

Downtown San Jose Fourplex

1134 S 6Th St
San Jose, CA 95112

For more information contact:

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408-356-1900
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BRE 01327546



- Offering Price: \$898,000
- Value Add Opportunity - Below Market Rents!
Substantial Upside in Rent Potential
- Downtown San Jose Location
Unit Mix: (1) 2BR/1BA & (3) 1BR/1BA Units
- Dual-Pane Windows Throughout. Roof Replaced ~2007
Minimal Deferred Maintenance
- This property must be sold with 778 S 5th Street or close escrow simultaneously to accommodate Sellers' 1031 Exchange

SILICON VALLEY
MULTIFAMILY GROUP®

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Downtown San Jose Fourplex

1134 S 6Th St
San Jose, CA 95112

Property Overview



1134 S 6Th St
 San Jose, CA 95112

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 408-356-1900

ANALYSIS

Analysis Date **March 2016**

PROPERTY

Property Downtown San Jose Fourplex
Property Address 1134 S 6Th St
 San Jose, CA 95112
Year Built 1954

PURCHASE INFORMATION

Property Type MultiFamily
Purchase Price \$898,000
Fair Market Value \$898,000
Units 4
Total Rentable Sq. Ft. 2,077
Resale Valuation 3.0% (annual appreciation)
Resale Expenses 6.0%

FINANCIAL INFORMATION

Down Payment \$358,000
Closing Costs \$2,500
LT Capital Gain 20.00%
Federal Tax Rate 34.0%
State Tax Rate 9.4%
Discount Rate 3.00%

LOANS

	Debt	Term	Amortization	Rate	Payment	LO Costs
Fixed	\$537,000	30 years	30 years	4.0%	\$2,564	\$5,370

INCOME & EXPENSES

Gross Operating Income \$57,909
Monthly GOI \$4,826
Total Annual Expenses (\$22,286)
Monthly Expenses (\$1,857)

CONTACT INFORMATION

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The calculations and data presented are deemed to be accurate, but not guaranteed. They are intended for the purpose of illustrative projections and analysis. The information provided is not intended to replace or serve as substitute for any legal, accounting, investment, real estate, tax or other professional advice, consultation or service. The user of this software should consult with a professional in the respective legal, accounting, tax or other professional area before making any decisions.

ACQUISITION COSTS

Purchase Price, Points and Closing Costs	\$905,870
Investment - Cash	\$365,870
First Loan	\$537,000

INVESTMENT INFORMATION

Purchase Price	\$898,000
Price per Unit	\$224,500
Price per Sq. Ft.	\$432.35
Income per Unit	\$14,925
Expenses per Unit	(\$5,572)

INCOME, EXPENSES & CASH FLOW

Gross Scheduled Income	\$59,700
Total Vacancy and Credits	(\$1,791)
Operating Expenses	(\$22,286)
Net Operating Income	\$35,623
Debt Service	(\$30,765)
Cash Flow Before Taxes	\$4,858
Total Interest (Debt Service)	(\$21,308)
Depreciation and Amortization	(\$19,260)
Taxable Income (Loss)	(\$4,945)
Tax Savings (Costs)	\$2,146
Cash Flow After Taxes	\$7,005

FINANCIAL INDICATORS

Cash on Cash Return Before Taxes	1.33%
Optimal Internal Rate of Return (yr 10)	7.72%
Debt Coverage Ratio	1.16
Capitalization Rate	3.97%
Gross Rent Multiplier	15.04
Gross Income / Square Feet	\$28.74
Gross Expenses / Square Feet	(\$10.73)
Operating Expense Ratio	38.48%

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Four Units in South Downtown SJ Rental Market

Unit Mix: (1) 2BR/1BA & (3) 1BR/1BA units

This fourplex is located in a strong rental market in South Downtown San Jose, just south I-280. This is a Value-Add Opportunity since rents are substantially below market and can be raised (subject to San Jose Rent Control). The units could also be upgraded which would command higher market rents as well.

The four units consist of one, two-bedroom one-bath unit, and three, one-bedroom one-bath units. The units are in fair to good condition. The rear unit has a private patio and side yard as well as a laundry room that can be converted to a community laundry area. All the windows are upgraded dual pane windows. Some bathrooms have been upgraded with tile flooring.



This fourplex was built in 1954 and has a 2,077 SF footprint on a 5,227 SF lot. Construction is stucco siding with decorative brick façade over wood frame. The roof was replaced around 2007. There is a carport in the rear with alleyway access with one covered parking space per unit. There is abundant additional street parking in front.

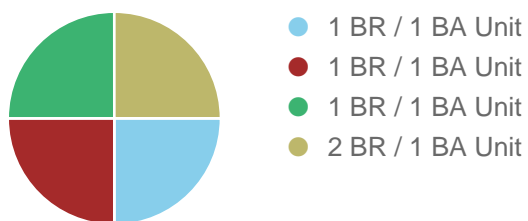
Tenants pay for gas, electric, phone, internet, and cable. The owner pays for trash removal, sewer, insurance and taxes. One tenant is in the Housing Authority's Section 8 program.

This property is located in the the South Downtown area of San Jose, near the major commuter routes Highways 280 and 87. San Jose is experiencing rental growth due to the strength of the Silicon Valley economy.

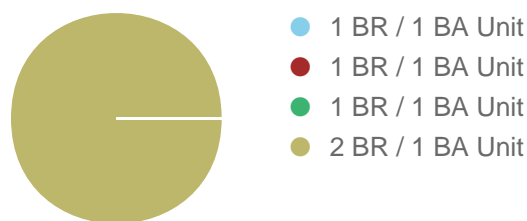
UNIT MIXES

Units	Type	Approx. SqFt	Avg. Rents	Monthly	Mkt Rents	Monthly
1	1 BR / 1 BA Unit	0	\$1,200	\$1,200	\$1,450	\$1,450
1	1 BR / 1 BA Unit	0	\$1,075	\$1,075	\$1,450	\$1,450
1	1 BR / 1 BA Unit	0	\$1,300	\$1,300	\$1,450	\$1,450
1	2 BR / 1 BA Unit	0	\$1,400	\$1,400	\$1,850	\$1,850
4		0		\$4,975		\$6,200

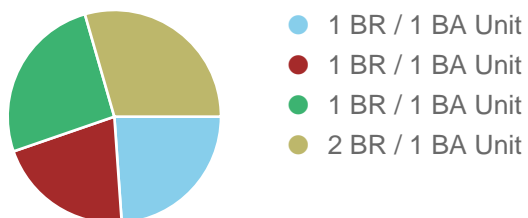
UNIT MIX



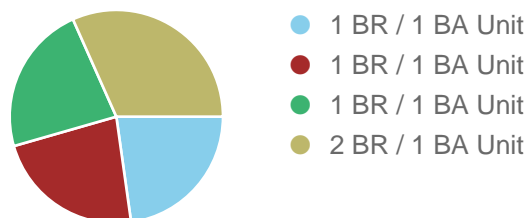
UNIT MIX SQUARE FEET



UNIT MIX INCOME



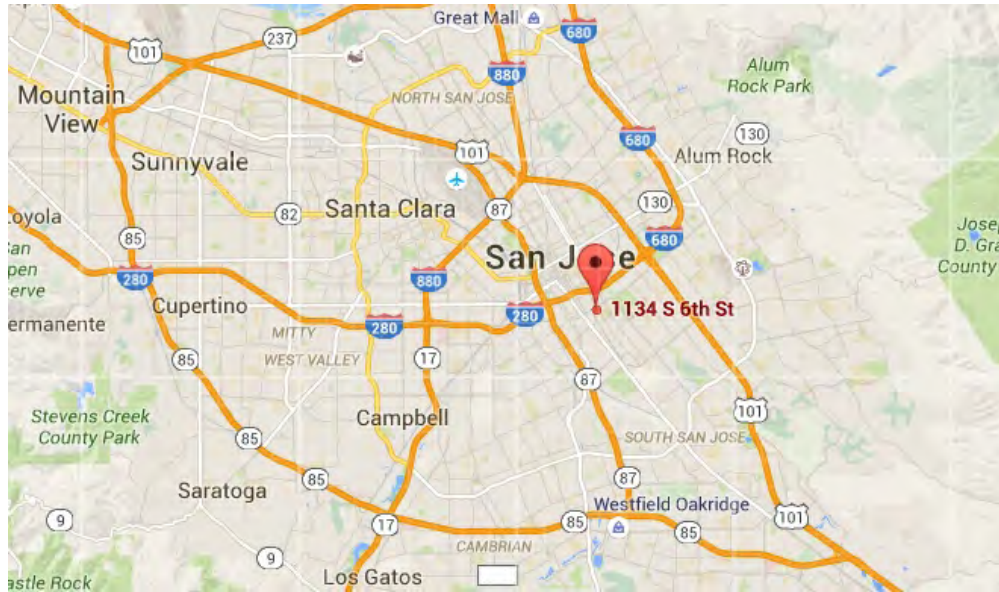
UNIT MIX MARKET INCOME



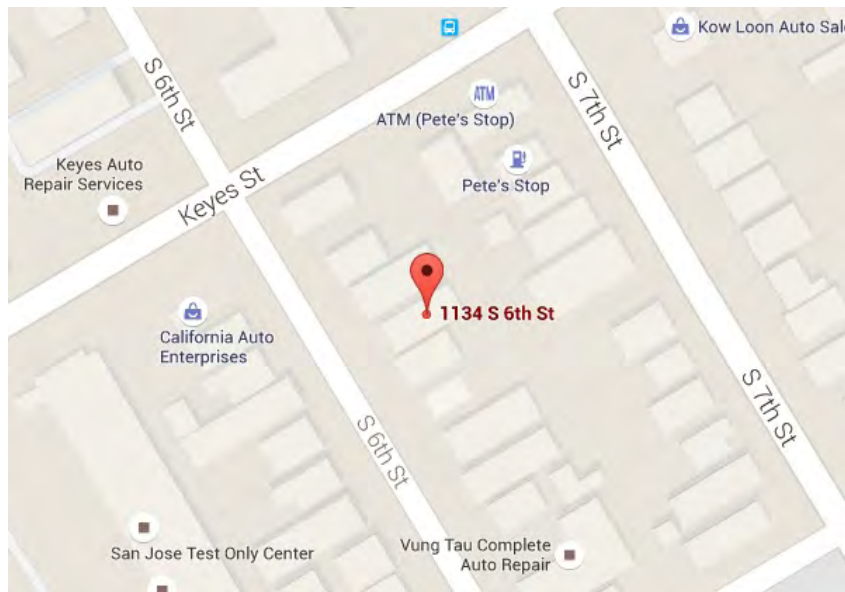
Property Photos



Location Maps

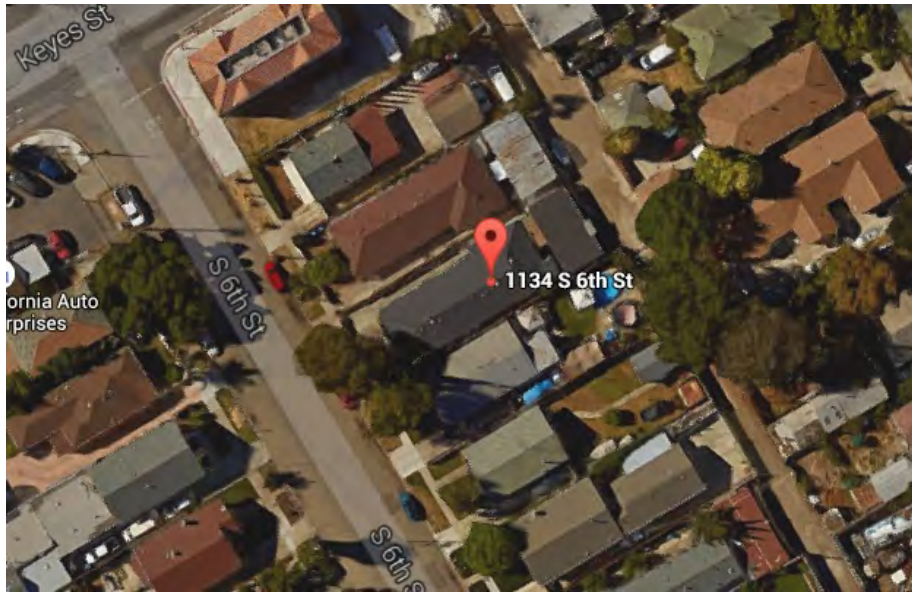


Regional Map

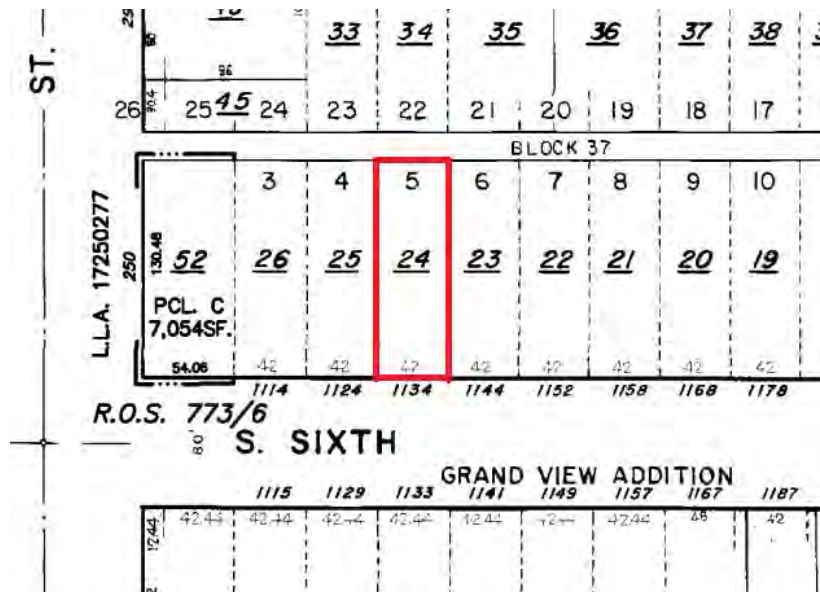


Neighborhood Map

Aerial & Parcel Maps



Aerial Map



Parcel Map

Downtown San Jose Fourplex

1134 S 6Th St
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Financial Analysis



Annual Property Operating Data



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Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	\$59,700	\$61,491	\$63,336	\$65,236	\$67,193	\$69,209	\$71,285	\$73,423	\$75,626	\$77,895
GROSS SCHEDULED INCOME	\$59,700	\$61,491	\$63,336	\$65,236	\$67,193	\$69,209	\$71,285	\$73,423	\$75,626	\$77,895
Turnover Vacancy	(\$1,791)	(\$1,845)	(\$1,900)	(\$1,957)	(\$2,016)	(\$2,076)	(\$2,139)	(\$2,203)	(\$2,269)	(\$2,337)
GROSS OPERATING INCOME	\$57,909	\$59,646	\$61,436	\$63,279	\$65,177	\$67,132	\$69,146	\$71,221	\$73,357	\$75,558
Expenses										
Property Taxes	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)	(\$14,410)
Insurance	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)	(\$1,004)
Utilities - Water & Sewer	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)
Trash Removal	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)	(\$1,512)
Landscaping	(\$360)	(\$360)	(\$360)	(\$360)	(\$360)	(\$360)	(\$360)	(\$360)	(\$360)	(\$360)
Maintenance & Repairs (est)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
TOTAL OPERATING EXPENSES	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)
NET OPERATING INCOME	\$35,623	\$37,360	\$39,150	\$40,993	\$42,891	\$44,846	\$46,860	\$48,935	\$51,071	\$53,272

The information and calculations presented are deemed to be accurate, but not guaranteed and we are not responsible for its correctness.

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
GROSS SCHEDULED INCOME	\$59,700	\$61,491	\$63,336	\$65,236	\$67,193	\$69,209	\$71,285	\$73,423	\$75,626	\$77,895
Turnover Vacancy	(\$1,791)	(\$1,845)	(\$1,900)	(\$1,957)	(\$2,016)	(\$2,076)	(\$2,139)	(\$2,203)	(\$2,269)	(\$2,337)
Total Operating Expenses	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)	(\$22,286)
NET OPERATING INCOME	\$35,623	\$37,360	\$39,150	\$40,993	\$42,891	\$44,846	\$46,860	\$48,935	\$51,071	\$53,272
Loan Payment	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)	(\$30,765)
NET CASH FLOW (b/t)	\$4,858	\$6,596	\$8,385	\$10,228	\$12,126	\$14,082	\$16,096	\$18,170	\$20,307	\$22,507
Cash On Cash Return b/t	1.33%	1.80%	2.29%	2.80%	3.31%	3.85%	4.40%	4.97%	5.55%	6.15%
NET OPERATING INCOME	\$35,623	\$37,360	\$39,150	\$40,993	\$42,891	\$44,846	\$46,860	\$48,935	\$51,071	\$53,272
Depreciation	(\$19,081)	(\$19,914)	(\$19,914)	(\$19,914)	(\$19,914)	(\$19,914)	(\$19,914)	(\$19,914)	(\$19,914)	(\$19,084)
Amortization	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)
Loan Interest	(\$21,308)	(\$20,923)	(\$20,522)	(\$20,104)	(\$19,670)	(\$19,218)	(\$18,748)	(\$18,258)	(\$17,748)	(\$17,218)
TAXABLE INCOME (LOSS)	(\$4,945)	(\$3,655)	(\$1,465)	\$796	\$3,128	\$5,536	\$8,020	\$10,584	\$13,230	\$16,791
Income Taxes	\$2,146	\$1,586	\$636	(\$345)	(\$1,358)	(\$2,402)	(\$3,481)	(\$4,593)	(\$5,742)	(\$7,287)
CASH FLOW (a/t)	\$7,005	\$8,182	\$9,021	\$9,883	\$10,769	\$11,679	\$12,615	\$13,577	\$14,565	\$15,220
Cash On Cash Return a/t	1.91%	2.24%	2.47%	2.70%	2.94%	3.19%	3.45%	3.71%	3.98%	4.16%

Footnotes: b/t = before taxes; a/t = after taxes

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Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent Multiplier	15.49	15.49	15.49	15.49	15.49	15.49	15.49	15.49	15.49	15.49
Capitalization Rate	3.97%	4.16%	4.36%	4.56%	4.78%	4.99%	5.22%	5.45%	5.69%	5.93%
Cash On Cash Return b/t	1.33%	1.80%	2.29%	2.80%	3.31%	3.85%	4.40%	4.97%	5.55%	6.15%
Cash On Cash Return a/t	1.91%	2.24%	2.47%	2.70%	2.94%	3.19%	3.45%	3.71%	3.98%	4.16%
Debt Coverage Ratio	1.16	1.21	1.27	1.33	1.39	1.46	1.52	1.59	1.66	1.73
Gross Income per Sq. Ft.	\$28.74	\$29.61	\$30.49	\$31.41	\$32.35	\$33.32	\$34.32	\$35.35	\$36.41	\$37.50
Expenses per Sq. Ft.	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)	(\$10.73)
Net Income Multiplier	25.96	25.50	25.06	24.66	24.27	23.91	23.57	23.25	22.94	22.65
Operating Expense Ratio	38.48%	37.36%	36.28%	35.22%	34.19%	33.20%	32.23%	31.29%	30.38%	29.50%
Loan To Value Ratio	57.04%	54.34%	51.71%	49.15%	46.66%	44.22%	41.84%	39.53%	37.26%	35.06%

Footnotes: b/t = before taxes; a/t = after taxes

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UNIT MIX & ANNUAL SCHEDULED INCOME

Type	Units	Actual	Total	Market	Total
1 BR / 1 BA Unit	1	\$14,400	\$14,400	\$17,400	\$17,400
1 BR / 1 BA Unit	1	\$12,900	\$12,900	\$17,400	\$17,400
1 BR / 1 BA Unit	1	\$15,600	\$15,600	\$17,400	\$17,400
2 BR / 1 BA Unit	1	\$16,800	\$16,800	\$22,200	\$22,200
TOTALS	4		\$59,700		\$74,400

INVESTMENT SUMMARY

Price:	\$898,000
Year Built:	1954
Units:	4
Price/Unit:	\$224,500
RSF:	2,077
Price/RSF:	\$432.35
Lot Size:	5,227 sf
Floors:	1
Parking Spaces:	1/unit
APN:	477-02-024
Cap Rate:	3.97%
Market Cap Rate:	5.6%
GRM:	15.04
Market GRM:	12.07

FINANCING SUMMARY

Loan Amount:	\$537,000
Down Payment:	\$358,000
Loan Type:	Fixed
Interest Rate:	4%
Term:	30 years
Monthly Payment:	\$2,564
DCR:	1.16

ANNUALIZED INCOME

	Actual	Market
Gross Potential Rent	\$59,700	\$74,400
Less: Vacancy	(\$1,791)	(\$2,232)
Effective Gross Income	\$57,909	\$72,168
Less: Expenses	(\$22,286)	(\$21,868)
Net Operating Income	\$35,623	\$50,300
Debt Service	(\$30,765)	(\$30,765)
Net Cash Flow after Debt Service	\$4,858	\$19,535
Principal Reduction	\$9,457	\$9,457
Total Return	\$14,315	\$28,992

ANNUALIZED EXPENSES

	Actual	Market
Property Taxes	\$14,410	\$13,992
Insurance	\$1,004	\$1,004
Utilities - Water & Sewer	\$3,000	\$3,000
Trash Removal	\$1,512	\$1,512
Landscaping	\$360	\$360
Maintenance & Repairs (est)	\$2,000	\$2,000
Total Expenses	\$22,286	\$21,868
Expenses Per RSF	\$10.73	\$10.53
Expenses Per Unit	\$5,572	\$5,467

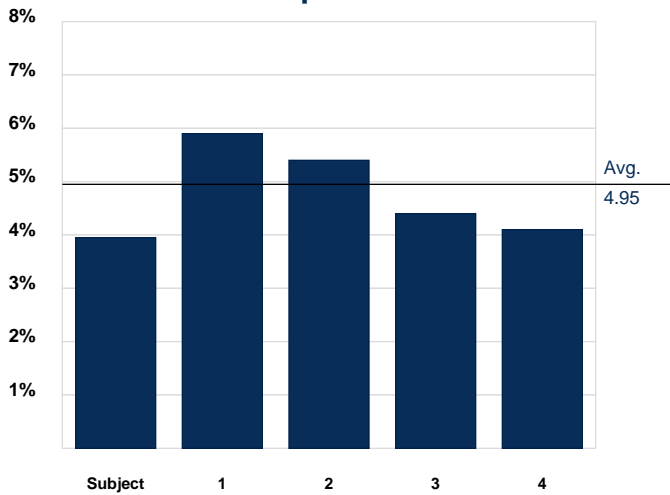
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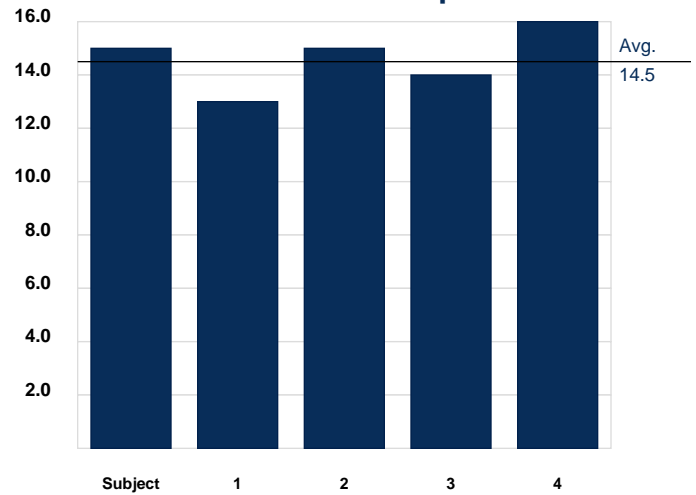
Comparables



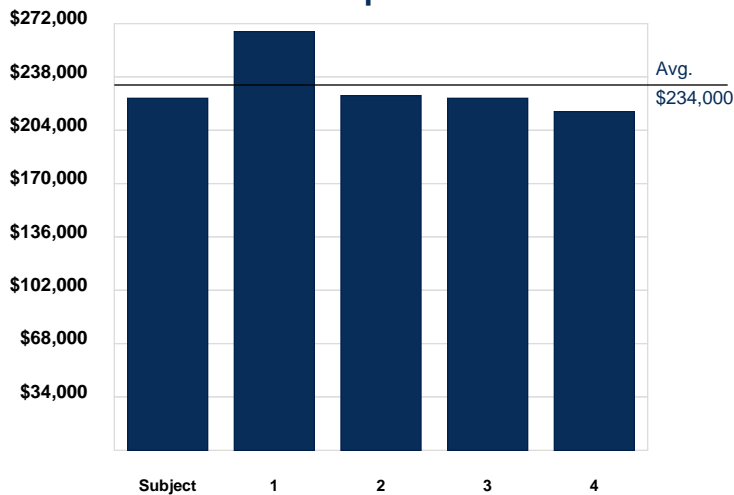
Cap Rate



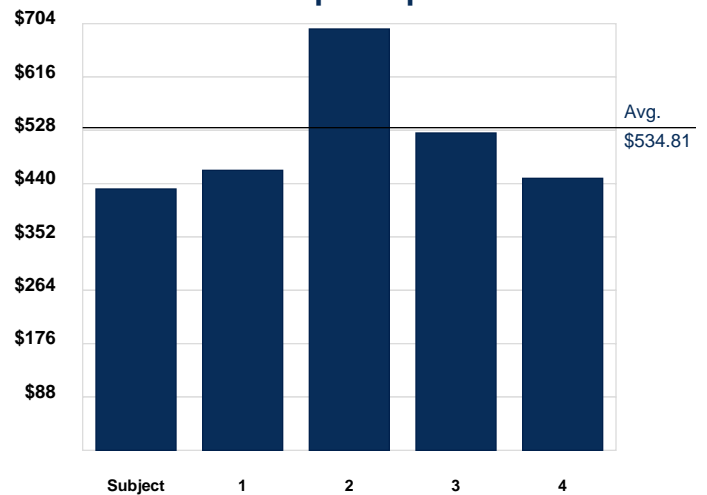
Gross Rent Multiplier



Price per Unit



Price per Sq. Ft.



Downtown San Jose Fourplex

Sales Comparables

1134 S 6Th St
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S



**Downtown San Jose Fourplex
1134 S 6Th St
San Jose, CA 95112**

		# Units	Unit Type
Sale Price	\$898,000		
Units	4	1	1 BR / 1 BA Unit
Price/Unit	\$224,500	1	1 BR / 1 BA Unit
Price/SqFt	\$432.35	1	1 BR / 1 BA Unit
Cap Rate	3.97%	1	2 BR / 1 BA Unit
Year Built	1954		
GRM	15.04		

NOTES

Four unit property with one 2Br/1BA and 3 1Br/1Ba units.

1



**101 Wabash
San Jose, CA 95128**

		# Units	Unit Type
Sale Price	\$1,070,000		
Units	4	1	Two Bedroom One Bath
Price/Unit	\$267,500	2	One Bedroom One Bath
Price/SqFt	\$464.41	1	Studio/Efficiency
Cap Rate	5.9%		
Year Built	1920		
GRM	13.0		

Sale Date 5/7/2015

NOTES

This fourplex has 250 more sqft. It has one 2br unit, two 1br units, and one studio unit.

2



**330 Arleta Avenue
San Jose, CA 95128**

		# Units	Unit Type
Sale Price	\$909,000		
Units	4	4	Studio/Efficiency
Price/Unit	\$227,250		
Price/SqFt	\$699.23		
Cap Rate	5.4%		
Year Built	1948		
GRM	15.0		

Sale Date 10/6/2015

NOTES

This fourplex has 700 less sqft. It has four studio units.

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3



Sale Date 2/9/2015

NOTES

This fourplex has 300 less sqft. It has three one bedroom units and a studio unit.

**541 Page Street
San Jose, CA 95126**

Sale Price	\$900,000	# Units	Unit Type
Units	4	460	One Bedroom One Bath
Price/Unit	\$225,000	335	Studio/Efficiency
Price/SqFt	\$525.09		
Cap Rate	4.4%		
Year Built	1900		
GRM	14.0		

4



Sale Date 7/1/2015

NOTES

This fourplex has 150 less sqft. It has four one bedroom units.

**95 DUANE Street
San Jose, CA 95110**

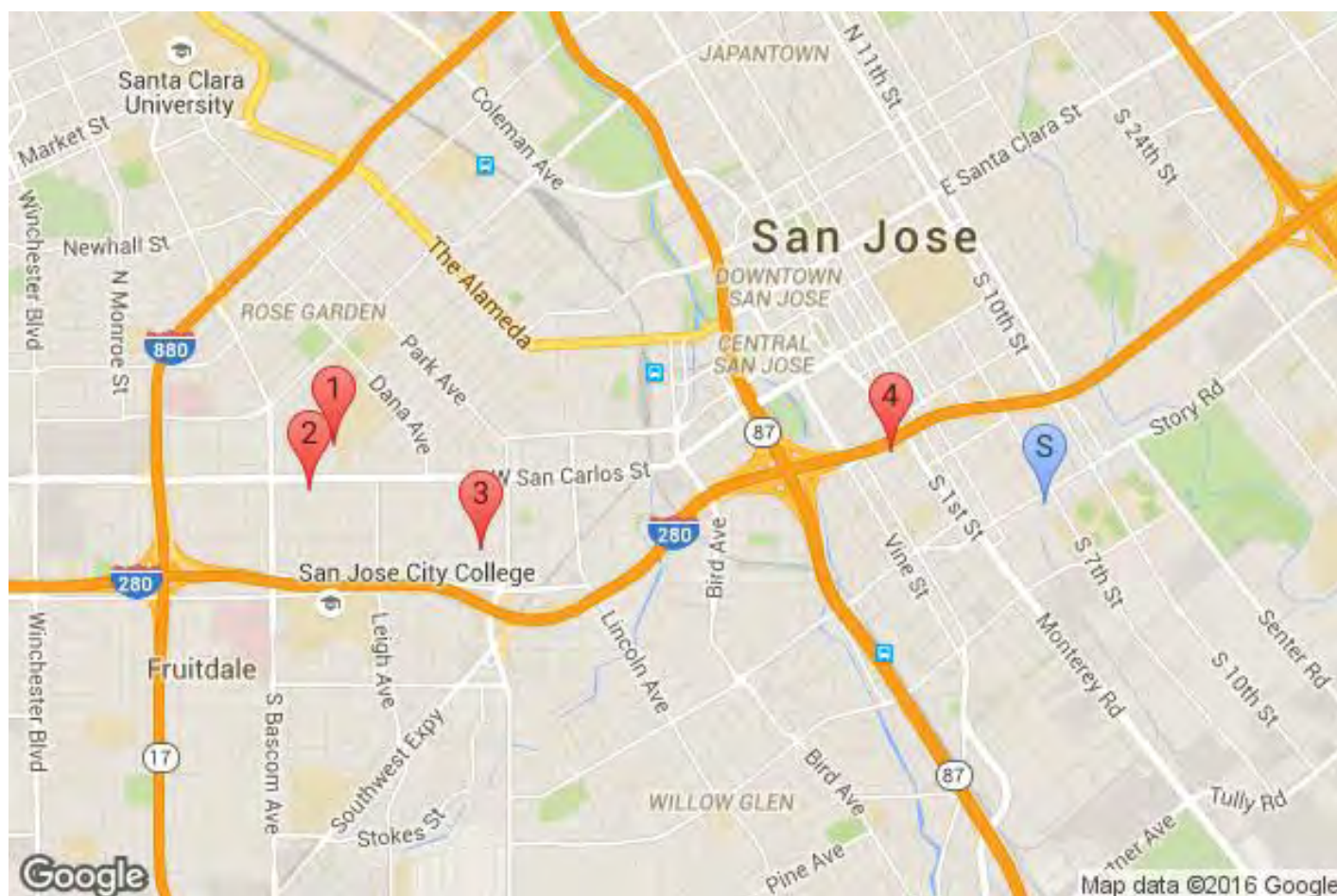
Sale Price	\$865,000	# Units	Unit Type
Units	4	4	One Bedroom One Bath
Price/Unit	\$216,250		
Price/SqFt	\$450.52		
Cap Rate	4.1%		
Year Built	1950		
GRM	16.0		

Downtown San Jose Fourplex

Sales Comparables

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S 1134 S 6Th St
San Jose, CA, 95112
\$898,000

1 101 Wabash
San Jose, CA, 95128
\$1,070,000

2 330 Arleta Avenue
San Jose, CA, 95128
\$909,000

3 541 Page Street
San Jose, CA, 95126
\$900,000

4 95 DUANE Street
San Jose, CA, 95110
\$865,000

Downtown San Jose Fourplex

1134 S 6Th St
San Jose, CA 95112

Demographics



1134 S 6th St, San Jose, California, 95112 2
1134 S 6th St, San Jose, California, 95112
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 37.32192
Longitude: -121.87271

	1 mile	3 miles	5 miles
Population			
2000 Population	30,996	263,571	636,793
2010 Population	32,141	273,688	660,673
2015 Population	33,671	288,190	689,802
2020 Population	35,554	305,789	727,305
2000-2010 Annual Rate	0.36%	0.38%	0.37%
2010-2015 Annual Rate	0.89%	0.99%	0.83%
2015-2020 Annual Rate	1.09%	1.19%	1.06%
2015 Male Population	53.1%	51.5%	50.5%
2015 Female Population	46.9%	48.5%	49.5%
2015 Median Age	27.9	33.0	34.6

In the identified area, the current year population is 689,802. In 2010, the Census count in the area was 660,673. The rate of change since 2010 was 0.83% annually. The five-year projection for the population in the area is 727,305 representing a change of 1.06% annually from 2015 to 2020. Currently, the population is 50.5% male and 49.5% female.

Median Age

The median age in this area is 27.9, compared to U.S. median age of 37.9.

Race and Ethnicity

2015 White Alone	40.8%	40.5%	40.6%
2015 Black Alone	4.8%	3.5%	3.3%
2015 American Indian/Alaska Native Alone	1.4%	1.1%	0.9%
2015 Asian Alone	18.6%	25.0%	29.9%
2015 Pacific Islander Alone	0.4%	0.5%	0.5%
2015 Other Race	28.8%	24.5%	19.6%
2015 Two or More Races	5.3%	4.9%	5.2%
2015 Hispanic Origin (Any Race)	56.2%	49.2%	40.2%

Persons of Hispanic origin represent 40.2% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 86.7 in the identified area, compared to 63.0 for the U.S. as a whole.

Households

2000 Households	8,208	74,696	191,327
2010 Households	9,543	84,325	206,753
2015 Total Households	10,169	89,487	216,449
2020 Total Households	10,895	95,687	229,245
2000-2010 Annual Rate	1.52%	1.22%	0.78%
2010-2015 Annual Rate	1.22%	1.14%	0.88%
2015-2020 Annual Rate	1.39%	1.35%	1.16%
2015 Average Household Size	2.94	3.12	3.12

The household count in this area has changed from 206,753 in 2010 to 216,449 in the current year, a change of 0.88% annually. The five-year projection of households is 229,245, a change of 1.16% annually from the current year total. Average household size is currently 3.12, compared to 3.12 in the year 2010. The number of families in the current year is 150,389 in the specified area.

1134 S 6th St, San Jose, California, 95112 2
1134 S 6th St, San Jose, California, 95112
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 37.32192
Longitude: -121.87271

	1 mile	3 miles	5 miles
Median Household Income			
2015 Median Household Income	\$41,565	\$59,714	\$76,302
2020 Median Household Income	\$48,444	\$72,087	\$86,023
2015-2020 Annual Rate	3.11%	3.84%	2.43%
Average Household Income			
2015 Average Household Income	\$60,809	\$82,621	\$95,261
2020 Average Household Income	\$69,789	\$94,814	\$108,015
2015-2020 Annual Rate	2.79%	2.79%	2.54%
Per Capita Income			
2015 Per Capita Income	\$20,494	\$26,245	\$30,357
2020 Per Capita Income	\$23,455	\$30,229	\$34,501
2015-2020 Annual Rate	2.74%	2.87%	2.59%

Current median household income is \$76,302 in the area, compared to \$53,217 for all U.S. households. Median household income is projected to be \$86,023 in five years, compared to \$60,683 for all U.S. households

Current average household income is \$95,261 in this area, compared to \$74,699 for all U.S. households. Average household income is projected to be \$108,015 in five years, compared to \$84,910 for all U.S. households

Current per capita income is \$30,357 in the area, compared to the U.S. per capita income of \$28,597. The per capita income is projected to be \$34,501 in five years, compared to \$32,501 for all U.S. households

Housing			
2000 Total Housing Units	8,505	76,503	195,176
2000 Owner Occupied Housing Units	2,152	34,626	106,844
2000 Renter Occupied Housing Units	6,056	40,070	84,483
2000 Vacant Housing Units	297	1,807	3,849
2010 Total Housing Units	10,305	89,257	216,651
2010 Owner Occupied Housing Units	2,396	37,272	108,725
2010 Renter Occupied Housing Units	7,147	47,053	98,028
2010 Vacant Housing Units	762	4,932	9,898
2015 Total Housing Units	10,762	94,238	226,187
2015 Owner Occupied Housing Units	2,366	37,303	108,778
2015 Renter Occupied Housing Units	7,803	52,185	107,670
2015 Vacant Housing Units	593	4,751	9,738
2020 Total Housing Units	11,524	100,734	239,918
2020 Owner Occupied Housing Units	2,480	39,342	114,047
2020 Renter Occupied Housing Units	8,415	56,345	115,198
2020 Vacant Housing Units	629	5,047	10,673

Currently, 48.1% of the 226,187 housing units in the area are owner occupied; 47.6%, renter occupied; and 4.3% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 216,651 housing units in the area - 50.2% owner occupied, 45.2% renter occupied, and 4.6% vacant. The annual rate of change in housing units since 2010 is 1.93%. Median home value in the area is \$560,189, compared to a median home value of \$200,006 for the U.S. In five years, median value is projected to change by 4.05% annually to \$683,264.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

DISCLAIMER

All materials and information received or derived from Silicon Valley Multifamily Group its directors, officers, agents, advisors, affiliates, and/or any third party sources are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, developability or suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters.

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EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. *Silicon Valley Multifamily Group makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions.* Silicon Valley Multifamily Group does not serve as a financial advisor to any party regarding any proposed transaction. When analyzing this property buyer should use income, vacancy and expense levels that will accurately reflect the manner in which it plans to operate the property. Broker, Agent and Seller are making no representations or warranties as to the level of income or expenses Buyer will incur at the property.

Building square footage, unit square footage and lot sizes are not guaranteed. Broker, Agent and Seller have not measured all units, lot or the building and are making NO representation as to the accuracy of square footage figures. Data source for building and lot size is FastWeb. Buyer should measure all units, lot and the building prior to purchase and should not rely on any square footage figures provided by Broker, Agent or Seller.

All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property. Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies.

- Do Not Disturb -- Please respect the Seller's request that the tenants not be disturbed. All offers are to be written subject to inspection. The Seller will provide access for the Buyer to inspect the interiors of all units within a reasonable period following a fully executed purchase contract. Seller requests that all inspections be made on the same day.

- Representation -- This information is given with the understanding that all negotiations relating to the purchase of the property described herein shall be conducted through Silicon Valley Multifamily Group.

All properties and services are marketed by Silicon Valley Multifamily Group in compliance with all applicable fair housing and equal opportunity laws.

OFFERING MEMORANDUM NOTES

Gross Annual Scheduled Income & the Gross Rent Multiplier are based on current rents shown in the Rent Roll. These rent levels are current rent levels at the time this package was prepared and subject to change without notice. Buyer should review most recent rent roll prior to purchase. The laundry income was based on 2011 actual levels.

Gross Annual Scheduled Income & Gross Income Multiplier (Market or Pro Forma) assumes the units are all rented at the rent levels shown in the Pro Form Summary. These rent levels are not guaranteed to be achievable by Seller, Broker or Agent. Buyer should use rent levels it thinks it can obtain for the subject property. The laundry income was based on the actual 2011 laundry income reported by the owner.

Capitalization Rate is based on rents, expenses and vacancy figures shown in the Operating Statement.

Pro Forma Capitalization Rate is based on rents, expenses and vacancy figures shown in the Pro-Forma Operating Statement Pro-Forma (Market) column. See Pro Forma Operating Statement Footnotes and Disclaimers in this section of the Offering Memorandum.

Year Built: Data source is FastWeb. Seller, Broker and Agent are making no guarantee or representations as to when the improvements were built. Buyer should conduct its own investigation to determine age of improvements.

UNIT MIX/SCHEDULED INCOME OVERVIEW FOOTNOTES

Current Rent Column is based on current rents shown in the Rent Roll. These rent levels are current rent levels at the time this package was prepared and subject to change without notice. Buyer should review most recent rent roll prior to purchase.

Pro Forma or Market Rents assumes the units are all rented at the estimated market rent levels shown in the rent roll. Please note that current rents are not at these levels. Pro Forma rent levels are not guaranteed to be achievable by Seller, Broker or Agent. Buyer should use rent levels it thinks it can obtain for the subject property.

Purchase Information on page 4 including Fair Market Value, Resale Valuation and Resale Expenses are provided for illustrative purposes only and will vary depending on market conditions and other factors. Silicon Valley Multifamily Group, its Brokers and Agents can not be held accountable for these numbers. Buyer should use the numbers it thinks most appropriate.

Financial Information on page 4 including Down Payment, Closing Costs, LT Capital Gain, Federal and State Tax Rates and the Discount Rate are provided for illustrative purposes only. Actual numbers may, and probably will, vary depending on the Buyer's individual situation.

Loans on page 4. This information is provided for illustrative purposes only. Buyer should use the loan information it thinks attainable and realistic for the property.

Annual Property Operating Data Notes and Disclaimers

Rental Income is based on current rents shown in the Rent Roll

Miscellaneous income is based upon information provided by the owner or manager.

General Vacancy is estimated to be at current market levels or provided by owner.

Taxes are estimated based on list price and based on 2011/2012 tax rate reported by Santa Clara County.

Other Expenses All other expenses are as reported by owner or property manager.

Loan Payment is based upon information provided in the LOANS section of page 4. Buyer should use the loan information it thinks attainable and realistic for the property.

Income Taxes is based upon a 33% or greater tax rate and is provided for illustrative purposes only. Buyer should consult with a licensed tax professional in determining the most realistic and appropriate tax rate.

NOTE: THE 10 YEAR PROJECTIONS ARE PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY. BUYER SHOULD USE THE PROJECTIONS IT THINKS ARE REALISTIC AND ATTAINABLE.

Rent Roll Notes

General Notes: Rent levels, occupancy, deposit amounts and terms are subject to change without notice. Move-In dates are subject to change as units turnover. Buyer should obtain updated information and confirm all rent levels, lease terms, move-in dates, amount of last rental adjustment and deposit amounts prior to purchase.

Market Rent column does not reflect current rent levels. These rent levels are not guaranteed to be achievable by Seller, Broker or Agents. Buyer should use rent levels it thinks it can obtain for the subject property.