

1640 W. HUBBARD

KINZIE CORRIDOR



Offering Memorandum

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OFFERING PROCESS

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As exclusive listing broker, Cawley Chicago is pleased to offer the opportunity to acquire the Fee Simple Interest of 1640 W Hubbard, a 32,376 SF site with existing 2-building infrastructure totaling 35,866 rentable SF. The sale offering will be sold as-is condition on a first-come-first-serve basis. A prospective buyer will be selected by ownership, at its sole discretion, based on offer price, prospective buyer’s experience and qualitative deal terms. Interested parties are requested to submit offers directed solely to the exclusive brokerage team, inclusive of, but not limited to the following deal terms:

1. Offering Price
2. Submit Offer Packages in its entirety
3. Earnest Money Amount and Schedule
4. Desired Contingencies
5. Schedule: Dates of Anticipated Milestones, Due Diligence and Contingency Periods and Requested Project Approval
6. Prospective Buyer Profile
 - Recent & Relevant Experience
 - Capital Source: Acquisition & Project Capital Improvements
 - If obtaining financing, equity partnership, please provide extent of approval period requested, required portion to be financed and potential lenders

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.



ALL SIGNS POINT WEST.


As business owners and tenants continue to get priced out of West Loop and Fulton Market demand continues to look West to the Kinzie Corridor. Rapidly becoming the neighborhood for creators and makers, the Kinzie Corridor is attracting high growth companies looking for flexible, creative space. The Chicago Brewery District has put the area on the map with multiple breweries and taprooms, while ICNC's Make City Incubator continues to cultivate new-age manufacturing and creative companies. To attract new development and businesses, the city of Chicago has recently approved new relaxed PMD zoning, and new Bus Corridor TOD (Transit Oriented Development), both inclusive of 1640 W Hubbard St. Supporting the growth, the city has invested in transportation infrastructure with the new Damen-Lake L Station breaking ground this past May, and identifying a portion of the Kinzie Corridor as Opportunity Zone eligible. With all signs pointing West, new-age manufacturing, creative loft office and retail have found their home in the Kinzie Corridor.

Cawley Chicago has been retained as the exclusive advisor to offer qualified investors the opportunity to acquire the Fee Simple Interest in 1640 W Hubbard St. This cash-flow positive investment opportunity is located in the bustling Kinzie Corridor and situated within the recently approved relaxed PMD 4B zone. The property is steps from Ashland Ave and Grand Ave, walking distance to multiple train stations, restaurants, amenities and within immediate access to interstates, major corridors and the downtown CBD.

Comprised of two cohesive buildings, 1640 W Hubbard is 35,866 Rentable Sq.Ft. and 96% leased with six tenants. With no tenant occupying more than 30% of the total building area, the current tenant roster is a perfect balance of flex, distribution, commercial kitchen, gallery and creative loft office space. The property is situated on a 32,376 Sq. Ft. site, fronting W Hubbard St as well as N Paulina St, and offers (10) surface parking spaces. Predominantly single story, the partial second floor offers tremendous cityscape and neighborhood views with two efficient loft office spaces.

Investors should view this offering with both a near and long term strategy. Currently cash flow positive, 1640 W Hubbard provides an immediate value-add opportunity, with significant medium to long-term growth potential. With current and near term vacancy, in-place rents are substantially below current submarket value, and Kinzie Corridor rates have yet to reflect the demand as asking rates in the corridor are \$10.00 - \$20.00 per Sq.Ft. below neighboring submarkets.

In addition to the favorable in-place cash flow, multiple market factors are creating a wave of demand and growth potential that provides opportunity for significant potential to increase the Net Operating Income upon stabilization with market rents. With so many positive factors and influences converging to the Kinzie Corridor, 1640 W Hubbard St has the immediate return, with tremendous opportunity for long-term growth.

A photograph of a brick building with a sidewalk in front. The address number '1640' is visible on the building's facade. A green rectangular box is overlaid on the image, containing white text. The scene is bright and sunny, with trees and a clear sky in the background.

1640 W Hubbard St - The perfect balance of flex, distribution, commercial kitchen, gallery and creative loft office space.



PROFITABLE TODAY – POWERFUL REPOSITIONING OPPORTUNITY TOMORROW

1640 W. HUBBARD ST.

Property Highlights

Property Type:	Flex, Gallery, Distribution, Commercial Kitchen, Loft Office
Total Rentable Building Area:	35,866 Sq. Ft.
Total Land Size:	32,376 Sq.Ft
Total Parking:	Ten (10) Surface Spaces
Current Occupancy:	96%
Net Operating Income (Current):	\$386,803
Net Operating Income (Stabilized):	\$468,917

INVESTMENT HIGHLIGHTS

IN-PLACE POTENTIAL

- Current in-place Net Effective rents are 15-20% below current Kinzie Corridor asking rates
- Total Rentable Building Area will increase upon new lease-up
- Significant capital improvements made to the building prior to sale
- Efficient floorplans and existing product type allow for new owner to create flexible space that tailors the space based on needs of the market – Loft Office, Flex, Retail, Commissary Kitchen, Warehouse

WESTWARD PUSH

- Steady flow of new development within the Fulton Market, West Loop and River West neighborhoods shows no signs of slowing down
- Significant increases in rental rates with a decreasing supply of affordable space within these above mentioned neighborhoods is pushing out business owners, tenants and property owners trading out of a sale
- Kinzie Corridor Asking Rates are 50% less than surrounding neighborhoods, attracting numerous types of tenants and uses
- Kinzie Corridor maintains close proximity to public transit, major corridor, highways and downtown, mitigating any sacrifice from a centralized location

MODERNIZATION – RELAXED PMD / TOD

Approved by City Council September 2019, 1640 W Hubbard St is located within the new relaxed PMD 4B zoning. Noticing the push west, the city of Chicago DPD has approved and commenced on implementation of the Kinzie Industrial Corridor Modernization Ordinance:

- Relaxed PMD 4B Zoning now permits office, retail, restaurants and other uses previously prohibited. New permitted uses will continue to drive market rental rates
- New ordinance permits ground-up construction for true office development
- Contributing to the long-term opportunity and future development potential, 1640 W Hubbard is located less than 500' from the Ashland Bus Corridor, making the site eligible for TOD Qualifications, per the recently passed BUS Corridor-TOD-Ordinance
- With relaxed PMD & TOD Qualifications on a 32,376 Sq. Ft Site, 1640 W Hubbard St offers long-term development potential more than 97,128 RBA

OPPORTUNITY ZONE

To spur interest and significant investment to the neighborhood, the city and state have identified a quarter-square-mile area, one block south of the Property, as qualified Opportunity Zone.

PUBLIC TRANSPORTATION

Supporting the Modernization Plan and anticipated growth to the area, the city has commenced construction on the new \$60 million Lake-Damen CTA Green Line Station, improving public transportation for residential and employee commutes, while offering a much-needed public transit to the United Center.

- Located less than a 10-minute walk from the existing Lake-Ashland Green & Pink Line L Station
- Upon opening of Lake-Damen Green Line Station, 1640 W Hubbard St will be within one mile of four CTA Stations
- Western Ave Metra Station, one mile from Property, has non-stop service to Union Station
- Steps from Grand Ave & Ashland Ave Bus Routes

LOCATION

- Four CTA Stations & Western-Metra Station within one mile of Property
- Direct interstate access within one mile - I-90/94 & I-290
- Immediate access to the following major thoroughfares: Western Ave, Grand Ave, Ashland Ave & Ogden Ave
- Truck II & Truck III routes provide distribution for Downtown service needs
- United Center West Loop/Fulton Market, River West, Goose Island, Wicker Park all within one mile
- UIC, IMD, Downtown, Lincoln Park and River North all within 10-15 minute drive

BUILT-IN NEED FOR FLEXIBLE & CREATIVE SPACE

- ICNC's Make City Incubator is home to more than 110 new, growing companies
- The recently opened Hatchery is one of the country's largest food incubation spaces. It is anticipated 900 jobs will be created out of the 67,000 Sq. Ft. facility
- Home to 40 healthcare institutions, IMD's 31-acre, Gateway project is underway. With potential to rival the "McDonald's Effect" of the West Loop, Kinzie Corridor offers affordable and convenient space for companies and vendors needing to be within close proximity

INABILITY TO RECREATE

Although market factors are driving new demand to the Kinzie Corridor, at the heart of the neighborhood is a culture that cannot be replicated or artificially recreated. For more than 30 years, Kinzie Corridor has been home to creators and makers looking for creative, flexible space centrally located within the city. Today, more than half a dozen breweries call the neighborhood home as they have created the Chicago Brewing District. The ICNC's 416,000 Sq. Ft. Make City Incubator is home to more than 110 new high growth companies with a diverse set of industries including food/beverage, apparel, professional services and new-age manufacturing, and this past summer the neighborhood celebrated the Grand Opening of the 67,000 Sq. Ft Hatchery, making Kinzie Corridor home to one of the largest food incubation spaces in the U.S.

PROPERTY SPECIFICATIONS



Neighborhood: Kinzie Corridor

Ward: 1st, Ald. Daniel La Spata

Zoning: PMD 4(B)

Enterprise Zone: Enterprise Zone 4

TIF District: Kinzie Industrial Corridor

TOD Eligible: Yes, <500' Ashland Bus Route Corridor

Taxes (2018): \$79,733.94
(\$2.22 per SqFt)

Property Tax Classification: 593 - Major Class B, Industrial Building

Parcel Addresses: 1640 W Hubbard St
1649 W Ferdinand St
451 N Paulina St
457 N Paulina St

Parcel ID Numbers: 17.07.233.045.0000
17.07.233.005.0000
17.07.233.004.0000
17.07.233.001.0000

Total Land Area: 32,376 Sq.Ft.

Total Building Area: 35,866 Sq. Ft.

Year Built: 1948

Stories: Single-story with partial 2-story section

Total Parking Spaces: Ten (10) surface parking spots

Frontage: 120.27' - W Hubbard St
52' - N Paulina St
240.21' - W Ferdinand St

Construction Type: Brick & mortar with heavy timber

Loading: 1 x rear, double-wide drive-in truck level dock
1 x front, single, drive-in truck level dock
2 x 12.5', single drive-in with overhead doors

Ceiling Height: 12' Clear
14' Clear (partial)

Roof: (Partial) - Replaced 2018, 20 year warranty
(Partial) - Replaced 2016, Workmanship warranty 10 years, manufacturer's warranty 12 years

Interior: Exposed brick, timber & duct work

Improvements: Roof, carpet, interior build-out, masonry, HVAC installation & repair, skylight repair

HVAC: Gas - Independent RTU's, independently metered & Two (2) five (5) ton split systems

Flooring: Exposed, polished concrete

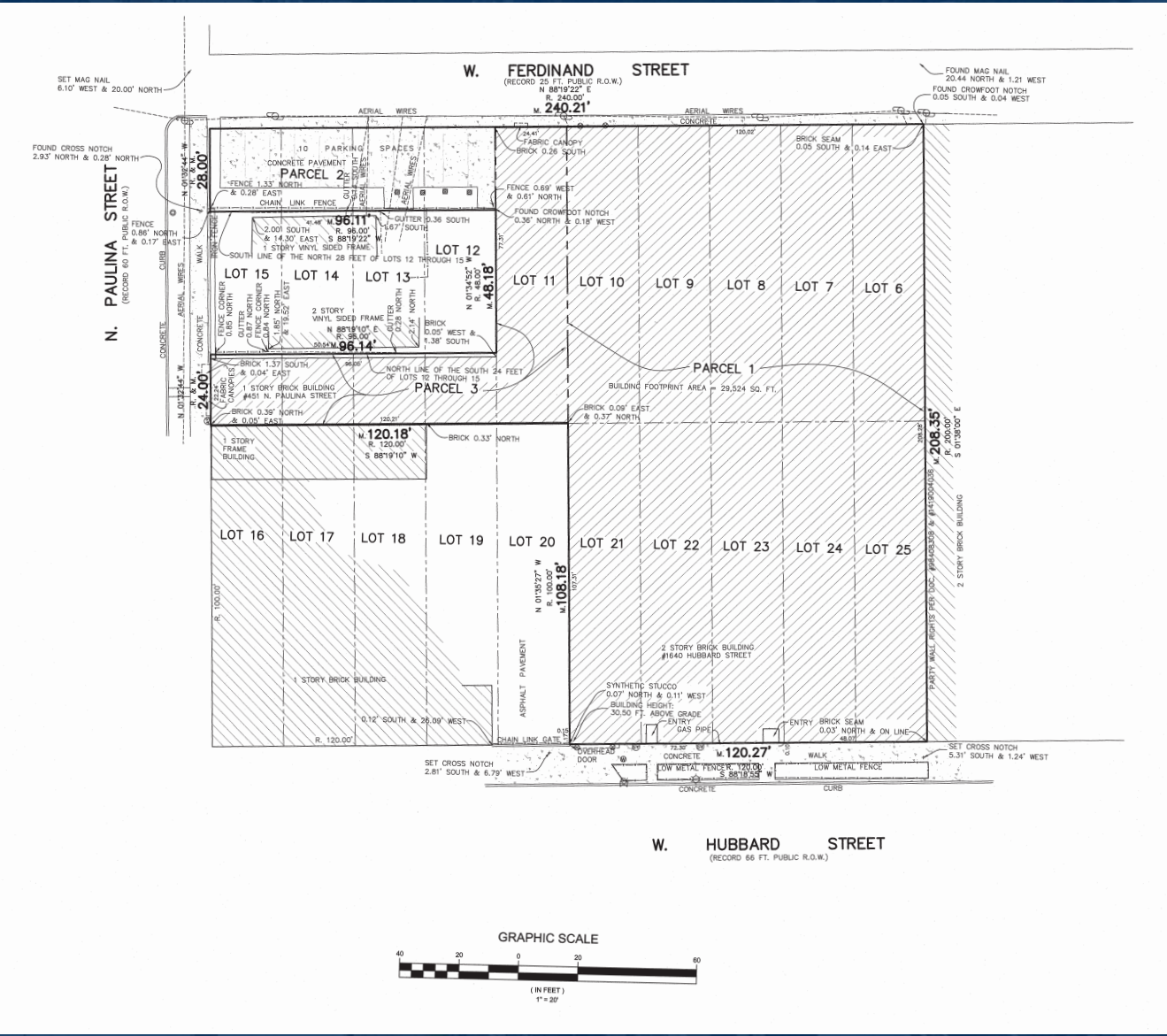
Recent Capital Improvements:
HVAC - replacement & repair (2018)
Masonry & roof repairs (2018)
Lighting installation (2018)
Skylight repairs (2018)



SITE DETAILS



2,688 s.f. Land Site Parking Lot 17-07-233-001		2,400 s.f. Land Site Single Story Existing Building 17-07-233-005	24,984 s.f. Land Site Main Building 17-07-233-045
17-07-233-002			
17-07-233-003			
2,304 s.f. Land Site Single Story Existing Building 17-07-233-004			
17-07-233-018	17-07-233-019	17-07-233-020	<p><i>Building Potential: 4-Story Building on Main Site</i></p>



SITE DETAILS

W FERDINAND

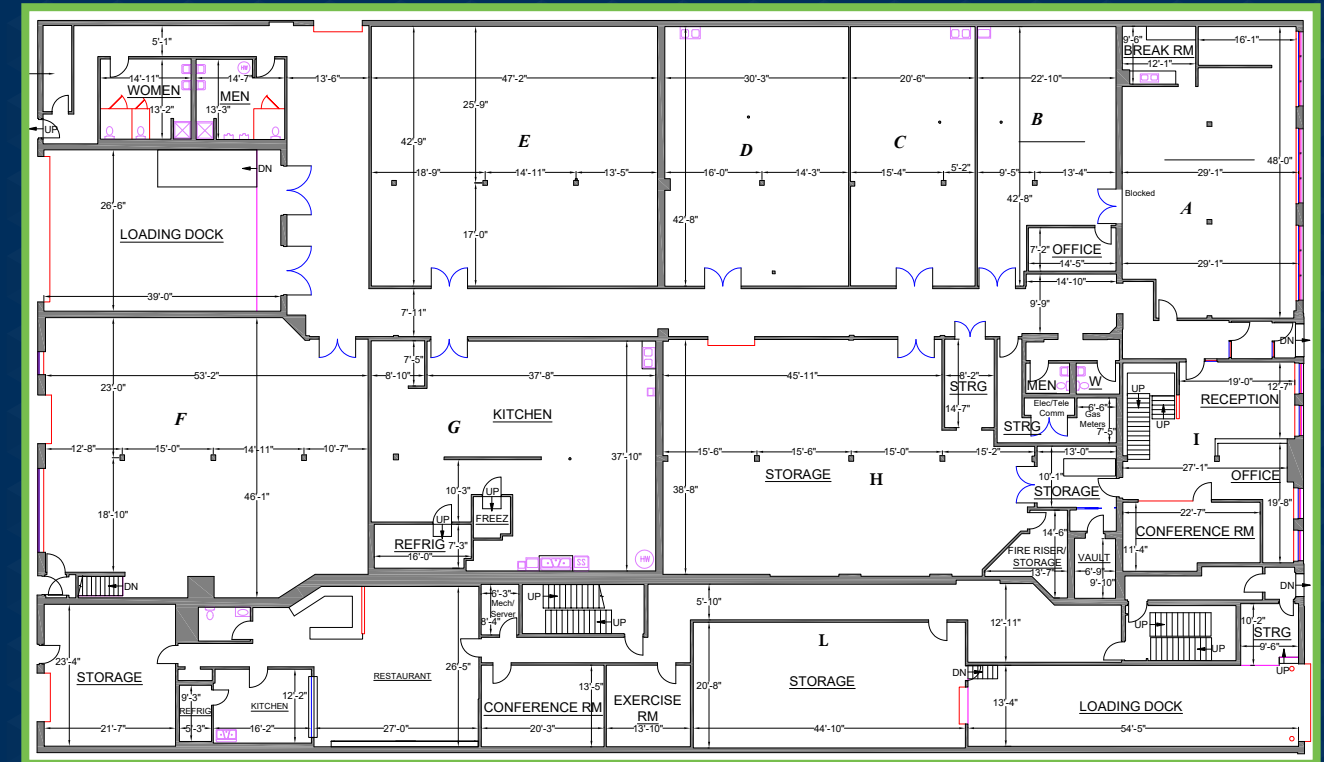
PARKING LOT

2

1

W HUBBARD

N PAULINA

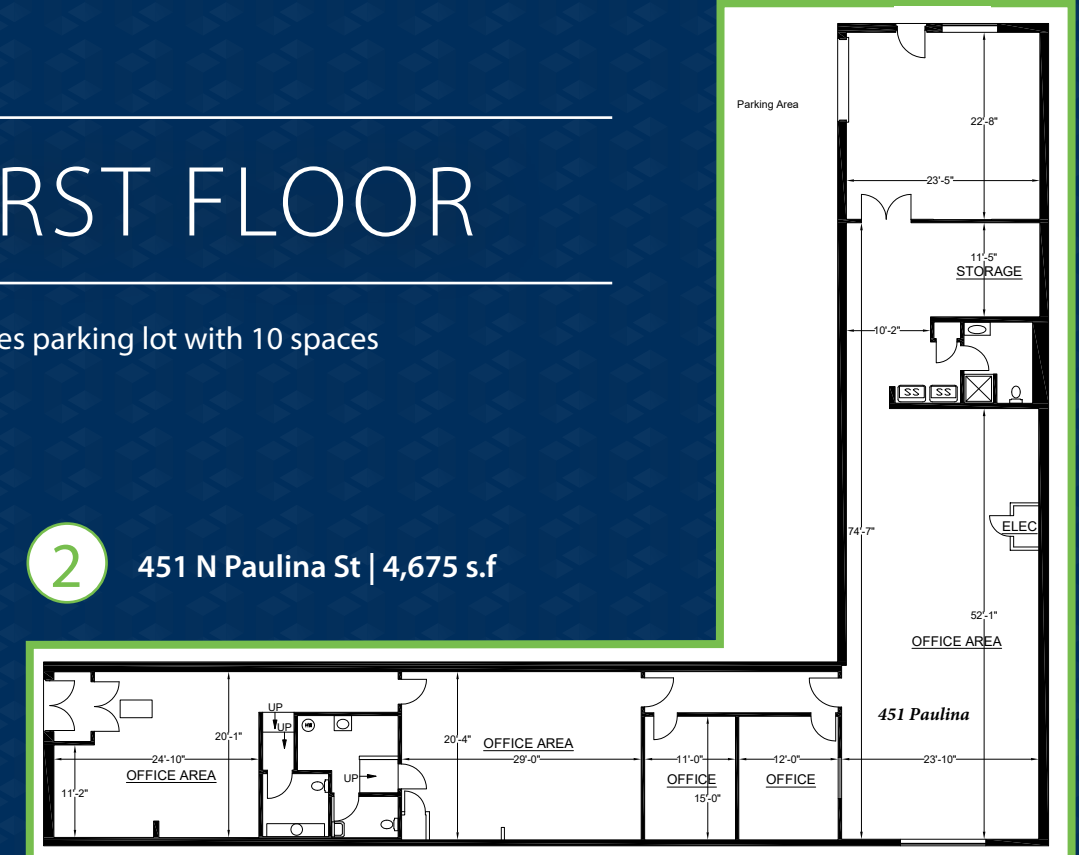


1 1640 W Hubbard St | 24,942 s.f.

FIRST FLOOR

Includes parking lot with 10 spaces

2 451 N Paulina St | 4,675 s.f.



SITE DETAILS

PARKING LOT

3

PAULINA

W HUBBARD



3 1640 W Hubbard St | 6,249 s.f.

SECOND FLOOR

POTENTIAL TO GROW



KINZIE CORRIDOR RELAXED PMD 4B FRAMEWORK

- The size of the 570-acre PMD would remain the same; all legal, existing uses would be permitted to remain.
- Maximum building size and density would remain the same with a 3.0 Floor Area Ratio (FAR).
- In the eastern sub-area (B), some new commercial uses would be permitted including:
 - Restaurants and taverns | Food and beverages sales | Retail | Personal service uses up to 8,000 square feet
- No limit on office floor area within confines of overall FAR.
- The Zoning Board of Appeals (ZBA) could allow restaurants and taverns up to 12,000 square feet anywhere in sub-area 4B.

TRANSIT-ORIENTED DEVELOPMENT (TOD)

SUMMARY

Established in 2013, with Amendment 9304 introduced by Chicago Mayor Rahm Emanuel to City Council and passed by Committee of Zoning, Landmarks and Building Standards, January 23, 2019, the Transit-Oriented Development (TOD) Zoning Code has been expanded to certain streets with bus service frequencies and ridership comparable to rail line.

TOD REQUIREMENTS

Location within 1,320' of a CTA, Metra or certain CTA bus line corridor stops, or within 2,640' of a CTA, Metra or certain CTA bus line corridor stops along a "pedestrian street"/"pedestrian retail street."

BENEFITS FOR QUALIFIED TOD PROJECTS

Minimum Lot Area (MLA) Reduction | Floor to Ratio (FAR) Increased to 3.5 | Increase in Building Height | Reduction of required off-street parking ratios up to 50% | As much as 100% of required off-street parking for non-residential uses specific to new construction or rehabilitation or reuse of existing structures | Minimum off-street parking ratios for non-residential uses may be reduced by 50% to 100%

Zoning	
Zoning Classification	PMD 4B*
General Description	Encourage industrial investment, modernization and expansion
Lot Size	32,376 Sq. Ft
Floor Area Ratio (FAR)	3
Maximum Buildable Square Footage Allowed	97,128 Sq. Ft
Residential Allowed	Not Allowed
Allowable Office	No Restriction
Eating & Drinking Establishments	8,000 Sq. Ft. ZBA Authorization up to 12,000 Sq. Ft.
Food & Beverage Retail Sales	8,000 Sq. Ft.
Retail Sales, General	3,000 Sq. Ft
Personal Services	8,000 Sq. Ft
Maximum Building Height	No Height Restriction
Parking Requirement	None for first 10,000 SF Varies thereafter: 1.66 to 2.5 spaces per 1,000 Sq Ft.
TOD Parking Benefits	Reductions in parking up to 50%-100%

WHY BUSINESSES ARE TRAILBLAZING WEST



NEXT IN THE WEST

As new developments continue to increase rental rates in the West Loop and Fulton Market neighborhoods, business owners and tenants are being driven further west. With rental rates \$10.00 - \$20.00 per RSF less, the Kinzie Corridor has become a popular, lower cost solution to its neighbors further east.



CHICAGO BREWING DISTRICT

More than half a dozen breweries have moved further west, including the iconic Goose Island. The Brewing District is creating a positive awareness of the west as more and more breweries continue to establish themselves in the up-and-coming neighborhood.



RELAXED PMD, TRANSIT-ORIENTED DEVELOPMENT & OPPORTUNITY ZONE

With new TOD designation for Ashland Bus Corridor and the recently approved relaxed PMD Ordinance, both inclusive of 1640 W Hubbard St, the property now benefits from new permitted uses, such as: Retail and Loft Office as well as the ability to build a new, ground-up office development with reduced parking.

While the property itself is not within the boundaries, 1640 W Hubbard is on the border of the Kinzie Corridor Opportunity Zone. From Kinzie Street to Washington Boulevard, and Damen Avenue to Ashland Avenue, the Opportunity Zone will drive new businesses out west.



In addition to the existing Ashland Green and Pink Line station, a brand new Damen and Lake CTA station has been built and Chicago has made an investment in transportation on the west side of the city. This investment into making the west side more easily accessible will continue to drive businesses into the Kinzie Corridor.

A BUILT-IN NEED FOR CREATIVE, FLEXIBLE SPACE

The Make City Incubator on Chicago's west side, the nearby Illinois Medical District, and the class II and III truck routes in the area are all enticing Chicago businesses to move to the Kinzie Corridor. Make City is producing new businesses in need of office space. Many companies and vendors wish to be close to the Medical District to be near the hospitals and university. Available truck routes are making it possible for companies with large trucking operations to finally have more desirable office space in an up-and-coming neighborhood.



THE HEART OF THE KINZIE CORRIDOR



Grand & Paulina Bus Stop (65)	<0.1 mile	Ashland Green and Pink Line Station	0.4 miles
Grand & Ashland Bus Stop (65)	<0.1 mile	Damen Green Line Station	0.7 miles
Ashland & Grand Bus Stop (9, X9)	0.1 mile	I-90/I-94	0.8 miles
Ashland & Grand Divvy Station	0.1 mile	I-290	1.2 miles
Wood & Hubbard Divvy Station	0.2 miles	Western Avenue Metra Station	1.2 miles





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