

# Alum Rock Building & Business

1638 Alum Rock Ave | San Jose CA



OFFERING  
MEMORANDUM

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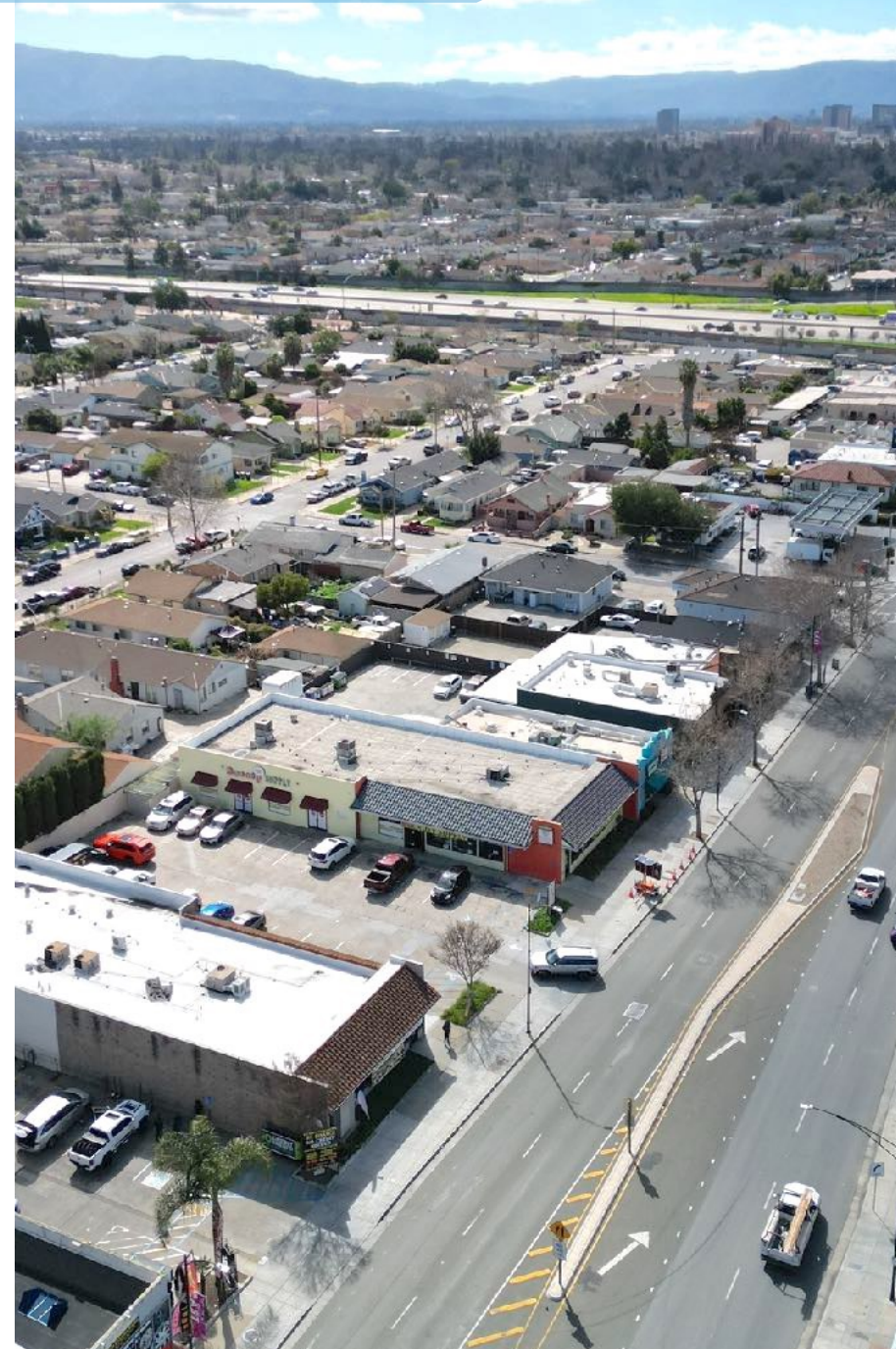
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GD Commercial is pleased to present a unique **dual investment opportunity** at 1638 Alum Rock Avenue in San Jose, California. This offering includes both the fully occupied retail freestanding **property AND the opportunity to acquire the successful operating business:** Alum Rock Beauty Supply.

The retail center strategically located at 1638 Alum Rock Avenue in the thriving Alum Rock/Little Portugal district of San Jose, California. This 5,308 square foot retail property sits on a 0.25-acre lot with 12 parking spaces and offers strong visibility along one of East San Jose's primary commercial corridors.

## MULTIPLE INVESTMENT STRATEGIES

- **Complete Investment:** Acquire both property and business
- **Real Estate Only:** Purchase property with established tenant
- **Business Only:** Opportunity to acquire successful retail operation
- Value-add potential through property improvements
- Long-term appreciation in growing San Jose



## REAL ESTATE OPPORTUNITY

- **Property Asking Price: \$2,999,000**
- 5,308 SF retail building
- 0.25-acre lot with 12 parking spaces
- Prime location in Alum Rock/Little Portugal district
- Built in 1979, well-maintained
- 100% occupied
- C3H (Heavy Commercial) zoning

## BUSINESS OPPORTUNITY: ALUM ROCK BEAUTY SUPPLY

- Established, owner-operated beauty supply business
- **Business Asking Price: \$199,000**
- Inventory not included in asking price
- Strong local customer base
- Prime retail location with excellent visibility
- Opportunity for new owner to continue operations or implement growth strategies





- **Prime Location:** Positioned on busy Alum Rock Avenue in the thriving East San Jose / Little Portugal area
- **Fully Occupied Retail Center:** 100% leased property with stable income stream
- **Strong Traffic Counts:** Over 29,000 cars per day at the Alum Rock Ave and 33rd St intersection
- **Adjacent to Michelin Restaurant:** Located next to Adega, an upscale Michelin-starred restaurant
- **Highway Accessibility:** Close proximity to Highway 101
- **Established Retail Corridor:** Part of one of the strongest and most desirable retail trade areas in San Jose
- **Ample Parking:** 12 dedicated parking spaces (ratio of 2.26 spaces per 1,000 SF)
- **Excellent Visibility:** Prime frontage on major street of Alum Rock & Highway 101
- **Dense Residential Neighborhood:** Strong local customer base
- **Complete Investment:** Acquire both property and business

# Location Highlights



Subject Property

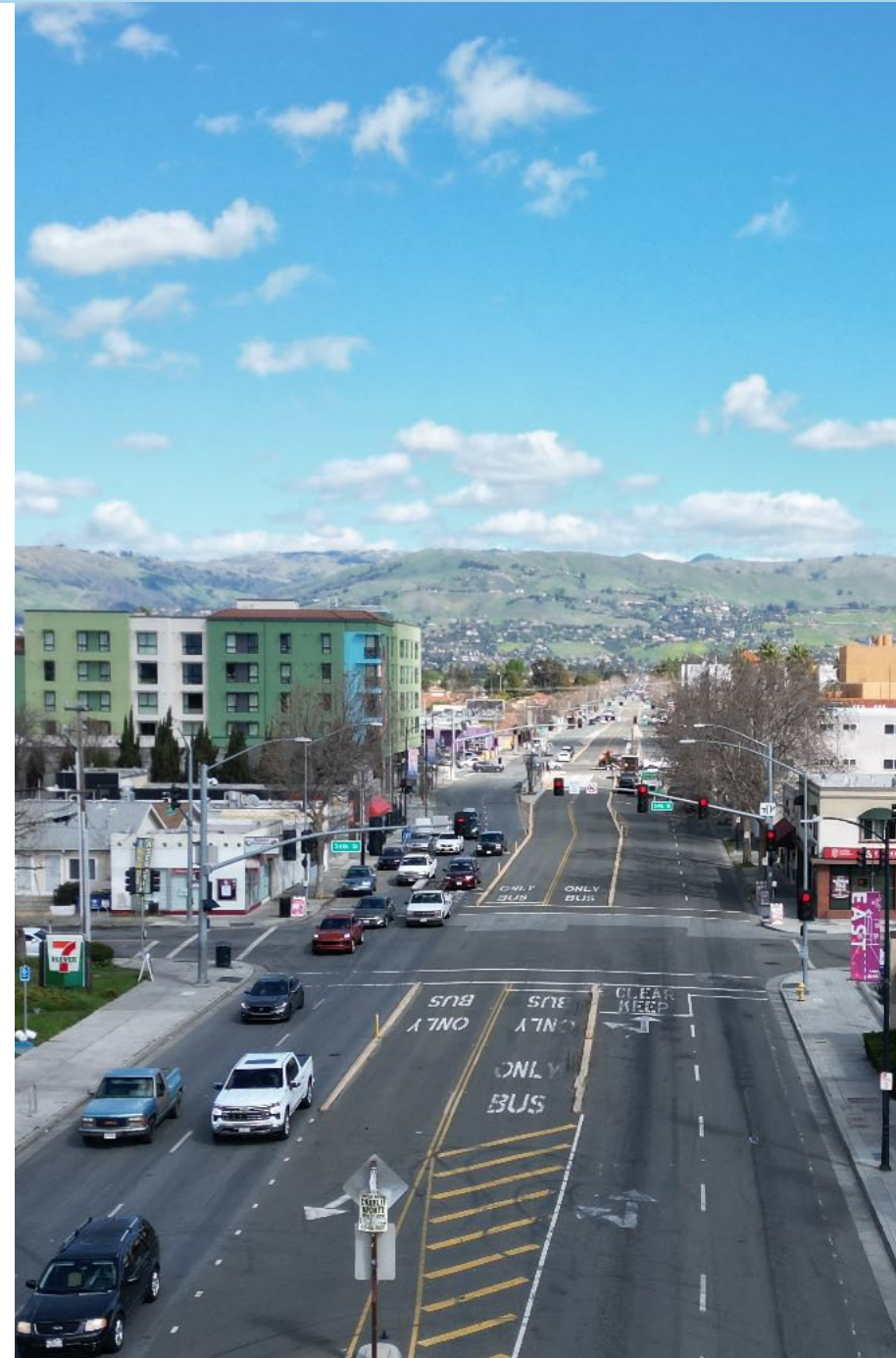


## Strategic Position in East San Jose

The property at 1638 Alum Rock Avenue is strategically positioned in the Alum Rock/Little Portugal area, one of San Jose's most vibrant commercial districts. This location offers:

- **High Visibility:** Situated on Alum Rock Avenue, a major east-west thoroughfare
- **Superior Access:** Easy ingress and egress for customers
- **Strong Traffic Counts:** Over 29,000 vehicles pass by daily at the nearby intersection
- **Proximate to Highway 101:** Convenient regional access
- **Dense Residential Surroundings:** Strong local customer base
- **Diverse Retail Environment:** Mix of national retailers and local businesses

The East San Jose submarket continues to demonstrate strong retail performance, making this an attractive investment in one of San Jose's most desirable retail trade areas.



| Property Information | Details                                  |
|----------------------|--|
| Address              | 1638 Alum Rock Ave<br>San Jose, CA 95116 |
| Property Type        | Retail Strip Center                      |
| Building Size        | <b>5,308 SF</b>                          |
| Lot Size             | <b>0.25Acres (10,960 SF)</b>             |
| Year Built           | <b>1979</b>                              |
| Zoning               | <b>C3H (Heavy Commercial)</b>            |
| Occupancy            | <b>100%</b>                              |
| Parcel Number        | <b>481-15-093 02</b>                     |
| Parking              | <b>12 parking spaces</b>                 |
| Type of Ownership    | <b>Fee Simple</b>                        |



# Alum Rock Beauty Supply

| PROPERTY INVESTMENT          |                        |
|------------------------------|------------------------|
| <b>Property Asking Price</b> | <b>\$2,999,000</b>     |
| Price Per SF                 | \$565/SF               |
| Building Size                | 5,308 SF               |
| Lot Size                     | 0.25 acres (10,960 SF) |
| Parking                      | 12 spaces              |
| Zoning                       | C3H (Heavy Commercial) |

## THE PROPERTY

The rare freestanding alone building with 12 designated parking spaces located at 1638 Alum Rock Ave is available for sale. Ideal for owner/user with similar business looking to expand the business and own the property. Also great for an investor looking to acquire both the property and the turn-key business. The property was originally subdivided into three suites. With high demand for beauty products and supplies, the Alum Rock Beauty Supply opened up the entire building for a single wholesale & retail business. The busy street of Alum Rock Ave and easy access to highway 101 attract many customers to the business.

| BUSINESS OPPORTUNITY         |   |
|------------------------------|---|
| <b>Business Asking Price</b> | <b>\$199,000</b>                        |
| Business Type:               | Beauty Supply Wholesale & Retail Store  |
| Current Status               | Owner-Operated                          |
| Note:                        | Inventory not included in asking price. |

## THE BUSINESS

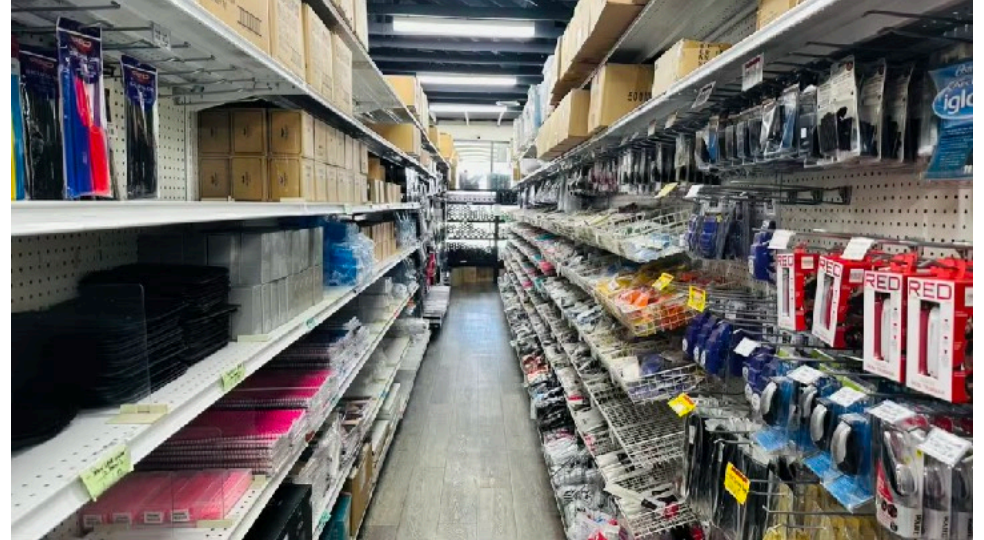
The attractive beauty supply business is also for sale. Perfect for any retail supply operators looking for a turn-key business to take over. Alum Rock Beauty Supply is a successful high-volume beauty retail operation, specializing in barber products and supplies.

With its long term established and loyal customer base in the barber and beauty trends, the business continues to boom and thrive. Opportunity for new owner to continue operations or implement growth strategies. The only reason for the sale is owner looking to retire.

# Alum Rock Beauty Supply



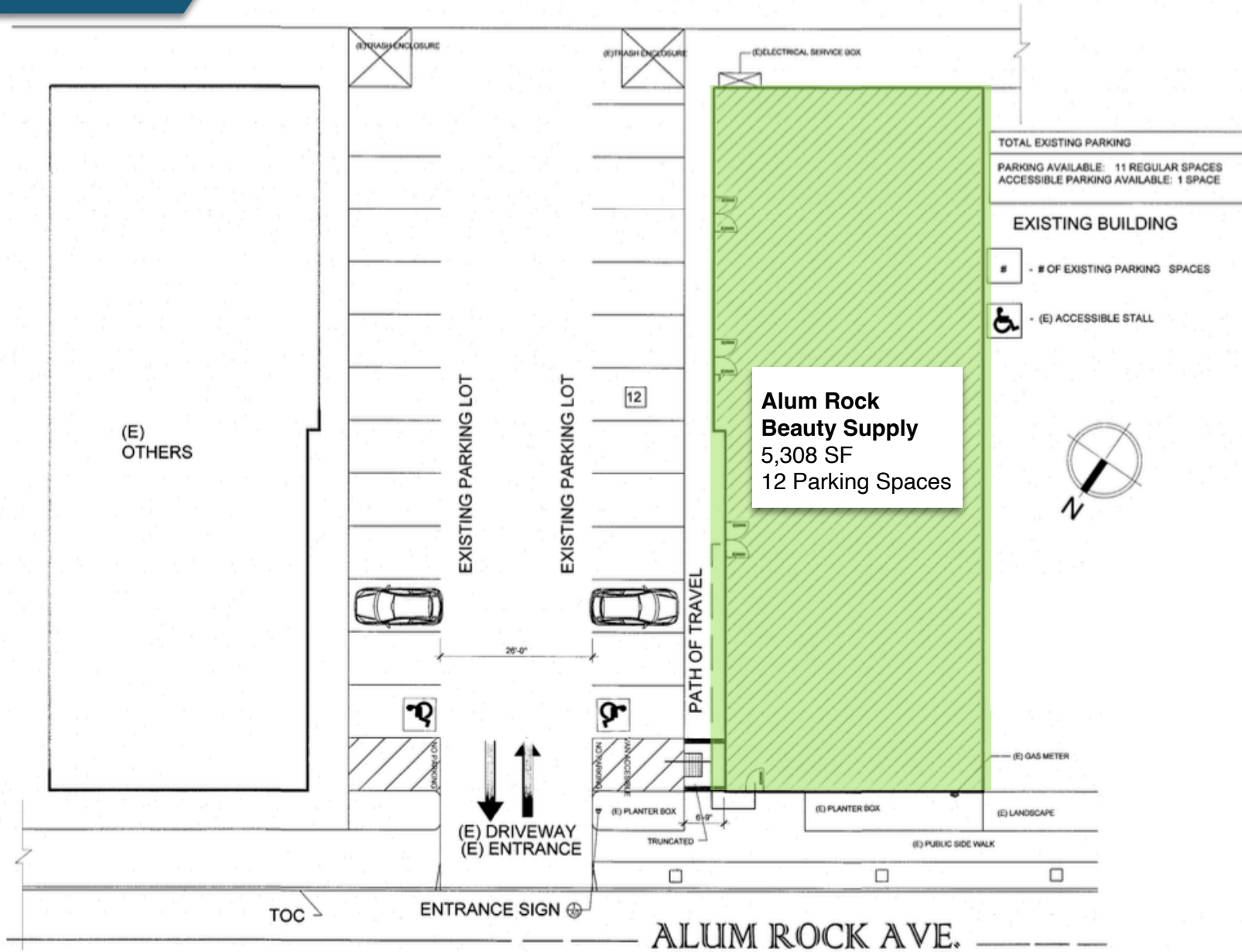
# Alum Rock Beauty Supply







# Siteplan



## Retail Market Trends in San Jose

As of the fourth quarter of 2024, San Jose's retail market has experienced nuanced shifts influenced by various economic factors:

- **Vacancy Rates:** The overall retail vacancy rate stood at **4.4%**, with specific property types such as malls at **5.1%**, neighborhood centers at **5.6%**, and strip centers at **4.2%**.
- **Rental Rates:** Average asking rents were approximately **\$40.21 per square foot**, with malls commanding higher rates around **\$50.17 per square foot**.
- **Net Absorption:** The market experienced a modest net absorption of **17,412 square feet**, indicating stable demand.
- **Construction Activity:** New retail construction has been limited, focusing on mixed-use developments and urban villages, reflecting a trend towards integrating retail with residential and office spaces.



## San Jose Market Summary

1636-1638 Alum Rock Ave

In the first quarter of 2025, contrasting forces influence the performance of the San Jose retail market. Post-pandemic, Silicon Valley has experienced robust economic growth, driven by increased demand for tech products and services, which has resulted in higher wages and incomes for residents. Nevertheless, a decrease in the resident population and the rise of non-store retailing have stifled consumer spending at traditional retailers. Added to this, elevated interest rates, tech layoffs, and inflation have further dampened demand growth.

On a national scale, U.S. retail space markets have displayed resilience despite ongoing concerns about an economic slowdown and potential consumer spending pullbacks. This resilience is attributed to steady demand from diverse sectors, fewer store closures, and minimal new supply.

In San Jose, retail expansion has been minimal, with total retail inventory remaining broadly unchanged over the past five years. After a weak 2023, leasing activity picked up in 2024, and as of the first quarter of 2025, annual net absorption is positive by 320,000 SF. Grocery stores and auto and fitness businesses have been the primary drivers of leasing activity.

San Jose houses five super regional malls, which serve as the primary retail hubs in the area. The largest is the Westfield Valley Fair in Santa Clara, anchored by

Bloomingdale's, Macy's, and Nordstrom. Valley Fair underwent a substantial 500,000-square-foot expansion in 2020, and in 2022, it welcomed Eataty, the first Italian Marketplace in the Bay Area. Several high-end boutiques at the mall remodeled or expanded their spaces in the past two years.

Apart from standalone projects for car dealerships, new construction efforts focus on developing mixed-use urban villages that integrate residential, hotel, and office spaces above ground-level retail. While several of these initiatives are in progress, some have faced delays due to weak economic conditions affecting development, including diminished office demand and high construction financing costs.

Following several years of modest growth, the economic slowdown caused rent levels to stabilize in 2023. However, rents recovered slightly in the past year, with year-over-year growth reaching 0.9% as of the first quarter of 2025, just below the five-year historical average of 1.9%.

The current low levels of new supply combined with minimal demand growth suggest that significant changes in San Jose's retail market may not be anticipated in the coming quarters. While vacancy rates are expected to remain stable, a return to more robust rent growth may have to wait until the local economy sees further improvement.

## Investment Trends

### EAST SAN JOSE-WILLOW GLEN INVESTMENT TRENDS

With over 1,100 buildings in the submarket, East San Jose-Willow Glen is one of Silicon Valley's most active retail investment markets. Over the past five years, an average of 58 sales of retail properties have closed each year, with an average annual sales volume of \$160 million.

In the broader San Jose market, investment sales activity remains low compared to the historical trend.

Transactions that closed in the past year generally comprise smaller assets, mostly freestanding single-tenant buildings or small strip centers, although a small number of larger transactions have closed. Owner-users and local private investors are the primary buyer types, but some developers remain interested. Average sale prices are below historical trends, and cap rates are around 90 basis points above where they were two years

ago.

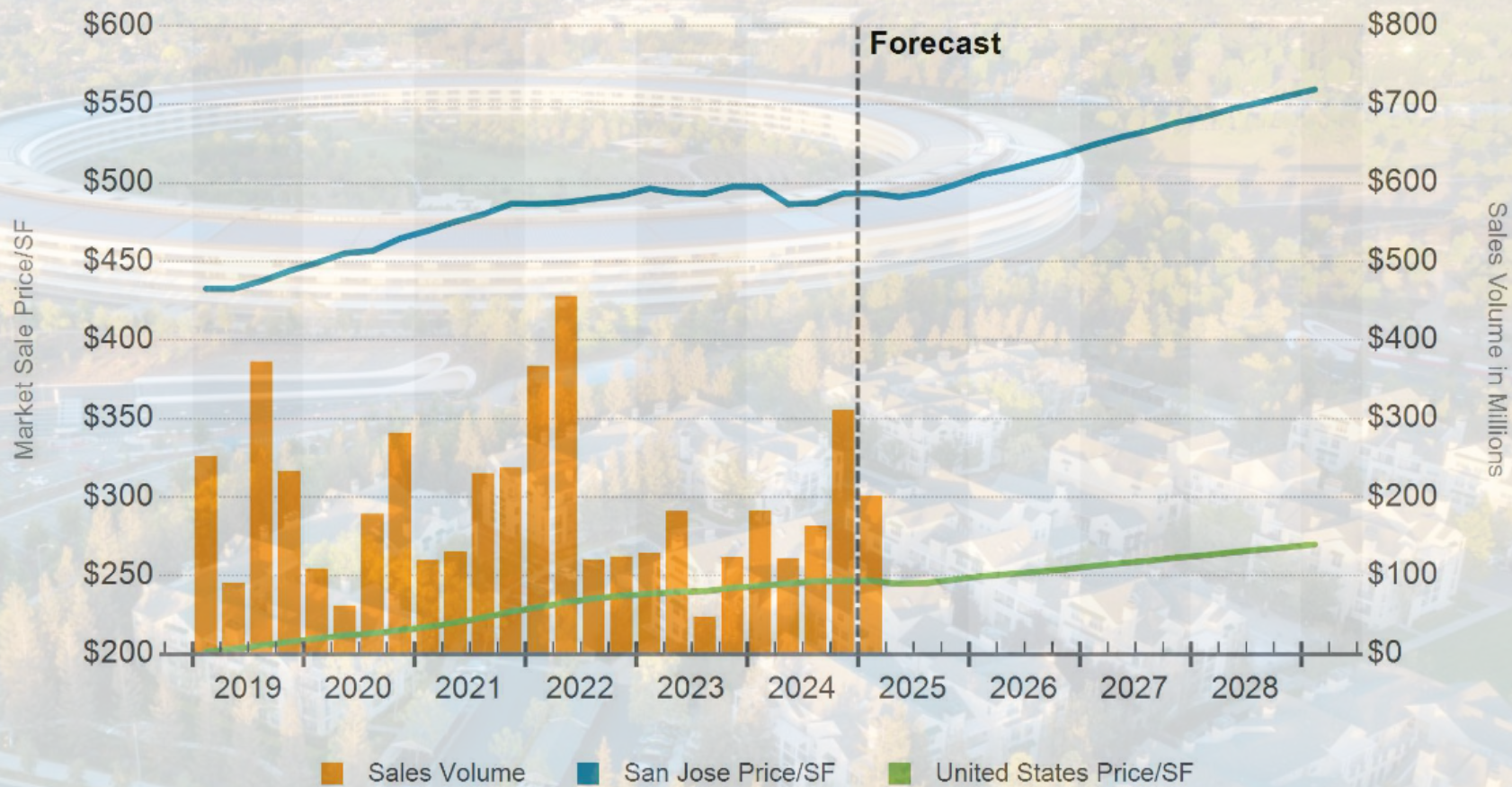
In East San Jose-Willow Glen, smaller individual retail units make up the majority of sales, with the occasional larger transaction. For instance, in January 2024, United Construction and Development acquired a six-property portfolio that comprised the Eastridge Mall. The buyer paid \$135 million, or \$144/SF, for the portfolio, which includes redevelopment opportunities.

In August 2024, Arc Capital Partners acquired The Plant, paying \$95 million, or \$259/SF for the 367,000 SF power center.

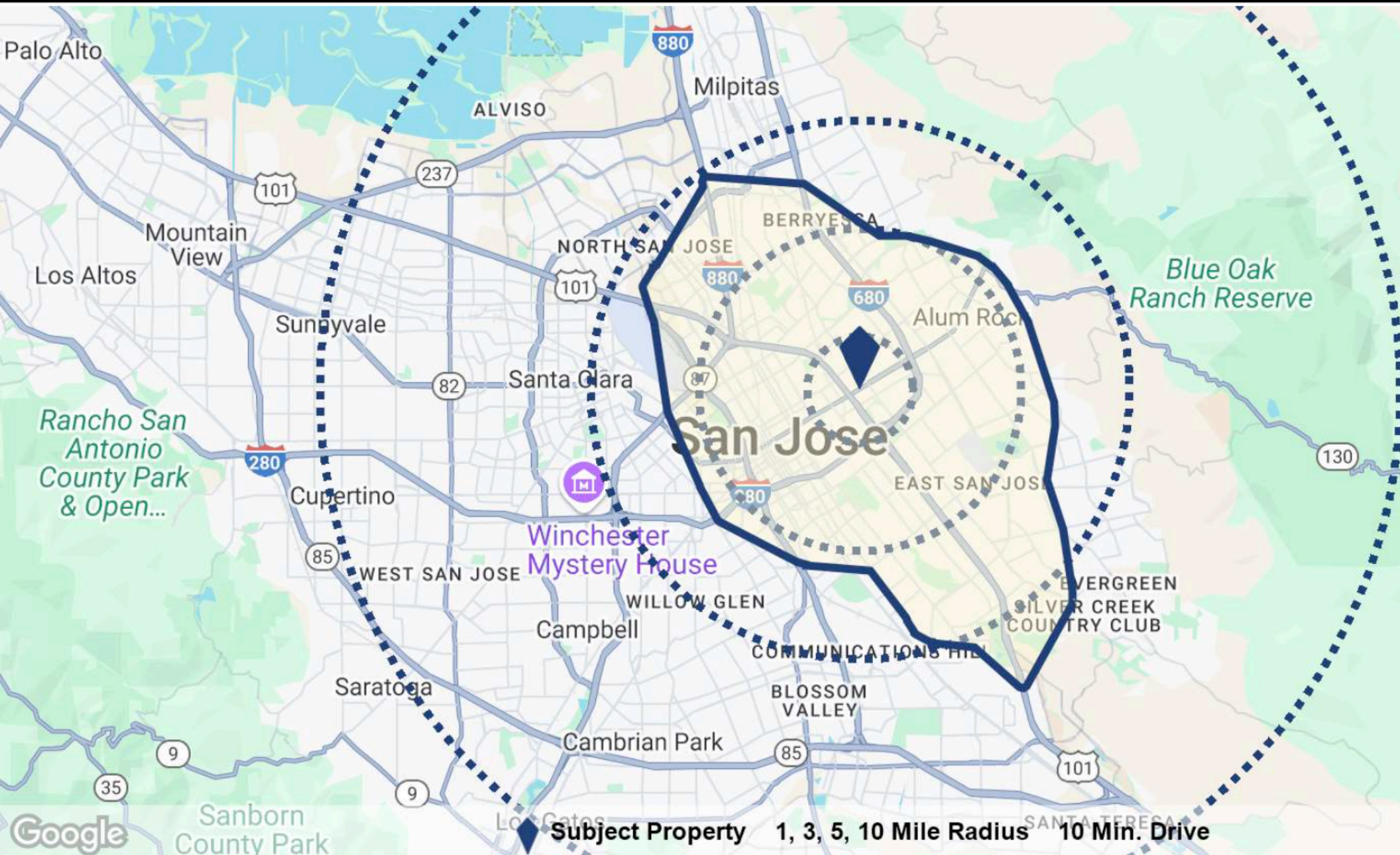
As a result of these large transactions, annual sales volume in the submarket for the past year was \$273 million.

# Market Summary

## SALES VOLUME & MARKET SALE PRICE PER SF



## DEMOGRAPHICS



| Population               | 1 Mile         | 3 Miles        | 5 Miles        | 10 Miles       | 10 Min. Drive  |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Population               | 38,163         | 278,380        | 558,420        | 1,394,223      | 396,875        |
| 5 Yr Growth              | -4.5%          | -4.1%          | -4.0%          | -3.8%          | -4.4%          |
| Median Age               | 37             | 37             | 38             | 39             | 38             |
| 5 Yr Forecast            | 38             | 39             | 40             | 41             | 40             |
| White / Black / Hispanic | 11% / 2% / 57% | 15% / 3% / 47% | 19% / 3% / 37% | 26% / 3% / 26% | 14% / 3% / 42% |
| 5 Yr Forecast            | 11% / 2% / 58% | 15% / 3% / 47% | 19% / 3% / 37% | 26% / 3% / 26% | 15% / 3% / 42% |
| Employment               | 10,033         | 123,926        | 284,235        | 696,935        | 209,726        |
| Buying Power             | \$783.9M       | \$8.1B         | \$19.8B        | \$64.4B        | \$12.4B        |
| 5 Yr Growth              | -5.7%          | -5.2%          | -5.0%          | -5.0%          | -4.8%          |
| College Graduates        | 19.2%          | 28.9%          | 35.8%          | 47.1%          | 38.1%          |
| <b>Household</b>         |                |                |                |                |                |
| Households               | 10,565         | 81,820         | 171,786        | 465,719        | 115,738        |
| 5 Yr Growth              | -4.8%          | -4.1%          | -4.1%          | -3.9%          | -4.4%          |
| Median Household Income  | \$74,194       | \$99,166       | \$115,229      | \$138,376      | \$106,799      |
| 5 Yr Forecast            | \$73,539       | \$98,018       | \$114,160      | \$136,832      | \$106,412      |
| Average Household Income | \$105,012      | \$129,879      | \$145,311      | \$165,647      | \$136,760      |
| 5 Yr Forecast            | \$104,982      | \$129,444      | \$144,865      | \$164,691      | \$136,803      |
| % High Income (>\$75K)   | 49%            | 61%            | 66%            | 72%            | 64%            |
| <b>Housing</b>           |                |                |                |                |                |
| Median Home Value        | \$739,115      | \$854,614      | \$972,476      | \$1,072,196    | \$868,635      |
| Median Year Built        | 1974           | 1974           | 1975           | 1975           | 1976           |
| Owner / Renter Occupied  | 36% / 64%      | 43% / 57%      | 49% / 51%      | 52% / 48%      | 47% / 53%      |

## Income & Spending Demographics

1636-1638 Alum Rock Ave

|                                     | 1 Mile           |        | 3 Miles          |        | 5 Miles          |        | 10 Min. Drive    |        |
|-------------------------------------|------------------|--------|------------------|--------|------------------|--------|------------------|--------|
| <b>2024 Households by HH Income</b> | <b>10,566</b>    |        | <b>81,821</b>    |        | <b>171,787</b>   |        | <b>115,738</b>   |        |
| <\$25,000                           | 1,880            | 17.79% | 11,255           | 13.76% | 19,786           | 11.52% | 14,352           | 12.40% |
| \$25,000 - \$50,000                 | 1,714            | 16.22% | 10,088           | 12.33% | 18,575           | 10.81% | 13,343           | 11.53% |
| \$50,000 - \$75,000                 | 1,748            | 16.54% | 10,732           | 13.12% | 19,731           | 11.49% | 14,249           | 12.31% |
| \$75,000 - \$100,000                | 1,268            | 12.00% | 9,140            | 11.17% | 18,338           | 10.67% | 12,937           | 11.18% |
| \$100,000 - \$125,000               | 871              | 8.24%  | 7,693            | 9.40%  | 15,535           | 9.04%  | 10,987           | 9.49%  |
| \$125,000 - \$150,000               | 762              | 7.21%  | 6,986            | 8.54%  | 14,564           | 8.48%  | 10,136           | 8.76%  |
| \$150,000 - \$200,000               | 932              | 8.82%  | 9,226            | 11.28% | 20,954           | 12.20% | 13,676           | 11.82% |
| \$200,000+                          | 1,391            | 13.16% | 16,701           | 20.41% | 44,304           | 25.79% | 26,058           | 22.51% |
| <b>2024 Avg Household Income</b>    | <b>\$105,012</b> |        | <b>\$129,879</b> |        | <b>\$145,311</b> |        | <b>\$136,760</b> |        |
| <b>2024 Med Household Income</b>    | <b>\$74,194</b>  |        | <b>\$99,166</b>  |        | <b>\$115,229</b> |        | <b>\$106,799</b> |        |

|  | 1 Mile          |              | 3 Miles         |              | 5 Miles         |              | 10 Min. Drive   |              |
|--|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| <b>Total Specified Consumer Spending</b> | <b>\$371.7M</b> |              | <b>\$3.2B</b>   |              | <b>\$7.2B</b>   |              | <b>\$4.7B</b>   |              |
| <b>Total Apparel</b>                     | <b>\$22.1M</b>  | <b>5.94%</b> | <b>\$177.3M</b> | <b>5.50%</b> | <b>\$378.8M</b> | <b>5.30%</b> | <b>\$255.4M</b> | <b>5.43%</b> |
| Women's Apparel                          | \$8.2M          | 2.20%        | \$67.8M         | 2.10%        | \$147M          | 2.06%        | \$98.2M         | 2.09%        |
| Men's Apparel                            | \$4.6M          | 1.24%        | \$38.2M         | 1.19%        | \$81.9M         | 1.14%        | \$55.2M         | 1.17%        |
| Girl's Apparel                           | \$1.6M          | 0.44%        | \$12.1M         | 0.38%        | \$25.7M         | 0.36%        | \$17.2M         | 0.37%        |
| Boy's Apparel                            | \$1.2M          | 0.33%        | \$8.9M          | 0.28%        | \$18.4M         | 0.26%        | \$12.4M         | 0.26%        |
| Infant Apparel                           | \$1M            | 0.28%        | \$8M            | 0.25%        | \$16.6M         | 0.23%        | \$11.3M         | 0.24%        |

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