Marcus & Millichap

offering memorandum

LIDA LAKE ESTATES

a 72-unit apartment community
in Rochelle, Illinois

PRESENTED BY

IL Broker of Record

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ACTIVITY ID
ZAB0670186

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PROPERTY OVERVIEW

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LIDA LAKE ESTATES

433 WILLIS AVENUE, ROCHELLE, IL 61068

- Renovated Exterior and Apartments
- Balconies / Patios, Laundry Rooms and Individual Garages
- Private Entrances
- 1994 Construction
- One, Two and Three-Bedroom Units
- Tenant-Paid Heat

Marcus & Millichap is pleased to present Lida Lake Estates, a 72-unit apartment community constructed in 1994 and renovated in approximately 2016 to 2019. Lida Lake Estates is located in Rochelle, Illinois and sits on five acres with ample green space and parking for tenant enjoyment. This property consists of three 24-unit, two-story buildings with a unit mix of 12 one-bedroom / one-bathroom apartments, 48 two-bedroom / one-bathroom apartments and 12 three-bedroom / two-bathroom apartments. The property offers well-finished spacious units with stainless appliances, cherry cabinets and eat-in dining areas.

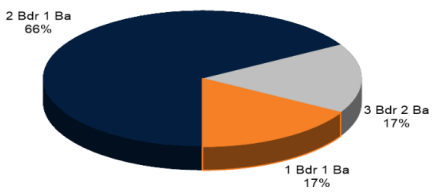
Rochelle, Illinois is located between Route 251 and Interstate 88 and near Interstate 39 approximately 80 miles west of Chicagos loop. Located between DeKalb and Dixon, this property offers quiet and clean apartments with spacious layouts.

Here, an investor has an opportunity to step into a high occupancy, recently renovated and turn-key property.

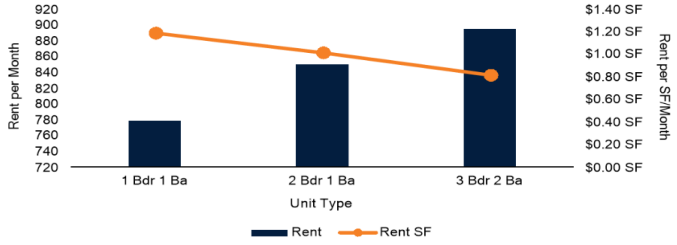
RENT ROLL SUMMARY

				SCHEDULED			POTENTIAL		
UNIT TYPE	# UNITS	AVG SQUARE FEET	RENTAL RANGE	AVG RENT/ UNIT	AVG RENT/SF	MONTHLY INCOME	AVG RENT/ UNIT	AVG RENT/SF	MONTHLY INCOME
1 Bdr 1 Ba	12	656	$775 - $795	$778	$1.19	$9,340	$795	$1.21	$9,540
2 Bdr 1 Ba	48	840	$850 - $850	$850	$1.01	$40,800	$925	$1.10	$44,400
3 Bdr 2 Ba	12	1,100	$895 - $895	$895	$0.81	$10,740	$1,050	$0.95	$12,600
Totals/Avgs	72	853		$846	$0.99	$60,880	$924	$1.08	$66,540
Gross Annualized Rents				$730,560			$798,480		

Unit Distribution



Unit Rent



OPERATING DATA

INCOME	DEC 2019-NOV 2020		CURRENT		PRO FORMA		PER UNIT	PER SF
Gross Potential Rent	$798,480		$798,480		$816,446		$11,340	$13.30
Loss / Gain to Lease	($69,500)	8.7%	($67,920)	8.5%	($17,966)	2.2%	($250)	($0.29)
Gross Scheduled Rent	$728,980		$730,560		$798,480		$11,090	$13.01
Physical Vacancy	($18,070)	2.5%	($9,300)	1.3%	($39,924)	5.0%	($555)	($0.65)
Total Vacancy	($18,070)	2.5%	($9,300)	1.3%	($39,924)	5.0%	($555)	($1)
Effective Rental Income	**$710,910**		**$721,260**		**$758,556**		**$10,536**	**$12.36**
Other Income								
Garage Rent	$20,510		$22,200		$22,200		$308	$0.36
Pet Rent	$9,674		$10,800		$10,800		$150	$0.18
Laundry Income	$8,155		$15,297		$15,297		$212	$0.25
Total Other Income	$38,339		$48,297		$48,297		$671	$0.79
Effective Gross Income	**$749,249**		**$769,557**		**$806,853**		**$11,206**	**$13.14**

EXPENSES	DEC 2019-NOV 2020		CURRENT		PRO FORMA		PER UNIT	PER SF
Real Estate Taxes	$163,665		$163,665		$163,665		$2,273	$2.67
Insurance	$15,297		$15,297		$15,297		$212	$0.25
Electric / Sewer / Water	$28,465		$28,465		$28,465		$395	$0.46
Gas	$39		$39		$39		$1	$0.00
Trash Removal	$5,853		$5,839		$5,839		$81	$0.10
Maintenance and Repairs	$4,840		$10,800		$10,800		$150	$0.18
Cleaning and Decorating	$11,686		$10,800		$10,800		$150	$0.18
Supplies	$31,271		$10,800		$10,800		$150	$0.18
Phone, Internet and Security	$5,766		$5,766		$5,766		$80	$0.09
Payroll	$40,000		$40,000		$40,000		$556	$0.65
Janitor	$14,400		$14,400		$14,400		$200	$0.23
Office	$9,300		$9,300		$9,300		$129	$0.15
Miscellaneous	$7,200		$7,200		$7,200		$100	$0.12
Operating Reserves	$15,120		$15,120		$15,120		$210	$0.25
Management Fee	$22,477	3.0%	$23,087	3.0%	$24,206	3.0%	$336	$0.39
Total Expenses	**$375,380**		**$360,578**		**$361,697**		**$5,024**	**$5.89**
Expenses as % of EGI	**50.1%**		**46.9%**		**44.8%**			
Net Operating Income	**$373,869**		**$408,979**		**$445,156**		**$6,183**	**$7.25**

NOTES TO OPERATING DATA

- *Gross Potential Rent - Based on Potential Market Rent (Estimated by Broker)*
- *Loss to Lease - Based on Difference Between Current Rents and Estimated Market Rents*
- *Gross Scheduled Rent - Based on Seller's November 1, 2020 Rent Roll*
- *Physical Vacancy - Based on Actual Occupancy, Provided by Owner; Pro Forma Broker Estimate*
- *Effective Rental Income - Based on Seller's December 2019 - November 2020 Trailing 12 Statement*
- *Garage Rent - Based on Seller's November 1, 2020 Rent Roll; Garages leased for $60/month (35 total spaces, 3 being used for owner storage)*
- *Pet Rent - Based on Seller's November 1, 2020 Rent Roll; $25 per Pet per Month*
- *Laundry Income - Based on Seller's Current Operating Statement; Pro Forma Broker Estimate*
- *Real Estate Taxes - 2019 Payable 2020 Ogle County Treasurer (Assessed Value of $1,691,918)*
- *Insurance - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement*
- *Electric/Water/Sewer - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement*
- *Gas - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement*
- *Trash Removal - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement*
- *Maintenance and Repairs - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement; Pro Forma Broker Estimate*
- *Cleaning and Decorating - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement; Pro Forma Broker Estimate*
- *Supplies - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement; Pro Forma Broker Estimate*
- *Phone, Internet & Security - Based on Seller's December 2019 - November 2020 Trailing 12 Operating Statement*
- *Payroll - Broker Estimate*
- *Janitor - Broker Estimate*
- *Office - Broker Estimate ($775 per Month for One-Bedroom Unit)*
- *Miscellaneous - Broker Estimate*
- *Operating Reserves - Broker Estimate of $210*
- *Management Fee - Broker Estimate of Three Percent of Effective Gross Income*

PRICING DETAILS

SUMMARY		
Price	**$6,950,000**	
Down Payment	$1,737,500	25%
Number of Units	72	
Price Per Unit	$96,528	
Price Per SqFt	$113.21	
Rentable SqFt	61,392	
Lot Size	5.10 Acres	
Approx. Year Built	1994/2018	

RETURNS	CURRENT	PRO FORMA
CAP Rate	5.88%	6.41%
GRM	9.51	8.70
Cash-on-Cash	6.87%	8.95%
Debt Coverage Ratio	1.41	1.54

FINANCING	1ST LOAN
Loan Amount	$5,212,500
Loan Type	New
Interest Rate	3.75%
Amortization	30 Years
Year Due	2030

▶ *Loan information is subject to change. 10-year term, two years of interest-only.*

INCOME		CURRENT		PRO FORMA
Gross Scheduled Rent		**$730,560**		**$798,480**
Less: Vacancy/Deductions	1.3%	$9,300	5.0%	$39,924
Total Effective Rental Income		$721,260		$758,556
Other Income		$48,297		$48,297
Effective Gross Income		$769,557		$806,853
Less: Expenses	46.9%	$360,578	44.8%	$361,697
Net Operating Income		**$408,979**		**$445,156**
Cash Flow		$408,979		$445,156
Debt Service		$289,679		$289,679
Net Cash Flow After Debt Service	6.87%	$119,300	8.95%	$155,477
Principal Reduction		$95,846		$99,503
TOTAL RETURN	**12.38%**	**$215,147**	**14.68%**	**$254,980**

EXPENSES	CURRENT	PRO FORMA
Real Estate Taxes	$163,665	$163,665
Insurance	$15,297	$15,297
Electric/Water/Sewer	$28,465	$28,465
Gas	$39	$39
Trash Removal	$5,839	$5,839
Maintenance and Repairs	$10,800	$10,800
Cleaning and Decorating	$10,800	$10,800
Supplies	$10,800	$10,800
Phone, Internet and Security	$5,766	$5,766
Payroll	$40,000	$40,000
Janitor	$14,400	$14,400
Office	$9,300	$9,300
Miscellaneous	$7,200	$7,200
Operating Reserves	$15,120	$15,120
Management Fee	$23,087	$24,206
TOTAL EXPENSES	**$360,578**	**$361,697**

GROWTH RATE PROJECTIONS										
Income	**Pro Forma**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Gross Potential Rent	2.2%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Loss/Gain to Lease (1)	2.2%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Physical Vacancy		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Vacancy		**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**
Total Other Income		**2.00%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**
Expenses	**Pro Forma**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Operating Expenses		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Real Estate Taxes		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Insurance		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Utilities		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Management Fee (2)	3.0%									

IRR YEAR	IRR UNLEVERED	IRR LEVERED
5	7.02%	14.73%
7	7.67%	16.16%
10	7.96%	16.01%

(1) Displayed as a % of Gross Potential Rent
(2) Management Fees Calculated by % of EGR

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CASH FLOW

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INCOME	CURRENT	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Gross Potential Rent	$798,480	$816,446	$834,816	$853,599	$872,805	$892,443	$912,523	$933,055	$954,049	$975,515	$997,464
Loss / Gain to Lease	($67,920)	($17,966)	($12,522)	($8,536)	($8,728)	($8,924)	($9,125)	($9,331)	($9,540)	($9,755)	($9,975)
Gross Scheduled Rent	**$730,560**	**$798,480**	**$822,294**	**$845,063**	**$864,077**	**$883,519**	**$903,398**	**$923,724**	**$944,508**	**$965,760**	**$987,489**
Physical Vacancy	($9,300)	($39,924)	($41,115)	($42,253)	($43,204)	($44,176)	($45,170)	($46,186)	($47,225)	($48,288)	($49,374)
Total Vacancy	**($9,300)**	**($39,924)**	**($41,115)**	**($42,253)**	**($43,204)**	**($44,176)**	**($45,170)**	**($46,186)**	**($47,225)**	**($48,288)**	**($49,374)**
Effective Rental Income	**$721,260**	**$758,556**	**$781,179**	**$802,810**	**$820,873**	**$839,343**	**$858,228**	**$877,538**	**$897,283**	**$917,472**	**$938,115**
Other Income											
Garage Rent	$22,200	$22,200	$22,644	$23,097	$23,559	$24,030	$24,511	$25,001	$25,501	$26,011	$26,531
All Other Income	$26,097	$26,097	$26,619	$27,152	$27,695	$28,249	$28,814	$29,390	$29,978	$30,577	$31,189
Total Other Income	**$48,297**	**$48,297**	**$49,263**	**$50,249**	**$51,254**	**$52,279**	**$53,324**	**$54,391**	**$55,479**	**$56,588**	**$57,720**
Effective Gross Income	**$769,557**	**$806,853**	**$830,442**	**$853,059**	**$872,127**	**$891,622**	**$911,552**	**$931,929**	**$952,761**	**$974,060**	**$995,835**
EXPENSES											
Operating Expenses	($109,066)	($109,066)	($111,248)	($113,473)	($115,742)	($118,057)	($120,418)	($122,826)	($125,283)	($127,788)	($130,344)
Real Estate Taxes	($163,665)	($163,665)	($166,938)	($170,277)	($173,683)	($177,156)	($180,699)	($184,313)	($188,000)	($191,760)	($195,595)
Insurance	($15,297)	($15,297)	($15,603)	($15,915)	($16,233)	($16,558)	($16,889)	($17,227)	($17,571)	($17,923)	($18,281)
Utilities	($34,343)	($34,343)	($35,030)	($35,731)	($36,445)	($37,174)	($37,918)	($38,676)	($39,450)	($40,239)	($41,043)
Management Fee	($23,087)	($24,206)	($24,913)	($25,592)	($26,164)	($26,749)	($27,347)	($27,958)	($28,583)	($29,222)	($29,875)
Total Expenses	**($345,458)**	**($346,577)**	**($353,732)**	**($360,987)**	**($368,267)**	**($375,694)**	**($383,271)**	**($391,001)**	**($398,886)**	**($406,931)**	**($415,139)**
Operating Reserves	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**	**($15,120)**
Net Operating Income	**$408,979**	**$445,156**	**$461,590**	**$476,952**	**$488,740**	**$500,808**	**$513,162**	**$525,808**	**$538,755**	**$552,008**	**$565,576**
PURCHASE PRICE / NET RESIDUAL VALUE											
Purchase Price/Net Residual Value	($6,950,000)										$8,079,655
Cash Flow Before Debt Financing		**$445,156**	**$461,590**	**$476,952**	**$488,740**	**$500,808**	**$513,162**	**$525,808**	**$538,755**	**$552,008**	**$8,645,231**
DEBT FINANCING											
Loan Amount	$5,212,500										
Loan Origination Fees	($52,125)										
Closing Costs											($323,186)
Debt Service - Interest		($193,833)	($190,176)	($186,380)	($182,439)	($178,347)	($174,100)	($169,690)	($165,113)	($160,360)	($155,427)
Debt Service - Principal		($95,846)	($99,503)	($103,299)	($107,240)	($111,331)	($115,579)	($119,988)	($124,566)	($129,318)	($134,252)
Cash Flow After Debt Financing	**($1,789,625)**	**$155,477**	**$171,911**	**$187,273**	**$199,061**	**$211,129**	**$223,483**	**$236,130**	**$249,076**	**$262,330**	**$8,032,366**
Debt Coverage Ratio		1.54	1.59	1.65	1.69	1.73	1.77	1.82	1.86	1.91	1.95
INVESTOR RETURN											
IRR-Unleveraged		0.00%			6.45%	7.02%	7.40%	7.67%	7.87%	8.03%	7.96%
IRR-Leveraged		8.69%			12.98%	14.73%	15.66%	16.16%	16.42%	16.54%	16.01%
Capitalization Rate		6.41%	6.64%	6.86%	7.03%	7.21%	7.38%	7.57%	7.75%	7.94%	8.14%

SALE COMPARABLES

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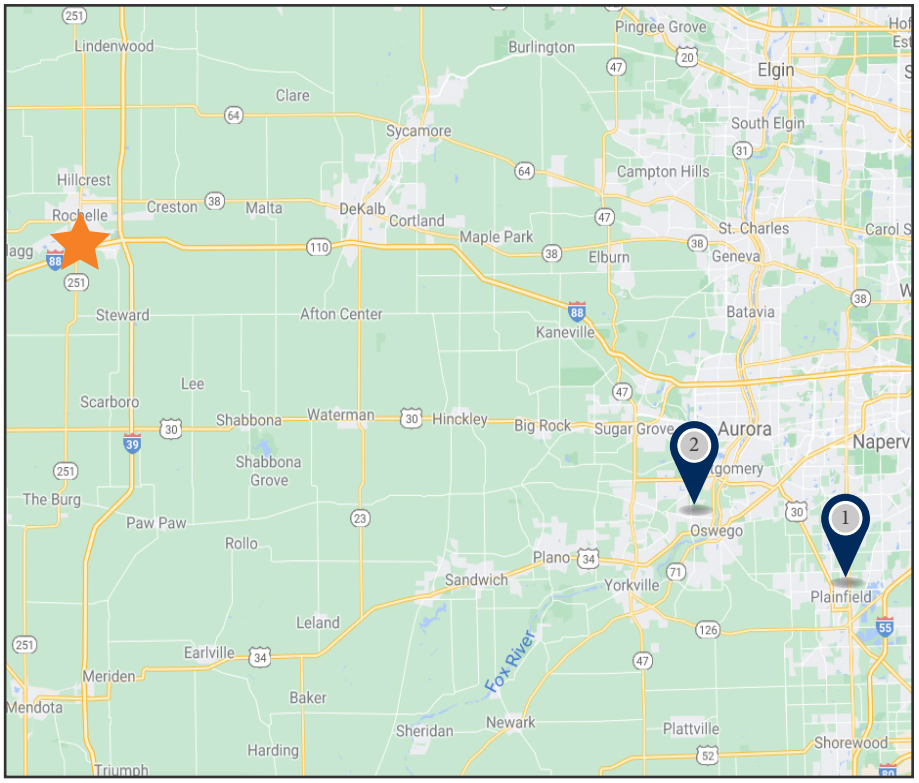


LIDA LAKE ESTATES (SUBJECT)
433 Willis Avenue, Rochelle, IL 61068

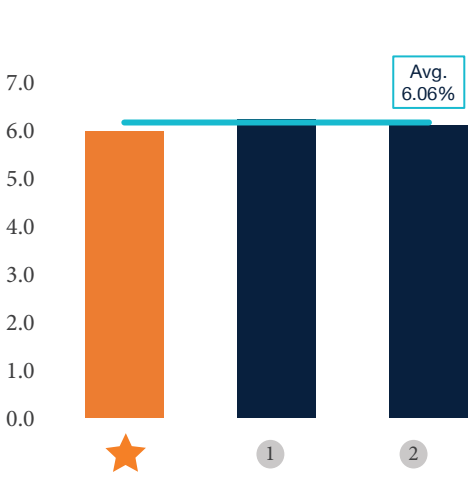
		Units	Unit Type
Offering Price	$6,950,000	12	1 Bdr 1 Ba
Price/Unit	$96,528	48	2 Bdr 1 Ba
Price/SF	$113.21	12	3 Bdr 2 Ba
CAP Rate	5.88%	72	Total
GRM	9.51		
Year Built	1994		

LINCOLNSHIRE COURT APARTMENTS
15002 Wood Farm Road, Plainfield, IL 60544

		Units	Unit Type
Close of Escrow	9/17/2018	24	1 Bdr 1 Ba
Sale Price	$7,500,000	32	2 Bdr 2 Ba
Price/Unit	$133,929	56	Total
Price/SF	$121.85		
CAP Rate	6.12%		
GRM	9.01		
Year Built	2002		

LIGHT ROAD APARTMENTS
1800 Light Road, Oswego, IL 60543

		Units	Unit Type
Close of Escrow	3/26/2020	98	1 Bdr 1 Ba
Sale Price	$14,100,000	70	2 Bdr 1 Ba
Price/Unit	$83,929	168	Total
Price/SF	$131.21		
CAP Rate	5.99%		
GRM	7.27		
Year Built	1972		



AVERAGE CAP RATE

AVERAGE GRM

AVERAGE PRICE PER SQUARE FOOT

AVERAGE PRICE PER UNIT

RENT COMPARABLES

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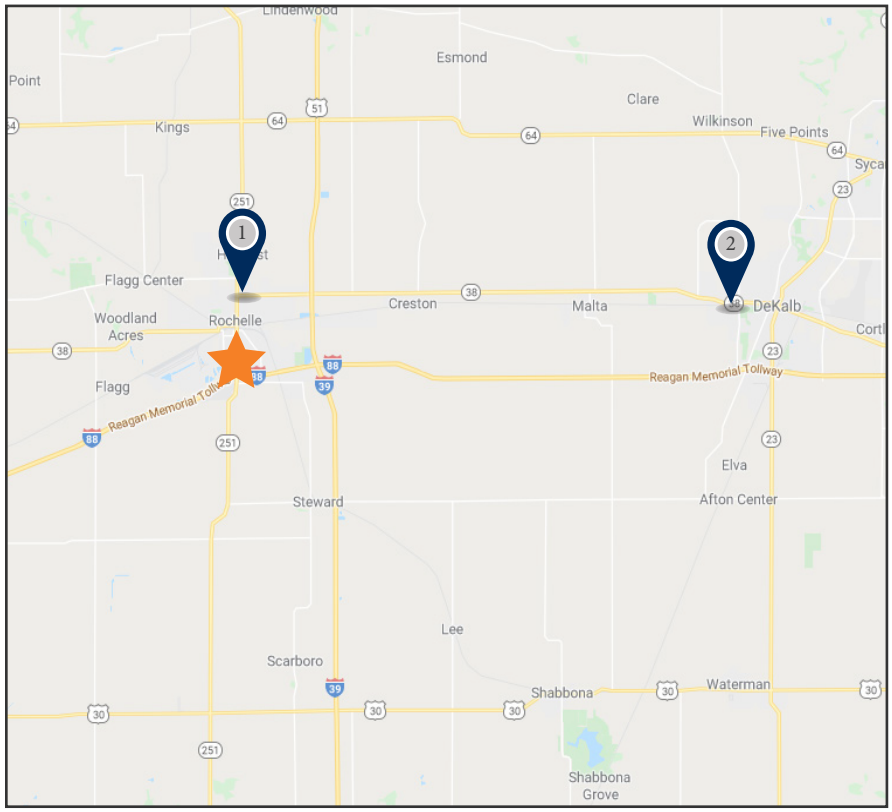


LIDA LAKE ESTATES (SUBJECT)

ROCHELLE, IL | YEAR BUILT: 1994 | OCCUPANCY: 97%

Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Ba	12	656	$778	$1.19
2 Bdr 1 Ba	48	840	$850	$1.01
3 Bdr 2 Ba	12	1,100	$895	$0.81
Total/Avg	72	853	$846	$0.99

1 1133 NORTH 7TH STREET

ROCHELLE, IL | YEAR BUILT: 1990 | OCCUPANCY: 95%

Unit Type	Units	SF	Rent	Rent/SF
2 Bdr 1 Ba	1	1,064	$900	$0.85
Total/Avg	1	1,064	$900	$0.85

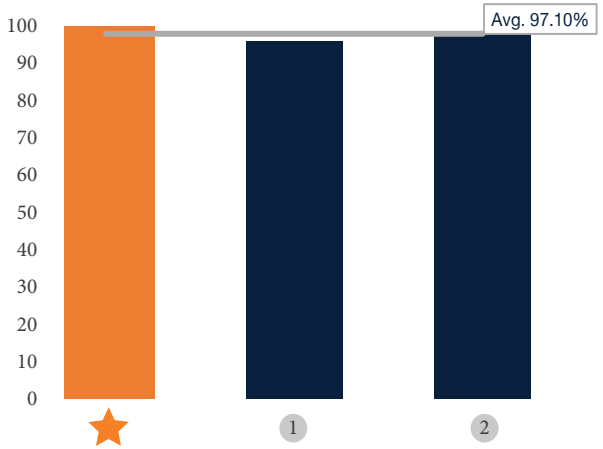
Condominium building (one unit featured). Non-renovated unit, asking rent shown.

2 PRAIRIE CREEK

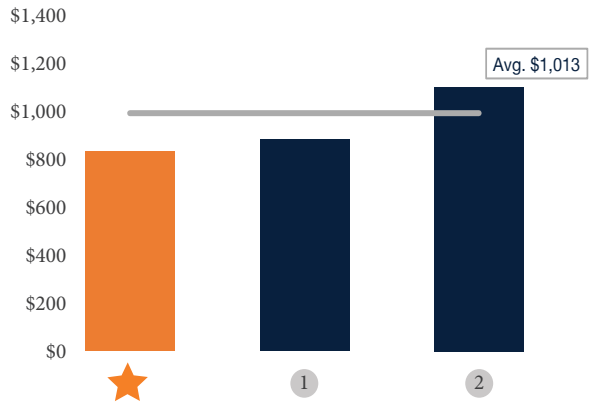
DEKALB, IL | YEAR BUILT: 2002 | OCCUPANCY: 97%

Unit Type	Units	SF	Rent	Rent/SF
2 Bdr 2 Ba	77	1,100	$1,125	$1.02
Total/Avg	77	1,100	$1,125	$1.02

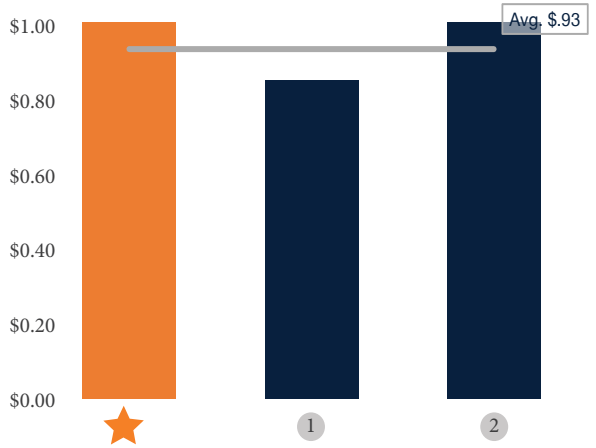
All two-bedroom/two-bathroom townhomes. Located in DeKalb. Mix of approximately 2/3 market rate and 1/3 student. Current concession is one month free rent.



AVERAGE OCCUPANCY



AVERAGE TWO-BEDROOM RENT/UNIT



AVERAGE TWO-BEDROOM RENT/SF

SUBMARKET SNAPSHOT

LOCATION HIGHLIGHTS

- *Thriving Midwestern Community in Ogle County*
- *Approximately 80 Miles West of Chicago, 25 Miles South of Rockford*
- *Known as "Hub City" Due to Location at Intersection of Interstates 88 and 39*
- *Industry Town Home of a Hormel Foods Meat Packing Plant, Union Pacific, Del Monte Canning Plant and More*

NEIGHBORHOOD AMENITIES

MAJOR EMPLOYERS

- → *1.0 Mile* | Hormel Foods
- → *1.6 Miles* | Tyson Foods
- → *1.7 Miles* | Boise Cascade
- ← *2.0 Miles* | Union Pacific

TRANSPORTATION

- ← *0.2 Mile* | Illinois Route 251
- ↙ *0.9 Mile* | Rochelle Municipal Airport
- ↖ *1.2 Miles* | Lincoln Highway
- → *2.3 Miles* | Interstate 88 and 39 Interchange

SCHOOLS

- ↖ *3.9 Miles* | Lincoln Elementary School
- ↗ *2.7 Miles* | Rochelle Middle School
- ↖ *3.5 Miles* | Rochelle Township High School
- → *17.2 Miles* | Northern Illinois University

LANDMARKS & ATTRACTIONS

- ↘ *0.4 Mile* | Lake Lida
- ↑ *1.0 Mile* | Fairways Golf Course
- ↑ *1.7 Miles* | Downtown Rochelle
- ↑ *2.2 Miles* | Rochelle Community Hospital