

OFFERING MEMORANDUM

1895

TULLY ROAD, SAN JOSE

AUGUST 2025

CREDIT SILICON VALLEY SINGLE TENANT OPPORTUNITY

NEWMARK

JESSE MILLMAN

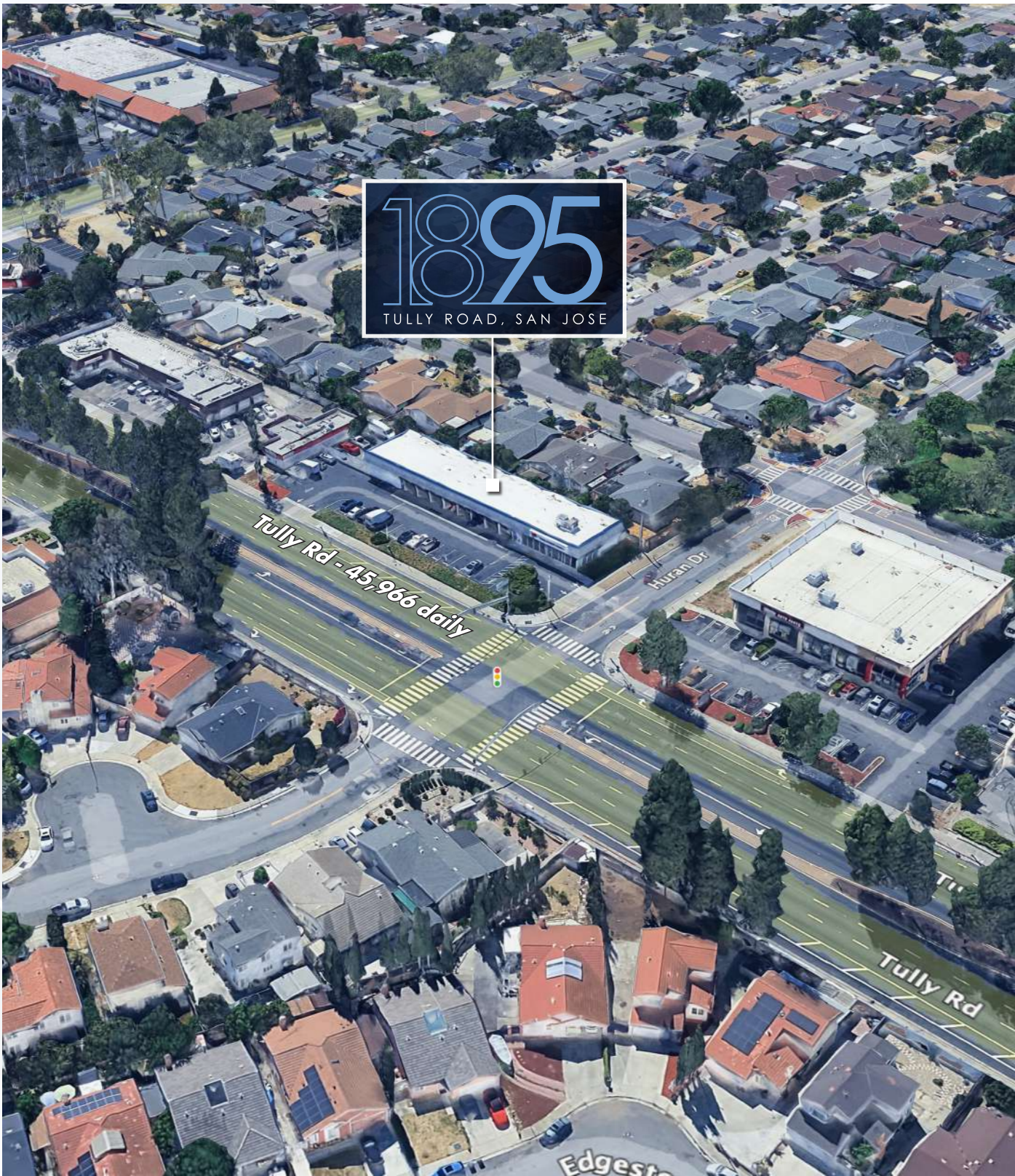
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EXECUTIVE SUMMARY

1895 Tully Road is a 7,330 square foot freestanding retail/service building strategically located in the dense San Jose submarket of Santa Clara County. The property is 100% leased on a long-term basis to AAA Northern California, Nevada & Utah, one of the most recognizable and creditworthy organizations in the country. This offering provides investors the opportunity to acquire a stable, long-duration cash flow stream in the heart of Silicon Valley.

TENANT & LEASE HIGHLIGHTS

Tenant	AAA Northern California, Nevada & Utah
Use	AAA service center
Lease Structure	Single Tenant Modified Gross Lease
Lease Term	10 years, commencing March 16, 2023 and expiring March 15, 2033
Rent Escalations	2% annually, providing built-in income growth
Options	Two 5 year options



INVESTMENT HIGHLIGHTS



CORE SILICON VALLEY MARKET

San Jose is the economic engine of Silicon Valley with one of the most dynamic labor forces in the nation. The property benefits from strong fundamentals including low retail/service vacancy and high barriers to entry due to restrictive zoning and entitlement hurdles.



ESSENTIAL SERVICES TENANCY

AAA provides mission-critical automotive and DMV-related services, which are non-discretionary and recession-resistant. This tenant's business model ensures consistent foot traffic and income stability regardless of economic cycles.



STRONG DEMOGRAPHICS

Within a 3-mile radius, the population exceeds 250,000 residents with above-average household incomes, creating a strong consumer base for AAA's suite of services.



ABSOLUTE VISIBILITY AND ACCESSIBILITY

The property enjoys excellent frontage and visibility on Tully Road, a heavily trafficked arterial in San Jose. Its strategic location makes it a destination for members and pass-through commuters alike.



NATIONALLY RECOGNIZED BRAND WITH LOCAL DOMINANCE

AAA is a household name with millions of members in Northern California. Its regional dominance and strong balance sheet translate into reduced risk of default compared to smaller or non-credit tenants.



LAND VALUE & LONG-TERM REPOSITIONING POTENTIAL

Given San Jose's constrained land supply, the underlying real estate itself provides long-term appreciation potential. In the future, the site could be repositioned for other service retail, medical office, or redevelopment opportunities, offering investors multiple exit strategies.

The 10-year lease term provides stable cash flow through 2033, with built-in annual rent increases of 2%. Option terms ensure continuity while allowing rent adjustments for market conditions.

THE OPPORTUNITY



PRICING

ASKING RATE	\$5,500,000
Price/SF:	\$750
Year 1 Cap Rate	4.75%
Current Net Operating Income (NOI)	\$261,406
Occupancy	100%

LANDLORD COSTS

Property Taxes	\$15,000 per year (tenant pays for any increase)
Landscaping	\$3,600 per year

RENT ROLL

Lease Year	Monthly Rent	Annual Rent	NOI	CAP RATE
Year 1	\$21,990.00	\$263,880.00	\$245,280.00	
Year 2	\$22,429.80	\$269,157.60	\$250,557.60	
Year 3	\$22,875.71	\$274,508.50	\$255,908.50	
Year 4 (2026)	\$23,333.83	\$280,006.00	\$261,406.00	4.75%
Year 5	\$23,804.18	\$285,650.10	\$267,050.10	4.86%
Year 6	\$24,280.63	\$291,367.50	\$272,767.50	4.96%
Year 7	\$24,763.18	\$297,158.20	\$278,558.20	5.06%
Year 8	\$25,257.96	\$303,095.50	\$284,495.50	5.17%
Year 9	\$25,764.95	\$309,179.40	\$290,579.40	5.28%
Year 10	\$26,278.05	\$315,336.60	\$296,736.60	5.40%
Option Yr 11	\$26,803.37	\$321,640.40	\$303,040.40	5.02%
Option Yr 12	\$27,339.43	\$328,073.21	\$309,473.21	
Option Yr 13	\$27,886.22	\$334,634.67	\$316,034.67	
Option Yr 14	\$28,443.95	\$341,327.37	\$322,727.37	
Option Yr 15	\$29,012.83	\$348,153.91	\$329,553.91	
Option Yrs 16-20	Per Section 25.2	TBD		



AMENITIES MAP



LOCATION HIGHLIGHTS



Prime San Jose Location:

Situated on a prime corner parcel on Tully Road, a major commercial corridor with strong traffic counts and visibility.



Dense Demographics:

San Jose is the largest city in Northern California, with over 1 million residents and strong income levels.



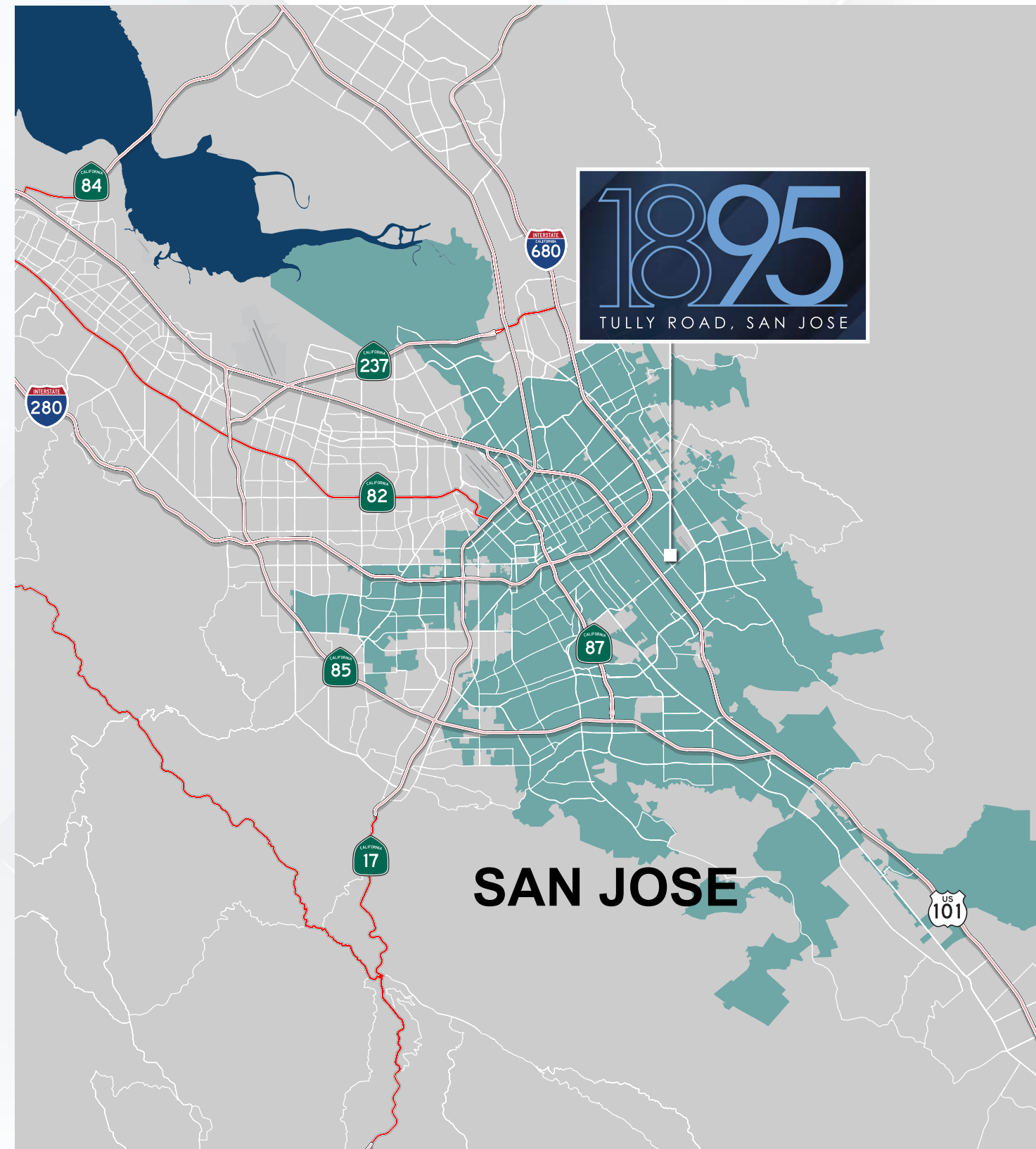
High Barriers to Entry:

Limited new development due to land scarcity and entitlement challenges, ensuring long-term real estate value.



Proximity to Major Highways:

Convenient access to Highways 101 and 680, serving as a regional hub for retail and services.



TENANT OVERVIEW



TENANT	American Automobile Association of Northern California, Nevada & Utah
TYPE	Non-Profit Mutual Benefit Corporation
FOUNDED	1900 (AAA national brand)
HEADQUARTERS	Walnut Creek, California
MEMBERS	~5.7 million (NCNU region)
EMPLOYEES	~5,000 in NCNU region; ~50,000 nationwide under AAA brand

COMPANY PROFILE

AAA is one of the most **recognized and trusted consumer brands in the United States**, serving more than **60 million members nationwide**. The organization provides a wide array of services including roadside assistance, travel planning, DMV services, insurance, banking, and automotive maintenance.

The **Northern California, Nevada & Utah (NCNU) Club** is one of the largest regional affiliates of AAA. It is structured as a **non-profit mutual benefit corporation**, with revenues reinvested to expand services and benefits for its members.

Credit & Stability

- **National Brand Strength:** The AAA name has been in operation for over 120 years and is considered an essential service provider for automotive and travel services.
- **Financial Stability:** While AAA NCNU is non-profit, the brand consistently generates strong cash flows from membership dues, insurance operations, and auto repair/service centers.
- **Mission-Critical Location:** Service centers like 1895 Tully Road are critical to AAA’s business model, offering multiple services under one roof (auto repair, DMV, retail, and insurance).

Tenant Operations at Subject Property

- **At 1895 Tully Road**, AAA operates a **full-service automotive repair and membership service center**, which includes:
 - Automotive repair & maintenance (tires, brakes, batteries, oil changes, etc.)
 - DMV services (vehicle registration, licensing, title transfers)
 - Insurance & membership sales (auto, home, life, umbrella policies)
 - Car buying and travel services
 - This **multi-channel service model** ensures strong, consistent customer traffic and supports the tenant’s long-term commitment to the location.

Why AAA is a Strong Tenant

- **Brand Recognition:** AAA is one of the most widely recognized consumer brands in America.
- **Essential Use:** Provides automotive and DMV services that are non-discretionary, even during economic downturns.
- **Membership Model:** Recurring revenue from millions of members provides financial consistency.
- **Operational Commitment:** The organization has invested in service center rollouts across Northern California, showing long-term growth strategy and commitment to real estate.

SAN JOSE MARKET OVERVIEW



THE HEART OF SILICON VALLEY

San Jose, the 10th largest city in the United States and the 3rd largest in California, serves as the capital of Silicon Valley. With a population exceeding 1 million residents, San Jose is the economic and cultural hub of the Bay Area, home to some of the world's most influential technology companies, including Cisco, Adobe, eBay, and PayPal. The city's proximity to the broader Bay Area innovation ecosystem creates a deep, diverse, and highly skilled workforce that drives consistent economic growth.

DEMOGRAPHICS & GROWTH

- Population: Over 1 million in San Jose proper; more than 2 million in Santa Clara County.
- Household Income: Median household income exceeds \$130,000, among the highest in the nation.
- Education: Over 45% of residents hold a bachelor's degree or higher.
- Population Growth: Despite being a mature market, San Jose continues to grow due to its employment opportunities and global reputation.

These demographics create a strong customer base for essential services like automotive repair, DMV services, and insurance—core elements of AAA's business model.

ECONOMIC STRENGTH

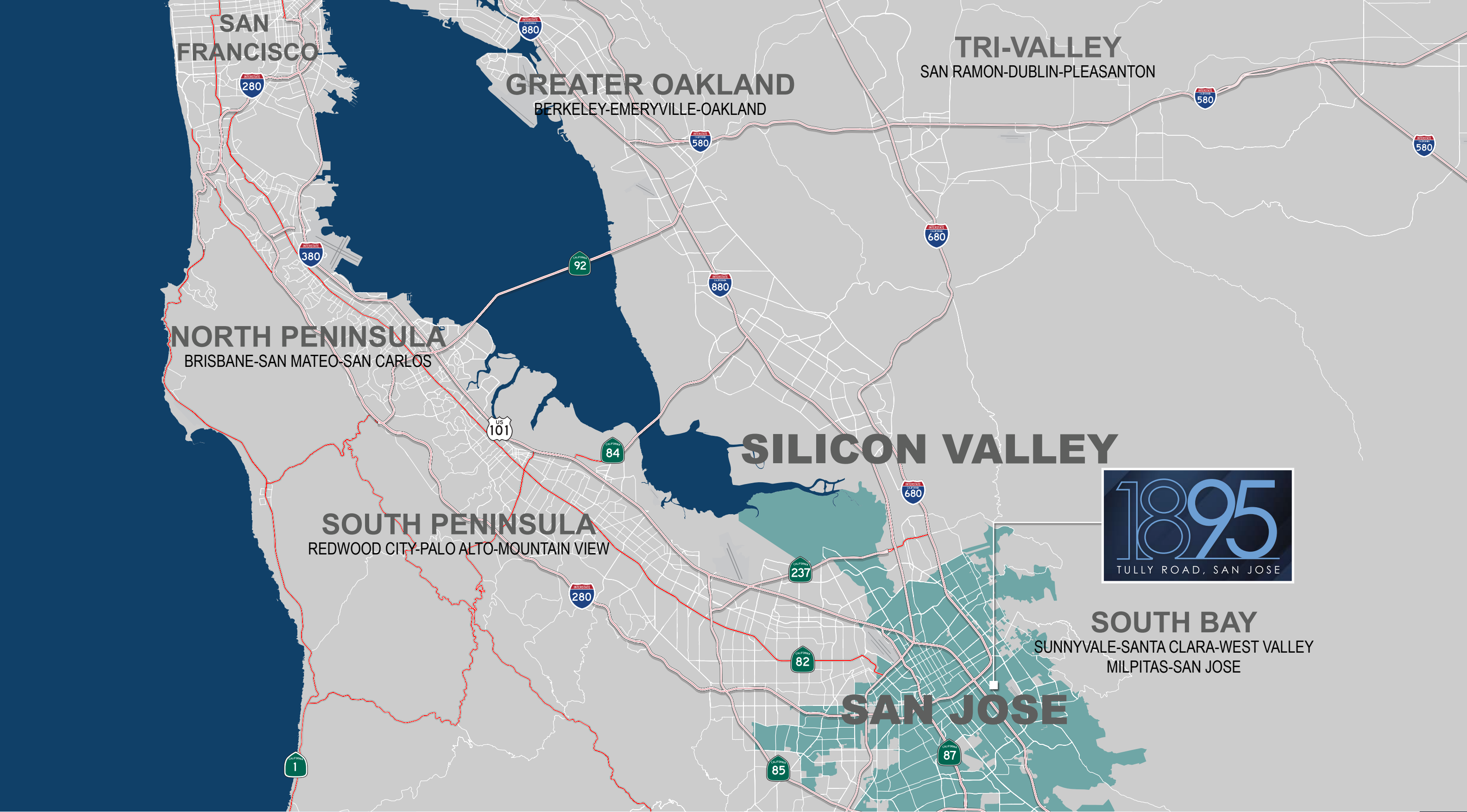
San Jose consistently ranks among the strongest economies nationwide, with a GDP exceeding \$300 billion and some of the highest median household incomes in the U.S. The city benefits from a diversified employment base spanning technology, education, healthcare, finance, and advanced manufacturing. This economic resilience underpins strong consumer demand and creates a stable foundation for retail and service tenants.

REAL ESTATE FUNDAMENTALS

San Jose's commercial real estate market benefits from high barriers to entry, driven by limited land availability, strict zoning, and a lengthy entitlement process. As a result, existing assets hold and appreciate value over time. The city's dense population, robust traffic corridors, and strong consumer spending support long-term tenant performance.

For service-based retail like AAA, San Jose represents an ideal market with consistent demand, limited competition for quality locations, and sticky customer behavior.

REGIONAL MAP



SALES COMPS



		SOLD	SALES PRICE	GLA (% LEASED)	ACTUAL CAP RATE
	1360 Camden Ave Campbell, CA 95008	4/15/2025	\$1,275,000 (\$1,046.80/SF)	1,218 SF (100%)	4.70%
	1100 Lucretia Ave San Jose, CA 95124	12/24/2024	\$1,700,000 (\$816.52/SF)	2,082 SF	4.50%
	1811 W San Carlos St San Jose, CA 95128	11/13/2024	\$3,341,000 (\$519.19/SF)	6,435 SF	4.43%
	8105 Delta Shores Cir S Sacramento, CA 95832	9/24/2024	\$4,850,000 (\$1,406.20/SF)	3,449 SF	4.60%
	486 N Winchester Blvd San Jose, CA 95128	8/16/2023	\$3,600,000 (\$725.00/SF)	5,000 SF (100%)	5.00% (Short term lease)

SALES COMPS



REPRESENTATIVE PHOTO

	SOLD	SALES PRICE	GLA (% LEASED)	ACTUAL CAP RATE
30 E Sand Creek Rd Brentwood, CA 94513	4/2/2024	\$2,675,000 (\$1,163.04/SF)	2,300 SF	4.67%



2555 The Alameda Santa Clara, CA 95050	1/17/2024	\$1,230,506 (\$922.42/SF)	1,334 SF (100%)	4.00%
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710-714 S B St San Mateo, CA 94401	1/5/2024	\$6,200,000 (\$779.87/SF)	7,950 SF (100%)	4.50%
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6770 Mission St Daly City, CA 94014	9/29/2023	\$1,750,000 (\$2,500.00/SF)	700 SF (100%)	4.00%
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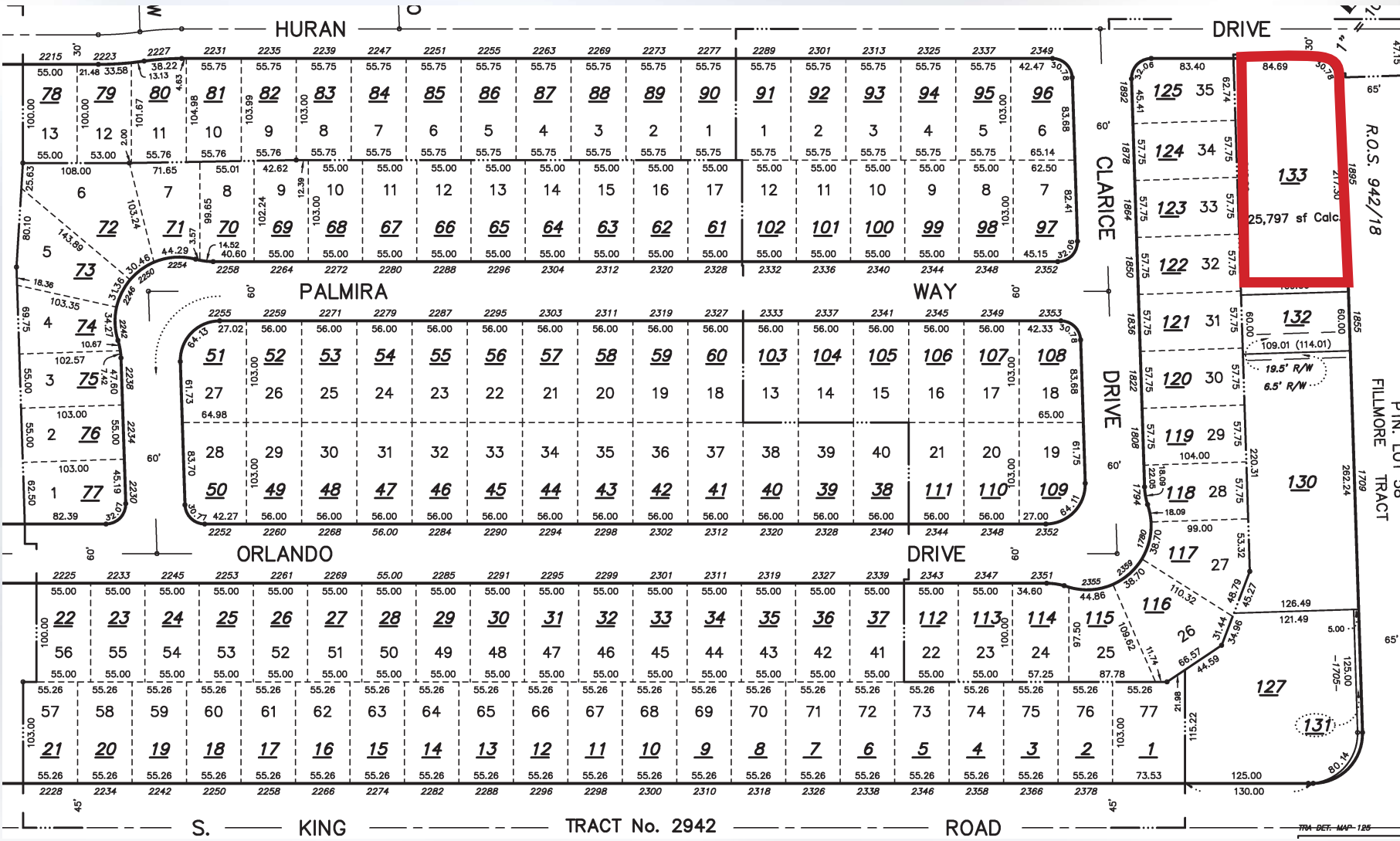
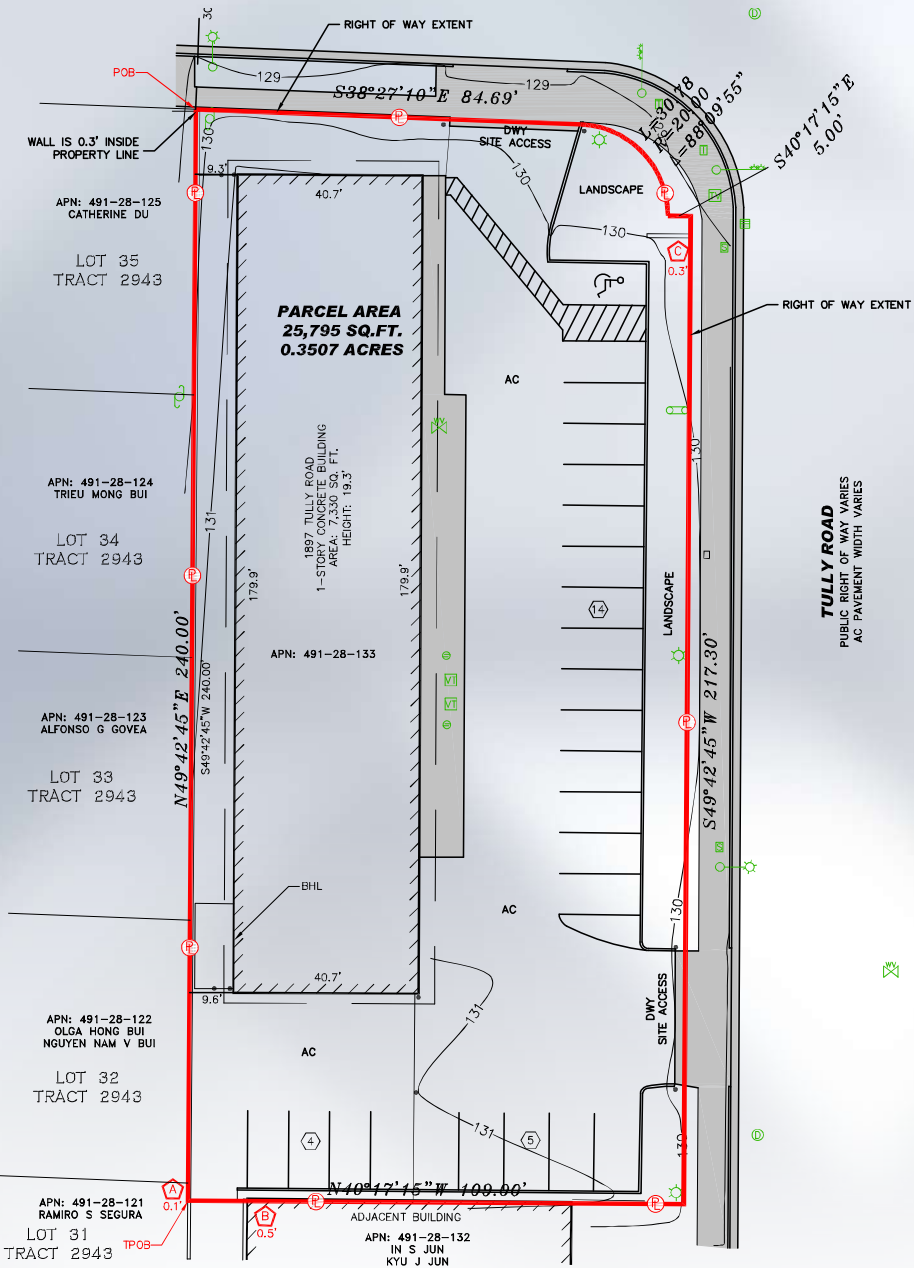
DEMOGRAPHICS



2024 DEMOGRAPHICS	3 MILES	5 MILES	10 MILES
Population	32,361	273,024	541,255
Average HH Income	\$118,563	\$130.392	\$143,532



SURVEY / PARCEL MAP





1895

TULLY ROAD, SAN JOSE

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