OFFERING MEMORANDUM

727 - 729 Waverley Street, Palo Alto, CA 94301

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COMPASS COMMERCIAL

THOMSON • DANFORTH

INVESTMENT SALES & ADVISORY GROUP

LOCATION HIGHLIGHTS

727 – 729 Waverley is an unbeatable, A+++ location in the heart of downtown Palo Alto, one of the best rental markets in the world.

2 Blocks to University Ave and the heart of Downtown Palo Alto: Only about a hundred yards from all the shopping, dining, nightlife, professional services, employment, in Downtown Palo Alto. Waverley St is equidistant to Alma and Middlefield putting this property in the middle of Downtown.

University South Neighborhood: Mostly residential neighborhood, where on average, less than one 5+ unit apartment property sells per year! **(only 7 in the past 10 years)**

½ Mile to Stanford: Only about 6 blocks to the edge of Stanford campus, making this a great draw for Stanford students and young tech professionals alike. Constant renter demand makes this one of the best rental markets in the world.

Employment & Innovation Hub: Located in the heart of Silicon Valley, the property is surrounded by one of the strongest employment centers in the world, driven by technology, venture capital, healthcare, and higher education. Major nearby employers and innovation hubs within approximately three miles include Palo Alto Medical Foundation, Tesla, HP, VMware, Meta, and the Stanford Research Park.

Less than 1.5-miles is Sand Hill Road, often referred to as the "Wall Street of the West," home to globally recognized venture capital firms that continue to fuel innovation, job growth, and long term housing demand throughout the region.

Retail and Dining Amenities: The property is ideally positioned just 2 blocks from the shops, restaurants, and cafes along University Avenue and 1 mile from Stanford Shopping Center, one of the premier open air retail destinations in Silicon Valley. Residents benefit from immediate access to a wide range of dining, entertainment, grocery, and lifestyle amenities within the heart of Downtown Palo Alto.

Nearby Recreation: This location is within ½ mile of 8 different public parks, including the sports fields at El Camino Park, and Stanford's Arboretum Grove. Less than ¾ mile to Stanford Stadium, and easily bikeable to the Stanford / Palo Alto Community Playing Fields, and The Stanford Dish with hiking trails and views, and the Stanford Golf Course.

Transportation and Connectivity: This property features close proximity to major transit and commuting routes, including Caltrain Station which is located 0.6-miles away.

Excellent Palo Alto School District: Some of the best schools in the area.

- **Addison Elementary:** 0.35 miles away, 10/10 test score rating on greatschools.org
- **Frank S. Greene Jr. Middle:** 1.34 miles away and a 10/10 test score rating
- **Palo Alto High:** 0.58 miles away, and a 10/10 test score AND 10/10 college readiness

96
WALK
SCORE

Walker's Paradise Daily errands can be accomplished on foot.

99
BIKE
SCORE

Biker's Paradise

Daily errands can be accomplished on a bike.

LOCATION MAP

INVESTMENT HIGHLIGHTS

Irreplaceable Location Apartments in Downtown Palo Alto

727 – 729 Waverley St offers apartment investors an incredible opportunity to own income property in one of the best rental markets in the world. These rarely available apartments are located only 2 blocks (100 yards) from the heart of downtown Palo Alto and University Ave.

- Six 1-bed, 1-bath units + Two nonconforming Bachelor Studios (bedroom + bathroom only)
- Well maintained property with updated electrical panels, new rear stairway with SB721 clearance, and numerous other repairs done as needed
- 7,500 sf lot with RM-30 Zoning in a predominantly residential University South neighborhood
- Below market rents with LOTS of potential to increase cash flow for a new owner
- 3 units are available for immediate rent increases
- Leased coin operated laundry available for all units.

PERMIT HISTORY

City of Palo Alto

PROPERTY PROFILE

PROPERTY DETAILS

Address	727 - 729 Waverley St., Palo Alto, CA 94301
County	Santa Clara
Neighborhood	University South
Apn/Parcel Id	120-16-059
Use	Multifamly
Zoning	RM-30

PROPERTY ATTRIBUTES

Units*	8
Gross Building SqFt	3,535
Gross SqFt / Unit*	442
Land Area (Sq Ft)	7,500
Year Built	1904 / 1940
Parking	Uncovered Off-Street
Laundry Facilities	Coin Operated - Leased
Storage	Basement + Storage Closets
Pool / Spa	None

* County records lists the property as 6 units and 3258 SqFt, we believe the rear buliding (727) was converted from a 2 units to 4 units at some point, likely without permits. A recent appraiser measured the interior dimensions of the units and gave a total of 3535 SqFt.

UTILITY METERS

1 Water Meter	Landlord
3 Gas Meters	Landlord pays all except 727 B+C (Unit B pays)
7 Electric Meters	Landlord pays common areas, Tenants pay their own (A pays D, B pays C)
6 Garbage / Sewer Bills	Landlord pays 727 C+D, all other tenants pay their own

PROPERTY CONSTRUCTION

Foundation	Concrete Perimeter
Exterior Walls	Stucco + Wood Siding
Roof	Torch Down in Rear + Composition Shingle in Front
Patio/Balcony	Yes
Plumbing Supply	Galvanized + Some Copper in Basement
Electrical Panels - Main Shutoff	Square D - 400 Amps
Electrical Panels - Unit Mains	Square D
Electrical Panels - Subpanels	Square D
Windows	Mostly Dual Pane
Water Heater	3 Water Heaters
HVAC	Dysan freestanding for 729, Wall Furnaces in 727

FINANCIAL SUMMARY

OFFERING DETAILS	
Address	727-729 Waverley St, Palo Alto, CA
Price	$3,350,000
Units	8
Price/Unit	$418,750
Rentable Square Feet	3,535
Price/Sq Ft	$948
Year Built	1904 / 1940
Land Area (Sq Ft)	7,500
Cap After Rent Increases	**4.04%**
Market Cap Rate	5.09%
GRM After Rent Increases	**16.64**
Market GRM	14.14

OPERATIONS STATEMENT		CURRENT	AFTER RENT INCREASES	MARKET
Scheduled Gross Rent		$194,700	$200,165	$235,800
Vacancy	1%	($1,947)	($2,002)	($2,358)
Effective Gross Rent		$192,753	$198,163	$233,442
Laundry Income[1]		$1,200	$1,200	$1,200
Total Income		$193,953	$199,363	$234,642
Operating Expenses		$14,715	$14,715	$14,715
Non-Operating Expenses		$49,366	$49,366	$49,366
Total Expenses		$64,081	$64,081	$64,081
Net Operating Income		$129,872	$135,282	$170,561

FINANCING

Excellent Loan Packages are available and are always dependent on the lender's underwriting, property appraisal, loan program and buyer's qualifications. Available loan amounts and the loan terms are subject to change and are not guaranteed.

RENT ROLL SUMMARY

TYPE	UNITS	SQ FT	AFTER RENT INCREASES	CURRENT	MARKET RENT
1-Bed, 1-Bath	6	534	2,238	2,294	2,775
Bachelor Studio *	2	165	1,400	1,457	1,500
Total	8	3,535	$16,225	$16,680	$19,650

Buyer is responsible for deciding for themselves what "Market Rent" is and what future income can be achieved.

* These two nonconforming studio units were created from the master suite of each of the two units in the rear building, which was originally a duplex with two 2-bed, 2-bath units. They are non-conforming, but the city has been aware of them for a long time.

RENT ROLL

UNITS	UNIT TYPE	SQ FT	CURRENT RENT	RENT AFTER INCREASES	MARKETRENT	NEXT AVAILABLE INCREASE	NOTE
727 A	1-Bed, 1-Bath[2]	485	$2,750	$2,750	$2,750	Currently Vacant	Currently Vacant. Pays unit D electricity, but no gas.
727 B	1-Bed, 1-Bath	485	$1,800	$1,800	$2,650	4/1/2027	Pays their own electricity, gas, sewer and garbage, and Unit C's electricity, gas, and sewer bills.
727 C	Bachelor Studio [1] [2]	165	$1,500	$1,500	$1,500	Currently Vacant	Currently Vacant, would not pay utilities
727 D	Bachelor Studio [1]	165	$1,300	$1,414	$1,500	Now	Does not pay any utilities
729 A	1-Bed, 1-Bath	505	$1,900	$2,067	$2,800	Now	
729 B	1-Bed, 1-Bath	575	$2,500	$2,500	$2,800	12/1/2026	
729 C	1-Bed, 1-Bath + Office	745	$2,500	$2,500	$3,000	1/1/2027	
729 D	1-Bed, 1-Bath	410	$1,975	$2,149	$2,650	Now	
Total		**3,535**	**$16,225**	**$16,680**	**$19,650**		

[1] Non-Conforming Bachelor Studios - These units are the master suite (bedroom and bathroom) that has been separated from what was originally designed as two 2-bed 2-bath units in the rear building. 727 was originaly designed as a duplex, but is now being operated as 4 units. We believe this conversion is non-conforming.

[2] Units 727 A and C are currently being held vacant for the sale. These can be rented in escrow if needed. Underwriting assumes market rent for these units in the Current and after rent increases columns.

[3] All unit square footages come from a 2024 appraisal based on interior dimensions. The two studio sizes are estimated and deducted from a total estimated 650 SqFt / floor to generate units 727 A and B sizes

NOTE: The two studio units do not pay any utilities. Unit A pays for Unit D's electricity along with their own. Unit B pays their own electricity, gas, sewer and garbage, and Unit C's electricity, gas, and sewer bills. The owner pays for water for the entire property, all gas except for 727 B+C, common area electricity, and the garbage for units C+D.

OPERATIONS STATEMENT

OPERATIONS INCOME		CURRENT	RENT AFTER IMMEDIATELY AVAILABLE INCREASES	Market [5]
Scheduled Gross Rent		$194,700	$200,165	$235,800
Vacancy[1]	1.00%	($1,947)	($2,002)	($2,358)
Effective Gross Rent		$192,753	$198,163	$233,442
Laundry Income[1]		$1,200	$1,200	$1,200
Total Income		**$193,953**	**$199,363**	**$234,642**
OPERATING EXPENSES				
Repairs & Maintenance ($500/unit)[1]		$4,000	$4,000	$4,000
Utilities [2]		$9,275	$9,275	$9,275
Landscaping [2]		$1,440	$1,440	$1,440
Subtotal:		**$14,715**	**$14,715**	**$14,715**
NON-OPERATING EXPENSES				
Real Estate Taxes [3]	1.20140%	$40,247	$40,247	$40,247
Special Assessments [3]		$1,119	$1,119	$1,119
Insurance [4]		$8,000	$8,000	$8,000
Subtotal:		**$49,366**	**$49,366**	**$49,366**
TOTAL EXPENSES		**$64,081**	**$64,081**	**$64,081**
% Scheduled Gross Rent		32.91%	32.01%	27.18%
Expenses/Unit		$8,010	$8,010	$8,010
Expenses/Sq Ft		$18.13	$18.13	$18.13
NET OPERATING INCOME		**$129,872**	**$135,282**	**$170,561**

[1] Vacacy, Laundry Income, and are all all estimates or industry standards.
[2] Utilities and Landscaping are owner's actual expenses from 2025.
[3] RE Taxes and Special Assessments are what a new owner should expec to pay, based on the asking price.
[4] Owner currently pays $3,866 for insurance, but our new estimate is around $10,000 for a new policy.
[5] Financials after available increases reflects a projected 8.8% increase in rents for units

ADD AN ADU

Buyers can take advantage of recent favorable California statewide changes to Accessory Dwelling Unit (ADU) requirements and restrictions and immediately add tremendous value by converting existing structures, like tuck-under parking into ADU units. CA Senate Bills 1069, 13 and 330 (and other more recent updates) allow for streamlined approvals of ADU construction on Multi-Family properties of up to ¼ the number of current units on the property, rounding down. There is no need to replace the parking if the property is within ½ mile of public transportation, which this property is.

Below is a chart which outlines the City of Palo Alto guidelines for Multi-Family ADU development which is further explained on their website HERE.

STANDARD	DEVELOPMENT REQUIREMENT
Minimum Lot Area	No minimum
Gross Floor Area (Maximum)	800 SF for a detached ADU (State Standards) and 900 to 1000 SF for a detached ADU (City Standard)
Building Setbacks for Units (Minimum)	min setback 4 ft (rear/side lot lines) for additions to converted structures underlying zone for front setback
Height for Units	max. height is 16 ft 18 ft if within 1/2 mile from transit. Additional 2 ft permitted to align roof pitch with the primary home
Required Parking Spaces	None - Replacement uncovered parking is required when converting existing parking into a JADU.

This is a fantastic strategy for a new owner to immediately add value to their new property. Contact us for more information, including contacts who have done this before, contractors and architects, and city planners who can verify this info.

Disclaimer: Buyer shall be solely responsible for determining whether the Property is legally and physically appropriate for the construction of an Accessory Dwelling Unit, or any new additions or construction of any kind. Neither Seller nor its Brokers make any representation or warranties with regard to any of the above.


727

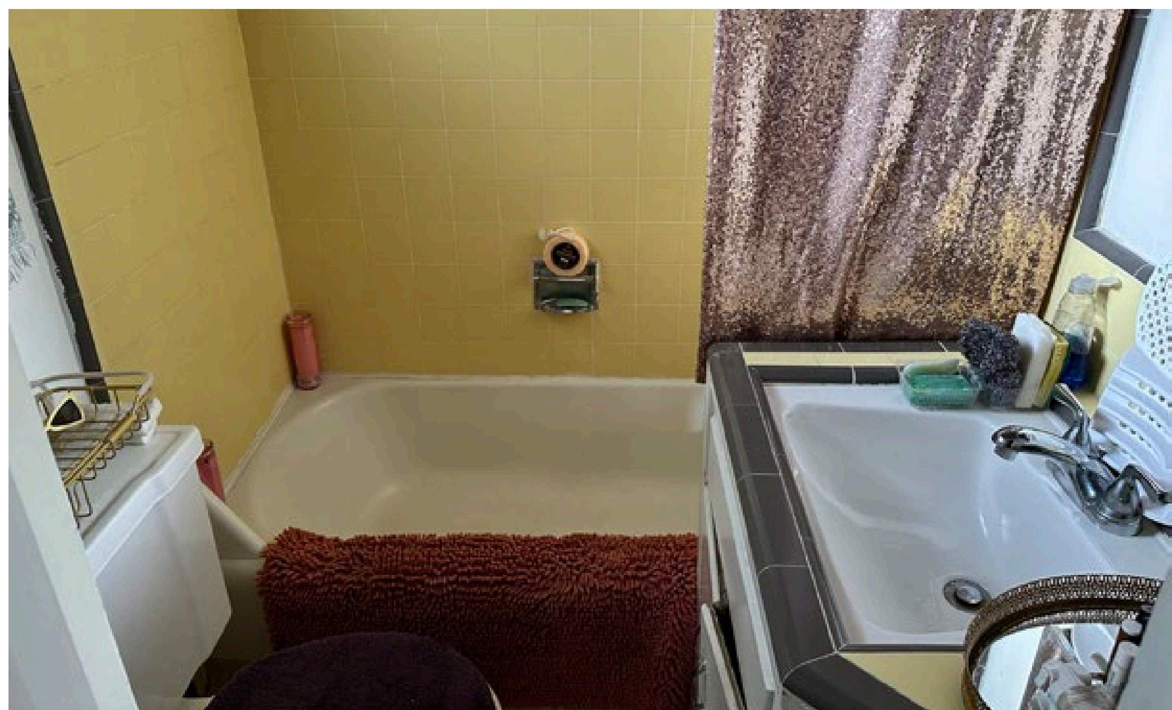
727 A INTERIOR PHOTOS

727 A + B FLOOR PLAN

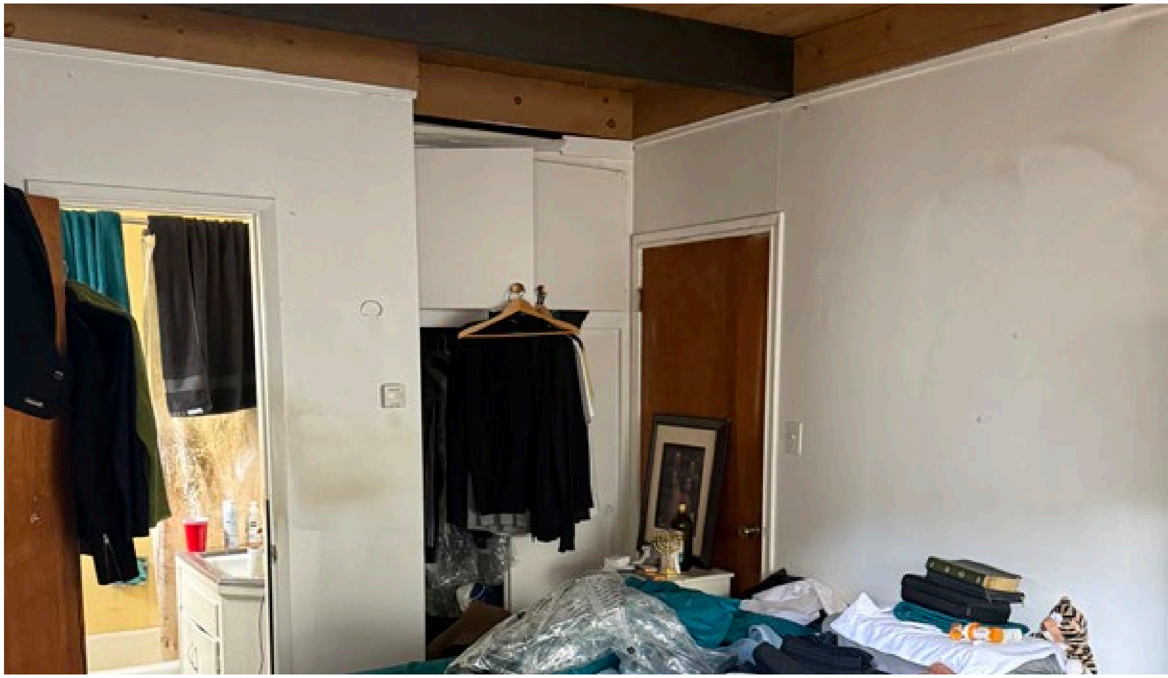
FLOOR PLAN CREATED BY CUBICASA APP. MEASUREMENTS DEEMED HIGHLY RELIABLE BUT NOT GUARANTEED.

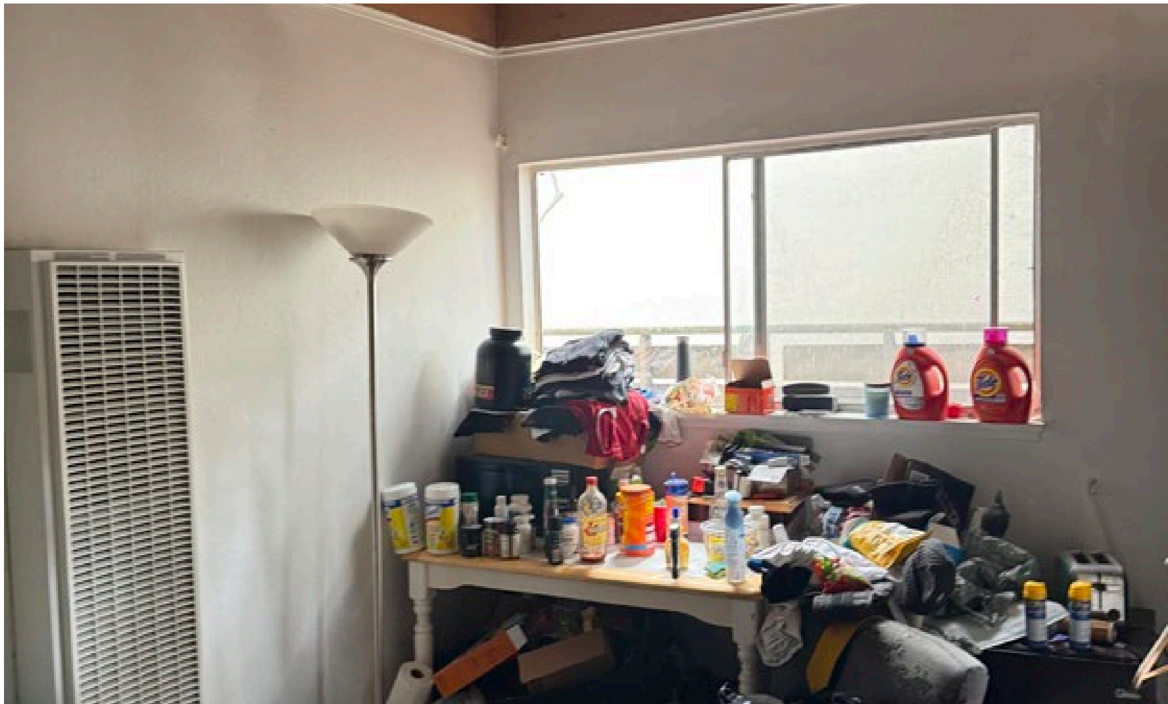
727 B INTERIOR PHOTOS

727 C INTERIOR PHOTOS

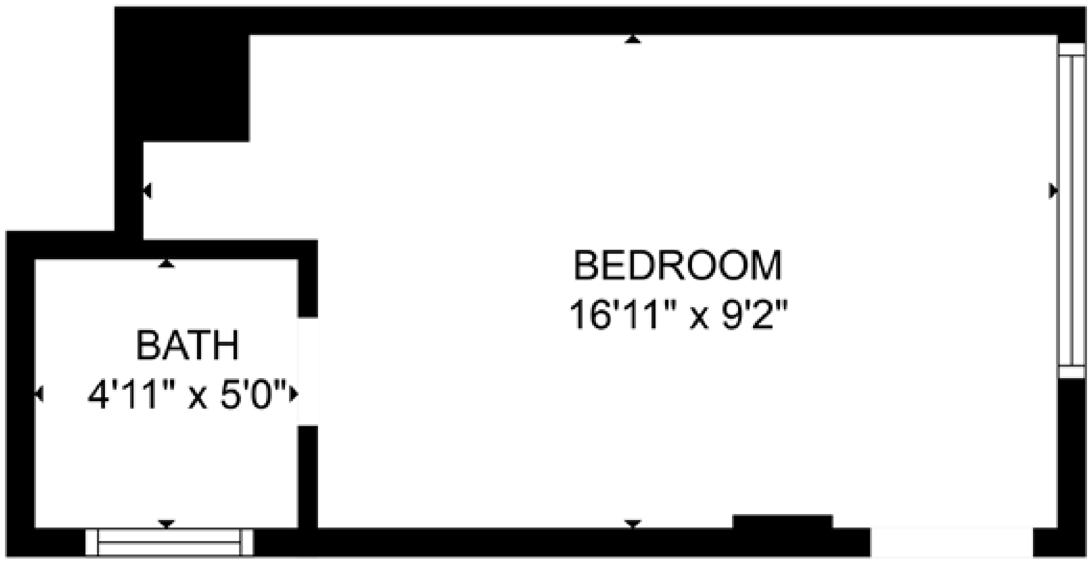


727 D INTERIOR PHOTOS



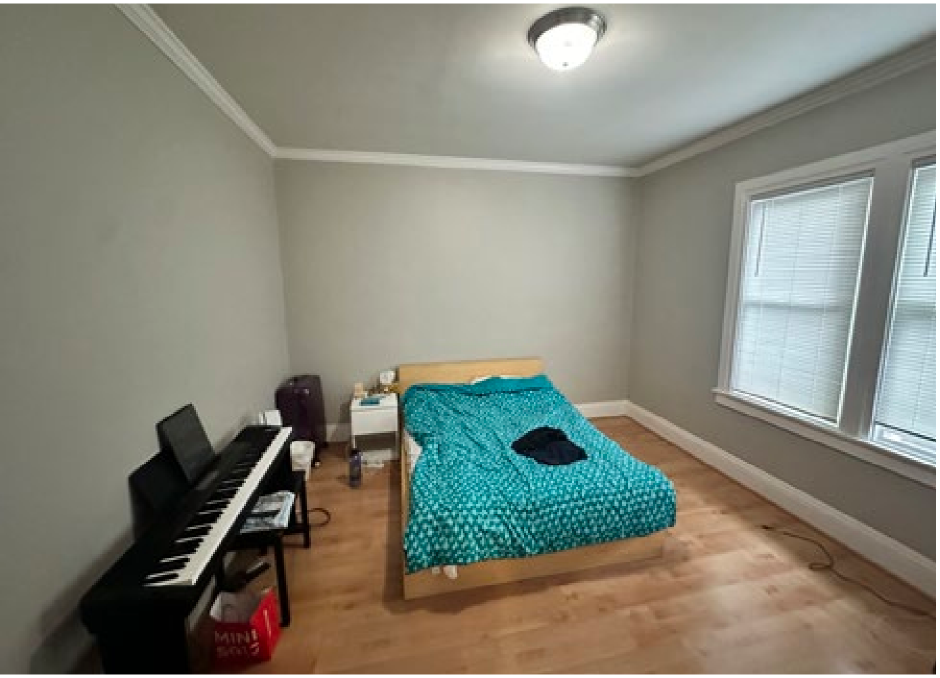


727 C + D FLOOR PLAN

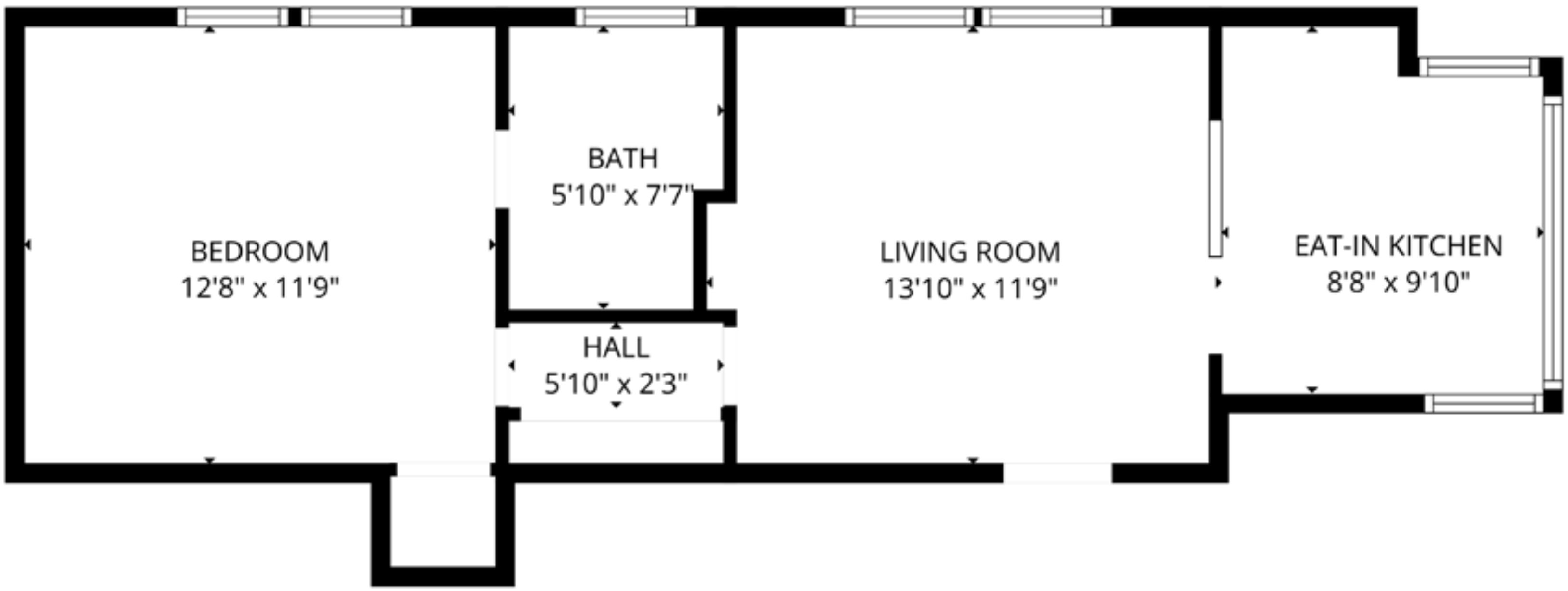


FLOOR PLAN CREATED BY CUBICASA APP. MEASUREMENTS DEEMED HIGHLY RELIABLE BUT NOT GUARANTEED.

729 A INTERIOR PHOTOS



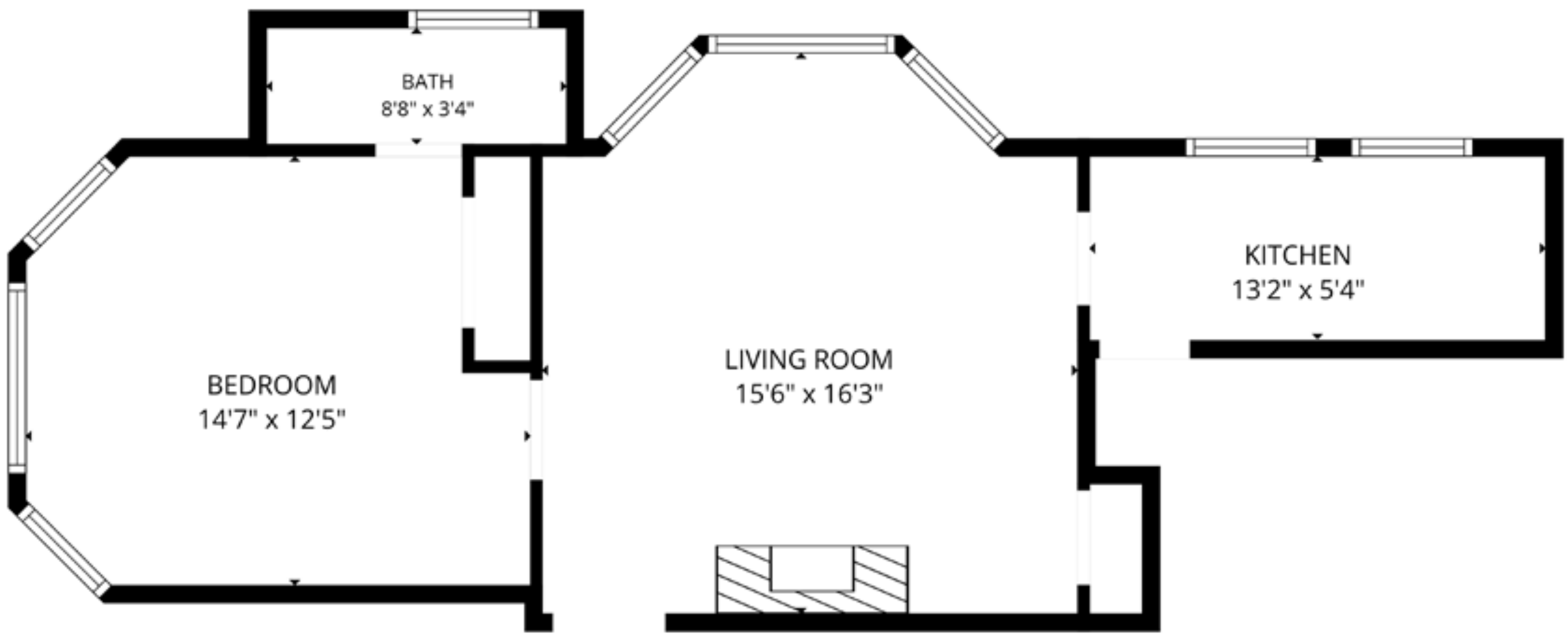

729 A FLOOR PLAN — 527 SQFT



FLOOR PLAN CREATED BY CUBICASA APP. MEASUREMENTS DEEMED HIGHLY RELIABLE BUT NOT GUARANTEED.

729 B INTERIOR PHOTOS

729 B FLOOR PLAN — 581 SQFT



FLOOR PLAN CREATED BY CUBICASA APP. MEASUREMENTS DEEMED HIGHLY RELIABLE BUT NOT GUARANTEED.

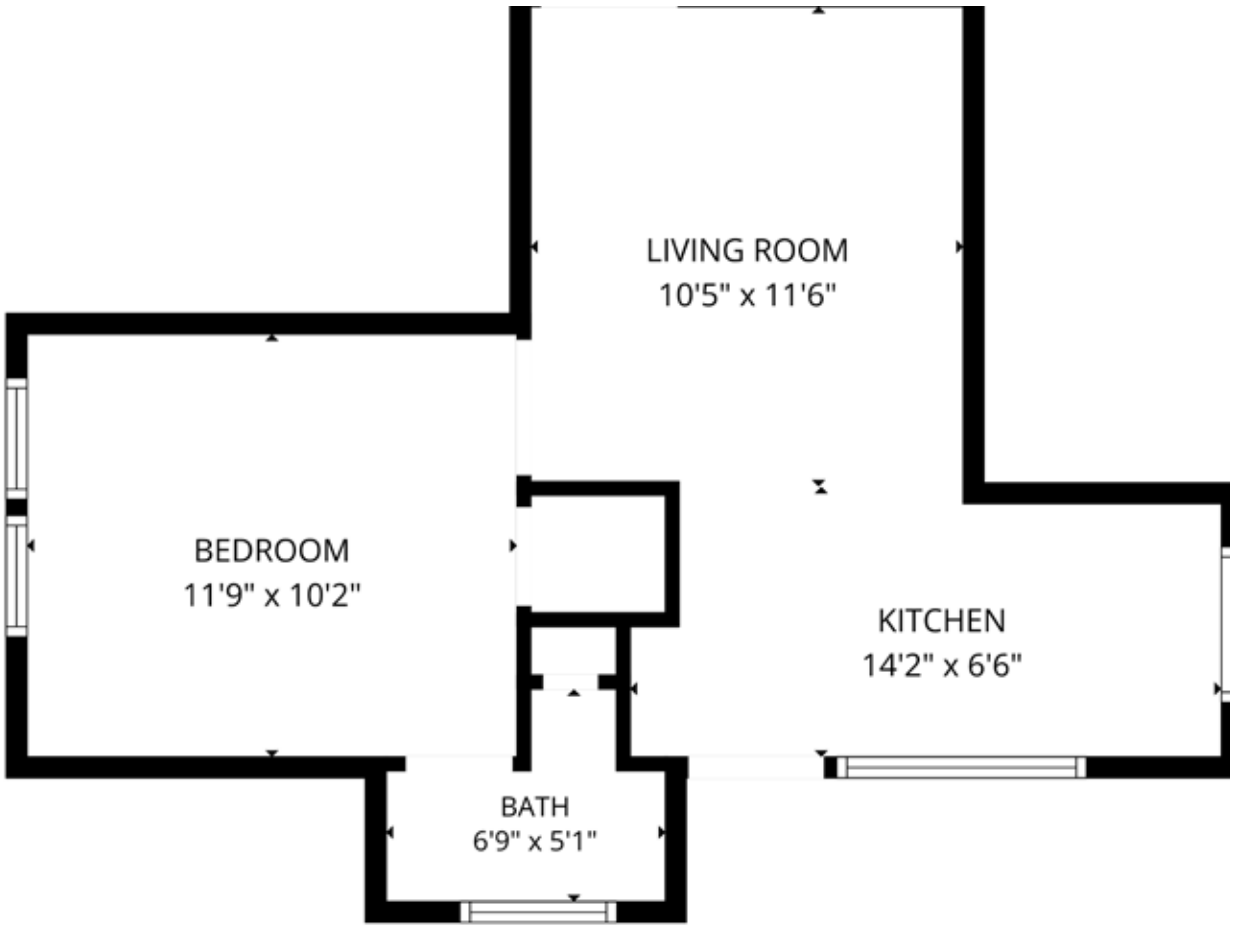
729 C INTERIOR PHOTOS



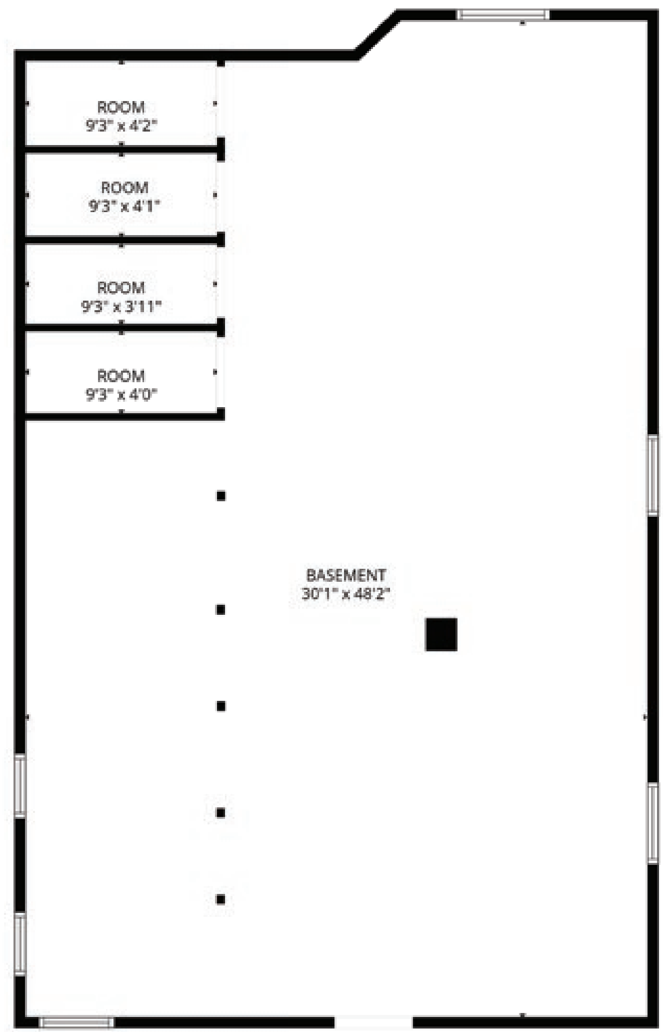

729 C FLOOR PLAN — 850 SQFT

729 D INTERIOR PHOTOS

729 D FLOOR PLAN — 419 SQFT

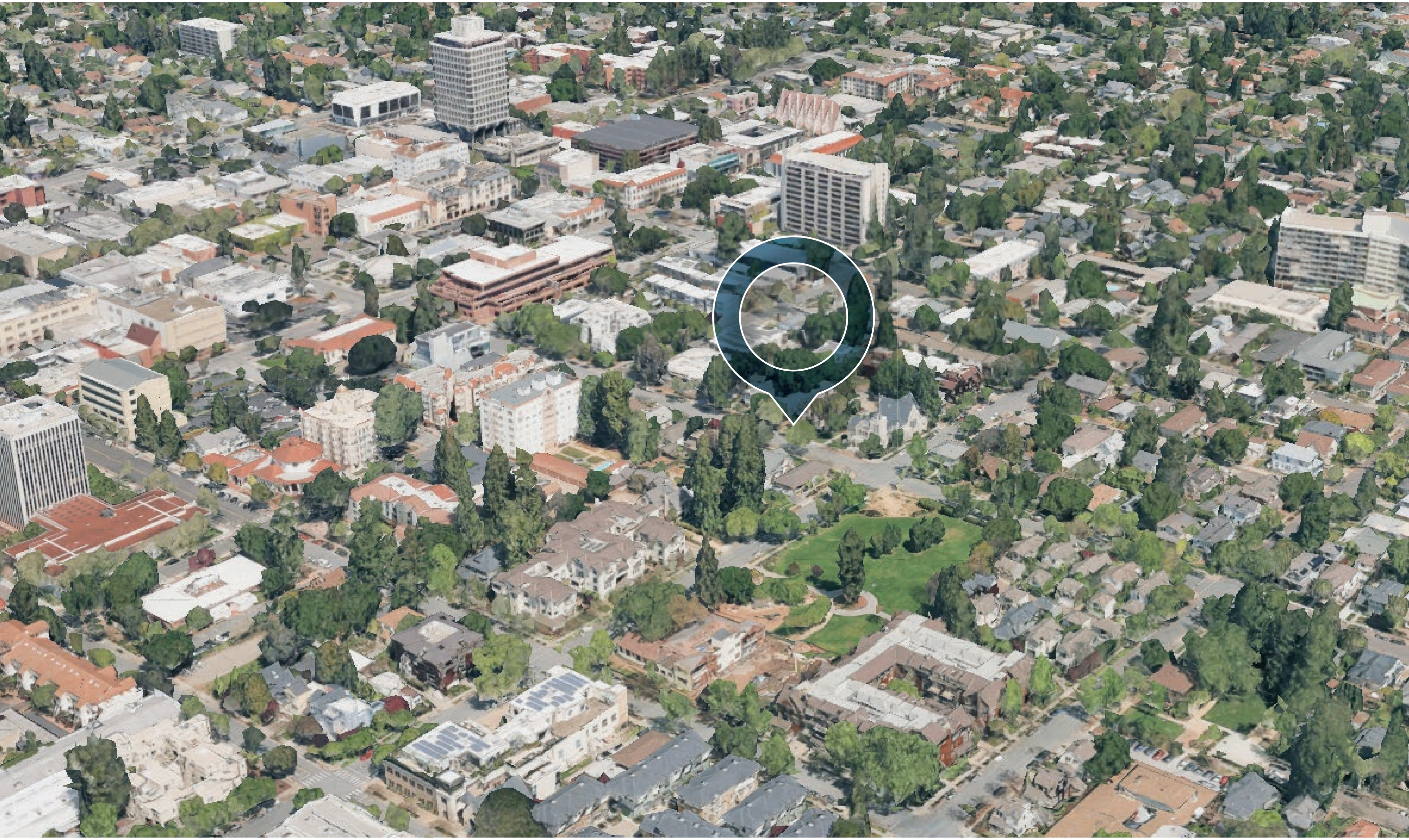


729 BASEMENT FLOOR PLAN — 1497 SQFT



FLOOR PLAN CREATED BY CUBICASA APP. MEASUREMENTS DEEMED HIGHLY RELIABLE BUT NOT GUARANTEED.

AERIAL

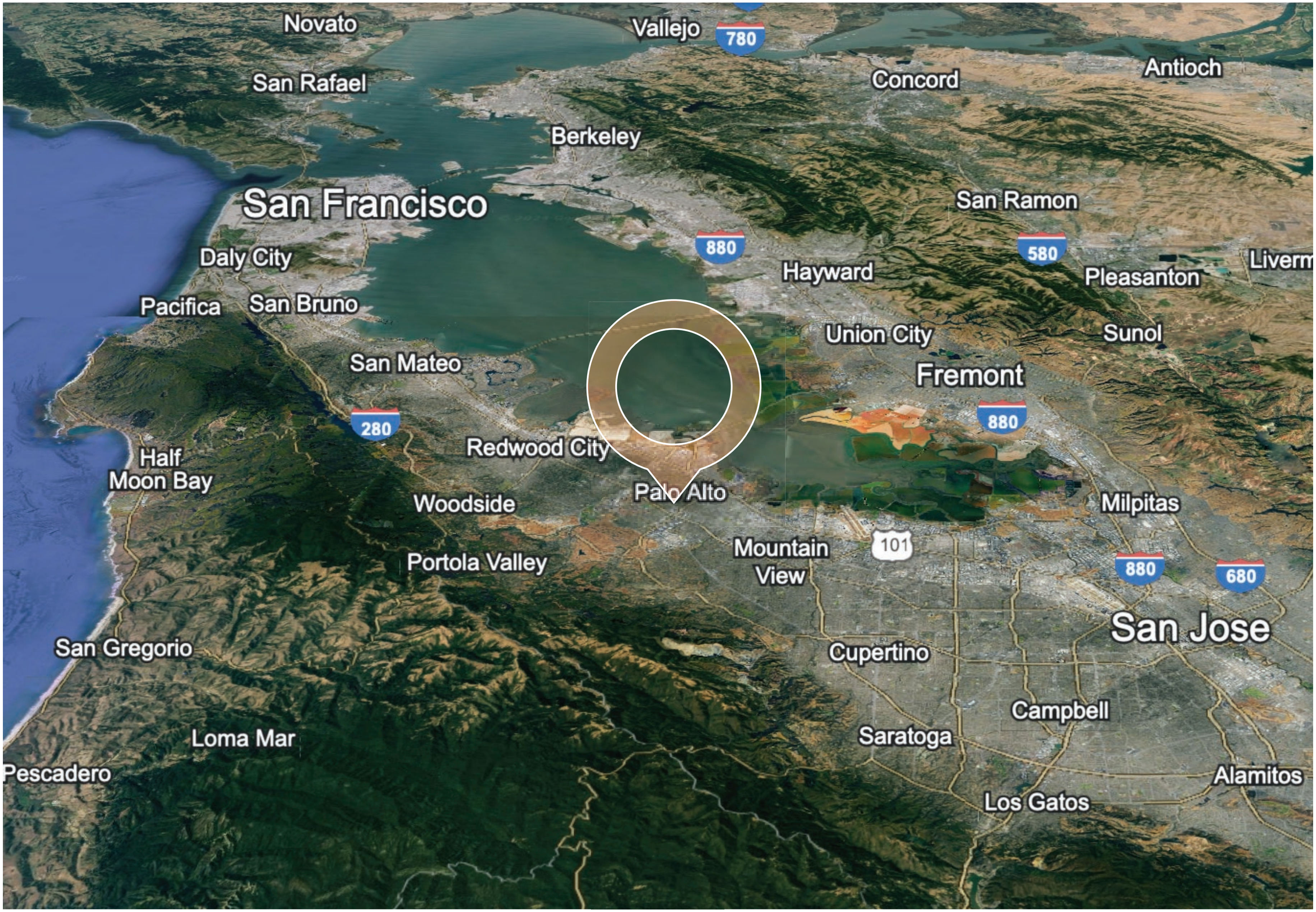


AERIAL

PARCEL MAP

(FMLY. FORREST AVENUE)
P.M. 891-M-14
PCL. 1
22,500 sf
SEE DETAIL
WAVERLEY
107
9,750 sf
106
12,750 sf

AREA MAP


Novato
Vallejo
780
San Rafael
Concord
Antioch
Berkeley
San Francisco
San Ramon
880
580
Daly City
Hayward
Pleasanton
Liverm
Pacifica
San Bruno
Union City
Sunol
San Mateo
Fremont
280
880
Redwood City
Half Moon Bay
Palo Alto
Woodside
Milpitas
Mountain View
101
Portola Valley
880
680
San Jose
San Gregorio
Cupertino
Campbell
Saratoga
Loma Mar
Pescadero
Alamitos
Los Gatos

SAN FRANCISCO BAY AREA OVERVIEW

The San Francisco Bay Area is one of the most dynamic and economically vibrant regions in the world, making it a premier location for real estate investment. Home to over 7.5 million residents across nine counties, the Bay Area is the fifth-largest metropolitan area in the United States. Its GDP exceeds $500 billion, ranking it among the top global economies, driven by a diverse mix of industries including technology, biotechnology, finance, and education.

ROBUST ECONOMY

Largest Metro Area In The U.s. In Terms Of Real GDP

#3

Largest Metro Area In The U.s. With A Population Of Over 8.8. Million

#5

Largest Economic Market In The World With An Annual Gdp Of Over $880 Billion

#19

REMARKABLE ATTRIBUTES

BAY AREA SHARE OF U.S. VENTURE CAPITAL (Q2 2024)

23%

HIGHEST CONCENTRATION OF MILLIONAIRES

8.1%

HIGHEST CONCENTRATION OF HIGH-TECH WORKERS IN THE U.S.

286:1,000

HIGHEST AVERAGE TECH SALARIES IN THE U.S.

$185K

OF ALL REGISTEREDU.S. PATENTS

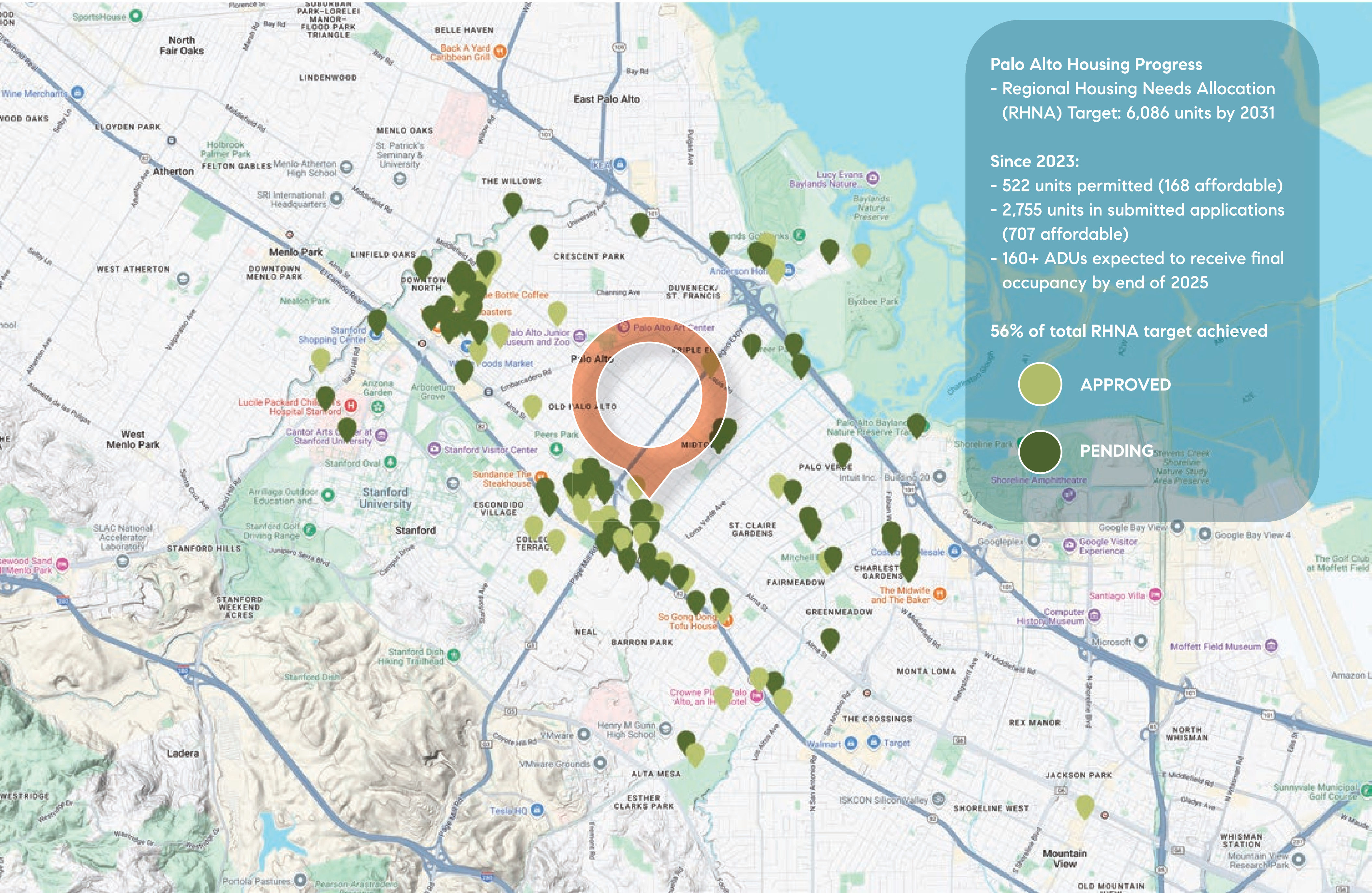
12.8%

OF SILICON VALLEY RESIDENTS WITH COLLEGE EDUCATION

75.6%

TOP LOCAL EMPLOYERS MAP

APPROVED & PENDING DEVELOPMENT PROJECTS



Palo Alto Housing Progress

- Regional Housing Needs Allocation (RHNA) Target: 6,086 units by 2031

Since 2023:

- 522 units permitted (168 affordable)
- 2,755 units in submitted applications (707 affordable)
- 160+ ADUs expected to receive final occupancy by end of 2025

56% of total RHNA target achieved

APPROVED

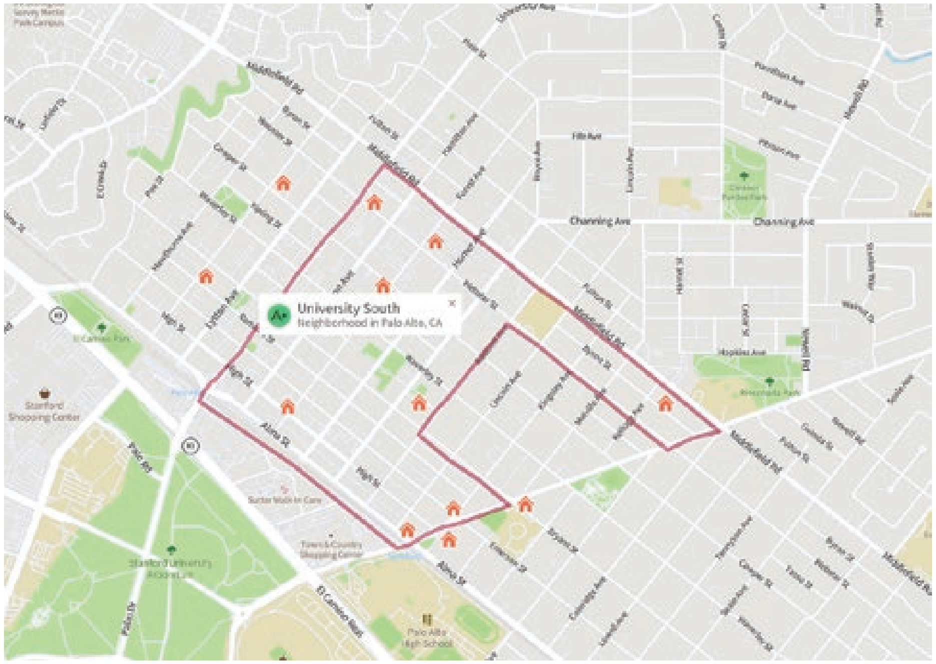
PENDING

LOCATION OVERVIEW

Palo Alto is a town in California with a population of 67,231. Palo Alto is in Santa Clara County and is one of the best places to live in California. Living in Palo Alto offers residents an urban suburban mix feel and most residents own their homes. In Palo Alto there are a lot of restaurants, coffee shops, and parks. Many young professionals live in Palo Alto and residents tend to lean liberal. The public schools in Palo Alto are highly rated.

Living in University South offers residents a dense urban feel and most residents rent their homes. In University South there are a lot of bars, restaurants, coffee shops, and parks. Many young professionals and retirees live in University South and residents tend to be liberal. The public schools in University South are highly rated.

Best Neighborhoods to Raise a Family in Palo Alto	Best Neighborhoods for Young Professionals in Palo Alto	Best Neighborhoods to Live in Palo Alto
#4 of 22	#3 of 22	#4 of 22



UNIVERSITY S. PA BY THE NUMBERS

POPULATION
4,730

MEDIAN AGE
40.8

MEDIAN HOUSEHOLD INCOME
$231,101

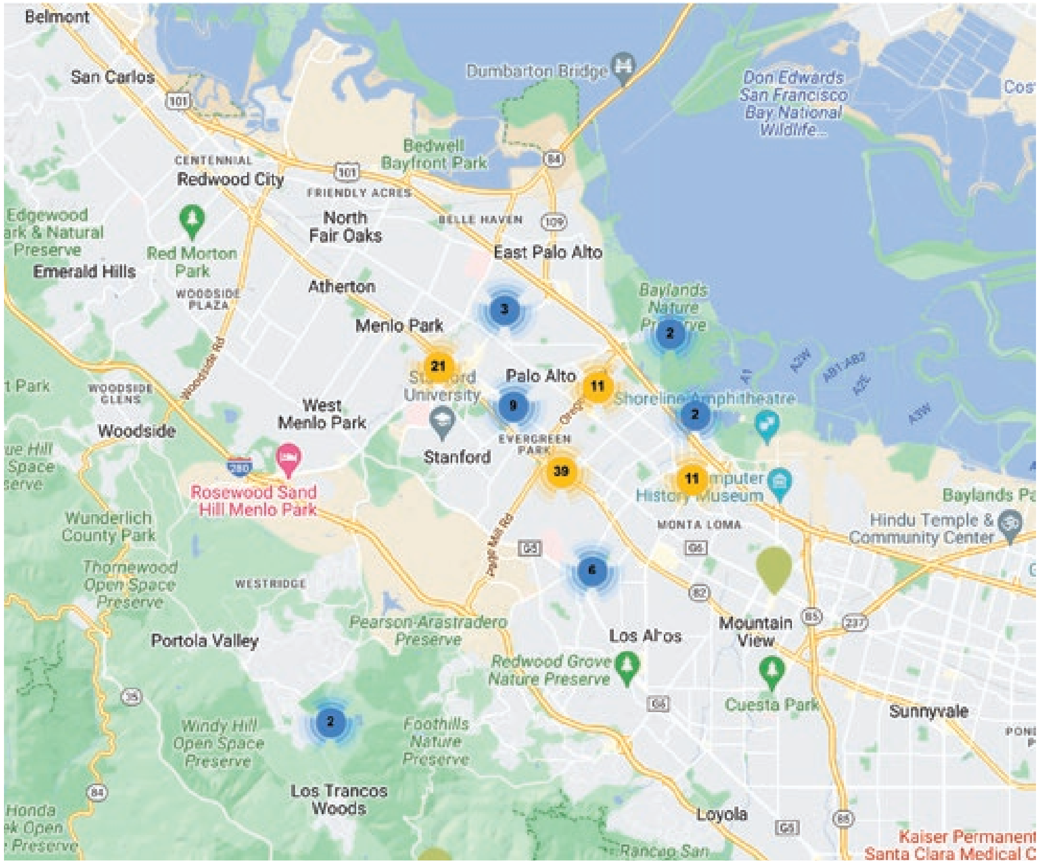
MEDIAN HOME VALUE
$1,998,107

MEDIAN RENT
$2,800

DENSE URBAN

Source: Compass Research

KEY ECONOMIC DEVELOPMENT PROJECTS



3585 El Camino Real

Request for Architectural Review to allow the demolition of an existing approximately 800 square foot commercial structure and allow for construction of a new three-story approximately 6,790 square foot mixed-use building.

3001/3017 El Camino Real

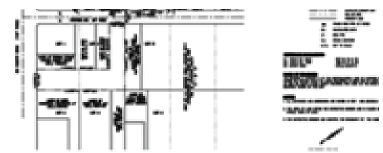
Request for Major Architectural Review to demolish two existing retail buildings and to construct a 129 unit, 100% affordable, five-story, multi-family residential development.

3001 El Camino Real, Palo Alto, CA,

3241 Park Boulevard

Request for Major Architectural Review to demolish an existing 4,501 square foot building and construct a new 7,861 square foot office building.

3241 Park Boulevard, Palo Alto, CA, 94306



3877 El Camino Real

Request for Final Map to divide an existing 0.75 acre parcel for condominium purposes into 17 residential units and 4,676 square feet of commercial space.

3877 El Camino Real, Palo Alto, CA, 94306

3225 El Camino Real

Request by Hayes Group Architects for Architectural Review of a new 29,249 sq. ft. mixed-use project, replacing the existing 7,000 sq. ft. retail building, that includes eight residential units and 11,984 sq. ft. of commercial space.

3225 El Camino Real, Palo Alto, CA,

425 Page Mill Rd

Request by Stoecker & Northway Architects Inc. for a Site and Design Review for a 35, 537 sq. ft. 3 story mixed use building.

425 Page Mill Rd, Palo Alto, CA, 94306

2609 Alma St

Request for Major Architectural Review to Allow the Demolition of two existing one-story Apartment Buildings containing four (4) units and to construct four (4) new three-story townhome style apartments.

2609 Alma St, Palo Alto, CA, 94306

2755 El Camino Real

Request by Tod Spieker for a Major Architecture Review and addition of a new overlay at 2755 El Camino Real on the current site of a vacant parking lot formerly used as a Valley Transportation Authority (VTA) Park and Ride facility.

2755 El Camino Real, Palo Alto, CA,

2609 Alma St

Request for Major Architectural Review to Allow the Demolition of two existing one-story Apartment Buildings containing four (4) units and to construct four (4) new three-story townhome style apartments.

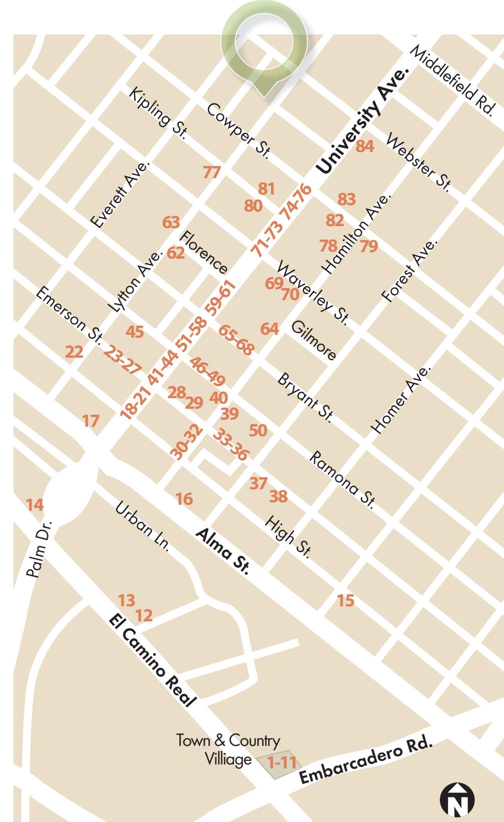
2609 Alma St, Palo Alto, CA, 94306

PALO ALTO ATTRACTIONS

CITY OF PALO ALTO

Downtown Palo Alto Restaurants

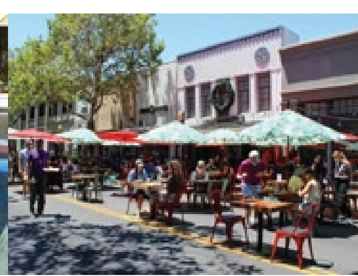
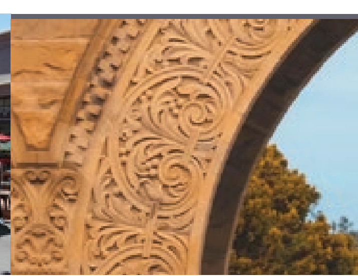
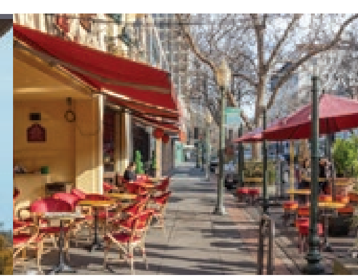
1 Scott's Seafood Grill
2 Asian Box
3 LuLu's Town & Country
4 Howie's Artisan Pizza
5 Kirk's Steakburgers
6 Korean BBQ
7 Douce France
8 Mayfield Bakery & Cafe
9 Calafia Cafe
10 Village Cheese House
11 Sushi House
12 Restaurant Soleil
13 Poolside Grill
14 MacArthur Park
15 St. Michael's Alley
16 Pampas 529 Alma St.
17 Rudy's Pub
18 Amber Dhara
19 Loving Hut
20 Sprout Cafe
21 Campo Pizzeria
22 Darbar Indian Cuisine
23 Evvia
24 Patxi's Chicago Pizza
25 Jing Jing
26 Rangoon Ruby
27 China Delight
28 Thaiphoon
29 The Rose & Crown
30 Palo Alto Creamery Fountain
31 Spot A Pizza
32 LYFE Kitchen
33 Tacolicious
34 Gordon Biersch Brewing Company
35 Buca di Beppo
36 Empire Tap Room
37 La Morenita
38 St. Michael's Alley Annex
39 Reposado
40 Osteria
41 Steam
42 Cafe 220
43 Pizza My Heart
44 The Workshop
45 Oren's Hummus Shop
46 University Cafe
47 Mandarin Gourmet
48 Nola
49 Coupa Cafe
50 Old Pro Sports Grill
51 Bistro Maxine
52 Coconuts
53 Curry Up Now
54 Madame Tam Gourmet Asian Bistro
55 Slider Bar Cafe
56 Figo
57 La Strada Ristorante Italiano
58 Siam Royal
59 Joya Restaurant & Lounge
60 Crepevine
61 The Cheesecake Factory
62 Paris Baguette
63 Kanpai Sushi
64 Janta Indian Cuisine
65 Three Seasons Restaurant
66 Vero Ristorante
67 Bon Vivant
68 RoastShop
69 Mango Caribbean Restaurant
70 Siam Orchid Thai
71 Cafe Epi
72 Cafe Venetia
73 Krung Siam Thai Cuisine
74 Thyme to Eat

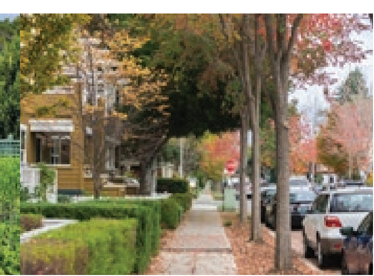


75 Pluto's
76 Gyros Gyros
77 Bangkok Cuisine
78 Zibibbo
79 Vino Locale
80 Prolific Oven
81 Tai Pan
82 Il Fornaio Cucina Italiana
83 California Pizza Kitchen
84 Tamarine Restaurant

California Avenue Restaurants

1 Caffe Riace
2 Jade Palace
3 Peking Duck
4 Palo Alto Pizza Co.
5 Baume
6 Anatolian Kitchen
7 Birch Street
8 Homma's Brown Rice Sushi
9 Cafe Pro Bono
10 Printer's Inc Cafe
11 Antonio's Nut House
12 Tandoori Oven
13 The Counter
14 Palo Alto Baking Co.
15 Joanie's Cafe
16 Szechwan Cafe
17 Palo Alto Sol
18 Spalti Ristorante
19 Lotus Thai Bistro
20 Mediterranean Wraps
21 Cafe Brioche
22 Pastis
23 Terrone
24 Uzumaki
25 La Bodeguita del Medio
26 3 G's Cafe
27 Sundance The Steakhouse
28 Cardinal Sushi
29 Fresh Taste
30 R & B Seafood Restaurant
31 Freebirds World Burrito
32 Cheese Steak Shop
33 Olive Garden
34 Chipotle Mexican Grill



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