



Offering Memorandum

THE WILLIAMS APARTMENTS

San Jose, CA

Marcus & Millichap

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summary

EXECUTIVE SUMMARY



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Offering Highlights

THE WILLIAMS APARTMENTS

475-485 East William Street, San Jose, CA 95112

Property Details

Price	\$4,320,000
Down Payment	30% / \$1,296,000
Number of Units	16
Price/Unit	\$270,000
Rentable Square Feet	8,620
Price/SF	\$523.00
CAP Rate - Current	4.94%
CAP Rate - Pro Forma	5.77%
GRM - Current	13.18
GRM - Pro Forma	12.00
Year Built	1951
Lot Size	14,690 Square Feet
Type of Ownership	Fee Simple

Annualized Operating Data

INCOME	CURRENT	PRO FORMA
Gross Potential Rent	\$327,708	\$360,000
Other Income	\$488	\$4,896
Gross Potential Income	\$328,196	\$364,896
Less: Vacancy/Deductions (GPR)	3.0% / \$9,831	3.0% / \$10,800
Effective Gross Income	\$318,365	\$354,096
Less: Expenses	\$104,825	\$104,825
Net Operating Income	\$213,540	\$249,271
Net Cash Flow Before Debt Service	\$213,540	\$249,271
Debt Service	\$157,928	\$157,928
Debt Coverage Ratio	1.35	1.58
Net Cash Flow After Debt Service	4.3% / \$55,612	7.0% / \$91,343
Principal Reduction	\$60,544	\$60,544
Total Return	9.0% / \$116,156	11.7% / \$151,888



Expenses

Real Estate Taxes	\$52,670	\$52,670
Special Assessments	\$5,725	\$5,725
Insurance	\$4,929	\$4,929
PG&E, Water, Sewer	\$1,955	\$1,955
Garbage, Landscape, Pest	\$2,860	\$2,860
Maintenance	\$19,287	\$19,287
Other Expenses	\$1,607	\$1,607
Resident & Off-Site Mgr	\$13,715	\$13,715
Phone, Security, Admin	\$1,885	\$1,885
Advertising	\$192	\$192
Total Expenses	\$104,825	\$104,825
Expenses/unit	\$6,552	\$6,552
Expenses/SF	\$12.69	\$12.69
% of EGI	32.93%	29.60%



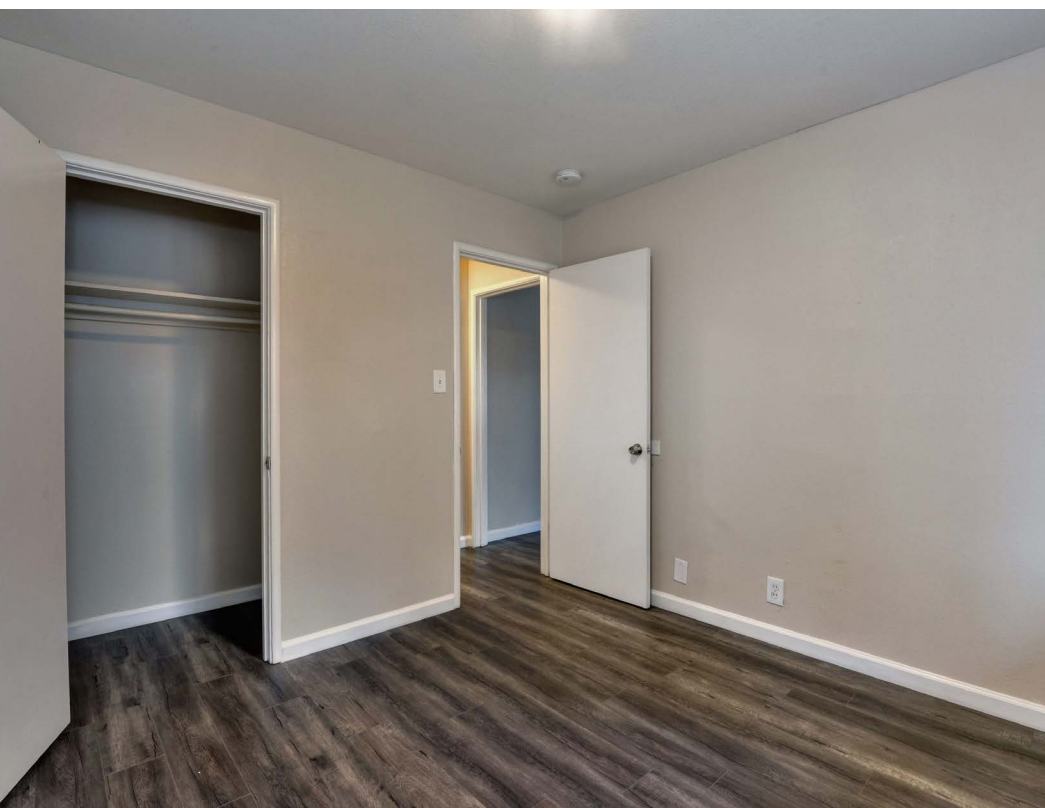
Investment Overview

475-485 East William Street is a turnkey apartment buildings located in highly desirable downtown San Jose, California. Commonly known as the “Williams Apartments”, the buildings consist of sixteen (16) total units. 475 and 485 East William Street consists of two separate eight (8) unit buildings, with a unit mix consisting of twelve (12) one-bedroom/one-bathroom units, and (4) four studios. The property features eight (8) covered parking spaces, eight (8) on-site parking spaces, and has a coin operated laundry facility with washers and dryers owned by the landlord for additional income. The Williams Apartments is located exactly one (1) block from San Jose State University making them incredibly attractive to the school’s student body, and staff. The properties are four (4) blocks west of I-280, making freeway access simple and convenient. The property is twelve (12) blocks to the San Jose Convention Center, and fifteen (15) blocks to Downtown San Jose. The Williams Apartments scored a (75) on the Walk Score, which is considered Very Walkable, and scored a (65) on the Transit Score which is considered Above Average. The investment appeal of this opportunity is driven by the area’s tremendous employment fundamentals, world-class location, and the pedestrian and transit-oriented nature of the site. High tenant turnover in an area so close to a major University will allow the landlord to keep up with the rapidly increasing rental market, and find value-add upside through the continued interior and exterior renovations.

Investment Highlights

- Located One Block from San Jose State University
- Units have had Significant Interior Upgrades
- All 16 Units Individually Metered for Water and PG&E
- Located in the Heart of Downtown San Jose
- Eight Covered Carports and Eight On-Site Parking Spaces
- Individual Water Heaters Inside Each of the 16-Units
- Very Walkable 75 Score and Good Transit 65 Score
- Convenient Access to Highway 280, 680, 101 and 87
- Extremely Strong Rental Market







description

PROPERTY DESCRIPTION



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Property Details

THE OFFERING

Property Address	The Williams Apartments 475-485 East William Street San Jose, CA 95112
Assessor's Parcel #	467-49-034
Zoning	RM & C

SITE DESCRIPTION

Number of Units	16
Number of Buildings	Two
Number of Stories	2
Year Built	1951
Rentable Square Feet	8,260
Lot Size	14,960 SF
Type of Ownership	Fee Simple
Density	Medium
Parking	Covered & On-Site Assigned Parking
Parking Ratio	1:1
Landscaping	Extremely Low Maintenance
Topography	Flat

UTILITIES

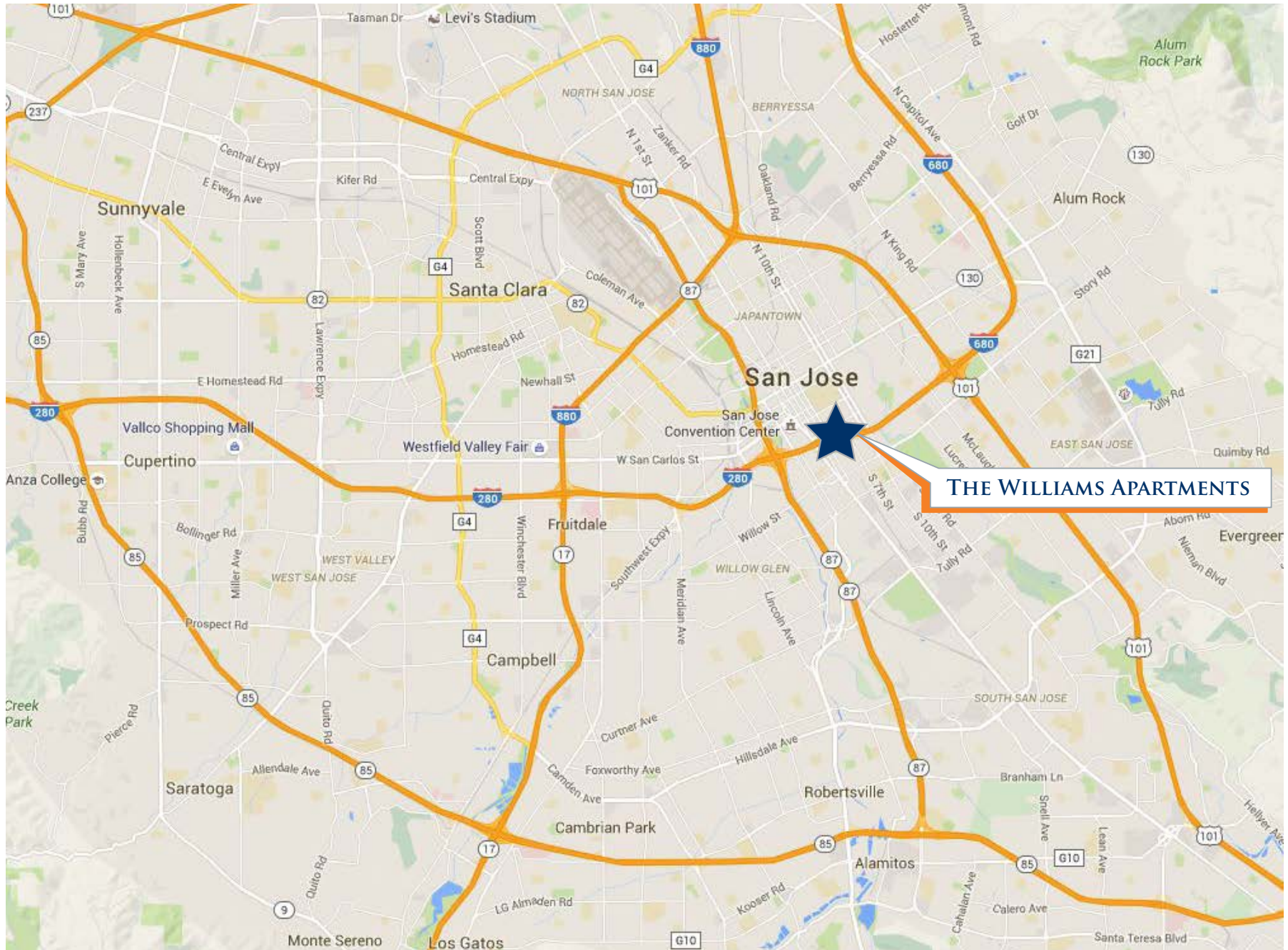
Water	475 & 485 E. William Individually Metered
Electric	Tenant Responsibility
Gas	Tenant Responsibility

CONSTRUCTION

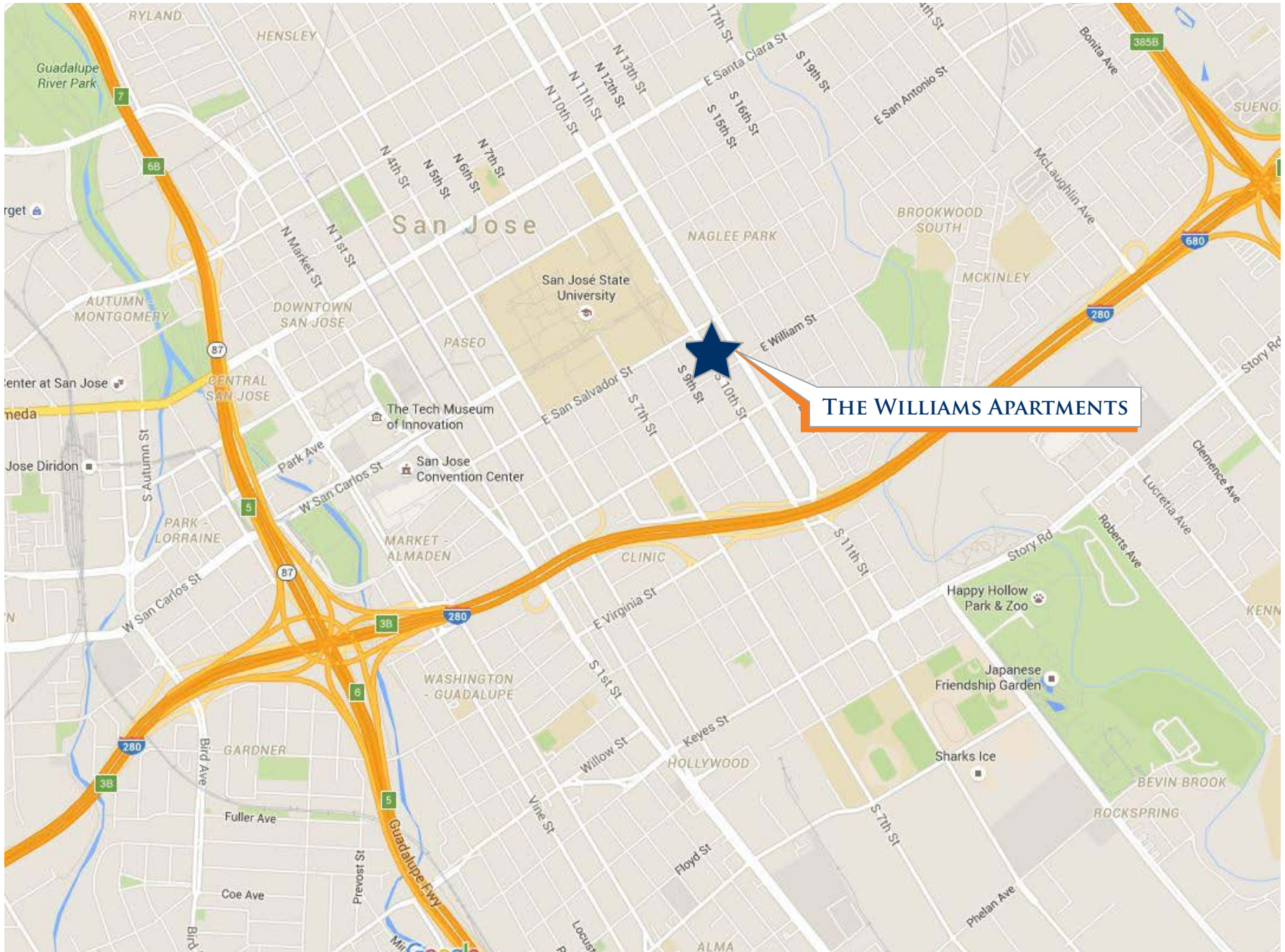
Roof	Pitched Gravel
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Regional Map



Local Map



Aerial Photo



 **Subject Property**



analysis

FINANCIAL ANALYSIS



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Financial Summary

Property Details

Price	\$4,320,000
Down Payment	30% / \$1,296,000
Number of Units	16
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GRM - Pro Forma	12.00
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Type of Ownership	Fee Simple

Unit Mix

NUMBER OF UNITS	UNIT TYPE	APPROX. SQUARE FEET
4	Studio	355
12	One Bedroom, One Bathroom	460 - 570
16	Total	8,260

Financing

FIRST TRUST DEED	
Loan Amount	\$3,024,000
Loan Type	Proposed New
Interest Rate	3.25%
Amortization	30 Years

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



Scheduled Income

NO. OF UNITS	UNIT TYPE	APPROX. SQUARE FEET	CURRENT RENTS	RENT/SF	MONTHLY INCOME	PRO FORMA RENTS	RENT/SF	MONTHLY INCOME
4	Studio	355	\$1,269 - \$1,650	\$4.11	\$5,842	\$1,650	\$4.65	\$6,600
12	1BR/1BA	460 - 570	\$1,350 - \$1,950	\$3.44	\$21,467	\$1,950	\$4.06	\$23,400
16	TOTAL	8,260			\$27,309			\$30,000

Rent Roll

UNIT NUMBER	UNIT TYPE	UNIT SF	CURRENT RENT	RENT/SF	ASKING RENT	RENT/SF
475 E. William - Unit 1	1BR 1BA	570	\$1,825	\$3.20	\$1,950	\$3.42
**475 E. William - Unit 2	1BR 1BA	570	\$1,950	\$3.42	\$1,950	\$3.42
475 E. William - Unit 3	1BR 1BA	570	\$1,377	\$2.42	\$1,950	\$3.42
475 E. William - Unit 4	1BR 1BA	570	\$1,350	\$2.37	\$1,950	\$3.42
**475 E. William - Unit 5	1BR 1BA	570	\$1,950	\$3.42	\$1,950	\$3.42
475 E. William - Unit 6	1BR 1BA	570	\$1,900	\$3.25	\$1,950	\$3.42
475 E. William - Unit 7	Studio	355	\$1,323	\$3.73	\$1,650	\$4.65
475 E. William - Unit 8	Studio	355	\$1,650	\$4.65	\$1,650	\$4.65
485 E. William - Unit 1	1BR 1BA	570	\$1,795	\$3.15	\$1,950	\$3.42
**485 E. William - Unit 2	1BR 1BA	570	\$1,950	\$3.42	\$1,950	\$3.42
**485 E. William - Unit 3	1BR 1BA	570	\$1,950	\$3.42	\$1,950	\$3.42
485 E. William - Unit 4	1BR 1BA	570	\$1,795	\$3.15	\$1,950	\$3.42
485 E. William - Unit 5	1BR 1BA	570	\$1,900	\$3.33	\$1,950	\$3.42
485 E. William - Unit 6	1BR 1BA	570	\$1,775	\$3.11	\$1,950	\$3.42
485 E. William - Unit 7	Studio	355	\$1,269	\$3.57	\$1,650	\$4.65
**485 E. William - Unit 8	Studio	355	\$1,650	\$4.65	\$1,650	\$4.65
TOTAL		\$0	\$0		\$0	
16	TOTAL	\$8,260	\$27,409		\$30,000	
16	TOTAL	\$8,260	\$27,409		\$30,000	

Comments

**Indicates that unit is under full renovation as of 5/10/2016 and unit to be completed prior to sale. – Market rent of \$1,950 for 1Br/1Ba and \$1,650 for Studios are proven and being used for underwriting purposes. Please call listing agent to confirm



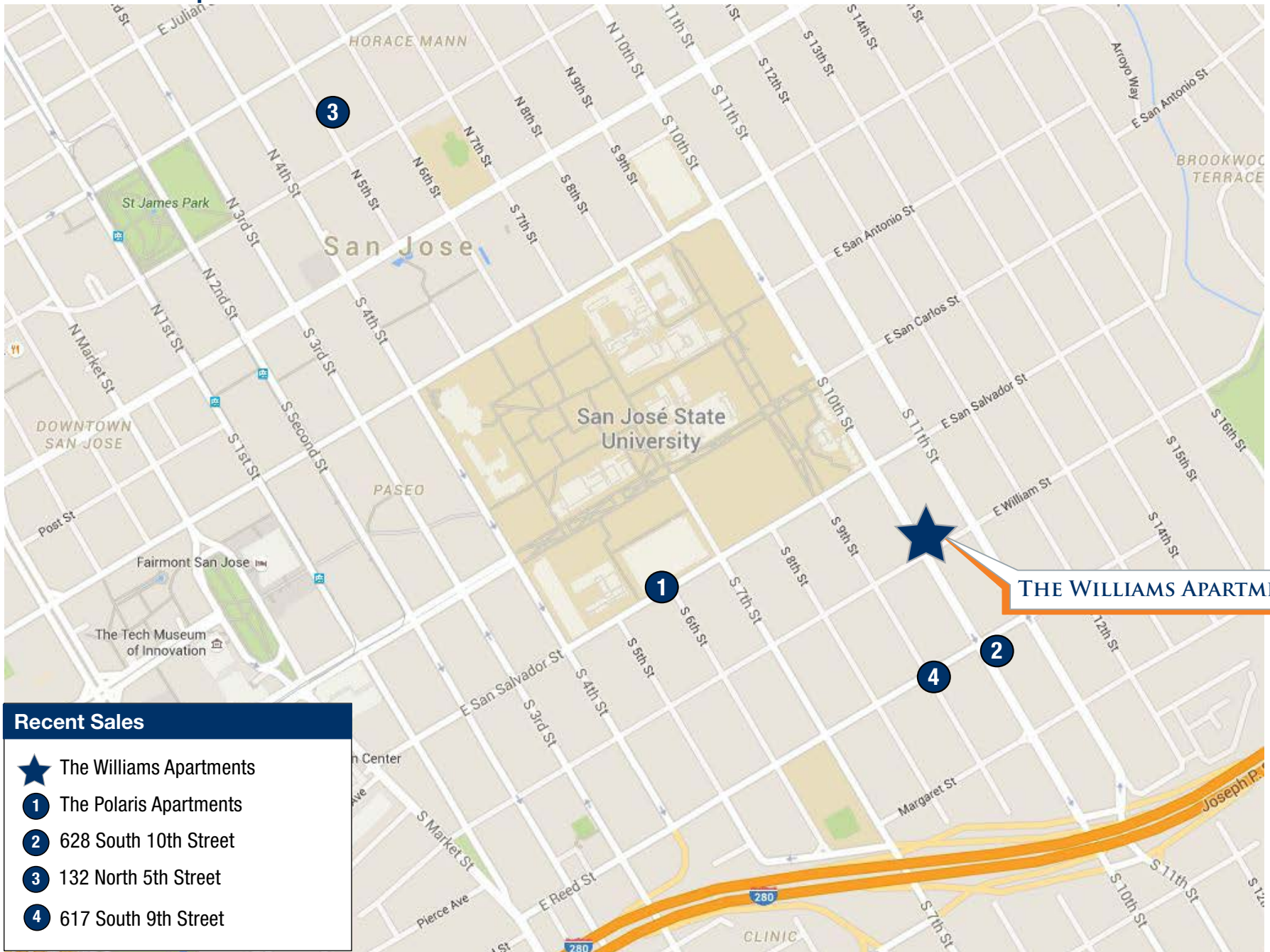
competitive

COMPETITIVE PROPERTY SET



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Recent Sales Map



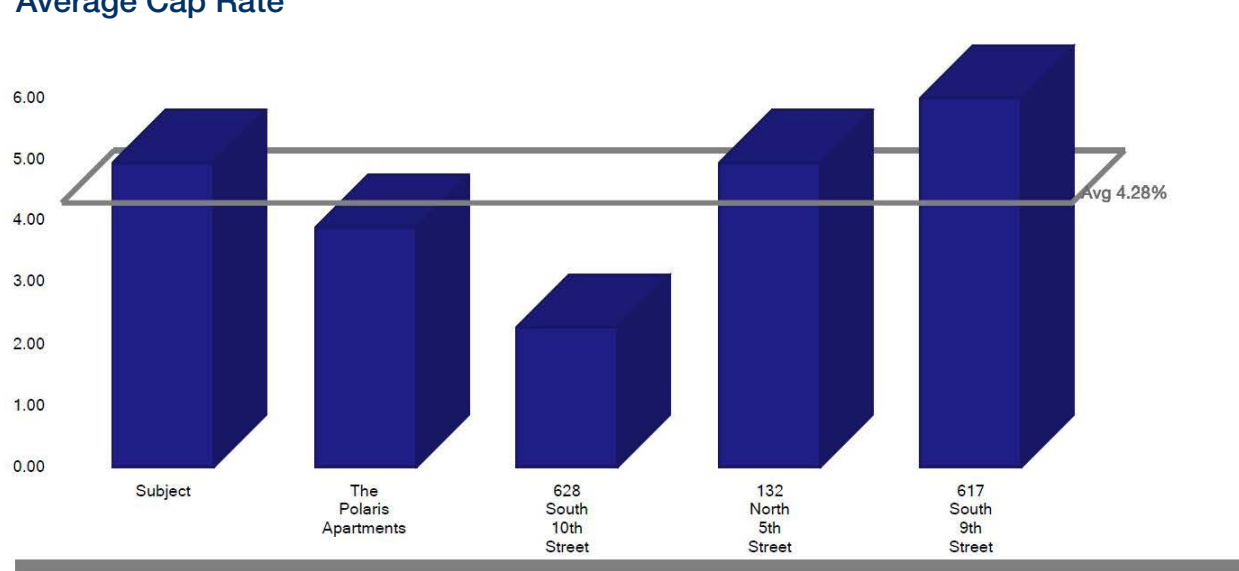
THE WILLIAMS APARTMENTS

Recent Sales

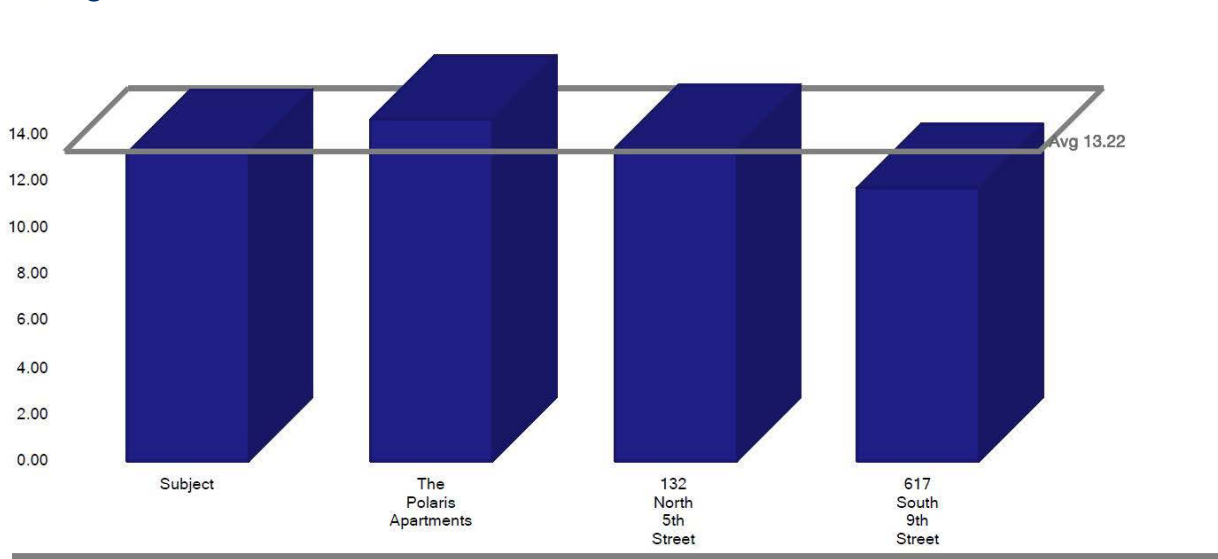
- ★ The Williams Apartments
- ① The Polaris Apartments
- ② 628 South 10th Street
- ③ 132 North 5th Street
- ④ 617 South 9th Street

Cap Rate and GRM

Average Cap Rate



Average GRM



Recent Sales

★ The Williams Apartments 475-485 East William Street, San Jose, CA 95112



Sales Price	\$4,320,000
Price/Unit	\$270,000
Price/SF	\$523.00
CAP Rate	4.94%
GRM	13.18
Total No. of Units	16
Year Built	1951

Units	Unit Type
4	Studio
12	1BR/1BA

1 The Polaris Apartments 230 East San Salvador Street, San Jose, CA 95112



Close of Escrow	8/7/2015
Sales Price	\$6,700,000
Price/Unit	\$239,286
Price/SF	\$394.00
CAP Rate	3.90%
GRM	14.60
Total No. of Units	28
Year Built	1930

Units	Unit Type
13	Studio
11	1BR
2	2BR/1BA
1	2BR/2BA
1	4BR/2BA

2 628 South 10th Street, San Jose, CA 95112



Close of Escrow	8/17/2015
Sales Price	\$2,860,000
Price/Unit	\$220,000
Price/SF	\$337.00
CAP Rate	2.27%
GRM	N/A
Total No. of Units	13
Year Built	1963

Units	Unit Type
2	Studio
2	1BR/1BA
7	2BR/1BA
2	3BR/1BA

Recent Sales

3 132 North 5th Street, San Jose, CA 95112



Close of Escrow	7/31/2015
Sales Price	\$3,600,000
Price/Unit	\$225,000
Price/SF	\$476.00
CAP Rate	4.96%
GRM	13.35
Total No. of Units	16
Year Built	1966

Units	Unit Type
16	1BR/1BA 475 SF

3 617 South 9th Street, San Jose, CA 95112



Close of Escrow	10/30/2015
Sales Price	\$2,770,000
Price/Unit	\$197,857
Price/SF	\$522.00
CAP Rate	6.00%
GRM	11.70
Total No. of Units	14
Year Built	1957

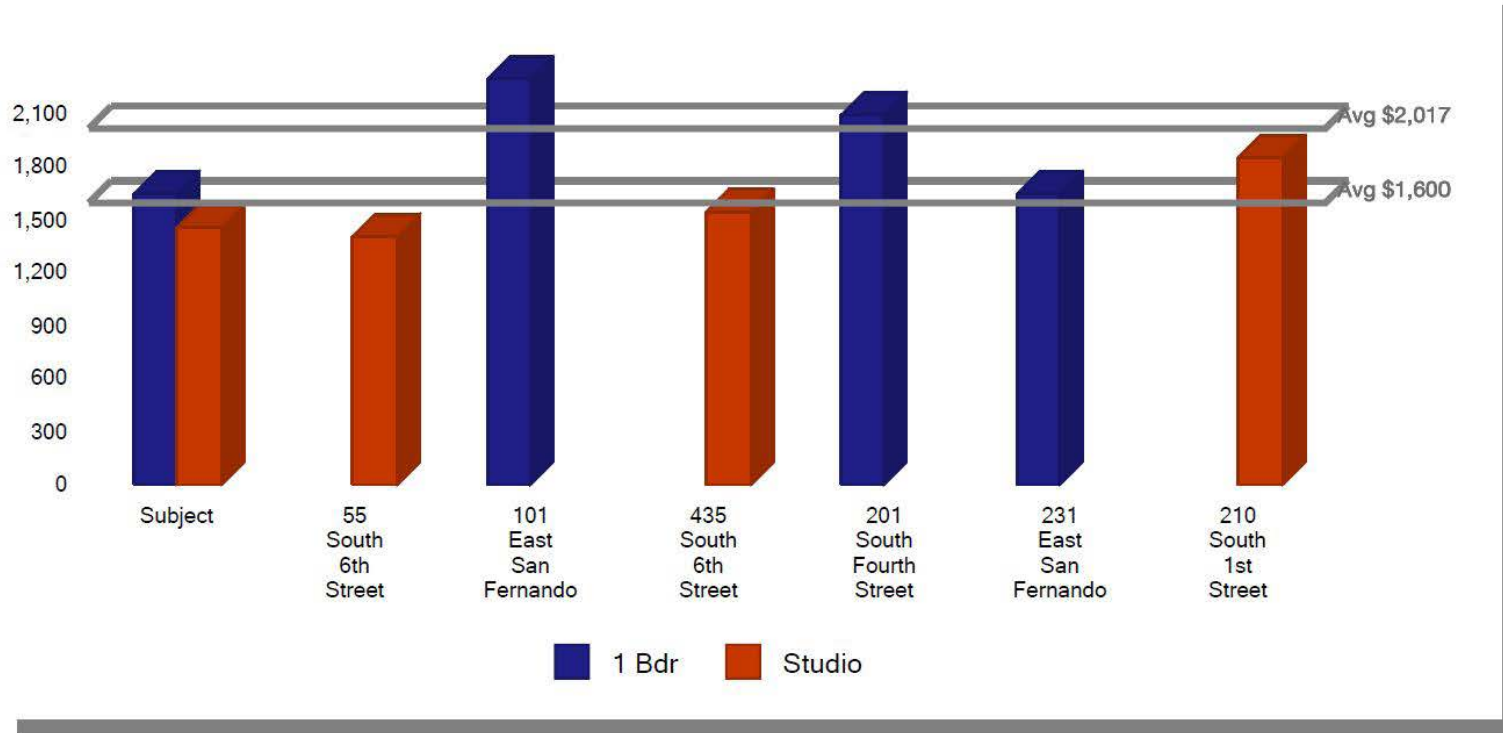
Units	Unit Type
2	1BR/1BA 500 SF
12	Studio 359 SF

Rent Comparables Map



Occupancy and Average Rents

Average Rents - Studio and 1 Bedroom



Rent Comparables



The Williams Apartments

475-485 East Williams Street, San Jose, CA 95112



No. of Units:	16
Occupancy:	N/A
Year Built:	1951

Unit Type	Units	SF	Rent	Rent/SF
Studio	4	355	\$1,269 - \$1,650	\$4.11
1BR/1BA	12	460 - 570	\$1,350 - \$1,950	\$3.44
Total/Wtd. Avg.	16	8,260	\$1,555	\$3.31

1

55 South 6th Street, San Jose, CA 95112



Unit Type	SF	Rent	Rent/SF
Studio	400	\$1,400	\$3.50
Total/Wtd. Avg.		\$1,400	

2

101 East San Fernando, San Jose, CA 95112



Unit Type	SF	Rent	Rent/SF
1BR/1BA	675	\$2,300	\$3.41
Total/Wtd. Avg.		\$2,300	

Rent Comparables

3

435 South 6th Street, San Jose, CA 95112



Unit Type	SF	Rent	Rent/SF
Studio	450	\$1,550	\$3.44
Total/Wtd. Avg.		\$1,550	

4

201 South Fourth Street, San Jose, CA 95112



Unit Type	SF	Rent	Rent/SF
1BR/1BA	650	\$2,100	\$3.23
Total/Wtd. Avg.		\$2,100	

5

231 East San Fernando, San Jose, CA 95112



Unit Type	SF	Rent	Rent/SF
1BR/1BA	675	\$1,650	\$2.44
Total/Wtd. Avg.		\$1,650	

Rent Comparables

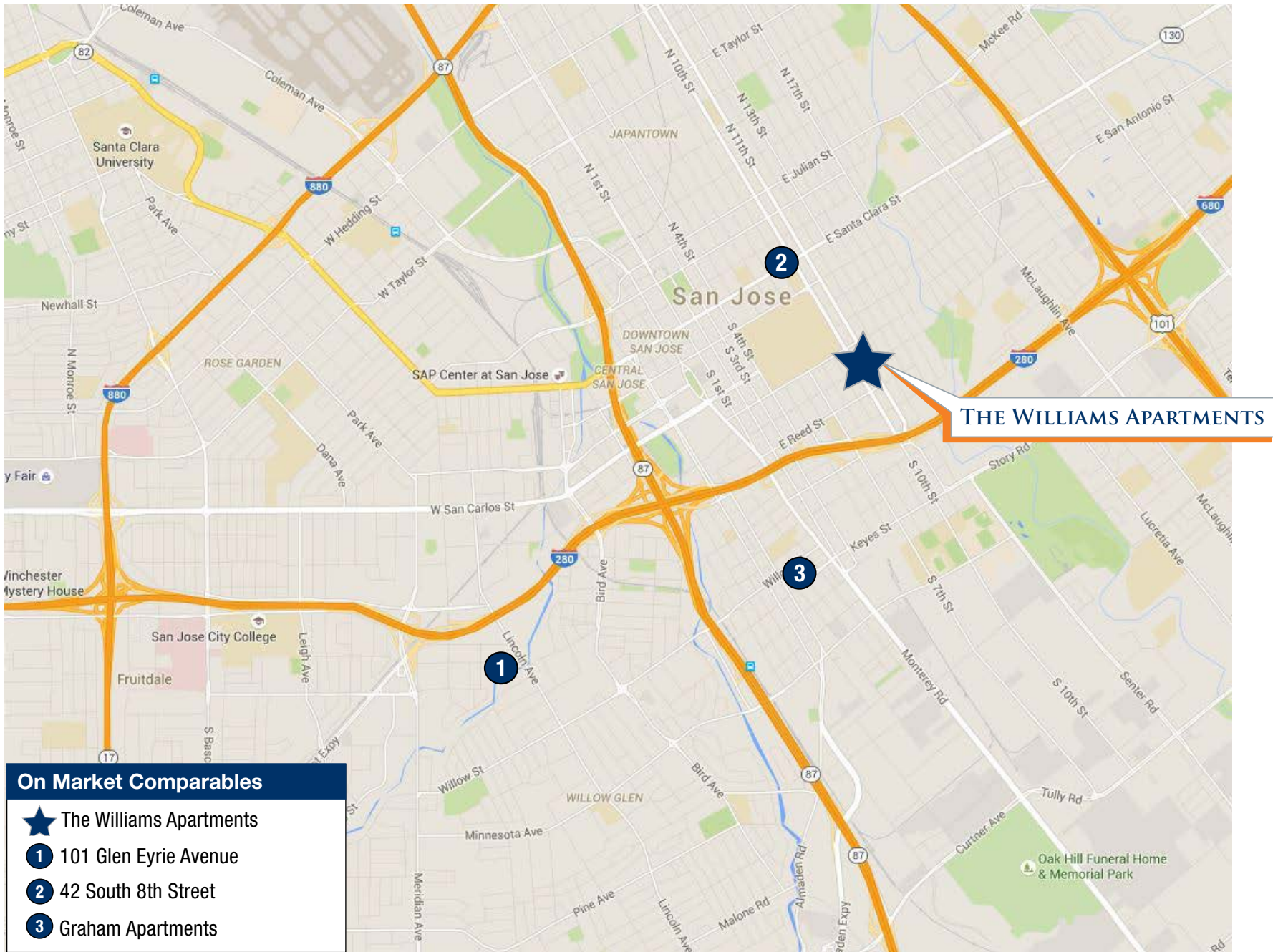
6

210 South 1st Street, San Jose, CA 95113



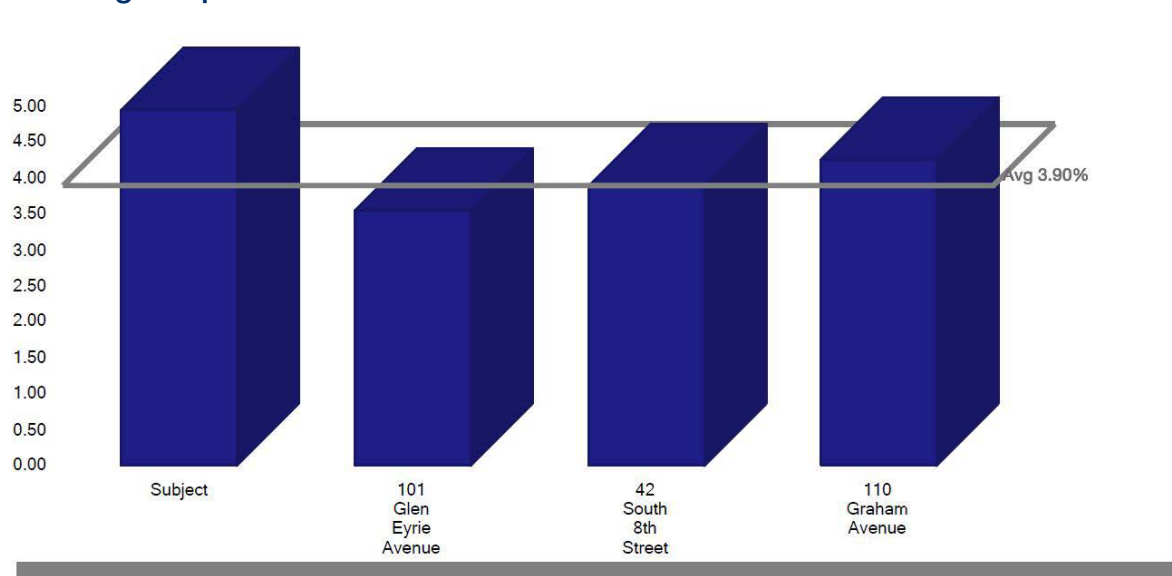
Unit Type	SF	Rent	Rent/SF
Studio	550	\$1,850	\$3.36
Total/Wtd. Avg.		\$1,850	

On Market Comparables Map

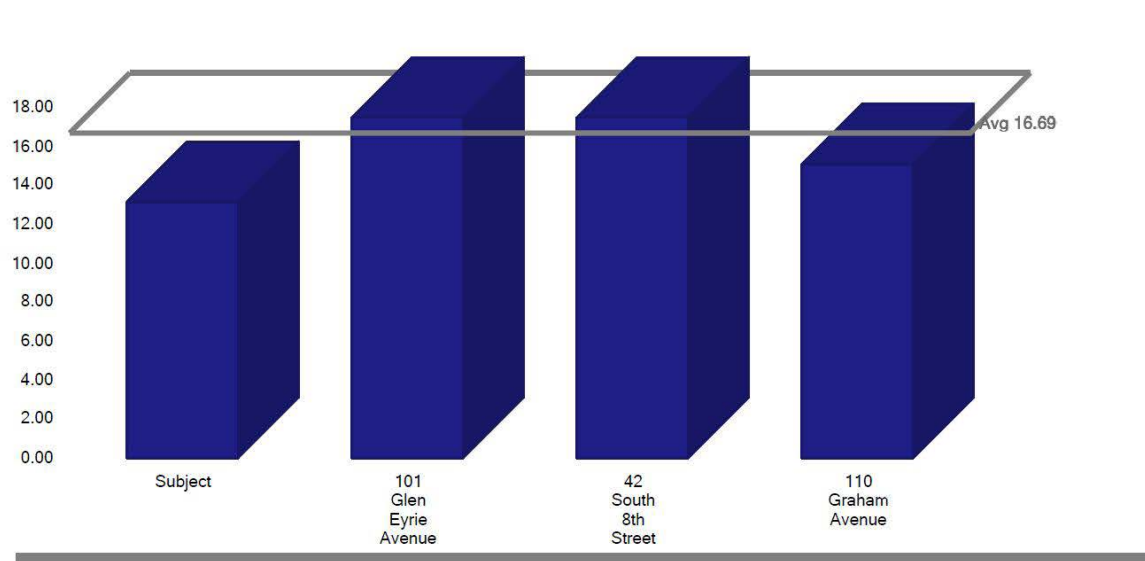


Cap Rate and GRM

Average Cap Rate

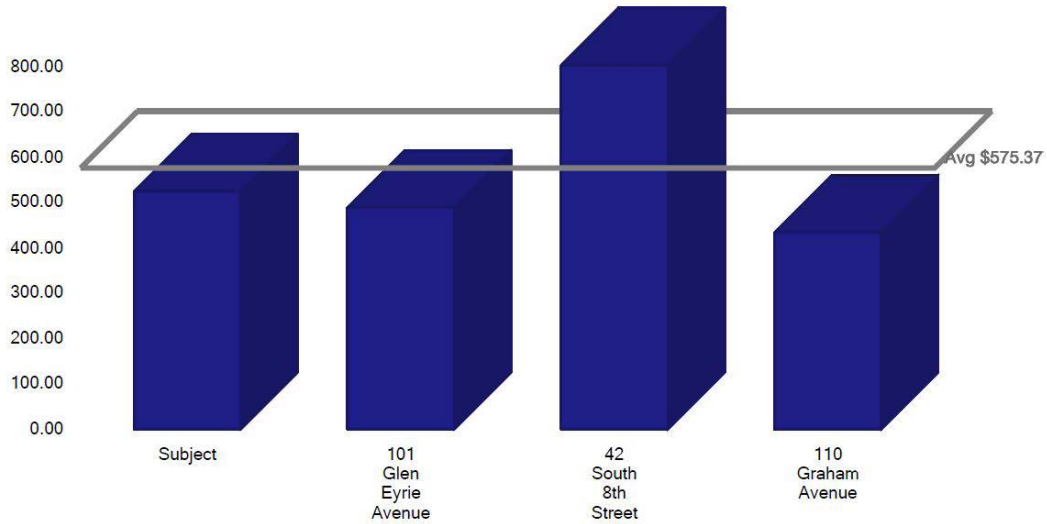


Average GRM

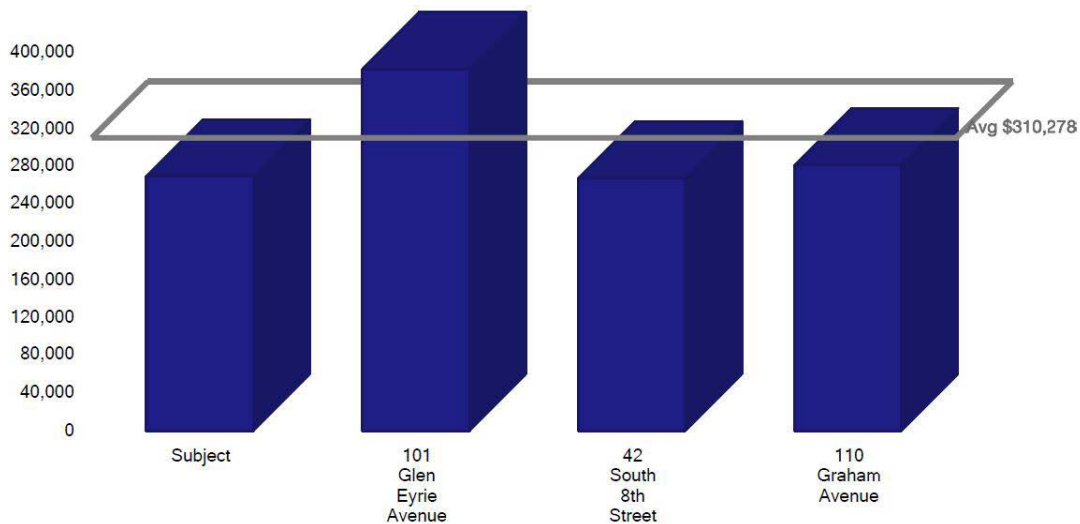


Price per SF and Price per Unit

Average Price per Square Foot



Average Price per Unit



On Market Comparables

★ The Williams Apartments 475-485 East William Street, San Jose, CA 95112



Sales Price	\$4,320,000
Price/Unit	\$270,000
Price/SF	\$523.00
CAP Rate	4.94%
GRM	13.18
Total No. of Units	16
Year Built	1951

Units	Unit Type
4	Studio
12	1BR/1BA

1 101 Glen Eyrie Avenue, San Jose, CA 95125



Close of Escrow	On Market
Sales Price	\$11,500,000
Price/Unit	\$383,333
Price/SF	\$489.00
CAP Rate	3.55%
GRM	17.50
Total No. of Units	30
Year Built	1966

Units	Unit Type
21	1BR/1BA
9	2BR/1BA

2 42 South 8th Street, San Jose, CA 95112



Close of Escrow	On Market
Sales Price	\$2,675,000
Price/Unit	\$267,500
Price/SF	\$803.00
CAP Rate	3.90%
GRM	17.50
Total No. of Units	10
Year Built	1955

Units	Unit Type
10	Studio 334 SF

On Market Comparables

3 Graham Apartments

110 Graham Avenue, San Jose, CA 95110



Close of Escrow	On Market
Sales Price	\$4,480,000
Price/Unit	\$280,000
Price/SF	\$434.11
CAP Rate	4.26%
GRM	15.07
Total No. of Units	16
Year Built	1950

Units	Unit Type
10	1BR/1BA
6	2BR/1BA



overview

MARKET OVERVIEW



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Demographic Summary

POPULATION	1-MILE	3-MILES	5-MILES
2000 Population	38,792	256,587	621,129
2010 Population	38,631	264,788	642,565
2014 Population	41,126	279,175	671,785
2019 Population	42,403	289,427	690,903

HOUSEHOLDS	1-MILE	3-MILES	5-MILES
2000 Households	11,309	71,994	184,669
2010 Households	12,519	80,881	199,057
2014 Households	13,669	86,733	210,589
2019 Households	14,369	91,262	218,415
2014 Average Household Size	2.69	3.07	3.08
2014 Daytime Population	19,090	115,284	256,900
2000 Owner Occupied Housing Units	24.40%	43.71%	54.61%
2000 Renter Occupied Housing Units	72.73%	53.74%	43.42%
2000 Vacant	2.87%	2.55%	1.97%
2014 Owner Occupied Housing Units	25.67%	40.98%	51.05%
2014 Renter Occupied Housing Units	74.33%	59.02%	48.95%
2014 Vacant	4.09%	1.84%	1.10%
2019 Owner Occupied Housing Units	25.83%	40.54%	50.55%
2019 Renter Occupied Housing Units	74.17%	59.46%	49.45%
2019 Vacant	4.66%	2.06%	1.23%

INCOME	1-MILE	3-MILES	5-MILES
\$ 0 - \$14,999	19.20%	13.50%	9.80%
\$ 15,000 - \$24,999	13.60%	10.60%	8.40%
\$ 25,000 - \$34,999	11.00%	8.70%	7.70%
\$ 35,000 - \$49,999	12.70%	12.50%	11.30%
\$ 50,000 - \$74,999	11.90%	15.30%	15.20%
\$ 75,000 - \$99,999	9.80%	11.50%	12.70%
\$100,000 - \$124,999	6.20%	9.10%	11.40%
\$125,000 - \$149,999	5.00%	5.90%	7.30%
\$150,000 - \$199,999	5.60%	6.60%	8.30%
\$200,000 - \$249,999	1.70%	2.40%	3.20%
\$250,000 +	3.40%	3.80%	4.60%
2014 Median Household Income	\$41,623	\$57,027	\$70,627
2014 Per Capita Income	\$26,399	\$27,182	\$31,390
2014 Average Household Income	\$73,638	\$85,575	\$98,847

Demographic Summary

Geography: 5 Miles

Population

In 2014, the population in your selected geography is 671,784. The population has changed by 8.15% since 2000. It is estimated that the population in your area will be 690,903 five years from now, which represents a change of 2.84% from the current year. The current population is 50.82% male and 49.17% female. The median age of the population in your area is 34.1, compare this to the Entire US average which is 37.3. The population density in your area is 8,545.92 people per square mile.

Households

There are currently 210,588 households in your selected geography. The number of households has changed by 14.03% since 2000. It is estimated that the number of households in your area will be 218,415 five years from now, which represents a change of 3.71% from the current year. The average household size in your area is 3.08 persons.

Income

In 2014, the median household income for your selected geography is \$70,627, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 12.87% since 2000. It is estimated that the median household income in your area will be \$86,594 five years from now, which represents a change of 22.60% from the current year.

The current year per capita income in your area is \$31,390, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$98,847, compare this to the Entire US average which is \$74,533.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 39.87% White, 3.25% Black, 0.45% Native American and 30.85% 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 40.43% of the current year population in your selected area. Compare this to the Entire US average of 17.13%.

Housing

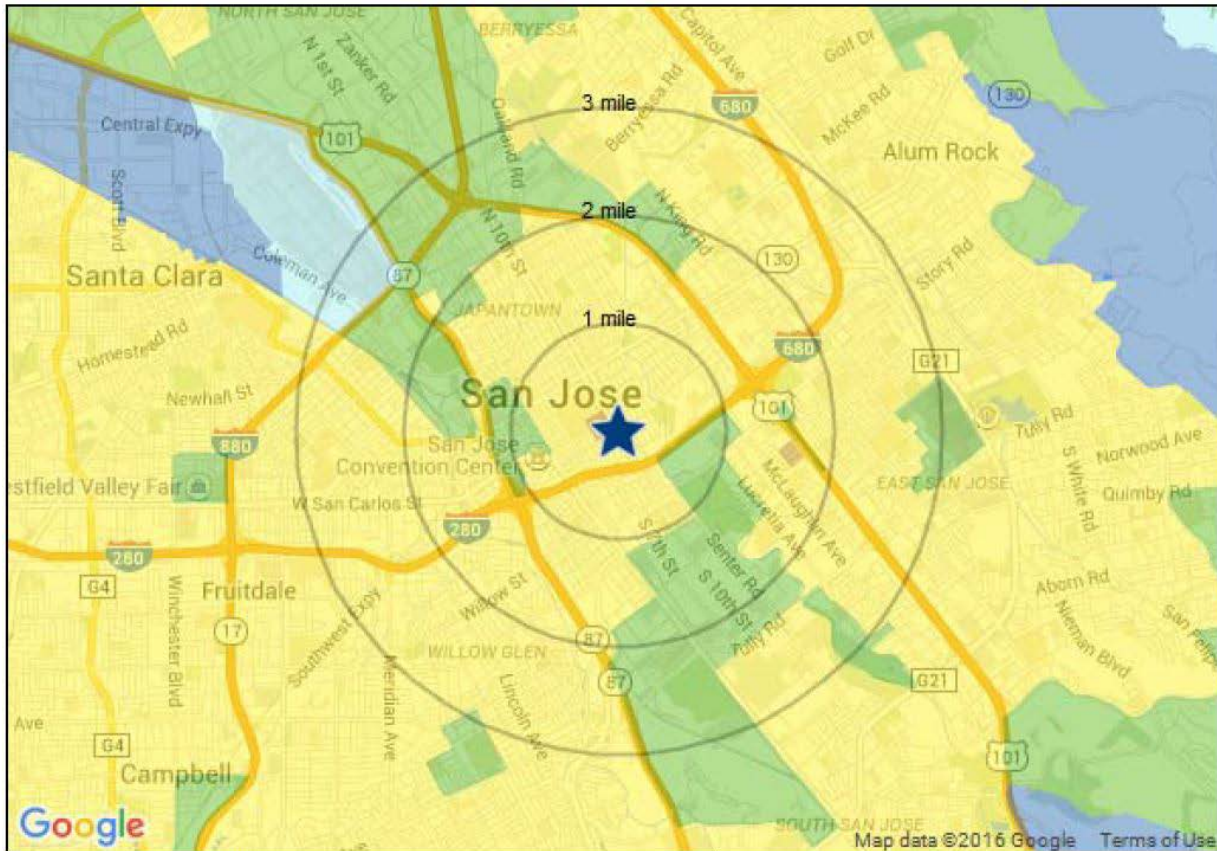
In 2000, there were 102,879 owner occupied housing units in your area and there were 81,789 renter occupied housing units in your area. The median rent at the time was \$982.

Employment

In 2014, there are 256,899 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 59.34% of employees are employed in white-collar occupations in this geography, and 40.64% are employed in blue-collar occupations. In 2014, unemployment in this area is 8.08%. In 2000, the average time traveled to work was 26.4 minutes.

Demographic data © 2015 by Experian/Applied Geographic Solutions.

Population Density



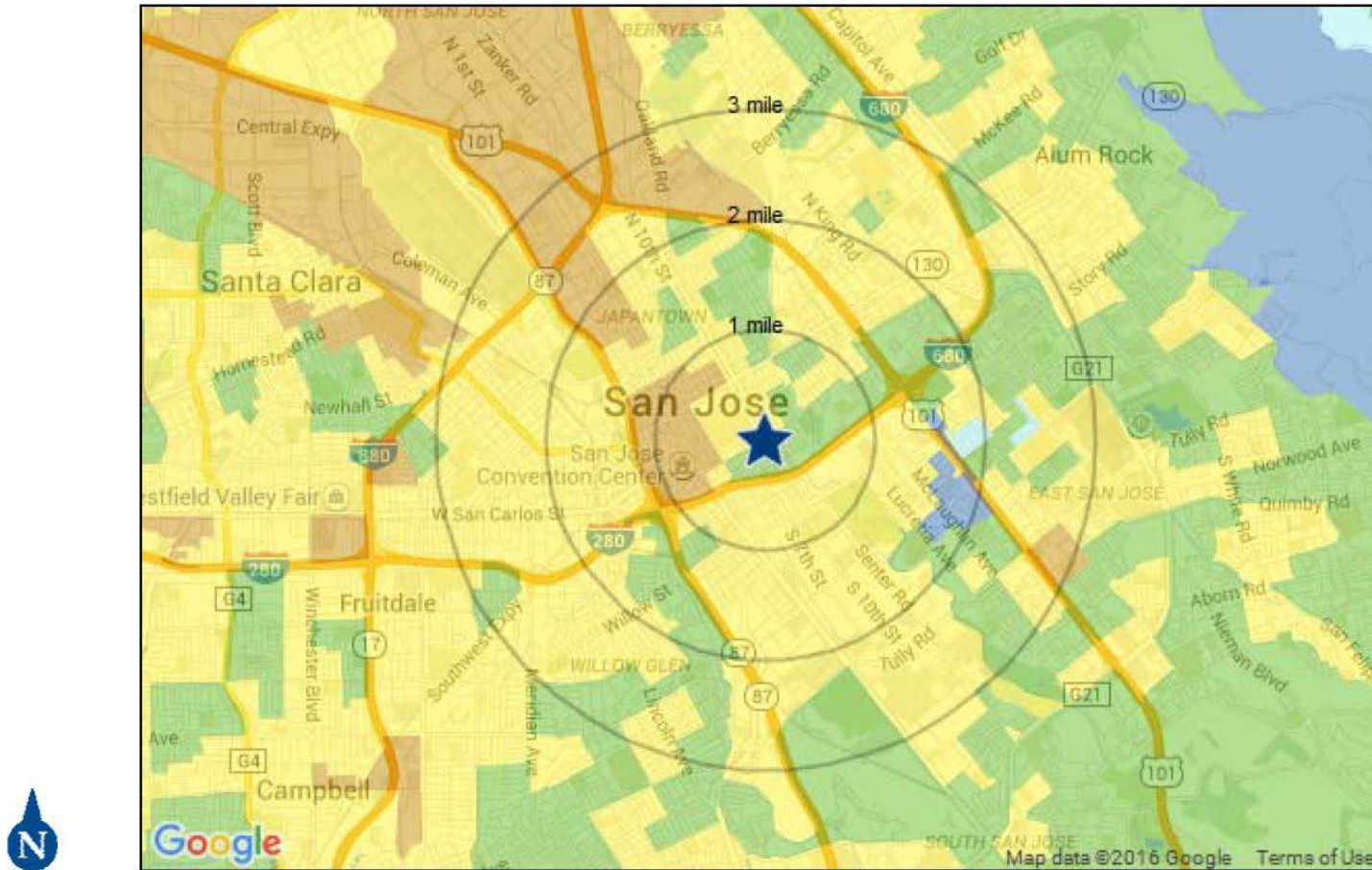
Demographic data © 2012 by Experian.

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



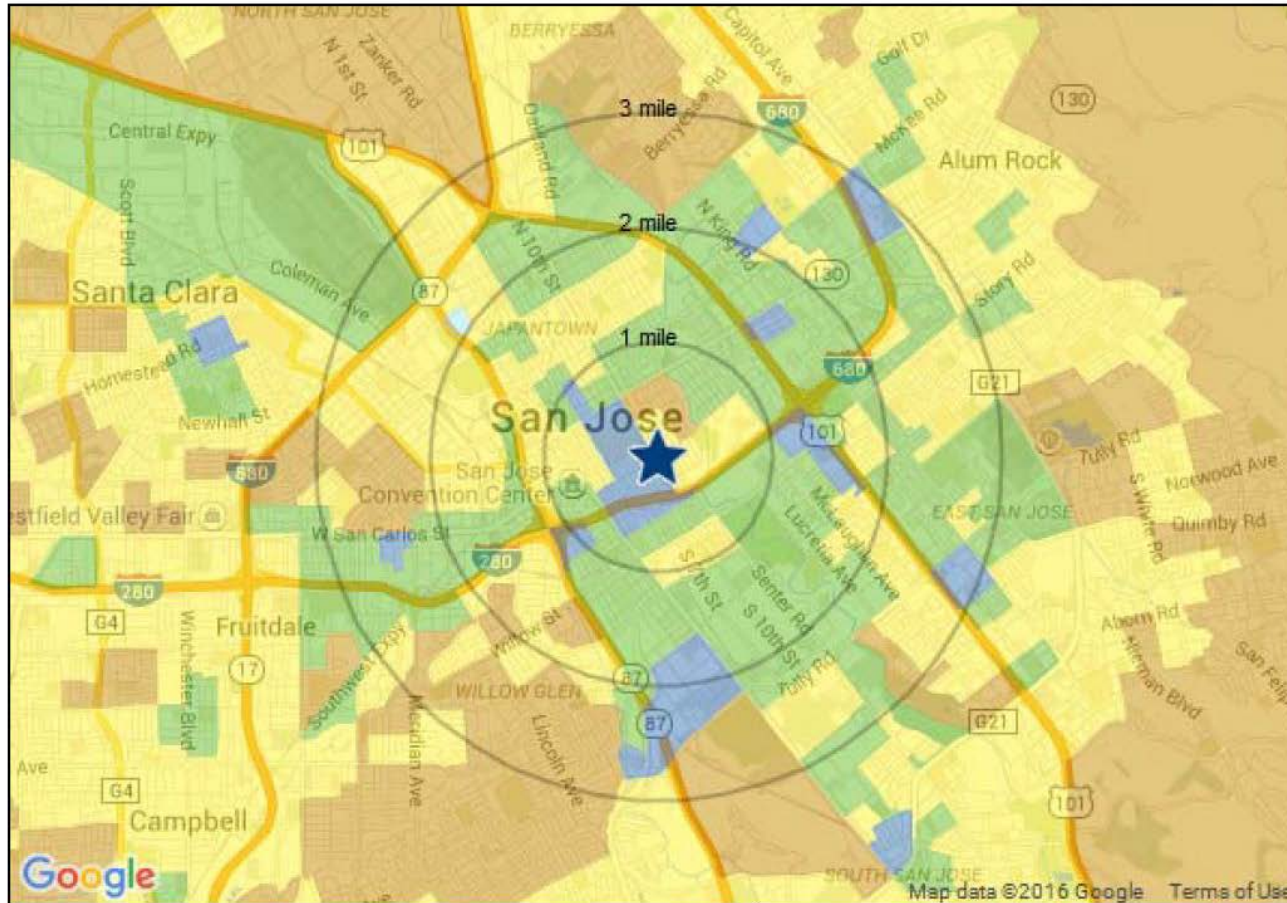
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Employment Density

Theme	Low	High
Low	less than	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.



475



PARKING RESTRICTED
24 HOURS A DAY
TOWED AWAY
AT OWNER'S RISK
NO TOLLS

485





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