



Offering Memorandum

70-74 NORTH 10TH STREET

San Jose, CA

Marcus & Millichap

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR
MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**

Marcus & Millichap



exclusively listed

Prepared by:

Marcus & Millichap

OFFICES NATIONWIDE
www.marcusmillichap.com

Investment Sales:

Nathan Gustavson

Vice President Investments

PALO ALTO

Tel: (650) 391-1749

Fax: (650) 391-1710

nathan.gustavson@marcusmillichap.com

License: CA 01898316

Ray Rodriguez

Associate

PALO ALTO

Tel: (650) 391-1781

Fax: (650) 391-1710

ray.rodriguez@marcusmillichap.com

License: CA 01999734

Table of Contents

EXECUTIVE SUMMARY

| | |
|---------------------------|---|
| Offering Highlights | 2 |
| Property Details | 3 |
| Amenities | 4 |

PROPERTY DESCRIPTION

| | |
|-----------------------------------|----|
| Investment Overview | 6 |
| Investment Highlights | 7 |
| Tenant Profile & Management | 11 |
| VASH | 12 |
| Abode | 13 |
| Regional Map | 14 |
| Local Map | 15 |
| Parcel Map | 16 |
| Aerial Photo | 17 |

FINANCIAL ANALYSIS

| | |
|---------------------------|----|
| Financial Summary | 20 |
| Rent Roll Summary | 21 |
| Rent Roll | 22 |
| Operating Statement | 23 |
| Pricing Detail | 24 |

DEMOGRAPHICS

| | |
|---------------------------|----|
| Demographic Summary | 26 |
|---------------------------|----|

summary

EXECUTIVE SUMMARY



Marcus & Millichap

Offering Highlights

70-74 NORTH 10TH STREET

SAN JOSE, CA 95112

Property Details

| | |
|----------------------|-------------------|
| Price | \$2,600,000 |
| Down Payment | 42% / \$1,100,320 |
| Price/Unit | \$288,889 |
| Price/SF | \$431.54 |
| Rentable Square Feet | 6,025 SF |
| Number of Units | 9 |
| Year Built | 1912 / 2016 |
| Lot Size | 0.15 Acres |
| Number of Buildings | 2 |
| Number of Stories | 2 |
| Asset Type | Multi Family |

Vital Data

| | |
|--------------------------------|-----------|
| CAP Rate – Current | 5.26% |
| GRM – Current | 13.80 |
| Net Operating Income – Current | \$136,665 |
| CAP Rate – Year 1 | 5.76% |
| GRM – Year 1 | 12.87 |
| Net Operating Income – Year 1 | \$149,828 |

Unit Mix

| NUMBER OF UNITS | UNIT TYPE | SQUARE FEET |
|-----------------|-----------|-------------|
| 5 | 1BR/1BA | 789 |
| 4 | Studio | 520 |

Demographics

| | 1-Miles | 3-Miles | 4-Miles |
|-------------------|----------|----------|-----------|
| 2016 Estimate Pop | 49,470 | 278,796 | 675,679 |
| 2010 Census Pop | 44,834 | 252,761 | 619,255 |
| 2016 Estimate HH | 17,528 | 86,441 | 210,627 |
| 2010 Census HH | 15,665 | 78,503 | 193,375 |
| Median HH Income | \$53,614 | \$64,353 | \$75,923 |
| Per Capita Income | \$33,487 | \$29,973 | \$33,962 |
| Average HH Income | \$89,624 | \$94,561 | \$107,625 |

EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

FINANCIAL ANALYSIS

COMPARABLES

MARKET OVERVIEW

Property Details

THE OFFERING

| | |
|---------------------|---|
| Property Address | 70-74 North 10th Street San Jose, CA 95112 |
| Assessor's Parcel # | 467-17-107 |
| Zoning | R-4 (Residential Multifamily) |

SITE DESCRIPTION

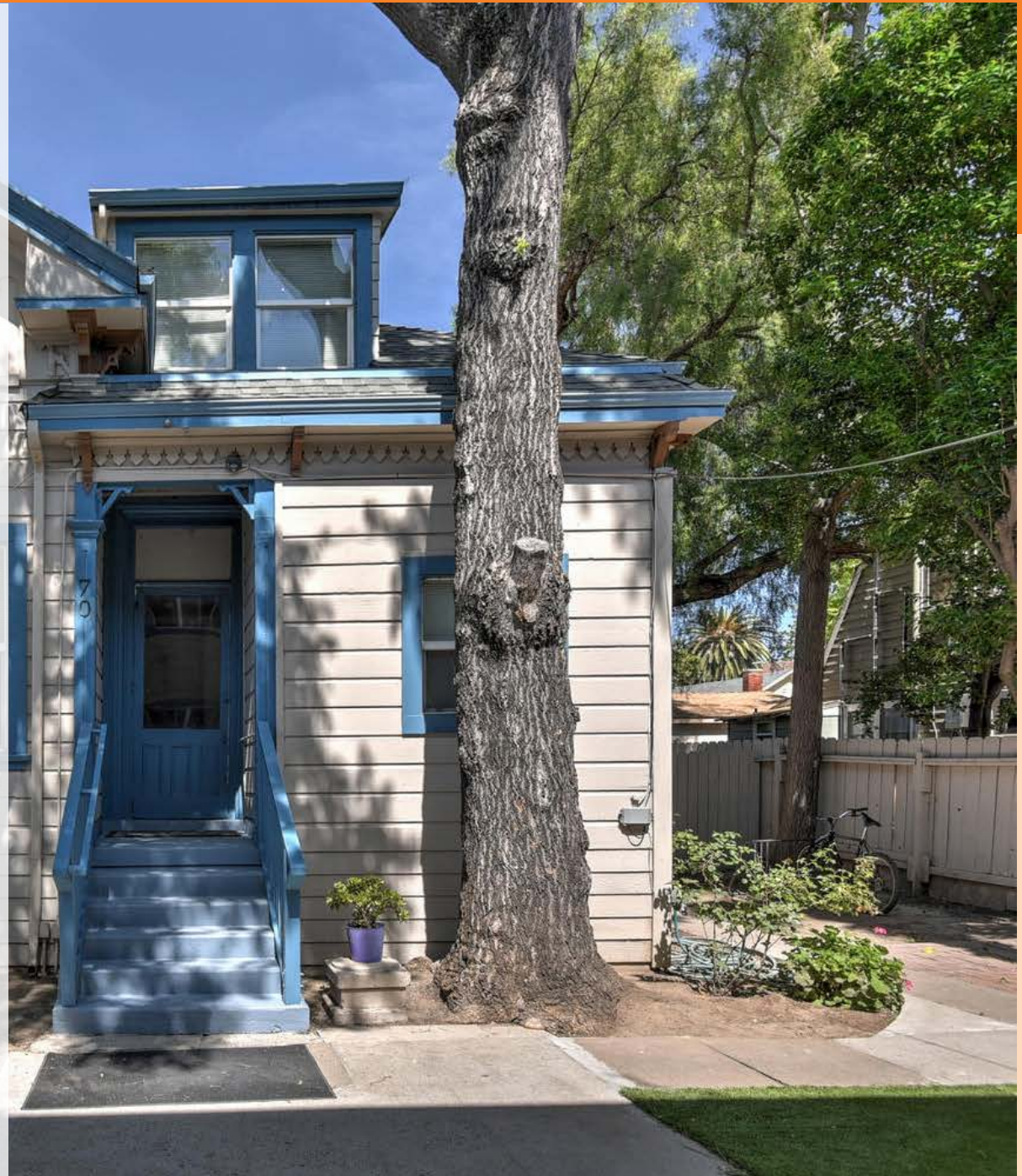
| | |
|----------------------|-----------------|
| Number of Units | 9 |
| Number of Buildings | 2 |
| Number of Stories | 2 |
| Year Built | 1912 / 2016 |
| Rentable Square Feet | 6,025 SF |
| Lot Size | 0.15 Acres |
| Type of Ownership | Fee Simple |
| Density | Low-Medium |
| Landscaping | Low-Maintenance |
| Topography | Flat |

UTILITIES

| | |
|----------|---------------|
| Water | Landlord Paid |
| Phone | Tenant Paid |
| Electric | Tenant Paid |
| Gas | Tenant Paid |

MECHANICAL

| | |
|------------|--|
| Foundation | Seismically Reinforced Pier & Beam |
| Framing | Wood |
| Exterior | Wood & New Exterior Paint |
| Roof | Pitched Composite Shingle (Less than 10-years old) |



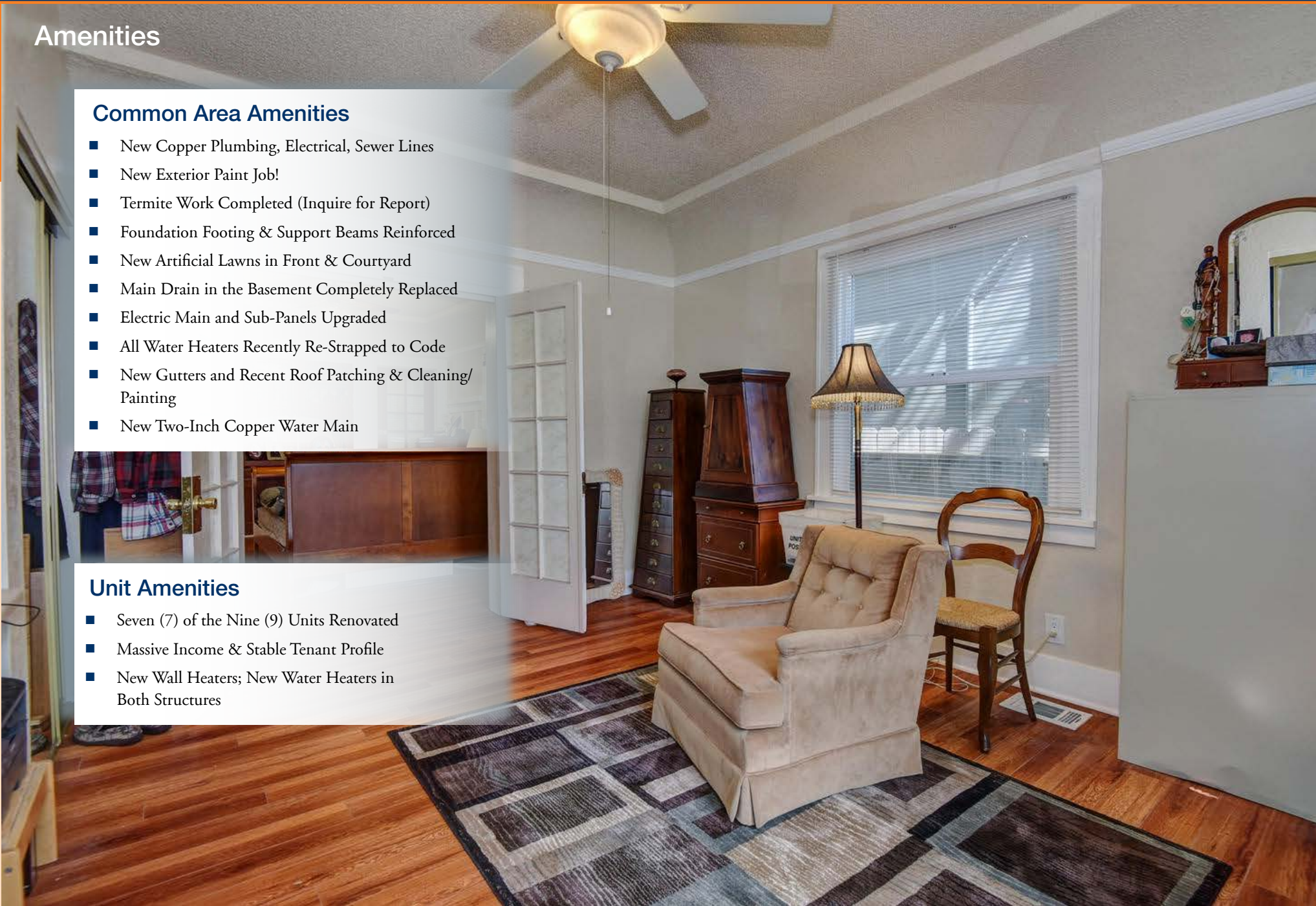
Amenities

Common Area Amenities

- New Copper Plumbing, Electrical, Sewer Lines
- New Exterior Paint Job!
- Termite Work Completed (Inquire for Report)
- Foundation Footing & Support Beams Reinforced
- New Artificial Lawns in Front & Courtyard
- Main Drain in the Basement Completely Replaced
- Electric Main and Sub-Panels Upgraded
- All Water Heaters Recently Re-Strapped to Code
- New Gutters and Recent Roof Patching & Cleaning/ Painting
- New Two-Inch Copper Water Main

Unit Amenities

- Seven (7) of the Nine (9) Units Renovated
- Massive Income & Stable Tenant Profile
- New Wall Heaters; New Water Heaters in Both Structures



description

PROPERTY DESCRIPTION



Marcus & Millichap

Investment Overview

Marcus & Millichap is pleased to bring to market two extensively upgraded “Victorian-Style” structures situated on one parcel, located at 70 and 74 North 10th Street in rapidly expanding and highly desirable, San Jose, California.

The property is a legal nine-unit apartment complex located just one block north of Santa Clara St. on the fringe of core Downtown San Jose. It is just two blocks from San Jose State University and has excellent access to public transportation, employment, and shopping.

The unit mix contains four (4) large studios averaging 500-540 square feet of livable space in each. Three of the four studios were completely remodeled in the last three months. There are five (5) one-bedroom units ranging from approximately 660-875 square feet each. Both structures contain internal hallways and renovated common areas.

Originally constructed in 1912, the current owner has owned and operated the property for over forty (40) years; the property was last on the market in 1977. Upgrades have been made with an eye towards the long-term ownership, and the units are not on the historical registry. Seven (7) of the nine (9) total units were fully remodeled in the last six months.

The front of the two buildings has two (2) large one-bedroom/one-bathroom units that are largely mirror images of one another with forced air heating; all of the other seven (7) units have new wall heaters. The front building’s roof was replaced in the last ten years. Maintenance work was recently completed on both front and rear roofs. New gutters were replaced in October 2017. Kitchens, bathrooms, flooring, tiling, stairwells, windows, furnaces, lighting, electrical and plumbing systems have been upgraded and replaced over the past few years. Most of the units have been converted to laminated floors.

The foundation has been seismically/structurally reinforced and recently upgraded. Footings have been reinforced in some parts, support beams have been strengthened, cement posts have been added, and floor joists have been tied to the foundation. Many of the original design features have been retained.

The courtyard between the two buildings has a small sitting area and some planted open space. The utilities are underground. It also contains the enclosed trash unit and room for bike storage. Extensive work has been made over the years to completely upgrade the plumbing and electrical, sewer, water, and other systems.



EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

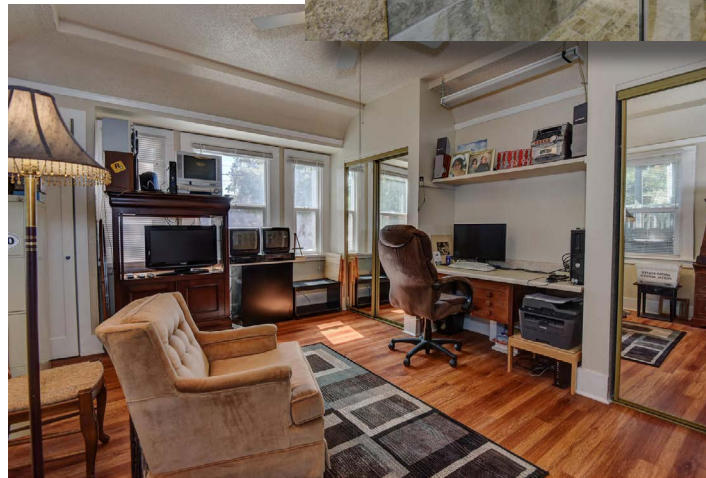
FINANCIAL ANALYSIS

COMPARABLES

MARKET OVERVIEW

Investment Highlights

- Massive Interior and Exterior Renovations
- Completely Updated Electrical and Plumbing
- Foundation Seismically/Structurally Reinforced
- Renovated Kitchens & Bathrooms
- Approximately \$25,000 worth of upgrades to Seven (7) out of Nine (9) units
- Massive Current (Day 1) Income & Stable Tenant Profile
- 5.31% Current (Day 1) Cap Rate & 13.80 Current (Day 1) GRM
- First Time on the Market Since 1977!
- Extensive Seismic Retrofitting & \$5,000 Concrete Reinforcement
- New Kitchens, Bathrooms, Flooring, Tiling, Gutters, on Almost All Units
- Current Rents are Estimated at Roughly 110% of Market Rents









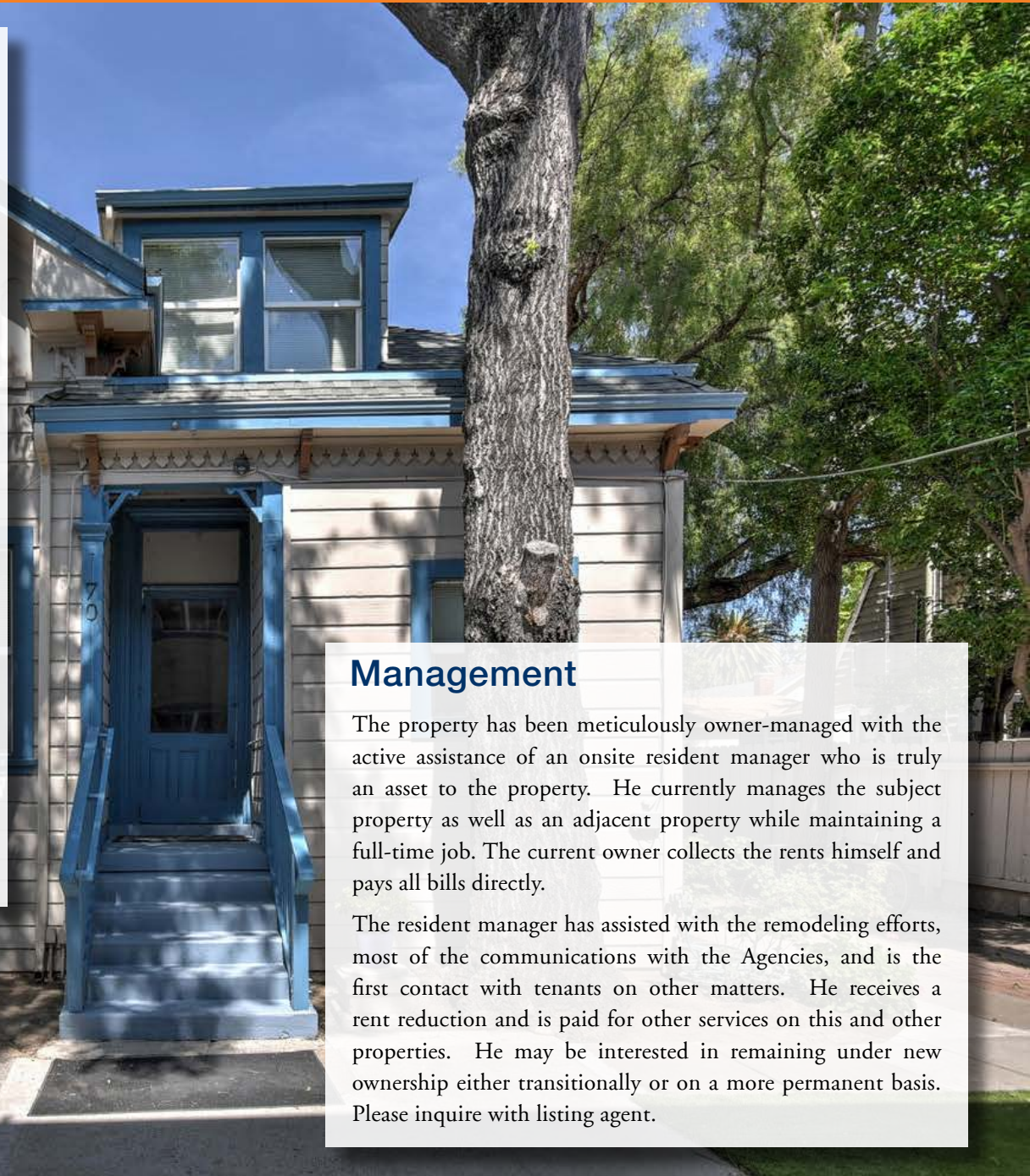
Tenant Profile

The market strategy of the last ten years has been to aim for mature and stable adults. Rents were maintained below market for many years with high turnover. Historically, there has been a mix of market rate as well as subsidized housing contracts. All the turnovers entered three-party agreements with one year leases. Historically, there is very little turnover on such contracts.

There was a strategy shift made in late 2016. Several new tenants have been placed through a program aimed at Veterans and administered by the Housing Authority of Santa Clara County (VASH); two current tenants participate in a program by Abode Services, a social agency.

The property has had virtually no vacancy over the last ten years, and close to 70% of the monthly rent is automatically deposited to the landlord's account on the 3rd of each month.

Tenants under both programs have receive additional benefits that often include security deposit assistance from third parties, furnishings as well as other social services. Each program has a formula that is based upon tenant income that splits the contract rate between the tenant and the Agency; typically, the Agencies pay 70% to 100% of the rent, and the tenants pay the remaining balance. Given that the assistance received is an extraordinary benefit, the tenants pay promptly to protect their continuance in the programs, and adhere closely to all landlord policies, rules and regulations.



Management

The property has been meticulously owner-managed with the active assistance of an onsite resident manager who is truly an asset to the property. He currently manages the subject property as well as an adjacent property while maintaining a full-time job. The current owner collects the rents himself and pays all bills directly.

The resident manager has assisted with the remodeling efforts, most of the communications with the Agencies, and is the first contact with tenants on other matters. He receives a rent reduction and is paid for other services on this and other properties. He may be interested in remaining under new ownership either transitionally or on a more permanent basis. Please inquire with listing agent.

- EXECUTIVE SUMMARY
- PROPERTY DESCRIPTION
- FINANCIAL ANALYSIS
- COMPARABLES
- MARKET OVERVIEW

VASH

The HUD-Veterans Affairs Supportive Housing (VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Each tenant chosen and placed through HUD-VASH is extremely incentivized obey housing rules, regulations, and are very often single, quiet, and respectful tenants. Veterans who are appropriate candidates for this program must need case management services to obtain and sustain independent community housing.

VA provides these services for participating Veterans at VA medical centers and community-based outreach clinics. Every year since 2008, HUD and Veterans Affairs have awarded VASH vouchers based on geographic need and public housing agency (PHA) administrative performance.

HUD has awarded funding for approximately 10,000 HUD-VASH vouchers each year in 2008-2010 and 2012-2015. Congress appropriated \$50 million in 2011 to serve approximately 7,000 voucher families and \$60 million in 2016 to serve approximately 8,000 families.

Learn more at <https://www.va.gov/homeless/hud-vash.asp>

**HUD-VASH:
Permanent Housing
for Homeless Veterans**



Veterans Assisted Supportive Housing (VASH)

We are here to help Veterans and their case workers locate nice, affordable housing in the area they choose to live.

EXECUTIVE SUMMARY
PROPERTY DESCRIPTION
FINANCIAL ANALYSIS
COMPARABLES
MARKET OVERVIEW

Abode

Abode Services offers housing programs linked to support services for low-income families and individuals. Each Abode program integrates various components to help people establish permanent stability and return to independent lives. Housing options include emergency shelter, rental subsidies, transitional housing, and permanent supportive housing.

Support services include case management, primary and mental health care, substance recovery services, job counseling and placement, life skills classes, financial literacy training, practical tenancy training, parenting classes, and children's programs. Abode Services uses the approach of "Housing First". -- Housing First recognizes that someone financially struggling does not need a series of hoops to jump through: they need a home, professional support, and assistance. Once they have permanent housing, the services that follow are much more effective.

Learn more at <http://AbodeServices.org/>



Because everyone should have a home.



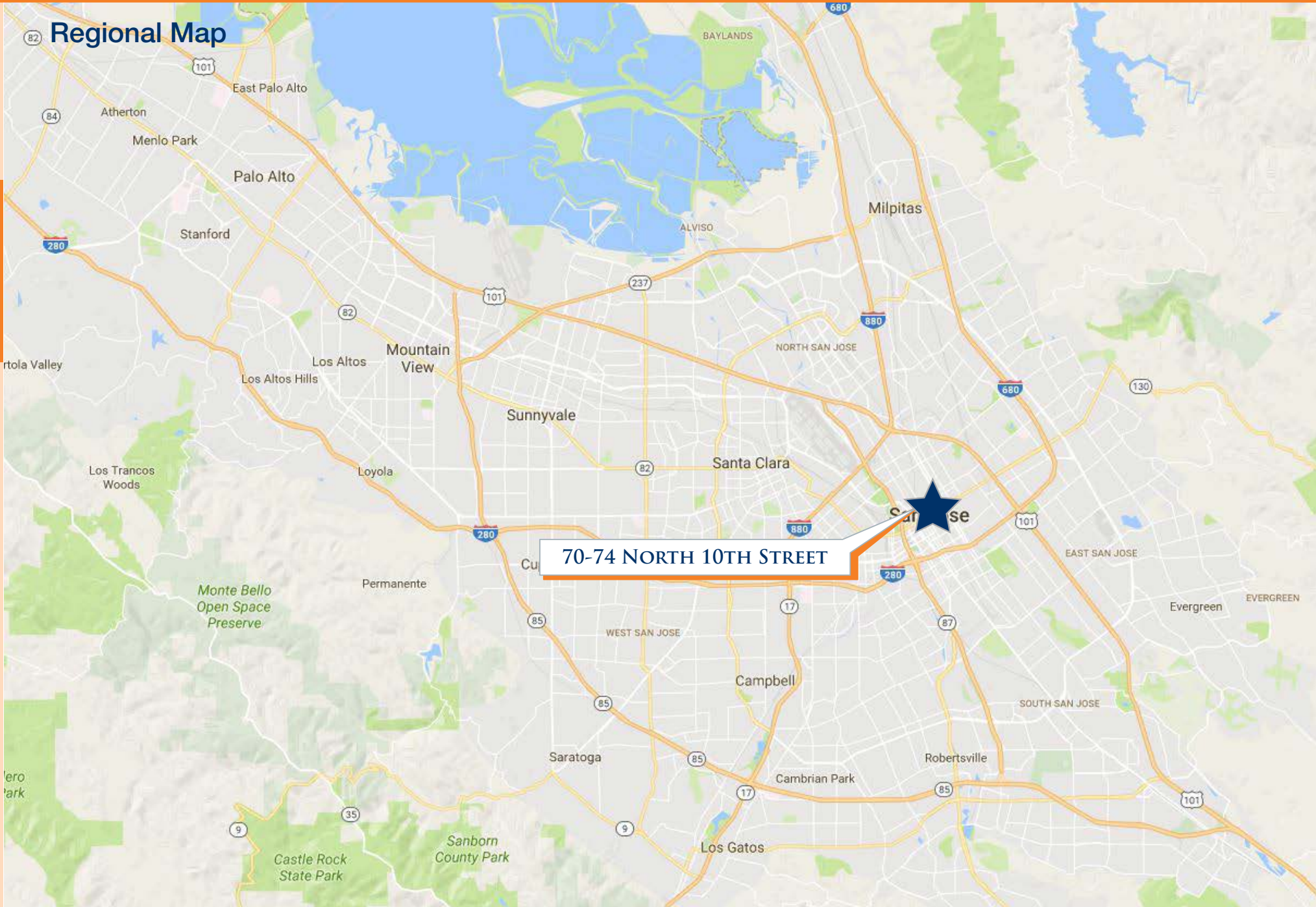
EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

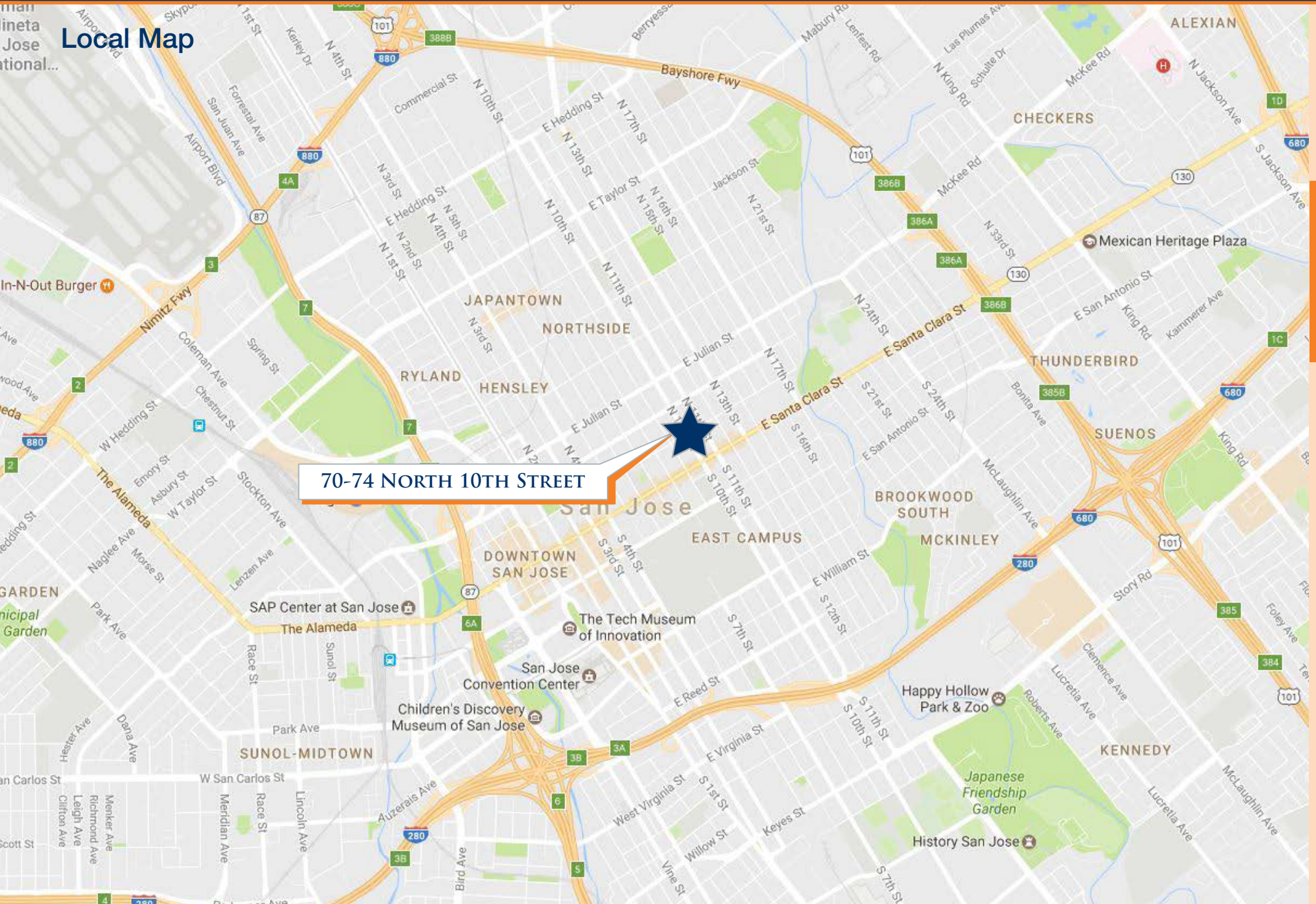
FINANCIAL ANALYSIS

COMPARABLES

MARKET OVERVIEW



Local Map



70-74 NORTH 10TH STREET

EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

FINANCIAL ANALYSIS

COMPARABLES

MARKET OVERVIEW

Parcel Map



TRA DET. MAP 115
 LAWRENCE E. STONE - ASSESSOR
 Cadastral map for assessment purposes only.
 Compiled under R. & T. Code, Sec. 327.
 Effective Roll Year 2010-2011

EXECUTIVE SUMMARY
 PROPERTY DESCRIPTION
 FINANCIAL ANALYSIS
 COMPARABLES
 MARKET OVERVIEW

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2014 Marcus & Millichap Y0010194



EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

FINANCIAL ANALYSIS

COMPARABLES

MARKET OVERVIEW

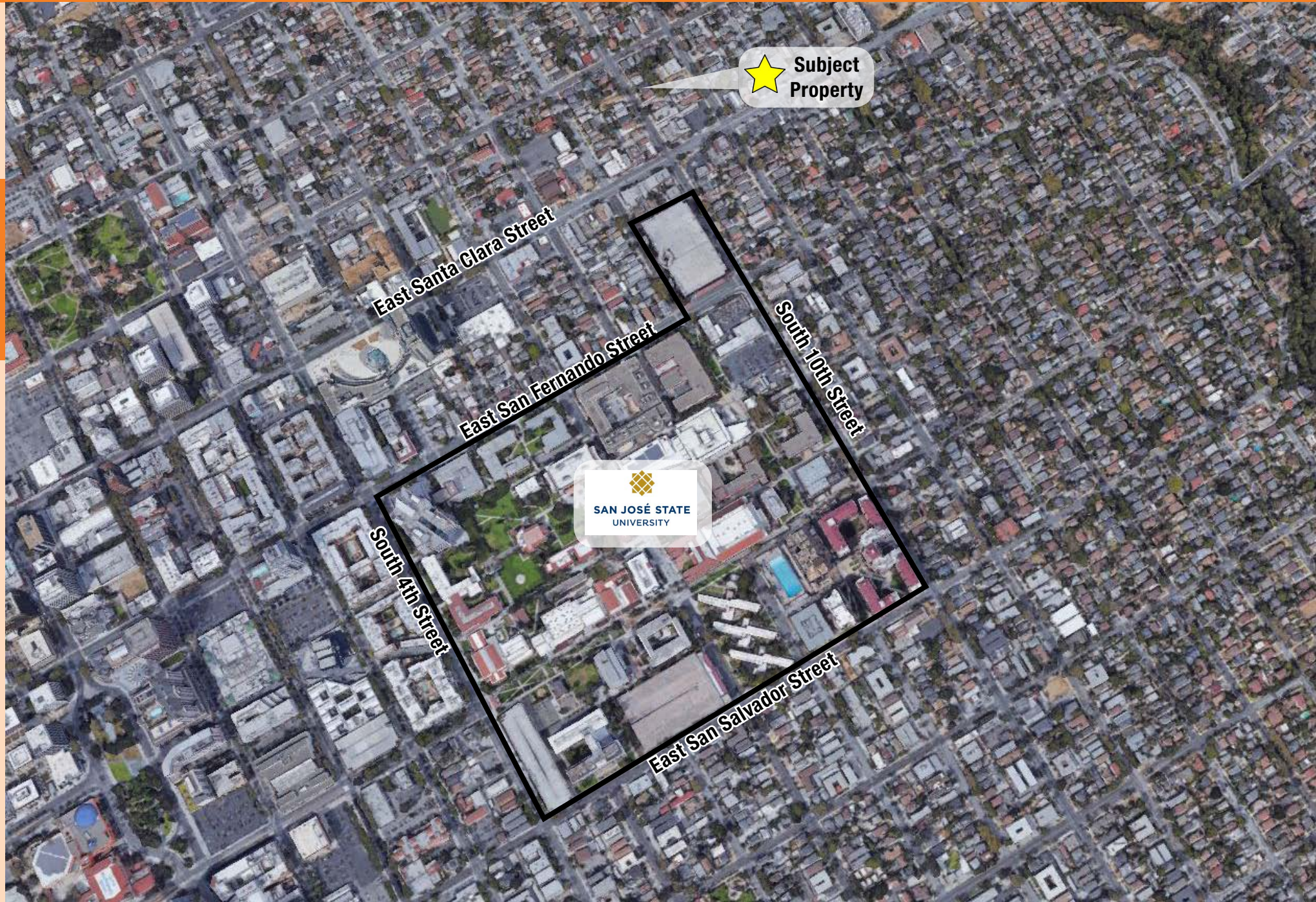
EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

FINANCIAL ANALYSIS

COMPARABLES

MARKET OVERVIEW



analysis

FINANCIAL ANALYSIS



Marcus & Millichap

Financial Summary

Property Details

| | |
|----------------------|-------------------|
| Price | \$2,600,000 |
| Down Payment | 42% / \$1,100,320 |
| Price/Unit | \$288,889 |
| Price/SF | \$431.54 |
| Rentable Square Feet | 6,025 SF |
| Number of Units | 9 |
| Year Built | 1912 / 2016 |
| Lot Size | 0.15 Acres |
| Number of Buildings | 2 |
| Number of Stories | 2 |
| Asset Type | Multi Family |

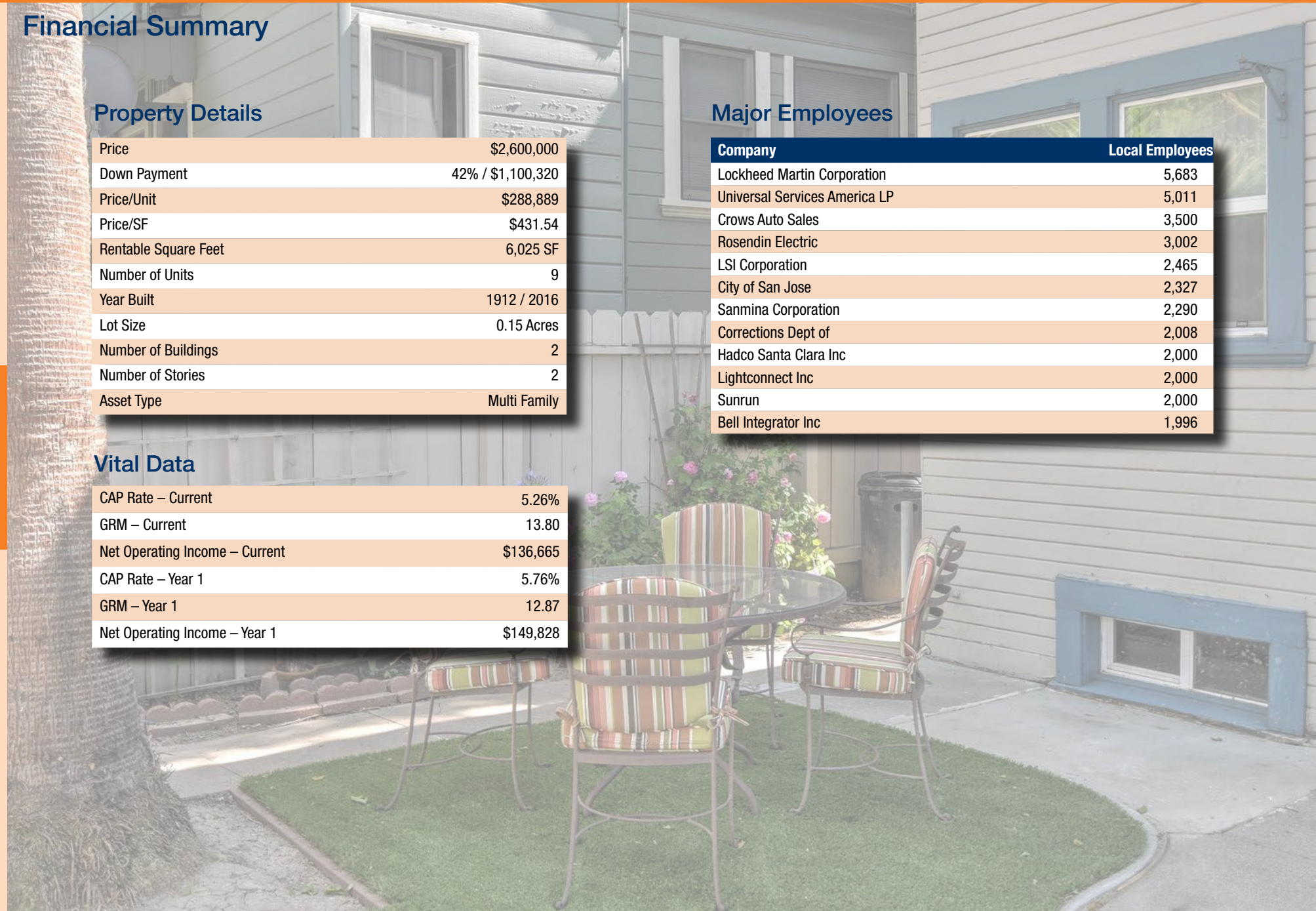
Vital Data

| | |
|--------------------------------|-----------|
| CAP Rate – Current | 5.26% |
| GRM – Current | 13.80 |
| Net Operating Income – Current | \$136,665 |
| CAP Rate – Year 1 | 5.76% |
| GRM – Year 1 | 12.87 |
| Net Operating Income – Year 1 | \$149,828 |

Major Employees

| Company | Local Employees |
|-------------------------------|-----------------|
| Lockheed Martin Corporation | 5,683 |
| Universal Services America LP | 5,011 |
| Crows Auto Sales | 3,500 |
| Rosendin Electric | 3,002 |
| LSI Corporation | 2,465 |
| City of San Jose | 2,327 |
| Sanmina Corporation | 2,290 |
| Corrections Dept of | 2,008 |
| Hadco Santa Clara Inc | 2,000 |
| Lightconnect Inc | 2,000 |
| Sunrun | 2,000 |
| Bell Integrator Inc | 1,996 |

EXECUTIVE SUMMARY
PROPERTY DESCRIPTION
FINANCIAL ANALYSIS
COMPARABLES
MARKET OVERVIEW



Rent Roll Summary

| UNIT TYPE | NUMBER OF UNITS | AVERAGE SQUARE FEET | RENTAL RANGE | SCHEDULED AVERAGE RENT | SCHEDULED AVERAGE RENT/SF | SCHEDULED MONTHLY INCOME | POTENTIAL AVERAGE RENT | POTENTIAL AVERAGE RENT/SF | POTENTIAL MONTHLY INCOME |
|---------------------------------|-----------------|---------------------|-------------------|------------------------|---------------------------|--------------------------|------------------------|---------------------------|--------------------------|
| 1-Bedroom/1-Bath | 2 | 660 | \$1,600 - \$1,800 | \$1,700 | \$2.58 | \$3,400 | \$1,950 | \$2.95 | \$3,900 |
| Large 1-Bedroom/1-Bath | 3 | 875 | \$2,053 - \$2,071 | \$2,065 | \$2.36 | \$6,195 | \$2,071 | \$2.37 | \$6,213 |
| Studio | 2 | 500 | \$1,155 - \$1,562 | \$1,359 | \$2.72 | \$2,717 | \$1,650 | \$3.30 | \$3,300 |
| Large Studio | 2 | 540 | \$1,685 - \$1,709 | \$1,697 | \$3.14 | \$3,394 | \$1,709 | \$3.16 | \$3,418 |
| Totals/Weighted Averages | 9 | 669 | | \$1,745 | \$2.61 | \$15,706 | \$1,870 | \$2.79 | \$16,831 |
| Gross Annualized Rents | | | | \$188,472 | | \$201,972 | | | |

**Square footage of units are management's best estimate. -- Buyer to verify unit sizes.

Rent Roll

| UNIT # | TYPE | CURRENT RENT | PRO FORMA RENT | MOVE IN DATE | LAST INCREASE | TENANT MONTHLY RENT RESPONSIBILITY | HUD-VASH OR ABODE MONTHLY RENT SUPPLEMENT |
|---------------|---------|-----------------|-----------------|--------------|---------------|------------------------------------|---|
| 70 A | 1BD/1BA | \$2,071 | \$2,071 | 11/4/2016 | 11/4/2016 | \$108 | Abode Services - \$1,963 |
| 70 B | 1BD/1BA | \$2,053 | \$2,071 | 5/1/2017 | 5/1/2017 | \$314 | HUD - \$1,739 |
| 70 C | 1BD/1BA | \$1,800 | \$2,071 | 8/1/2003 | 11/1/2016 | \$344 | HUD - \$1,456 |
| 74 A | 1BD/1BA | \$1,600 | \$2,071 | 9/1/2001 | 11/1/2016 | \$1,600 | Manager Unit |
| 74 B | 1BD/1BA | \$2,071 | \$2,071 | 2/11/2017 | 2/11/2017 | \$375 | HUD - \$1,696 |
| 74 C | Studio | \$1,155 | \$1,709 | 1/1/2005 | 7/1/2017 | \$1,155 | |
| 74 D | Studio | \$1,562 | \$1,709 | 1/18/2016 | 1/18/2016 | \$999 | Abode Services - \$563 |
| 74 E | Studio | \$1,685 | \$1,709 | 12/23/2016 | 12/23/2016 | \$20 | HUD - \$1,665 |
| 74 F | Studio | \$1,709 | \$1,709 | 10/3/2016 | 10/3/2016 | \$20 | HUD - \$1,698 |
| Totals | | \$15,706 | \$17,191 | | | | |

EXECUTIVE SUMMARY
PROPERTY DESCRIPTION
FINANCIAL ANALYSIS
COMPARABLES
MARKET OVERVIEW

Operating Statement

| Income | Current | | Year 1 | Notes | Per Unit | Per SF |
|-------------------------------|------------------|-------------|------------------|-------------|-----------------|----------------|
| Gross Potential Rent | 201,972 | | 201,972 | | 22,441 | 33.52 |
| Loss / Gain to Lease | (13,500) | 6.7% | 0 | 0.0% | 0 | 0.00 |
| Gross Scheduled Rent | 188,472 | | 201,972 | | 22,441 | 33.52 |
| Physical Vacancy | (4,712) | 2.5% | (5,049) | 2.5% | (561) | (0.84) |
| Total Other Income | (\$4,712) | 2.5% | (\$5,049) | 2.5% | (\$561) | (\$1) |
| Effective Gross Income | \$183,760 | | \$196,923 | | \$21,880 | \$32.68 |

| Expenses | Current | | Year 1 | Notes | Per Unit | Per SF |
|-----------------------------|------------------|--|------------------|-------|-----------------|----------------|
| Real Estate Taxes | 31,514 | | 31,514 | | 3,502 | 5.23 |
| Insurance | 2,680 | | 2,680 | | 298 | 0.44 |
| Utilities - PG&E | 948 | | 948 | | 105 | 0.16 |
| Utilities - Sewer | 3,040 | | 3,040 | | 338 | 0.50 |
| Utilities - Water | 3,031 | | 3,031 | | 337 | 0.50 |
| Trash Removal | 2,343 | | 2,343 | | 260 | 0.39 |
| Repairs & Maintenance | 3,150 | | 3,150 | | 350 | 0.52 |
| Special Assessments | 389 | | 389 | | 43 | 0.06 |
| Total Expenses | \$47,095 | | \$47,095 | | \$5,233 | \$7.82 |
| Expenses as % of EGI | 25.6% | | 23.9% | | | |
| Net Operating Income | \$136,665 | | \$149,828 | | \$16,648 | \$24.87 |

Notes:

- [1] San Jose Water (Utilities) paid bi-monthly and at \$505.25/60-day period was actual average of trailing 16 months | $\$505.25 \times 6 = \$3,031$
- [2] PG&E (Utilities) paid monthly and at \$79.01/month was actual average of trailing 16 months | $\$79.01 \times 12 \text{ months} = \948
- [3] Trash Removal paid monthly and \$195.32/month was actual average of trailing 12 months
- [4] Repairs & Maintenance averaged at \$350/unit/year.
- [5] Insurance is just a quote. Buyer to verify via their insurance provider.
- [6] Landscaping is very minimal and handled by on-site tenant.

Pricing Detail

| Summary | | |
|--------------------|-------------|-----|
| Price | \$2,600,000 | |
| Down Payment | \$1,100,320 | 42% |
| Number of Units | 9 | |
| Price Per Unit | \$288,889 | |
| Price Per SqFt | \$431.54 | |
| Rentable SqFt | 6,025 | |
| Lot Size | 0.15 Acres | |
| Approx. Year Built | 1912/2016 | |

| Returns | Current | Year 1 |
|---------------------|---------|--------|
| CAP Rate | 5.26% | 5.76% |
| GRM | 13.80 | 12.87 |
| Cash-on-Cash | 4.89% | 6.09% |
| Debt Coverage Ratio | 1.65 | 1.81 |

Loan Quote

Estimated Loan of \$1,500,000
 5 Year Fixed @ 3.85%
 10 Year Term / 30 Year Amount

*Contact Dave Campbell of Marcus & Millichap.

| # Of Units | Unit Type | SF/Unit | Current Rents | Market Rents |
|------------|----------------------|---------|---------------|--------------|
| 5 | 1-Bedroom/1-Bathroom | 789 | \$1,919 | \$2,023 |
| 4 | Studio | 520 | \$1,528 | \$1,680 |

| Income | | Current | | Year 1 |
|----------------------------------|-------|-----------|-------|-----------|
| Gross Scheduled Rent | | \$188,472 | | \$201,972 |
| Less: Vacancy/Deductions | 2.5% | \$4,712 | 2.5% | \$5,049 |
| Total Effective Rental Income | | \$183,760 | | \$196,923 |
| Other Income | | \$0 | | \$0 |
| Effective Gross Income | | \$183,760 | | \$196,923 |
| Less: Expenses | 25.6% | \$47,095 | 23.9% | \$47,095 |
| Net Operating Income | | \$136,665 | | \$149,828 |
| Cash Flow | | \$136,665 | | \$149,828 |
| Debt Service | | \$82,833 | | \$82,833 |
| Net Cash Flow After Debt Service | 4.89% | \$53,832 | 6.09% | \$66,994 |
| Principal Reduction | | \$27,814 | | \$28,860 |
| Total Return | 7.42% | \$81,646 | 8.71% | \$95,855 |

| Expenses | Current | Year 1 |
|-----------------------|----------|----------|
| Real Estate Taxes | \$31,514 | \$31,514 |
| Insurance | \$2,680 | \$2,680 |
| Utilities - PG&E | \$948 | \$948 |
| Utilities - Sewer | \$3,040 | \$3,040 |
| Utilities - Water | \$3,031 | \$3,031 |
| Trash Removal | \$2,343 | \$2,343 |
| Repairs & Maintenance | \$3,150 | \$3,150 |
| Special Assessments | \$389 | \$389 |
| Total Expenses | \$47,095 | \$47,095 |
| Expenses/Unit | \$5,233 | \$5,233 |
| Expenses/SF | \$7.82 | \$7.82 |

EXECUTIVE SUMMARY
 PROPERTY DESCRIPTION
 FINANCIAL ANALYSIS
 COMPARABLES
 MARKET OVERVIEW

overview

MARKET OVERVIEW



Marcus & Millichap

Demographic Summary

| POPULATION | 1 Miles | 3 Miles | 5 Miles |
|------------------------------------|---------|---------|---------|
| • 2021 Projection | | | |
| Total Population | 50,941 | 288,165 | 694,630 |
| • 2016 Estimate | | | |
| Total Population | 49,470 | 278,796 | 675,679 |
| • 2010 Census | | | |
| Total Population | 44,834 | 252,761 | 619,255 |
| • 2000 Census | | | |
| Total Population | 44,216 | 246,214 | 598,356 |
| • Daytime Population | | | |
| 2016 Estimate | 89,129 | 324,785 | 740,089 |
| HOUSEHOLDS | 1 Miles | 3 Miles | 5 Miles |
| • 2021 Projection | | | |
| Total Households | 18,417 | 90,709 | 218,380 |
| • 2016 Estimate | | | |
| Total Households | 17,528 | 86,441 | 210,627 |
| Average (Mean) Household Size | 2.51 | 3.02 | 3.04 |
| • 2010 Census | | | |
| Total Households | 15,665 | 78,503 | 193,375 |
| • 2000 Census | | | |
| Total Households | 13,983 | 70,110 | 178,717 |
| Growth 2015-2020 | 5.07% | 4.94% | 3.68% |
| HOUSING UNITS | 1 Miles | 3 Miles | 5 Miles |
| • Occupied Units | | | |
| 2021 Projection | 18,417 | 90,709 | 218,380 |
| 2016 Estimate | 18,583 | 87,996 | 212,773 |
| Owner Occupied | 4,760 | 34,755 | 104,296 |
| Renter Occupied | 12,769 | 51,686 | 106,331 |
| Vacant | 1,054 | 1,555 | 2,146 |
| • Persons In Units | | | |
| 2016 Estimate Total Occupied Units | 17,528 | 86,441 | 210,627 |
| 1 Person Units | 34.46% | 25.30% | 23.07% |
| 2 Person Units | 29.40% | 25.74% | 26.43% |
| 3 Person Units | 13.64% | 15.64% | 16.55% |
| 4 Person Units | 10.10% | 13.54% | 14.71% |
| 5 Person Units | 5.47% | 8.26% | 8.41% |
| 6+ Person Units | 6.93% | 11.51% | 10.84% |

| HOUSEHOLDS BY INCOME | 1 Miles | 3 Miles | 5 Miles |
|--------------------------|----------|----------|-----------|
| • 2016 Estimate | | | |
| \$200,000 or More | 7.35% | 7.80% | 9.78% |
| \$150,000 - \$199,000 | 6.87% | 7.93% | 9.46% |
| \$100,000 - \$149,000 | 15.19% | 16.69% | 19.49% |
| \$75,000 - \$99,999 | 9.88% | 11.31% | 11.75% |
| \$50,000 - \$74,999 | 12.83% | 15.10% | 14.86% |
| \$35,000 - \$49,999 | 11.53% | 11.26% | 10.25% |
| \$25,000 - \$34,999 | 7.75% | 7.69% | 7.20% |
| \$15,000 - \$24,999 | 11.23% | 9.73% | 7.87% |
| Under \$15,000 | 17.37% | 12.49% | 9.34% |
| Average Household Income | \$89,624 | \$94,561 | \$107,625 |
| Median Household Income | \$53,614 | \$64,353 | \$75,923 |
| Per Capita Income | \$33,487 | \$29,973 | \$33,962 |

| POPULATION PROFILE | 1 Miles | 3 Miles | 5 Miles |
|-------------------------------------|---------|---------|---------|
| • Population By Age | | | |
| 2016 Estimate Total Population | 49,470 | 278,796 | 675,679 |
| Under 20 | 21.38% | 25.54% | 25.47% |
| 20 to 34 Years | 37.91% | 28.41% | 25.46% |
| 35 to 39 Years | 7.27% | 7.99% | 7.81% |
| 40 to 49 Years | 12.03% | 13.58% | 13.94% |
| 50 to 64 Years | 13.46% | 15.57% | 16.85% |
| Age 65+ | 7.97% | 8.92% | 10.47% |
| Median Age | 30.11 | 32.81 | 34.44 |
| • Population 25+ by Education Level | | | |
| 2016 Estimate Population Age 25+ | 31,400 | 182,217 | 450,446 |
| Elementary (0-8) | 11.81% | 11.29% | 9.03% |
| Some High School (9-11) | 11.05% | 11.64% | 9.54% |
| High School Graduate (12) | 18.66% | 21.05% | 20.95% |
| Some College (13-15) | 15.55% | 16.85% | 17.92% |
| Associate Degree Only | 6.57% | 6.64% | 7.08% |
| Bachelors Degree Only | 19.53% | 18.51% | 20.93% |
| Graduate Degree | 13.94% | 9.92% | 11.12% |
| • Population by Gender | | | |
| 2016 Estimate Total Population | 49,470 | 278,796 | 675,679 |
| Male Population | 54.72% | 52.09% | 50.97% |
| Female Population | 45.28% | 47.91% | 49.03% |

EXECUTIVE SUMMARY
PROPERTY DESCRIPTION
FINANCIAL ANALYSIS
COMPARABLES
MARKET OVERVIEW

Demographic Summary

Geography: 5 Miles

Population

In 2016, the population in your selected geography is 49,470. The population has changed by 11.88% since 2000. It is estimated that the population in your area will be 50,941.00 five years from now, which represents a change of 2.97% from the current year. The current population is 54.72% male and 45.28% female. The median age of the population in your area is 30.11, compare this to the US average which is 37.68. The population density in your area is 15,733.03 people per square mile.

Households

There are currently 17,528 households in your selected geography. The number of households has changed by 25.35% since 2000. It is estimated that the number of households in your area will be 18,417 five years from now, which represents a change of 5.07% from the current year. The average household size in your area is 2.51 persons.

Income

In 2016, the median household income for your selected geography is \$53,614, compare this to the US average which is currently \$54,505. The median household income for your area has changed by 32.75% since 2000. It is estimated that the median household income in your area will be \$69,695 five years from now, which represents a change of 29.99% from the current year.

The current year per capita income in your area is \$33,487, compare this to the US average, which is \$29,962. The current year average household income in your area is \$89,624, compare this to the US average which is \$78,425.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 46.06% White, 4.52% Black, 0.37% Native American and 21.36% Asian/Pacific Islander. Compare these to US averages which are: 70.77% White, 12.80% Black, 0.19% Native American and 5.36% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 44.81% of the current year population in your selected area. Compare this to the US average of 17.65%.

Housing

The median housing value in your area was \$564,117 in 2016, compare this to the US average of \$187,181. In 2000, there were 3,771 owner occupied housing units in your area and there were 10,212 renter occupied housing units in your area. The median rent at the time was \$797.

Employment

In 2016, there are 33,699 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 53.15% of employees are employed in white-collar occupations in this geography, and 46.55% are employed in blue-collar occupations. In 2016, unemployment in this area is 7.22%. In 2000, the average time traveled to work was 25.00 minutes.

Demographic data © 2015 by Experian/Applied Geographic Solutions.



exclusively listed

Prepared by:

Marcus & Millichap

OFFICES NATIONWIDE
www.marcusmillichap.com

Investment Sales:

Nathan Gustavson

Vice President Investments

PALO ALTO

Tel: (650) 391-1749

Fax: (650) 391-1710

nathan.gustavson@marcusmillichap.com

License: CA 01898316

Ray Rodriguez

Associate

PALO ALTO

Tel: (650) 391-1781

Fax: (650) 391-1710

ray.rodriquez@marcusmillichap.com

License: CA 01999734