

1905 San Ramon Avenue

MOUNTAIN VIEW, CA

OFFERING MEMORANDUM



Marcus & Millichap

1905 San Ramon Avenue

MOUNTAIN VIEW, CA

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PROPERTY DESCRIPTION

1905 San Ramon Avenue

MOUNTAIN VIEW, CA

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INVESTMENT OVERVIEW

Investment Highlights

- Complete Renovation of All Interior & Exteriors in 2015!
- All Utilities (Water, Trash, Sewer & PG&E) Paid by Tenants
- Situated on a Massive 19,000+/- Square Foot Lot!
- Potential for Future Development of Single Family Homes
- Beautifully Landscaped Draught Tolerant, Zero Maintenance Front and Backyards
- Attractive Stone Exterior Accents
- Walking Distance to Google, LinkedIn, Microsoft, Shoreline Amphitheatre, and Downtown Mountain View
- Quiet Residential Neighborhood



Nestled in a peaceful and quiet Mountain View neighborhood, 1905 San Ramon presents the opportunity to live in the heart of the Silicon Valley while tucked away from the hustle and bustle in an extra-large private and serene four-plex. Craftsman style architecture combined with plenty of open space offers peace, tranquility and a sense of belonging. A perfect personal oasis in the heart of Silicon Valley with Feng Shui elements, 1905 San Ramon Ave is conveniently close to major highways, employers, schools, downtown, shopping, restaurants and transportation.

The 3, 2, and 1 bedroom plans offer the perfect home for families of all sizes. Inside each unit, the kitchen becomes a culinary retreat with contemporary recessed lighting at select locations, newly upgraded cabinetry, appliances, and beautiful quartz countertops. Custom designed bathrooms have Allen + Roth® ceramic tiles, enhancing mirrors and distinctive European vessel sinks. High quality imported wooden flooring throughout the units are robot friendly for cleaning. All exterior doors are the designers insulated metal beveled glass doors and all windows are Low-E glass vinyl-framed. Each unit is California Title-24 Certified, equipped with an independent water heater and washer dryer combo for the tenant's convenience. A new driveway with Catalina Pavers and custom stamped concrete provides a big Spanish style Courtyard.



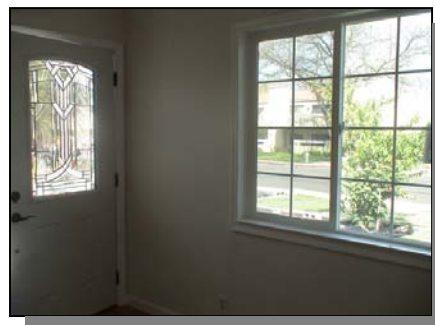
INVESTMENT OVERVIEW



Outside of insurance, taxes and very minimal repairs and maintenance, the common expenses such as water, trash collection, sewer and PG&E are all expenses that are paid directly by the tenants. Beautifully landscaped draught tolerant, zero maintenance, front and backyards lined with plenty of citrus, peach, nectarines, blueberries trees that yield fresh organic produce all year round. Tall and timeless redwood, conifer trees are preserved in the back yard along with a recently planted organic urban garden.

Combined with the convenience of abundant local amenities, newly paved wide roads easy access to commute routes, and desirable Bay Area location, 1905 San Ramon is the perfect place to call home. The 3,372 square feet of livable space is situated on a massive 19,000+/- square foot parcel, giving new ownership a stabilized and newly renovated asset bearing R3-2 zoning which with City Approval may allow for future development of up to five (5) multi-million dollar town homes.

Mountain View, California has one of the nation's strongest housing markets and is located in the heart of the world-renowned Silicon Valley. Within a stone's throw are ground-breaking companies such as Google, Nokia, Microsoft, Yahoo, Sun Microsystems, AOL, Facebook, LinkedIn and Apple amongst many others. Mountain View offers a wide array of dining and entertainment options and provides its residents with a high quality lifestyle.



LIST OF CAPITAL IMPROVEMENTS

FEATURES OF COMPLETE RENOVATION (MAY, 2015)

Location

- Desirable Mountain View is an increasingly popular destination to live on the Peninsula
- Easy access to highways 101, 85, 237 & Central Expressway for commuters
- Downtown Mountain View is a short walk from an abundance of retail, restaurants & entertainment
- Located close to the Mountain View VTA Light Rail Station as well as the Mountain View Caltrain Station
- Walking distance to great local schools, Google, LinkedIn, Microsoft, Yahoo! etc.
- New residential neighborhood in development

Exteriors

- Stunning architectural elevations with traditional forms and materials
- Dual-tone textured acrylic paint
- Designers insulated metal beveled glass front entry doors.
- Rear entry French doors
- Beautifully landscaped draught tolerant, zero maintenance, front and backyard
- Attractive stone exterior accents
- 2-car on-site parking spots per unit
- 20 amp circuit for electric car charger in garage
- Solar lights up and down driveway and common area

Interiors

- Spacious floor plans with great natural light
- Interior laundry and closets in all homes
- Vinyl clad windows and sliding doors
- Smoke detectors & CO Detectors
- Gas forced air heating furnace
- Spacious storage areas (per plan)
- Raised panel interior doors with oil rubbed bronze hardware

Interior Finishes

- Imported engineered wood floors ideal for robot cleaning
- Designer light fixtures
- New textured paint
- Rectangular arches in all units

LIST OF CAPITAL IMPROVEMENTS

FEATURES OF COMPLETE RENOVATION (MAY, 2015)

Kitchens

- Hardwood floors in kitchen
- Beautiful quartz countertop and sophisticated backsplash
- Stainless steel single basin sink with garbage disposal
- Peninsula breakfast bar (selected units)
- Recessed can lighting & pendant lighting

Bathrooms

- Designer's bathrooms, with high quality ceramic tile floors and walls in all bathrooms
- Allen Roth accent tiles
- Quartz countertops and European style wash basins
- Low pressure faucets, and toilet tank

Efficiency

- Title-24 certified
- New dual paned windows
- Low E glazing on windows and doors
- Insulated roof, ceilings, and exterior walls that meet or exceed current State of CA energy standards
- Low water consumption fixtures
- Energy efficient point of use water heaters

PROPERTY SUMMARY

The Offering

Property Address	1905 San Ramon Avenue Mountain View, CA 94043
Assessor's Parcel Number	150-07-035
Zoning	R3-22

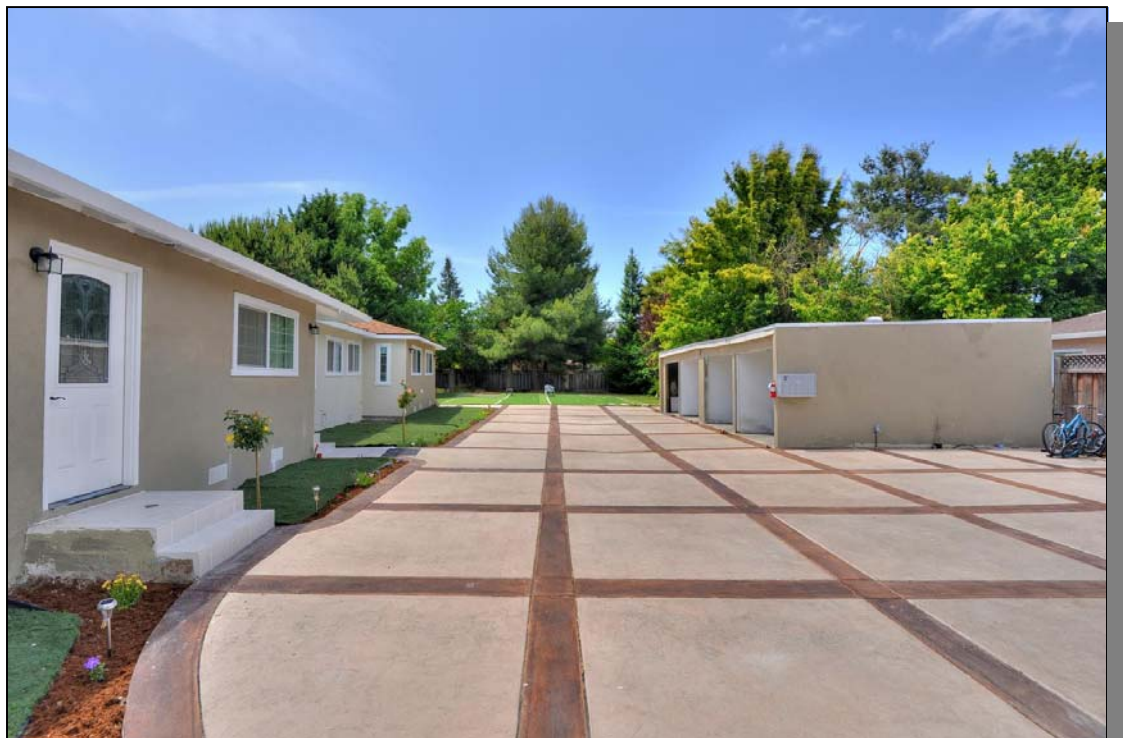
Site Description

Number of Units	4
Number of Stories	1
Year Built/Renovated	1963 / 2015
Rentable Square Feet	3,372
Lot Size	19,000+/- Square Feet
Type of Ownership	Fee Simple
Density	Very Low
Parking	Ample On-Site Parking
Parking Ratio	Two (2) Parking Spaces per Unit
Landscaping	Zero Maintenance
Topography	Flat

Utilities

Water	TENANT'S RESPONSIBILITY
Phone	TENANT'S RESPONSIBILITY
Electric	SOLAR
Gas	TENANT'S RESPONSIBILITY

PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS



AMENITIES

Common Area Amenities

- Solar Lighting on the Driveway and Common Area
- 20-Amp Circuit for Electric Car Charger Located in Garage
- Two On-Site Parking Spots per Unit
- Stunning Architectural Elevations with Traditional Forms and Materials
- Designers Insulated Metal | Beveled Glass Front Entry Doors



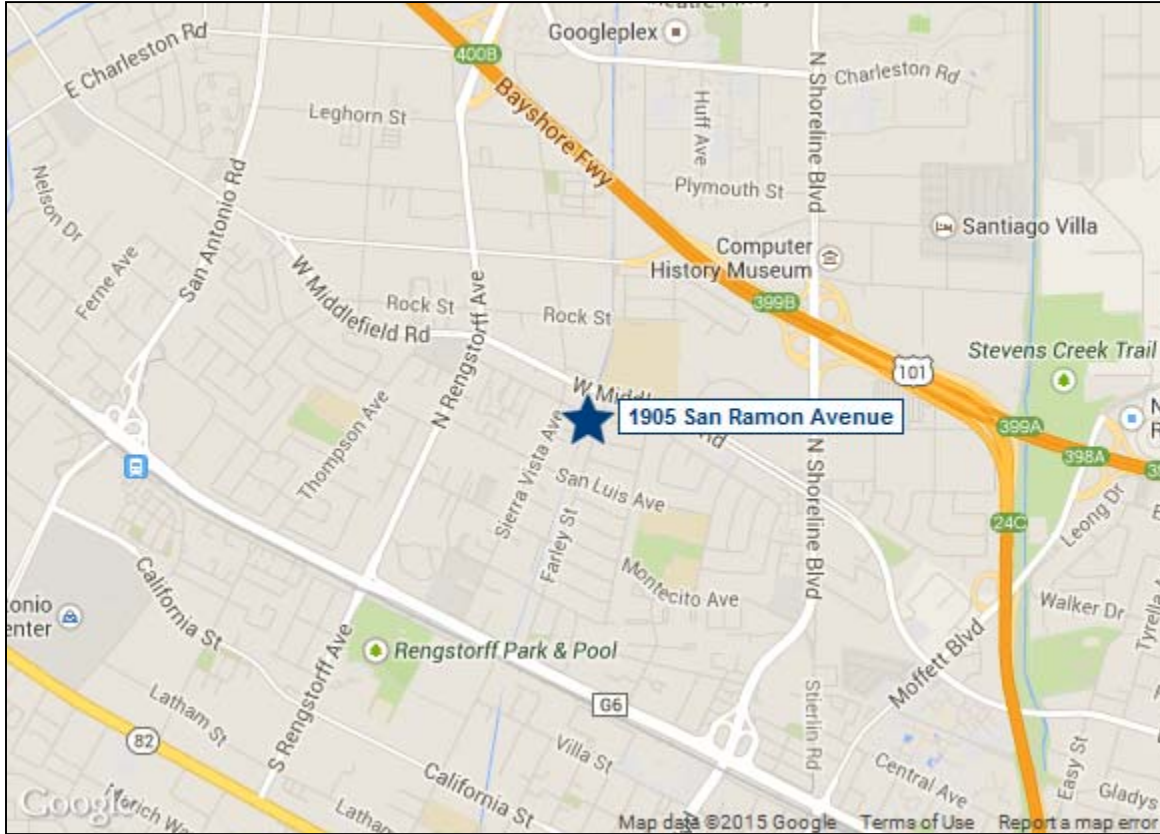
Unit Amenities

- Imported Engineered Wood Floors | Ideal for Robot Cleaning
- Designer Light Fixtures
- Hardwood Floors in the Kitchens
- Beautiful Quartz Countertops and Sophisticated Backsplash
- Low Pressure Faucets and Toilet Tank

1905 San Ramon Avenue

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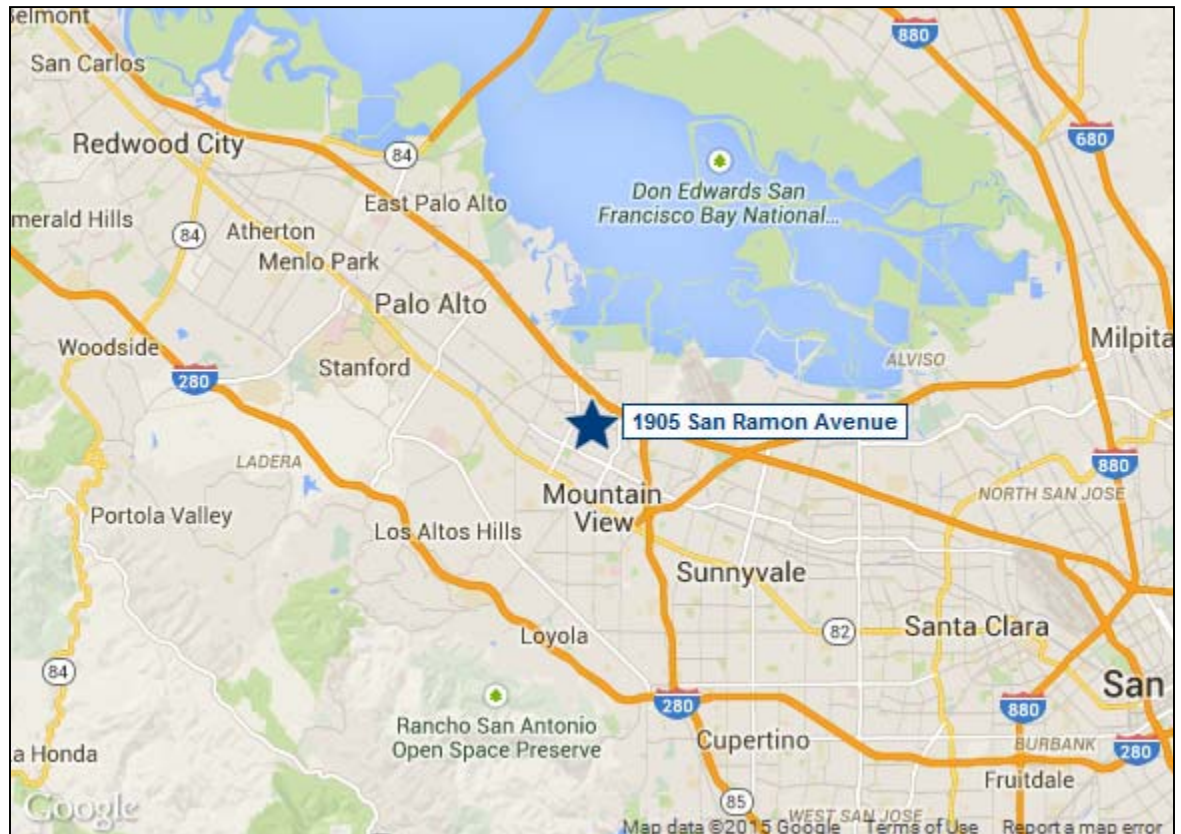
PROPERTY DESCRIPTION



Local Map



Regional Map

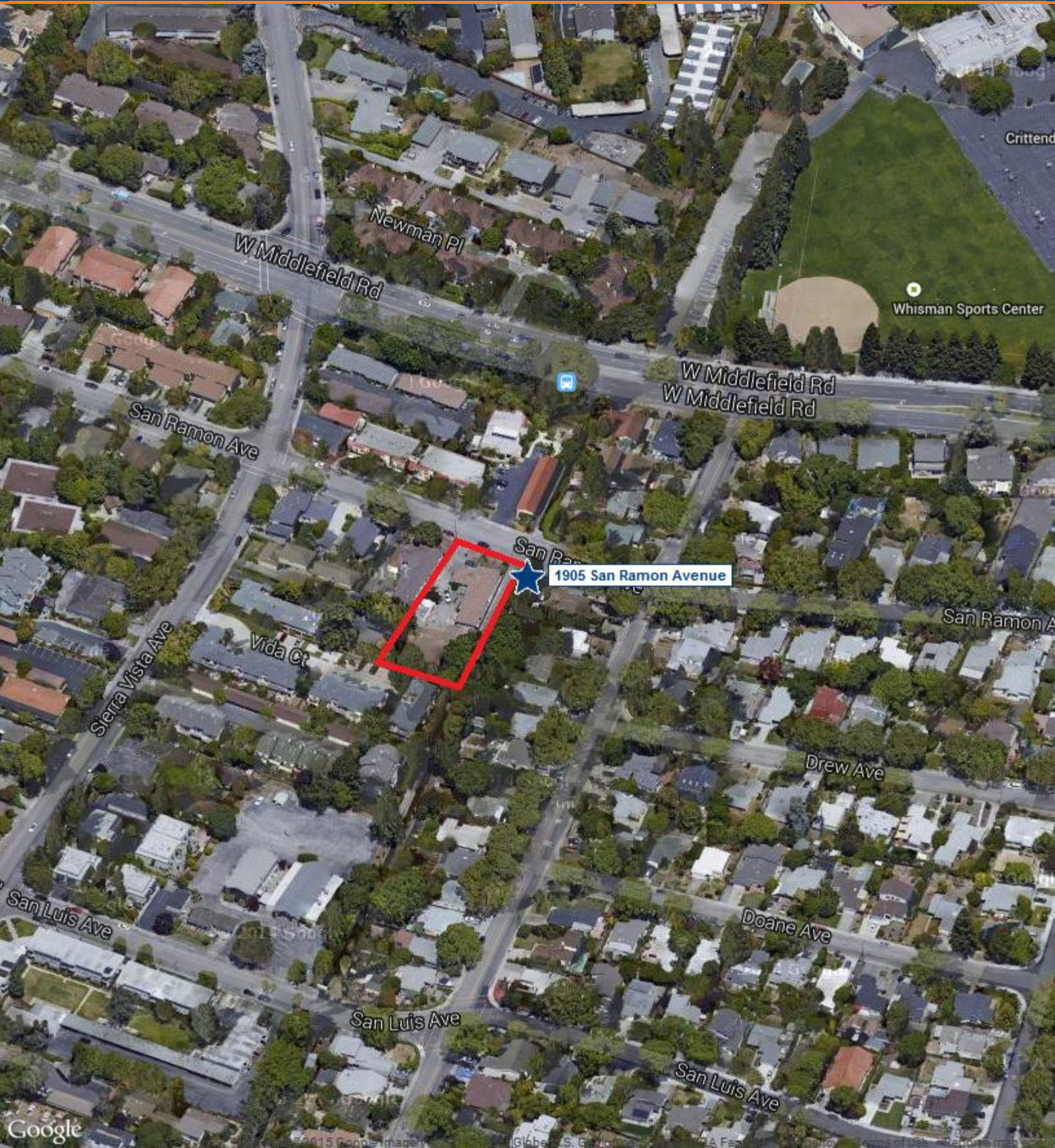


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PROPERTY DESCRIPTION



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RECENT SALES

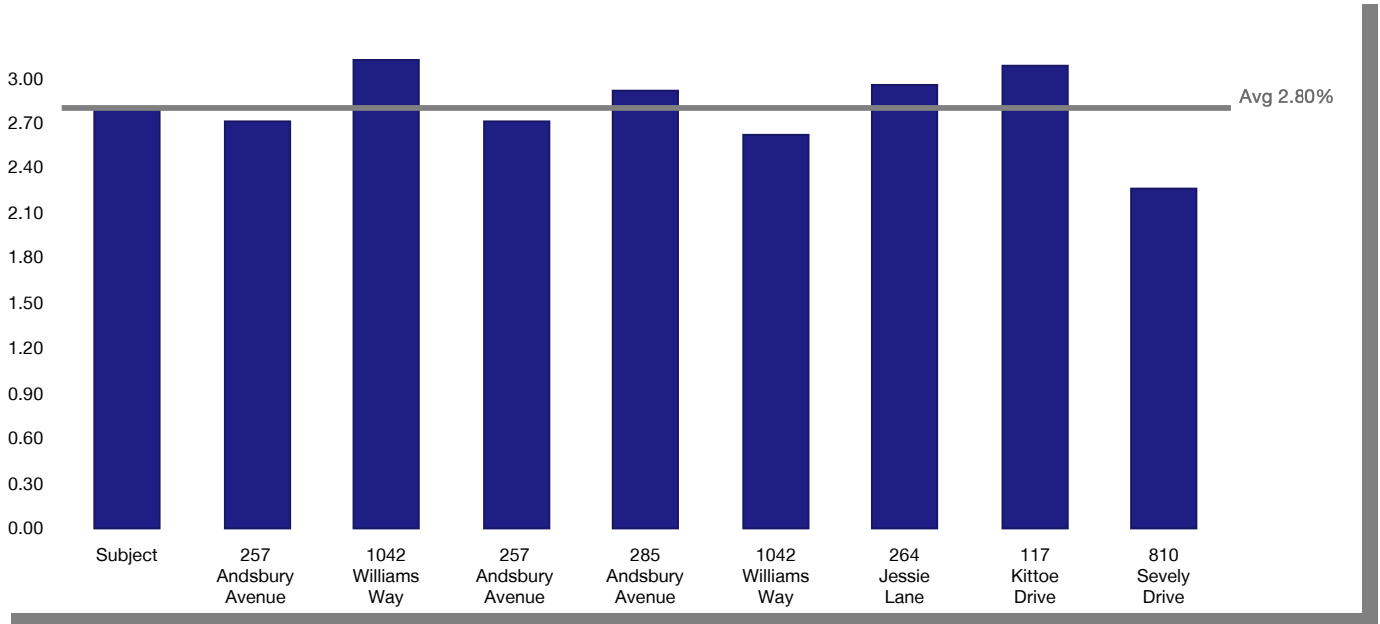
1905 San Ramon Avenue

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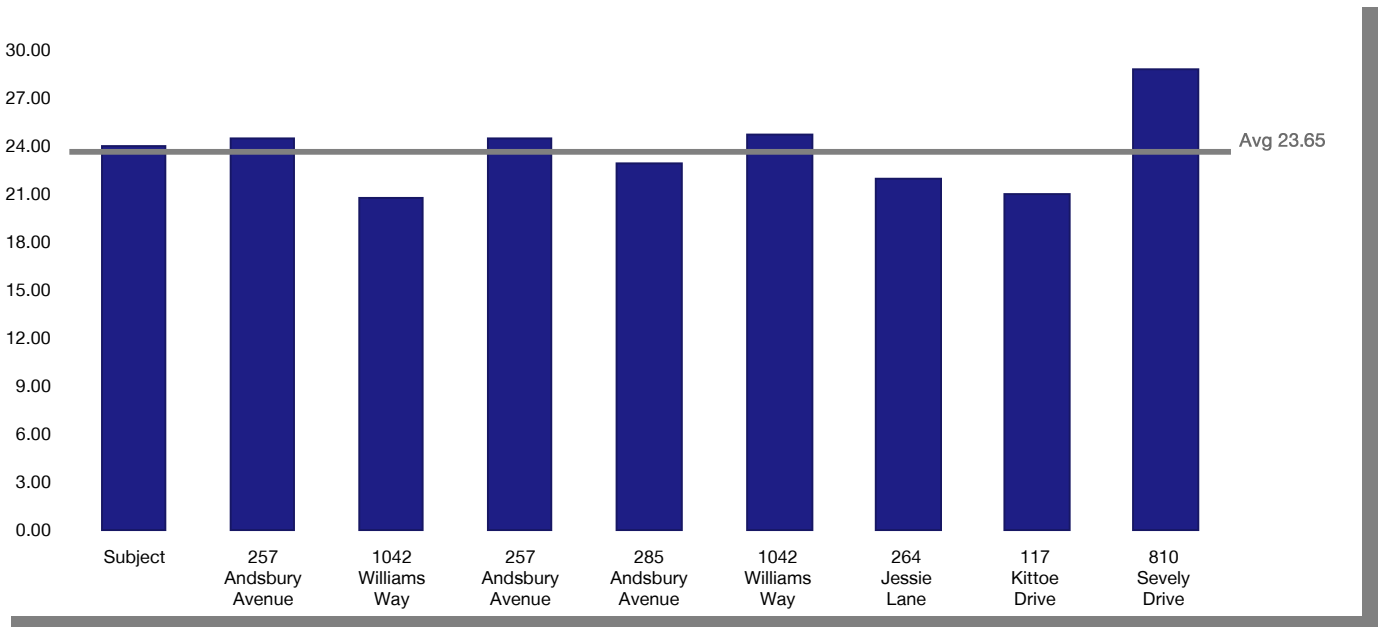
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CAP RATE AND GRM

Average Cap Rate

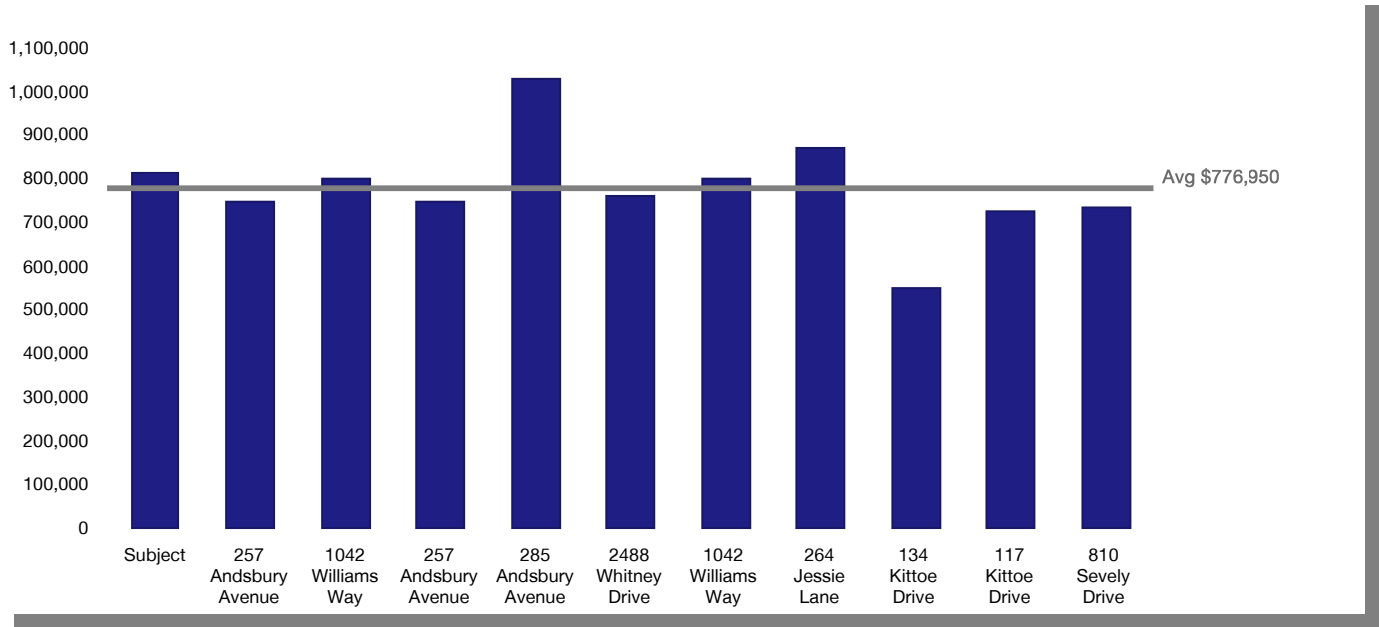


Average GRM

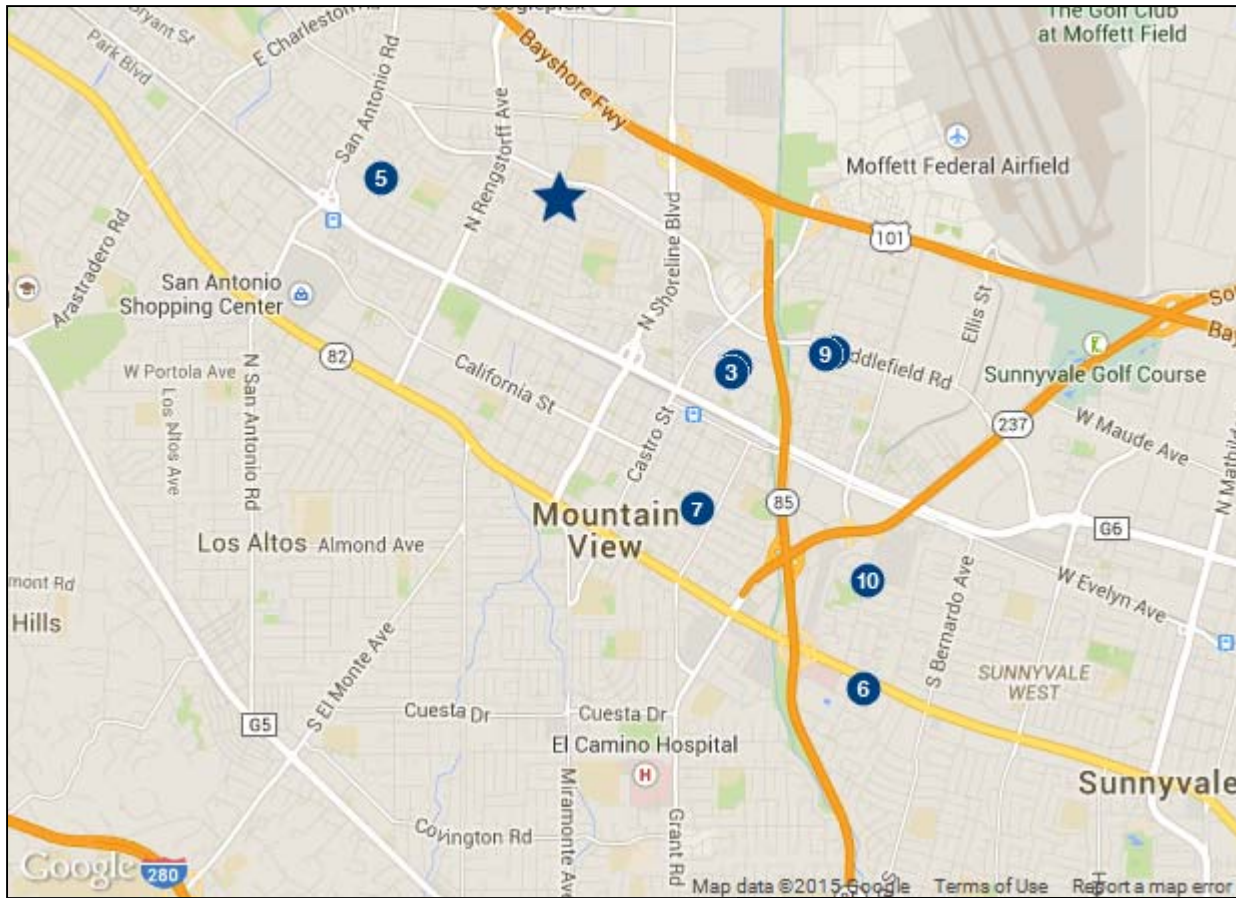


PRICE PER SF AND PRICE PER UNIT

Average Price per Unit



RECENT SALES MAP



- ★ 1905 San Ramon Avenue
- 1) 257 Andsbury Avenue
- 2) 1042 Williams Way
- 3) 257 Andsbury Avenue
- 4) 285 Andsbury Avenue
- 5) 2488 Whitney Drive
- 6) 1042 Williams Way
- 7) 264 Jessie Lane
- 8) 134 Kittoe Drive
- 9) 117 Kittoe Drive
- 10) 810 Sevely Drive

RECENT SALES



Subject Property

1905 San Ramon Avenue
Mountain View, CA 94043

No. of Units: 4
Year Built: 1963 / 2015
Sale Price: \$3,250,000
Price/Unit: \$812,500
Price/SF: \$963.82
CAP Rate: 2.80%
GRM: 23.97

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

Comments

1042 Williar

1



Close of Escrow: 11/5/2014

257 Andsbury Avenue
Mountain View, CA 94043

No. of Units: 3
Year Built: 1971
Sale Price: \$2,250,000
Price/Unit: \$750,000
Price/SF: \$667.00
CAP Rate: 2.71%
GRM: 24.50

Units	Unit Type
3	2 Bdr 1 Bath

Comments

11,700 SF lot size much smaller than subject property. Located 1.4 miles from 1905 San Ramon.

2



Close of Escrow: 10/14/2014

1042 Williams Way
Mountain View, CA 94040

No. of Units: 2
Year Built: 1963
Sale Price: \$1,598,000
Price/Unit: \$799,000
Price/SF: \$715.00
CAP Rate: 3.12%
GRM: 20.80

Units	Unit Type
1	3 Bdr 1 Bath \$4000
1	1 Bdr 1 Bath \$2400

Comments

MLS did not have operating information. -- Cap rate and GRM derived from market rents for 3Br and 1Br units, and used 35% as constant for annual expenses. Conservative estimate of net operating income and true cap rate/GRM.

RECENT SALES

3



Close of Escrow: 11/15/14

257 Andsbury Avenue
Mountain View, CA 94043

No. of Units: 3
Year Built: 1971
Sale Price: \$2,250,000
Price/Unit: \$750,000
Price/SF: \$666.00
CAP Rate: 2.71%
GRM: 24.50

Units	Unit Type
3	2 Bdr 1 Bath \$2000-\$3150

Comments

4



Close of Escrow: 3/20/15

285 Andsbury Avenue
Mountain View, CA 94043

No. of Units: 2
Year Built: 1970
Sale Price: \$2,060,000
Price/Unit: \$1,030,000
Price/SF: \$718.00
CAP Rate: 2.92%
GRM: 22.88

Units	Unit Type
1	3 Bdr 2 Bath \$3750
1	2 Bdr 2 Bath \$3250

Comments

5



Close of Escrow: 11/25/14

2488 Whitney Drive
Mountain View, CA 94043

No. of Units: 2
Year Built: 1959
Sale Price: \$1,525,000
Price/Unit: \$762,500
Price/SF: \$800.00
CAP Rate:
GRM:

Units	Unit Type
2	2 Bdr 1 Bath N/A

Comments

No operating information available. - Huge price per foot for a duplex.

RECENT SALES

6



Close of Escrow: 10/14/14

1042 Williams Way
Mountain View, CA 94040

No. of Units: 2
Year Built: 1963
Sale Price: \$1,598,000
Price/Unit: \$799,000
Price/SF: \$715.00
CAP Rate: 2.63%
GRM: 24.66

Units	Unit Type
1	3 Bdr 1 Bath \$3000
1	2 Bdr 1 Bath \$2400

[Comments](#)

7



Close of Escrow: 3/18/15

264 Jessie Lane
Mountain View, CA 94041

No. of Units: 2
Year Built: 1958
Sale Price: \$1,738,000
Price/Unit: \$869,000
Price/SF: \$882.00
CAP Rate: 2.96%
GRM: 22.01

Units	Unit Type
2	2 Bdr 1 Bath \$3000-\$3600

[Comments](#)

8



Close of Escrow: 1/6/2015

134 Kittoe Drive
Mountain View, CA 94043

No. of Units: 2
Year Built: 1960
Sale Price: \$1,100,000
Price/Unit: \$550,000
Price/SF: \$503.00
CAP Rate:
GRM:

Units	Unit Type
2	3 Bdr 2 Bath

[Comments](#)

No operating info. Property in very "original" condition.

RECENT SALES

9



Close of Escrow: 3/10/2015

117 Kittoe Drive
Mountain View, CA 94043

No. of Units: 2
Year Built: 1959
Sale Price: \$1,450,000
Price/Unit: \$725,000
Price/SF: \$725.00
CAP Rate: 3.09%
GRM: 21.01

Units	Unit Type
2	2 Bdr 2 Bath \$2875-month

Comments

Hardwood floors and rental grade conditions.

10



Close of Escrow: 10/27/2014

810 Sevely Drive
Mountain View, CA 94041

No. of Units: 2
Year Built: 1964
Sale Price: \$1,470,000
Price/Unit: \$735,000
Price/SF: \$589.00
CAP Rate: 2.26%
GRM: 28.82

Units	Unit Type
1	2 Bdr 1 Bath \$1900-month
1	3 Bdr 1 Bath \$2350-month

Comments

Rental grade condition. Worse unit condition than subject property.



1905 San Ramon Avenue

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OFFERING SUMMARY



Unit Mix

No. of Units	Unit Type	Approx. Square Feet
1	3 Bdr 2 Bath	968
1	3 Bdr 1 Bath	902
1	2 Bdr 1 Bath	917
1	1 Bdr 1 Bath	585
4	Total	3,372

Major Employers

Company	Local Employees
HP	5,656
Palo Alto Healthcare System	3,500
Stanford Hospital and Clinics	2,526
Stanford Medical Center	2,285
Lockheed Martin	1,943
CPI	1,910
VARIAN MEDICAL SYSTEMS	1,710
Netapp	1,600
Lockheed Martin Corporation	1,530
Leland Stanford Junior Univ	1,185
Idea Travel Company	1,100
Wilson Sonsini Goodrich & Rosa	1,100

Price	\$3,250,000
Down Payment	100% / \$3,250,000
Price/Unit	\$812,500
Price/SF	\$963.82
Number of Units	4
Rentable Square Feet	3,372
Number of Stories	1
Year Built/Renovated	1963 / 2015
Lot Size	19,000+/- Square Feet

Vital Data

CAP Rate - Current	2.80%
GRM - Current	23.97
Net Operating Income - Current	\$90,870
Total Return - Current	2.8% / \$90,870
CAP Rate - Pro Forma	3.50%
GRM - Pro Forma	20.41
Net Operating Income - Pro Forma	\$113,801
Total Return - Pro Forma	3.5% / \$113,801

Demographics

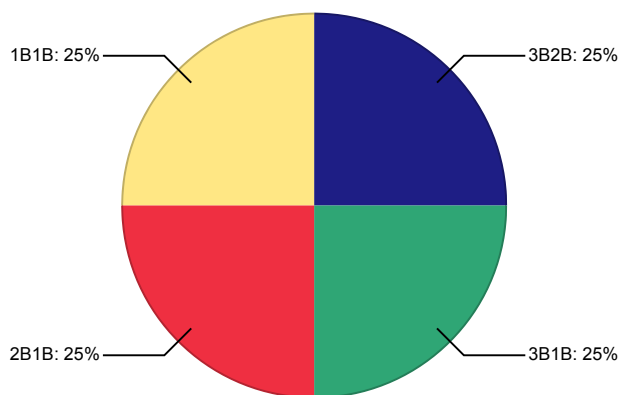
	1-Mile	3-Miles	5-Miles
2014 Total	27,872	138,854	310,100
2019 Total	28,419	141,723	316,983
2014 Total	11,746	57,813	121,572
2019 Total	11,917	58,791	124,041
Median HH Income	\$77,756	\$100,343	\$100,142
Per Capita Income	\$45,106	\$60,625	\$58,441
Average (Mean) HH	\$106,920	\$145,453	\$148,229

Comments

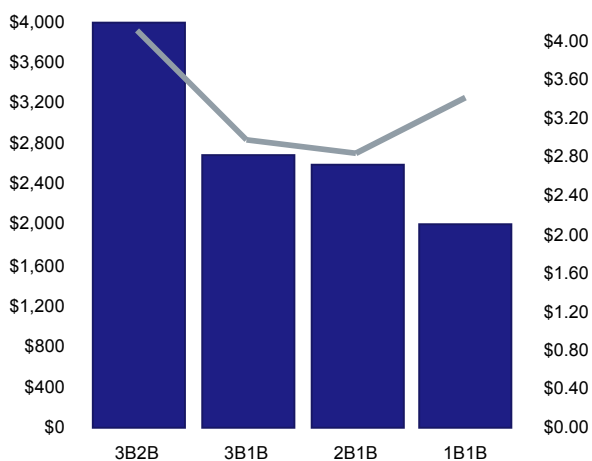
UNIT MIX

No. of Units	Unit Type	Approx. Square Feet	Current Rents	Rent/SF	Monthly Income	Pro Forma Rents	Rent/SF	Monthly Income
1	3 Bdr 2 Bath	968	\$4,000	\$4.13	\$4,000	\$4,350	\$4.29	\$4,350
1	3 Bdr 1 Bath	902	\$2,700	\$2.99	\$2,700	\$3,575	\$4.10	\$3,575
1	2 Bdr 1 Bath	917	\$2,600	\$2.84	\$2,600	\$2,950	\$3.27	\$2,950
1	1 Bdr 1 Bath	585	\$2,000	\$3.42	\$2,000	\$2,395	\$4.09	\$2,395
4	TOTAL	3,372			\$11,300			\$13,270

Unit Mix



Unit Rent & Rent/SF



Comments

**Public record may show 2,792 livable square feet; however with recent renovations total livable square footage is now 3,372 square feet (Architect 2015)

RENT ROLL

Unit Number	Unit Type	Square Feet	Current Rent	Parking
1	2 Bdr 1 Bath	Apartment 917	\$2,600	On-Site
2	1 Bdr 1 Bath	Apartment 585	\$2,000	On-Site
3	3 Bdr 1 Bath	Apartment 902	\$2,700	On-Site
4	3 Bdr 2 Bath	Apartment 968	\$4,000	On-Site
		TOTAL	VACANT	\$0
4	TOTAL		OCCUPIED	\$11,300
4	TOTAL			\$11,300

Comments

INCOME & EXPENSES

Total Number of Units: 4
Total Rentable Area: 3,372 SF

Income	Current	Per Unit	Pro Forma	Per Unit
GROSS POTENTIAL INCOME	\$135,600	\$33,900	\$159,240	\$39,810
Vacancy/Collection Allowance (GPR)	3.0% / \$4,068	\$1,017	3.0% / \$4,777	\$1,194
EFFECTIVE GROSS INCOME	\$131,532	\$32,883	\$154,463	\$38,616
Expenses				
Taxes (1.1527%)	\$37,462	\$9,366	\$37,462	\$9,366
Insurance (Estimate)	\$1,200	\$300	\$1,200	\$300
Repairs & Maintenance	\$2,000	\$500	\$2,000	\$500
TOTAL EXPENSES	\$40,662	\$10,166	\$40,662	\$10,166
Expenses per SF	\$12.06		\$12.06	
% of EGI	30.9%		26.3%	
NET OPERATING INCOME	\$90,870	\$22,718	\$113,801	\$28,450

FINANCIAL OVERVIEW

Location

1905 San Ramon Avenue
Mountain View, CA 94043

Price	\$3,250,000
Down Payment	100% / \$3,250,000
Number of Units	4
Price/Unit	\$812,500
Rentable Square Feet	3,372
Price/SF	\$963.82
CAP Rate - Current	2.80%
CAP Rate- Pro Forma	3.50%
GRM - Current	23.97
GRM- Pro Forma	20.41
Year Built/Renovated	1963 / 2015
Lot Size	19,000+/- Square Feet
Type of Ownership	Fee Simple

Annualized Operating Data

Income	Current	Pro Forma
Gross Potential Rent	\$135,600	\$159,240
Gross Potential Income	\$135,600	\$159,240
Less: Vacancy/Deductions (GPR)	3.0% / \$4,068	3.0% / \$4,777
Effective Gross Income	\$131,532	\$154,463
Less: Expenses	\$40,662	\$40,662
Net Operating Income	\$90,870	\$113,801
Net Cash Flow Before Debt Service	\$90,870	\$113,801

Expenses		
Taxes	\$37,462	\$37,462
Insurance (Estimate)	\$1,200	\$1,200
Repairs & Maintenance	\$2,000	\$2,000
Total Expenses	\$40,662	\$40,662
Expenses/unit	\$10,166	\$10,166
Expenses/SF	\$12.06	\$12.06
% of EGI	30.91%	26.32%

Scheduled Income

No. of Units	Unit Type	Approx. Square Feet	Current Rents	Rent/ SF	Monthly Income	Pro Forma Rents	Rent/ SF	Monthly Income
1	3 Bdr 2 Bath	968	\$4,000	\$4.13	\$4,000	\$4,350	\$4.29	\$4,350
1	3 Bdr 1 Bath	902	\$2,700	\$2.99	\$2,700	\$3,575	\$4.10	\$3,575
1	2 Bdr 1 Bath	917	\$2,600	\$2.84	\$2,600	\$2,950	\$3.27	\$2,950
1	1 Bdr 1 Bath	585	\$2,000	\$3.42	\$2,000	\$2,395	\$4.09	\$2,395
4	Total/Wtd. Avg.	3,372			\$11,300			\$13,270

1905 San Ramon Avenue

MOUNTAIN VIEW, CA

DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
2000 Population	25,643	124,765	275,335
2010 Population	26,742	131,292	294,132
2014 Population	27,872	138,854	310,100
2019 Population	28,419	141,723	316,983
2000 Households	10,804	52,901	111,251
2010 Households	11,169	54,180	114,188
2014 Households	11,746	57,813	121,572
2019 Households	11,917	58,791	124,041
2014 Average Household Size	2.35	2.39	2.49
2014 Daytime Population	16,298	98,617	203,094
2000 Owner Occupied Housing Units	32.72%	46.12%	50.17%
2000 Renter Occupied Housing Units	64.02%	50.18%	46.72%
2000 Vacant	3.26%	3.70%	3.11%
2014 Owner Occupied Housing Units	34.40%	46.64%	50.30%
2014 Renter Occupied Housing Units	65.60%	53.36%	49.70%
2014 Vacant	0.69%	1.46%	1.40%
2019 Owner Occupied Housing Units	34.30%	46.67%	50.11%
2019 Renter Occupied Housing Units	65.70%	53.33%	49.89%
2019 Vacant	0.68%	1.57%	1.47%
\$ 0 - \$14,999	9.4%	6.6%	7.0%
\$ 15,000 - \$24,999	8.2%	5.9%	5.7%
\$ 25,000 - \$34,999	6.1%	5.5%	6.0%
\$ 35,000 - \$49,999	10.2%	8.1%	8.1%
\$ 50,000 - \$74,999	14.8%	12.5%	11.9%
\$ 75,000 - \$99,999	12.1%	11.3%	11.2%
\$100,000 - \$124,999	13.0%	11.6%	11.1%
\$125,000 - \$149,999	8.5%	8.6%	8.5%
\$150,000 - \$199,999	8.6%	11.2%	10.9%
\$200,000 - \$249,999	3.9%	7.4%	7.5%
\$250,000 +	5.4%	11.3%	12.1%
2014 Median Household Income	\$77,756	\$100,343	\$100,142
2014 Per Capita Income	\$45,106	\$60,625	\$58,441
2014 Average Household Income	\$106,920	\$145,453	\$148,229

Demographic data © 2012 by Experian.

SUMMARY REPORT

Geography: 5 miles

Population

In 2014, the population in your selected geography is 310,099. The population has changed by 12.62% since 2000. It is estimated that the population in your area will be 316,982 five years from now, which represents a change of 2.21% from the current year. The current population is 50.23% male and 49.76% female. The median age of the population in your area is 37.0, compare this to the Entire US average which is 37.3. The population density in your area is 3,944.77 people per square mile.

Households

There are currently 121,571 households in your selected geography. The number of households has changed by 9.27% since 2000. It is estimated that the number of households in your area will be 124,040 five years from now, which represents a change of 2.03% from the current year. The average household size in your area is 2.48 persons.

Income

In 2014, the median household income for your selected geography is \$100,141, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 29.33% since 2000. It is estimated that the median household income in your area will be \$121,463 five years from now, which represents a change of 21.29% from the current year.

The current year per capita income in your area is \$58,440, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$148,228, compare this to the Entire US average which is \$74,533.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 53.38% White, 2.75% Black, 0.75% Native American and 29.57% Asian/Pacific Islander. Compare these to Entire US averages which are: 71.60% White, 12.70% Black, 0.18% Native American and 5.02% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 17.80% of the current year population in your selected area. Compare this to the Entire US average of 17.13%.

Housing

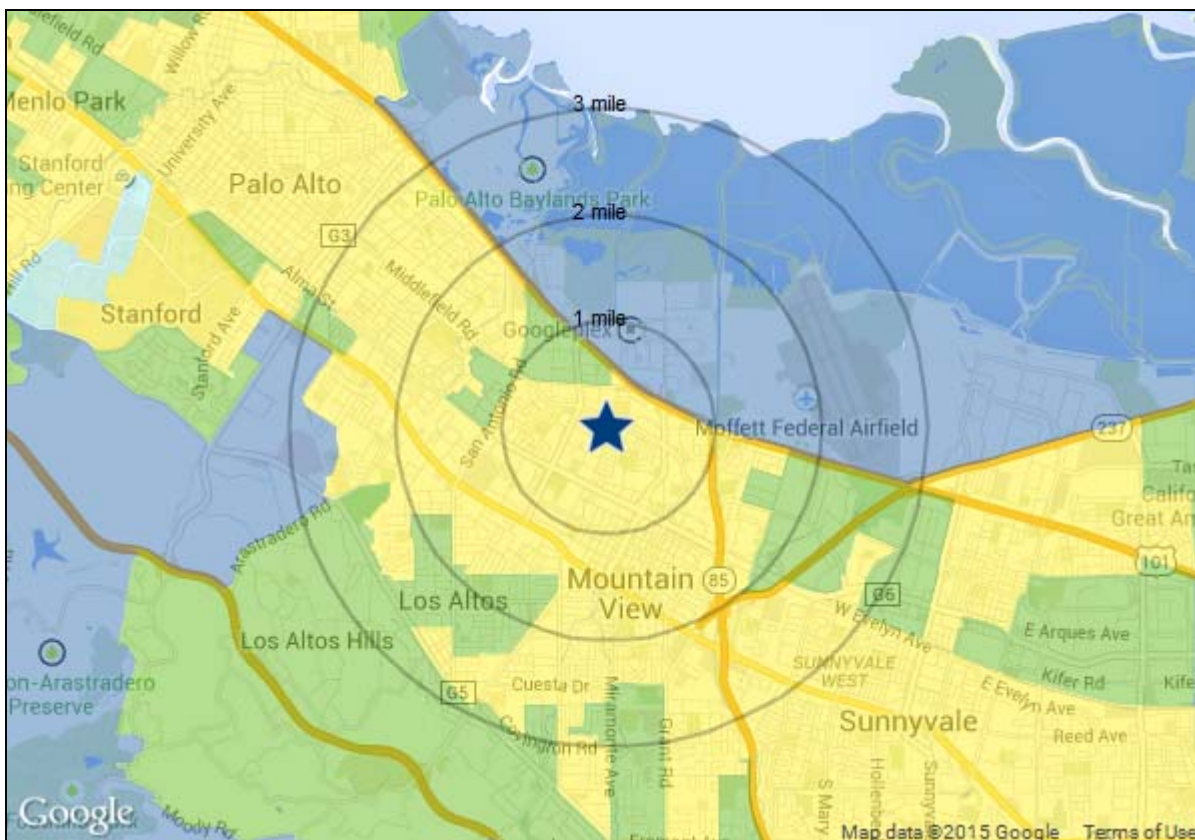
In 2000, there were 57,608 owner occupied housing units in your area and there were 53,642 renter occupied housing units in your area. The median rent at the time was \$1,157.

Employment

In 2014, there are 203,093 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 81.59% of employees are employed in white-collar occupations in this geography, and 18.28% are employed in blue-collar occupations. In 2014, unemployment in this area is 5.16%. In 2000, the average time traveled to work was 23.1 minutes.

Demographic data © 2012 by Experian.

POPULATION DENSITY



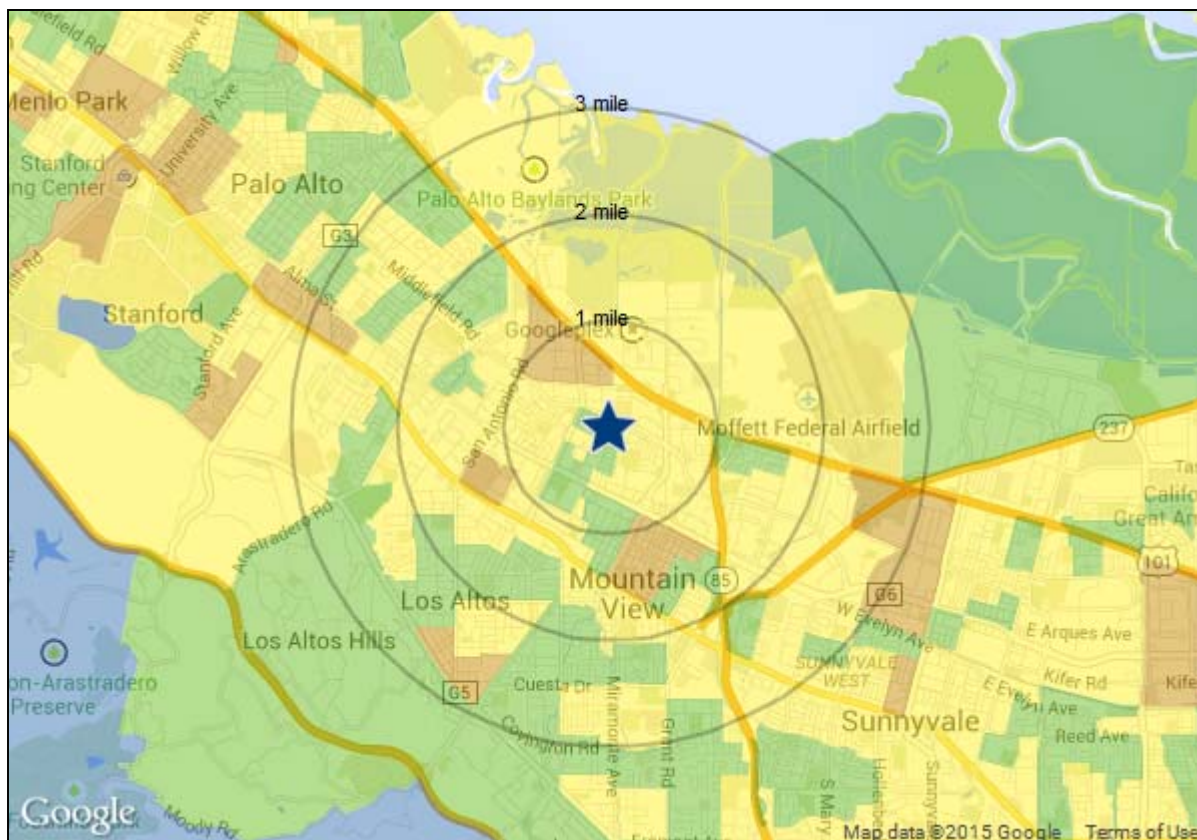
Demographic data © 2012 by Experian.

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



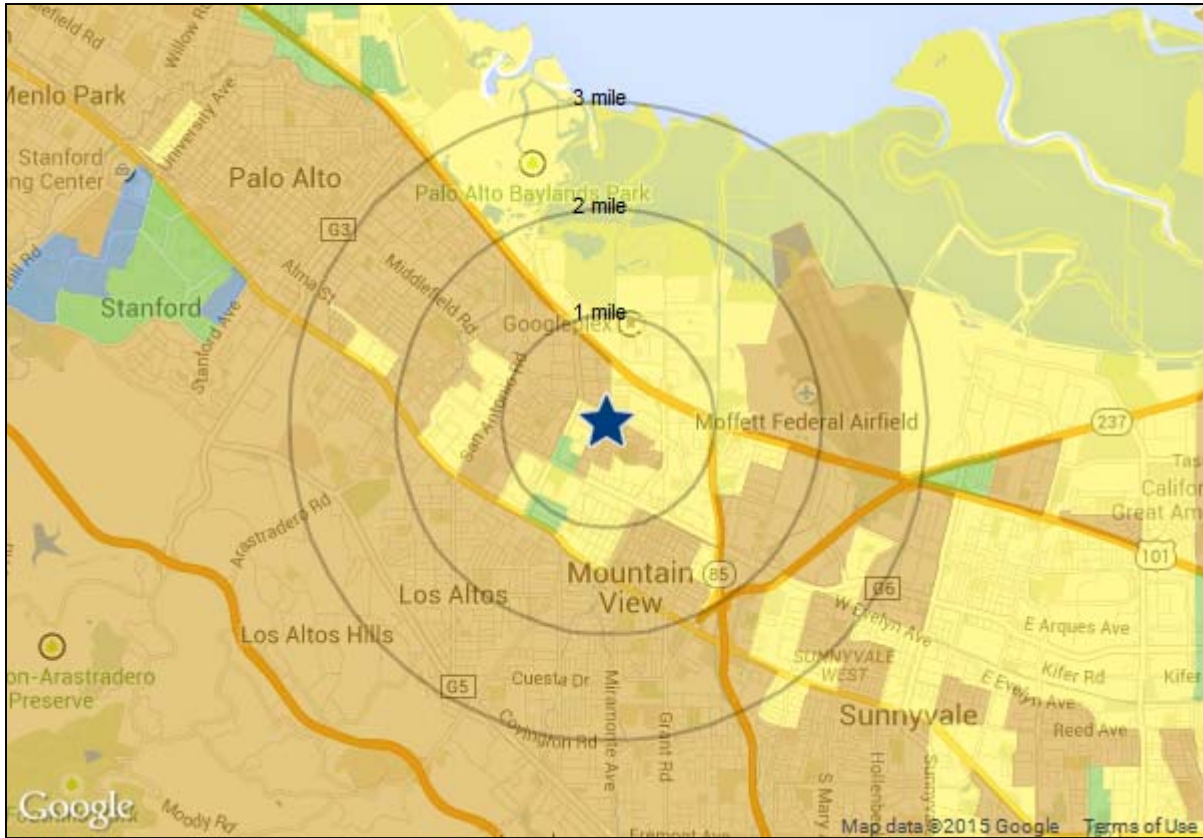
Demographic data © 2012 by Experian.

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.

AVERAGE HOUSEHOLD INCOME



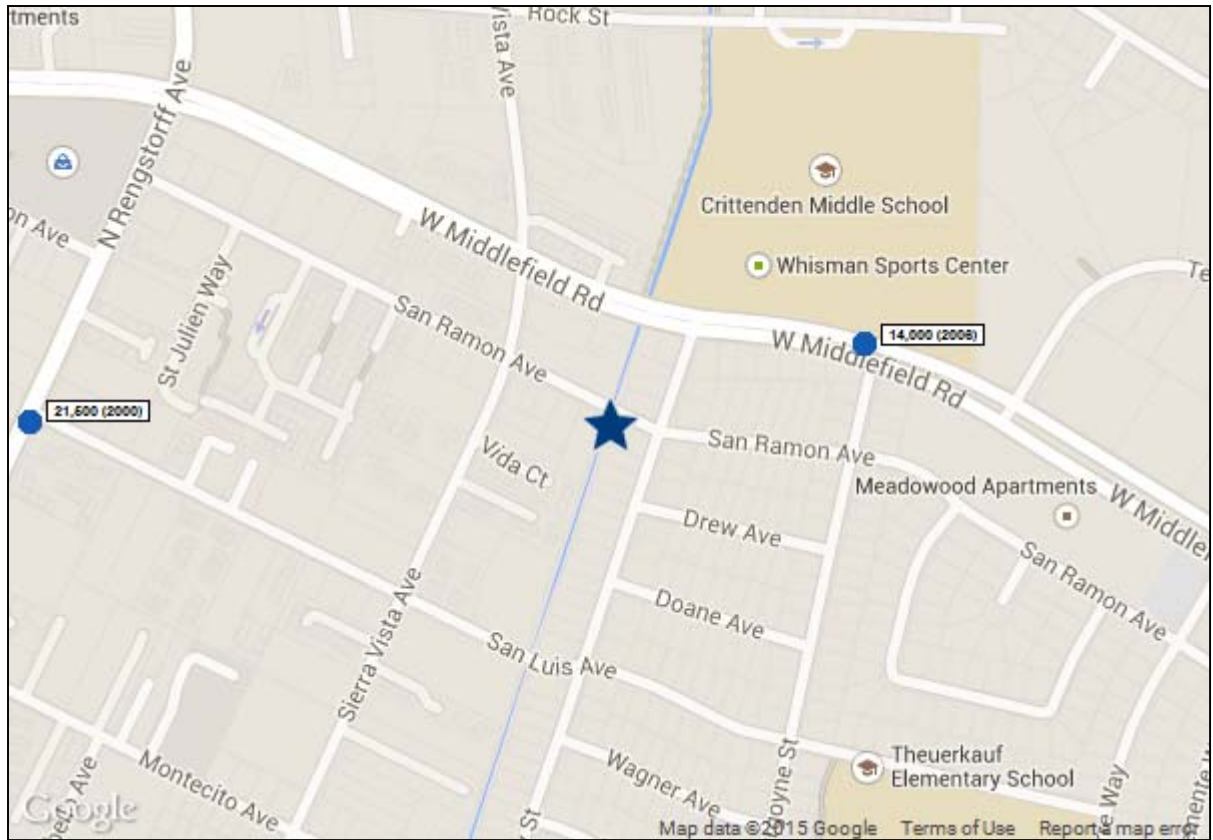
Demographic data © 2012 by Experian.

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.

TRAFFIC COUNTS



Traffic Count data © 2012 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.

* Traffic Count Estimate

1905 San Ramon Avenue

MOUNTAIN VIEW, CA

SAN JOSE

Market Highlights

Premier high-tech center

- Silicon Valley's dense concentration of high-tech jobs is world renowned.

High incomes

- San Jose's 2014 median yearly household income was nearly \$50,000 higher than the national median.

Highly educated work force

- More than 45 percent of residents have a bachelor's degree, well above the U.S. average.



Geography

The San Jose-Sunnyvale-Santa Clara metro is located at the southern end of the San Francisco Bay and encompasses Santa Clara County. The Santa Clara Valley runs the entire length of the county, flanked by the rolling hills of the Diablo Range on the east and the Santa Cruz Mountains on the west. Salt marshes and wetlands lie to the northwest, adjacent to the San Francisco Bay. A large portion of the county's 1,315 square miles is unincorporated ranch and farmland.



San Jose-Sunnyvale-Santa Clara Metro

SAN JOSE

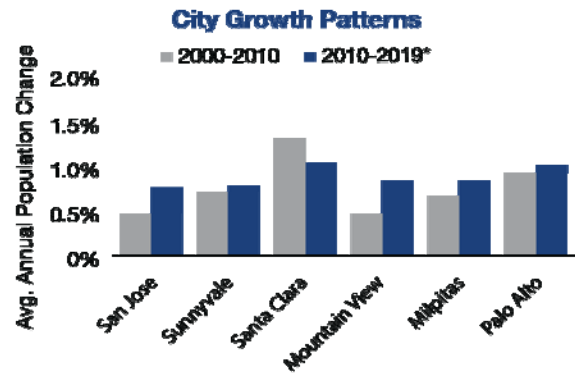
Metro

The San Jose metro contains more than 1.9 million inhabitants in 15 cities. Approximately half of the county’s residents are in the city of San Jose. It is the metro’s largest city with 984,000 residents, followed by Sunnyvale and Santa Clara. An annual population growth rate of 0.8 percent is projected over the next five years for the county.

Infrastructure

San Jose is serviced by an extensive freeway and expressway infrastructure and a well-developed rail system. Amtrak and Caltrain offer passenger and commuter rail service to San Francisco and Sacramento. The Altamont Commuter Express operates commuter rail to Pleasanton and Stockton, while the Santa Clara Valley Transit Authority (VTA) runs local light rail. There are more than 50 light-rail stations through which passengers can connect to VTA bus service or Caltrain.

The area is directly served by the Norman Y. Mineta San Jose International Airport and three general aviation facilities: Reid-Hillview, Palo Alto and South County. Additional air service is available at San Francisco International and Oakland International airports, each fewer than 40 miles away.



Largest Cities in Metro by Population

San Jose	984,000
Sunnyvale	146,500
Santa Clara	122,300
Mountain View	78,500
Milpitas	69,300
Palo Alto	68,400

Airports

- Norman Y. Mineta San Jose International
- General Aviation - Reid-Hillview, Palo Alto, South County

Major Roadways

- Interstates 280, 680 and 880
- San Tomas, Montague and Capitol expressways
- State Routes 17, 82, 85, 87, 130 and 237

Rail

- Passenger - Amtrak
- Commuter - Caltrain, ACE
- Light rail - VTA

The San Jose Metro is:

- 45 miles from San Francisco
- 120 miles from Sacramento
- 340 miles from Los Angeles
- 690 miles from Portland

* Forecast

Sources: Marcus & Millichap Research Services, U.S. Census Bureau, Experian

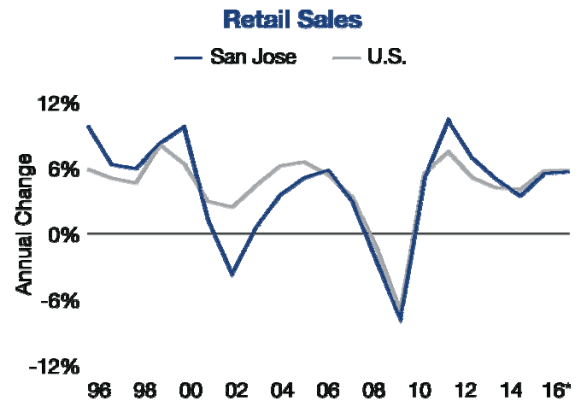
SAN JOSE

Economy

The long-term outlook for the San Jose metro economy remains positive. After temporarily stalling during the recession, inflows of venture capital have returned to the region. This will help the San Jose Gross Metro Product (GMP) grow at approximately 2.8 percent this year. Retail sales are expected to increase by nearly 5.5 percent during this period.

Silicon Valley, the world’s premier high-technology hub, was fueled by venture capital funds received in the 1990s. Today, there are 13 Fortune 500 companies headquartered in San Jose. These include Intel, Cisco Systems, Apple Inc. and Google Inc. The health of the high-tech industry remains crucial to San Jose’s economic landscape. Future growth in this industry will bode well for the local economy.

The number of businesses that support the high-tech industry has increased, driving professional and business services to become the largest local employment sector. The area’s many colleges and universities, including Stanford, San Jose State and Santa Clara, support these companies by graduating thousands of engineering and computer science students into the local workforce every year.



* Forecast
Sources: Marcus & Millichap Research Services, Bureau of Economic Analysis, Moody’s Analytics, U.S. Census Bureau, Fortune

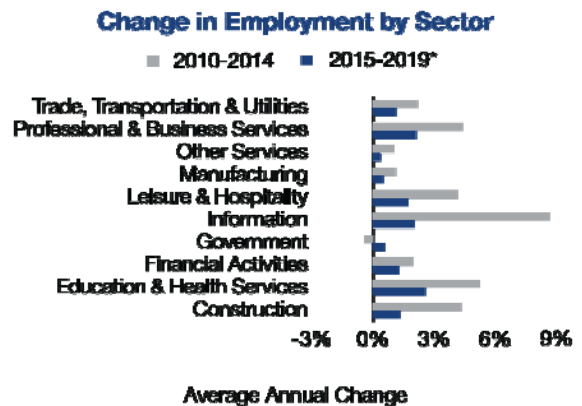
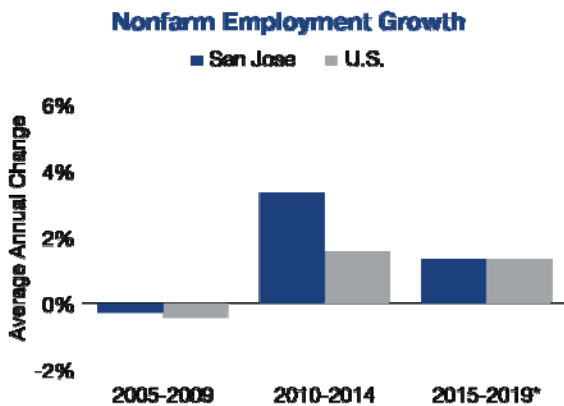
SAN JOSE

Labor

The San Jose employment base contains more than 1 million workers, ranking the metro as one of the 30 largest job markets in the nation. Employment growth is forecast to average 1.3 percent annually through the next five years amid gains in all segments. The area’s concentration of jobs in the information sector is more than twice the U.S. average, comprising 7 percent of total metro employment.

The Silicon Valley has evolved into a center for the design and support of high-tech systems, with the actual manufacturing processes of these products now occurring in lower-cost areas elsewhere. As a result, professional and business services has become the largest employment sector in the metro, accounting for 20 percent of all jobs, while manufacturing makes up only 16 percent. After rapid growth in the professional and business services over the previous five years, the sector is now expected to expand at a more modest 2.1 percent through 2019.

The education and health services segment will post the largest gains of metro employment in the coming five years. Currently making up 16 percent of area jobs, the industry is forecast to increase at an average 2.6 percent annually. As the San Jose population rises, demand for these services will continue to grow.



* Forecast
Sources: Marcus & Millichap Research Services, BLS, Moody's Analytics

SAN JOSE

Employers

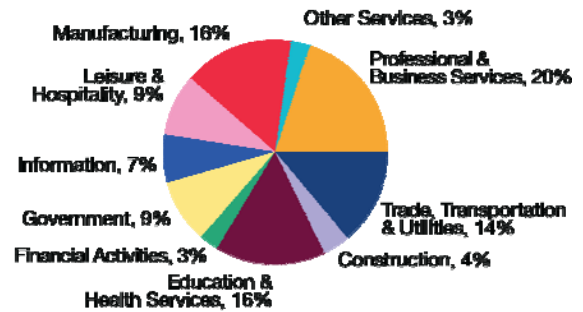
Large employers in the San Jose metro include high-tech industry giants Cisco Systems, Apple, eBay, Google and Hewlett-Packard. Many of these large-scale employers are among the top places to work.

Not all of the area’s job providers are large corporations. According to 2010 census data, San Jose has more than 67,100 businesses with an average of 13 employees, and more than 64 percent of companies have fewer than five workers. Many of these are small startups or businesses that provide support services to the tech industry.

With the return of venture capital flowing into the metro economy, San Jose offers some of the most exciting employment opportunities that the tech world has to offer. Some of today’s startups will likely become tomorrow’s key players in the industry, a trend that has fostered a lively enterprise culture.

Other major employers are the numerous institutions of higher education that are located in Santa Clara County, including San Jose State University, Stanford and Santa Clara State University. Tens of thousands of jobs are created by these academic institutions.

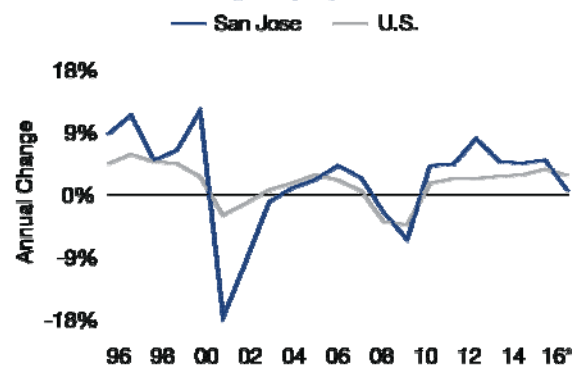
Share of 2014 Total Employment



Major Employers

Cisco Systems
County of Santa Clara
Kaiser Permanente Northern California
Hewlett-Packard Co.
City of San Jose
IBM
eBay
Xilinx
San Jose State University
Apple

Office-Using Employment Growth



* Forecast
Sources: Marcus & Millichap Research Services, BLS, Moody's Analytics, Experian

SAN JOSE

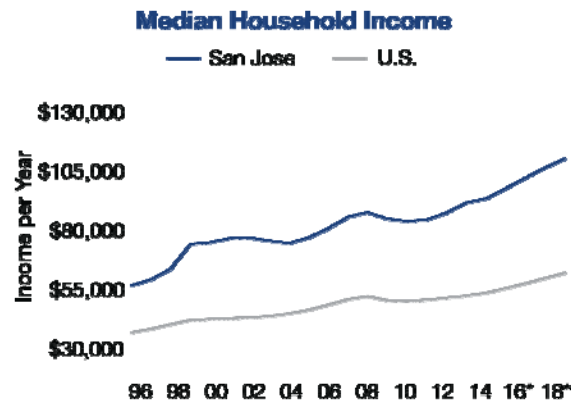
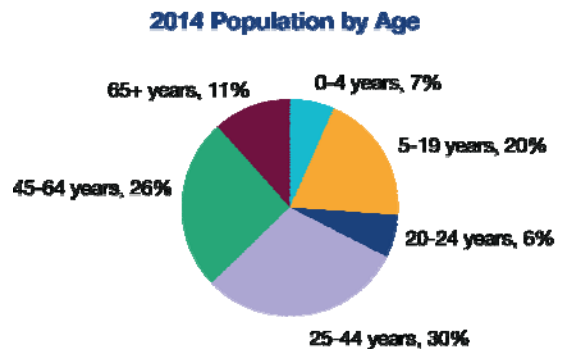
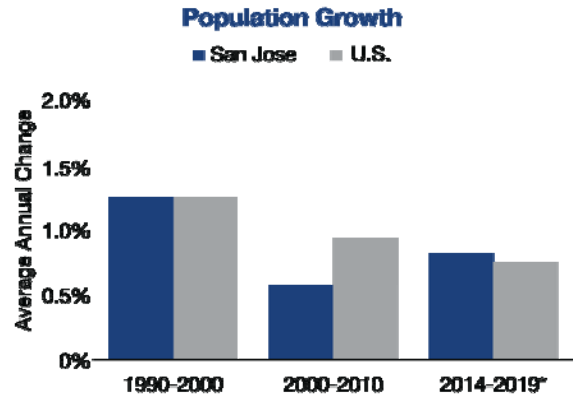
Demographics

The San Jose metro has more than 1.9 million residents. Population growth is expected to be 0.8 percent annually through the coming five years, slightly out pacing national growth projections.

The residents of the metro are highly educated, with more than 45 percent of adults 25 years and older having obtained a bachelor's degree. This level of education attainment is drastically higher than the U.S. average of 28.5 percent. Furthermore, nearly 20 percent of all residents have completed a degree at the graduate or professional level. These figures hold positive implications for the local economy, as college-educated workers typically earn more than their non-college-educated counterparts.

Growth in the share of affluent households in the metro provides striking evidence of the advantages of higher education. Between 2000 and 2010, the number of households earning \$150,000 per year or more grew by 54 percent and will continue to expand over the next five years.

The median household income remains high at \$97,600 annually, far above the U.S. median of \$52,000 per year. The local median household income will increase at an annual pace of 2.8 percent through 2019. Even though incomes are above the national average, high home prices make housing affordability difficult for many residents, sustaining demand for rental housing.



* Forecast
Sources: Marcus & Millichap Research Services, AGS, Experian, Moody's Analytics, U.S. Census Bureau

SAN JOSE

Quality Of Life

The San Jose metro has an enviable combination of major universities that produce a highly educated workforce, cutting-edge firms and exceptional affluence. The metro enjoys a Mediterranean climate and a lifestyle considered fast paced yet uniquely “California casual.”

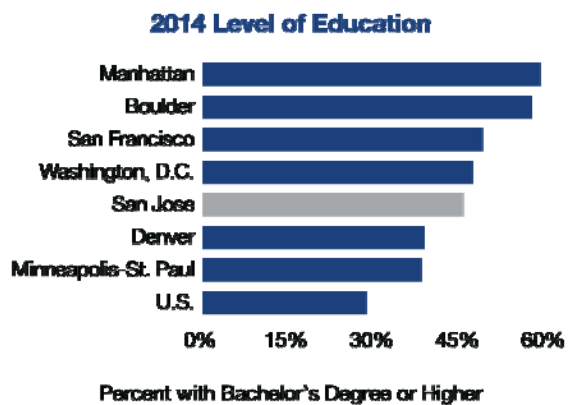
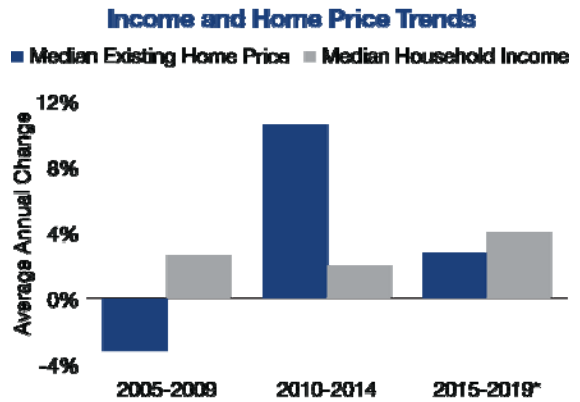
Residents of the South Bay can visit a plethora of museums, including the San Jose Museum of Art, Children’s Discovery Museum of San Jose, Rosicrucian Egyptian Museum or the Tech Museum of Innovation.

Santa Clara County is home to many performing-arts companies, such as the Symphony Silicon Valley, Ballet San Jose Silicon Valley, Opera San Jose and the Children’s Musical Theater of San Jose. The city hosts the annual Cinequest Film Festival and the San Jose Jazz Festival.

The San Francisco 49ers play their home games at Levi’s Stadium and the San Jose Sharks hockey team plays at the SAP Center. Other sports venues include the San Jose Municipal Stadium and Buck Shaw Stadium.

For outdoor enthusiasts, Santa Clara County has an extensive park system that includes Henry W. Coe State Park, Almaden Quicksilver County Park and Vasona Park. San Jose’s ideal location is only minutes away from San Francisco and some of the world’s finest wine-producing regions, notably the Napa, Sonoma and Alexander valleys.

The information contained in the market overview comes from sources deemed to be reliable, however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. The most timely data available at time of production, including estimates and forecasts, were used and may be subject to revision.



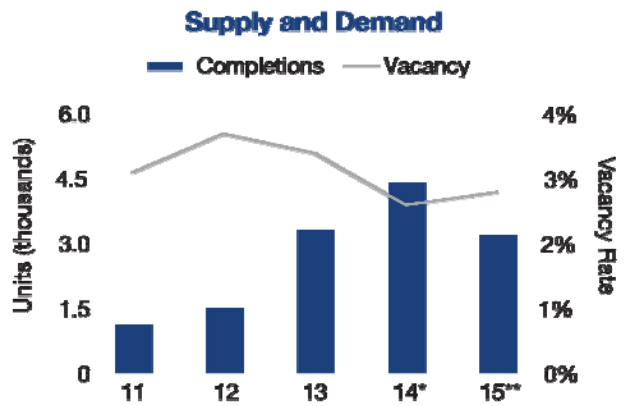
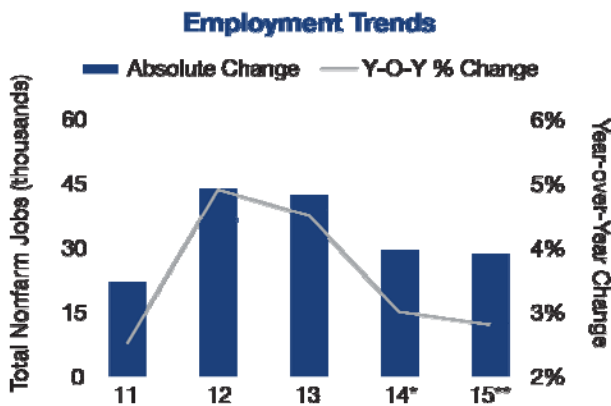
* Forecast
Sources: Marcus & Millichap Research Services, National Association of Realtors®, Moody’s Analytics, U.S. Census Bureau

SAN JOSE

Silicon Valley Rental Demand Escalates, Supports Rising Rents as Local Economy Maintains Momentum

The San Jose apartment market is well-positioned entering 2015 despite a surge in both rents and development over the past few years. Job growth is concentrated in the high-paying technology sector, which has attracted young workers to Silicon Valley. Unlike during the dot-com boom, most of the firms hiring workers and signing large leases for new space, including Google, Citrix Systems, Nest and Apple, have strong balance sheets. As these companies compete vigorously for available talent, salaries in the area have skyrocketed, pushing median household income above \$100,000 per year. Although homeownership is within reach for many workers, particularly those willing to commute, many tech employees prefer apartment living for several reasons. Developers have included the latest technology in new units, such as Nest thermostats. Additionally, community amenities often associated with college campuses or Las Vegas resorts are prevalent, including fitness and business centers, resort-style pools and retailers on the grounds. The result has been well-aligned supply and demand growth, which will keep conditions tight and support higher rents this year.

Strong performance across the entire quality spectrum is keeping investors attracted to local apartments this year, though interested buyers will be met with a dearth of opportunities. Value-add plays will become increasingly expensive as updates become more costly and sellers command premiums for their listings, even outdated complexes. Nonetheless, owners willing to commit the resources to upgrading units can be rewarded handsomely for their efforts. Overall rents are more than 50 percent above the recessionary low, making repositioning plays near major employers lucrative. Buyers seeking higher going-in cap rates will target East San Jose, where first-year returns are 80 basis points above the metrowide average.



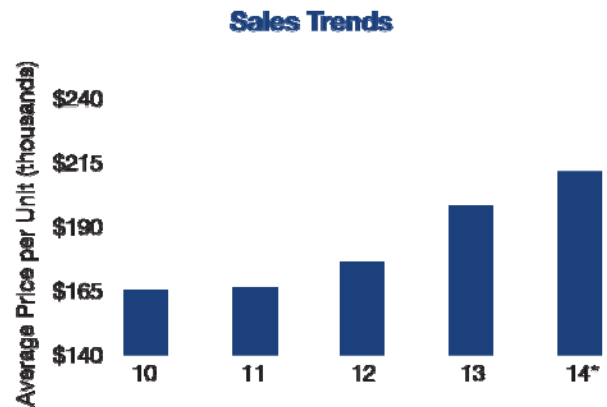
* Estimate
** Forecast

Sources: CoStar Group, Inc., Real Capital Analytics

SAN JOSE

2015 Market Outlook

- 2015 NAI Rank: 3, Up 5 Places. San Jose leaped five places in this year’s Index behind the third-tightest vacancy rate in the country.
- Employment Forecast: Employers will expand payrolls 2.8 percent this year as 28,500 jobs are created, just shy of the 29,500 positions added in 2014.
- Construction Forecast: After 4,400 rentals were completed last year, builders will add 3,200 apartments in 2015.
- Vacancy Forecast: Vacancy will inch up 20 basis points to 2.8 percent this year, following an 80-basis point decline in 2014.
- Rent Forecast: Operators will lift average effective rents 6.8 percent to \$2,436 per month, building on last year’s 10.8 percent increase.
- Investment Forecast: Entering the year, average cap rates were in the high-4 percent range and regularly dip below 4 percent for prized assets.



* Estimate

** Forecast

Sources: CoStar Group, Inc., Real Capital Analytics

1905 San Ramon Avenue

MOUNTAIN VIEW, CA

OFFERING MEMORANDUM