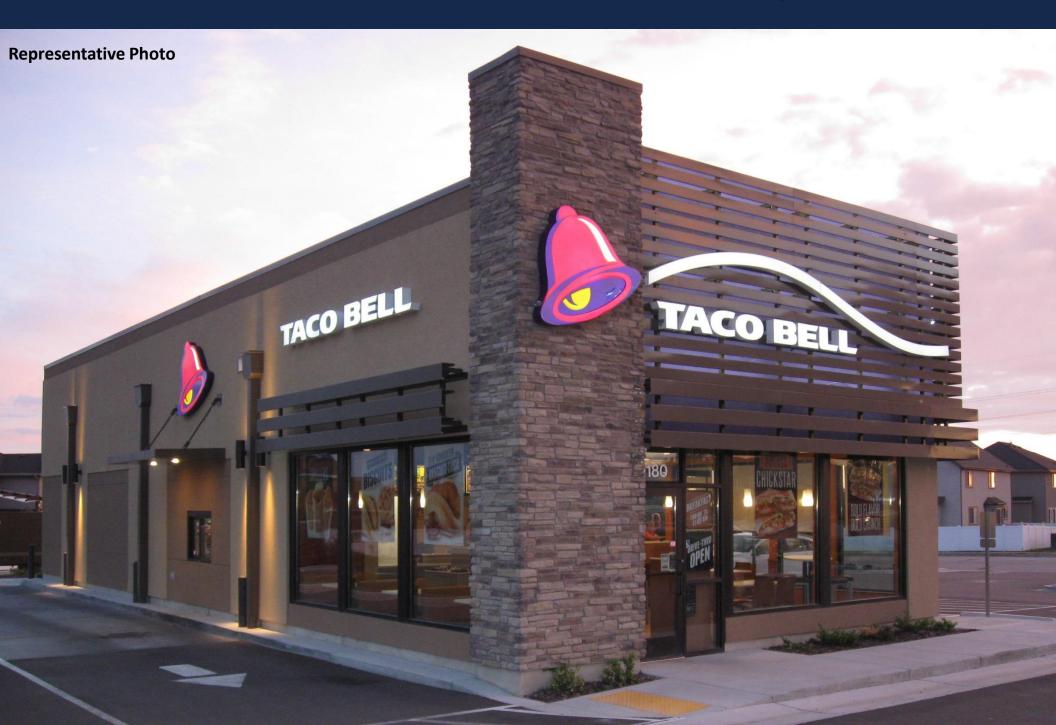


TACO BELL

609 Horning St • San Jose, CA 95112



EXCLUSIVELY LISTED BY

Kirk Trammell

Executive Managing Director Investments Palo Alto Office Cell: (650) 450-0920 Office: (650) 391-1809 kirk.trammell@marcusmillichap.com License: CA 01038657

David Cutler

First Vice President Investments Palo Alto Office Cell: (650) 269-5637 Office: (650) 391-1753 david.cutler@marcusmillichap.com License: CA 01514751

Joshua Johnson

First Vice President Investments Palo Alto Office Cell: (650) 208-5282 Office: (650) 391-1784 joshua.johnson@marcusmillichap.com License: CA 01930127



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TACO BELL 609 Horning Street San Jose, CA ACT ID ZAB0010182



OFFERING SUMMARY

	THE OFFERING
Property	Taco Bell
Property Address	609 Horning Street San Jose, California 95112
Price	\$3,840,000
Capitalization Rate	3.91%
Price/SF	\$1,539.70

PROPERTY DESCRIPTION				
Year Built / Renovated	2020			
Gross Leasable Area	2,494 SF			
Zoning	Combined Industrial/Commercial			
Type of Ownership	Leased Fee (Ground Lease)			
Lot Size	0.65 Acres			

LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	Taco Bell (Kumar Management Corp.)
Rent Increases	10% Every 5 Years
Guarantor	Regional Franchisee
Lease Type	NNN Ground Lease
Lease Commencement	March 2021 (Estimated)
Lease Expiration	February 2036 (Estimated)
Lease Term	15 Years
Remaining Term	15 Years
Renewal Options	Two 5-Year Options
Landlord Responsibility	None
Tenant Responsibility	All Operating Expenses
Right of First Refusal/Offer	Yes

RENT SCHEDULE							
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE			
Yrs 1-5	\$150,000	\$12,500	\$60.14	3.65%			
Yrs 6-10	\$165,000	\$13,750	\$66.16	4.02%			
Yrs 11-15	\$181,500	\$15,125	\$72.77	4.42%			
Yrs 16-20 (Option 1)	\$199,650	\$16,638	\$80.05	4.86%			
Yrs 21-25 (Option 2)	\$219,615	\$18,301	\$88.06	5.34%			





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INVESTMENT OVERVIEW

Marcus & Millichap has been selected to exclusively market for sale Taco Bell located at 609 Horning Street in San Jose, California The subject property is a single-tenant fast food restaurant building with a drive-through located at the interchange of US Highway 101 and Oakland Road. The building measures approximately 2,494 square feet and is situated on a 0.65-acre site. The seller expects the building to be completed in March 2021. The property is leased for a term of 15 years and has two, five-year renewal options. This is a ground lease with an absolute net lease expense basis; the tenant is responsible for all operating expenses associated with the property.

609 Horning Street is located at the off-ramp of US Highway 101 to Oakland Road and benefits from excellent access and good visibility. Taco Bell is part of a larger development that will include a gas station and +/-96,000 square feet of self-storage space, and these uses will bring traffic to the site. The neighborhood surrounding the property is developed with a mix of industrial uses. The industrial uses create a large daytime population of employees, which is a major benefit for a fast food restaurant. In addition to the traffic from the morning and evening commute, there is a large potential customer base near the site. The area also has a dense residential population, with more than 20,000 people within one mile of the property. The combination of daytime population, residential population, and proximity to a freeway make the site ideal for a fast food restaurant.

Traffic along Oakland Road will increase dramatically when the San Jose Flea Market site is fully redeveloped. The Flea Market site is approximately 120 acres and is proposed for redevelopment with up to 4,400 homes, 3.6 million square feet of office space, and 100,000 square feet of retail space. KB Homes has already built 449 single-family residences at the site and Western National is building a 551-unit multi-family property; the retail center is also underway. When complete, this redevelopment project will dramatically change the neighborhood into a high-density transit village. Additionally, the property is about two miles from downtown San Jose and there are dozens of major development projects either underway or in the planning stages in the downtown area.



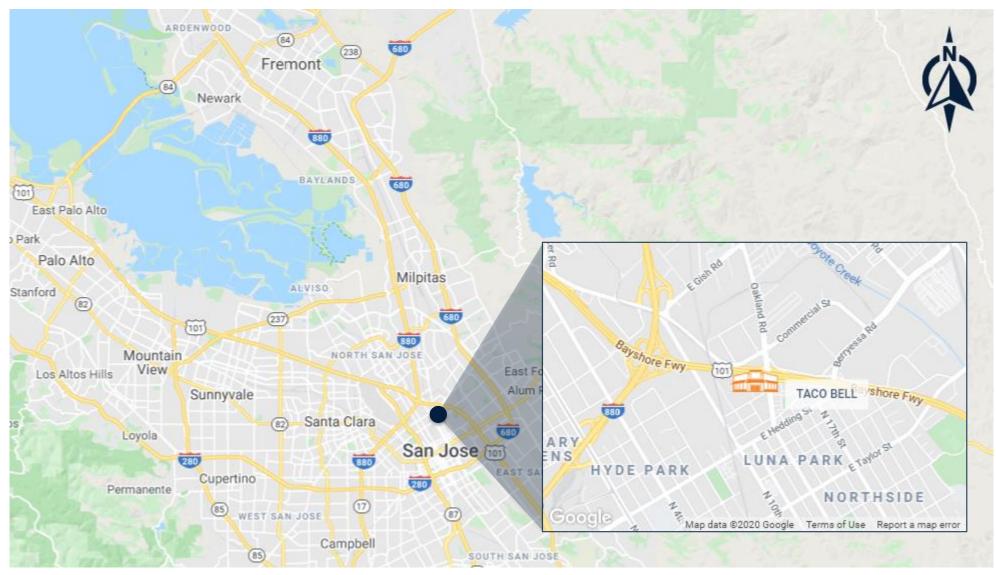
PROPERTY HIGHLIGHTS

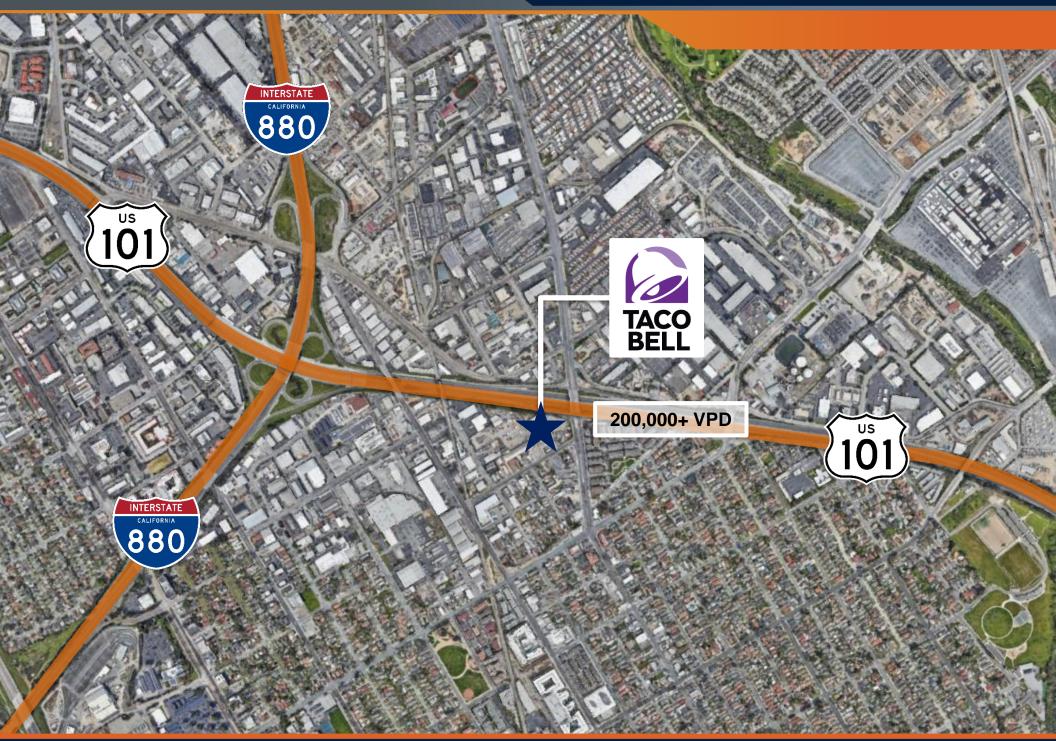
- Rare Silicon Valley Single-Tenant Net Lease Investment Offering
- 15-Year Ground Lease to Taco Bell (Regional Franchise Operator)
- 10% Rent Increases Every Five Years During Initial Lease Term and Options
- Two 5-Year Renewal Option Periods
- Excellent Access from US Highway 101; Adjacent to Highway Off-Ramp
- High-Visibility Location at the Interchange of US Highway 101 and Oakland Road
- Large Employer Base and Significant Daytime Population in the Trade Area; More than 33,000 Employees within One Mile of the Site
- Redevelopment of the 120-Acre Flea Market Site Will Add 4,400 Homes, 3.6 Million Square Feet of Office Space, and 100,000 Square Feet of Retail Space

TACO BELL



609 Horning St, San Jose, CA 95112









San Jose Flea Market Redevelopment

The San Jose Flea Market is situated northeast of downtown San Jose in the Market Park neighborhood and is one of the largest redevelopment projects in Silicon Valley. The site comprises more than 120 acres, with approximately 60 acres north of Berryessa Road and 60 acres south of Berryessa Road. It is also the location of the Berryessa BART station, which is part of the extension of BART to San Jose.

Redevelopment of the north site has commenced. Western National Group is currently building a 551-unit multi-family property and KB Home developed two projects totaling 449 residential units that included both small-lot detached residences and attached single-family residences. The north site will also include a 100,000 square foot retail center that will be anchored by Safeway and CVS and two public parks totaling more than 7.2 acres. An adjacent industrial site is planned for a 95-unit senior housing property, 225 attached single-family residences, and 200,000 square feet of office space.

Plans for the south site are still in the works and the developer recently submitted an updated proposal to the city for up to 3,650 residential units and 3.4 million square feet of office space. This site is directly adjacent to the BART station and the land owner and developer are proposing higher densities to take advantage of the proximity to public transportation. The developer expects build-out of this phase to take up to ten years.

Berryessa BART Station

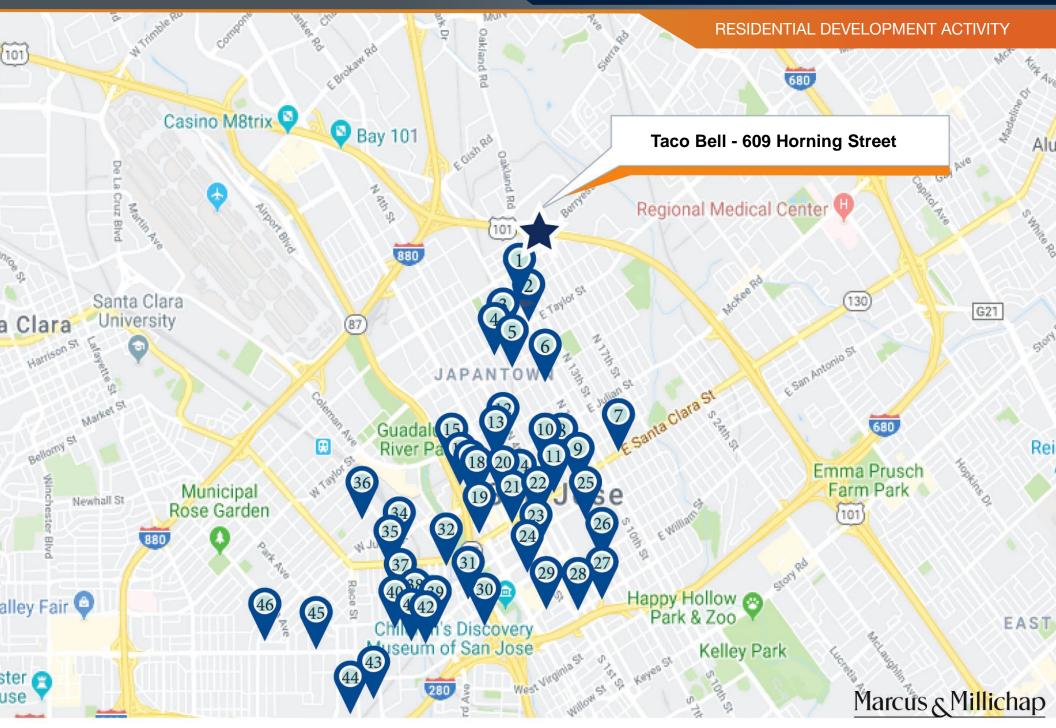
The Berryessa BART station was recently completed and opened to riders in 2020. The station provides access to San Francisco, Oakland, and other East Bay communities along the BART line. The extension to downtown San Jose is also officially underway and is in the design and right-of-way acquisition phase. This phase of the project, expected to be finished by 2025, will connect the Berryessa station to the Diridon station and connect riders to Caltrain.



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#	Project Name	Location	Units	Status	#	Project Name	Location	Units	Status
1	Marquis	817 N. 10th Street	166	Completed - 2015	24	Museum Place Residential	180 Park Avenue	306	Approved
2	Hanover Cannery Park	415 E. Taylor Street	403	Completed - 2018	25	The Graduate	300 S. Second Street	260	Under Construction
3	Mio Japantown	688 N. Seventh Street	103	Completed - 2015	26	Gateway Tower	455 S. First Street	300	Approved
4	Japantown Senior Apartments*	685 N. Sixth Street	75	Completed - 2015	27	Sparq Apartments	598 S. First Street	105	Under Construction
5	Japantown Corporation Yard	620 N. Sixth Street	520	Approved	28	The Pierce	60 Pierce Avenue	232	Completed - 2016
6	Seventh & Empire	535 N. Seventh Street	97	Approved	29	Balbach Condos	180 Balbach Street	101	Under Construction
7	Sparta	525 E. Santa Clara Street	86	Approved	30	Delmas Multi-Family	363 Delmas Avenue	120	Approved
8	Sixth Street Multi-Family	73 N. Sixth Street	197	Approved	31	Park Delmas	201 Delmas Avenue	123	Approved
9	27 North	27 N. Sixth Street	119	Completed - 2016	32	Diridon Station Residential	402 W. Santa Clara Street	325	Approved
10	MIRO	167 E. Santa Clara Street	630	Under Construction	33	Montgomery 7	565 Lorraine Street	54	Approved
11	Donner Lofts	158 E. Saint John Street	101	Completed - 2016	34	Vespaio at Diridon	138 Stockton Avenue	164	Under Construction
12	Villas on the Park	278 N. Second Street	84	Under Construction	35	Modera The Alameda	787 The Alameda	168	Completed - 2018
13	Park View Towers	254 N. First Street	220	Approved	36	Avalon Morrison Park	899 Morrison Park Drive	250	Completed - 2014
14	The James Apartments	98 N. First Street	195	Under Construction	37	Laurel Grove Apartments	777 Park Avenue	182	Under Construction
15	Aviato	199 Bassett Street	302	Approved	38	West San Carlos Urban Village	270 Sunol Street	149	Approved
16	North San Pedro Studios*	201 Bassett Street	135	Under Construction	39	808 West	808 W. San Carlos Street	315	Completed - 2018
17	San Pedro Square	195 W. Julian Street	381	Under Construction	40	Silver - Block A	860 W. San Carlos Street	263	Approved
18	San Pedro Tower 3	201 W. Julian Street	313	Under Construction	41	Silver - Block C	365 Sunol Street	268	Under Construction
19	Centerra	77 N. Almaden Boulevard	347	Completed - 2015	42	Silver - Block B	345 Sunol Street	269	Under Construction
20	Silvery Towers	188 W. Saint James Street	643	Under Construction	43	The Standard	515 Lincoln Avenue	190	Completed - 2017
21	Modera by Millcreek	45 N. San Pedro Street	201	Under Construction	44	Mosaic	500 Race Street	388	Completed - 2012
22	One South Market	1 S. Market Street	312	Completed - 2015	45	Meridian at Midtown	1432 W. San Carlos Street	218	Completed - 2015
23	Greyhound Station Residential	70 S. Almaden Avenue	781	Approved	46	Buena Vista Midtown	1535 W. San Carlos Street	95	Completed - 2015

*Affordable Housing Community

POPULATION	1 Miles	3 Miles	5 Miles
2024 Projection			
Total Population	23,236	238,401	663,490
2019 Estimate			
Total Population	21,432	223,405	627,258
 2010 Census 			
Total Population	18,448	198,318	567,530
2000 Census			
Total Population	16,628	189,554	533,276
Current Daytime Population			
2019 Estimate	33,719	313,629	795,264
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
2024 Projection			
Total Households	8,629	78,898	220,109
 2019 Estimate 			
Total Households	7,837	73,038	205,486
Average (Mean) Household Size	2.74	2.89	2.93
 2010 Census 			
Total Households	6,572	62,958	180,208
 2000 Census 			
Total Households	5,454	55,661	160,122
Occupied Units			
2024 Projection	8,629	78,898	220,109
2019 Estimate	7,891	74,781	208,291
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
2019 Estimate			
\$150,000 or More	28.58%	27.96%	30.24%
\$100,000 - \$149,000	18.77%	18.54%	19.87%
\$75,000 - \$99,999	12.33%	10.80%	10.53%
\$50,000 - \$74,999	12.88%	12.19%	12.03%
\$35,000 - \$49,999	10.03%	8.32%	8.25%
Under \$35,000	17.41%	22.20%	19.09%
Average Household Income	\$128,843	\$129,864	\$138,054
Median Household Income	\$94,260	\$91,557	\$100,259
Per Capita Income	\$47,407	\$43,230	\$45,714

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$92,718	\$89,644	\$93,292
Consumer Expenditure			
Housing	\$28,205	\$27,306	\$28,279
Shelter	\$19,277	\$18,782	\$19,278
Transportation	\$14,069	\$13,984	\$14,378
Personal Insurance and Pensions	\$10,563	\$10,141	\$10,591
Food	\$9,817	\$9,431	\$9,824
Health Care	\$4,649	\$4,375	\$4,666
Utilities	\$4,200	\$4,037	\$4,227
Entertainment	\$3,500	\$3,298	\$3,491
Education	\$2,210	\$2,213	\$2,360
Cash Contributions	\$2,112	\$1,917	\$2,065
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
Population By Age			
2019 Estimate Total Population	21,432	223,405	627,258
Under 20	22.24%	23.05%	24.06%
20 to 34 Years	26.78%	29.53%	26.87%
35 to 39 Years	9.05%	8.16%	8.30%
40 to 49 Years	14.93%	13.36%	13.65%
50 to 64 Years	16.68%	15.88%	16.43%
Age 65+	10.31%	10.02%	10.68%
Median Age	35.51	33.62	34.49
Population 25+ by Education Level	· · ·		
2019 Estimate Population Age 25+	15,310	151,728	430,426
Elementary (0-8)	9.43%	9.00%	8.21%
Some High School (9-11)	9.16%	8.53%	8.19%
High School Graduate (12)	20.39%	19.07%	19.21%
Some College (13-15)	15.70%	15.66%	16.51%
Associate Degree Only	7.19%	6.90%	6.88%
Bachelors Degree Only	21.14%	22.78%	22.91%
Graduate Degree	14.18%	14.12%	14.72%

Source: © 2020 Experian

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609

Kirk Trammell

Executive Managing Director Investments Palo Alto Office Cell: (650) 450-0920 Office: (650) 391-1809 kirk.trammell@marcusmillichap.com License: CA 01038657

www.MarcusMillichap.com

David Cutler First Vice President Investments Palo Alto Office Cell: (650) 269-5637 Office: (650) 391-1753 david.cutler@marcusmillichap.com License: CA 01514751 Joshua Johnson First Vice President Investments Palo Alto Office Cell: (650) 208-5282 Office: (650) 391-1784 joshua.johnson@marcusmillichap.com License: CA 01930127

