

# FOR SALE | VALUE ADD ANCHOR BUILDING ON SHORT-TERM GROUND LEASE | SAN JOSE, CA



**Price: \$6,500,000**  
**\$280/SF**

## Property Features:

- Huge Value Add Opportunity with New Lease and Reset to Market Rental Rate
- Less than 2 Years Remaining on the Lease and No Option Periods Remaining
- Current Lease Rental Rate is Well Below the Current Market Rental Rate
- Centralized Core Infill Location | Over 480,000 People Within 5-Miles
- High Traffic Location | Over 47,300 ADT at McKee Road & White Road

Occupied By:



COMMERCIAL | RETAIL  
ASSOCIATES

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**EXECUTIVE SUMMARY**

Commercial Retail Associates, Inc. is pleased to have been selected as the exclusive listing agent for the ground leased sale of this Seafood City Grocery anchor/retail building located at the signalized hard corner of McKee and White Roads in San Jose, California. The subject property is well positioned along McKee Road within an established neighborhood anchored shopping center which caters not only to the nearby residents, business, and schools within the immediate area but also the centralized 360-degree trade area it sits within.

**INVESTMENT SUMMARY**

<b>Address:</b>	3065 McKee Road San Jose San Jose, California 95127
<b>Price:</b>	\$6,500,000
<b>Price Per Square Foot:</b>	\$280/sq. ft.
<b>Current Annual Base Rent:</b>	\$29,250 (thru 4/30/2022)
<b>Annual Percentage Rent:</b>	\$29,250 (2019 Lease Year)
<b>Net Operating Income:</b>	\$58,500 (2019 Lease Year)
<b>Lease Type:</b>	Ground Lease
<b>Year Built:</b>	1972
<b>Building Size:</b>	±23,200 Square Feet
<b>Parcel Size:</b>	±1.91 Acres

**LOCATION HIGHLIGHTS**

- Located at the Signalized Hard Corner of McKee and White Roads with over 47,300 Average Cars Per Day at the Intersection
- Centralized Core Infill Location | Over 480,000 People Within 5-Miles
- Neighboring retail tenants in the immediate area include: Rite Aid, Bank of the West, KFC, 7-Eleven, Little Caesar’s Pizza, MetroPCS plus many more
- Notable facilities and transportation located nearby include: Regional Medical Center of San Jose, San Jose Country Club, Santa Clara Valley Transportation Authority (light rail), plus several High Schools, Middle Schools and Elementary Schools

**VALUE ADD PROFORMA SCENARIO**

- This offering presents an investor with an opportunity to acquire a short term absolute NNN ground lease property with a huge value add opportunity to increase rents to market rate when the ground lease expires in 2 Years
- Less than 2 Years Remaining on the Lease and No Option Periods Remaining
- Current Lease Rental Rate is Well Below the Current Market Rental Rate
- **Proforma Annual Base Rent: \$487,200 @ \$21.00/sf**  
-to-  
**\$626,400 @ \$27.00/sf**

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**LEASE HISTORY**

The subject property lease dated March 2, 1972 is a ground "land" lease that originated with Alpha Beta Acme Markets, Inc. as Tenant under which they operated out of the Premises as a supermarket. Throughout the lease term the lease has been assigned several times by various assignments and mergers and the current Tenant under the lease is White & McKee Associates, a California limited partnership. White & McKee then subleased to Seafood City Supermarkets, a Filipino specialty grocery store chain with locations primarily on the West Coast, Hawaii, Chicago, and Canada.

The original term of the lease was 20-years with six (6) successive lease option periods to extend the lease by five years each. In 2017 the Tenant exercised its sixth and final option term and there are no further option terms to extend the lease beyond its scheduled expiration date of April 30, 2022.

*Note: Seafood City Supermarkets and/or its related entities are not a part of the subject property lease agreement or offering. Additionally the building and its improvements that are located on the subject Premises' land (Tenant's leasehold) are not a part of the subject property offering, however pursuant to the lease at the expiration or early termination of the subject property lease the Tenant will deliver to the Landlord a quitclaim deed in favor of the Landlord releasing the Tenant's interest to Premises improvements.*

**LEASE SUMMARY**

<b>TENANT:</b>	White & McKee Associates a California limited partnership
<b>SUB-TENANT:</b>	Seafood City (not a part of the subject lease agreement)
<b>LEASE TYPE:</b>	Ground Lease
<b>LEASE TERM:</b>	March 02, 1972 - April 30, 2022 (approximately 2-Years Remaining)
<b>OPTION TERMS:</b>	None Remaining (all options periods have been exercised)
<b>TENANT ROFR:</b>	None
<b>MINIMUM RENT:</b>	\$29,250 Annually (thru the lease expiration date)
<b>PERCENTAGE RENT:</b>	\$29,250* (2019)

*\*Calculated at 1.25% of the Tenant Gross Sales over the Natural Breakpoint, less property Taxes and Property Insurance paid by Tenant during that lease year.*



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Site Plan and Parcel Outline Estimated & Not to Scale

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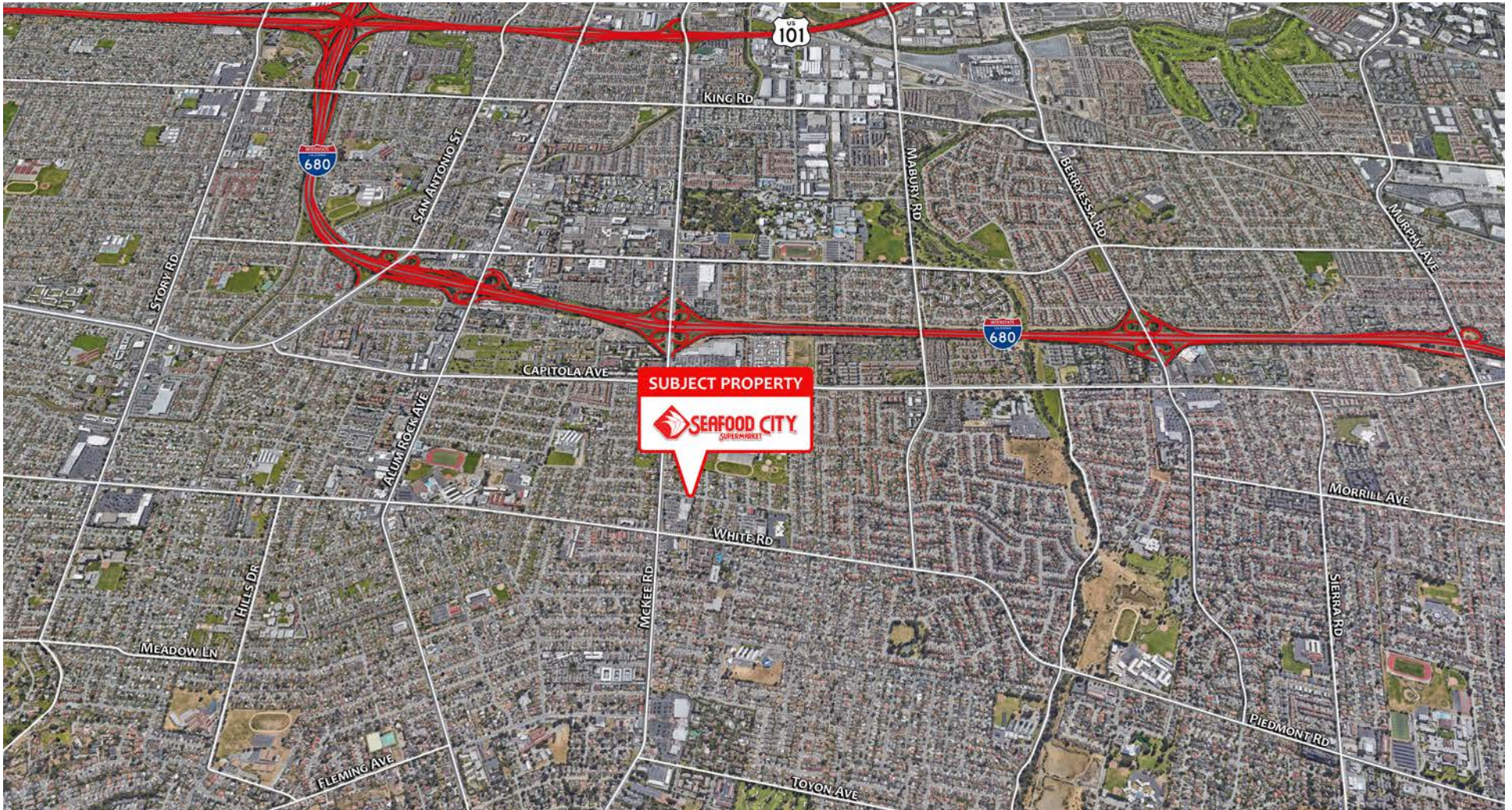
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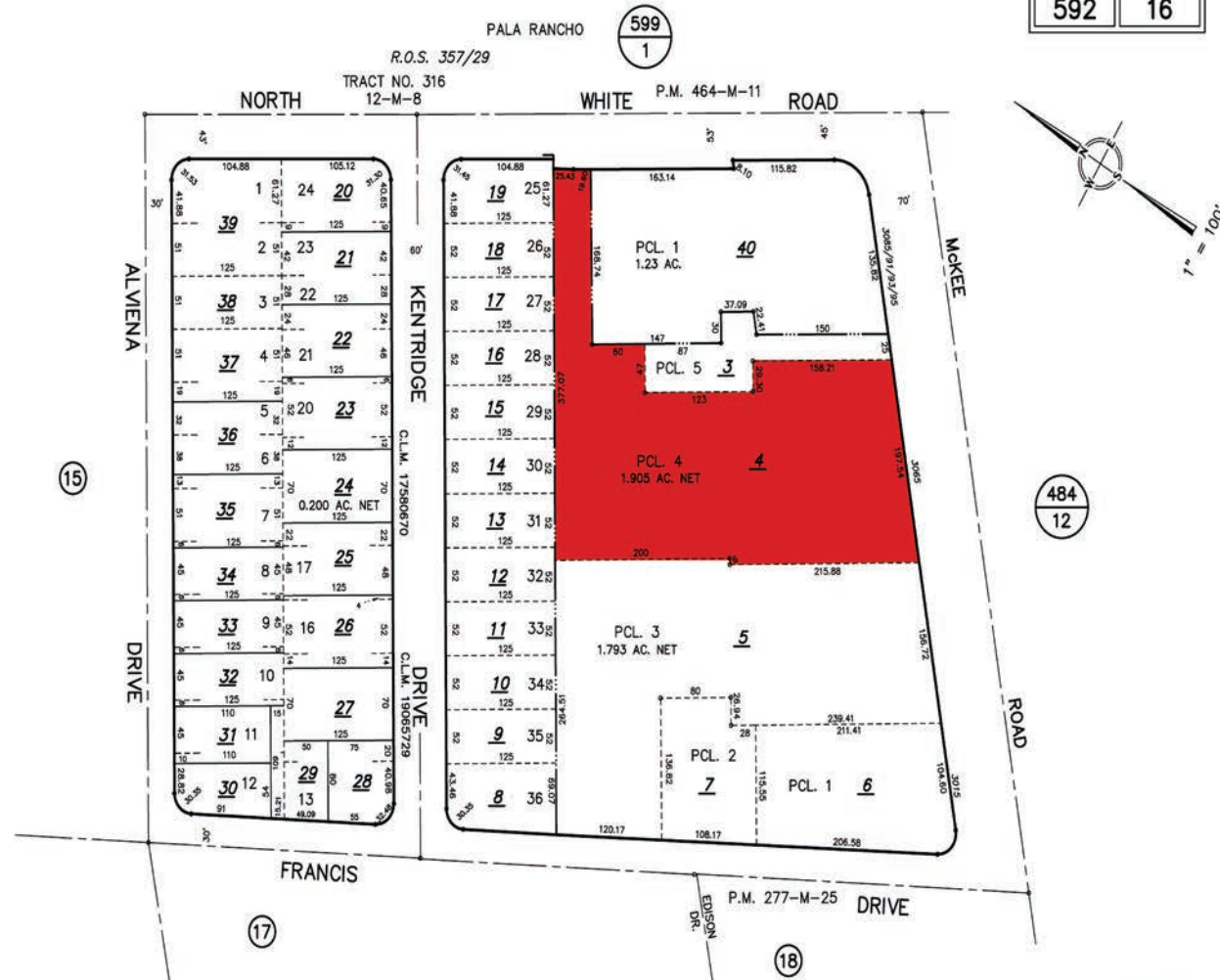
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## Location Overview - San Jose, California

San Jose is the economic, cultural and political center of Silicon Valley, and the largest city in Northern California (both in population and area). With an estimated 2017 population of 1,046,079 it is the third-most populous city in California (after Los Angeles and San Diego) and the tenth-most populous in United States. Located in the center of the Santa Clara Valley, on the southern shore of San Francisco Bay, San Jose covers an area of approximately 180 square miles. San Jose is the county seat of Santa Clara County, the most affluent county in California and one of the most affluent counties in the United States. San Jose is the most populous city in both the San Francisco Bay Area and the San Jose-San Francisco-Oakland Combined Statistical Area, which contain 7.7 million and 8.7 million people respectively. San Jose is a global city, notable as a center of innovation, for its affluence, Mediterranean climate, and extremely high cost of living.

San Jose's location within the booming high tech industry, as a cultural, political, and economic center has earned the city the nickname "Capital of Silicon Valley". San Jose is one of the wealthiest major cities in the United States and the world, and has the third highest GDP per capita in the world (after Zürich, Switzerland and Oslo, Norway), according to the Brookings Institution. The San Jose Metropolitan Area has the most millionaires and the most billionaires in the United States per capita. With a median home price of \$1,085,000, San Jose has the most expensive housing market in the country and the fifth most expensive housing market in the world, according to the 2017 Demographic International Housing Affordability Survey. Major global tech companies including Cisco Systems, eBay, Adobe Systems, PayPal, Brocade, Samsung, Acer, Hewlett Packard Enterprise, and Western Digital maintain their headquarters in San Jose, in the center of Silicon Valley.



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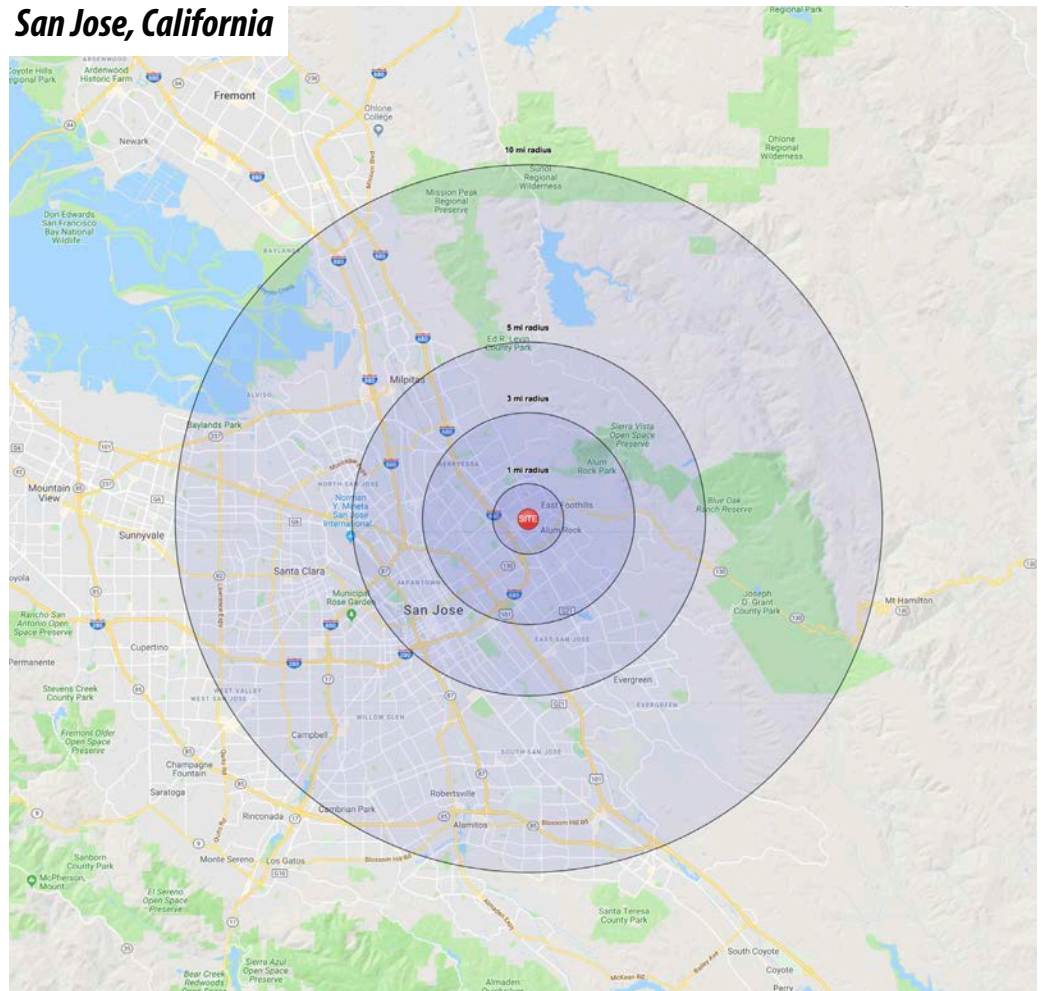
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3065 McKee Rd San Jose, CA 95127		1 mi radius	3 mi radius	5 mi radius	10 mi radius	
<b>POPULATION</b>	2020 Estimated Population	36,944	230,862	488,413	1,296,888	
	2025 Projected Population	37,134	230,677	487,650	1,294,653	
	2010 Census Population	35,239	216,863	439,252	1,164,913	
	2000 Census Population	34,388	220,147	430,881	1,100,746	
	Projected Annual Growth 2020 to 2025	0.1%	-	-	-	
	Historical Annual Growth 2000 to 2020	0.4%	0.2%	0.7%	0.9%	
<b>HOUSEHOLDS</b>	2020 Estimated Households	10,680	61,257	139,174	428,623	
	2025 Projected Households	11,241	64,117	145,468	447,388	
	2010 Census Households	10,112	57,073	122,092	378,525	
	2000 Census Households	9,638	55,710	111,892	349,556	
	Projected Annual Growth 2020 to 2025	1.1%	0.9%	0.9%	0.9%	
	Historical Annual Growth 2000 to 2020	0.5%	0.5%	1.2%	1.1%	
<b>AGE</b>	2020 Est. Population Under 10 Years	11.6%	12.0%	11.5%	11.7%	
	2020 Est. Population 10 to 19 Years	12.9%	13.4%	12.8%	11.8%	
	2020 Est. Population 20 to 29 Years	13.8%	14.1%	16.2%	15.1%	
	2020 Est. Population 30 to 44 Years	20.2%	21.3%	22.4%	23.6%	
	2020 Est. Population 45 to 59 Years	20.1%	20.1%	19.5%	19.4%	
	2020 Est. Population 60 to 74 Years	14.2%	13.4%	12.5%	12.9%	
	2020 Est. Population 75 Years or Over	7.2%	5.8%	5.2%	5.6%	
	2020 Est. Median Age	37.8	36.5	35.6	36.4	
<b>RACE</b>	2020 Est. White	29.7%	28.0%	28.1%	36.6%	
	2020 Est. Black	3.0%	2.7%	3.3%	3.5%	
	2020 Est. Asian or Pacific Islander	43.2%	43.0%	45.1%	41.1%	
	2020 Est. American Indian or Alaska Native	0.9%	0.9%	0.8%	0.7%	
	2020 Est. Other Races	23.2%	25.3%	22.7%	18.1%	
	2020 Est. HH Income \$200,000 or More	13.3%	16.6%	18.0%	23.4%	
<b>INCOME</b>	2020 Est. HH Income \$150,000 to \$199,999	10.9%	11.5%	11.8%	13.1%	
	2020 Est. HH Income \$100,000 to \$149,999	20.3%	19.9%	19.3%	18.9%	
	2020 Est. HH Income \$75,000 to \$99,999	12.1%	11.1%	11.0%	10.4%	
	2020 Est. HH Income \$50,000 to \$74,999	15.6%	14.1%	13.3%	11.9%	
	2020 Est. HH Income \$35,000 to \$49,999	8.4%	8.5%	8.2%	7.3%	
	2020 Est. HH Income \$25,000 to \$34,999	4.6%	4.8%	4.7%	4.0%	
	2020 Est. HH Income \$15,000 to \$24,999	7.5%	7.0%	6.5%	5.2%	
	2020 Est. HH Income Under \$15,000	7.3%	6.6%	7.2%	5.7%	
	2020 Est. Average Household Income	\$125,379	\$131,506	\$137,276	\$157,892	
	2020 Est. Median Household Income	\$89,200	\$98,512	\$101,442	\$118,591	
	2020 Est. Per Capita Income	\$36,402	\$34,977	\$39,390	\$52,344	
	<b>BUSINESS</b>	2020 Est. Total Businesses	808	4,936	20,903	57,443
		2020 Est. Total Employees	5,826	36,625	230,854	640,804

San Jose, California



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