

10 Units on North 7th Street

128 N 7th Street
San Jose, CA 95112

For more information contact:

Michael Shields, CCIM
Commercial Investment Broker
408-356-1900
michael@svmultifamily.com
BRE 01327546



- Offering Price: \$2,050,000
Value-Add Opportunity. Significant Upside Potential.
- Current Cap 3.3%; Current GRM 17.0
Market Cap 6.4%; Market GRM 11.0
- 10 Legal, Non-conforming Units.
(1) 3BR/1BA SFR, (9) 1BR/1BA Units
- 4 Residential Structures: (1) SFR, (1) Duplex, (1) triplex, (1) fourplex
3 Standalone Carport Structures for 10 cars
- 2 Contiguous Lots: 15,687 square feet
Redevelopment Opportunity. Residential Multifamily Zoning

SILICON VALLEY
MULTIFAMILY GROUP®

Table of Contents



Property Overview	3
Real Estate Investment Details	4
Executive Summary	5
Property Description	6
Unit Mix Report	7
Property Photos	8
Maps and Aerials	9
Financial Analysis	11
Annual Property Operating Data	12
Cash Flow Analysis	13
Financial Indicators	14
Loan Analysis	15
Pro Forma Summary	16
Comparables	17
Sales Comparables	18
Demographics	22
Demographics	23
Disclaimer.....	25

10 Units on North 7th Street

128 N 7th Street
San Jose, CA 95112

Property Overview



10 Units on North 7th Street

Real Estate Investment Details

128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

Analysis

Analysis Date February 2017

Property

Property 10 Units on North 7th Street
Property Address 128 N 7th Street
San Jose, CA 95112
Year Built 1898



Purchase Information

Property Type MultiFamily
Purchase Price \$2,050,000
Fair Market Value \$2,050,000
Units 10
Total Rentable Sq. Ft. 5,550
Resale Valuation 3.0% (annual appreciation)
Resale Expenses 6.0%

Financial Information

Down Payment \$1,000,000
Closing Costs \$5,000
LT Capital Gain 20.00%
Federal Tax Rate 33.0%
State Tax Rate 9.4%
Discount Rate 3.00%

Loans

Type	Debt	Term	Amortization	Rate	Payment	LO Costs
Fixed	\$1,000,000	30 years	30 years	4.25%	\$4,919	\$10,000

Income & Expenses

Gross Operating Income \$117,273
Monthly GOI \$9,773
Total Annual Expenses (\$49,798)
Monthly Expenses (\$4,150)

Contact Information

Michael Shields, CCIM
408-356-1900
michael@svmultifamily.com
BRE 01327546

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	\$2,065,000
Investment - Cash	\$1,015,000
First Loan	\$1,000,000

INVESTMENT INFORMATION

Purchase Price	\$2,050,000
Price per Unit	\$205,000
Price per Sq. Ft.	\$369.37
Income per Unit	\$12,090
Expenses per Unit	(\$4,980)

INCOME, EXPENSES & CASH FLOW

Gross Scheduled Income	\$120,900
Total Vacancy and Credits	(\$3,627)
Operating Expenses	(\$49,798)
Net Operating Income	\$67,475
Debt Service	(\$59,033)
Cash Flow Before Taxes	\$8,442
Total Interest (Debt Service)	(\$42,174)
Depreciation and Amortization	(\$49,019)
Taxable Income (Loss)	(\$23,718)
Tax Savings (Costs)	\$10,056
Cash Flow After Taxes	\$18,499

FINANCIAL INDICATORS

Cash on Cash Return Before Taxes	0.83%
Optimal Internal Rate of Return (yr 10)	6.96%
Debt Coverage Ratio	1.14
Capitalization Rate	3.29%
Gross Rent Multiplier	16.96
Gross Income / Square Feet	\$21.78
Gross Expenses / Square Feet	(\$8.97)
Operating Expense Ratio	42.46%

10 Units on North 7th Street**(1) 3/1 SFR & (9) 1/1 units**

This unique property in North Downtown San Jose potentially offers the long term investor some very handsome rewards. There is considerable upside rental potential as the rents are well below market. Pro Forma revenue and return projections project a 6.4% cap rate (current cap rate 3.3%) and an 11.0 GRM (current GRM 17.0) when rents are raised to market level.

The property is unique in that it consists of four residential structures totaling 5,873 SF on two parcels totaling 15,687 SF (as per county records). The four structures consist of ten units as follows: One three-bed/one bath house; One triplex with (3) 1 bed/1 bath units; One fourplex with (4) 1 bed/1 bath units; One duplex with (2) 1 bed/1 bath units. (See Unit Mix Report for approximate unit sizes). There is one covered parking space per unit in three stand-alone carport structures. The property is zoned Residential Multifamily and the structures are legal, non-conforming as per San Jose's General Plan. The units are currently rented at well below market rates of approx. \$1,000 per unit per month (see Unit Mix Report). The market rate for comparable one bedroom units in San Jose is approximately \$1,400 per month and \$2,500 per month for a three bed, one bath unit. All rental agreements are month to month and a \$20 increase was issued in November 2016. Rents may be raised in accordance with San Jose's Apartment Rent Ordinance.

This is a value-add or redevelopment opportunity. The older structures are in need of renovation or repairs. Renovating and rerenting the units could bring in considerably higher rents; redeveloping the two parcels in accordance with the SJ General Plan would allow a new multifamily property NOT subject to rent control. (Interested parties should consult with San Jose's Planning Department for allowable number of units.)

County records indicate that the structures were built in 1898. No official records exists to verify the legal number of units, but the structures are considered legal, non-conforming, as per San Jose Planning Department. The property consists of two contiguous parcels: APN 467-18-058 (6,165 SF) and APN 467-18-059 (9,522 SF). The current owners have been in possession of the property since 1974 and have used it as a rental property since that time.

The ten unit property consists of the following addresses:

- 126 N 7th Street – (3) 1BR/1BA units (Triplex: 126-1, 126-2, 126-3)
- 128 N 7th Street – (1) 3BR/1BA unit (Single Family Residence)
- 130 N 7th Street, Units 1 & 2 – (2) 1BR/1BA units (Duplex: 130-1, 130-2)
- 132, 132-A, 134, 136 N 7th Street – (4) 1BR/1BA units (Fourplex)

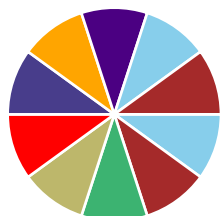
The parcels are located in the Horace Mann neighborhood of North Downtown San Jose, and are just two blocks from San Jose State University and two blocks from City Hall.

UNIT MIXES

Units	Type	Approx. SqFt	Avg. Rents	Monthly	Mkt Rents	Monthly
1	1BR/1BA (#126-1)	400	\$1,000	\$1,000	\$1,400	\$1,400
1	1BR/1BA (#126-2)	400	\$1,075	\$1,075	\$1,400	\$1,400
1	1BR/1BA (#126-3)	500	\$1,100	\$1,100	\$1,400	\$1,400
1	3BR /1BA (#128)	1000	\$500	\$500	\$2,500	\$2,500
1	1BR/1BA (#130-1)	500	\$1,050	\$1,050	\$1,400	\$1,400
1	1BR/1BA (#130-2)	500	\$1,050	\$1,050	\$1,400	\$1,400
1	1BR/1BA (#132)	700	\$1,050	\$1,050	\$1,600	\$1,600
1	1BR/1BA (#132-A)	450	\$1,050	\$1,050	\$1,500	\$1,500
1	1BR/1BA (#134)	550	\$1,150	\$1,150	\$1,500	\$1,500
1	1BR/1BA (#136)	550	\$1,050	\$1,050	\$1,500	\$1,500
10		5,550		\$10,075		\$15,600

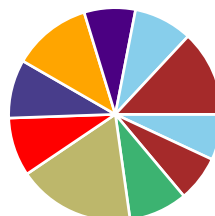
*Unit Square Footage are estimates only.

UNIT MIX



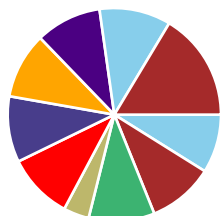
- 1BR/1BA (#126-1)
- 1BR/1BA (#126-2)
- 1BR/1BA (#126-3)
- 3BR /1BA (#128)
- 1BR/1BA (#130-1)
- 1BR/1BA (#130-2)
- 1BR/1BA (#132)
- 1BR/1BA (#132-A)
- 1BR/1BA (#134)
- 1BR/1BA (#136)

UNIT MIX SQUARE FEET



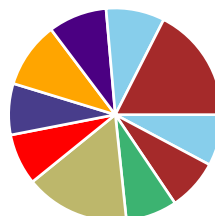
- 1BR/1BA (#126-1)
- 1BR/1BA (#126-2)
- 1BR/1BA (#126-3)
- 3BR /1BA (#128)
- 1BR/1BA (#130-1)
- 1BR/1BA (#130-2)
- 1BR/1BA (#132)
- 1BR/1BA (#132-A)
- 1BR/1BA (#134)
- 1BR/1BA (#136)

UNIT MIX INCOME



- 1BR/1BA (#126-1)
- 1BR/1BA (#126-2)
- 1BR/1BA (#126-3)
- 3BR /1BA (#128)
- 1BR/1BA (#130-1)
- 1BR/1BA (#130-2)
- 1BR/1BA (#132)
- 1BR/1BA (#132-A)
- 1BR/1BA (#134)
- 1BR/1BA (#136)

UNIT MIX MARKET INCOME



- 1BR/1BA (#126-1)
- 1BR/1BA (#126-2)
- 1BR/1BA (#126-3)
- 3BR /1BA (#128)
- 1BR/1BA (#130-1)
- 1BR/1BA (#130-2)
- 1BR/1BA (#132)
- 1BR/1BA (#132-A)
- 1BR/1BA (#134)
- 1BR/1BA (#136)

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

Property Photos



Street View



126 N 7th - Triplex



128 N 7th - SFR



132-136 N 7th - Fourplex



130 N 7th - Duplex



Carports

10 Units on North 7th Street

128 N 7th Street
San Jose, CA 95112

Maps and Aerials

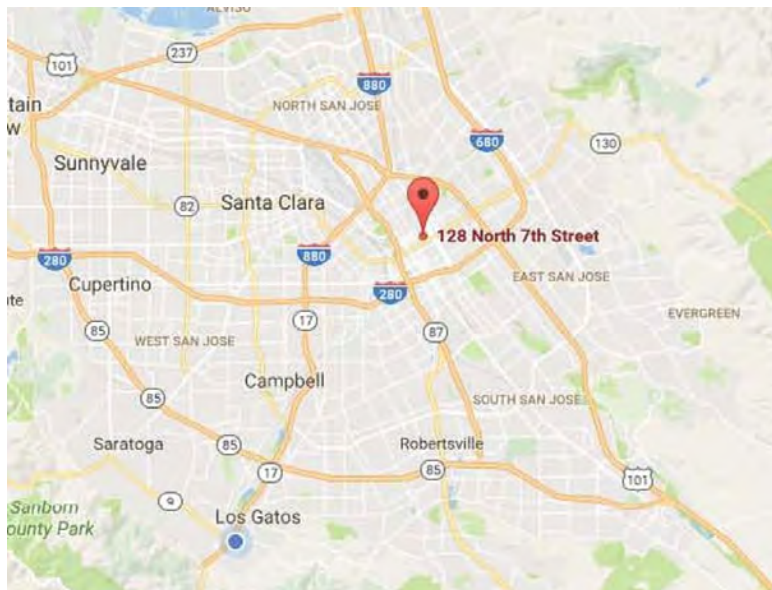
SILICON VALLEY
MULTIFAMILY GROUP

Michael Shields, CCIM
408-356-1900

Location Maps



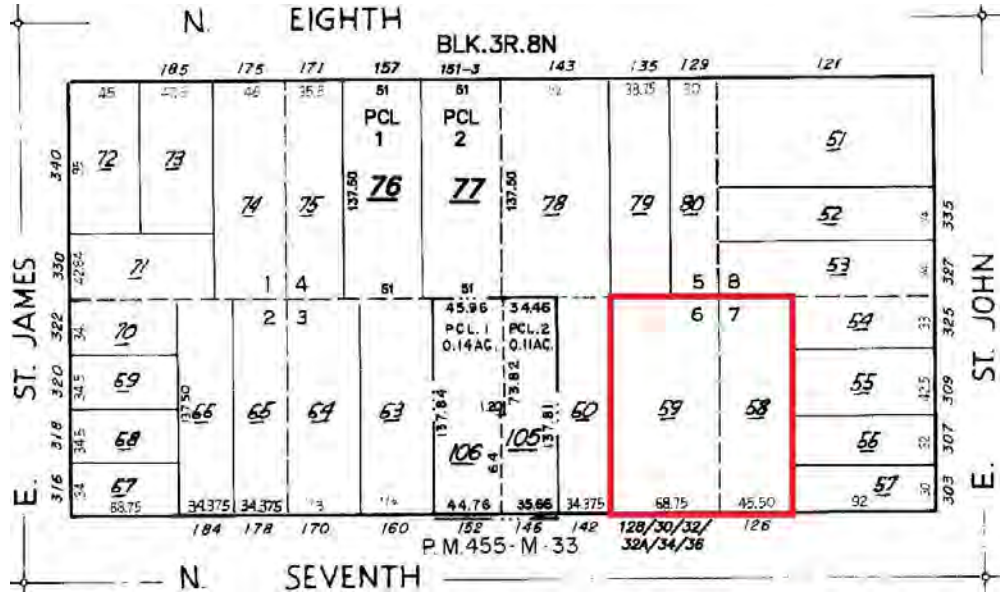
Neighborhood Map



Regional Map

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

Aerial and Parcel Maps



Parcel Map



Aerial Map

10 Units on North 7th Street

128 N 7th Street
San Jose, CA 95112

Financial Analysis



10 Units on North 7th Street

Annual Property Operating Data



128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	\$120,900	\$126,945	\$133,292	\$139,957	\$146,955	\$154,302	\$162,018	\$170,118	\$178,624	\$187,556
GROSS SCHEDULED INCOME	\$120,900	\$126,945	\$133,292	\$139,957	\$146,955	\$154,302	\$162,018	\$170,118	\$178,624	\$187,556
Turnover Vacancy	(\$3,627)	(\$3,808)	(\$3,999)	(\$4,199)	(\$4,409)	(\$4,629)	(\$4,861)	(\$5,104)	(\$5,359)	(\$5,627)
GROSS OPERATING INCOME	\$117,273	\$123,137	\$129,293	\$135,758	\$142,546	\$149,673	\$157,157	\$165,015	\$173,266	\$181,929
Expenses										
Property Taxes	(\$25,345)	(\$25,598)	(\$25,854)	(\$26,113)	(\$26,374)	(\$26,638)	(\$26,904)	(\$27,173)	(\$27,445)	(\$27,719)
Special Assessments	(\$2,627)	(\$2,653)	(\$2,680)	(\$2,707)	(\$2,734)	(\$2,761)	(\$2,789)	(\$2,816)	(\$2,845)	(\$2,873)
Building Insurance	(\$3,952)	(\$4,071)	(\$4,193)	(\$4,318)	(\$4,448)	(\$4,581)	(\$4,719)	(\$4,860)	(\$5,006)	(\$5,156)
PG&E	(\$1,465)	(\$1,509)	(\$1,554)	(\$1,601)	(\$1,649)	(\$1,698)	(\$1,749)	(\$1,802)	(\$1,856)	(\$1,911)
Water & Sewer	(\$7,706)	(\$7,937)	(\$8,175)	(\$8,421)	(\$8,673)	(\$8,933)	(\$9,201)	(\$9,477)	(\$9,762)	(\$10,055)
Trash	(\$1,942)	(\$2,000)	(\$2,060)	(\$2,122)	(\$2,186)	(\$2,251)	(\$2,319)	(\$2,388)	(\$2,460)	(\$2,534)
Maintenance & Repairs	(\$4,311)	(\$4,440)	(\$4,574)	(\$4,711)	(\$4,852)	(\$4,998)	(\$5,148)	(\$5,302)	(\$5,461)	(\$5,625)
Pest Control	(\$183)	(\$188)	(\$194)	(\$200)	(\$206)	(\$212)	(\$219)	(\$225)	(\$232)	(\$239)
Permits & City Fees	(\$1,427)	(\$1,470)	(\$1,514)	(\$1,559)	(\$1,606)	(\$1,654)	(\$1,704)	(\$1,755)	(\$1,808)	(\$1,862)
Supplies	(\$240)	(\$247)	(\$255)	(\$262)	(\$270)	(\$278)	(\$287)	(\$295)	(\$304)	(\$313)
Landscaping	(\$600)	(\$618)	(\$637)	(\$656)	(\$675)	(\$696)	(\$716)	(\$738)	(\$760)	(\$783)
TOTAL OPERATING EXPENSES	(\$49,798)	(\$50,733)	(\$51,689)	(\$52,669)	(\$53,673)	(\$54,701)	(\$55,754)	(\$56,833)	(\$57,938)	(\$59,071)
NET OPERATING INCOME	\$67,475	\$72,404	\$77,604	\$83,089	\$88,873	\$94,972	\$101,403	\$108,182	\$115,327	\$122,858

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

10 Units on North 7th Street

Cash Flow Analysis



128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
GROSS SCHEDULED INCOME	\$120,900	\$126,945	\$133,292	\$139,957	\$146,955	\$154,302	\$162,018	\$170,118	\$178,624	\$187,556
Turnover Vacancy	(\$3,627)	(\$3,808)	(\$3,999)	(\$4,199)	(\$4,409)	(\$4,629)	(\$4,861)	(\$5,104)	(\$5,359)	(\$5,627)
Total Operating Expenses	(\$49,798)	(\$50,733)	(\$51,689)	(\$52,669)	(\$53,673)	(\$54,701)	(\$55,754)	(\$56,833)	(\$57,938)	(\$59,071)
NET OPERATING INCOME	\$67,475	\$72,404	\$77,604	\$83,089	\$88,873	\$94,972	\$101,403	\$108,182	\$115,327	\$122,858
Loan Payment	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)	(\$59,033)
NET CASH FLOW (b/t)	\$8,442	\$13,371	\$18,571	\$24,056	\$29,840	\$35,939	\$42,370	\$49,149	\$56,295	\$63,826
Cash On Cash Return b/t	0.83%	1.32%	1.83%	2.37%	2.94%	3.54%	4.17%	4.84%	5.55%	6.29%
NET OPERATING INCOME	\$67,475	\$72,404	\$77,604	\$83,089	\$88,873	\$94,972	\$101,403	\$108,182	\$115,327	\$122,858
Depreciation	(\$48,685)	(\$50,809)	(\$50,809)	(\$50,809)	(\$50,809)	(\$50,809)	(\$50,809)	(\$50,809)	(\$50,809)	(\$48,691)
Amortization	(\$333)	(\$333)	(\$333)	(\$333)	(\$333)	(\$333)	(\$333)	(\$333)	(\$333)	(\$333)
Loan Interest	(\$42,174)	(\$41,444)	(\$40,681)	(\$39,886)	(\$39,056)	(\$38,190)	(\$37,287)	(\$36,345)	(\$35,361)	(\$34,336)
TAXABLE INCOME (LOSS)	(\$23,718)	(\$20,182)	(\$14,220)	(\$7,940)	(\$1,326)	\$5,639	\$12,973	\$20,694	\$28,823	\$39,499
Income Taxes	\$10,056	\$8,557	\$6,029	\$3,367	\$562	(\$2,391)	(\$5,501)	(\$8,774)	(\$12,221)	(\$16,748)
CASH FLOW (a/t)	\$18,499	\$21,929	\$24,601	\$27,422	\$30,402	\$33,548	\$36,870	\$40,375	\$44,074	\$47,078
Cash On Cash Return a/t	1.82%	2.16%	2.42%	2.70%	3.00%	3.31%	3.63%	3.98%	4.34%	4.64%

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

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

10 Units on North 7th Street

Financial Indicators



128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent Multiplier	17.46	17.13	16.81	16.49	16.17	15.86	15.56	15.27	14.97	14.69
Capitalization Rate	3.29%	3.53%	3.79%	4.05%	4.34%	4.63%	4.95%	5.28%	5.63%	5.99%
Cash On Cash Return b/t	0.83%	1.32%	1.83%	2.37%	2.94%	3.54%	4.17%	4.84%	5.55%	6.29%
Cash On Cash Return a/t	1.82%	2.16%	2.42%	2.70%	3.00%	3.31%	3.63%	3.98%	4.34%	4.64%
Debt Coverage Ratio	1.14	1.23	1.31	1.41	1.51	1.61	1.72	1.83	1.95	2.08
Gross Income per Sq. Ft.	\$21.78	\$22.87	\$24.02	\$25.22	\$26.48	\$27.80	\$29.19	\$30.65	\$32.18	\$33.79
Expenses per Sq. Ft.	(\$8.97)	(\$9.14)	(\$9.31)	(\$9.49)	(\$9.67)	(\$9.86)	(\$10.05)	(\$10.24)	(\$10.44)	(\$10.64)
Net Income Multiplier	31.29	30.04	28.87	27.77	26.74	25.77	24.86	24.00	23.19	22.42
Operating Expense Ratio	42.46%	41.20%	39.98%	38.80%	37.65%	36.55%	35.48%	34.44%	33.44%	32.47%
Loan To Value Ratio	46.56%	44.40%	42.28%	40.22%	38.21%	36.25%	34.33%	32.45%	30.62%	28.84%

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

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

10 Units on North 7th Street

Pro Forma Summary

128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900



INVESTMENT SUMMARY

Price:	\$2,050,000
Year Built:	1898
Units:	10
Price/Unit:	\$205,000
RSF:	5,550
Price/RSF:	\$369.37
Lot Size:	15,678 sf
Floors:	2
Parking Spaces:	1/unit
APN:	467-18-059
Cap Rate:	3.29%
Market Cap Rate:	6.43%
GRM:	16.96
Market GRM:	10.95

FINANCING SUMMARY

Loan Amount:	\$1,000,000
Down Payment:	\$1,000,000
Loan Type:	Fixed
Interest Rate:	4.25%
Term:	30 years
Monthly Payment:	\$4,919
DCR:	1.14

UNIT MIX & ANNUAL SCHEDULED INCOME

Type	Units	Actual	Total	Market	Total
1BR/1BA (#126-1)	1	\$12,000	\$12,000	\$16,800	\$16,800
1BR/1BA (#126-2)	1	\$12,900	\$12,900	\$16,800	\$16,800
1BR/1BA (#126-3)	1	\$13,200	\$13,200	\$16,800	\$16,800
3BR /1BA (#128)	1	\$6,000	\$6,000	\$30,000	\$30,000
1BR/1BA (#130-1)	1	\$12,600	\$12,600	\$16,800	\$16,800
1BR/1BA (#130-2)	1	\$12,600	\$12,600	\$16,800	\$16,800
1BR/1BA (#132)	1	\$12,600	\$12,600	\$19,200	\$19,200
1BR/1BA (#132-A)	1	\$12,600	\$12,600	\$18,000	\$18,000
1BR/1BA (#134)	1	\$13,800	\$13,800	\$18,000	\$18,000
1BR/1BA (#136)	1	\$12,600	\$12,600	\$18,000	\$18,000
TOTALS	10		\$120,900		\$187,200

ANNUALIZED INCOME

	Actual	Market
Gross Potential Rent	\$120,900	\$187,200
Less: Vacancy	(\$3,627)	(\$5,616)
Effective Gross Income	\$117,273	\$181,584
Less: Expenses	(\$49,798)	(\$49,798)
Net Operating Income	\$67,475	\$131,786
Debt Service	(\$59,033)	(\$59,033)
Net Cash Flow after Debt Service	\$8,442	\$72,753
Principal Reduction	\$16,859	\$16,859
Total Return	\$25,301	\$89,612

ANNUALIZED EXPENSES

	Actual	Market
Property Taxes	\$25,345	\$25,345
Special Assessments	\$2,627	\$2,627
Building Insurance	\$3,952	\$3,952
PG&E	\$1,465	\$1,465
Water & Sewer	\$7,706	\$7,706
Trash	\$1,942	\$1,942
Maintenance & Repairs	\$4,311	\$4,311
Pest Control	\$183	\$183
Permits & City Fees	\$1,427	\$1,427
Supplies	\$240	\$240
Landscaping	\$600	\$600
Total Expenses	\$49,798	\$49,798
Expenses Per RSF	\$8.97	\$8.97
Expenses Per Unit	\$4,980	\$4,980

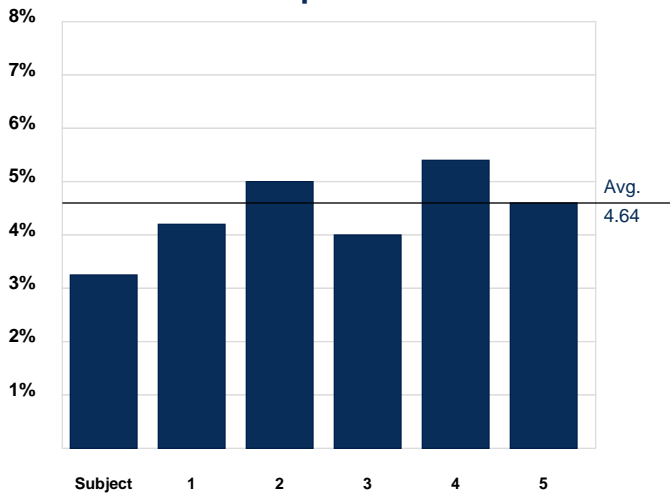
The information and calculations presented are deemed to be accurate, but not guaranteed and we are not responsible for its correctness.

10 Units on North 7th Street

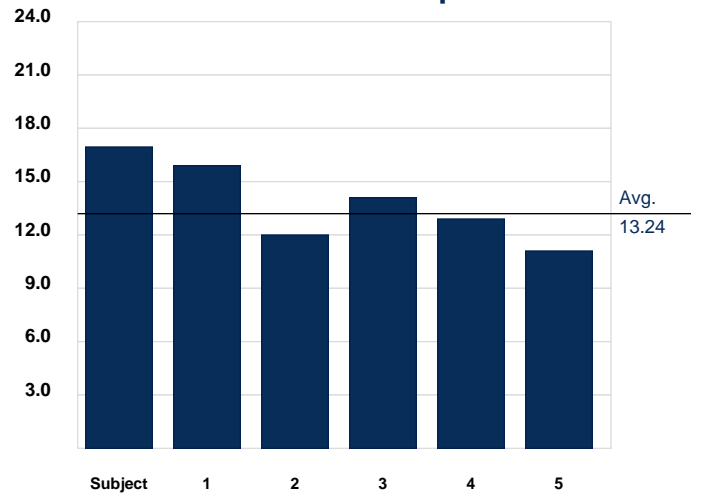
128 N 7th Street
San Jose, CA 95112

Comparables

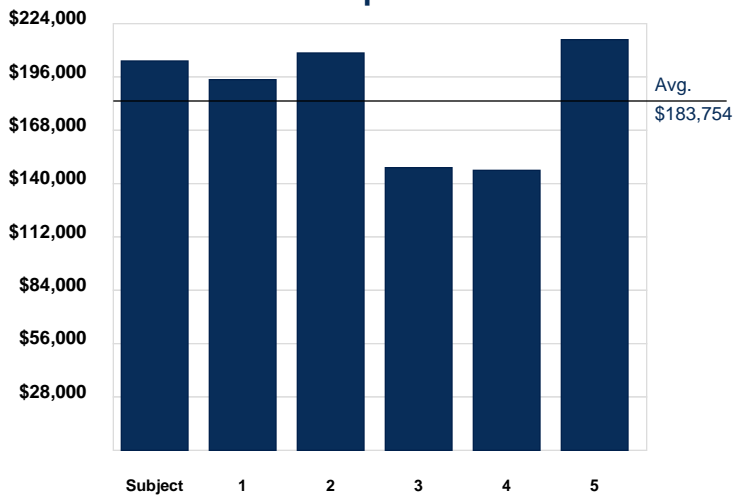
Cap Rate



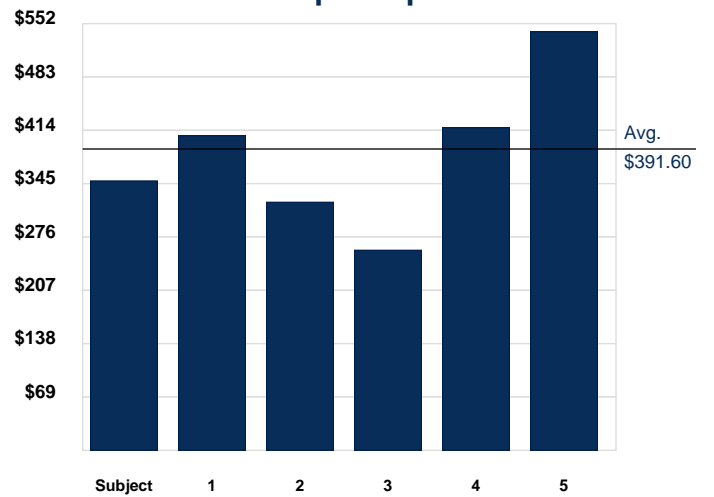
Gross Rent Multiplier



Price per Unit



Price per Sq. Ft.



10 Units on North 7th Street

Sales Comparables

128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

S



**10 Units on North 7th Street
128 N 7th Street
San Jose, CA 95112**

		# Units	Unit Type
Sale Price	\$2,050,000	1	1BR/1BA (#126-1)
Units	10	1	1BR/1BA (#126-2)
Price/Unit	\$205,000	1	1BR/1BA (#126-3)
Price/SqFt	\$349.05	1	3BR /1BA (#128)
Cap Rate	3.29%	1	1BR/1BA (#130-1)
Year Built	1898	1	1BR/1BA (#130-2)
GRM	16.96	1	1BR/1BA (#132)

*remaining units not displayed

1



**6 Units on S 3rd Street
427 S. 3rd Street
San Jose, CA 95112**

		# Units	Unit Type
Sale Price	\$1,175,000	5	Studio/Efficiency
Units	6	1	One Bedroom One Bath
Price/Unit	\$195,833		
Price/SqFt	\$410.27		
Cap Rate	4.2%		
Year Built	1898		
GRM	15.9		

Sale Date 12/22/2016

2



**6 Units on N 10th St
64 N 10th Street
San Jose, CA 95112**

		# Units	Unit Type
Sale Price	\$1,255,000	4	Studio/Efficiency
Units	6	1	One Bedroom One Bath
Price/Unit	\$209,167	1	Two Bedroom One Bath
Price/SqFt	\$321.79		
Cap Rate	5.0%		
Year Built	1898		
GRM	12.0		

Sale Date 4/14/2016

10 Units on North 7th Street

Sales Comparables

128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

3



Sale Date 1/22/2016

**8 Units on S 9th
600 S 9th Street
San Jose, CA 95112**

Sale Price	\$1,195,000	# Units	Unit Type
Units	8	3	One Bedroom One Bath
Price/Unit	\$149,375	2	Two Bedroom One Bath
Price/SqFt	\$260.24	3	Studio/Efficiency
Cap Rate	4.0%		
Year Built	1902		
GRM	14.1		

4



Sale Date 3/18/2016

**11 Units on S 2nd
694 S 2nd Street
San Jose, CA 95112**

Sale Price	\$1,625,000	# Units	Unit Type
Units	11	11	Studio/Efficiency
Price/Unit	\$147,727		
Price/SqFt	\$420.88		
Cap Rate	5.4%		
Year Built	N/A		
GRM	13.0		

5



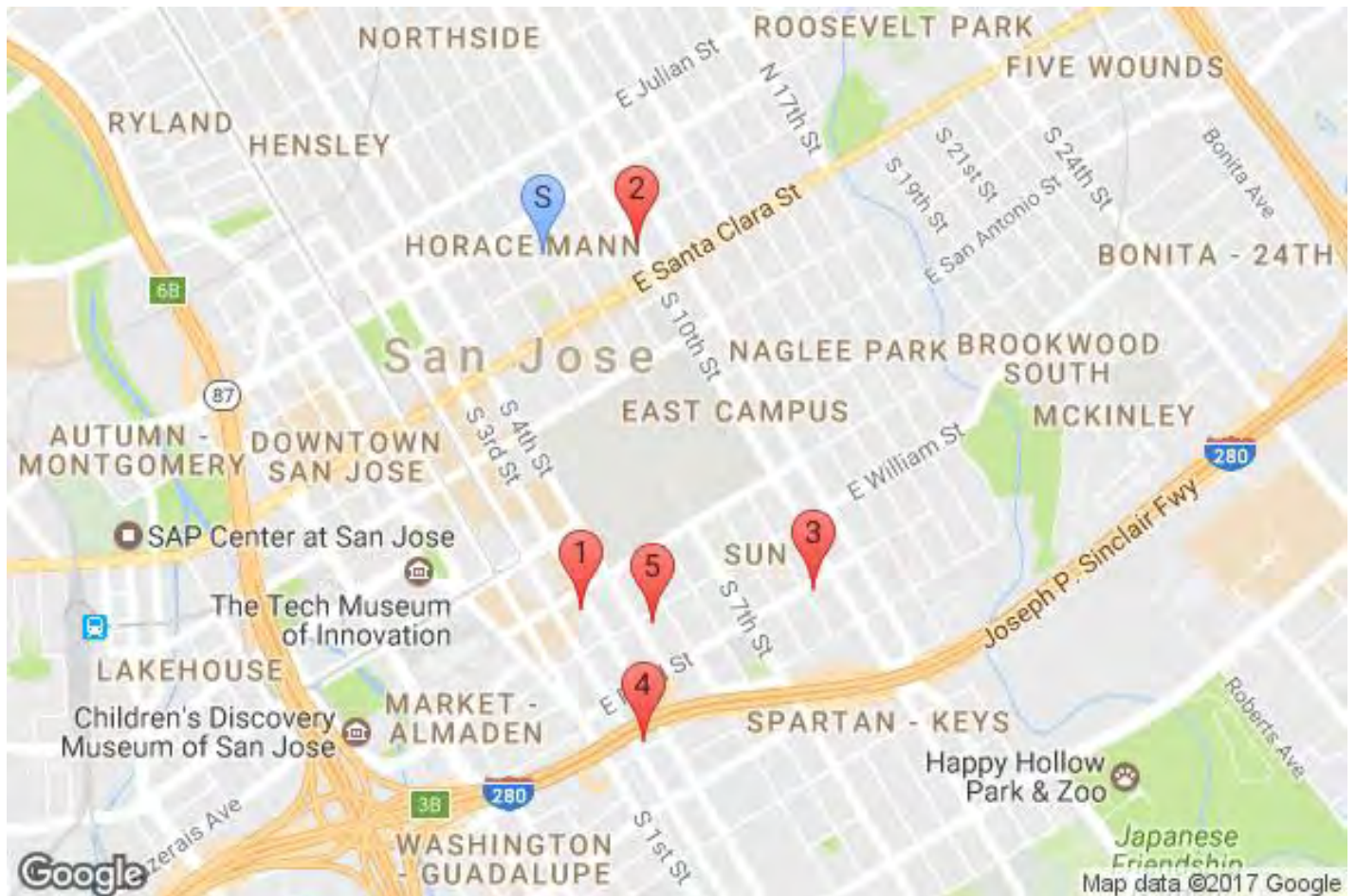
Sale Date 1/31/2017

**6 Units on E. William
170 E. William Street
San Jose, CA 95112**

Sale Price	\$1,300,000	# Units	Unit Type
Units	6	6	One Bedroom One Bath
Price/Unit	\$216,667		
Price/SqFt	\$544.84		
Cap Rate	4.6%		
Year Built	1898		
GRM	11.2		

128 N 7th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900



S 128 N 7th Street
San Jose, CA, 95112
\$2,050,000

1 427 S. 3rd Street
San Jose, CA, 95112
\$1,175,000

2 64 N 10th Street
San Jose, CA, 95112
\$1,255,000

3 600 S 9th Street
San Jose, CA, 95112
\$1,195,000

4 694 S 2nd Street
San Jose, CA, 95112
\$1,625,000

5 170 E. William Street
San Jose, CA, 95112
\$1,300,000

10 Units on North 7th Street

128 N 7th Street
San Jose, CA 95112

Demographics





Executive Summary

128 N 7th St, San Jose, California, 95112
 Rings: 0.5, 1, 2 mile radii

Prepared by Esri
 Latitude: 37.34110
 Longitude: -121.88558

	0.5 miles	1 mile	2 miles
Population			
2000 Population	11,869	39,195	108,216
2010 Population	11,880	40,605	112,194
2016 Population	12,940	43,881	121,574
2021 Population	13,952	46,909	130,820
2000-2010 Annual Rate	0.01%	0.35%	0.36%
2010-2016 Annual Rate	1.38%	1.25%	1.29%
2016-2021 Annual Rate	1.52%	1.34%	1.48%
2016 Male Population	54.9%	54.1%	53.2%
2016 Female Population	45.1%	45.9%	46.8%
2016 Median Age	33.0	30.5	32.0

In the identified area, the current year population is 121,574. In 2010, the Census count in the area was 112,194. The rate of change since 2010 was 1.29% annually. The five-year projection for the population in the area is 130,820 representing a change of 1.48% annually from 2016 to 2021. Currently, the population is 53.2% male and 46.8% female.

Median Age

The median age in this area is 33.0, compared to U.S. median age of 38.0.

Race and Ethnicity

2016 White Alone	43.5%	44.9%	43.0%
2016 Black Alone	4.8%	4.9%	3.9%
2016 American Indian/Alaska Native Alone	1.4%	1.2%	1.2%
2016 Asian Alone	24.6%	23.4%	21.1%
2016 Pacific Islander Alone	0.4%	0.4%	0.4%
2016 Other Race	19.7%	19.6%	25.1%
2016 Two or More Races	5.8%	5.7%	5.3%
2016 Hispanic Origin (Any Race)	41.7%	41.8%	51.7%

Persons of Hispanic origin represent 51.7% of the population in the identified area compared to 17.9% 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 88.4 in the identified area, compared to 63.5 for the U.S. as a whole.

Households

2000 Households	4,271	12,742	31,753
2010 Households	4,791	14,677	36,730
2016 Total Households	5,256	16,003	39,762
2021 Total Households	5,707	17,267	42,916
2000-2010 Annual Rate	1.16%	1.42%	1.47%
2010-2016 Annual Rate	1.49%	1.39%	1.28%
2016-2021 Annual Rate	1.66%	1.53%	1.54%
2016 Average Household Size	2.34	2.46	2.87

The household count in this area has changed from 36,730 in 2010 to 39,762 in the current year, a change of 1.28% annually. The five-year projection of households is 42,916, a change of 1.54% annually from the current year total. Average household size is currently 2.87, compared to 2.86 in the year 2010. The number of families in the current year is 22,528 in the specified area.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.



Executive Summary

128 N 7th St, San Jose, California, 95112
Rings: 0.5, 1, 2 mile radii

Prepared by Esri
Latitude: 37.34110
Longitude: -121.88558

	0.5 miles	1 mile	2 miles
Median Household Income			
2016 Median Household Income	\$46,075	\$51,451	\$53,873
2021 Median Household Income	\$45,971	\$54,044	\$58,906
2016-2021 Annual Rate	-0.05%	0.99%	1.80%
Average Household Income			
2016 Average Household Income	\$74,192	\$80,931	\$80,982
2021 Average Household Income	\$79,991	\$88,459	\$88,474
2016-2021 Annual Rate	1.52%	1.79%	1.79%
Per Capita Income			
2016 Per Capita Income	\$32,846	\$31,571	\$27,950
2021 Per Capita Income	\$35,393	\$34,451	\$30,413
2016-2021 Annual Rate	1.50%	1.76%	1.70%

Current median household income is \$53,873 in the area, compared to \$54,149 for all U.S. households. Median household income is projected to be \$58,906 in five years, compared to \$59,476 for all U.S. households

Current average household income is \$80,982 in this area, compared to \$77,008 for all U.S. households. Average household income is projected to be \$88,474 in five years, compared to \$84,021 for all U.S. households

Current per capita income is \$27,950 in the area, compared to the U.S. per capita income of \$29,472. The per capita income is projected to be \$30,413 in five years, compared to \$32,025 for all U.S. households

Housing			
2000 Total Housing Units	4,470	13,225	32,839
2000 Owner Occupied Housing Units	760	3,284	10,968
2000 Renter Occupied Housing Units	3,511	9,459	20,784
2000 Vacant Housing Units	199	482	1,087
2010 Total Housing Units	5,360	16,363	39,611
2010 Owner Occupied Housing Units	1,007	3,990	12,608
2010 Renter Occupied Housing Units	3,784	10,687	24,122
2010 Vacant Housing Units	569	1,686	2,881
2016 Total Housing Units	5,799	17,830	42,665
2016 Owner Occupied Housing Units	1,024	4,157	13,035
2016 Renter Occupied Housing Units	4,231	11,846	26,727
2016 Vacant Housing Units	543	1,827	2,903
2021 Total Housing Units	6,247	19,230	46,054
2021 Owner Occupied Housing Units	1,085	4,430	13,930
2021 Renter Occupied Housing Units	4,621	12,837	28,987
2021 Vacant Housing Units	540	1,963	3,138

Currently, 30.6% of the 42,665 housing units in the area are owner occupied; 62.6%, renter occupied; and 6.8% are vacant. Currently, in the U.S., 55.4% of the housing units in the area are owner occupied; 32.9% are renter occupied; and 11.7% are vacant. In 2010, there were 39,611 housing units in the area - 31.8% owner occupied, 60.9% renter occupied, and 7.3% vacant. The annual rate of change in housing units since 2010 is 3.36%. Median home value in the area is \$520,470, compared to a median home value of \$198,891 for the U.S. In five years, median value is projected to change by 1.43% annually to \$558,783.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

DISCLAIMER

All materials and information received or derived from Silicon Valley Multifamily Group (SVMG) its directors, officers, agents, advisors, 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.

Neither SVMG its directors, officers, agents, or affiliates makes any representation or warranty, express or implied, as to accuracy or completeness of the any materials or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significant chance to such party. SVMG will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing. PLEASE NOTE: The Seller(s) desires to sell the property in "its present physical condition (as-is) subject to inspection and reports.

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 those 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. *SVMG makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions.* SVMG 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 the units, lot or the building and are making NO representation as to the accuracy of square footage figures. Data source for building size and lot size is provided by an online resource such as that provided by Chicago Title Company. SVMG is not responsible for errors in the data. 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. Unless otherwise indicated, 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 SVMG.

All properties and services are marketed by SVMG 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 either previous year actual levels or annualized current income.

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 Forma 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.

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 provided through the Chicago Title Company online resource. 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. SVMG, 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 current 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 reflects projected rents, not current rent levels. Projected 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.