

**OFFERING
MEMORANDUM**

**1909 W
GRAND AVE
WEST TOWN**



cawley CHICAGO

Presented by:

ZACH PRUITT

Principal

312.766.4289

zpruitt@cawleychicago.com

NICHOLAS SCHAEFER

Vice President

312.766.4285

nschaefer@cawleychicago.com

The size of the transaction
should not limit
the size of the effort.

This information has been secured from sources we believe to be reliable. Cawley Chicago makes no representations or warranties, expressed or implied, as to the accuracy of the information. All square footage and age are approximate based on reliable sources. All information must be verified by the buyer and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property.

Inside

- I. Offering
- II. Investment Overview & Highlights
- III. Property Specifications
- IV. Location
- V. Financial Overview
 - i. Tenant Overview
 - ii. Lease Abstracts
 - iii. Financial Summary & Cash Flow
- VI. Market
 - i. Sales Comparables
 - ii. Demographics & Statistics





1909 W Grand Ave

As exclusive representation, Cawley Chicago is pleased to present, 1909 W Grand Ave, a truly unique two story, mixed-use investment opportunity in Chicago's West Town neighborhood. Nestled on the bustling Grand Ave corridor and bordering the Kinzie Corridor, the offering presents secure in-place income with tremendous value-add and reposition potential. Resting on a 11,532 Sq.Ft. hard corner site, the property presents 122' of frontage on W Grand Ave, providing exposure to more than 19,600 Vehicles Per Day and an average of 8,663 daily commuters on the 65-Grand Avenue bus.

With 16,500 Sq.Ft of total building area, the 16,100 Sq.Ft. of street level retail space is anchored by national, investment grade tenant, Napa Auto Parts, providing secure, in-place cash flow with an opportunity to reforecast the currently below market rent to market rates within the first three years of investment. Two street level entrances lead up to 6,400 Sq. Ft. of second floor space, full of potential. Currently utilized as three, oversized residential units with one year terms, the second floor offers immediate value-add opportunity taking advantage of strong demand and increasing rents in the Kinzie Corridor & West Town neighborhoods.

As large scale developments take place to the east in West Loop and Fulton Market, demand continues to push west, and this demand has found its home in the West Town & Kinzie Corridor neighborhoods. Pricing for residential and commercial product in West Town continues to surge, with rental pricing increasing nearly 18% in the last year. Supporting the surge of growth, the City of Chicago has commenced on a new CTA Green Line Station at Damen & Lake, a 10 minute walk from the property. Additionally, the city has approved two initiatives driving demand and capital investment to the immediate area. The first being the Industrial Corridor Modernization plan for the Kinzie Corridor, relaxing the in-place zoning to drive growth by welcoming new office, retail and commercial uses in the immediate area. In addition, the City of Chicago has identified an area, two blocks south of the property, to qualify for the Federal Opportunity Zone program.

1909 W Grand truly offers an opportunity like no other in the area. With its established West Town location in the Grand Ave path of progress, bordering one of the most vibrant and active neighborhoods in the city, the Kinzie Corridor, 1909 W Grand provides stable in-place income with immediate value-add potential, and endless potential for future growth.

Investment Overview

Offering

Property Address:	1909 W Grand Ave
Asking Price:	\$2,750,000
Net Operating Income:	\$135,306
Occupancy:	100%
Property Type:	Mixed Use 1st Floor - Retail Showroom 2nd Floor - Residential Apartments

Property

Total Land Area:	11,532 Sq.Ft.
Total Building Size:	16,500 Sq.Ft. 1st Floor: 10,000 Sq.Ft. 2nd Floor: 6,400 Sq.Ft.
Year Built / Renovated:	1964 / 2017
Parcel ID Numbers:	17.07.225.018-021.0000





Investment Highlights

IN-PLACE INCOME

- Investment grade anchor tenant, with three years remaining on current lease term
- Three residential apartment leases, with one year terms
- Complimentary income with signage lease

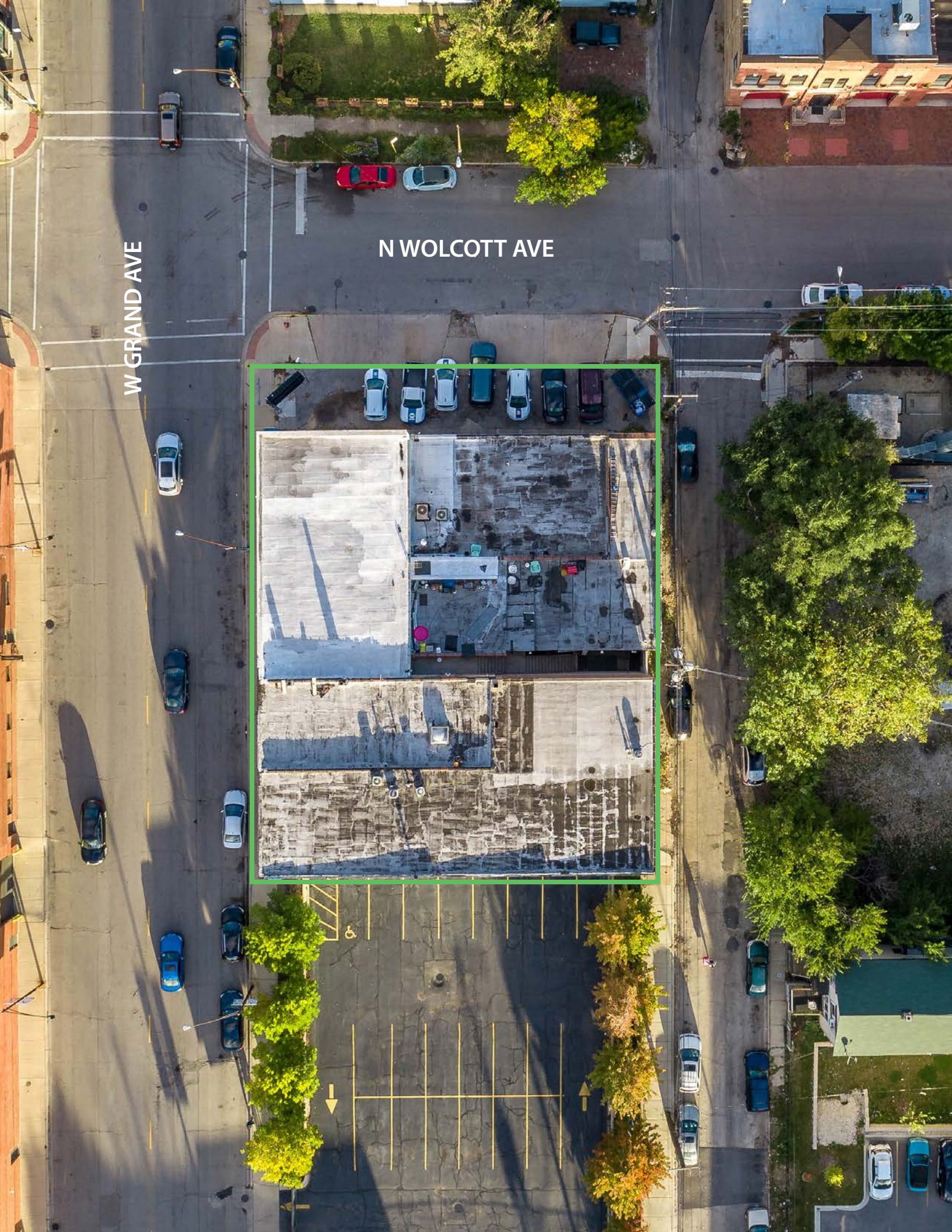
VALUE-ADD / REPOSITION

- Anchor tenant significantly below market rate, with opportunity to reforecast rent closer to market within three years
- Rents for residential apartments in West Town have increased 18% within last year
- Opportunity to reposition second floor to commercial use
- Commercial leasing rates up \$6.00 per RSF on average in the Grand Ave Corridor and \$12.00 per RSF on average in the Kinzie Corridor
- Ability to increase efficiencies of floor plan and total RSF

PATH OF PROFITABILITY

- Located one-half mile from 1909 W Grand Ave, the new Lake St-Damen Ave CTA Green Line "L" Station will drastically improve public transportation for daily commuters going to work and home in the neighborhood, while supporting new public transportation to visitors of any of the 200+ events held at the United Center each year
- Property is located within a small pocket of Grand Ave corridor with outdated M-zoning. Direct and relative precedence for commercial zoning with increased FAR within immediate area
- Lack of significant new development within the Kinzie Corridor and Grand Ave Corridor has allowed inventory of commercial space to remain static over the last ten years
- Commercial vacancy in Kinzie Corridor & Grand Ave Corridor in single-digits, drastically reduced nearly 10% within last five years
- Responding to rapid development and increasing rental rates in Fulton Market, Goose Island and West Loop, the Kinzie Corridor & West Town have become an attractive lower cost solution for commercial and residential tenants
- Recently approved by the City of Chicago's Department of Planning and Development, relaxed zoning regulations within the immediate area of the Kinzie Corridor will continue to drive the momentum of demand and interest west





Property Specifications

Address:	1909 W. Grand Ave
Neighborhood:	West Town
Ward:	1st, Ald. Daniel La Spata
Zoning:	M1-2
Enterprise Zone:	Zone 4
TIF District:	Kinzie Industrial Corridor
Taxes:	\$29,222.70 (2018)
Property Classification:	212 : Mixed-use with 6 units or less
Current Use:	Mixed-use: Commercial / Residential 1st Floor: Commercial - Retail/Showroom 2nd Floor: Residential Apartments
Total Land Area:	11,532 Sq.Ft.
Total Building Area:	16,500 Sq. Ft. 1st floor: 10,100 Sq.Ft. 2nd floor: 6,400 Sq.Ft.
Stories:	2
Parking:	10 Surface Parking Spaces. Approx. 1,432 Sq.Ft. Surface Lot Area
Intersection:	W. Grand Ave & N. Wolcott Ave
Frontage:	122' - W Grand Ave 95' - N Wolcott Ave
Construction Type:	Masonry, Brick & Mortar
Ceiling Heights:	1st Floor - 12' 2nd Floor - 11'-11.5'
Loading:	Two side load, drive-in doors off of N. Wolcott Ave Two rear load, drive-in doors off of W. Ferdinand St
Mechanicals:	1st Floor: Two independent RTU's 2nd Floor: Two independent RTU's, individual VAV boxes within Premises
Roof:	Less than five years old
Interior:	New interior renovations within last two years

Location

- New Lake St-Damen Ave Green Line “L” Station within 10 minute walking distance of 1909 W Grand Ave
- Three major north-south corridors located within 1/2 mile of property: Damen Ave, Ashland Ave, Western Ave
- Less than one mile due north of the United Center
- Hard-corner location on W Grand Ave & N Wolcott Ave provides exposure to 19,400 VPD and an average of 8,726 daily commuters on 65-Grand Ave bus
- 1 mile proximity of Fulton Market, West Loop, Wicker Park and River West
- Access to 1-90 & 1-290 within 5 minute drive
- Located along and within the Grand Ave Design District comprising of numerous retail and local food destinations
- Walk Score of 89 – considered “Very Walkable”
- Located within new sub-pocket neighborhood Chicago Brew District and within close proximity to ICNC’s Make City
- Federal and city incentives driving significant capital investment and long-term growth to the area
- With surge of new development and rental rates significantly increasing in the West Loop and Fulton Market neighborhoods, demand continues to push west as area becomes the lower cost alternative for companies and residents
- 1909 W. Grand Ave serves as Napa Auto’s Downtown Distribution Center, servicing greater downtown area. Next closest facility 5 miles northwest.





1909 W. GRAND AVE.



LAKE-DAMEN GREEN LINE STATION

Conveniently located within walking distance of 1909 W Grand Ave, construction of the new Green Line "L" Station at Lake St and Damen Ave is currently underway with completion anticipated around 2020-2021. The new facility will provide local businesses and residents improved access to work and school, and bring a much needed transit option for those attending any of the 200+ events at the United Center.



UNITED CENTER

Located less than 1 mile due south of the subject property, the United Center is home to the Chicago Blackhawks and Chicago Bulls, and it is the largest arena in the United States.

Since opening, the United Center has hosted over 200 events each year. Some of the events the United Center has been proud to host include the 1996 Democratic National Convention, The Rolling Stones, Eric Clapton, Bruce Springsteen and the E Street Band, Paul McCartney, U2, The Who, The 3 Tenors, Ringling Brothers and Barnum & Bailey Circus, Disney on Ice, the Big Ten Men's Basketball Tournament, the Men's NCAA Basketball Tournament, the Great Eight Classic, Illinois College Basketball, and Champions on Ice.

The United Center has hosted over forty million guests since its opening in 1994.

MAKE CITY @ ICNC

The Industrial Council of Nearwest Chicago's Make City incubator is one of the largest and oldest incubators in the country.

Located in four buildings, spanning more than 416,000 Sq. Ft, today MAKE CITY incubator is home to over 110 new and growing companies.



Tenant Overview

NAPA AUTO PARTS

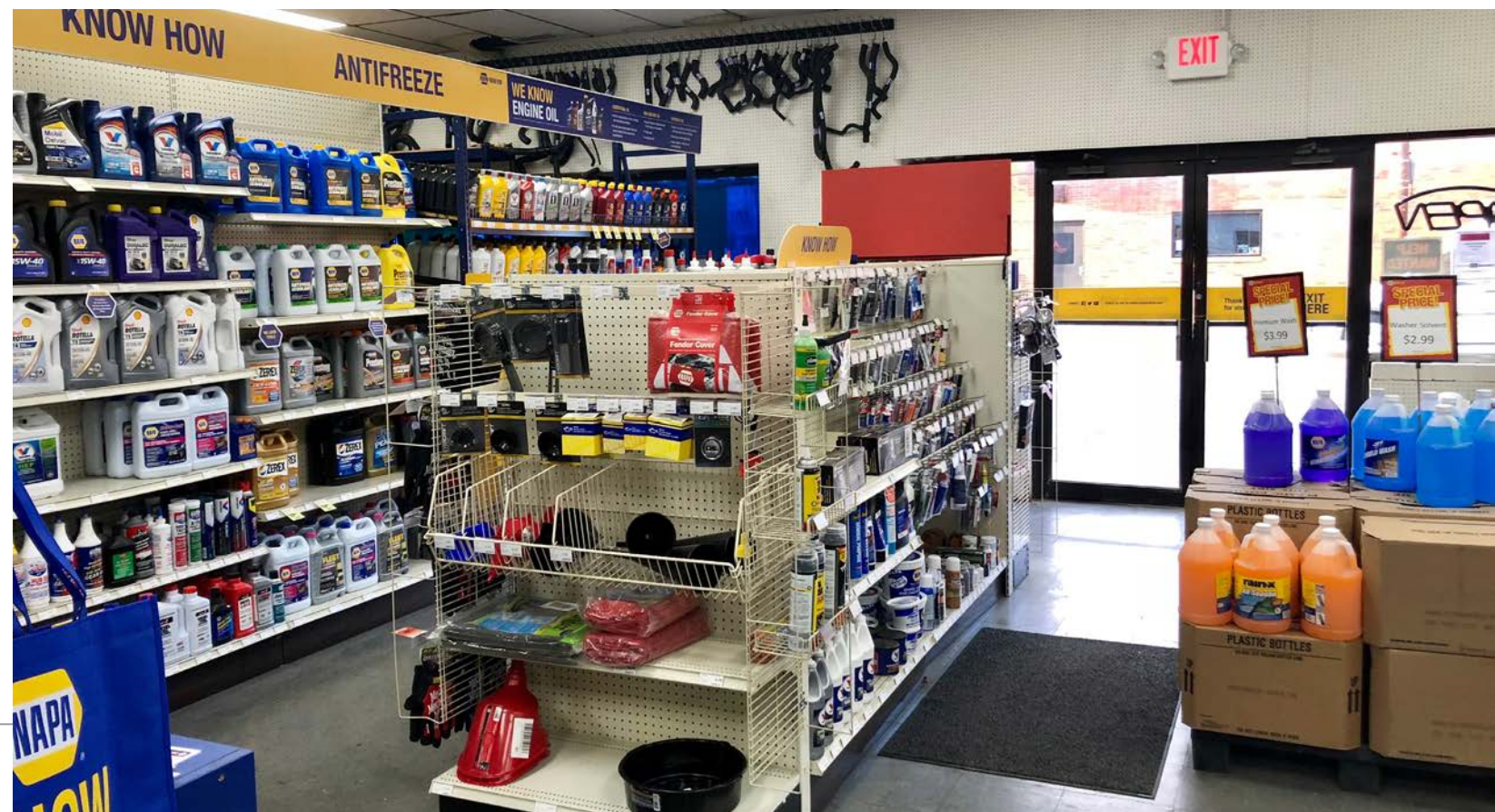
Napa Auto Parts locations can offer a unique opportunity for a buyer to acquire a recession-resistant investment, guaranteed by an investment grade tenant. Reiterating the property's strong location, Napa stores typically located on a busy retail corridor. The retail auto parts industry continues to thrive as the age of vehicles on the road continues to increase.

In 1925, a group of independent auto parts sellers met in Detroit to form the National Automotive Parts Association. Their mission was simple: improve the distribution of auto parts to serve the people and businesses who increasingly relied on cars and trucks for their transportation needs. In 1936, NAPA opened its first location, an existing Atlanta auto parts store purchased from an owner who thought the industry was past its peak. It wasn't even close. Nearly a century later, NAPA continues to serve auto service professionals, do-it-yourselfers and everyday drivers with quality parts and supplies to keep cars, trucks, and equipment performing safely and efficiently.

In the US, NAPA now includes 57 distribution centers and nearly 6,000 independently-owned and company-owned stores. NAPA carries an extensive inventory of more than 475,000 parts for automotive and industrial applications.

A division of Genuine Parts Company (NYSE: GPC) and a global automotive aftermarket leader, NAPA operates NAPA Canada, Auto Todo in Mexico and Repco in Australia and New Zealand.

LEASE SUMMARY	
Premises	1st Floor
Size	10,000 RSF
Lease Type	Modified Gross Base Rate + OpEx + Utilities
Taxes Base Year	2011
Lessee	Genuine Parts Company
Lease Term	5 Years
Rent Commencement	December 1, 2017 (1st Renewal Period)
Option	1 x 5 Year
Option to Purchase	None
Tenant Responsibilities	Water, Gas, Electric, OpEx.



Financial Overview

Tenant Lease Abstract

Premises	Napa Auto Parts
Square Feet	10,000 SF
Base Rent (PSF)	\$9.84
Base Rent (Annual)	98,400
Rental Rate Structure	Modified Gross net Utilities & OpEx
Lease Commencement Date	12/4/2017 (First Option)
Lease Expiration Date	11/30/2022
Base Year	2011 (Taxes)
Escalations	N/A
Options	1 x 5 yr Option (180 day notice)
Tenant Responsibilities	Utilities (Water, Gas , Electric), Trash, Snow Removal, Sewer, Repair & Maintenance

Premises	Apartment 1
Square Feet	2,698 SF
Base Rent (Per Month)	\$2,200 (3 Bed/2 Bath)
Base Rent (Annual)	\$26,400
Rental Rate Structure	Gross
Lease Commencement Date	1/1/2019
Lease Expiration Date	1/1/2020
Options	N/A
Utilities	Included in Base Rent

Premises	Apartment 2
Square Feet	1,512 SF
Base Rent (Per Month)	\$1,800 (2 Bed / 2 Bath)
Base Rent (Annual)	\$21,600
Rental Rate Structure	Gross
Lease Commencement Date	12/1/2018
Lease Expiration Date	11/30/2019
Options	N/A
Utilities	Included in Base Rent

Premises	Apartment 3
Square Feet	1,824 SF
Base Rent (Per Month)	\$2,000 (3 Bed / 2 Bath)
Base Rent (Annual)	\$24,000
Rental Rate Structure	Gross
Lease Commencement Date	3/1/2019
Lease Expiration Date	2/28/2020
Options	N/A
Utilities	Included in Base Rent

Premises	Sign
Square Feet	N/A
Base Rent (Per Month)	\$1,000
Base Rent (Annual)	\$12,000
Rental Rate Structure	Modified Gross
Lease Commencement Date	2/22/2016
Lease Expiration Date	2/22/2031
Escalations	Consumer Price Index (CPI) Not to exceed 5%
Options	2 x 5 yr Options (90 day notice)
Utilities	Electric



Financial Summary

In-Place Year 1 NOI: \$135,306

Forecast Year 5 Projection NOI: \$255,857

Upside Potential

In-Place vs. Market Rate

West Town – Commercial / Retail

In-Place: \$8.07 PSF Net Effective

Market Rate: \$18.00 NNN

Upside Potential: 55% Below Market Rate

West Town - 2 Bedroom Apartment

In-Place: \$1,800 per Month

Market Rate: \$2,035 per Month

Upside Potential: 11.5% Below Market Rate

West Town - 3 Bedroom Apartment

In-Place: \$2,100 per Month (Avg. 2 units)

Market Rate: \$2,550 per Month

Upside Potential: 17.6% Below Market Rate

Cash Flow

	Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
For Years Ending:	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25
Rental Revenue						
Napa Auto Parts	\$98,400	\$98,400	\$98,400	\$119,900	\$151,875	\$156,431
Apartment 1 (3BR/2BA)	\$28,400	\$32,940	\$34,587	\$36,316	\$38,132	\$40,039
Apartment 2 (2BR/1BA)	\$22,775	\$24,929	\$26,175	\$27,484	\$28,858	\$30,301
Apartment 3 (3BR/3BA)	\$25,100	\$30,855	\$32,398	\$34,018	\$35,719	\$37,504
Total Rental Revenue	\$174,675	\$187,124	\$191,560	\$217,718	\$254,584	\$264,276
Other Tenant Revenue						
Napa Auto Parts - Tax Recoveries	\$604	\$1,135	\$1,683	\$16,204	\$36,816	\$37,921
Total Tenant Revenue	\$175,279	\$188,259	\$193,243	\$233,922	\$291,400	\$302,196
Other Revenue						
Sign Rental Income	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911
Laundry Revenue	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Total Other Revenue	\$14,000	\$14,420	\$14,853	\$15,298	\$15,757	\$16,230
Effective Gross Revenue	\$189,279	\$202,679	\$208,095	\$249,220	\$307,157	\$318,426
Operating Expenses						
Real Estate Taxes	\$29,223	\$30,099	\$31,002	\$31,932	\$32,890	\$33,877
Common Area Maintenance	\$24,750	\$25,493	\$26,257	\$27,045	\$27,856	\$28,692
Total Operating Expenses	\$53,973	\$55,592	\$57,260	\$58,977	\$60,747	\$62,569
Net Operating Income	\$135,306	\$147,087	\$150,836	\$190,242	\$246,410	\$255,857
Leasing Costs						
Tenant Improvements						
1. Napa Auto Parts	\$0	\$0	\$0	\$50,000	\$0	\$0
Leasing Commissions						
2. Apartment 1 (3BR/2BA)	\$4,900	\$0	\$0	\$0	\$0	\$0
Total Leasing Costs	\$4,900	\$0	\$0	\$50,000	\$0	\$0
Total Leasing & Capital Costs	\$4,900	\$0	\$0	\$50,000	\$0	\$0
Cash Flow Before Debt Service	\$ 130,406	\$ 147,087	\$ 150,836	\$ 140,242	\$ 246,410	\$ 255,857

WEST TOWN | KINZIE CORRIDOR MARKET SALES COMPARABLES



Kinzie Corridor & West Town Market Sales Comparables



	Address:	Submarket	Product Type	Sale Price	Sale Date	Land SF	Building SF	Price/SF (Land)	Price/SF (Building)
1	215 N Laffin St	Kinzie Corridor	Industrial	\$1,400,000	4/16/2019	8,258 SF	8,258 SF	\$169.53 / SF	\$169.53 / SF
2	1639-43 W Hubbard St	Kinzie Corridor	Office	\$2,300,000	3/22/2019	7,072 SF	6,500 SF	\$325.23 / SF	\$353.85 / SF
3	1827 W Hubbard	Kinzie Corridor	Flex / Industrial	\$3,977,000	2/26/2019	44,866 SF	33,000 SF	\$88.64 / SF	\$120.51 / SF
4	400 N Noble St	Kinzie Corridor	Industrial	\$6,512,000	1/30/2019	57,764 SF	58,614 SF	\$112.73 / SF	\$111.10 / SF
5	1652-58 W Hubbard St	Kinzie Corridor	Industrial	\$1,500,000	9/6/2018	12,000	8,000 Sq. Ft.	\$125.00 / SF	\$187.50 / SF
6	1126 - 1130 N Milwaukee Ave	West Town	Mixed Use	\$1,713,000	7/18/2018	6,098 SF	5,000 SF	\$280.91 / SF	\$342.60 / SF
7	1701 W Hubbard St	Kinzie Corridor	Office	\$1,310,000	4/18/2018	4,830 SF	4,200 SF	\$271.22 / SF	\$311.90 / SF
8	417 N Ashland Ave	Kinzie Corridor	Industrial	\$3,560,000	3/30/2018	16,989 SF	18,550 SF	\$209.54 / SF	\$191.91 / SF
9	1437 W Grand Ave	West Town	Office	\$925,000	3/20/2018	6,231 SF	2,500 SF	\$148.45 / SF	\$370.00 / SF
10	1659 W Hubbard St	Kinzie Corridor	Office	\$3,150,000	3/2/2018	11,904 SF	11,305 SF	\$264.61 / SF	\$278.63 / SF
11	1641 W Carroll St	Kinzie Corridor	Flex / Industrial	\$2,300,000	2/1/2018	11,408 SF	22,816 SF	\$201.61 / SF	\$100.81 / SF
12	1733 W Hubbard St	Kinzie Corridor	Flex / Industrial	\$2,500,000	12/14/2017	7,200 SF	14,400 SF	\$347.22 / SF	\$173.61 / SF
13	2349-2359 W Grand Ave	West Town	Mixed Use	\$1,399,000	12/8/2017	11,233 SF	5,586 SF	\$124.54 / SF	\$250.45 / SF
14	1851 W Grand Ave	West Town	Mixed Use	\$730,000	11/16/2017	2,280 SF	3,897 SF	\$320.17 / SF	\$187.32 / SF
15	330 N Ashland Ave	Kinzie Corridor	Office	\$1,385,000	11/8/2017	3,649 SF	8,000 SF	\$379.55 SF / SF	\$173.12 / SF
16	2251 W Grand Ave	West Town	Flex / Industrial	\$565,000	10/31/2017	2,520 SF	2,500 SF	\$224.20 / SF	\$226.00 / SF
17	2256 W Grand Ave	West Town	Mixed Use	\$712,000	7/27/2017	2,544 SF	4,600 SF	\$279.87 / SF	\$154.78 / SF
18	2015 W Grand Ave	West Town	Industrial	\$280,000	7/21/2017	2,400 SF	2,400 SF	\$116.67 / SF	\$116.67 / SF

1909 W. Grand Ave
 AREA DEMOGRAPHICS & STATISTICS
 1/2 MILE RADIUS
 COMMUTERS

KEY FACTS

10,875
Population

33.7

Median Age

2.2

Average Household Size

\$78,566

Median Household Income



22%

Spend 7+ hours commuting to and from work per week

43.6%

Drove Alone to Work

EMPLOYMENT



70%

White Collar



11%

Blue Collar



19%

Services

3.7%

Unemployment Rate

TRANSPORTATION TO WORK



24.7%

Took Public Transportation



8.9%

Carpooled



7.2%

Walked to Work



6.8%

Bike to Work

Workforce Profile



Dots show comparison to Cook County



NAPA

& TRUCK PARTS

2-6
99¢ 20
GET 5

10
18.99

Return Bad Chicago For 100 Years



cawley CHICAGO

Presented by:

ZACH PRUITT

Principal

312.766.4289

zpruitt@cawleychicago.com

NICHOLAS SCHAEFER

Vice President

312.766.4285

nschaefer@cawleychicago.com

CHICAGO

770 N Halsted St, Suite 206

Chicago, IL

HEADQUARTERS

One Lincoln Centre, Suite 120

Oakbrook Terrace, IL