



LOSNESS GROUP
INVESTMENT REAL ESTATE

3131 S Bascom Ave. Tel: 408.288.3500
Suite 230 Fax: 408.288.3506
Campbell, CA 95008 www.LosnessGroup.com

581 - 587 Avalani Ave.

San Jose, CA 95133

\$1,400,000



- 12 units / 2 bldgs.
- (4) 3 bed / 1.5 bath
- (8) 2 bed / 1 bath.
- \$116,667 Per Unit
- \$130 Per sq. ft.
- Rental Income Upside
- Easy to Manage
- Seller may carry note



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581 – 587 Avalani Ave.

San Jose, CA 95133

Property Profile

Property Address	581 – 587 Avalani Ave., San Jose
Cross Street	Ripley Drive
Parcel Number	254-18-002 and 254-18-003
Year Built	1965
Number of Units	12
Number of Buildings	2
Number of Stories	2
Unit Mix	(4) 3/1.5 and (8) 2/1
Gross Square Footage	10,732 SF
Parcel Size	16,200 SF
Foundation	Concrete Perimeter
Framing	Wood
Exterior	Stucco
Parking Surface	Concrete
Roof	Tar & Gravel and Composition
Parking	Uncovered Parking



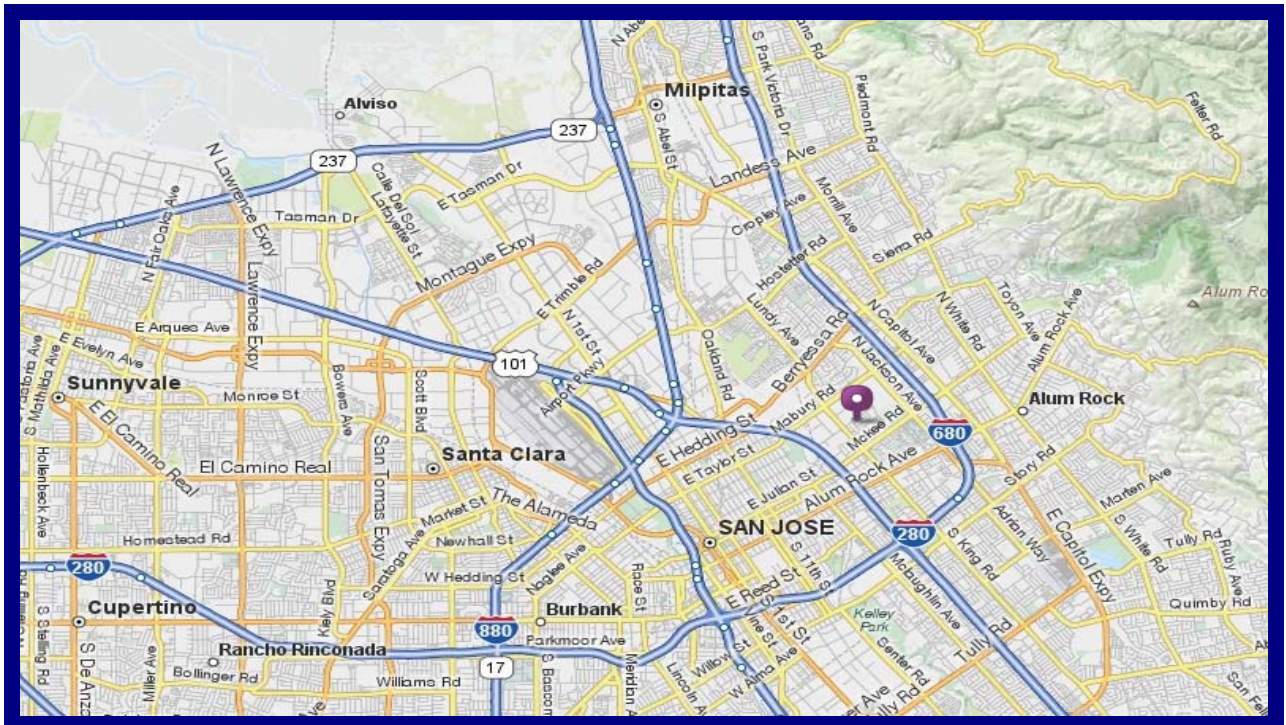
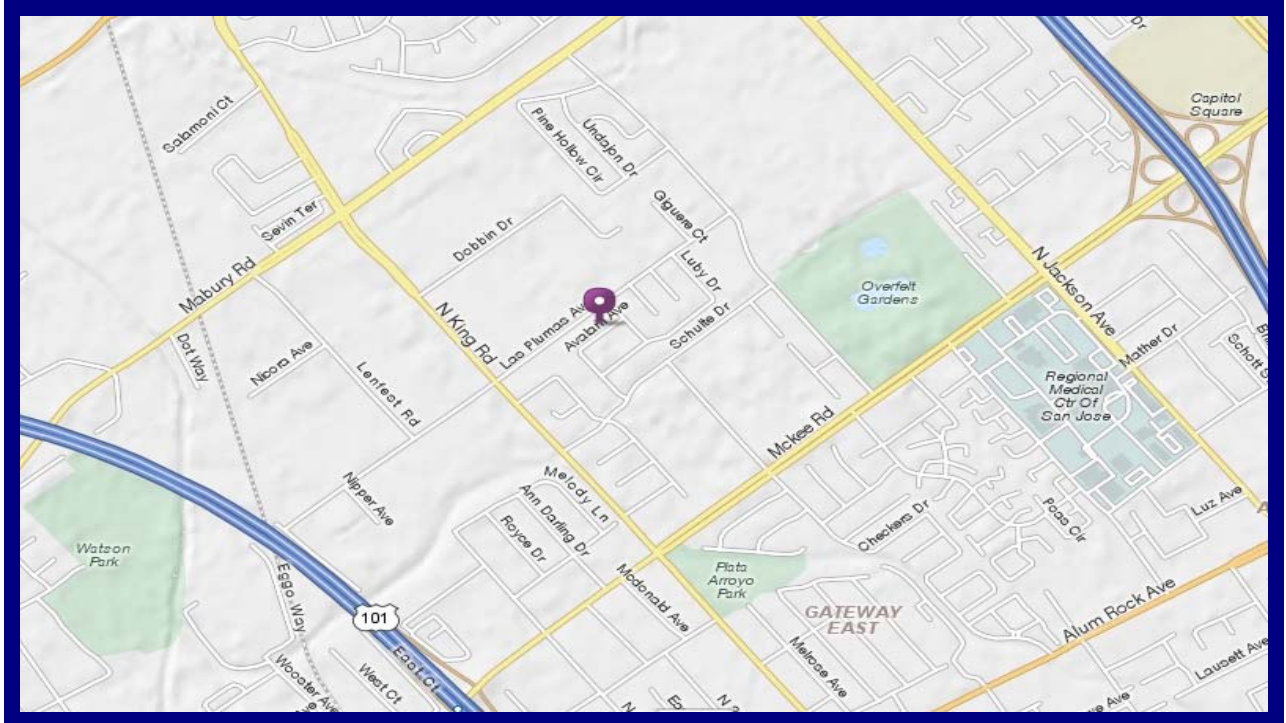


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Investment Overview

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- ❖ 2 Buildings - 6 units in each building. The total unit mix is: (4) 3 bed / 1.5 bath and (8) 2 bed / 1 bath
- ❖ Rents way below market / Excellent upside for increasing rental income
- ❖ Easy to manage / Strong upside to cash on cash return (10.67% based on Pro Forma rents)
- ❖ Convenient location to downtown San Jose / Nearby access to 101 freeway
- ❖ **Owner may carry paper. Contact Listing Agent for Details.**

Property Overview

The subject property consists of (2) two-story buildings totaling 10,732 square feet (5,366 square feet each). Each building has a separate Parcel #. The two separate buildings are located in the northeast area of the city of San Jose, in the county of Santa Clara. The two buildings are situated on a two parcels of land of totaling approximately 16,200 square feet (each lot is approximately 8,100 square feet).

The very desirable unit mix features (4) 3 bedroom / 1.5 bath units and (8) 2 bedroom / 1 bath units.

The 6 unit building is concrete perimeter, wood frame with stucco siding and a tar and gravel / composition roof. There is more than one uncovered parking space per unit, as well as ample parking on the street.

Location Overview

San Jose has a world-renowned quality of life, offering a wide variety of exciting cultural, recreational, educational and entertainment opportunities. In addition, the City of San José has the nation's best public safety record of any metropolitan area, a marvelous ethnic diversity and a beautiful climate.

San Jose is the third largest city in California, following Los Angeles and San Diego. It is the 10th largest city in the U.S. The population density was 5,117.9 people per square mile. There were 281,841 housing units at an average density of 1,611.8 per square mile. Of the 276,598 households, 38.3% had children under the age of 18 living with them, 56.0% were married couples living together, 11.7% had a female householder with no husband present, and 26.4% were non-families. 18.4% of all households were made up of individuals and 4.9% had someone living alone who was 65 years of age or older. The average household size was 3.20 and the average family size was 3.62.

In the city the population was spread out with 26.4% under the age of 18, 9.9% from 18 to 24, 35.4% from 25 to 44, 20.0% from 45 to 64, and 8.3% who were 65 years of age or older. The median age was 33 years. For every 100 females there were 103.3 males. For every 100 females age 18 and over, there were 102.5 males.

San Jose lists 25 companies with 1,000 employees or more, including the headquarters of Adobe Systems, Brocade Communications Systems, Cisco, SunPower and eBay, as well as major facilities for Flextronics, Hewlett-Packard, IBM, Hitachi and Lockheed Martin. Sizable government employers include the city government, Santa Clara County, and San José State University. Acer's United States division has its offices in San Jose. The San José area is home to the largest concentration of technology expertise in the world--more than 6,600 technology companies employing more than 254,000 people.

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PRICE		\$1,400,000
Down Payment	40%	\$560,000
Number of Units		12
Price/Unit		\$116,667
Rentable Square Feet		10,732
Price/Square Foot		\$130
Current CAP Rate		4.09%
Pro Forma CAP Rate		7.77%
Current GRM		12.07
Pro Forma GRM		8.23
Current Cash on Cash Return		1.48%
Pro Forma Cash on Cash Return		10.67%

PROPOSED FINANCING	
Loan Amount	\$840,000
Loan Type	5 Year Fixed
Interest Rate	4.15%
Amortization	30
Term	30
Monthly Payment	\$4,083
Debt Coverage Ratio	1.17
Market Debt Coverage Ratio	2.22
Year Built	1965
Lot Size	16,200

INCOME	<u>Current</u>	<u>Pro Forma</u>
Gross Potential Rent	\$113,856	\$168,000
Laundry Income	\$2,160	\$2,160
Scheduled Gross Income	\$116,016	\$170,160
Less Vacancy (5%)	\$5,801	\$8,508
Effective Gross Income	\$110,215	\$161,652
Less Expenses	\$52,902	\$52,902
NET OPERATING INCOME	\$57,313	\$108,750
Debt Service	\$48,999	\$48,999
Net Cash Flow	\$8,314	\$59,751
Principal Reduction	\$14,139	\$14,139
Total Return	\$22,453	\$73,890

EXPENSES		<u>Current</u>
Taxes (City)	1.29%	\$18,060
Special Assesment City)		4,288
Insurance (Lender)		3,600
Utilities (actual)		12,753
Management - 5% (Lender)		5,801
Maintenance / Repairs (\$500/unit) (Lender)		6,000
Reserves (\$200/unit) (Lender)		2400
Total Expenses		\$52,902
Expenses/Unit		\$4,408
Expenses/SF		\$4.93
% of SGI		45.6%

RENT ROLL	# of Units	Bdr/Baths	Current	Monthly	Pro Forma	Monthly
	4	3/1.5	\$778	\$3,110	\$1,300	\$5,200
	8	2/1	\$797	\$6,378	\$1,100	\$8,800
Monthly Totals				\$9,488		\$14,000

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Current Monthly Rents

Bldg. 581

Bldg. 587

1 (3 bed)	\$300	Manager	1 (3 bed)	\$930
2 (3 bed)	\$950		2 (3 bed)	\$930
3 (2 bed)	\$850		3 (2 bed)	\$750
4 (2 bed)	\$730	Maint. Duties	4 (2 bed)	\$648
5 (2 bed)	\$850		5 (2 bed)	\$850
<u>6 (2 bed)</u>	<u>\$850</u>		<u>6 (2 bed)</u>	<u>\$850</u>
TOTAL	\$4,530		TOTAL	\$4,958

Total Monthly Rent: \$9,488

Scheduled Gross Income: \$113,856



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Nearby Rent Comparables (Apartments) - East San Jose

Padmapper.com Comparables

<u>Monthly Rent</u>	<u>Unit Mix</u>	<u>Description</u>
\$1,250	2 bed / 1 bath	750 square feet
\$1,300	2 bed / 1 bath	762 Foresdale Ave.
\$1,395	2 bed / 1 bath	N. 11 th St. @ Santa Clara
\$1,545	2 bed / 1 bath	Amberwood apartments
\$1,600	2 bed / 1 bath	Case Verde apartments
\$1,690	2 bed / 1 bath	Sierrabrook apartments
\$2,000	3 bed / 2 bath	Amberwood apartments

Rentometer.com Comparables

\$1,500	median 2 bed apt.	San Jose, CA 95133
\$2,000	median 3 bed apt.	San Jose, CA 95133



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Sales and Market Comparables

581 – 587 Avalani Ave.

San Jose, CA 95133

SUBJECT



581 - 587 Avalani Avenue – San Jose CA 95133			
# of Units	12	Price/Unit	\$ 116,667
Close of Escrow	SUBJECT	Price/SF	\$ 130
Asking Price	\$1,400,000	CAP	4.09%
Year Built	1965	GRM	12.07
Unit Mix: (4) 3/1.5 & (8) 2/1. Gross Living Area: 10,776 Lot Size: 16,200 SF. Rents for 3/1.5: \$930 - \$950. Rents for 2/1: \$648 - \$850.			



569 – 575 Avalani Ave. - San Jose CA 95133			
# of Units	12	Price/Unit	\$125,000
Close of Escrow	ACTIVE	Price/SF	\$143
Asking Price	\$1,500,000	CAP	8.49%
Year Built	1965	GRM	7.66
Unit Mix: (12) 2/ 1.5 Gross Living Area: 10,468 SF. Lot Size: 16,200 SF. Rent for 2/1.5: \$1,277 - \$1,590. Days on Market: 15.			



1155 Shortridge Ave. – San Jose CA 95116			
# of Units	8	Price/Unit	\$106,312
Close of Escrow	PENDING	Price/SF	\$208
Sales Price	\$850,500	CAP	5.25%
Year Built	1954	GRM	12.38
Unit Mix: (1) 2/1 & (7) 1/1. Gross Living Area: 4,086 SF. Lot Size: 8,094 SF. Rent for 2/1: \$620 - \$1,300. Rent for 1/1: \$580 - \$850. Days on Market: 108.			



1241 Shortridge Ave. – San Jose CA 95116			
# of Units	10	Price/Unit	\$102,500
Close of Escrow	11/29/2011	Price/SF	\$118
Sales Price	\$1,025,000	CAP	6.22%
Year Built	1970	GRM	10.46
Unit Mix: (10) 2/1. Gross Living Area: 8,664 SF. Lot Size: 5,480 SF. Rent for 2/1: \$1,050-\$1,350. Days on Market: 64.			

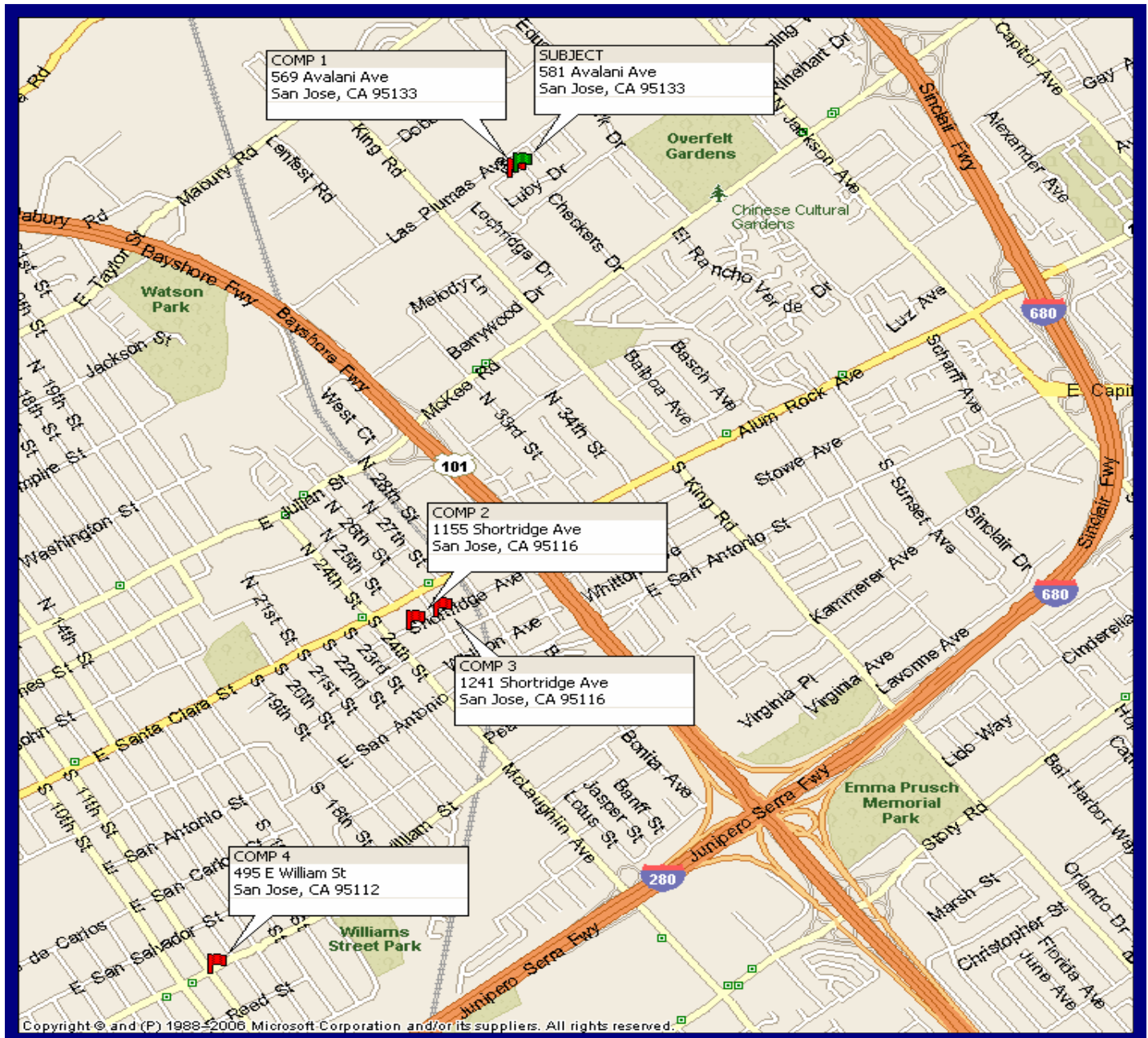


495 East William St. – San Jose CA 95112			
# of Units	12	Price/Unit	\$122,083
Close of Escrow	11/29/2011	Price/SF	\$144
Sales Price	\$1,465,000	CAP	7.25%
Year Built	1959	GRM	8.96
Unit Mix: (12) 2/1. Gross Living Area: 10,200 SF. Lot Size: 9,000 SF. Rent for 2/1: \$1,100 - \$1,200.			

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Recent Sales Map



Comparable Analysis for 581 Avalani Ave.

Address	Price	Unit Mix	# of Units	\$/Unit	\$/Sq Ft	CAP	GRM
569 - 575 Avalani Ave.	\$1,500,000 (Listed)	(12) 2/1.5	12	\$125,000	\$143	8.49%	7.66
1155 Shortridge Ave.	\$850,500 (In Escrow)	(1) 2/1 (7) 1/1	8	\$106,312	\$208	5.25%	12.38
1241 Shortridge Ave.	\$1,025,000 (SOLD)	(10) 2/1	10	\$102,500	\$118	10.46%	6.22
495 East William St.	\$1,465,000 (SOLD)	(12) 2/1	12	\$122,083	\$144	7.25%	8.96
Average				\$113,974	\$154	7.93%	8.74
581 – 587 Avalani Ave., San Jose	\$1,400,000	(4) 3/1.5 (8) 2/1	12	\$116,667	\$130	4.09%	12.07