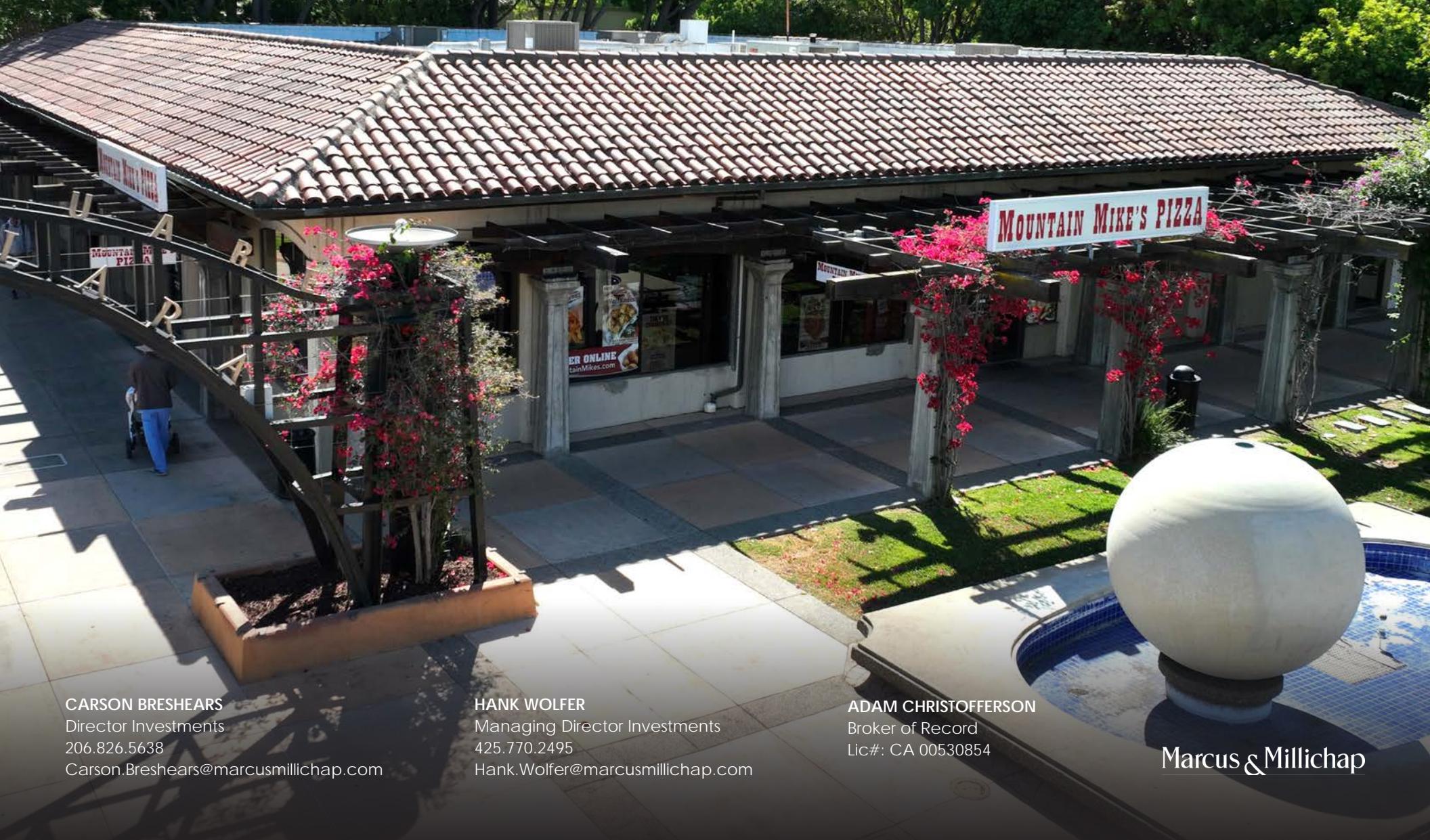


OFFERING MEMORANDUM

SANTA CLARA RETAIL CENTER

1290 FRANKLIN MALL, SANTA CLARA, CA 95050



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Marcus & Millichap

EXECUTIVE SUMMARY

INVESTMENT OVERVIEW

Marcus & Millichap is proud to offer for sale fee simple ownership of 1290 Franklin Mall located in Santa Clara, California, situated just blocks from Santa Clara University. The four-tenant retail center is offered to investors fully occupied and providing a steady diversified income stream from various service-oriented tenants. Mountain Mike's Pizza, Vampire Battle Mansion Tattoo and Piercing, Sam and Roy's Barber, and Franklin Cleaners all have noteworthy track records of operating at Franklin Mall, catering to their customer base of local residents and university students. Franklin Mall spans just over 8,000 square feet and is made up of four suites with all tenants operating on passive lease structures.

Santa Clara, California is located in the heart of the Silicon Valley, home to almost 4 million residents. Santa Clara has the oldest university in California in Santa Clara University with enrollment over 8,600 students. Santa Clara is also home to the San Francisco 49ers at Levi's Stadium and California's Great America Amusement Park, which spans 112 acres and has operated since 1976. Companies headquartered in Santa Clara include Advanced Micro Devices, Agilent Technologies, Applied Materials, Arista Networks, Chegg, Intel, McAfee, Nvidia, OmniVision Technologies and Veritas Technologies. Santa Clara also owns and operates Silicon Valley Power, an electric utility serving over 55,000 residences. The average household income in Santa Clara exceeds \$140,000.





EXECUTIVE HIGHLIGHTS



100% Occupied Retail Center with Service Oriented Tenant Mix – Pizza, Tattoo, Barber and Cleaners Offer Stable and Diversified Income Stream



Franklin Mall Located in High Population Density Market – Over 622,000 Residents Within 5 Miles of Subject Property



Passive Management Structure – City of Santa Clara Maintains All Landscaping, Sidewalks and Common Areas within the Development



Located Within Blocks of Santa Clara University – 8,600 Students Enrolled



Recent Capital Improvements to Building Include New Roof and New HVAC Units



Franklin Cleaners Recently Executed 5 Year Extension - Adjusted to NNN Lease Structure Allowing Tax/Insurance Recapture

FINANCIAL INFORMATION

PRICING DETAILS

SUMMARY	
Price	\$3,875,000
Down Payment	\$3,875,000
Number of Suites	4
Price Per SqFt	\$477.57
Gross Leasable Area (GLA)	8,114 SF
Lot Size	0.20 Acres
Year Built / Renovated	1976
Occupancy	100.00%
RETURNS	
YEAR 1	
CAP Rate	6.30%



OPERATING DATA

INCOME	YEAR 1
Scheduled Base Rental Income	\$266,345
Total Reimbursement Income	12.2% \$32,577
Other Income	\$0
Potential Gross Revenue	\$298,922
General Vacancy	\$0
Effective Gross Revenue	\$298,922
Less: Operating Expenses	18.4% (\$54,907)
Net Operating Income	\$244,015
Total Return	6.30% \$244,015

OPERATING EXPENSES	YEAR 1
CAM	\$0
Insurance	\$3,112
Real Estate Taxes	\$45,338
Management Fee	\$2,400
Other Expenses - Non Reimbursable	\$4,057
Total Expenses	\$54,907
Expenses/SF	\$6.77

* Underwriting Assumes March 1st, 2026 Begins Year 1 For Income and Actual Expenses

INCOME AND EXPENSES

INCOME		REAL ESTATE TAXES:	
Gross Annual Rent	\$266,345	Post-Sale RE Taxes	
RE Tax Reimbursement Income	\$31,127	\$3,875,000 x 0.0117	
Insurance Reimbursement Income	\$1,450	=	\$45,338
TOTAL EFFECTIVE GROSS INCOME	\$298,922	less Tattoo Portion (max \$10k)	\$10,000
TOTAL EFFECTIVE GROSS INCOME	\$298,922	less Pizza Portion (29.6% prorata)	\$13,420
less RE TAXES	\$45,338	less Dry Cleaners Portion (17% prorata)	\$7,707
less Insurance	\$3,112	Total Non-Reimbursed	\$14,210
less Reserves (\$0.50/SF)	\$4,057	TOTAL REIMBURSED	\$31,127
less Book Keeping Fee (\$200/month)	\$2,400		
TOTAL NET OPERATING INCOME	\$244,015		
INSURANCE:		INSURANCE:	
		Total Annual Cost	\$3,112
		Dry Cleaners Portion (17%)	\$529
		Pizza Portion Reimbursed (29.6%)	\$921
		TOTAL REIMBURSED	\$1,450

RENT ROLL

TENANT NAME	SUITE	SQUARE FEET	LEASE DATES	MONTHLY RENT PER SQ. FT.	TOTAL RENT PER MONTH	TOTAL RENT PER YEAR	CHANGES ON	CHANGES TO	LEASE TYPE	EXPENSE REIMBURSEMENTS	RENEWAL OPTIONS AND OPTION YEAR RENTAL INFORMATION
COMM.	EXP.										
Mountain Mike's Pizza	1	2,400	4/15/15 4/14/35	\$28.27	\$5,654	\$67,843	Apr-2027	\$5,835.00	NNN	\$14,341	Two 5-Yr. Options w/ 3% Annual Rent Increases
VBM Tattoo	2	3,720	4/1/22 3/31/27	\$29.80	\$9,238	\$110,858	Apr-2027	FMV	N	\$10,000	Annual Increases
Sam & Roy's Barber	3	444	1/1/21 12/31/30	\$54.37	\$2,012	\$24,140	Jan-2027	\$2,095.00	Gross	\$0	Annual Increases
Franklin Cleaners	4	1,550	12/1/18 11/30/28	\$40.97	\$5,292	\$63,504	Dec-2026	\$5,457.00	NNN	\$8,236	Annual Increases
Total		8,114		\$38.35	\$22,195	\$266,345				\$32,577	

Occupied Tenants: 4

Occupied GLA: 100%

TRADE AERIAL





PROPERTY PHOTOS



SANTA CLARA PRECISE PLAN

TAKEAWAYS PERTAINING TO 1290 FRANKLIN MALL:

- **Improved Zoning:** From Commercial Mixed Use (50 ft. maximum height) to Downtown Zoning (59 ft. maximum height)
- **Ground Floor Required Use:** Retail
- **Upper Stories Use:** Hotel/Office/Residential
- **No Eminent Domain Implications**

THE OPPORTUNITY

Santa Clara is growing and changing, attracting people from all over the world with its desirable climate, beautiful tree-lined neighborhoods and central position in the heart of the Silicon Valley. But since 1965, when eight city blocks were razed in the name of urban renewal, Santa Clara has been missing an important ingredient: a true downtown. The Santa Clara Downtown Precise Plan envisions a place that is rooted in its cultural and historical context while featuring infrastructure and amenities to support a vibrant, urban community hub that will develop over the years to come.

THE SITE

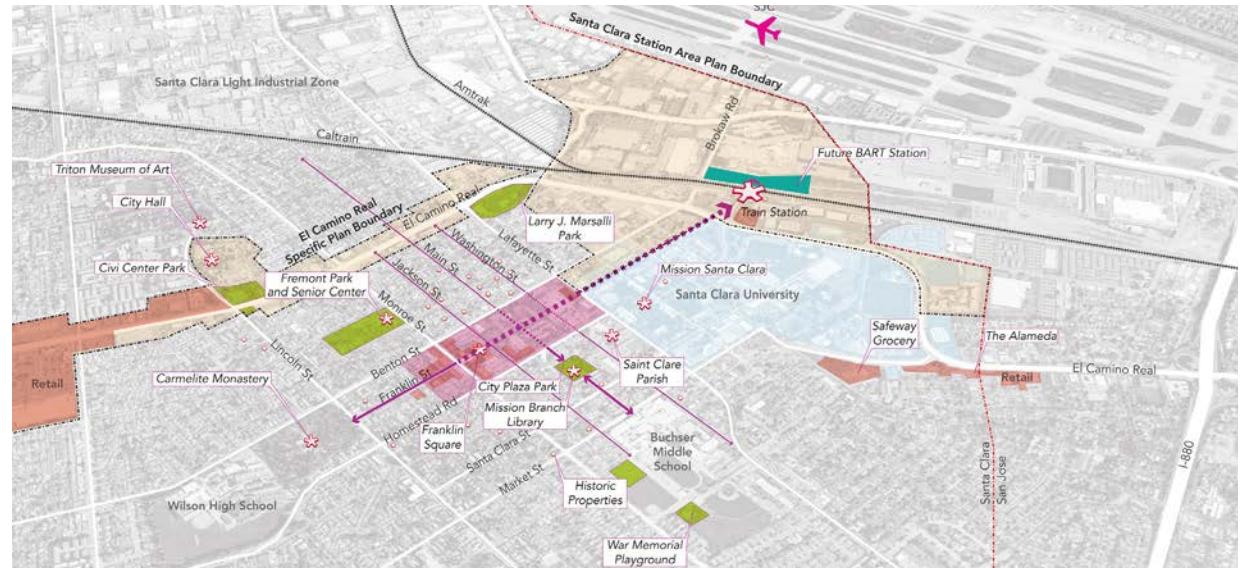
The planning area covers what would be ten standard blocks at the center of the Old Quad neighborhood, between Lafayette Street on the east and Madison Street on the west and between Benton Street on the north and Homestead Road on the south. Today, most of Downtown is absorbed in two "super-blocks" that were created as part of the urban renewal project that never came to fruition.

Downtown currently includes a nucleus composed of the old post office, a plaza with fountain and mature trees, and the Franklin Square shopping center. The site also includes the County Courthouse facing Homestead, the 7-story Commerce Plaza office building at the corner of Homestead and Lafayette, the Park Central Apartments facing Benton, University Plaza at the corner of Homestead and Jackson, a few other small commercial enterprises, and large parking areas. These elements do not feel connected to one another or to the surrounding neighborhood.

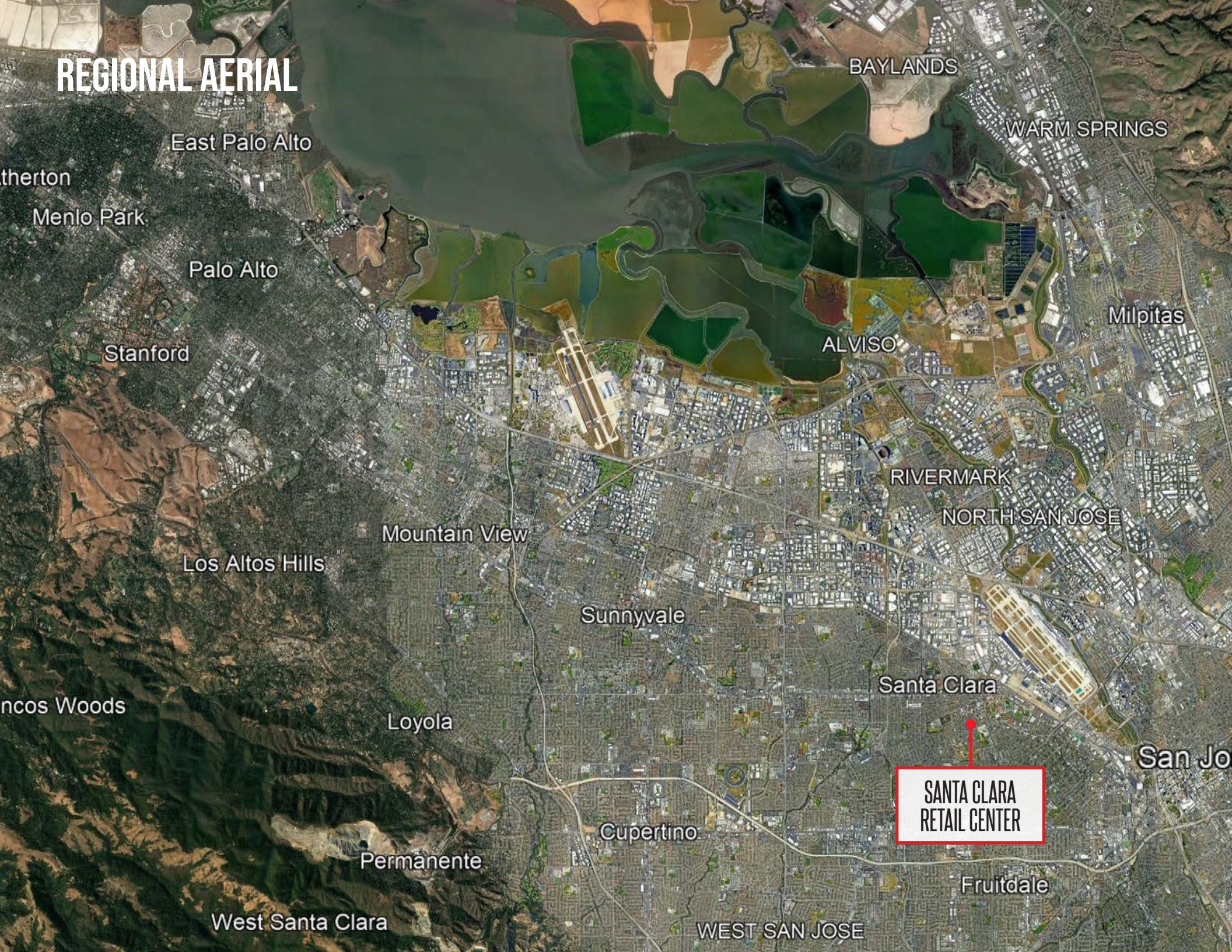
The City of Santa Clara owns the land on the eastern end of downtown. The City also has an easement that could hold a future segment of Franklin Street.

The western two blocks of the planning area include one block of Franklin Street with a mix of businesses, older houses along Benton, Homestead and Madison, and new multifamily development along Monroe Street.

The Old Quad neighborhood that surrounds Downtown has old (many historic) houses and mature trees on a traditional street grid. Santa Clara University, just to the east, has a formal and often beautiful campus character surrounding the historic Mission de Santa Clara de Asis.



REGIONAL AERIAL



DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2028 Projection			
Total Population	29,712	198,841	627,975
2023 Estimate			
Total Population	28,519	193,554	615,291
2020 Census			
Total Population	28,527	197,840	630,211
2010 Census			
Total Population	26,177	177,566	558,996
Daytime Population			
2023 Estimate	42,494	259,789	817,406
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2028 Projection			
Total Households	10,704	79,648	242,432
2023 Estimate			
Total Households	10,159	77,260	236,946
Average (Mean) Household Size	2.4	2.5	2.6
2010 Census			
Total Households	9,813	75,708	233,470
2010 Census			
Total Households	9,307	67,628	206,008
Occupied Units	1 Mile	3 Miles	5 Miles
2028 Projection			
11,521	85,685	257,827	
2023 Estimate			
10,916	82,965	251,779	
HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2023 Estimate			
\$150,000 or More	36.5%	43.1%	44.4%
\$100,000-\$149,999	15.8%	17.2%	16.6%
\$75,000-\$99,999	10.2%	9.9%	9.6%
\$50,000-\$74,999	11.7%	10.2%	9.8%
\$35,000-\$49,999	6.2%	5.8%	5.8%
Under \$35,000	19.5%	13.7%	13.8%
Average Household Income	\$157,661	\$181,711	\$184,169
Median Household Income	\$105,951	\$128,817	\$132,508
Per Capita Income	\$57,762	\$73,110	\$71,348

HOUSEHOLDS BY EXPENDITURE	1 Mile	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$82,524	\$88,952	\$89,086
Consumer Expenditure Top 10 Categories			
Housing	\$30,330	\$33,021	\$33,055
Transportation	\$14,594	\$15,157	\$15,077
Food	\$10,131	\$11,129	\$11,231
Personal Insurance and Pensions	\$9,528	\$10,643	\$10,694
Healthcare	\$5,251	\$5,763	\$5,834
Entertainment	\$3,140	\$3,578	\$3,633
Cash Contributions	\$2,742	\$2,501	\$2,411
Apparel	\$2,204	\$2,286	\$2,284
Gifts	\$2,131	\$1,708	\$1,602
Education	\$1,463	\$1,492	\$1,473
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2023 Estimate Total Population	28,519	193,554	615,291
Under 20	23.5%	21.6%	22.4%
20 to 34 Years	32.4%	26.2%	24.8%
35 to 39 Years	7.5%	9.3%	9.3%
40 to 49 Years	11.2%	13.8%	14.1%
50 to 64 Years	14.7%	17.2%	17.1%
Age 65+	10.7%	12.0%	12.3%
Median Age	31.9	36.1	36.5
Population 25+ by Education Level			
2023 Estimate Population Age 25+	17,991	139,223	442,102
Elementary (0-8)	3.2%	3.9%	5.5%
Some High School (9-11)	4.6%	4.2%	4.5%
High School Graduate (12)	17.0%	14.4%	13.6%
Some College (13-15)	17.4%	15.3%	14.3%
Associate Degree Only	6.7%	6.9%	6.6%
Bachelor's Degree Only	28.3%	29.9%	29.0%
Graduate Degree	22.8%	25.6%	26.5%

DEMOGRAPHICS SUMMARY



POPULATION

In 2023, the population in your selected geography is 615,291. The population has changed by 10.07 since 2010. It is estimated that the population in your area will be 627,975 five years from now, which represents a change of 2.1 percent from the current year. The current population is 51.6 percent male and 48.4 percent female. The median age of the population in your area is 36.5, compared with the U.S. average, which is 38.7. The population density in your area is 7,827 people per square mile.



HOUSEHOLDS

There are currently 236,946 households in your selected geography. The number of households has changed by 15.02 since 2010. It is estimated that the number of households in your area will be 242,432 five years from now, which represents a change of 2.3 percent from the current year. The average household size in your area is 2.5 people.



INCOME

In 2023, the median household income for your selected geography is \$132,508, compared with the U.S. average, which is currently \$68,480. The median household income for your area has changed by 73.35 since 2010. It is estimated that the median household income in your area will be \$158,820 five years from now, which represents a change of 19.9 percent from the current year.

The current year per capita income in your area is \$71,348, compared with the U.S. average, which is \$39,249. The current year's average household income in your area is \$184,169, compared with the U.S. average, which is \$100,106.



EMPLOYMENT

In 2023, 355,452 people in your selected area were employed. The 2010 Census revealed that 69.7 percent of employees are in white-collar occupations in this geography, and 15 percent are in blue-collar occupations. In 2023, unemployment in this area was 3.0 percent. In 2010, the average time traveled to work was 24.00 minutes.



HOUSING

The median housing value in your area was \$942,171 in 2023, compared with the U.S. median of \$268,796. In 2010, there were 93,033.00 owner-occupied housing units and 112,972.00 renter-occupied housing units in your area.



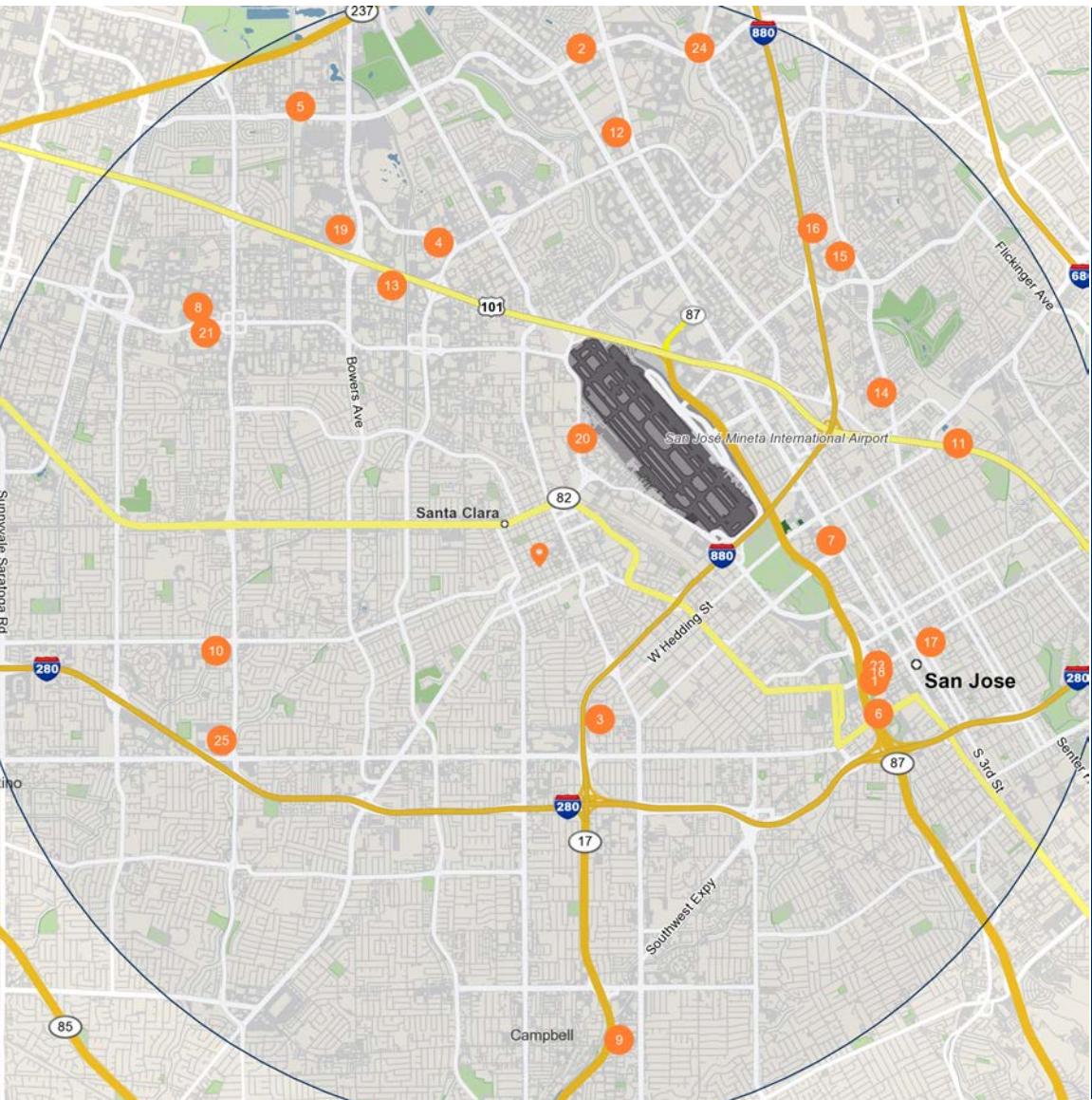
EDUCATION

The selected area in 2023 had a higher level of educational attainment when compared with the U.S averages. 26.5 percent of the selected area's residents had earned a graduate degree compared with the national average of only 12.7 percent, and 29.0 percent completed a bachelor's degree, compared with the national average of 20.2 percent.

The number of area residents with an associate degree was lower than the nation's at 6.6 percent vs. 8.5 percent, respectively.

The area had fewer high-school graduates, 13.6 percent vs. 26.9 percent for the nation. The percentage of residents who completed some college is also lower than the average for the nation, at 14.3 percent in the selected area compared with the 20.1 percent in the U.S.

MAJOR EMPLOYERS



Major Employers

	Major Employers	Employees
1	Zoom Video Communications Inc-Zoom	7,342
2	Jts Corporation-Atari Corporation	6,000
3	Verity Health System Cal Inc-OConnor Hospital	5,983
4	Intel Corporation-Intel	5,900
5	Coherent Asia Inc	5,180
6	Acer Cloud Technology Inc	5,043
7	Universal Services America LP	4,853
8	Globalfoundries Dresden	4,228
9	Bairesdev LLC	3,500
10	Kaiser Foundation Hospitals-Kaiser Prmnnte Snta Clara Med	3,499
11	Rosendin Electric Inc-Rosendin Electric	3,000
12	Intel Corporation-Intel	3,000
13	Advanced Micro Devices Inc-AMD	2,923
14	Topbuild Services Group Corp-Masco	2,527
15	LSI Corporation-LSI Logic	2,400
16	Super Micro Computer Inc-Supermicro	2,222
17	City of San Jose	2,100
18	C&W Facility Services Inc	1,961
19	McAfee Finance 2 LLC	1,955
20	Coast Personnel Services Inc	1,895
21	National Semiconductor Corp	1,700
22	Safeway Inc-Safeway	1,699
23	Jeppesen Dataplan Inc	1,699
24	Sonicwall Inc	1,685
25	Agilent Technologies Inc-Agilent	1,657

TENANT INFORMATION

VAMPIRE BATTLE MANSION

Vampire Battle Mansion started with the idea of being different from the standard tattoo shop. This idea was based on Enoc's experience working at multiple shops that all seemed to be very intimidating and not welcoming. He wanted to create a place he would love to be at every day and making it just as comfortable for the other artists was key.

Taking away all the negative aspects of a standard tattoo shop and focusing on all the positives allows us all to have more freedom in our lives and thus our art improves.

All these changes made us more of a family than just coworkers and solidified why Vampire Battle Mansion was born.



Source: <https://www.vampirebattlemansion.com/>

MOUNTAIN MIKE'S

Multi-Unit operator in the Bay Area – ALS Foods Inc.

The first Mountain Mike's Pizza restaurant was established in 1978 in Palo Alto, California.

What started as a single pizza restaurant with a casual, family-friendly atmosphere has since grown into a leading pizza brand. With over 40 years in business, Mountain Mike's Pizza now has more than 250 restaurants across California, Oregon, Nevada, Utah, Arizona and Idaho. From the very beginning, we aimed to provide the highest-quality pizza using only the freshest and finest ingredients available. 40 years later and our mission hasn't changed!

Mountain Mike's does not compromise on quality or value, and still makes the best pizza in the West!

- A family-oriented atmosphere
- Providing the freshest and finest ingredients
- Home of the legendary crispy, curly pepperoni
- Friendly service
- Sports fans pizzeria of choice
- Strong advocate and partner of local communities

We look forward to serving you soon!

Source: <https://www.mountainmikespizza.com/about/>

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Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Offering Memorandum you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

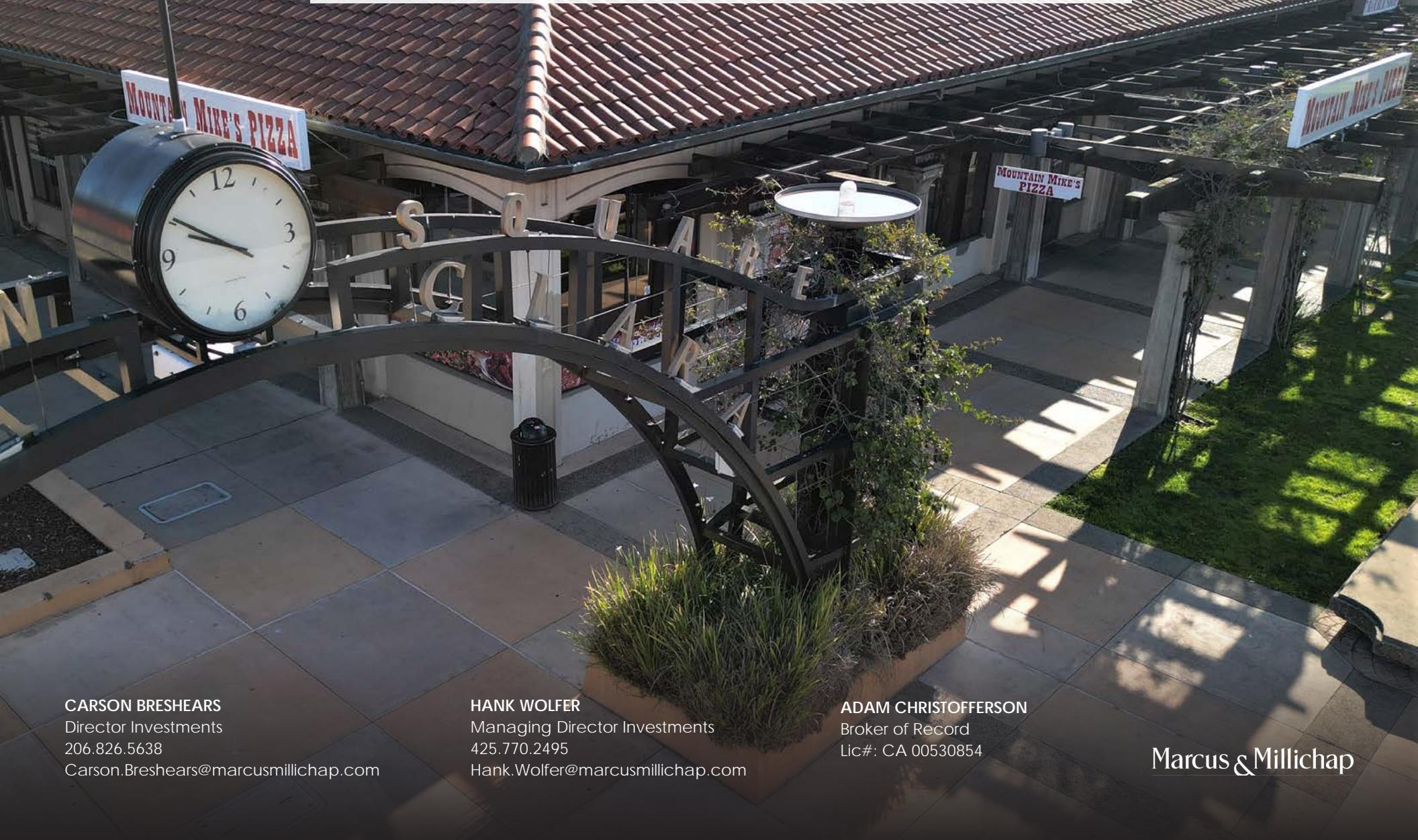
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