

616 South 8th Street

SAN JOSE, CA

OFFERING MEMORANDUM



Marcus & Millichap

616 South 8th Street

SAN JOSE, CA

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Marcus & Millichap

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SAN JOSE, CA

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PRICING AND FINANCIAL ANALYSIS

616 South 8th Street

SAN JOSE, CA

OFFERING SUMMARY



Unit Mix

No. of Units	Unit Type	Approx. Square Feet
8	1 Bdr 1 Bath	N/A
8	Total	4,674

Major Employers

Company	Local Employees
Rosendin Electric Inc	3,668
City of San Jose	2,578
LSI Logic	2,404
Corrections Dept of	2,008
Hadco Santa Clara Inc	2,000
Coast Personnel Services Inc	1,895
Probation Dept	1,542
S C U	1,400
Santa Clara County of	1,343
Sanmina-SCI Corporation	1,200
Therma Corporation	1,200
Bae Systems Land Armaments LP	1,056

Demographics

	1-Mile	3-Miles	5-Miles
2014 Total	40,282	279,412	681,629
2019 Total	41,556	289,923	700,931
2014 Total	13,085	87,415	215,085
2019 Total	13,778	92,033	222,987
Median HH Income	\$40,867	\$56,686	\$70,630
Per Capita Income	\$25,714	\$27,291	\$31,564
Average (Mean) HH	\$72,930	\$85,309	\$98,768

Price	\$1,728,000
Down Payment	100% / \$1,728,000
Price/Unit	\$216,000
Price/SF	\$369.70
Number of Units	8
Rentable Square Feet	4,674
Number of Buildings	1
Number of Stories	2
Year Built	1955
Lot Size	0.21 Acres

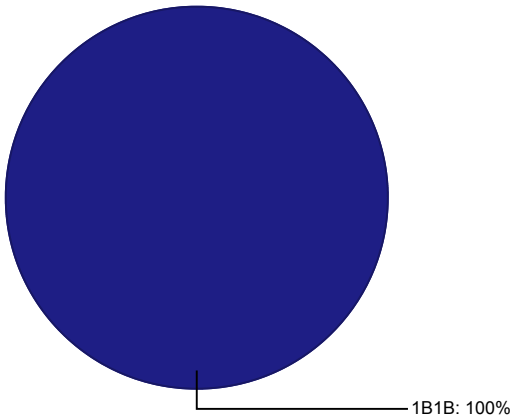
Vital Data

CAP Rate - Current	4.88%
GRM - Current	13.73
Net Operating Income - Current	\$84,331
Total Return - Current	4.9% / \$84,331
CAP Rate - Pro Forma	6.41%
GRM - Pro Forma	11.29
Net Operating Income - Pro Forma	\$110,753
Total Return - Pro Forma	6.4% / \$110,753

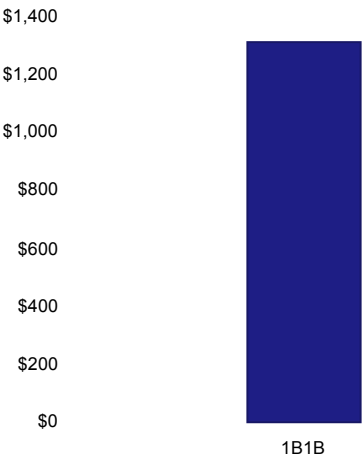
UNIT MIX

No. of Units	Unit Type	Approx. Square Feet	Current Rents	Monthly Income	Pro Forma Rents	Monthly Income
8	1 Bdr 1 Bath	N/A	\$1,100 - \$1,595	\$10,490	\$1,550 - \$1,650	\$12,760
8	TOTAL	4,674		\$10,490		\$12,760

Unit Mix



Unit Rent & Rent/SF



Comments

*Market rents were used for current rent on all vacant units.

RENT ROLL

Unit Number	Unit Type	Unit SF	Current Rent	Rent/ SF	Asking Rent	Rent/ SF	Parking	Storage
*1	1 Bdr	1 Bath	\$1,595		\$1,595		Carport	
2	1 Bdr	1 Bath	\$1,150		\$1,595		Carport	
3	1 Bdr	1 Bath	\$1,300		\$1,595		Carport	
4	1 Bdr	1 Bath	\$1,300		\$1,595		Carport	
5	1 Bdr	1 Bath	\$1,100		\$1,595		Carport	
6	1 Bdr	1 Bath	\$1,150		\$1,595		Carport	
7	1 Bdr	1 Bath	\$1,300		\$1,595		Carport	
*8	1 Bdr	1 Bath	\$1,595		\$1,595		Carport	
TOTAL		VACANT	\$0		\$0			
8	TOTAL		OCCUPIED	\$10,490		\$12,760		
8	TOTAL			\$10,490		\$12,760		

Comments

* Market rents were used for current rent on all vacant units.

* All vacant units have been completely re-modeled.

INCOME & EXPENSES

Total Number of Units: 8
Total Rentable Area: 4,674 SF

Income	Current	Per Unit	Pro Forma	Per Unit
GROSS POTENTIAL RENT	\$125,880	\$15,735	\$153,120	\$19,140
Other Income				
Laundry Income	\$1,600	\$200	\$1,600	\$200
Total Other Income	\$1,600	\$200	\$1,600	\$200
GROSS POTENTIAL INCOME	\$127,480	\$15,935	\$154,720	\$19,340
Vacancy/Collection Allowance (GPR)	3.0% / \$3,776	\$472	3.0% / \$4,594	\$574
EFFECTIVE GROSS INCOME	\$123,704	\$15,463	\$150,126	\$18,766
Expenses				
Real Estate Taxes (1.2361% + \$2,598)	\$23,958	\$2,995	\$23,958	\$2,995
Insurance	\$1,845	\$231	\$1,845	\$231
Water/Sewer/Trash	\$4,780	\$598	\$4,780	\$598
PG & E	\$583	\$73	\$583	\$73
Repairs & Maintenance	\$6,000	\$750	\$6,000	\$750
General & Administrative	\$2,207	\$276	\$2,207	\$276
TOTAL EXPENSES	\$39,373	\$4,922	\$39,373	\$4,922
Expenses per SF	\$8.42		\$8.42	
% of EGI	31.8%		26.2%	
NET OPERATING INCOME	\$84,331	\$10,541	\$110,753	\$13,844

FINANCIAL OVERVIEW

Location

616 South 8th Street
San Jose, CA 95112

Price	\$1,728,000
Down Payment	100% / \$1,728,000
Number of Units	8
Price/Unit	\$216,000
Rentable Square Feet	4,674
Price/SF	\$369.70
CAP Rate - Current	4.88%
CAP Rate- Pro Forma	6.41%
GRM - Current	13.73
GRM- Pro Forma	11.29
Year Built	1955
Lot Size	0.21 Acres
Type of Ownership	Fee Simple

Annualized Operating Data

Income	Current	Pro Forma
Gross Potential Rent	\$125,880	\$153,120
Other Income	\$1,600	\$1,600
Gross Potential Income	\$127,480	\$154,720
Less: Vacancy/Deductions (GPR)	3.0% / \$3,776	3.0% / \$4,594
Effective Gross Income	\$123,704	\$150,126
Less: Expenses	\$39,373	\$39,373
Net Operating Income	\$84,331	\$110,753
Net Cash Flow Before Debt Service	\$84,331	\$110,753

Expenses

Real Estate Taxes	\$23,958	\$23,958
Insurance	\$1,845	\$1,845
Water/Sewer/Trash	\$4,780	\$4,780
PG & E	\$583	\$583
Repairs & Maintenance	\$6,000	\$6,000
General & Administrative	\$2,207	\$2,207
Total Expenses	\$39,373	\$39,373
Expenses/unit	\$4,922	\$4,922
Expenses/SF	\$8.42	\$8.42
% of EGI	31.83%	26.23%

Scheduled Income

No. of Units	Unit Type	Approx. Square Feet	Current Rents	Rent/ SF	Monthly Income	Pro Forma Rents	Monthly Income
8	1 Bdr 1 Bath	N/A	\$1,100 - \$1,595	N/A	\$10,490	\$1,550 - \$1,650	\$12,760
8	Total/Wtd. Avg.	4,674			\$10,490		\$12,760

PROPERTY DESCRIPTION

616 South 8th Street

SAN JOSE, CA

Marcus & Millichap
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INVESTMENT OVERVIEW

Investment Highlights

- Trophy Asset
- Tremendous Upside in Rents
- Major Recent Capital Improvements
- Just Two Blocks from SJSU
- Close Proximity to 280, 680 and 101



Marcus and Millichap is proud to present 616 South 8th Street to the Bay Area investment community. The subject property is of true pride-of-ownership quality and has a desirable unit mix consisting of eight one-bedroom/one-bathroom apartments. The single two-story building consists of approximately 4,674 square feet of living space and is situated on a 0.21 acre parcel of land.

New double pane windows have been installed in all units. In addition, many of the units have been remodeled with all new tile flooring, bathtubs, sinks, toilets and Pergo flooring.

The subject property benefits from a prime Downtown San Jose location within walking distance to San Jose State University as well as many shopping and dining options. Highways 280, 101, 880 and 87 are also within close proximity, providing easy access to all major bay area destinations.

616 South 8th Street offers an investor a unique opportunity to own a true pride-of-ownership, value-add investment property in the Bay Area's fastest growing sub-market.

PROPERTY SUMMARY

The Offering

Property Address	616 South 8th Street San Jose, CA 95112
Assessor's Parcel Number	472-24-008
Zoning	RM

Site Description

Number of Units	8
Number of Buildings	1
Number of Stories	2
Year Built	1955
Rentable Square Feet	4,674
Lot Size	0.21 Acres
Type of Ownership	Fee Simple
Parking	Carport/On-Site
Parking Ratio	1:1
Landscaping	New and Improved
Topography	Flat

Utilities

Water	Master Metered
Phone	Individually Metered
Electric	Individually Metered
Gas	Individually Metered

Construction

Foundation	Cement - Perimeter
Framing	Wood
Exterior	Stucco
Parking Surface	Cement
Roof	Hip / Flat

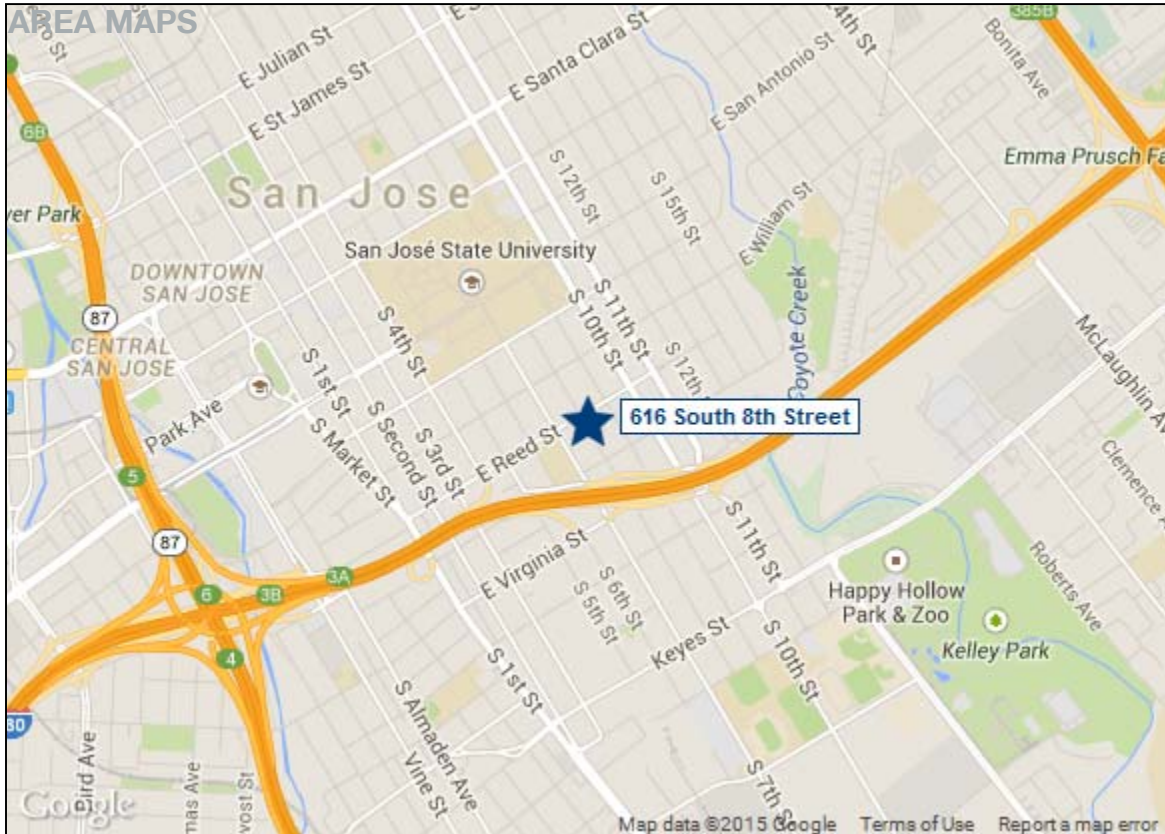
PROPERTY PHOTOS



616 South 8th Street

SAN JOSE, CA

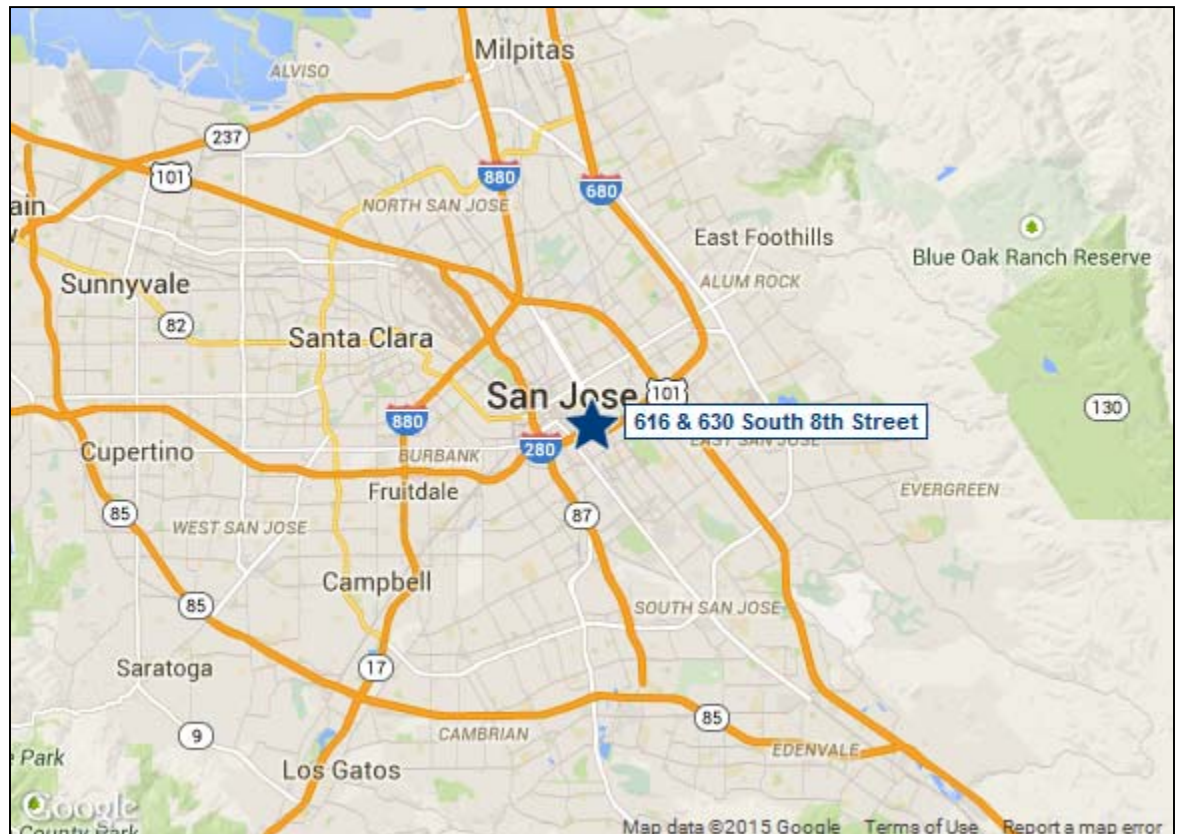
PROPERTY DESCRIPTION



Local Map



Regional Map



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616 South 8th Street

SAN JOSE, CA

PROPERTY DESCRIPTION



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RECENT SALES

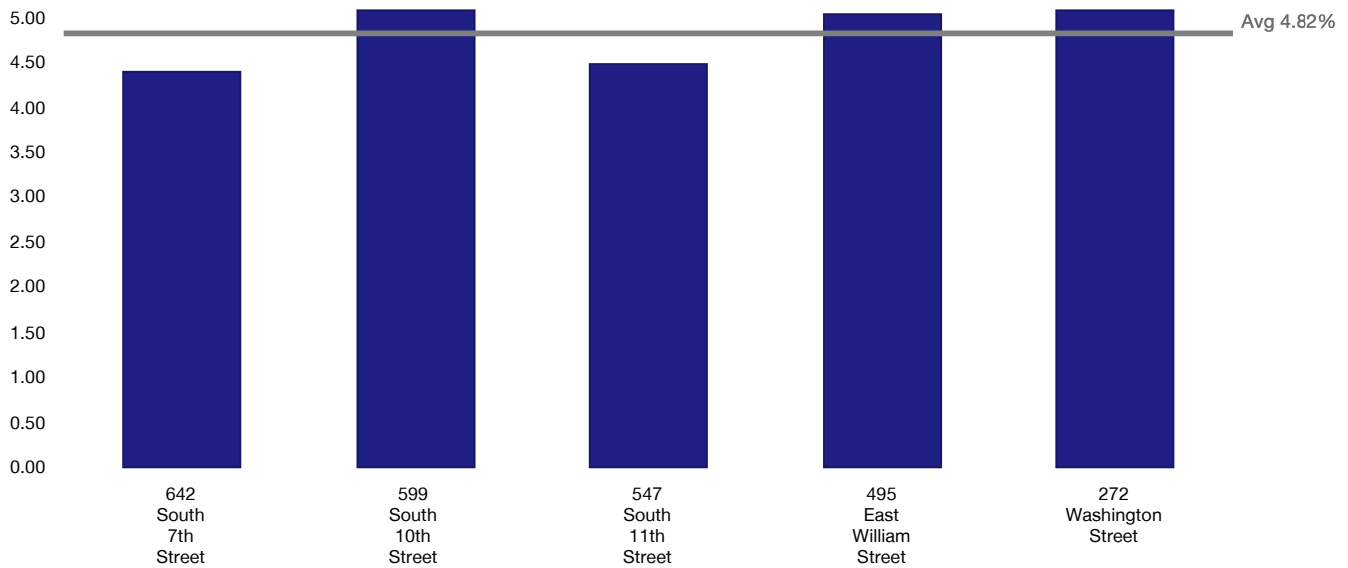
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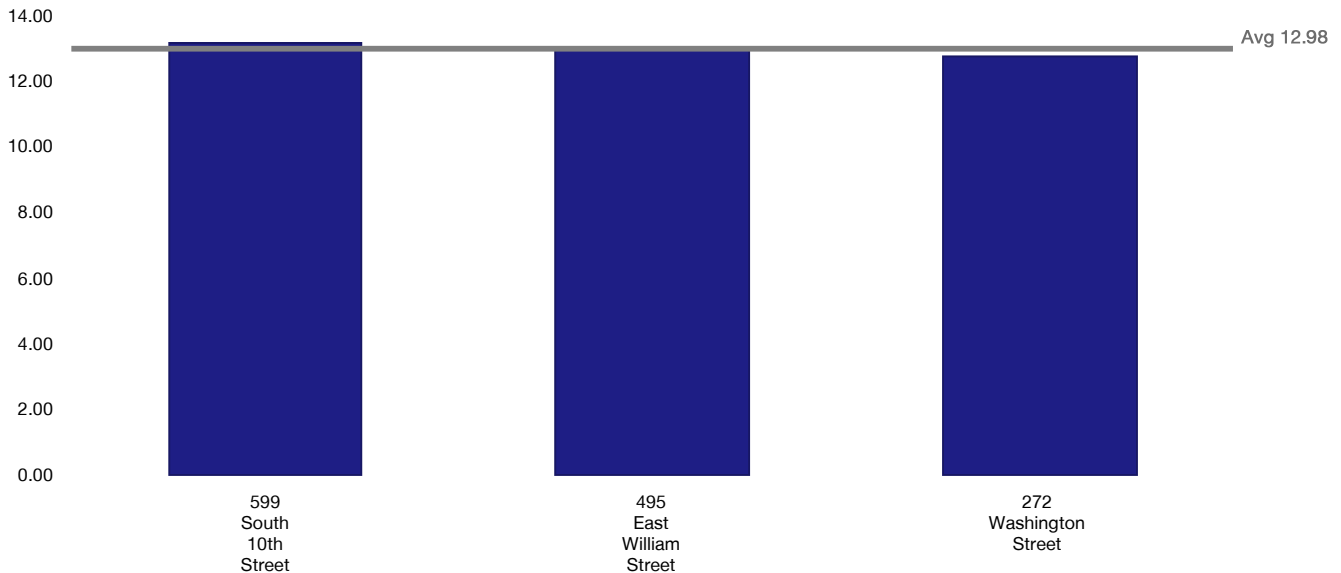
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CAP RATE AND GRM

Average Cap Rate

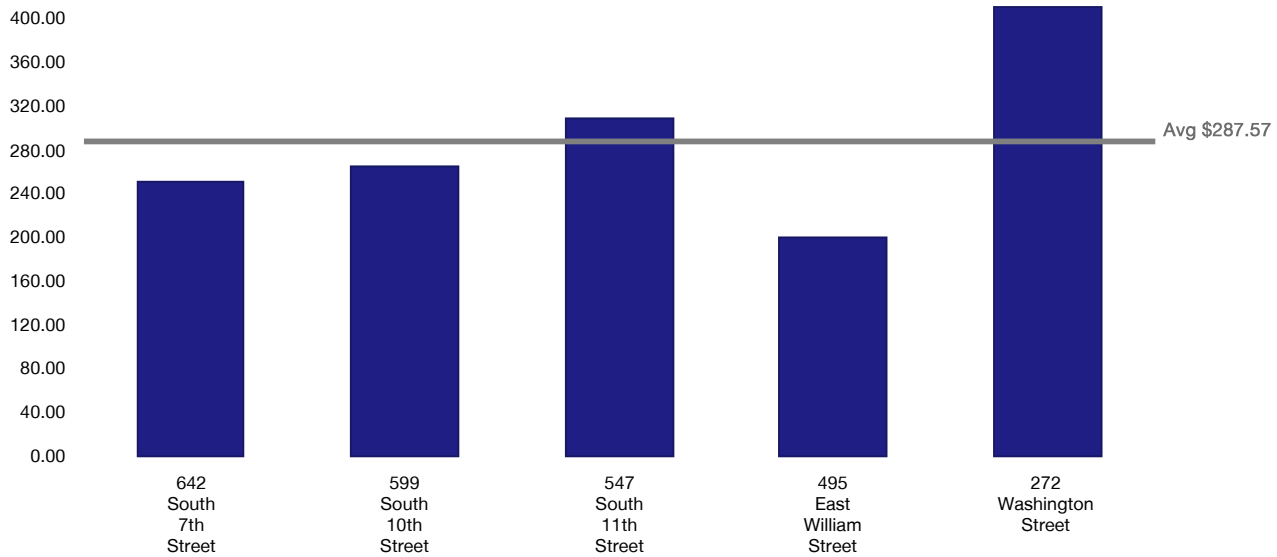


Average GRM

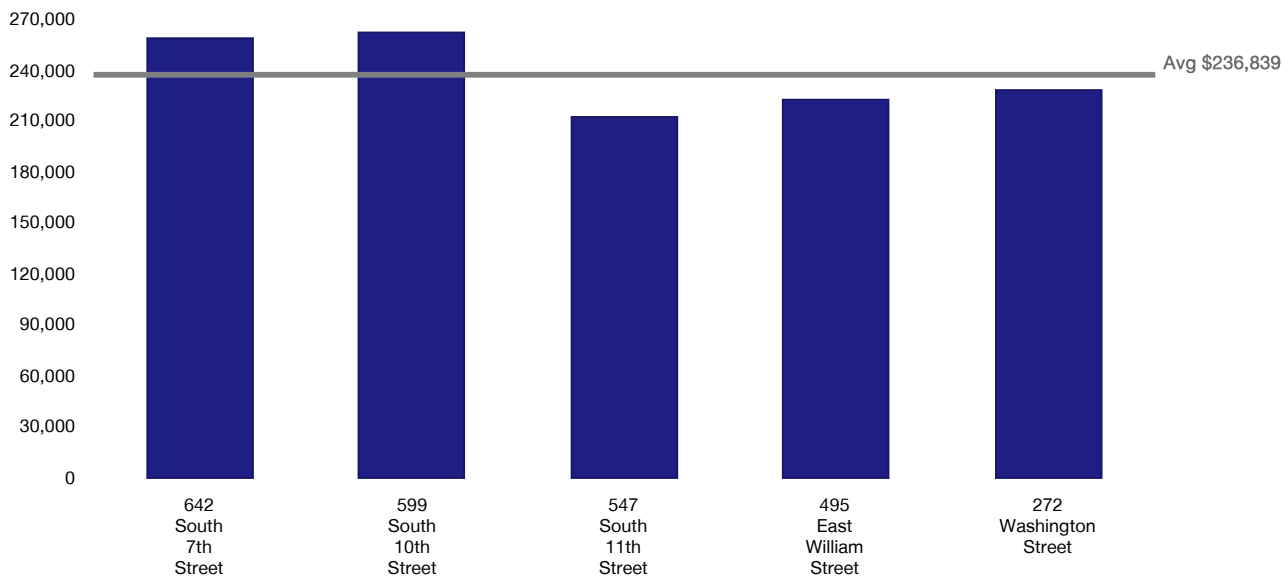


PRICE PER SF AND PRICE PER UNIT

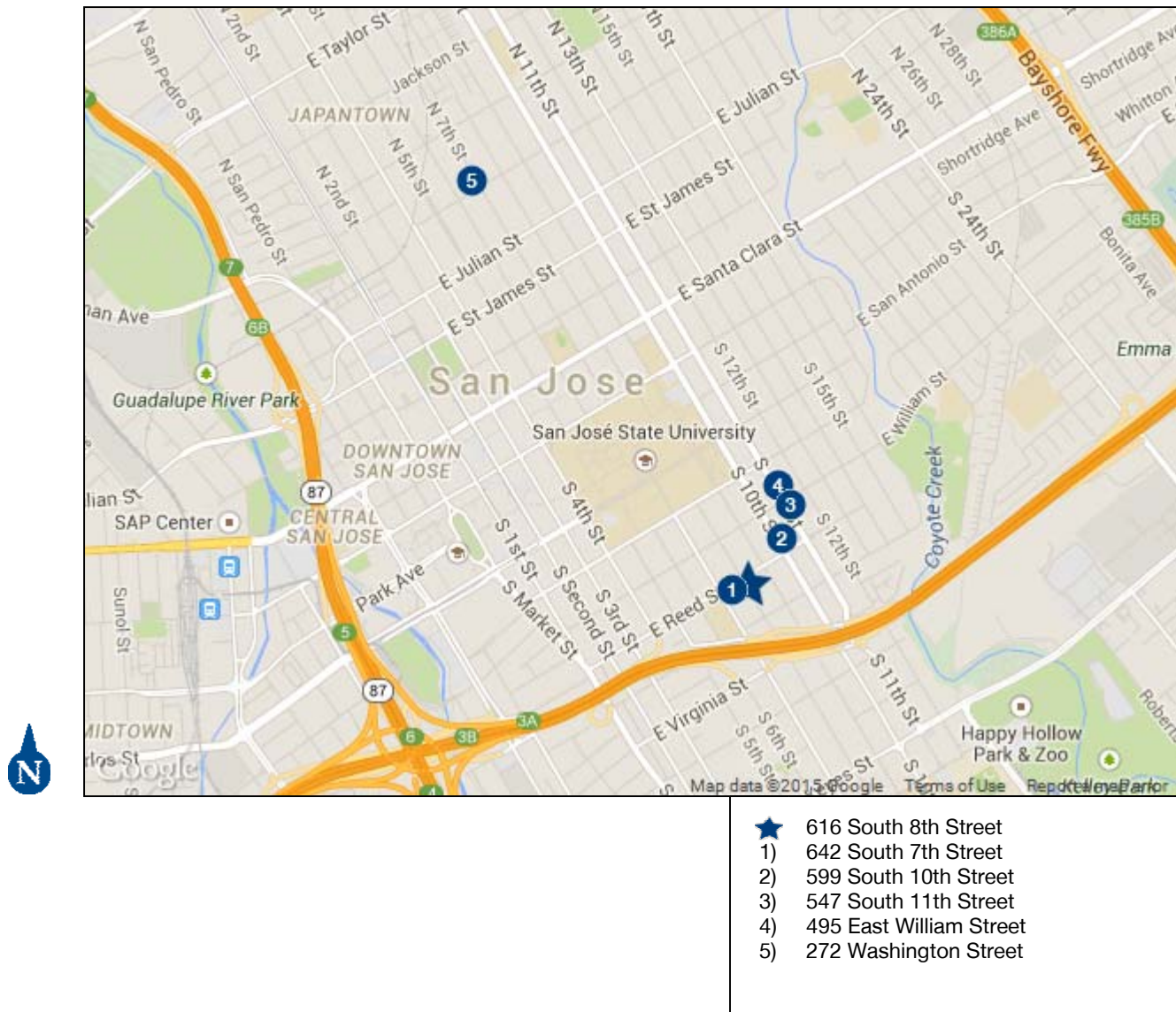
Average Price per Square Foot



Average Price per Unit



RECENT SALES MAP



RECENT SALES

1



Close of Escrow: 5/8/2014

642 South 7th Street
San Jose, CA 95112

No. of Units: 12
Year Built: 1961
Sale Price: \$3,100,000
Price/Unit: \$258,333
Price/SF: \$251.52
CAP Rate: 4.40%
GRM: N/A

Units	Unit Type
6	2 Bdr 1.5 Bath
2	3 Bdr 1.5 Bath
4	3 Bdr 2 Bath

2



Close of Escrow: 8/29/2014

599 South 10th Street
San Jose, CA 95112

No. of Units: 16
Year Built: 1963
Sale Price: \$4,200,000
Price/Unit: \$262,500
Price/SF: \$264.78
CAP Rate: 5.07%
GRM: 13.20

Units	Unit Type
16	2 Bdr 1.5 Bath

3



Close of Escrow: 12/30/2014

547 South 11th Street
San Jose, CA 95112

No. of Units: 8
Year Built: 1953
Sale Price: \$1,695,000
Price/Unit: \$211,875
Price/SF: \$308.80
CAP Rate: 4.49%
GRM: N/A

Units	Unit Type
4	2 Bdr 1 Bath
4	1 Bdr 1 Bath

Comments

Sold by Marcus and Millichap

RECENT SALES

4



Close of Escrow: 6/13/2014

495 East William Street
San Jose, CA 95112

No. of Units: 12
Year Built: 1959
Sale Price: \$2,675,000
Price/Unit: \$222,917
Price/SF: \$201.13
CAP Rate: 5.04%
GRM: 12.98

Units	Unit Type
12	2 Bdr 1 Bath

5



Close of Escrow: 4/30/2013

272 Washington Street
San Jose, CA 95112

No. of Units: 7
Year Built: 1902 / 2012
Sale Price: \$1,599,999
Price/Unit: \$228,571
Price/SF: \$411.63
CAP Rate: 5.08%
GRM: 12.77

Units	Unit Type
1	2 Bdr 1 Bath
5	1 Bdr 1 Bath
1	Studio

Comments

Sold by Adam Levin of Marcus and Millichap

RENT COMPARABLES

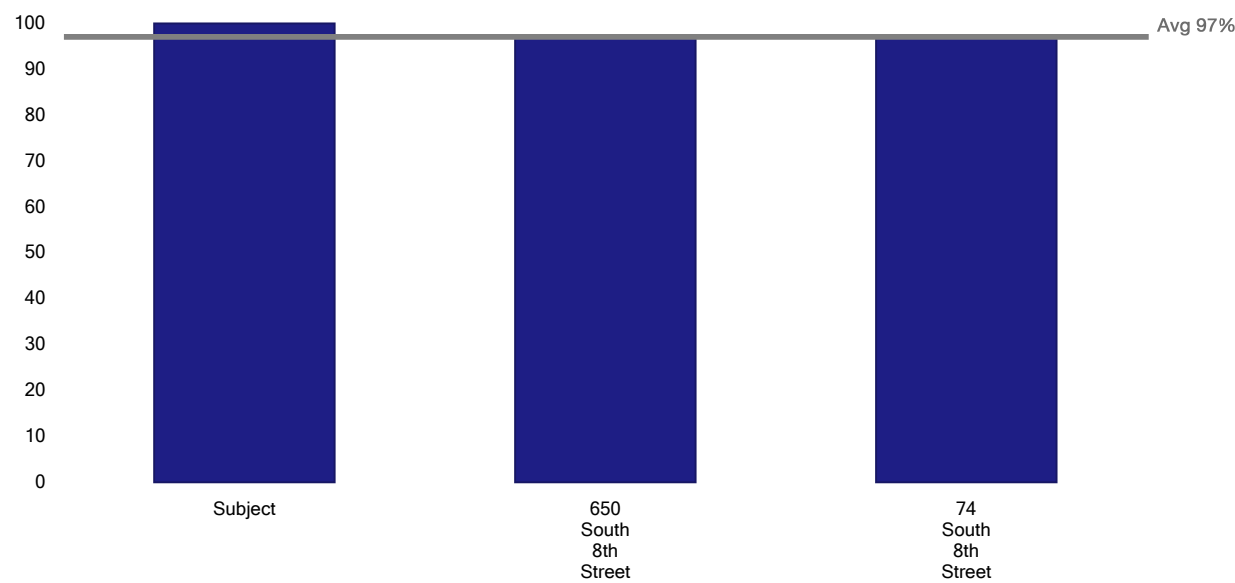
616 South 8th Street

SAN JOSE, CA

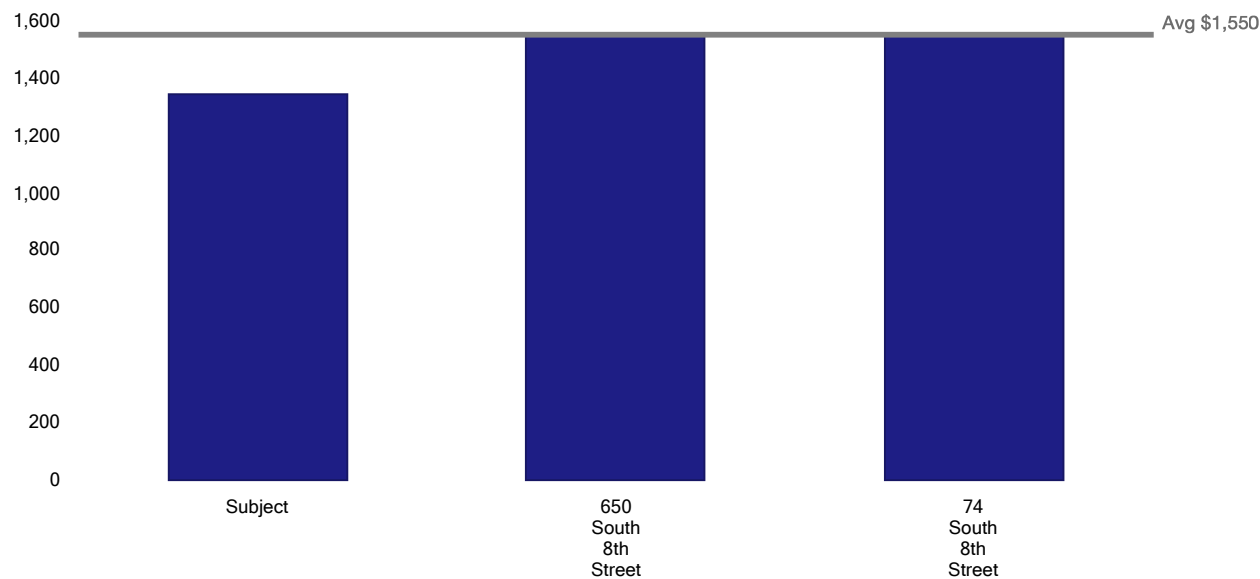
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OCCUPANCY AND AVERAGE RENTS

Average Occupancy

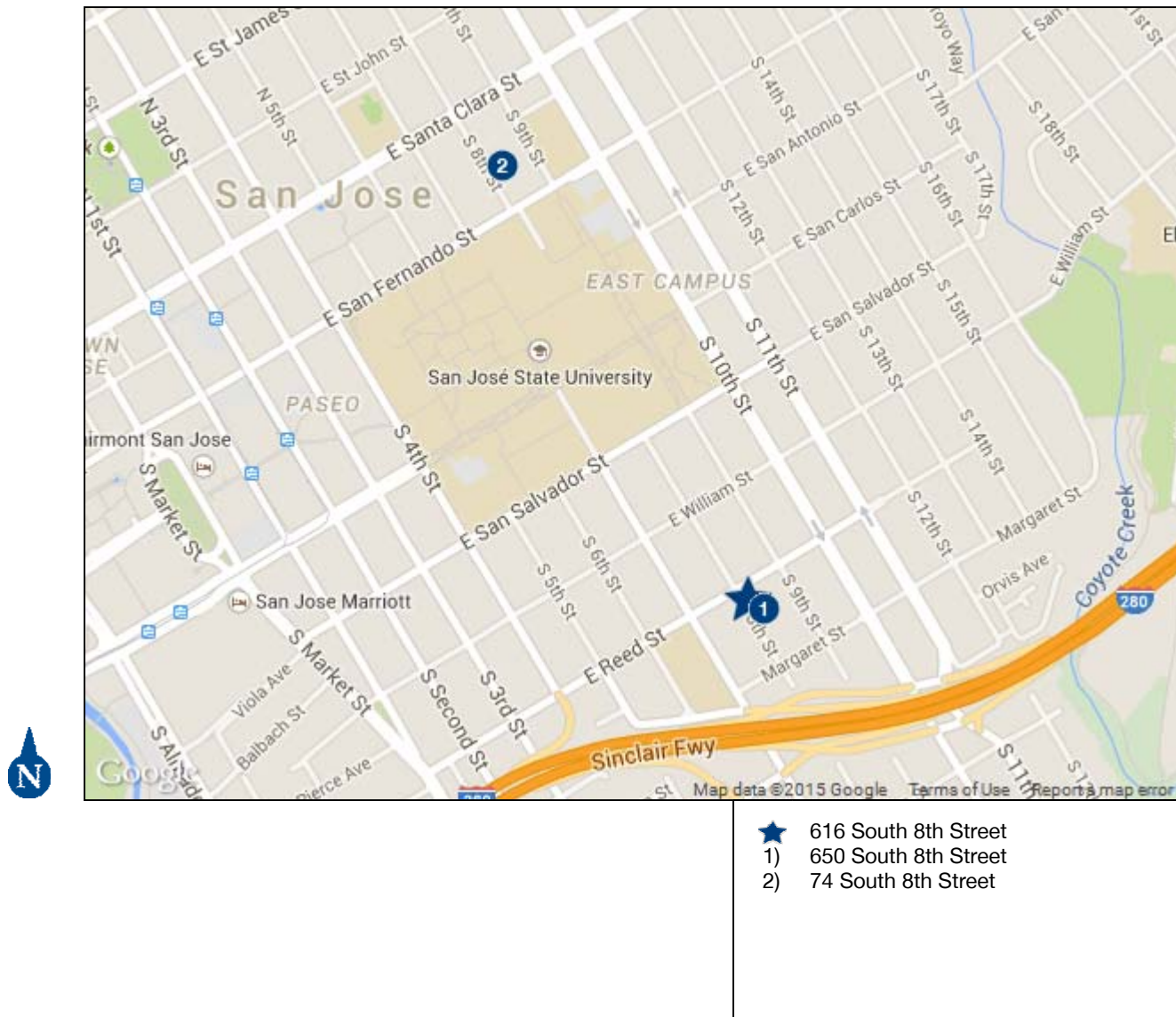


Average Rents - 1 Bedroom



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RENT COMPARABLES MAP



RENT COMPARABLES



Subject Property

No. of Units: 8
Occupancy: 100%
Year Built: 1955

616 South 8th Street
San Jose, CA 95112

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	8	N/A	\$1,100 - \$1,595	N/A
Total/Avg.	8	4,674	\$1,348	\$2.24

1



No. of Units: 17
Occupancy: 97%
Year Built: 1958

650 South 8th Street
San Jose, CA 95112

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath		600	\$1,550	\$2.58
Total/Wtd. Avg.			\$1,550	

2



No. of Units: 11
Occupancy: 97%
Year Built: 1957

74 South 8th Street
San Jose, CA 95112

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath		650	\$1,550	\$2.38
Total/Wtd. Avg.			\$1,550	

616 South 8th Street

SAN JOSE, CA

OFFERING MEMORANDUM

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