

OFFERING MEMORANDUM

440 W ONTARIO STREET | CHICAGO, IL



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THE OFFERING

EXECUTIVE SUMMARY

\$7,500,000
SALES PRICE

\$293
PRICE PER SF

Transwestern Commercial Services Illinois is pleased to exclusively present the real estate offering located at 440 W. Ontario St., Chicago, Illinois located in downtown Chicago's up-and-rising River North neighborhood. Chicago's vibrant River North neighborhood sits within close proximity to dining, entertainment and retail, with direct access to I-90/94 and a quick walk to the nearby public transportation spots.

The offering includes an existing 26,000 square foot office creative loft building located on 0.31 acre and includes a rare 12 car dedicated parking lot. The building is 3.5 stories, with 3 floors above grade with a fully useable sub-grade lower level. The asset has been substantially renovated, significantly retrofitted, and attentively maintained over the last 25 years by the same ownership group.

This real estate investment is unique and versatile to satisfy several future uses. The office building is currently vacant and ideal for purchase by an owner occupant, investor, or developer.

Given the scarcity of land for new development in Chicago's downtown area, the land value alone is of significant value. From a redevelopment perspective, the current zoning permits high rise development with potential up to 12 stories.

ASSET INFORMATION



PROPERTY SUMMARY

After the great Chicago Fire of 1871, the River North submarket / neighborhood was quickly rebuilt. The property was originally constructed in 1893 and has been renovated most recently in 2009 and again in 2014 with extensive improvements.

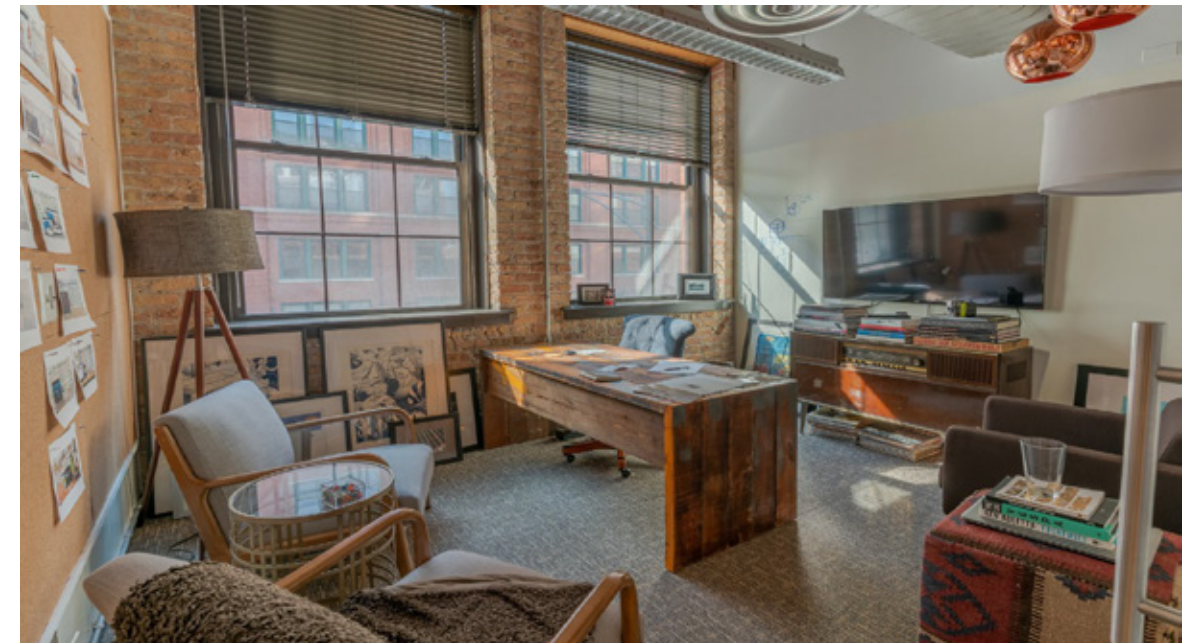
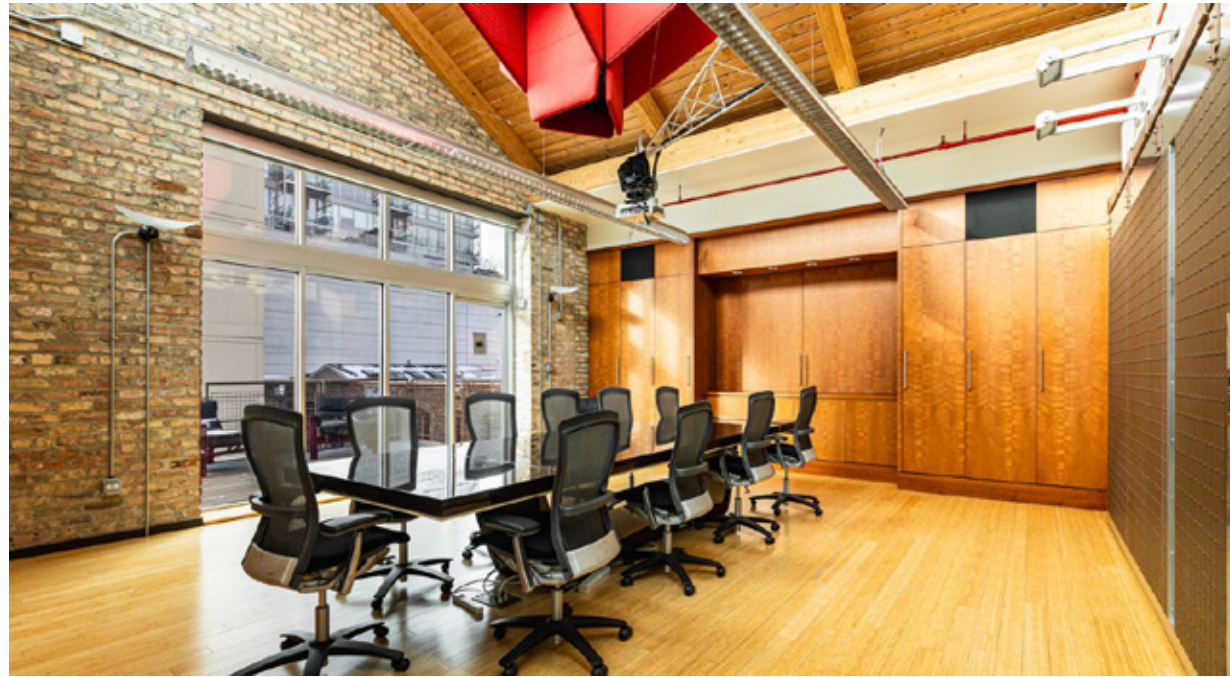
The subject property has been zoned DX-7 – downtown mixed-use district. This zoning district allows a Floor Area Ratio (FAR) of 7 – approximately a 90,000 SF building on the site, up to 154,000 SF with bonus FAR with the addition of affordable housing units. The district allows a plethora of mixed uses. Multifamily redevelopment under the current zoning requires special use permit approval, however the property would likely be rezoned as a Planned Development.

Lower Level	Floor 1	Floor 2	Floor 3
<ul style="list-style-type: none"> • Full-Service Bar / Lounge • Karaoke Stage • Kegerator 	<ul style="list-style-type: none"> • Water Feature Entryway • Dedicated Reception • 60-Seat Event / Training Area • 32 Workstations • 1 Conference Room • 4 Private Offices • 1 Full Kitchen 	<ul style="list-style-type: none"> • Balcony • 42 Workstations • 4 Private Offices • 2 Huddle Rooms • 1 Conference Room • 1 Full Kitchen 	<ul style="list-style-type: none"> • Balcony • 24 Workstations • 6 Private Offices • 3 Conference Rooms • 1 Full Kitchen

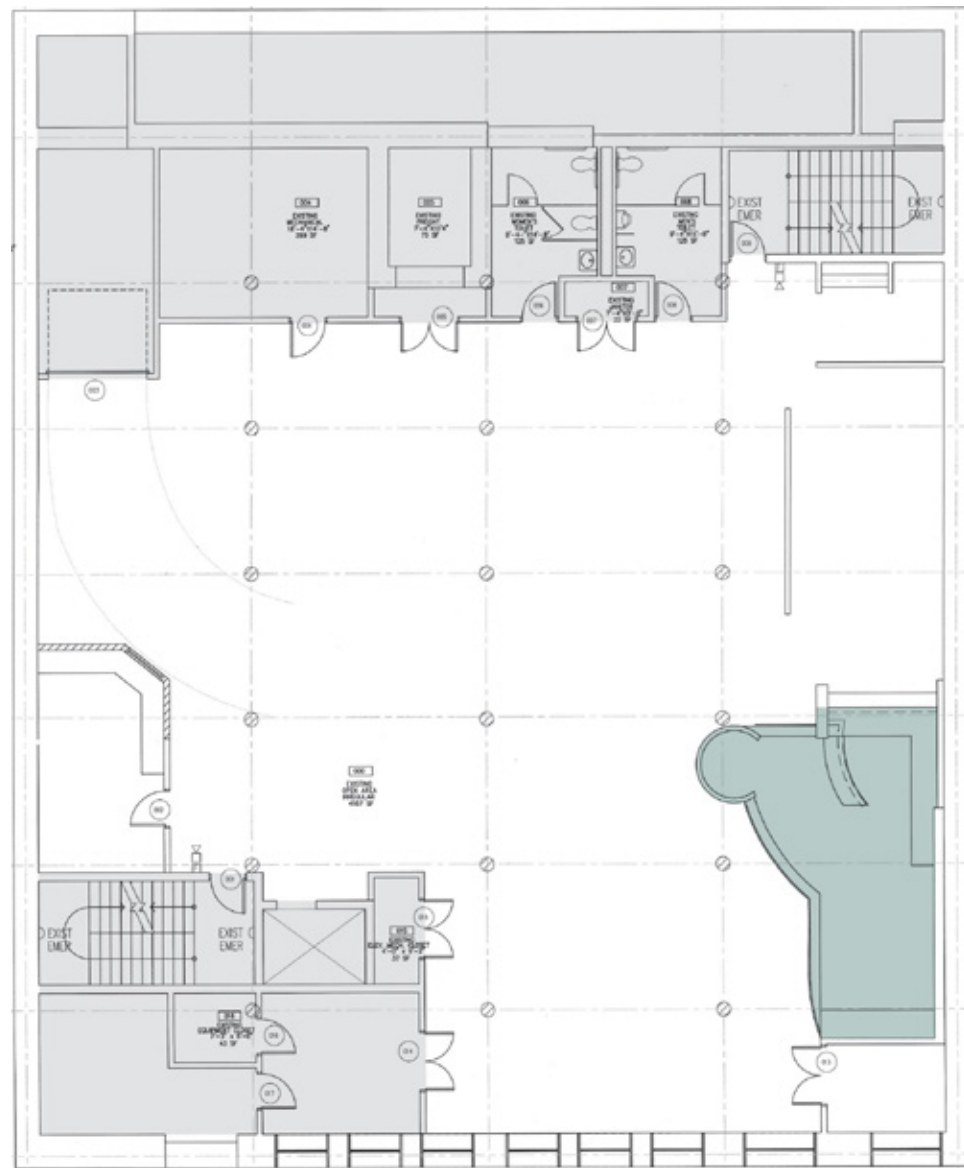
Neighborhood:	River North
Ward:	42 (Alderman Brendan Reilly)
Total Building Size:	25,628 SF
# of Stories:	3.5 (3 Stories Above Grade & Sub-Grade Lower level)
Asset Type:	Commercial Office & Mixed-Use Potential / Land Redevelopment
Redevelopment Potential:	Multi-Family High Rise
Lot Size:	0.31 AC / 13,400 SF
Parking Spaces:	12
Year Built:	1893 / Renov. 2006, 2009, 2014
Zoning:	DX-7 Downtown, Mixed-Use
Construction:	Masonry Brick, Steel, Concrete, Timber, Wood Frame, Aluminum
Foundation:	Brick & Masonry, Concrete
PIN:	17-09-127-018-0000
Most Recent Tax Bill (Payable 2023):	\$220,229 (\$8.60/SF)



PROPERTY PHOTOS

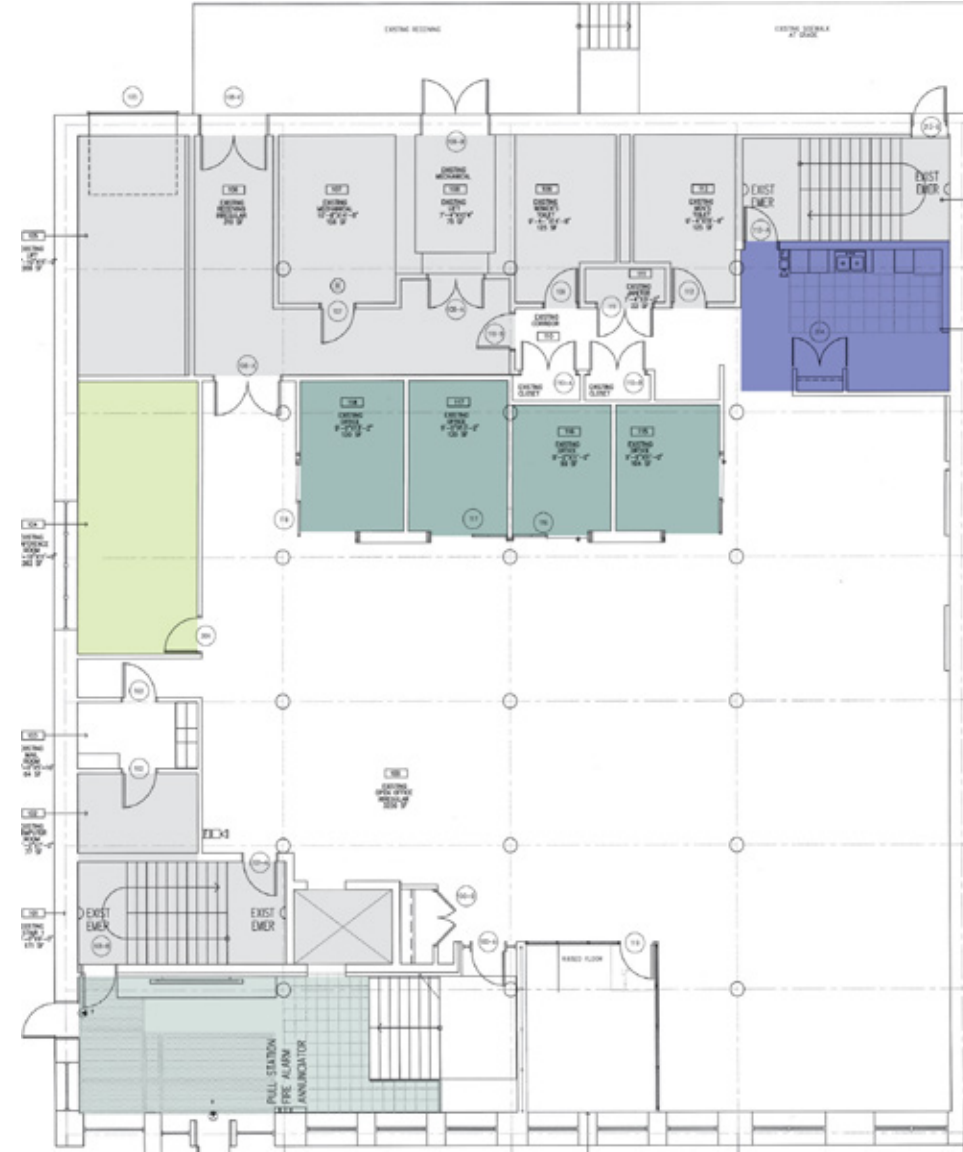


FLOOR PLANS



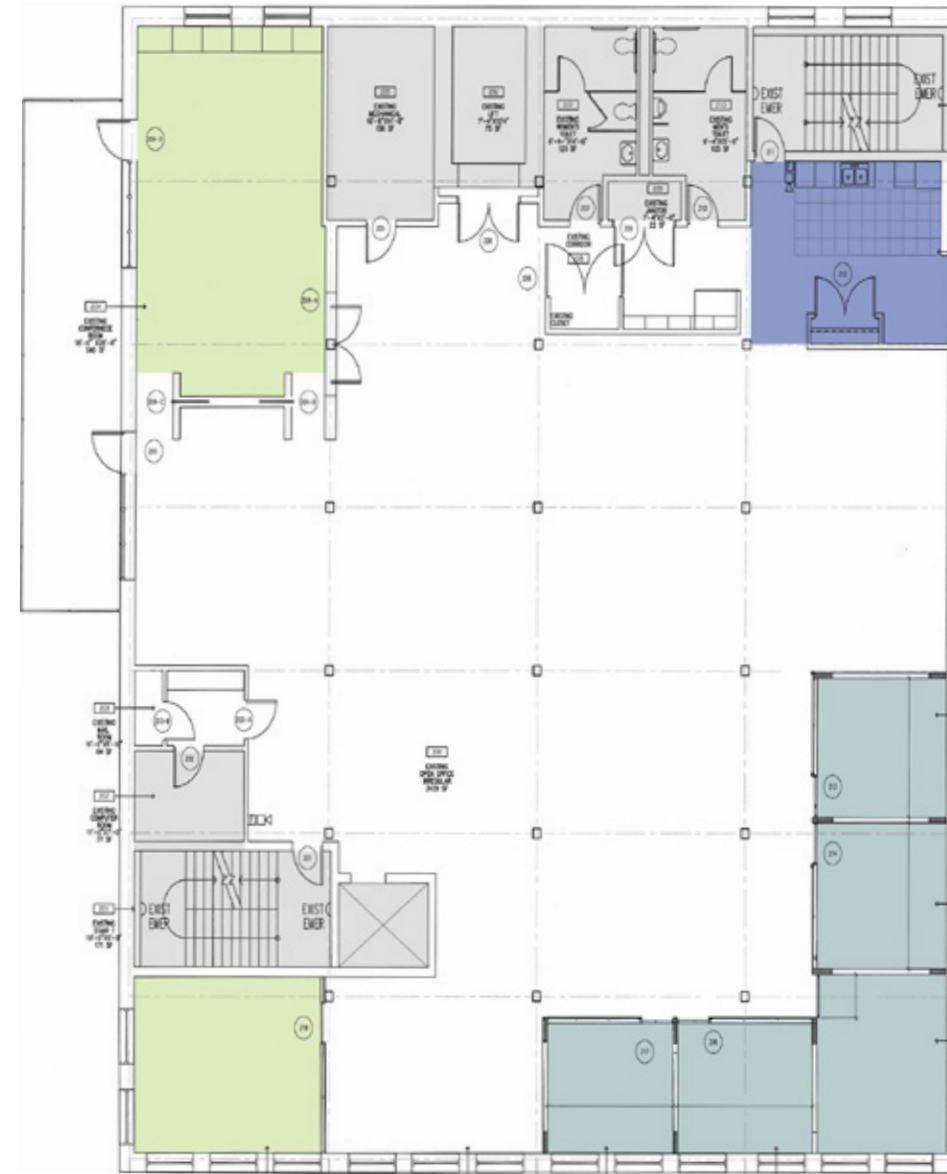
Lower Level | 6,407 SF

— Bar & Lounge



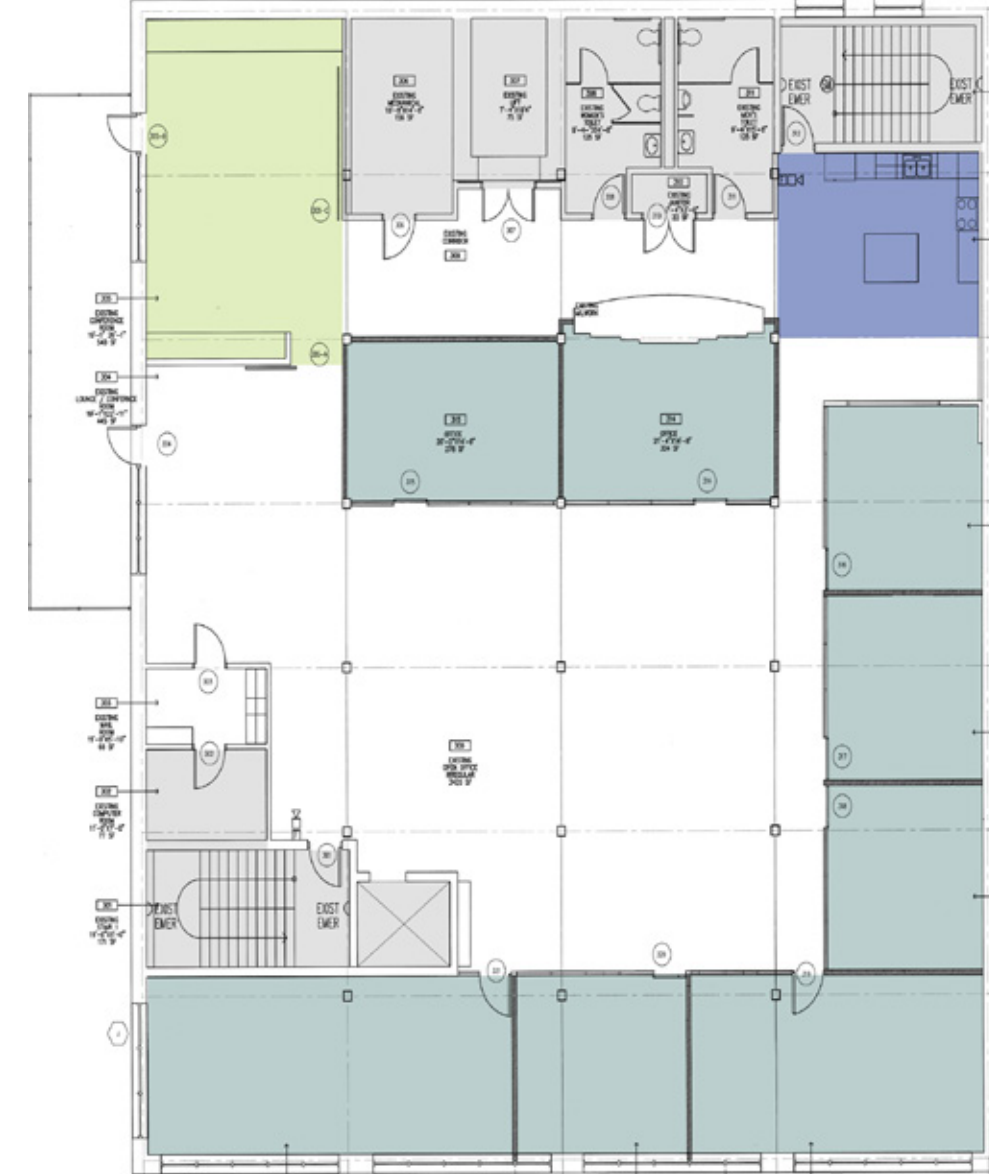
Floor 1 | 6,407 SF

— Office — Conference — Kitchen



Floor 2 | 6,407 SF

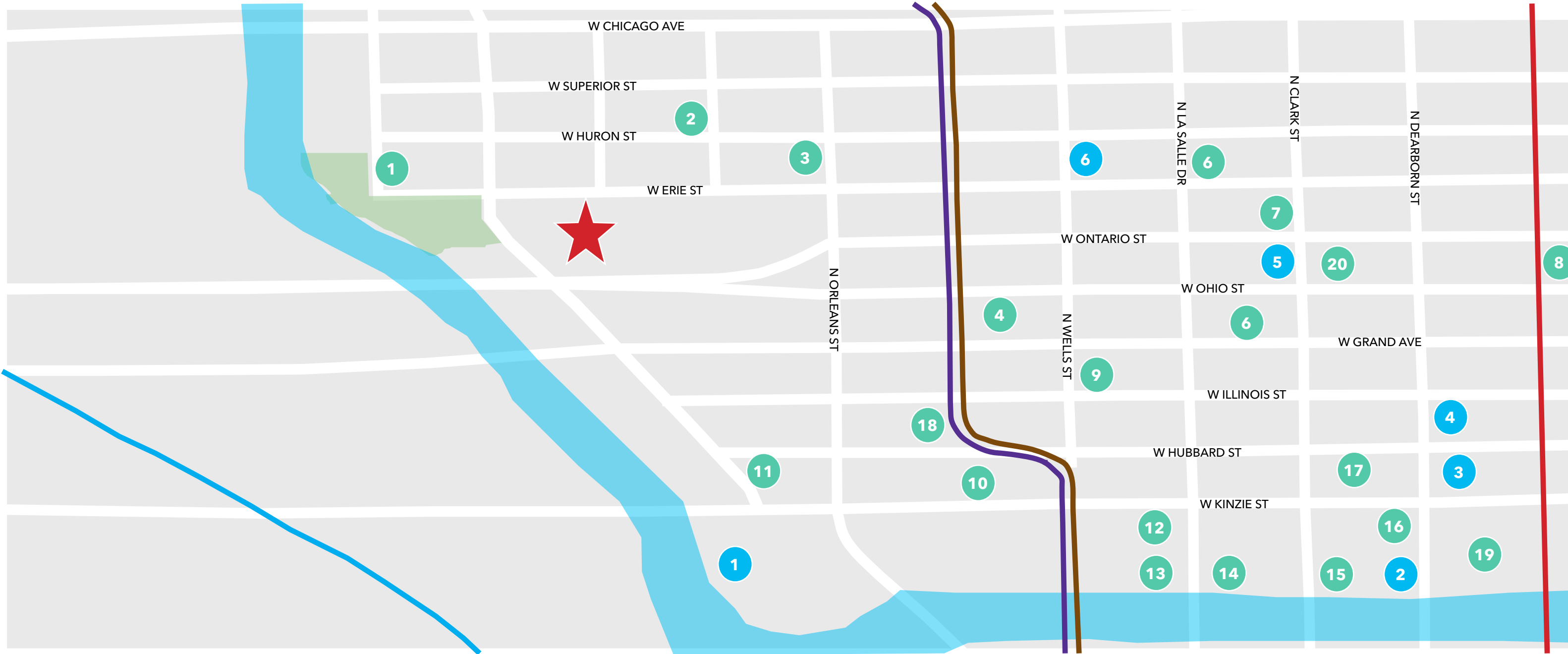
— Office — Conference — Kitchen



Floor 3 | 6,407 SF

— Office — Conference — Kitchen

AMENITIES MAP



DINING & ENTERTAINMENT

- | | |
|---------------------------|---------------------------|
| 1 Erie Cafe | 14 River Roast |
| 2 Obelix | 15 Pizzeria Portofino |
| 3 The Green Door Tavern | 16 Siena Tavern |
| 4 Al's #1 Italian Beef | 17 RAMEN-SAN |
| 5 Beatrice | 18 Coco Pazzo |
| 6 Fogo de Chão | 19 House of Blues Chicago |
| 7 Portillos | 20 Bally's Casino Chicago |
| 8 Eataly | |
| 9 Lou Malnati's Pizzeria | |
| 10 Bavette's Bar & Boeuf | |
| 11 The Hampton Social | |
| 12 Moe's Cantina | |
| 13 Chicago Cut Steakhouse | |

LODGING

- | | |
|--------------------------|---------------------|
| 1 Holiday Inn | 5 Ohio House Motel |
| 2 The Westin Chicago | 6 The Godfrey Hotel |
| 3 Hotel Chicago Downtown | |
| 4 Hampton Inn & Suites | |

TRANSPORTATION

- | | |
|---|---|
|  CTA Red Line |  CTA Blue Line |
|  CTA Purple Line | |
|  CTA Brown Line | |

LOCATION OVERVIEW

Chicago, IL MSA

Chicago is the most populous city in the state of Illinois and the third-most populous in the United States, following New York City and Los Angeles. With a population of nearly 3 million, it is the most populous city in the Midwestern United States.

Located along the shores of Lake Michigan, Chicago is an international hub for finance, culture, commerce, industry, education, technology, telecommunications, and transportation. It is the site of the creation of the first standardized futures contracts, issued by the Chicago Board of Trade, which today, is part of the largest and most diverse derivatives market in the world, generating 20% of all volume in commodities and financial futures alone. O'Hare International Airport is routinely ranked among the world's top six busiest airports according to tracked data by the Airports Council International. The region also has the largest number of federal highways and is the nation's railroad hub. The Chicago area has one of the highest gross domestic products (GDP) in the world, generating \$594 billion in 2020. The economy of Chicago is diverse, with no single industry employing more than 14% of the workforce. It is home to several Fortune 500 companies, including, Abbott Laboratories, AbbVie, Allstate, Archer Daniels Midland, Conagra Brands, Exelon, JLL, Kraft Heinz, McDonald's, Mondelez International, Motorola Solutions, Sears, United Airlines, US Foods, and Walgreens.

The Chicago MSA, colloquially referred to as Chicagoland, encompasses 10,286 square miles and includes Chicago, its suburbs and hinterland, spanning 14 counties in northeast Illinois, northwest Indiana, and southeast Wisconsin. The MSA had a 2020 census population of 9,618,502. The Chicago area is third-largest metropolitan and the fourth largest combined statistical area in the United States. It is also the fourth largest metropolitan area in North America.



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America

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(CTA)

World Business '21

AREA DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
Urban Population	91,255	424,651	890,472
Median Age	35	35	35
INCOME			
Median Household Income	\$127,008	\$119,109	\$99,589
Total Household Income	\$9,745,736,415	\$38,080,894,517	\$60,349,569,180
Average Household Income	\$172,809	\$168,941	\$143,612
Average Family Income	\$269,495	\$246,855	\$186,815
HOUSEHOLDS			
Households (Current)	56,396	225,409	420,227
Average Size of Household	1.62	1.93	2.23
Median Rent	\$1,992	\$1,779	\$1,518
Housing Units	64,151	253,273	467,781
Renter Occupied Units	36,845	132,920	251,787
EMPLOYMENT			
Total Employees	390,544	741,371	858,791
Total Establishments	12,582	27,683	37,889
SALES & EXPENDITURES			
Total Retail Sales	\$9,309,998,000	\$20,798,710,000	\$29,726,044,000
Total Consumer Expenditures	\$4,567,455,000	\$17,935,548,000	\$31,214,372,000

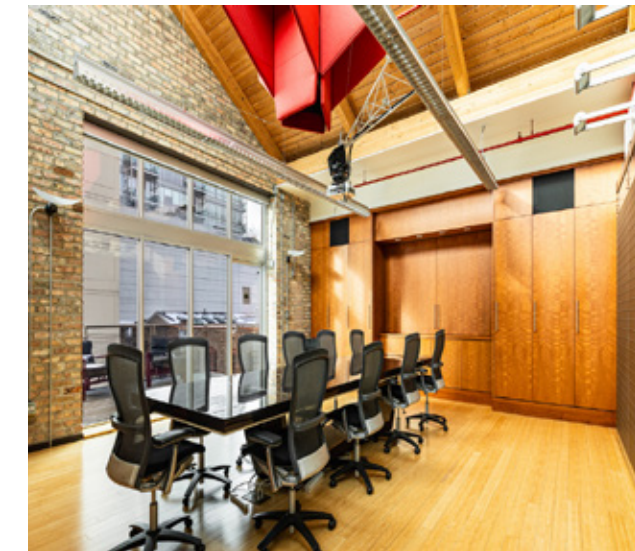
THE INVESTMENT



RIVER NORTH INVESTMENT

This versatile real estate investment offers 4 distinct operating scenarios for future use or redevelopment including: office owner occupancy, investment, or for redevelopment as high-rise multifamily market rate or mixed rate apartments. These 4 different investment scenarios are provided in the investment projections that follow.

There is potential for new high-rise multifamily development on the site including straight market rate apartments with a maximum 7 Floor Area Ratio (FAR) to accommodate an approximate 90,000 square foot building, and an 80/20 mix of market rate and affordable rate apartments allowable by bonus Floor Area Ratio up to 11.5 to accommodate an approximate 154,000 square foot building.



INVESTMENT SCENARIOS

	Owner Occupant	Office / Retail	Market Rate Multi-Family	Mixed Rate Multi-Family
Square Feet	25,628	25,628	90,000	154,000
Net Operating Income		\$504,189	\$2,297, 534	\$3,376,062
Total Investment	\$7,500,000	\$7,500,000	\$35,000,000	\$56,000,000
Equity Percentage	25%	30%	30%	30%
Down Payment Equity	\$1,875,000	\$2,250,000	\$10,500,000	\$16,800,000
Loan Amount	\$5,625,000	\$5,250,000	\$24,500,000	\$39,200,000
Interest Rate	6.50%	6.50%	6.25%	6.00%
Loan to Value	75%	70%	70%	70%
Amortization	30	30	30	30
Monthly Debt Service	\$35,554	\$33,184	\$150,851	\$235,024
Annual Debt Service	\$426,646	\$398,203	\$1,810,209	\$2,820,286
Annual Cash Flow	\$(834,581)	\$105,986	\$487,326	\$555,776
Total Occupancy Cost Per SF	\$32.57			
Monthly Occupancy Cost	\$69,548			
Debt Coverage Ratio		1.27	1.27	1.20
Internal Rate of Return - 10 Year Hold		15.16%	19.37%	17.10%

OWNER OCCUPANT: OFFICE - OPERATING PROJECTIONS

Lower Level	6,407 SF											
Floor 1	6,407 SF	RE Tax Increase	2.50%									
Floor 2	6,407 SF	Expense Increase	3.00%									
Floor 3	6,407 SF											
Total Square Feet	25,628 SF											
Operating Expenses	Lease Annual	Per SF	2	3	4	5	6	7	8	9	10	
Real Estate Taxes	\$242,252	\$9.45	\$248,308	\$254,516	\$260,879	\$267,401	\$274,086	\$280,938	\$287,962	\$295,161	\$302,540	
Insurance	38,500	1.50	39,655	40,845	42,070	43,332	44,632	45,971	47,350	48,771	50,234	
Utilities	51,100	1.99	52,663	54,212	55,838	57,514	59,239	61,016	62,847	64,732	66,674	
Cleaning & Trash Removal	13,000	0.51	13,390	13,792	14,205	14,632	15,071	15,523	15,988	16,468	16,962	
Repairs & Maintenance	43,570	1.70	44,877	46,223	47,610	49,038	50,510	52,025	53,586	55,193	56,849	
Fire/Security Alarm & Monitoring	4,947	0.19	5,095	5,248	5,406	5,568	5,735	5,907	6,084	6,267	6,455	
Lot & Snow Removal	9,440	0.37	9,723	10,015	10,315	10,625	10,944	11,272	11,610	11,958	12,317	
Operating Expenses	160,557	6.26	165,374	170,335	175,445	180,708	186,130	191,713	197,465	203,389	209,490	
Capital Improvement Reserves	5,126	0.20	5,279	5,438	5,601	5,769	5,942	6,120	6,304	6,493	6,688	
Total Operating Expense	\$407,935	\$15.92	\$418,961	\$430,289	\$441,925	\$453,878	\$466,158	\$478,772	\$491,730	\$505,042	\$518,718	
Debt Service	\$426,646	\$16.65	\$426,646	\$426,646	\$426,646	\$426,646	\$426,646	\$426,646	\$426,646	\$426,646	\$426,646	
Cash Flow - Total Owner Occupancy Cost	\$834,581	\$32.57	\$845,607	\$856,935	\$868,571	\$880,524	\$892,803	\$905,418	\$918,376	\$931,688	\$945,364	

INVESTMENT: OFFICE / RETAIL - OPERATING PROJECTIONS

Lower Level	6,407 SF													
Floor 1	6,407 SF		Rent Appreciation		3.00%									
Floor 2	6,407 SF		RE Tax Increase		2.50%									
Floor 3	6,407 SF		Expense Increase		3.00%									
Total Square Feet	25,628 SF													

Rent	SF	Lease Annual	Per SF	%	2	3	4	5	6	7	8	9	10
Floor 1	6,407	\$230,652	\$36.00	30.69%	\$237,572	\$244,699	\$252,040	\$259,601	\$267,389	\$275,411	\$283,673	\$292,183	\$300,949
Floor 2 & 3	12,814	410,048	32.00	54.56%	422,349	435,020	448,071	461,513	\$475,358	\$489,619	\$504,307	\$519,437	535,020
Lower Level	6,407	153,768	24.00	20.46%	158,381	163,132	168,026	173,067	178,259	183,607	189,115	194,789	200,632
Less Vacancy Loss	5.40%	(42,901)	(1.67)	-5.71%	(44,188)	(45,514)	(46,879)	(48,286)	(49,734)	(51,226)	(52,763)	(54,346)	(55,976)
Rent Total	25,628	\$751,567	\$29.33	100%	\$774,114	\$797,337	\$821,257	\$845,895	\$871,272	\$897,410	\$924,332	\$952,062	\$980,624

Operating Expenses	Lease Annual	Per SF	%	2	3	4	5	6	7	8	9	10	
Real Estate Taxes	\$242,252	\$9.45	32.23%	\$248,308	\$254,516	\$260,879	\$267,401	\$274,086	\$280,938	\$287,962	\$295,161	\$302,540	
Management Fees	4.50%	33,821	1.32	4.50%	34,835	35,880	36,957	38,065	39,207	40,383	41,595	42,843	44,128
Common Operating Expenses	160,557	6.26	21.36%	165,374	170,335	175,445	180,708	186,130	191,713	197,465	203,389	209,490	
Tenant Reimbursed Expenses	(194,378)	(7.58)	-25.86%	(200,209)	(206,215)	(212,402)	(218,774)	(225,337)	(232,097)	(239,060)	(246,232)	(253,619)	
Capital Improvement Expenses	5,126	0.20	0.68%	5,279	5,438	5,601	5,769	5,942	6,120	6,304	6,493	6,688	
Total Operating Expense	\$247,378	\$9.65	32.91%	\$253,588	\$259,954	\$266,480	\$273,170	\$280,028	\$287,058	\$294,265	\$301,654	\$309,227	

Net Operating Income (NOI)	\$504,189	\$19.67	67.09%	\$520,526	\$537,383	\$554,777	\$572,725	\$591,244	\$610,352	\$630,067	\$650,409	\$671,397
Debt Service	398,203	15.54	52.98%	398,203	398,203	398,203	398,203	398,203	398,203	398,203	398,203	398,203
Cash Flow	\$105,986	\$4.14	14.10%	\$122,323	\$139,180	\$156,575	\$174,522	\$193,041	\$212,149	\$231,864	\$252,206	\$273,194



INVESTMENT: MARKET RATE MULTI-FAMILY - OPERATING PROJECTIONS

		Average SF	Total SF	Per Unit Monthly Rent	Total Annual Rent Per Unit	Monthly SF								
Apartment Units	96	750	72,000	\$3,188	\$38,250	\$4.25	Rent Appreciation		4.00%					
Common Area	20%		18,000				RE Tax Increase		2.50%					
Grand Total			90,000				Expense Increase		3.00%					
Operating Statement		Annual	Per SF	Per Unit	%	2	3	4	5	6	7	8	9	10
Rents														
Rents		\$3,672,000	\$40.80	\$38,250	106.10%	\$3,818,880	\$3,971,635	\$4,130,501	\$4,295,721	\$4,467,549	\$4,646,251	\$4,832,101	\$5,025,386	\$5,226,401
Vacancy	5.00%	(183,600)	(2.04)	(1,913)	-5.31%	(190,944)	(198,582)	(206,525)	(214,786)	(223,377)	(241,605)	(241,605)	(251,269)	(261,320)
Collection Loss	0.75%	(27,540)	(0.31)	(287)	-0.80%	(28,642)	(29,787)	(30,979)	(32,218)	(33,507)	(36,241)	(36,241)	(37,690)	(39,198)
Rent Total		\$3,460,860	\$38.45	\$36,051	100%	\$3,599,294	\$3,743,266	\$3,892,997	\$4,048,717	\$4,210,665	\$4,379,092	\$4,554,256	\$4,736,426	\$4,925,883
Expenses														
Real Estate Taxes		\$576,000	\$6.40	\$6,000	16.64%	\$590,400	605,160	620,289	635,796	651,691	667,983	684,683	701,800	719,345
Operating Expenses		573,826	6.38	5,977	16.58%	588,171	602,876	617,948	633,396	649,231	665,462	682,099	699,151	716,630
Capital Improvement Repairs		13,500	0.15	141	0.39%	13,905	14,322	14,752	15,194	15,650	16,120	16,603	17,101	17,614
Total Operating Expense		\$1,163,326	\$12.93	\$12,118	33.61%	\$1,192,476	\$1,222,358	\$1,252,988	\$1,284,387	\$1,316,573	\$1,349,565	\$1,383,385	\$1,418,052	\$1,453,589
Net Operating Income (NOI)		\$2,297,534	\$25.53	\$23,933	66.39%	\$2,406,818	\$2,520,908	\$2,640,008	\$2,764,330	\$2,894,093	\$3,029,527	\$3,170,871	\$3,318,373	\$3,472,294
Debt Service		\$1,810,209	\$20.11	\$18,856	52.31%	\$1,810,209	\$1,810,209	\$1,810,209	\$1,810,209	\$1,810,209	\$1,810,209	\$1,810,209	\$1,810,209	\$1,810,209
Cash Flow		\$487,326	\$5.41	\$5,076	14.08%	\$596,609	\$710,700	\$829,800	\$954,121	\$1,083,884	\$1,219,318	\$1,360,662	\$1,508,165	\$1,662,085



INVESTMENT: MIXED RATE MULTI-FAMILY - OPERATING PROJECTIONS

		Average SF	Total SF	Per Unit Monthly Rent	Total Annual Rent Per Unit	Monthly SF		
Apartment Units - Market Rate	131	750	98,560	\$3,188	\$38,250	\$4.25	Rent Appreciation	4.00%
Apartment Units - Affordable	33	750	24,640	\$1,388	\$16,650	\$1.85	RE Tax Increase	2.50%
Common Area	20%		30,800				Expense Increase	3.00%
Grand Total	164		154,000					

Operating Statement	Annual	Per SF	Per Unit	%	2	3	4	5	6	7	8	9	10
Rents													
Rents	\$5,573,568	\$36.19	\$33,930	106.10%	\$5,796,511	\$6,028,371	\$6,269,506	\$6,520,286	\$6,781,098	\$7,052,342	\$7,334,435	\$7,627,813	\$7,932,925
Vacancy	5.00% (278,678)	(1.81)	(1,697)	-5.31%	(289,826)	(301,419)	(313,475)	(326,014)	(339,055)	(352,617)	(366,722)	(381,391)	(396,646)
Collection Loss	0.75% (41,802)	(0.27)	(254)	-0.80%	(43,474)	(45,213)	(47,021)	(48,902)	(50,858)	(52,893)	(55,008)	(57,209)	(59,497)
Rent Total	\$5,253,088	\$34.11	\$31,979	100%	\$5,463,211	\$5,681,740	\$5,909,009	\$6,145,370	\$6,391,185	\$6,646,832	\$6,912,705	\$7,189,213	\$7,476,782
Expenses													
Real Estate Taxes	\$918,000	\$5.96	\$5,588	17.48%	\$940,950	\$964,474	\$988,586	\$1,013,300	\$1,038,633	\$1,064,599	\$1,091,214	\$1,118,494	\$1,146,456
Operating Expenses	935,926	6.08	5,698	17.82%	964,004	992,924	1,022,712	1,053,393	1,084,995	1,117,545	1,151,071	1,185,603	1,221,171
Capital Improvement Repairs	23,100	0.15	141	0.44%	23,793	24,507	25,242	25,999	26,779	27,583	28,410	29,262	30,140
Total Operating Expense	\$1,877,026	\$12.19	\$11,427	35.73%	\$1,928,747	\$1,981,904	\$2,036,539	\$2,092,692	\$2,150,407	\$2,209,726	\$2,270,694	\$2,333,359	\$2,397,768
Net Operating Income (NOI)	\$3,376,062	\$21.92	\$20,552	64.27%	\$3,534,465	\$3,699,835	\$3,872,470	\$4,052,677	\$4,240,778	\$4,437,106	\$4,642,011	\$4,855,854	\$5,079,014
Debt Service	\$2,820,286	\$18.31	\$17,169	53.69%	\$2,820,286	\$2,820,286	\$2,820,286	\$2,820,286	\$2,820,286	\$2,820,286	\$2,820,286	\$2,820,286	\$2,820,286
Cash Flow	\$555,776	\$3.61	\$3,383	10.58%	\$714,179	\$879,550	\$1,052,185	\$1,232,392	\$1,420,492	\$1,616,821	\$1,821,725	\$2,035,569	\$2,258,729



OFFERING MEMORANDUM

440 W ONTARIO STREET | CHICAGO, IL



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