

OFFERING MEMORANDUM

# SANTA CLARA RETAIL CENTER

1290 FRANKLIN MALL, SANTA CLARA, CA 95050



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# 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	100%
Number of Suites	4	
Price Per SqFt	\$477.57	
Gross Leasable Area (GLA)	8,114 SF	
Lot Size	0.51 Acres	
Year Built / Renovated	1976	
Occupancy	100.00%	

RETURNS	YEAR 1
CAP Rate	5.69%



## OPERATING DATA

INCOME		YEAR 1
Scheduled Base Rental Income		\$242,927
Total Reimbursement Income	13.4%	\$32,577
Other Income		\$0
Potential Gross Revenue		\$275,504
General Vacancy		\$0
Effective Gross Revenue		\$275,504
Less: Operating Expenses	19.9%	(\$54,907)
Net Operating Income		\$220,597
Cash Flow		\$220,597
Total Return	5.69%	\$220,597

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 September 1st, 2024 Income and Actual Expenses

## INCOME AND EXPENSES

INCOME		REAL ESTATE TAXES:	
Gross Annual Rent	\$242,927	Post-Sale RE Taxes at \$4M Price	
RE Tax Reimbursement Income	\$31,127	\$3,875,000 x 0.0117	
Insurance Reimbursement Income	\$1,450	=	\$45,338
<b>TOTAL EFFECTIVE GROSS INCOME</b>	<b>\$275,504</b>	less Tattoo Portion (max \$10k)	\$10,000
		less Pizza Portion (29.6% prorata)	\$13,420
TOTAL EFFECTIVE GROSS INCOME	\$275,504	less Dry Cleaners Portion (17% prorata)	\$7,707
less RE TAXES	\$45,338	<b>Total Non-Reimbursed</b>	<b>\$14,210</b>
less Insurance	\$3,112	<b>TOTAL REIMBURSED</b>	<b>\$31,127</b>
less Reserves	\$4,057		
less Book Keeping Fee (\$200/month)	\$2,400		
<b>TOTAL NET OPERATING INCOME</b>	<b>\$220,597</b>	<b>INSURANCE:</b>	
		Total Annual Cost	\$3,112
		Dry Cleaners Portion (17%)	\$529
		Pizza Portion Reimbursed (29.6%)	\$921
		<b>TOTAL REIMBURSED</b>	<b>\$1,450</b>

## 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	11/15/25	\$2.03	\$4,860	\$58,322	Nov-2025	\$4,876	NNN	\$14,341	Two 5-Yr. Options w/ 2% Annual Increases
VBM Tattoo	2	3,720	4/1/22	3/31/27	\$2.36	\$8,770	\$105,238	Apr-2025	\$8,965	N	\$10,000	N/A
Sam & Roy's Barber	3	444	1/1/21	12/31/25	\$3.70	\$1,642	\$19,700	Jan-2025	\$1,675	Gross	\$0	N/A
Franklin Cleaners	4	1,550	12/1/18	11/30/28	\$3.21	\$4,972	\$59,667	Dec-2025	\$5,237	NNN	\$0	N/A
Total		8,114			\$2.49	\$20,244	\$242,927				\$24,341	

Occupied Tenants: 4  
Occupied GLA: 100%



# TRADE AERIAL



Burger King



REED & GRANT SPORTS PARK



Walgreens

Peet's Coffee & Tea



POPEYES



SANTA CLARA SENIOR CENTER

COSTCO WHOLESALE



SAN JOSE AIRPORT



SPROUTS FARMERS MARKET

SANTA CLARA RETAIL CENTER

7-ELEVEN



Pizza Hut



CARMELITE MONASTERY

SANTA CLARA FARMER'S MARKET

WILSON ELEMENTARY SCHOOL

7-ELEVEN



SANTA CLARA UNIVERSITY  
LESS THAN 1 MILE FROM SUBJECT PROPERTY

The UPS Store





**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

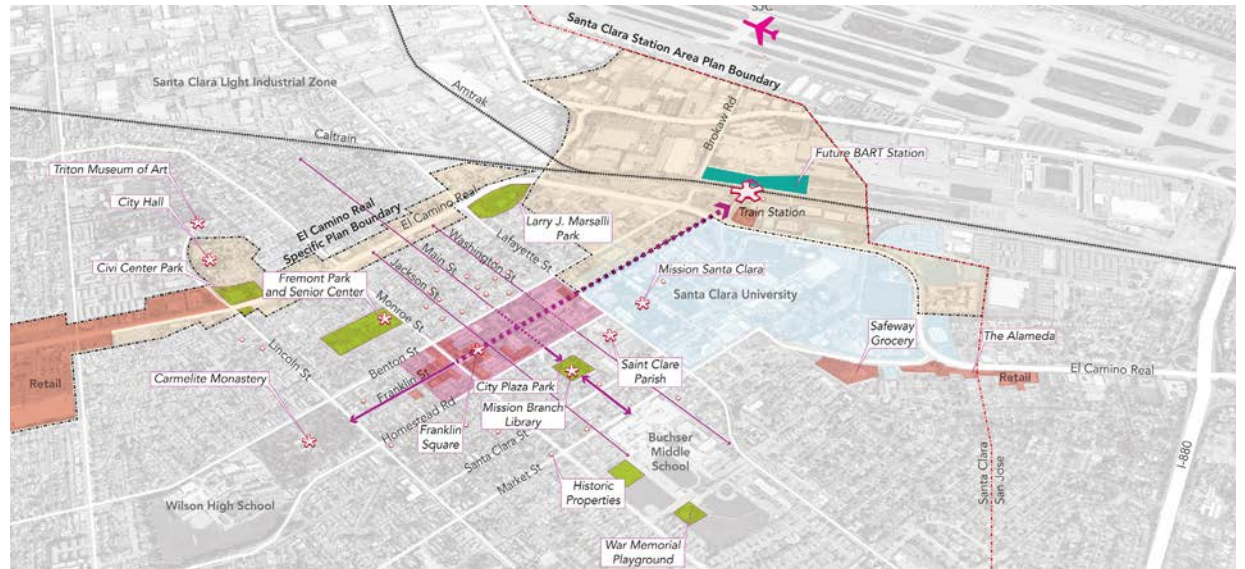
The planning area covers what would be ten standard blocks at the center of the Old Quad neighborhood, between Lafayette Street on the east and Madison Street on the west and between Benton Street on the north and Homestead Road on the south. Today, most of Downtown is absorbed in two “super-blocks” 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.

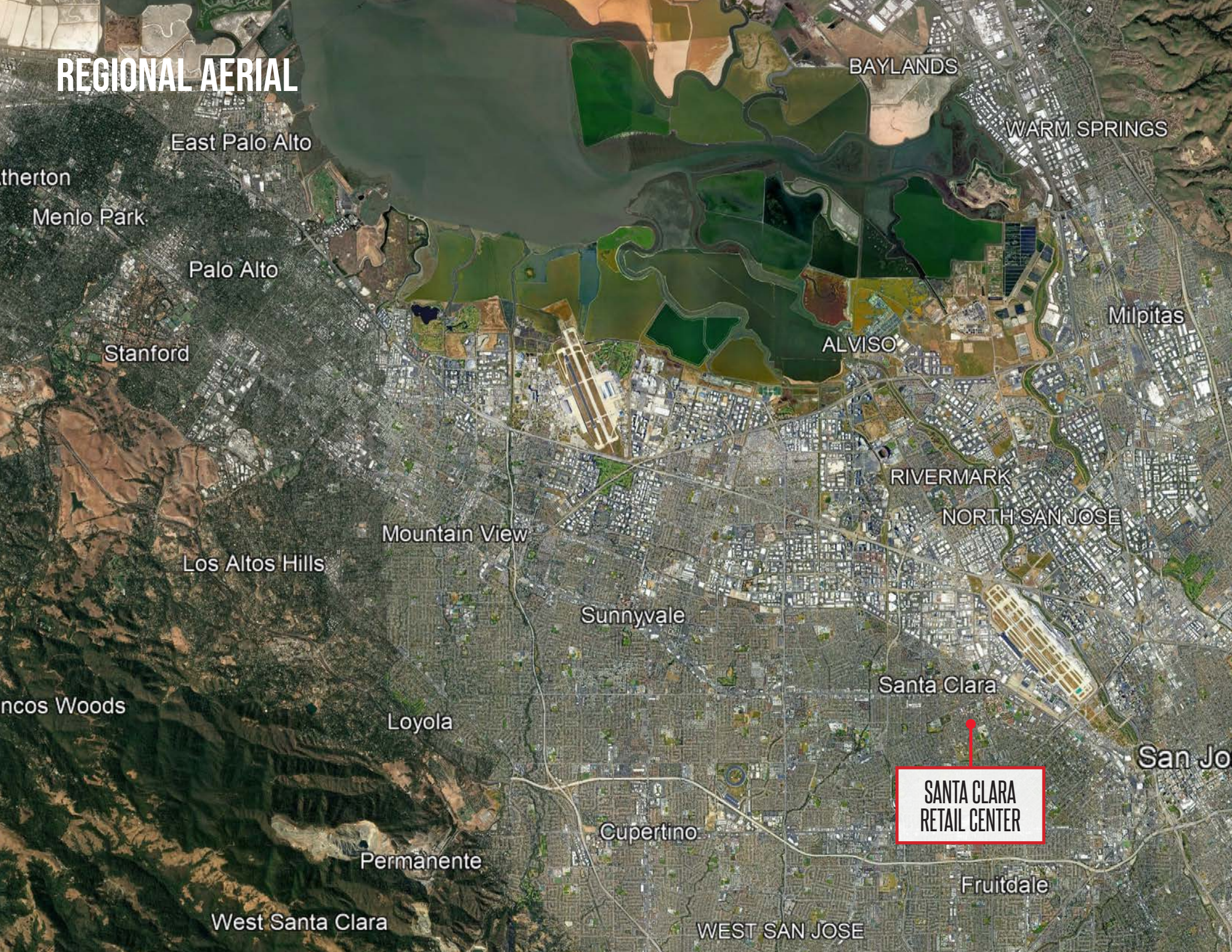
The western two blocks of the planning area include one block of Franklin Street with a mix of businesses, older houses along Benton, Homestead and Madison, and new multifamily development along Monroe Street.

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



BAYLANDS

WARM SPRINGS

East Palo Alto

therton

Menlo Park

Palo Alto

Milpitas

Stanford

ALVISO

RIVERMARK

NORTH SAN JOSE

Mountain View

Los Altos Hills

Sunnyvale

Santa Clara

San Jo

Encos Woods

Loyola

SANTA CLARA  
RETAIL CENTER

Cupertino

Fruitdale

Permanente

West Santa Clara

WEST SAN JOSE



# DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
<b>2028 Projection</b>			
Total Population	29,712	198,841	627,975
<b>2023 Estimate</b>			
Total Population	28,519	193,554	615,291
<b>2020 Census</b>			
Total Population	28,527	197,840	630,211
<b>2010 Census</b>			
Total Population	26,177	177,566	558,996
<b>Daytime Population</b>			
2023 Estimate	42,494	259,789	817,406
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
<b>2028 Projection</b>			
Total Households	10,704	79,648	242,432
<b>2023 Estimate</b>			
Total Households	10,159	77,260	236,946
Average (Mean) Household Size	2.4	2.5	2.6
<b>2010 Census</b>			
Total Households	9,813	75,708	233,470
<b>2010 Census</b>			
Total Households	9,307	67,628	206,008
<b>Occupied Units</b>			
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
<b>2023 Estimate</b>			
\$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
<b>Consumer Expenditure Top 10 Categories</b>			
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
<b>Population By Age</b>			
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
<b>Population 25+ by Education Level</b>			
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

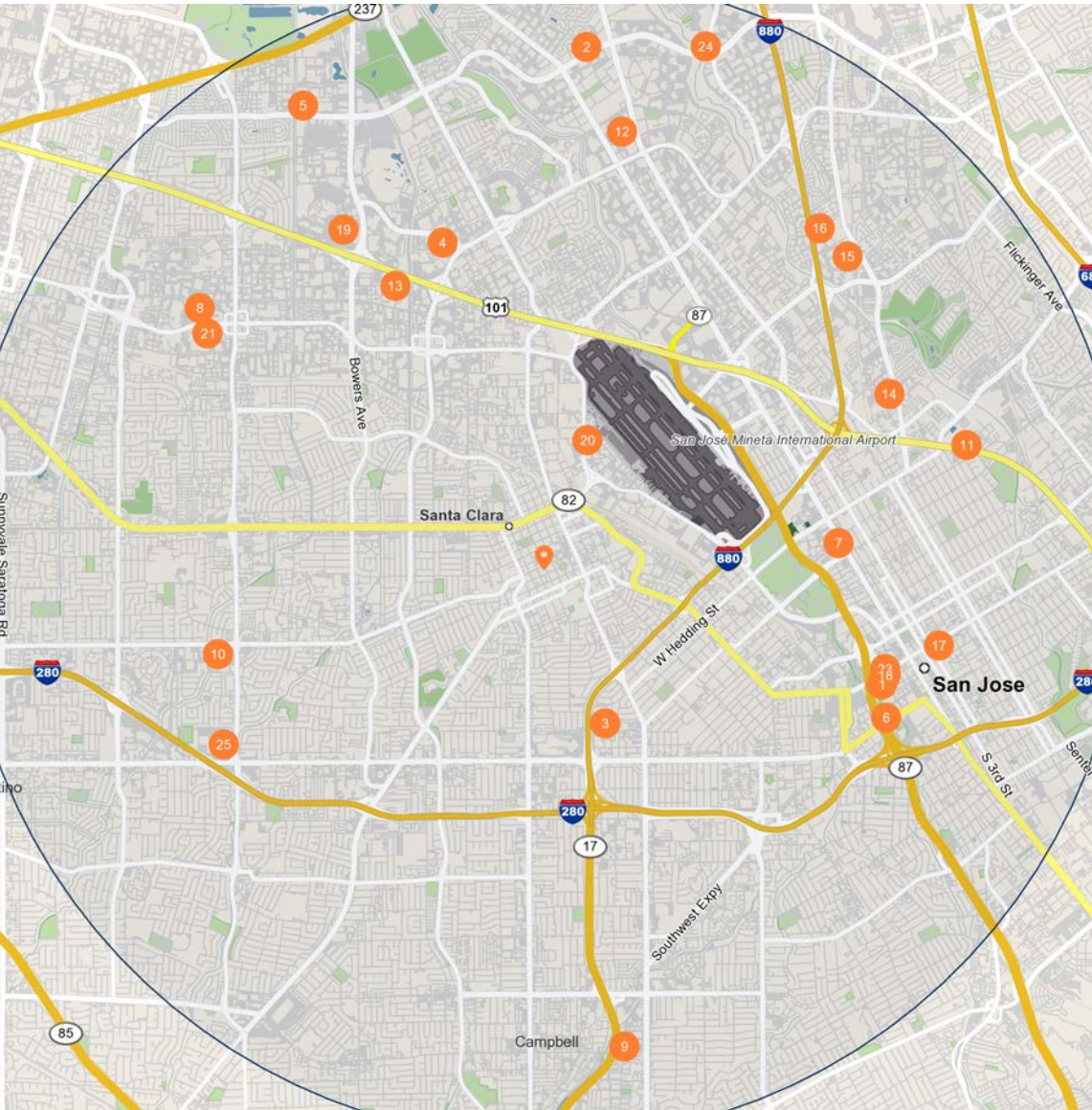
The selected area in 2023 had a higher level of educational attainment when compared with the U.S. averages. 26.5 percent of the selected area's residents had earned a graduate degree compared with the national average of only 12.7 percent, and 29.0 percent completed a bachelor's degree, compared with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

## SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.



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