

Marcus & Millichap
TAG INDUSTRIAL GROUP

3405 LONERGAN DRIVE

ROCKFORD, IL 61109

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The background of the page is a photograph of an industrial building. The left side shows the interior of a large, empty warehouse with a high ceiling supported by a grid of dark metal beams. The right side shows the exterior of the building, featuring light-colored corrugated metal siding and a concrete base. A thin orange horizontal line is positioned above the main title.

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SECTION 1

INVESTMENT OVERVIEW

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OFFERING SUMMARY

- ± 13,300-Square-Foot Industrial Warehouse Situated on 1.14 Acres
- Features 16'-17' Clear Height, One Dock-High Door, Two Grade-Level Doors
 - Ideal for Owner Use or Lease-Up/Value-Add Opportunity
 - Well-Below Replacement Cost Price Per-Square-Foot
 - Low-Supply Submarket with 5.8% Rent Growth

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 3405 Lonergan Drive in Rockford, Illinois. The subject property consists of approximately 13,300 square feet of industrial space and is situated on a total of 1.14 acres of land across two parcels. The single-tenant asset features one dock-high door, two grade-level doors (including a truck well), masonry construction, and a clear height between 16' to 17' feet. For sale as vacant, buyers can acquire the property for owner use or as a lease-up opportunity. At \$47 per square foot, the property is priced well below replacement costs. Positioned along Alpine Road, the property has proximate access to Interstate 39 via U.S. Highway 20.

The subject property sits within the Interstate 39 Corridor/Winnebago County submarket containing a sizeable 38.8 million square feet of industrial space. During 2023, the vacancy rate rose 310 basis points to 9.2 percent as net absorption contracted by the most since 2008 with -1.2 million square feet. While relatively high, the vacancy rate remained within range of the 8.3 percent 10-year average. Despite slowing down to 5.8 percent, the asking rent growth in the submarket continued to outpace the Consumer Price Index in 2023. With regards to supply, there were no deliveries on net last year and there were only 230,000 square feet of industrial space under construction at the start of 2024. The lack of new supply will help keep a lid on vacancies as demand continues to be impacted by high interest rates (CoStar).

Known as the Greater Chicagoland area, Chicago-Naperville-Elgin is the third largest metro in the nation. The metro houses 9.5 million people, including 2.7 million residents within the city of Chicago. The number of corporate headquarters in Chicago is second only to New York City and is home to 33 Fortune 500 companies. Thanks to eight commercial and passenger rail lines, the Port of Chicago, three international airports, and a vast network of freeways, Chicago is a major distribution and logistics hub. The local economy and workforce are highly diverse, supported largely by distribution, finance, manufacturing, and high-tech industries. As a multicultural city that thrives on the harmony and diversity of its neighborhoods, Chicago boasts 100 neighborhoods, 77 community areas, 50 wards, and eight major league sports teams, including two MLB teams. Chicago is a leader in reforming public schools, enhancing public safety and security initiatives, providing affordable housing in attractive and economically sound communities, ensuring accessibility for all, and fostering, social, economic, and environmental sustainability (Chicago.gov).

PROPERTY DETAILS

3405 LONERGAN DRIVE,
ROCKFORD, IL 61109

Number of Suites	1
Number of Buildings	1
Total Square Feet	± 13,300
Warehouse Square Feet	± 11,800
Office Square Feet	± 1,500
Office Ratio	± 11%
Year Built	1975
Total Lot Size	1.14 Acres *Sale Includes Parcel No. 16-05-451-008*
Clear Height	16'-17'
Parking Spaces	± 10
Parking Surface	Asphalt
Building Class	C
Tenancy	Owner-User
Dock High Doors	1
Grade Level Doors	2
Sprinklers	No, Firewall
Construction	Masonry
Type of Lighting	Fluorescent
Zoning	I-1
Roof Type	Asphalt
Age/Condition of Roofs	Fair Condition
HVAC Units	4 Overhead Gas Space Heaters
Age/Condition of HVAC	Good Condition
Market	Chicago
Submarket	I-39 Corridor / Winnebago County
Submarket Vacancy	9.20%

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3405 LONERGAN DRIVE

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OFFERING PRICE

\$625,000

PRO-FORMA CAP RATE

10.23%

Offering Price	\$625,000
Pro-Forma Cap Rate	10.23%
Price/SF	\$46.99
Total Square Feet	±13,300
Tenancy	Owner-User

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RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates		Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Lease Type
				Comm.	Exp.						
Vacant	A	13,300	100.0%	TBD	TBD	\$0.00	\$0.00	\$0.00	\$66,500	TBD	NNN
Total		13,300				\$0.00	\$0.00	\$0.00	\$66,500		
Occupied Tenants: 0				Unoccupied Tenants: 1		Occupied GLA: 0.00%		Unoccupied GLA: 100.00%			
Total Current Rents: \$0						Occupied Current Rents: \$0		Unoccupied Current Rents: \$0			

Notes: A.I.M. Distribution, LLC is currently utilizing the space MTM paying \$4,200 per month. The goal for them is to vacate by March 2024. Pro-Forma Rent Per Year is Based on \$5.00 PSF NNN

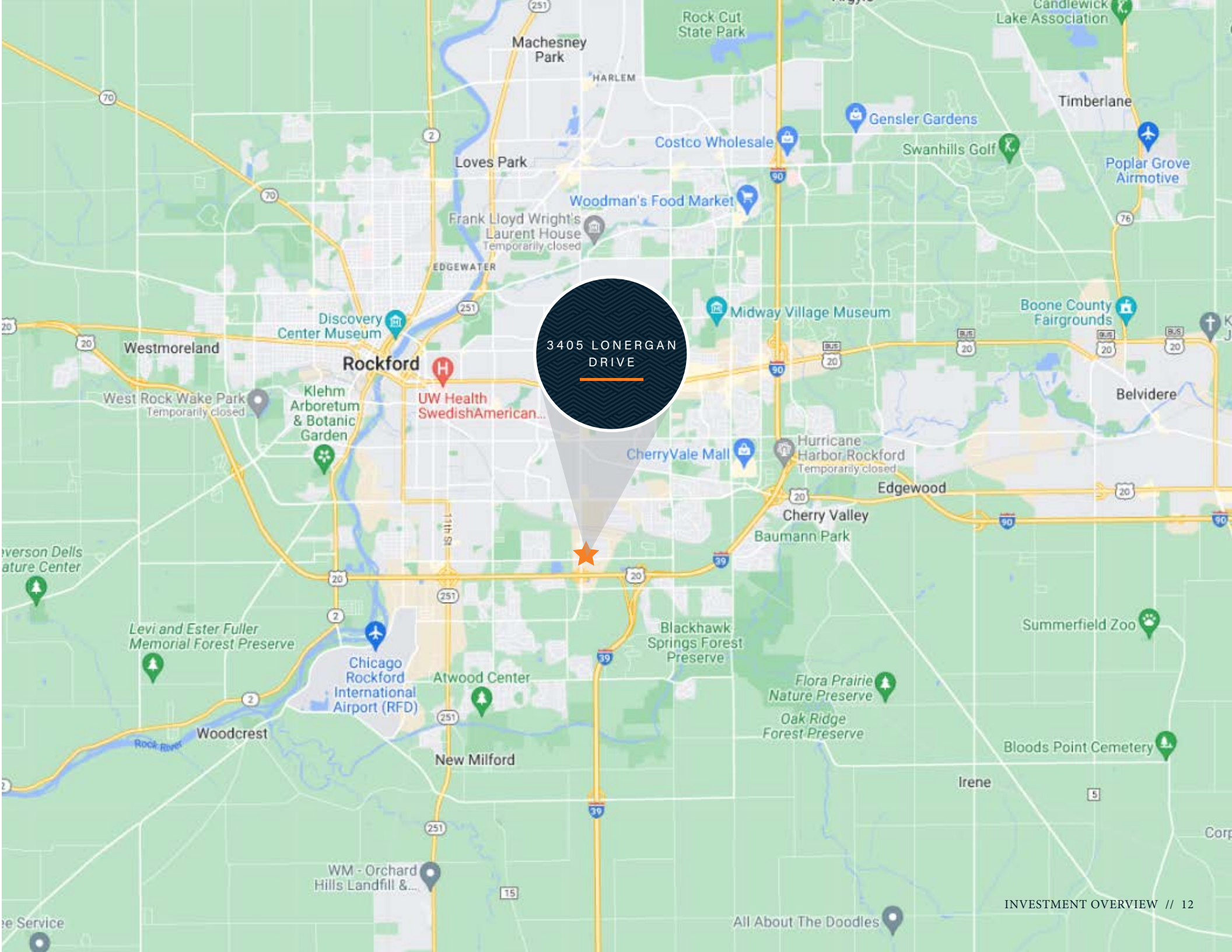
OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	0	0.00	66,500	5.00
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	0	0.00	3,990	0.30
Real Estate Taxes	0	0.00	15,012	1.13
Management Fees	0	0.00	0	0.00
Total Reimbursement Income	\$0	0.0%	\$19,002	88.1%
Effective Gross Revenue	\$0	\$0.00	\$85,502	\$6.43

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Insurance	3,990	0.30	3,990	0.30
Real Estate Taxes	15,012	1.13	15,012	1.13
Management Fee	0	0.0%	2,565	3.0%
Total Expenses	\$19,002	\$1.43	\$21,567	\$1.62
Expenses as % of EGR	0.0%		25.2%	
Net Operating Income	-\$19,002	(\$1.43)	\$63,935	\$4.81

* Insurance Amount is Broker Estimate at 0.30/SF

* Tax Amount Shown Above Includes Parcel No. 16-05-451-008, which was \$832.74

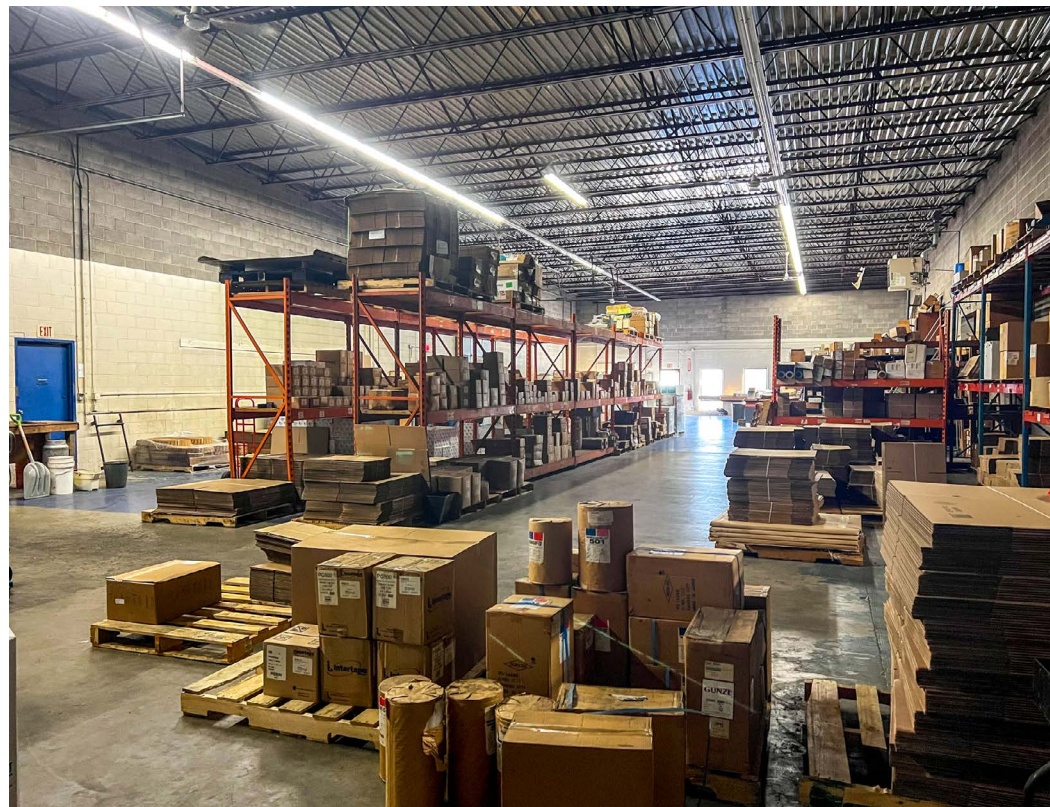
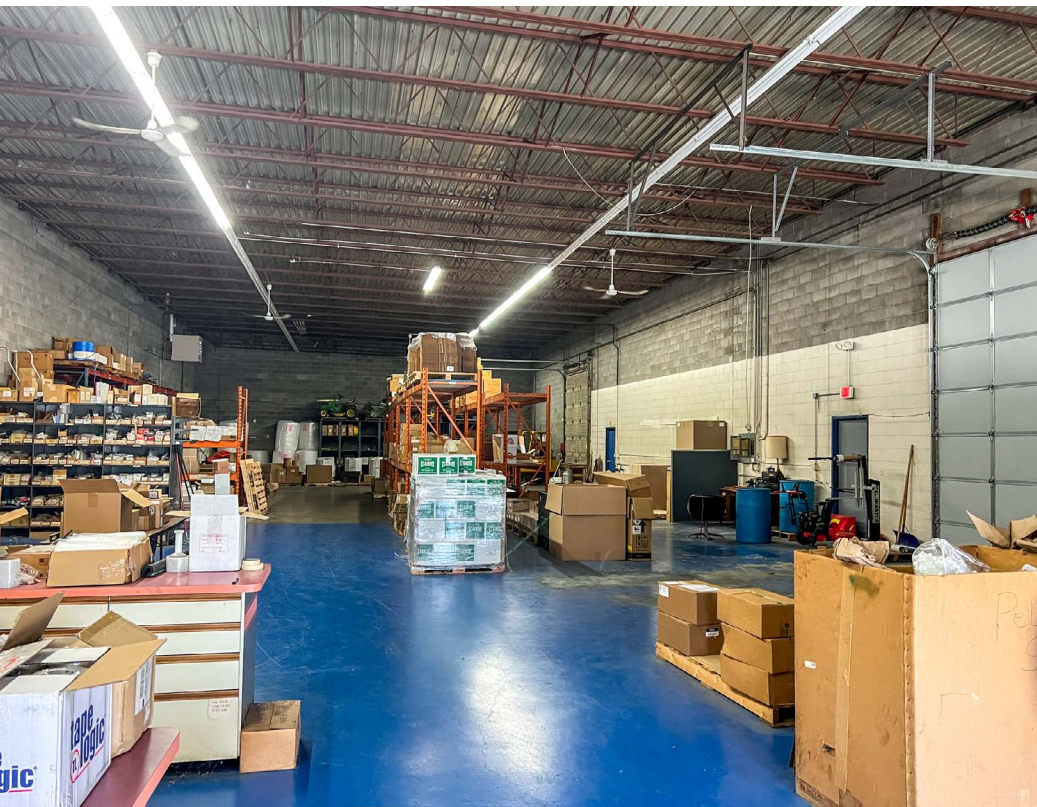


3405 LONERGAN
DRIVE



3405 LONERGAN
DRIVE





CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 2,143 debt and equity financings in 2023



National platform operating within the firm's brokerage offices



\$86.3 billion total national volume in 2023



Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Enhanced control through MMCC's ability to qualify investor finance contingencies

Enhanced control through quickly identifying potential debt/equity sources, processing, and closing buyer's finance alternatives

Enhanced control through MMCC's ability to monitor investor/due diligence and underwriting to ensure timely, predictable closings

SECTION 2

MARKET OVERVIEW

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CHICAGO

ILLINOIS

Chicago-Naperville-Elgin is one of the largest metros in the nation. The Chicagoland area is bounded to the east by Lake Michigan, expands over a 5,000-square-mile region in northeastern Illinois and extends into Wisconsin and Indiana. The metro houses 9.5 million people and comprises 14 counties. The city of Chicago contains 2.7 million residents. The greatest growth during the past 20 years occurred in the western portion of the region and was exemplified between 2020-2021. Since then, movement back into downtown Chicago is gaining headway as employers increasingly push for hybrid work schedules, while progressing tourism levels support activity in the urban core.



THIRD-LARGEST
METROPOLITAN
AREA



WEALTH OF
INTELLECTUAL
CAPITAL



LARGE, DIVERSE
EMPLOYMENT
BASE

METROPLEX GROWTH

ECONOMY

The metro has one of the biggest economies in the nation, and is buoyed by its distribution, finance, manufacturing operations and growing high-technology sectors. Fortune 500 companies headquartered in the metro include Walgreens, Abbott Laboratories, Allstate and McDonald's. The area is a major global tourist and convention destination. Typically, more than 50 million people visit the metro annually and support nearly 500,000 jobs in the leisure and hospitality sector. Although suppressed during the pandemic, visitations and employment are improving. Large tech firms operating in the metro, such as Amazon and Google, attract a wide array of startup companies. Backed by some of the nation's more well-regarded universities, the workforce is considered one of the most diverse and well trained among major United States metros.



9%
MANUFACTURING



18%
PROFESSIONAL AND
BUSINESS SERVICES



11%
GOVERNMENT



9%
LEISURE AND HOSPITALITY



7%
FINANCIAL
ACTIVITIES



20%
TRADE, TRANSPORTATION,
AND UTILITIES



4%
CONSTRUCTION



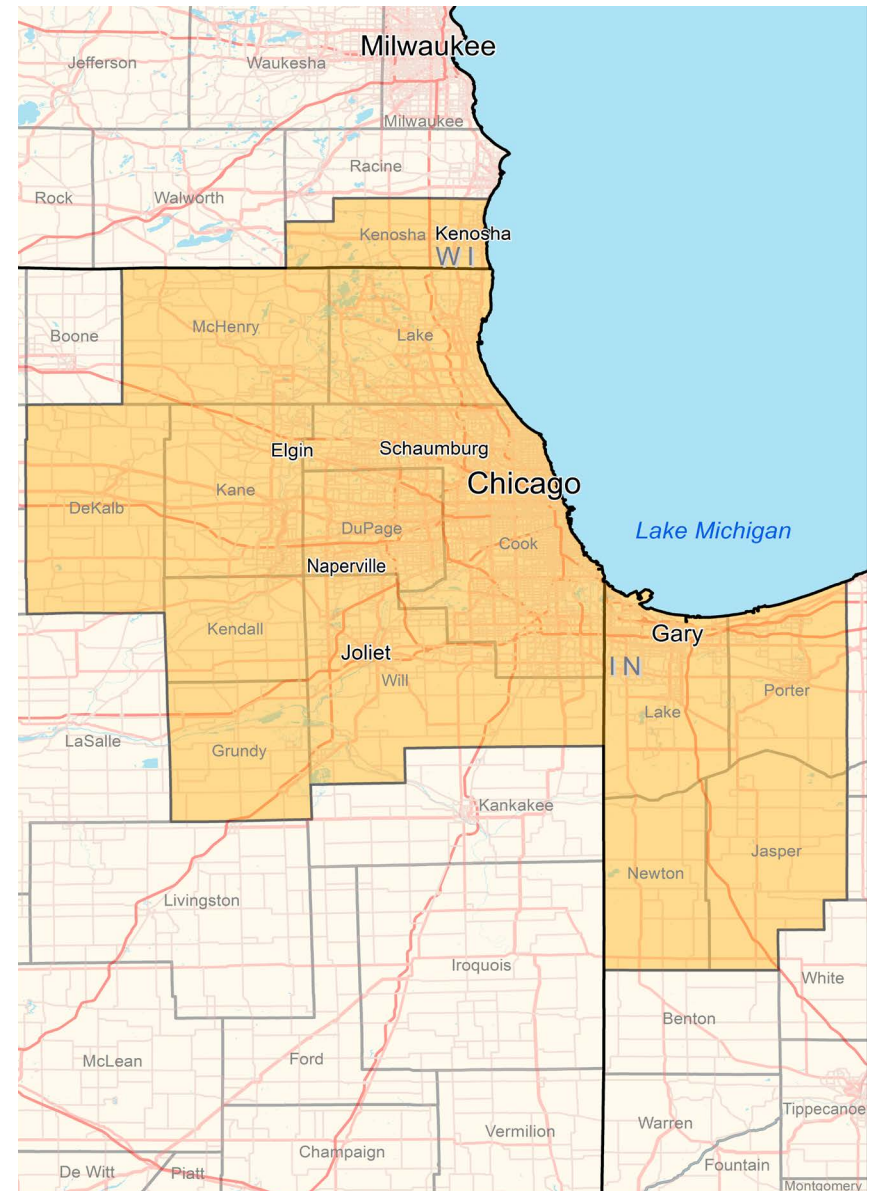
16%
EDUCATION AND
HEALTH SERVICES



2%
INFORMATION



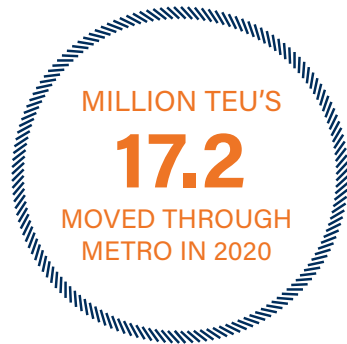
4%
OTHER SERVICES



METROPLEX GROWTH

TRANSPORTATION

The region's transit network ranks among the largest and most efficient in the world. The vast network of freeways, centralized location, a large rail-truck intermodal facility and the Port of Chicago contribute to the metro's position as a major distribution and logistics hub. Chicago is the nation's top freight rail hub, with major carriers BNSF, Union Pacific, CSX and Norfolk Southern servicing the region. Amtrak routes originate from Union Station, while the Metra commuter rail and the Chicago L provide passenger service throughout the metro area and beyond. International airports include O'Hare, Midway and Gary/Chicago. Sixteen smaller airports also provide air service for the region.



QUALITY OF LIFE

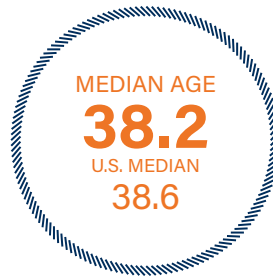
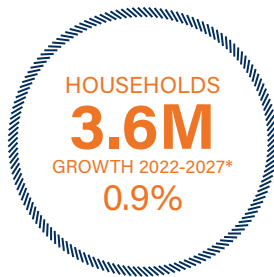
The Chicago metro has something to offer to each of its residents and visitors, whether it is legendary blues and jazz music, cultural and educational venues, professional sports, dining, entertainment, shopping or recreational amenities. The Chicago area's relative affordability is largely due to its lower housing costs. The median home price is significantly less than in other cities of its size and is below that of many smaller cities, including Seattle and Denver. Cultural activities and artistic venues underpin the metro's cosmopolitan lifestyle. The region is home to various well-known museums, including the world-class Field Museum, Shedd Aquarium, the Museum of Science and Industry, the Art Institute of Chicago and Adler Planetarium. The theater scene rivals the world's best, and troupes, dance companies, symphony orchestras and music venues abound. Chicago is also home to the upcoming Obama Presidential Center, which broke ground in September 2021.



METROPLEX GROWTH

DEMOGRAPHICS

Chicago is the second-most populous metro in the U.S., with 9.5 million residents. During the next five years, the population is expected to remain steady. World-class education institutions, including Northwestern University and the University of Chicago, help provide a skilled labor pool. More than 40 percent of residents ages 25 and older hold a bachelor's degree, and of these, roughly 15 percent have also earned a graduate or professional degree, which is well above the national level. Younger professionals moving to the market for employment provide a skilled workforce and contribute to a median age that is slightly below that of the U.S. median, as well as a household income above the national level. More people are renting as thousands of new apartments are completed. The local home-ownership at 61 percent is slightly below the national rate.



DEMOGRAPHICS



115,180

Total Population
Within 5 Miles



\$69,580

Average Household Income
Within 5 Miles



51,242

Employees
Within 1 Mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	5,880	54,660	113,699
2022 Estimate			
Total Population	5,914	55,239	115,180
2010 Census			
Total Population	6,039	56,836	118,674
2000 Census			
Total Population	5,746	53,568	118,816
Daytime Population			
2022 Estimate	9,904	55,795	135,534
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Households	2,475	22,005	46,856
2022 Estimate			
Total Households	2,478	22,138	47,218
Average (Mean) Household Size	2.4	2.5	2.4
2010 Census			
Total Households	2,518	22,653	48,426
2000 Census			
Total Households	2,503	21,984	48,477

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2022 Estimate			
\$200,000 or More	0.8%	1.7%	3.0%
\$150,000-\$199,999	1.4%	2.7%	3.3%
\$100,000-\$149,999	10.9%	12.7%	13.4%
\$75,000-\$99,999	11.9%	15.1%	13.3%
\$50,000-\$74,999	22.9%	22.2%	19.8%
\$35,000-\$49,999	13.3%	13.8%	12.7%
\$25,000-\$34,999	13.1%	11.3%	10.5%
\$15,000-\$24,999	13.6%	11.1%	11.0%
Under \$15,000	12.0%	9.4%	13.1%
Average Household Income	\$57,111	\$65,815	\$69,580
Median Household Income	\$47,782	\$55,335	\$53,737
Per Capita Income	\$24,030	\$26,508	\$28,685
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2022 Estimate Total Population	5,914	55,239	115,180
Under 20	26.9%	25.5%	25.7%
20 to 34 Years	27.2%	20.7%	19.9%
35 to 39 Years	7.3%	6.5%	6.1%
40 to 49 Years	11.5%	11.4%	11.2%
50 to 64 Years	15.8%	18.6%	18.8%
Age 65+	11.4%	17.4%	18.4%
Median Age	32.6	37.9	38.6
Population 25+ by Education Level			
2022 Estimate Population Age 25+	3,861	37,690	78,492
Elementary (0-8)	5.5%	5.0%	5.7%
Some High School (9-11)	6.7%	8.6%	8.7%
High School Graduate (12)	36.7%	34.0%	31.3%
Some College (13-15)	23.4%	23.6%	22.4%
Associate Degree Only	8.4%	9.1%	8.7%
Bachelor's Degree Only	13.6%	13.1%	15.0%
Graduate Degree	5.6%	6.7%	8.3%
Travel Time to Work			
Average Travel Time to Work in Minutes	25.0	24.0	23.0



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