%	14.2%	13.6%
\$ 75,000 - \$99,999	15.0%	12.8%	12.8%
\$100,000 - \$124,999	12.1%	10.9%	10.3%
\$125,000 - \$149,999	7.9%	8.1%	8.1%
\$150,000 - \$199,999	8.8%	10.8%	10.6%
\$200,000 - \$249,999	3.1%	4.8%	4.7%
\$250,000 +	5.7%	12.5%	13.2%
2011 Median Household Income	\$78,576	\$93,771	\$93,279
2011 Per Capita Income	\$40,002	\$53,581	\$52,642
2011 Average Household Income	\$93,476	\$129,450	\$133,068

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SUMMARY REPORT

Geography: 5 Miles**Population**

In 2011, the population in your selected geography was 302,655 . The population has changed by 9.92% since 2000. It is estimated that the population in your area will be 321,185 five years from now, which represents a change of 6.12% from the current year. The current population is 51.1% male and 48.9% female. The median age of the population in your area is 36.8 , compare this to the U.S. average which is 36.9. The population density in your area is 3,850.09 people per square mile.

Households

There are currently 117,688 households in your selected geography. The number of households has changed by 4.75% since 2000. It is estimated that the number of households in your area will be 124,800 five years from now, which represents a change of 6.04% from the current year. The average household size in your area is 2.52 persons.

Income

In 2011, the median household income for your selected geography is \$93,279 , compare this to the U.S. average which is currently \$53,620. The median household income for your area has changed by 18.33% since 2000. It is estimated that the median household income in your area will be \$99,965 five years from now, which represents a change of 7.17% from the current year.

The current year per capita income in your area is \$52,642 , compare this to the U.S. average, which is \$28,713. The current year average household income in your area is \$133,068 , compare this to the U.S. average which is \$73,458.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 54.59% White, 2.40% African American, 0.37% Native American and 22.79% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.40% White, 12.60% African American, 0.95% Native American and 4.93% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 16.52% of the current year population in your selected area. Compare this to the U.S. average of 16.90%.

Housing

The median housing value in your area was \$681,066 in 2000, compare this to the U.S. average of \$110,796 for the same year. In 2000, there were 58,690 owner occupied housing units in your area and there were 53,657 renter occupied housing units in your area. The median rent at the time was \$1,177 .

Employment

In 2011, there are 166,904 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 82.7% of employees are employed in white-collar occupations in this geography, and 17.4% are employed in blue-collar occupations. In 2011, unemployment in this area is 8.71% . In 2000, the median time traveled to work was 20.3 minutes.

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