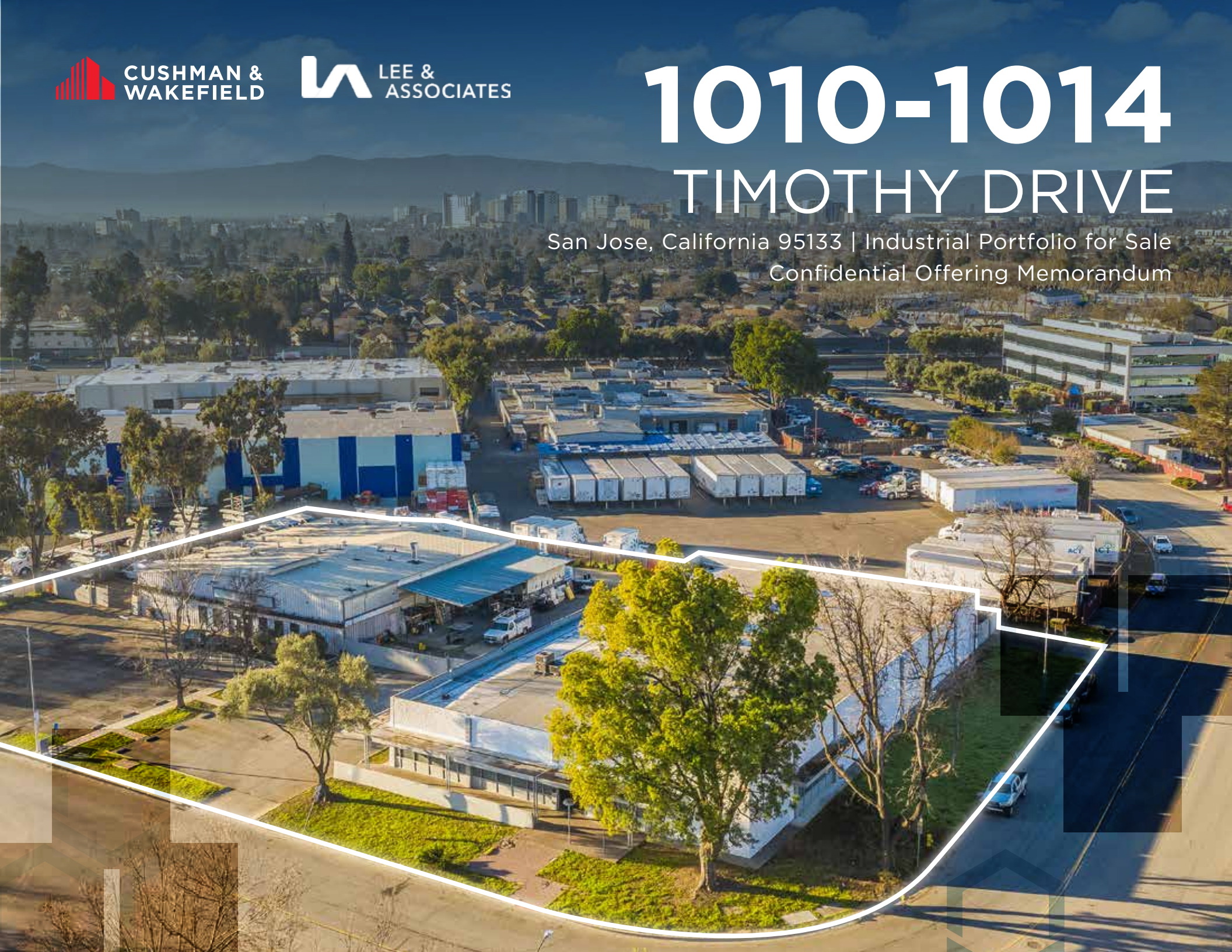




1010-1014 TIMOTHY DRIVE

San Jose, California 95133 | Industrial Portfolio for Sale
Confidential Offering Memorandum

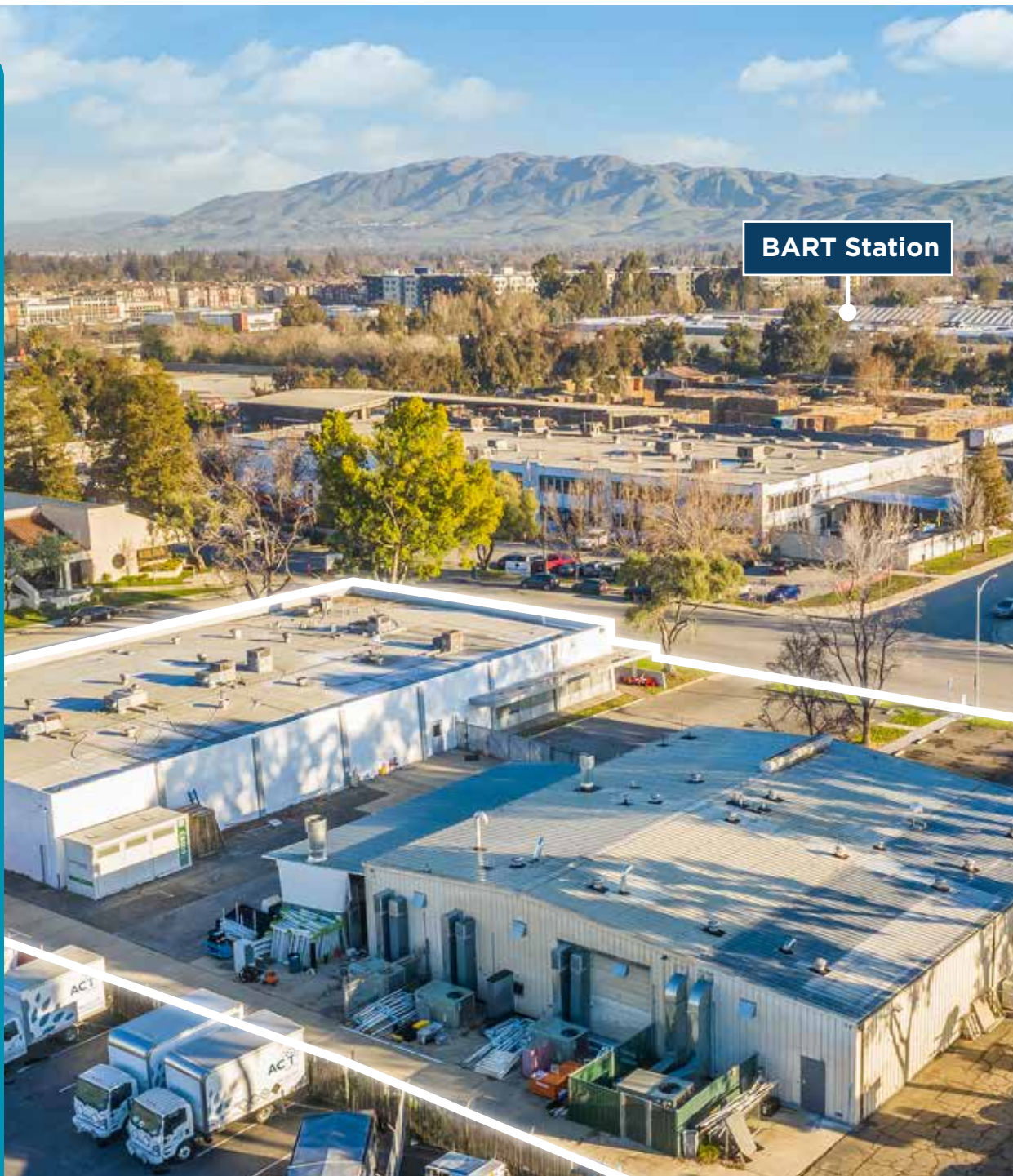


THE OFFERING

Cushman & Wakefield and Lee & Associates are pleased to present for sale 1010 & 1014 Timothy Drive, a 2-building, ±20,425 square foot industrial project in San Jose, California. This offering represents a compelling opportunity to acquire two fully leased industrial buildings located in the heart of Silicon Valley. The fee simple interest in the property is being offered for sale on an all cash basis.

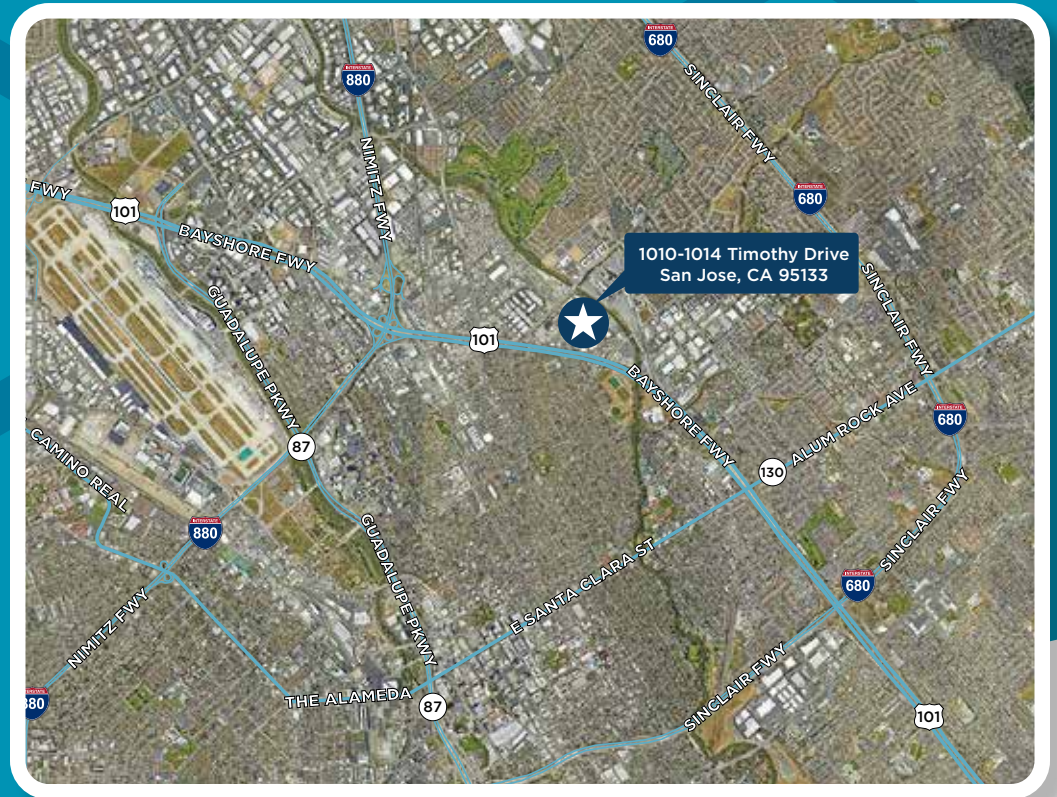
1010 & 1014 Timothy Drive is ideally located in North San Jose with ideal access to all major neighboring cities being conveniently located off of Highways 101 and 880. The original building, completed in 1967, is 13,200 square feet and the newer building, constructed in 1984, is 7,225 square feet. The property is 100% leased to a cannabis dispensary which has been a longtime tenant.

San Jose is the heart of Silicon Valley and the cultural and technological epicenter of Northern California. San Jose is the third-largest city in the state and the eleventh-largest in the nation. The city also ranks among highest in the country for median household income, giving it a wealth of entertaining outlets to spend that income. Including Oakland, San Francisco and other communities in the Bay Area, San Jose is part of the country's fourth-largest metropolis.



PROPERTY

Building Area	20,425 SF 13,200 SF (1010 Timothy) 7,225 SF (1014 Timothy)
Land Area	1.37 ac
Parcel Number	254-39-013
Year Built	1967 (1010 Timothy) 1984 (1014 Timothy)
Type	Single Tenant NNN Lease
Use	Heavy Industrial
Loading	1 Grade Level Door (1010 Timothy) 3 Grade Level Door (1014 Timothy)
Zoning	LI (Light Industrial)
Parking	30 spaces



PROPERTY HIGHLIGHTS



5-minute drive to College Park Commuter Rail (Caltrain)



Walking distance to Berryessa BART station



Excellent access to Highways 101 and 880



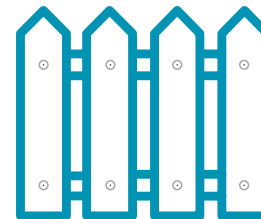
Great North San Jose location



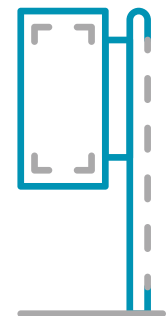
Proximity to Downtown San Jose



Near New Housing Developments



Fenced Lot



Signage

INVESTMENT SUMMARY

Tenant	Cannabis Dispensary
Address	1010 & 1014 Timothy Drive, San Jose, CA 95133
Price	\$7,500,000
Cap Rate	5.25%
NOI	\$394,000
Term	10 Years
Rent Commencement	November 1, 2020
Lease Expiration	October 31, 2030
Rent Increases	3%



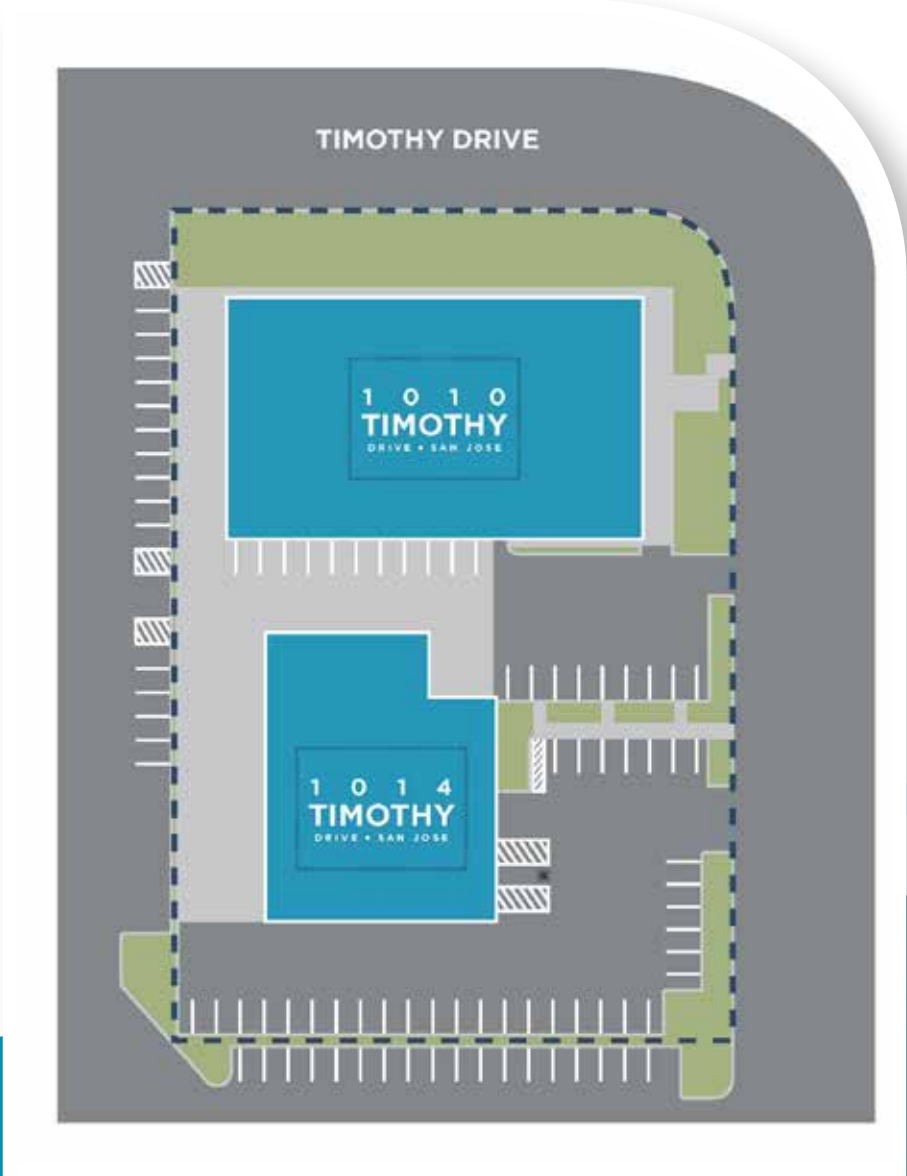
AERIAL & SURVEY



1010-1014 Timothy Drive
San Jose, CA 95133

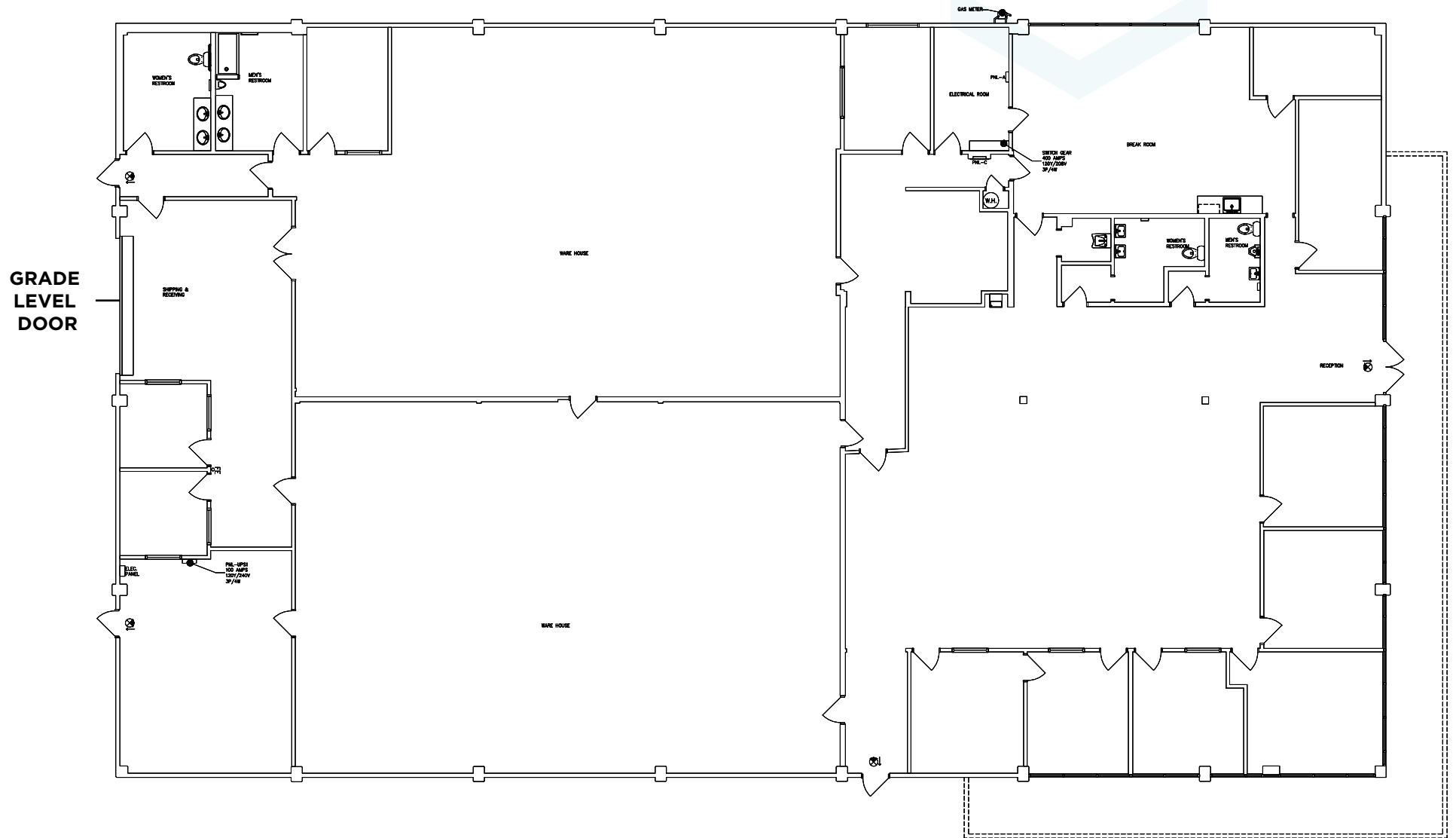


SITE PLAN



FLOOR PLAN

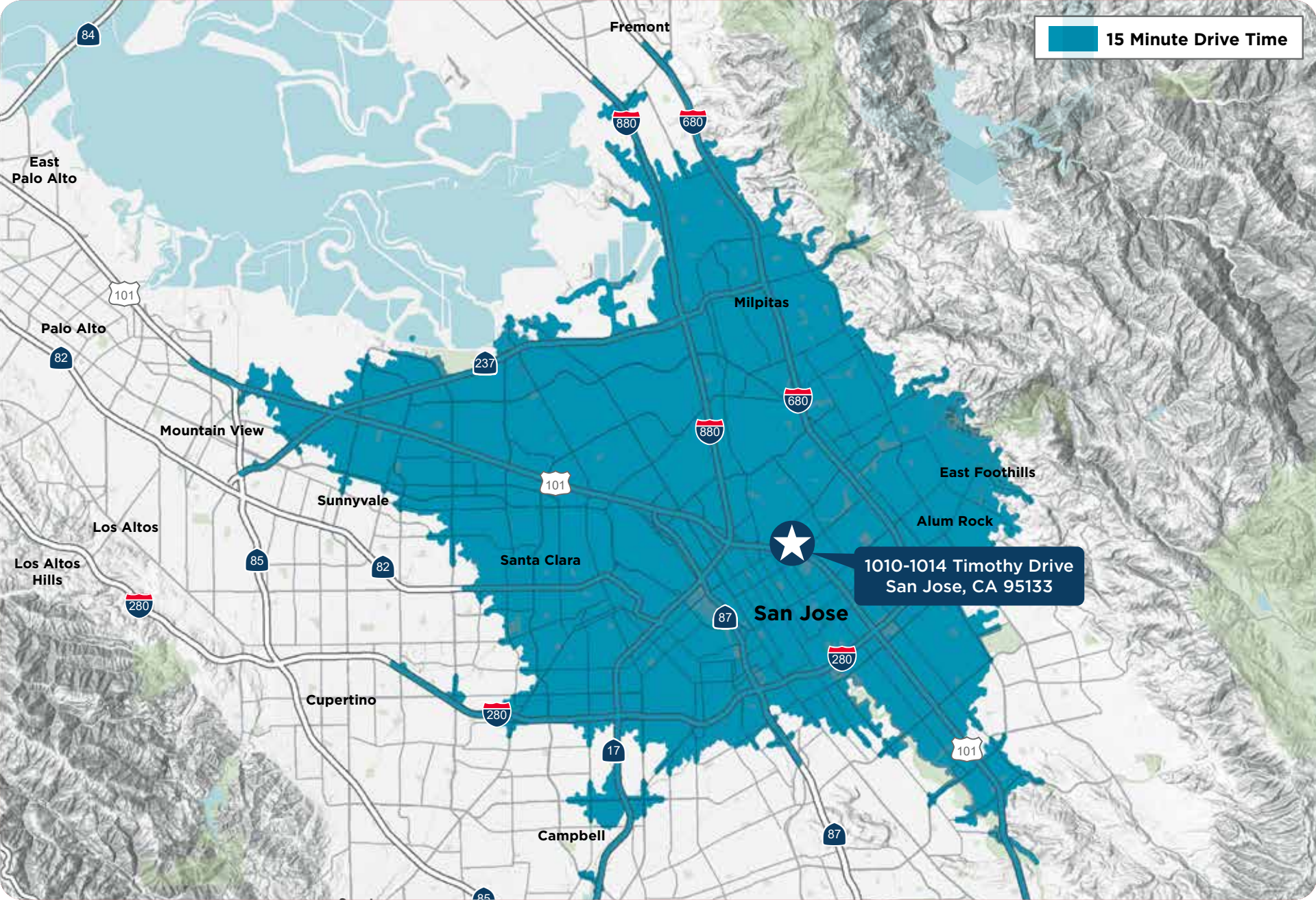
1010 TIMOTHY



LOCAL AMENITIES MAP

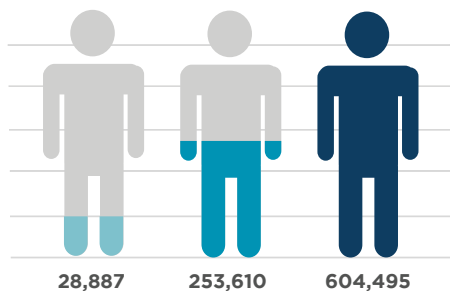


DRIVETIME MAP

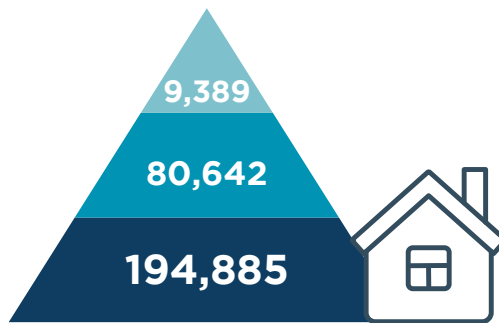


DEMOGRAPHICS

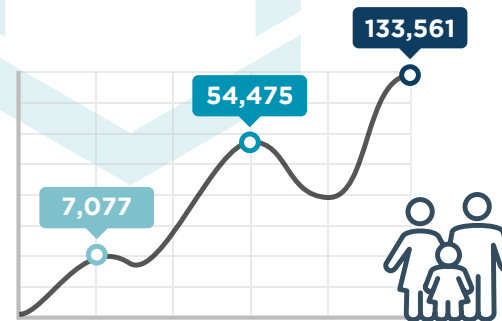
1 Mile 3 Miles 5 Miles



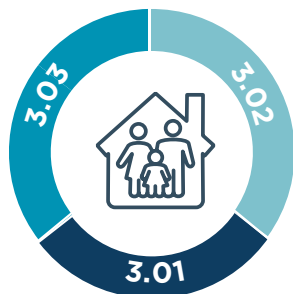
POPULATION



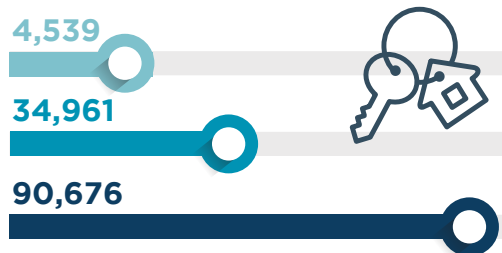
HOUSEHOLDS



FAMILIES



AVERAGE HOUSEHOLD SIZE



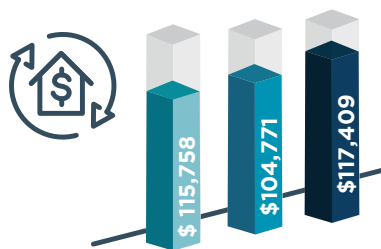
OWNER OCCUPIED HOUSING UNITS



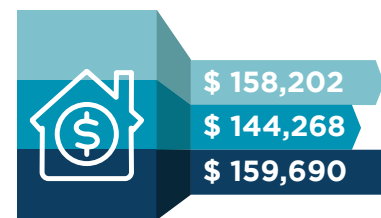
RENTER OCCUPIED HOUSING UNITS



MEDIAN AGE



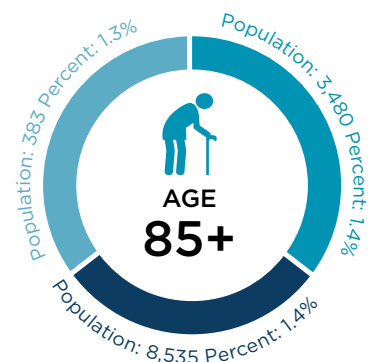
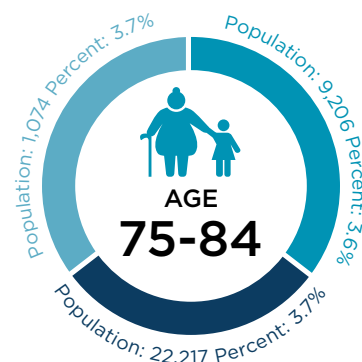
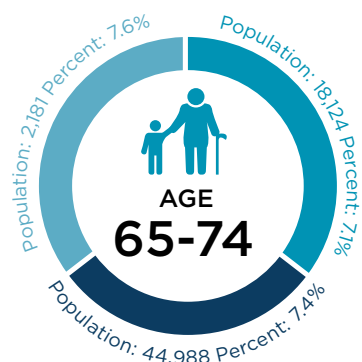
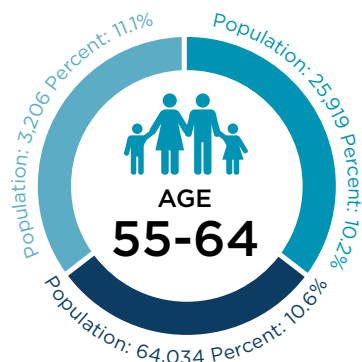
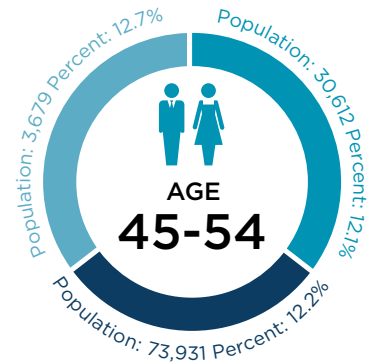
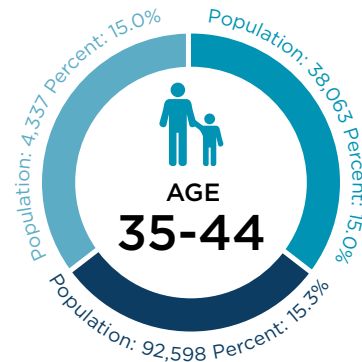
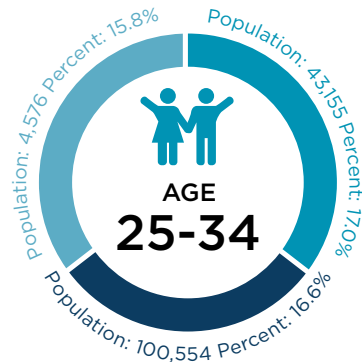
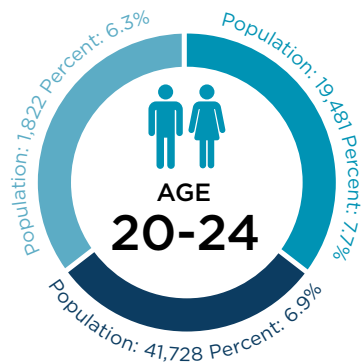
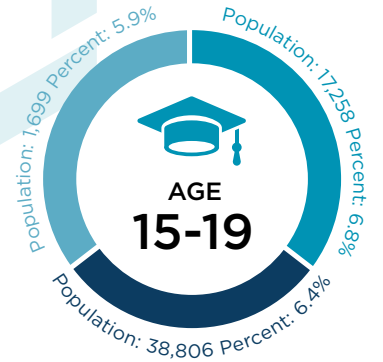
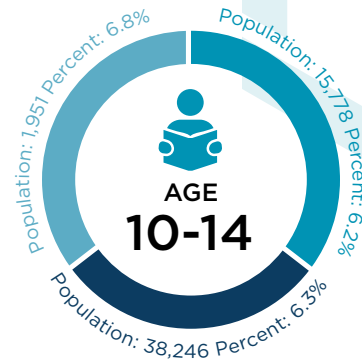
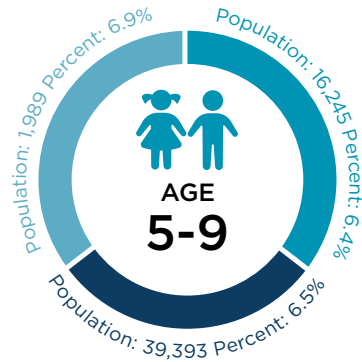
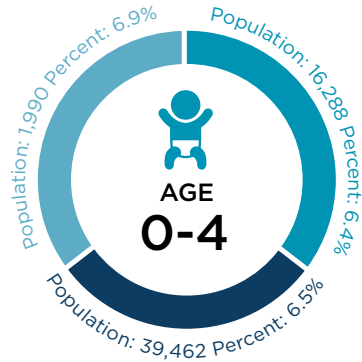
MEDIAN HOUSEHOLD INCOME



AVERAGE HOUSEHOLD INCOME

DEMOGRAPHICS

1 Mile 3 Miles 5 Miles



MARKET OVERVIEW

Silicon Valley Industrial Q4 2022

ECONOMY: Layoffs Shock Commercial Markets

Though more resilient than other markets nationally, the Bay Area has begun to show signs of an economic downturn. Mass layoffs from tech companies in the Bay Area have caused tenants and landlords to pause and reassess. The San Jose MSA has had fewer layoffs compared to the San Francisco MSA, and despite pessimism throughout 2022, there was an increase of 51,000 jobs year-over-year (YOY). The San Jose MSA is still outperforming the United States nationally with a 2.2% unemployment rate compared to 3.7% nationally, though both figures are likely to increase as 2023 progresses

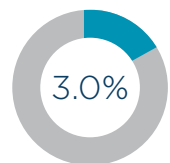
SUPPLY: A Return to Pre-Pandemic Levels

At the end of 2022, Silicon Valley's industrial vacancy rate remained steady at 3.0%, unchanged from the third quarter of 2022 but down 30 basis points YOY from 3.3%. This rate translates to a total of 3.7 million square feet (msf) of vacant space in the Valley, and is on par with pre-pandemic levels, when the vacancy rate was also 3.0% in the first quarter of 2019. Sublease space accounts for 19.2% of all space, a significant increase from the 5.7% mark at the end of 2021, primarily due to two large sublease spaces that hit the market this year in Fremont: National Resilience's sublease at 800 Corporate Way and Sana Biotechnology's sublease at 5567 Cushing Parkway, which added over 300,000 square feet (sf) of space in the second quarter.

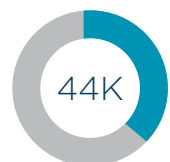
PRICING: Asking Rents Continue Upwards Trend

The average asking rent for industrial space in Silicon Valley continued its upward trend, rising to \$1.42 per square foot (psf) per month on a monthly triple net basis, a 4.4% increase quarter-over-quarter (QOQ) and a 5.2% YOY. Likely due to the low vacancy rate, rents did not register a significant drop due to the pandemic and have risen 22.4% since the first quarter of 2019 when rents were \$1.16 psf/month. The average asking rent for warehouse and manufacturing space was \$1.20 psf/month and \$1.56 psf/month, respectively, and rents are expected to continue this momentum in the future.

YoY Chg 12-Mo. Forecast



Vacancy Rate

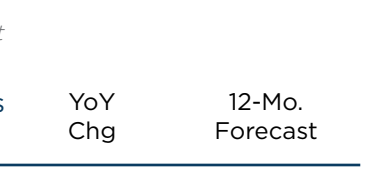


Net Absorption, SF



Asking Rent, PSF

Overall, Net Asking Rent



Economic Indicators Q4 2022

YoY Chg 12-Mo. Forecast

1.18M

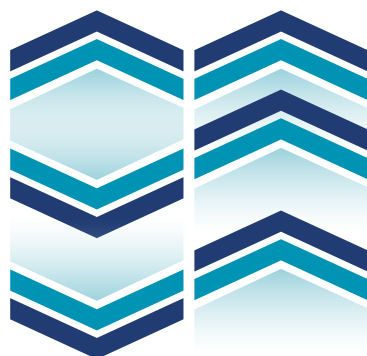
San Jose MSA Employment

2.2%

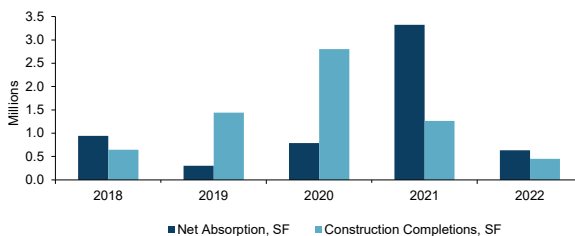
San Jose MSA Unemployment Rate

3.7%

U.S. Unemployment Rate



SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Source: BLS, Moody's Analytics
2022Q4 data are based in the latest available data

MARKET OVERVIEW

Silicon Valley Industrial Q4 2022

Deal Velocity Impacted by Low Inventory

Leasing activity decreased slightly to 1.7 msf in the fourth quarter of 2022, down from 1.8 msf in the previous quarter. This brings the annual gross absorption total to 7.8 msf, an 18.9% decline YOY. Given that the vacancy rate in the Valley began at 5.0% at the start of 2021 and has now fallen to 3.0%, it makes sense that deal activity has decreased, especially during a time where tenants are looking to be more selective about their space, however, current tenant interest in the Valley remains healthy, shown by the fact that three of the top five deals this quarter were renewals.

With little room to move, occupancy gains were also not as high as they were in 2021, measuring 778,828 sf of net absorption compared to 3.3 msf in 2021. The 2021 figure was undoubtedly affected by the 1.2 msf of construction completions that year and the 2.8 msf of completions in 2020, of which 95% of that new shell delivered is now fully absorbed. Completions this year currently stand at just 8% leased, though a large lease could quickly absorb that space. 2022 marks the tenth consecutive year of net occupancy gains, during which 14.2 msf of space has been absorbed, a testament to the persistent need for Industrial space in the Valley by technology, e-commerce, and biotech companies alike.

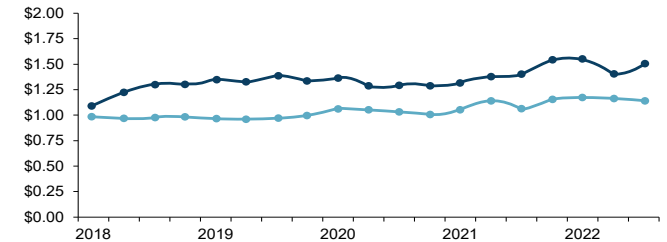
New Supply Underway

Several projects broke ground this quarter, adding an additional 1.3 msf of space to the pipeline and bringing the total amount of space under construction up to 1.6 msf. Construction is focused in just three cities: Fremont, Morgan Hill, and San Jose. Of that number, 928,000 sf is scheduled to complete in 2023, though 110,558 sf of it has already been preleased. Only one project, the 209,916 sf Link Logistics Kato Road in Fremont is set to complete in the first half of 2023, keeping vacancy low in the short term but providing additional supply for the future. Given the scarcity of space, this new space is expected to drive even more growth in Silicon Valley's industrial sector in the future.

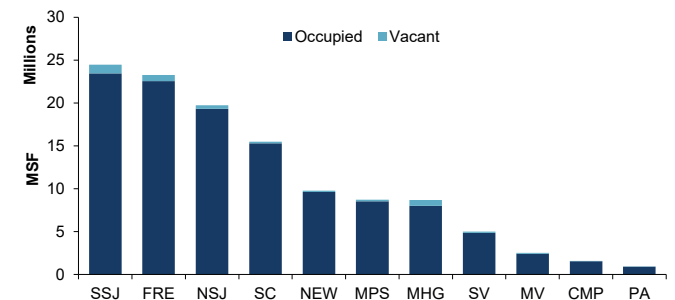
RENT BY SUBMARKET (\$ PSF, NNN)



WAREHOUSE/MANUFACTURING ASKING RENT (\$ PSF, NNN)



OCCUPIED VS. VACANT SPACE



Outlook

- Despite growing uncertainty, industrial vacancy fell to pre-pandemic levels at the end of 2022 and is expected to remain stable thanks in large part to persistent demand from e-commerce, last mile delivery, and a growing need from the life science sector for advanced manufacturing and distribution.
- An influx of new space from new construction will reduce market constraints but will also push up rents in the Fremont, San Jose, and Morgan Hill/Gilroy submarkets. This trend may be offset by subleases and older product being put on the market.

MARKET OVERVIEW

Silicon Valley Industrial Q4 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Palo Alto	931,843	18,962	2.0%	-	87,066	-	-	\$4.67	-	\$4.67
Mountain View	2,509,391	81,765	3.3%	(2,234)	(6,149)	-	-	\$2.77	-	\$2.77
101 Technology Corridor	3,441,234	100,727	2.9%	(2,234)	80,917	-	-	\$3.13	-	\$3.13
Campbell	1,557,660	1,650	0.1%	1,512	54,307	-	-	\$1.95	-	\$1.95
Sunnyvale	5,014,358	157,929	3.1%	(20,471)	149,768	-	-	\$2.16	\$2.45	\$2.19
Santa Clara	15,487,547	256,920	1.7%	(64,554)	31,815	-	-	\$1.55	\$1.57	\$1.56
North San Jose	19,731,587	449,175	2.3%	(27,498)	115,064	339,331	-	\$1.50	\$1.41	\$1.46
South San Jose	24,448,528	958,943	3.9%	73,927	(152,645)	-	-	\$1.35	\$1.09	\$1.19
Central Silicon Valley	66,239,680	1,824,617	2.8%	(37,084)	198,309	339,331	-	\$1.55	\$1.26	\$1.40
Milpitas	8,734,909	103,647	1.2%	78,830	353,458	-	-	\$1.63	\$1.25	\$1.43
Fremont	23,605,439	790,469	3.3%	(9,083)	(7,097)	715,599	59,046	\$1.58	\$1.38	\$1.52
Newark	9,793,927	109,440	1.1%	52,596	247,183	-	-	\$1.75	\$1.52	\$1.69
South I-880 Corridor	42,134,275	1,003,556	2.4%	122,343	593,524	715,599	59,046	\$1.60	\$1.37	\$1.53
Morgan Hill/Gilroy	8,721,075	730,036	8.4%	(39,230)	(93,922)	501,314	-	\$1.23	\$0.65	\$1.08
SUBTYPE BREAKDOWN										
Warehouse	48,448,561	1,445,446	3.0%	35,149	438,671	558,202	-			
Manufacturing	72,087,703	2,213,490	3.1%	8,646	340,157	998,042	59,046			
SILICON VALLEY TOTALS	120,536,264	3,658,936	3.0%	43,795	778,828	1,556,244	-	\$1.56	\$1.20	\$1.42

*Rental rates reflect weighted net asking \$psf/month

MF = Manufacturing W/D = Warehouse/Distribution

*Not enough data to establish rents

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6753 Mowry Ave	Newark	RK Logistics	268,538	Renewal
2011 Senter Rd	South San Jose	Legacy Transportation Services	129,269	Renewal
1953 Concourse Dr	North San Jose	Home Depot	126,648	New Lease
38505 Cherry St	Newark	Innovated Packaging Company	102,916	Renewal
7355 Morton Ave	Newark	Pegasus Logistics	74,097	New Lease

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
38811 Cherry St	Newark	Met Life Realty Group/ BentallGreenOak	574,640	\$138M / \$240
35445 Dumbarton Ct	Newark	ETM Electromatic/ Teledyne Technologies	55,193	\$16.9M / \$307
3060 Raymond St	Santa Clara	Ooibodo LLC/ Ellis Partners	29,058	\$13.5M / \$465
2290 De La Cruz Blvd	Santa Clara	Victor Leasing Company/ DP Ventures LLC	25,600	\$7.5M / \$293



1010-1014 Timothy Drive, San Jose, California 95133



©2023 Cushman & Wakefield. All rights reserved. The information contained in this communication is strictly confidential. This information has been obtained from sources believed to be reliable but has not been verified. NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IS MADE AS TO THE CONDITION OF THE PROPERTY (OR PROPERTIES) REFERENCED HEREIN OR AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, AND SAME IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER CONDITIONS, WITHDRAWAL WITHOUT NOTICE, AND TO ANY SPECIAL LISTING CONDITIONS IMPOSED BY THE PROPERTY OWNER(S). ANY PROJECTIONS, OPINIONS OR ESTIMATES ARE SUBJECT TO UNCERTAINTY AND DO NOT SIGNIFY CURRENT OR FUTURE PROPERTY PERFORMANCE.

FOR MORE INFORMATION, PLEASE CONTACT:

Jon DeCoite

Managing Director
CA License #01471300

408-615-3408

jon.decoite@cushwake.com

James DeRegt

Senior Vice President/Principal
Lee & Associates | Newport Beach

jderegt@lee-associates.com

D 949.724.4734

C 949.887.2010

O 949.724.1000

F 949.623.6334