

Marcus & Millichap

Offering Memorandum
LINCOLN APARTMENTS
Anoka, Minnesota



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LINCOLN APARTMENTS
Anoka, MN
ACT ID Y0510075

Marcus & Millichap

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OFFERING PROCEDURE

Gunderson Linnell Talberg of Marcus & Millichap is pleased to offer for sale Lincoln Apartments, a boutique, newly constructed, 8-unit apartment community located at 1046-1048 Lincoln Street, Anoka, Minnesota.

Price: \$1,050,000

Interest Offered:

Fee simple interest in 1046-1048 Lincoln Street, Anoka, Minnesota.

*Owner willing to consider offers on an additional parcel located at: 1028 Lincoln Street

Offering Procedures:

Purchasers wishing to make an offer should submit:

- Letter of Intent (template available upon request)
- Proof of Funds and Banking References
- Resume (which includes a list of other investment real estate owned now or in the past)

At the time the Owners select a Purchaser, they will have considered a number of factors including: price, contingency time frame(s), track record and the perceived ability of potential purchasers to complete the contemplated transaction. Therefore, interested purchasers are encouraged to submit as much of the above as possible with the Letter of Intent.

All communication, inquiries and requests, including property tours, should be addressed to the Marcus & Millichap listing agents. Do not directly contact the Owners or anyone at the property.

Tour Schedule:

- Tuesday, March 21st
- Thursday, March 23rd
- Thursday March 30th
- Tuesday April 4th

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INVESTMENT OVERVIEW



EXECUTIVE SUMMARY

VITAL DATA				
Price	\$1,050,000		CURRENT	PRO FORMA
Down Payment	20% / \$210,000	CAP Rate	5.84%	6.45%
Loan Amount	\$840,000	GRM	9.22	8.80
Loan Type	Proposed New	Net Operating Income	\$61,336	\$67,680
Interest Rate / Amortization	4.65% / 30 Years	Net Cash Flow After Debt Svc	4.46% / \$9,359	7.48% / \$15,704
Price/Unit	\$131,250	Total Return	10.74% / \$22,554	14.06% / \$29,526
Price/SF	\$133.76			
Number of Units	8			
Rentable Square Feet	7,850			
Number of Buildings	1			
Year Built	2016			
Lot Size	0.4 acre(s)			

UNIT MIX		
NUMBER OF UNITS	UNIT TYPE	APPROX. SQUARE FEET
1	Two Bedroom	850
7	Three Bedroom	1,000
8	Total	7,850



MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
McLean Thermal	3,000
Goodwill Industries Inc	2,144
Vision-Ease Lens	1,233
Anoka City Finance Department	1,000
Target	956
Anoka-Hennepin School District 11	927
Social Services & Mental Health Dept	400
Anoka Ramsey Community College	373
Vista Outdoor Sales, LLC	370
McDonald's	339
Life Fitness Ramsey	331
Mate Precision Tooling, Inc	320

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2015 Estimate Pop	8,874	65,466	144,708
2010 Census Pop	8,651	63,375	139,145
2015 Estimate HH	3,546	24,657	52,635
2010 Census HH	3,434	23,763	50,426
Median HH Income	\$57,093	\$69,891	\$75,205
Per Capita Income	\$26,753	\$31,014	\$32,468
Average HH Income	\$66,209	\$81,952	\$88,999

INVESTMENT OVERVIEW

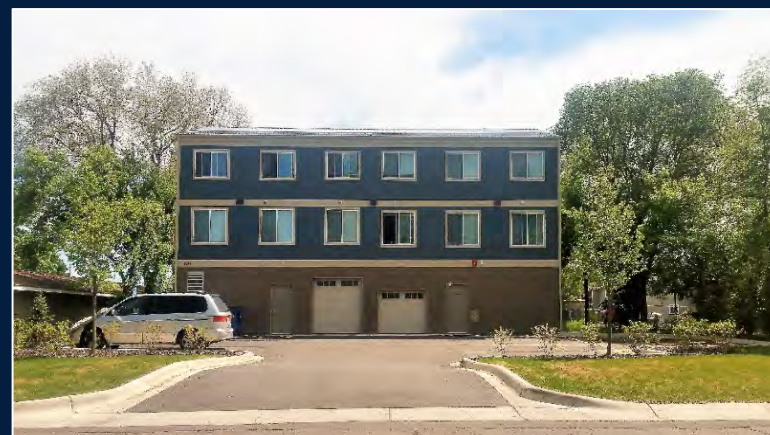
Marcus and Millichap is pleased to present for sale Lincoln Apartments, an 8-unit boutique, new construction apartment community located in Anoka, Minnesota; an inner-ring, northwest suburb of the Twin Cities. Unique to it's kind, Lincoln Apartments is a rare opportunity to acquire a newly constructed, well built asset in a thriving suburb of the Twin Cities.

Lincoln Apartments is comprised of 7 three-bedroom, two bathroom units and 1 two-bedroom, one bathroom unit. The property boasts many amenities including in-unit washers and dryers, on-site elevator, heated garage parking, an open floor plan as well as stainless steel appliances and granite counter tops. The property is located on a quiet, residential block, within walking distance to the Northstar Commuter Rail, allowing residents an easy commute to Minneapolis. Residents enjoy many local and nearby entertainment venues including: eateries, breweries, retail and outdoor activities like canoeing/camping on Rum River.

Offered for sale at \$1,050,000, Lincoln Apartments offers the rare and unique opportunity to purchase a newly constructed, stabilized apartment community in a thriving market at below replacement cost. By taking advantage of today's historically low financing and adjusting renewals to market, a new owner has the opportunity to achieve an attractive return in year one of ownership.

INVESTMENT HIGHLIGHTS

- New Construction; Built in 2015
- Separately Metered for Both Gas and Electric
- In Unit Washer & Dryer | On-Site Elevator | Heated Garage Parking
- Opportunity to Purchase Property Free-and-Clear of Existing Debt
- Majority Three Bedroom-Two Bathroom Units
- Owner Willing to Sell Additional Parcel Located At: 1028 Lincoln Street



PROPERTY OVERVIEW

Anoka has seen recent development projects including HealthPartners RiverWay Clinic, a new facility located off of Highway 10 in close proximity to Lincoln Apartments as well as the Northstar Commuter Rail, which runs 40 miles between Big Lake and downtown Minneapolis. The Northstar Commuter Rail has a station located in walking distance to the property and offers residents the convenience of an easy commute. Anoka is also the home of a local brewery, a premier golf course and is fortunate to have the beautiful Rum River and Mississippi River run through it's corridors.

Lincoln Apartments offers a yield-driven investor the rare and unique opportunity to purchase a newly constructed, stabilized apartment community in the thriving suburb of the Twin Cities.



Common Area Amenities

- 2015 Construction
- Heated Parking Garage | Off Street Parking
- Secure Entry
- On-Site Elevator
- Walking Distance to Northstar Commuter Rail

Unit Amenities

- Individual Heating and Cooling For Each Unit
- Vaulted Ceilings in Select Units
- In-Unit Washer & Dryer
- Contemporary Design

PROPERTY SUMMARY

THE OFFERING	
Property	Lincoln Apartments
Price	\$1,050,000
Property Address	1046 Lincoln St, Anoka, MN
Assessors Parcel Number	06-31-24-14-0019
Zoning	Multifamily

SITE DESCRIPTION	
Number of Units	8
Number of Buildings	1
Year Built/Renovated	2015
Rentable Square Feet	8,800
Lot Size	0.4 Acres
Type of Ownership	Fee Simple Interest
Parking	Off Street Paved Lot Heated Tuck-Under Garages
Landscaping	Mature

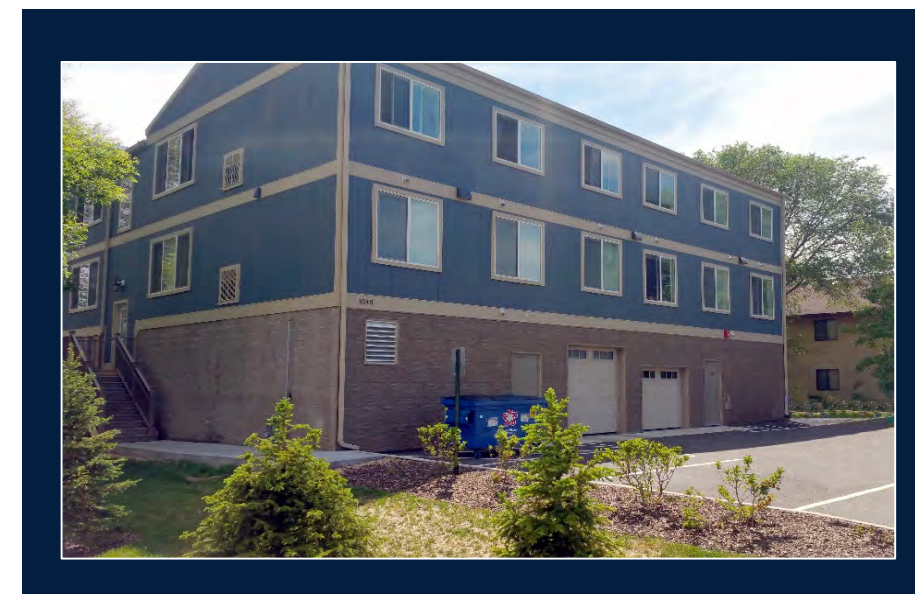
UTILITIES	
Water	Owner
Phone	Tenant
Electric	Tenant

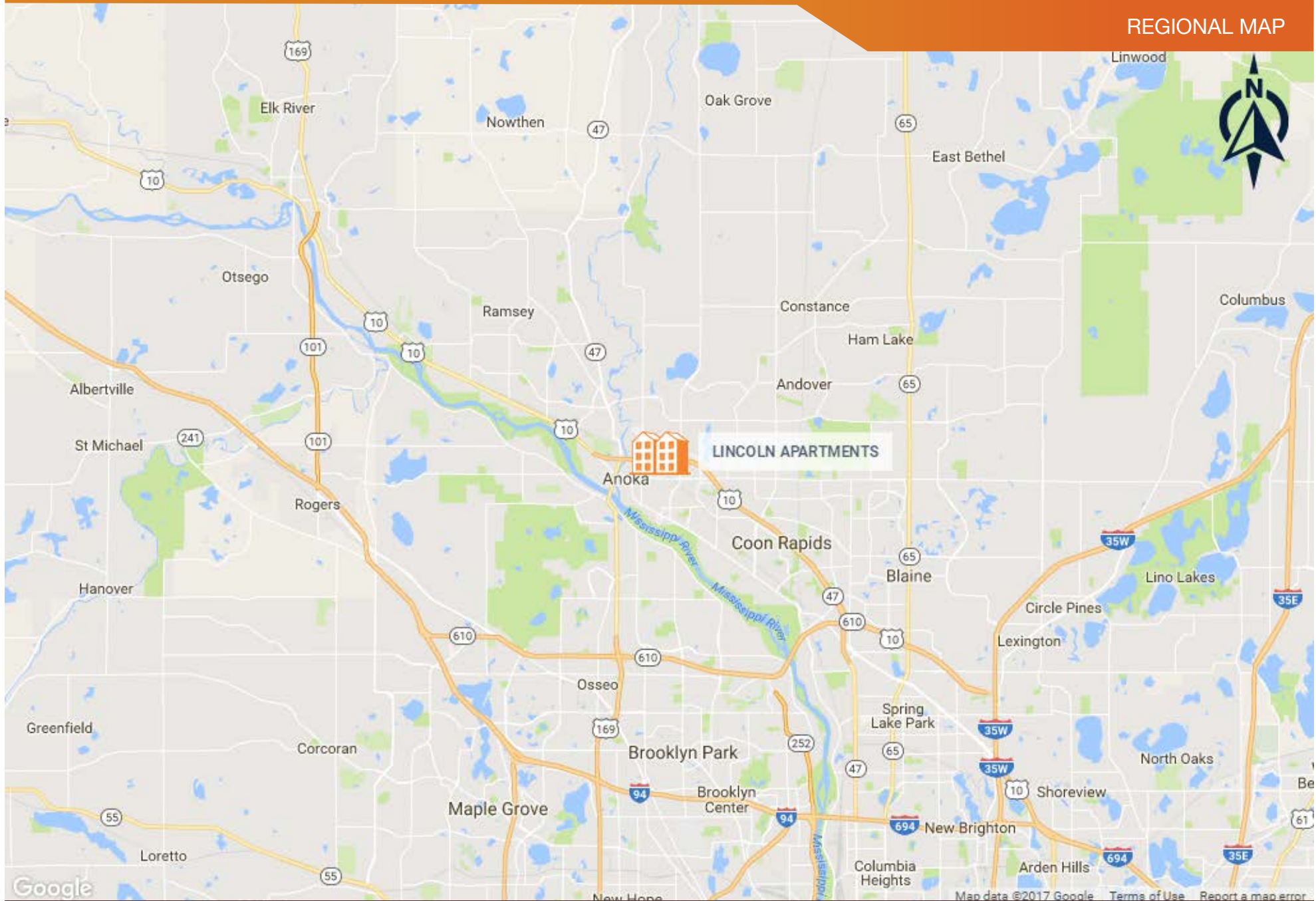
CONSTRUCTION	
Framing	Wood
Parking Surface	Parking Garage Asphalt Off Street Parking
Roof	Pitched / Asphalt Shingle

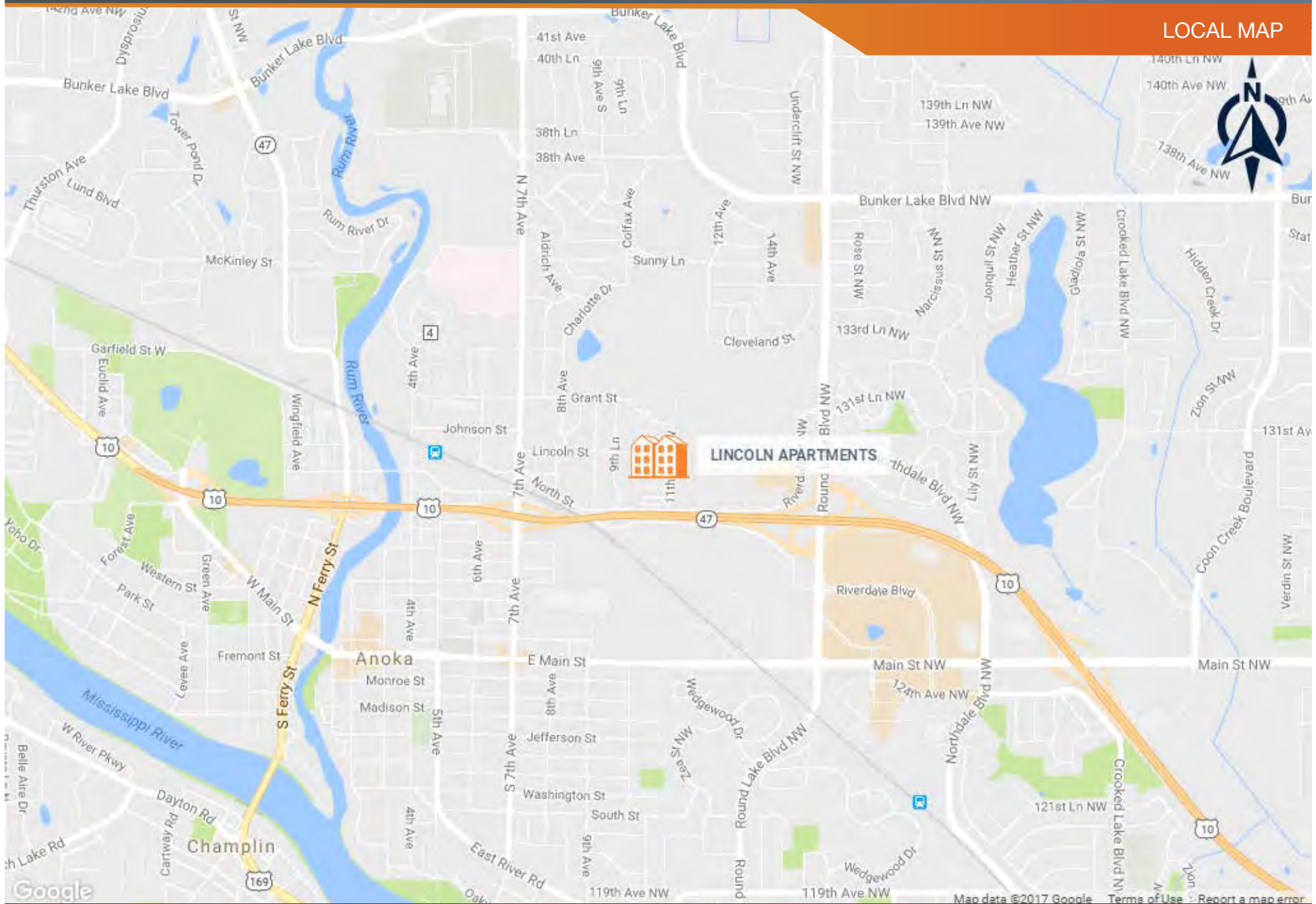
MECHANICAL	
HVAC	Central Air Forced Air Heat

EXISTING FINANCING	
Loan Type	Conventional

PROPOSED FINANCING	
First Trust Deed	
Loan Amount	\$840,000
Loan Type	Proposed New
Interest Rate	4.65%
Amortization	30 Years
Loan Term	5 Years
Loan to Value	80%
Debt Coverage Ratio	1.18









FINANCIAL ANALYSIS



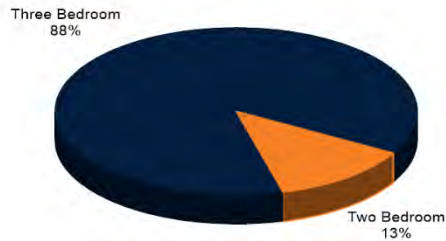
RENT ROLL SUMMARY

As of March,2017

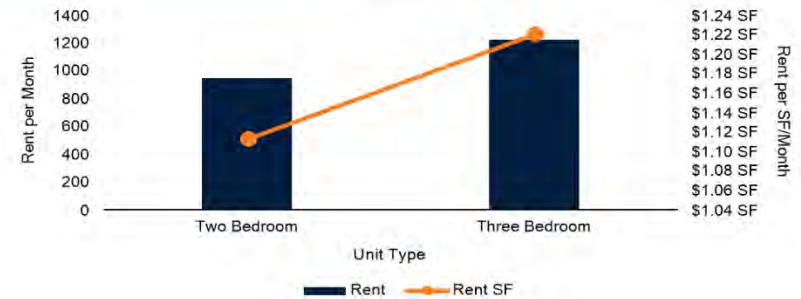
Unit Type	# of Units	Avg Sq Feet	Rental Range	Current			Potential		
				Average Rent	Average Rent / SF	Monthly Income	Average Rent	Average Rent / SF	Monthly Income
2 Bed- 1 Bath	1	850	\$946 - \$946	\$946	\$1.11	\$946	\$1,050	\$1.24	\$1,050
3 Bed- 2 Bath	7	1,000	\$1,195 - \$1,255	\$1,221	\$1.22	\$8,545	\$1,285	\$1.29	\$8,995
Totals/Weighted Averages	8	981		\$1,186	\$1.21	\$9,491	\$1,256	\$1.28	\$10,045
Gross Annualized Rents				\$113,892			\$120,540		

Notes:

Unit Distribution



Unit Rent



RENT ROLL DETAIL

Unit	Unit Type	Square Feet	Current Rent / Month	Current Rent / SF/ Month	Scheduled Rent / Month	Scheduled Rent / SF/ Month	Potential Rent / Month	Potential Rent/ SF/ Month
101	3 Bed- 2 Bath	1,000	\$1,255	\$1.26	\$1,255	\$1.26	\$1,285	\$1.29
102	3 Bed- 2 Bath	1,000	\$1,195	\$1.20	\$1,195	\$1.20	\$1,285	\$1.29
103	3 Bed- 2 Bath	1,000	\$1,195	\$1.20	\$1,195	\$1.20	\$1,285	\$1.29
104	2 Bed- 1 Bath	850	\$946	\$1.11	\$946	\$1.11	\$1,050	\$1.24
201	3 Bed- 2 Bath	1,000	\$1,225	\$1.23	\$1,225	\$1.23	\$1,285	\$1.29
202	3 Bed- 2 Bath	1,000	\$1,225	\$1.23	\$1,225	\$1.23	\$1,285	\$1.29
203	3 Bed- 2 Bath	1,000	\$1,225	\$1.23	\$1,225	\$1.23	\$1,285	\$1.29
204	3 Bed- 2 Bath	1,000	\$1,225	\$1.23	\$1,225	\$1.23	\$1,285	\$1.29
Total		7,850	\$9,491	\$1.21	\$9,491	\$1.21	\$10,045	\$1.28

OPERATING STATEMENT

Income	Current		Pro Forma	Notes	Per Unit	Per SF
Gross Potential Rent	120,540		120,540	[1]	15,068	15.36
Loss / Gain to Lease	(6,648)	5.5%	(1,205)	1.0%	(151)	(0.15)
Gross Scheduled Rent	113,892		119,335	[3]	14,917	15.20
Physical Vacancy	(5,695)	5.0%	(5,967)	5.0%	(746)	(0.76)
Total Vacancy	(\$5,695)	5.0%	(\$5,967)	5.0%	(\$746)	(\$1)
Effective Rental Income	108,197		113,368	[5]	14,171	14.44
Other Income						
Garage	2,400		4,752	[6]	594	0.61
Other Income	1,800		1,800	[7]	225	0.23
Total Other Income	\$4,200		\$6,552		\$819	\$0.83
Effective Gross Income	\$112,397		\$119,920		\$14,990	\$15.28

Expenses	Current		Pro Forma	Notes	Per Unit	Per SF
Real Estate Taxes	13,957		14,055	[8]	1,757	1.79
Insurance	4,716		4,857	[9]	607	0.62
Utilities - Electric, Water & Sewer	7,372		7,593	[10]	949	0.97
Utilities - Gas	600		618	[11]	77	0.08
Trash Removal	1,440		1,483	[12]	185	0.19
Repairs & Maintenance	4,800		4,944	[13]	618	0.63
Contracted Services	1,400		1,442	[14]	180	0.18
Caretaker	4,800		4,800	[15]	600	0.61
General & Administrative	1,200		1,200	[16]	150	0.15
Telephone & Security	3,157		3,252	[17]	407	0.41
Operating Reserves	2,000		2,000	[18]	250	0.25
Management Fee	5,620	5.0%	5,996	5.0%	749	0.76
Total Expenses	\$51,062		\$52,240		\$6,530	\$6.65
Expenses as % of EGI	45.4%		43.6%			
Net Operating Income	\$61,336		\$67,680		\$8,460	\$8.62

Notes and assumptions to the above analysis are on the following page.

NOTES

Notes to Operating Statement

- [1] Gross Potential Rent - Reflects Brokers opinion of Market Rent.
- [2] Loss-to-Lease- Determined by Market Rent less Scheduled Rental Income.
- [3] Gross Scheduled Rent- Reflects actual figure from Rent Roll report.
- [4] Physical Vacancy- Broker's adjustment calculated at 5 percent.
- [5] Effective Rental Income- Determined by Gross Scheduled Rent less Physical Vacancy.
- [6] Garage- Pro Forma- Calculated at \$55 per stall with a 10 percent vacancy factor.
- [7] Other Income- Broker's estimate- Includes pet rent and late fees, calculated at \$225 per unit.
- [8] Real Estate Taxes- Current- Based on phone conversation with the city assessor's office. Pro Forma- Estimate based on assessed value for year 2018.
- [9] Insurance- Current- Based on Profit & Loss Statement. Pro Forma- Projected at a 3 percent increase.
- [10] Electric, Water & Sewer- Current- Annualized expenses based on trailing seven months operating statement. Pro Forma- Projected at a 3 percent increase.
- [11] Gas- Current- Estimate for common area gas/heat. Pro Forma- Projected at a 3 percent increase.
- [12] Trash Removal- Pro Forma- Projected at a 3 percent increase.
- [13] Repairs & Maintenance- Estimated at \$600 per unit. Pro Forma- Projected at a 3 percent increase.
- [14] Contracted Services- Broker's addition calculated \$175 per unit.
- [15] Caretaker- Broker's adjustment calculated at \$400 per month.
- [16] General & Administrative- Broker's addition calculated at \$150 per unit.
- [17] Telephone & Security- Based on Actual Figure from Profit & Loss statement. Pro Forma- Projected at a 3 percent increase.
- [18] Operating Reserves- Broker's adjustment calculated \$250 per unit.
- [19] Management Fee- Broker's adjustment calculated 5 percent of Effective Gross Income.

PRICING DETAIL

Summary		
Price	\$1,050,000	
Down Payment	\$210,000	20%
Number of Units	8	
Price Per Unit	\$131,250	
Price Per SqFt	\$133.76	
Rentable SqFt	7,850	
Lot Size	0.40 Acres	
Approx. Year Built	2016	

Returns	Current	Pro Forma
CAP Rate	5.84%	6.45%
GRM	9.22	8.80
Cash-on-Cash	4.46%	7.48%
Debt Coverage Ratio	1.18	1.30

Financing	1st Loan
Loan Amount	\$840,000
Loan Type	New
Interest Rate	4.65%
Amortization	30 Years
Year Due	2022

Loan information is subject to change. Contact your Marcus and Millichap Capital Corporation representative.

# Of Units	Unit Type	SqFt/Unit	Current Rents	Market Rents
1	Two Bedroom	850	\$946	\$1,050
7	Three Bedroom	1000	\$1,221	\$1,285

Operating Data

Income		Current		Pro Forma
Gross Scheduled Rent		\$113,892		\$119,335
Less: Vacancy/Deductions (GPR)	5.0%	\$5,695	5.0%	\$5,967
Total Effective Rental Income		\$108,197		\$113,368
Other Income		\$4,200		\$6,552
Effective Gross Income		\$112,397		\$119,920
Less: Expenses	45.4%	\$51,062	43.6%	\$52,240
Net Operating Income		\$61,336		\$67,680
Cash Flow		\$61,336		\$67,680
Debt Service		\$51,976		\$51,976
Net Cash Flow After Debt Service	4.46%	\$9,359	7.48%	\$15,704
Principal Reduction		\$13,195		\$13,822
Total Return	10.74%	\$22,554	14.06%	\$29,526

Expenses	Current	Pro Forma
Real Estate Taxes	\$13,957	\$14,055
Insurance	\$4,716	\$4,857
Utilities - Electric, Water & Sewer	\$7,372	\$7,593
Utilities - Gas	\$600	\$618
Trash Removal	\$1,440	\$1,483
Repairs & Maintenance	\$4,800	\$4,944
Contracted Services	\$1,400	\$1,442
Caretaker	\$4,800	\$4,800
General & Administrative	\$1,200	\$1,200
Telephone & Security	\$3,157	\$3,252
Operating Reserves	\$2,000	\$2,000
Management Fee	\$5,620	\$5,996
Total Expenses	\$51,062	\$52,240
Expenses/Unit	\$6,383	\$6,530
Expenses/SF	\$6.50	\$6.65

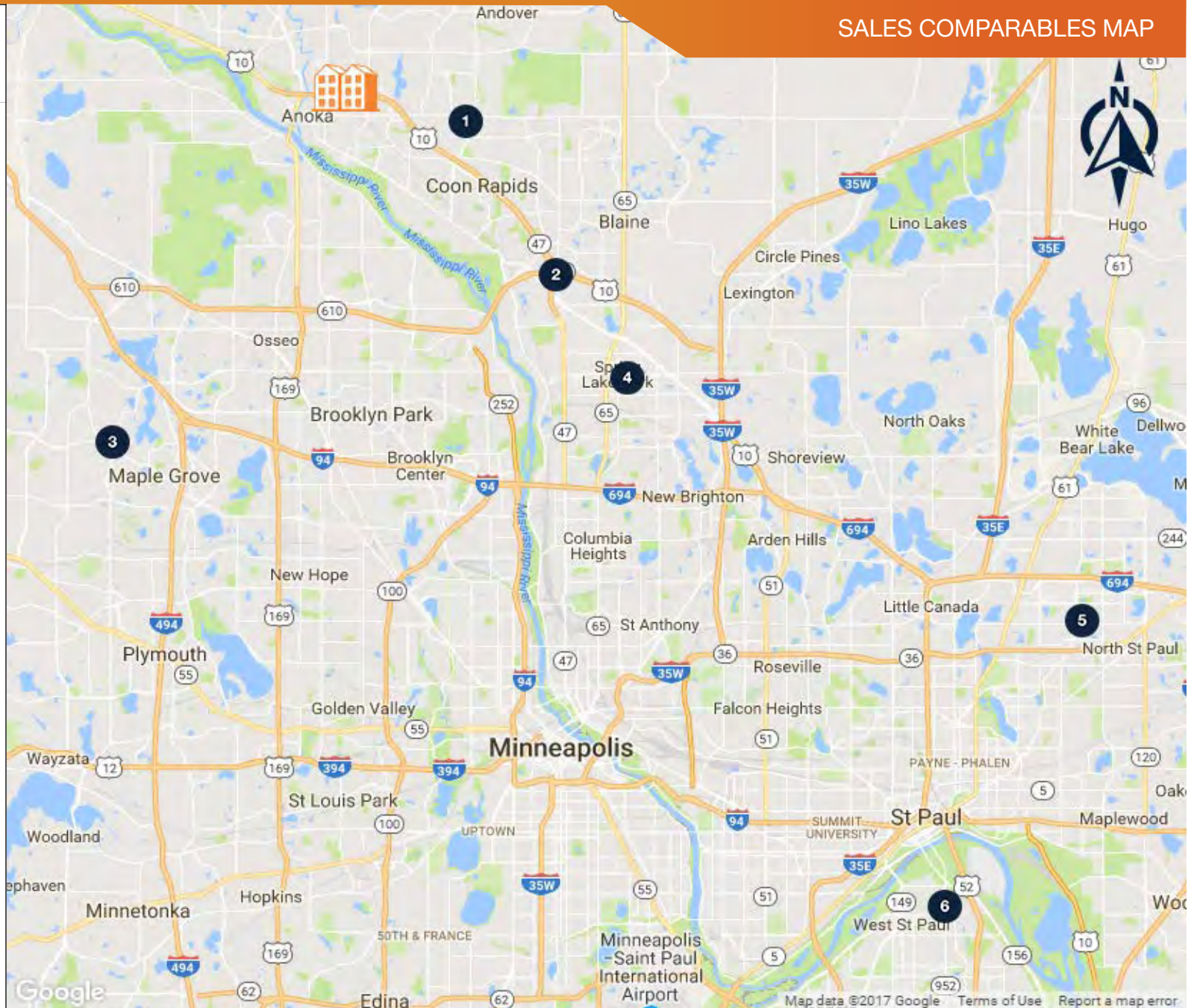
MARKET COMPARABLES





**LINCOLN APARTMENTS
(SUBJECT)**

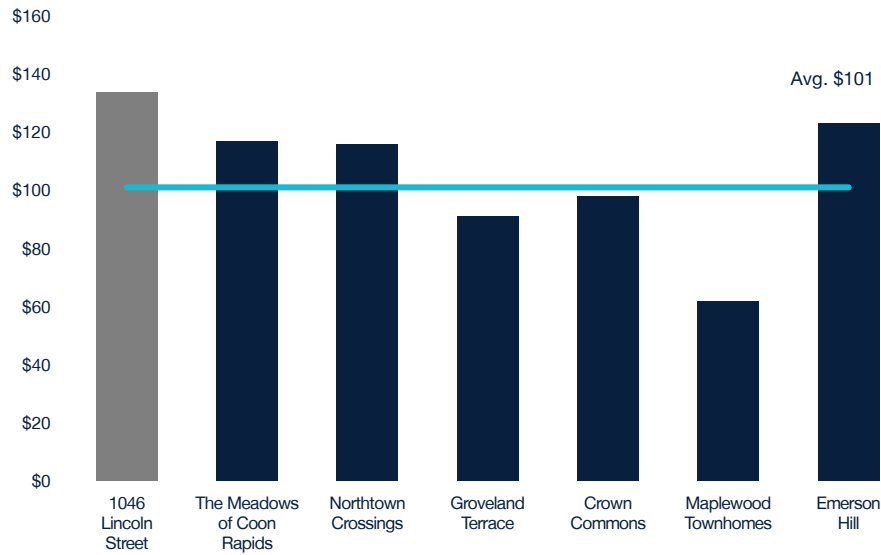
- 1** The Meadows of Coon Rapids
- 2** Northtown Crossings
- 3** Groveland Terrace
- 4** Crown Commons
- 5** Maplewood Townhomes
- 6** Emerson Hill



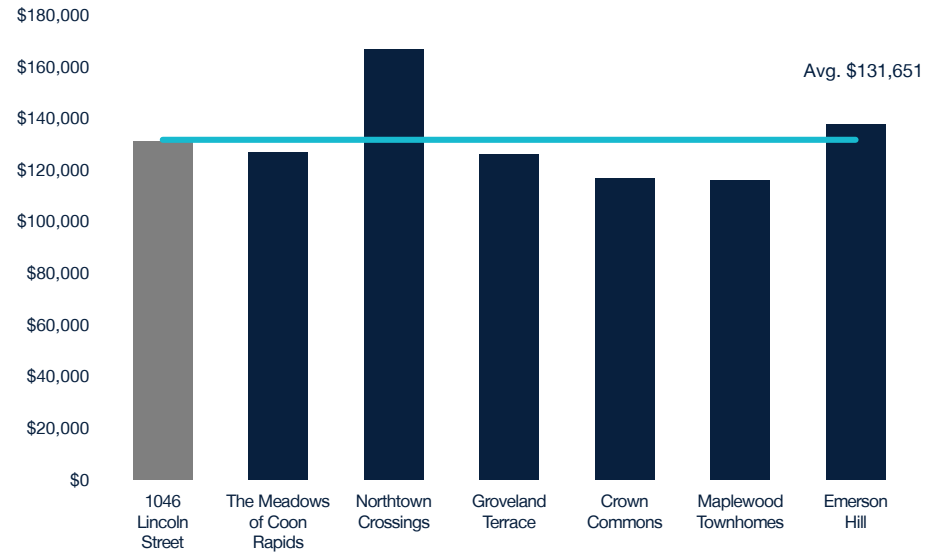
● SALES COMPARABLES

SALES COMPARABLES SALES COMPS AVG

Average Price Per Square Foot



Average Price Per Unit



SALES COMPARABLES

1046 LINCOLN STREET

1046 LINCOLN STREET, ANOKA, MN, 55303



	Units	Unit Type
Offering Price:	\$1,050,000	1 Two Bdr
Price/Unit:	\$131,250	7 Three Bdr
Price/SF:	\$133.76	
GRM:	9.22	
Total No. of Units:	8	
Year Built:	2015	

THE MEADOWS OF COON RAPIDS

1770 121ST AVENUE NW, COON RAPIDS, MN, 55448



	Units	Unit Type
Close Of Escrow:	7/1/2016	119 1 Bdr 1 Bath
Sales Price:	\$18,750,000	17 2 Bdr 1 Bath
Price/Unit:	\$126,689	12 3 Bdr 2 Bath
Price/SF:	\$117.00	
CAP Rate:	5.72%	
Total No. of Units:	148	
Year Built:	1992	

NORTHTOWN CROSSINGS

9104 ALDER STREET NW, COON RAPIDS, MN, 55448



	Units	Unit Type
Close Of Escrow:	8/31/2016	32 2 Bdr 2 Bath
Sales Price:	\$8,000,000	16 3 Bdr 2.5 Bath
Price/Unit:	\$166,667	
Price/SF:	\$116.00	
Total No. of Units:	48	
Year Built:	2003	

NOTES

Terms: Average rents at the time of sale \$952

SALES COMPARABLES

GROVELAND TERRACE

6876 VICKSBURG LANE N, MAPLE GROVE, MN, 55311



		Units	Unit Type
Close Of Escrow:	9/20/2016	16	2 Bdr 1.5 Bath
Sales Price:	\$6,050,000	32	3 Bdr 1.5 Bath
Price/Unit:	\$126,042		
Price/SF:	\$91.00		
CAP Rate:	6.96%		
Total No. of Units:	48		
Year Built:	1997		

NOTES

Terms: Sold on a 1031 exchange. Property has an Affordable Housing component in place.

CROWN COMMONS

1471 73RD AVENUE NE, FRIDLEY, MN, 55432



		Units	Unit Type
Close Of Escrow:	1/30/2017	4	1 Bdr 1 Bath
Days On Market:	30	15	2 Bdr 1.5 Bath
Sales Price:	\$2,450,000	2	3 Bdr 1.5 Bath
Price/Unit:	\$116,667		
Price/SF:	\$98.00		
CAP Rate:	5.71%		
Total No. of Units:	21		
Year Built:	1999		

NOTES

The seller was exclusively represented by Marcus & Millichap.

MAPLEWOOD TOWNHOMES

2461 ARIEL STREET N, MAPLEWOOD, MN, 55109



		Units	Unit Type
Close Of Escrow:	12/15/2015	16	2 Bdr 1 Bath
Sales Price:	\$3,600,000	15	3 Bdr 1.5 Bath
Price/Unit:	\$116,129		
Price/SF:	\$62.00		
Total No. of Units:	31		
Year Built:	1994		

SALES COMPARABLES

EMERSON HILL

993 ROBERT STREET S, WEST SAINT PAUL, MN, 55118



		Units	Unit Type
Sales Price:	\$4,820,000	14	1 Bdr 1 Bath
Price/Unit:	\$137,714	21	2 Bdr 1.5 Bath
Price/SF:	\$123.00		
CAP Rate:	5.30%		
GRM:	10.02		
Total No. of Units:	35		
Year Built:	2005		

NOTES

The seller was exclusively represented by Marcus & Millichap.

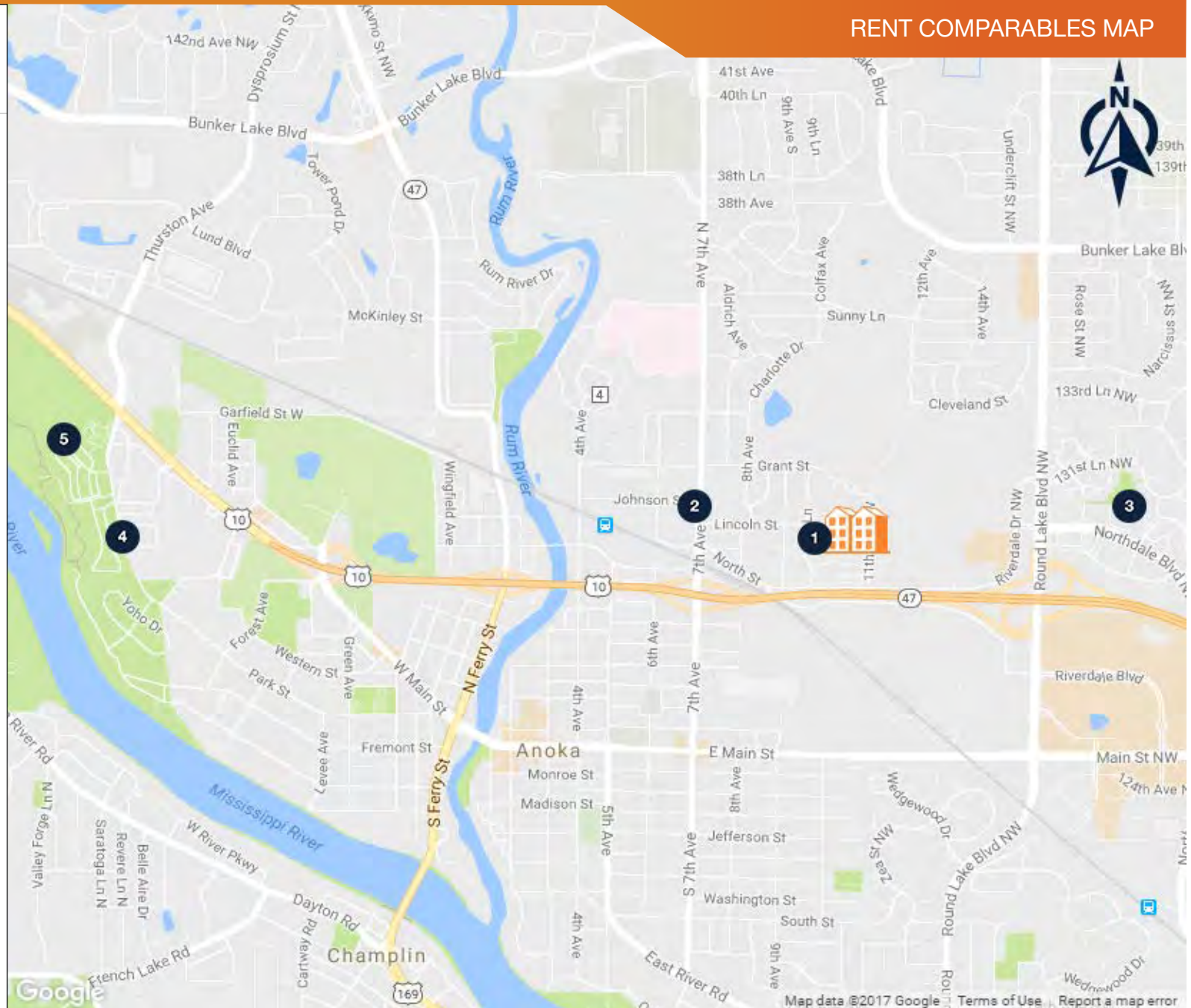
LINCOLN APARTMENTS



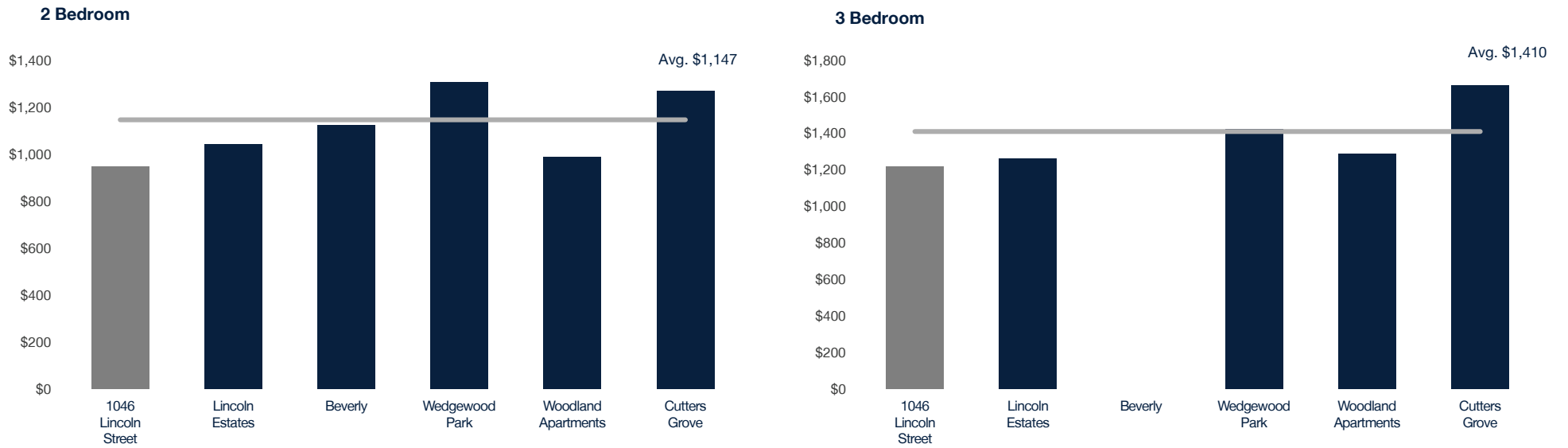
LINCOLN APARTMENTS (SUBJECT)

- 1 Lincoln Estates
- 2 Beverly
- 3 Wedgewood Park
- 4 Woodland Apartments
- 5 Cutters Grove

RENT COMPARABLES MAP



AVERAGE RENT - MULTIFAMILY



1046 LINCOLN STREET

1046 LINCOLN STREET, ANOKA, MN, 55303



Unit Type	Units	SF	Rent	Rent/SF
Two Bdr	1	850	\$946.00	\$1.11
Three Bdr	7	1,000	\$1,220.71	\$1.22
Total/Avg.	8	981		

YEAR BUILT: 2015

LINCOLN ESTATES

2710 9TH LANE, ANOKA, MN, 55303



Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	5	500	\$623	\$1.25
1 Bdr 1 Bath	72	800-900	\$648-\$869	\$0.90
2 Bdr 1 Bath	127	1,100-1,150	\$931-\$1,155	\$0.93
3 Bdr 1 Bath	6	1,250	\$1,264	\$1.02
Total/Avg.	210	1,019	\$942	\$0.93

OCCUPANCY: 97% | YEAR BUILT: 1974

BEVERLY

2801 7TH AVENUE, ANOKA, MN, 55303



Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	26	790	\$653	\$0.83
2 Bdr 1 Bath	26	980	\$1,123	\$1.15
Total/Avg.	52	885	\$888	\$0.99

OCCUPANCY: 100% | YEAR BUILT: 1978

WEDGEWOOD PARK

3393 NORTHDALÉ BLVD NW, COON RAPIDS, MN, 55448

3



Unit Type	Units	SF	Rent	Rent/SF
Studio 1 Bath	2		\$817	
1 Bdr 1 Bath	49		\$973-\$1,170	
2 Bdr 1.5 Bath	6		\$1,216-\$1,400	
3 Bdr 1.5 Bath	45		\$1,425	
Total/Avg.	111		\$1,236	

OCCUPANCY: 100% | YEAR BUILT: 1991

WOODLAND APARTMENTS

2614 CUTTERS GROVE AVENUE, ANOKA, MN, 55303

4



Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	5	624	\$860-\$870	\$1.39
2 Bdr 1 Bath	39	810-864	\$978-\$1,000	\$1.19
3 Bdr 1.5 Bath	46	1,000-1,224	\$1,250-\$1,325	\$1.16
Total/Avg.	90	966	\$1,135	\$1.18

OCCUPANCY: 100% | YEAR BUILT: 1993

CUTTERS GROVE

2901 CUTTERS GROVE AVENUE, ANOKA, MN, 55303

5



Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	103	856-945	\$990-\$1,155	\$1.20
2 Bdr 1.5 Bath	129	1,050-1,110	\$1,270	\$1.18
3 Bdr 1.5 Bath	6	1,260	\$1,585-\$1,745	\$1.33
Total/Avg.	238	1,007	\$1,194	\$1.19

OCCUPANCY: 100% | YEAR BUILT: 1989

MARKET OVERVIEW



MINNEAPOLIS-ST. PAUL

Market Highlights

High median household income

- The median household income is well above the national average.

Attractive business and living environment

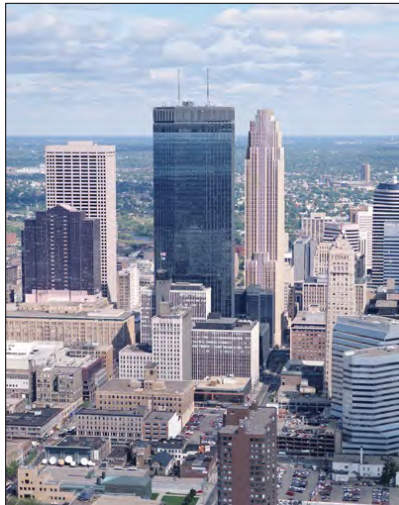
- Companies are attracted to the region's high level of education and strong work ethic.

Concentration of large-scale firms

- Minneapolis-St. Paul is home to 16 Fortune 500 firms, including Target, UnitedHealth Group, 3M and General Mills.

An abundance of higher education

- There are more than 20 colleges and universities in the Twin Cities.



Geography

The Minneapolis-St. Paul metro is situated in the southeastern portion of central Minnesota and extends into western Wisconsin. Nearly 1,000 of Minnesota's 10,000 lakes are located within the metro, along with the Mississippi, Minnesota and St. Croix rivers. The Twin Cities of Minneapolis and St. Paul straddle the Mississippi River, with Minneapolis located upstream from St. Paul. The metro covers 6,364 square miles of fertile soil atop limestone and sandstone and includes 13 counties, two of which are in Wisconsin.



Minneapolis-St. Paul-Bloomington Metro

MINNEAPOLIS-ST. PAUL

Metro

The 13-county Minneapolis-St. Paul-Bloomington metro contains more than 200 municipalities and registers a population of more than 3.5 million. The Twin Cities metro area encompasses the seven core counties of the region, the largest being Hennepin County. Minneapolis is the most populated city in the state, with 404,400 citizens, followed by St. Paul, the capital city, with 298,500 residents.

Infrastructure

Minneapolis-St. Paul metro is the largest metropolitan area in the state of Minnesota and is served by the Minneapolis-St. Paul International Airport and six reliever airports.

Two major freeway systems run through the region: Interstate 94 and Interstate 35. I-35 splits into I-35E, which runs through St. Paul, and I-35W, which passes through Minneapolis. Two beltline freeways, Interstates 494 and 694, facilitate travel around the suburbs, and Interstate 394 runs east to west from I-94 to I-494.

Metro Transit operates bus, commuter rail and light-rail systems throughout the metro, and some suburban cities have their own bus systems. The METRO Blue Line runs along Hiawatha Avenue, connecting downtown Minneapolis with the airport and Mall of America, while the Green line links Minneapolis with the University of Minnesota and Downtown St. Paul. The Northstar commuter line services the northern suburbs.

The Minneapolis-St. Paul Metro is:

- 75 miles from Rochester
- 300 miles from Milwaukee
- 400 miles from Chicago
- 600 miles from Indianapolis

Airports

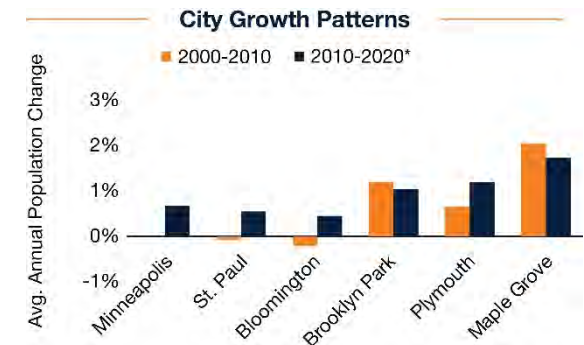
- Minneapolis-St. Paul International Airport
- Six reliever airports

Major Roadways

- Interstates 35W, 35E, 94, 394, 494 and 694

Rail

- Freight – BNSF and Union Pacific
- Passenger – Amtrak
- Commuter – Northstar and METRO light rail



Largest Cities in Metro by Population

Minneapolis	404,400
St. Paul	298,500
Bloomington	86,700
Brooklyn Park	80,500
Plymouth	76,000
Maple Grove	67,700

* Forecast

Sources: Marcus & Millichap Research Services; U.S. Census Bureau; Experian

 **MINNEAPOLIS-ST. PAUL**

Economy

The metro has a diverse economic base and is home to 16 Fortune 500 companies. The local GMP will increase by an estimated 3.4 percent this year.

The Twin Cities are involved in all aspects of the food delivery system, from initial production to final sale. Similar to many other Midwestern cities, the metro has a strong manufacturing base, encompassing both traditional industry and high-tech manufacturing. Relative to other areas, the metro has a large concentration of technology companies. Many are biomedical firms developed from research at the University of Minnesota and the Mayo Clinic, located 75 miles south of the metro in Rochester. Google has established a tech hub in Minneapolis to help foster and nurture startups. The region is also the base of a number of major retailers, including Select Comfort, Target and Best Buy.

Minneapolis houses the Ninth Federal Reserve District, which services Minnesota, the Dakotas, Montana and portions of Michigan and Wisconsin. A number of financial and insurance institutions are also headquartered or have significant operations locally.

An ability to handle air, land, river and sea transportation ranks the metro among the top in the nation for its logistics infrastructure. Its location in the upper Midwest has made the Twin Cities a hub for motor freight companies. Barge lines operate on the Mississippi, Minnesota and St. Croix rivers, transporting agricultural goods to the world via the Mississippi. Minneapolis is only 150 miles from the Port of Duluth, which connects to the Atlantic Ocean through the Great Lakes/St. Lawrence Seaway System.



* Forecast
Sources: Marcus & Millichap Research Services; Bureau of Economic Analysis; Moody's Analytics; U.S. Census Bureau; Fortune

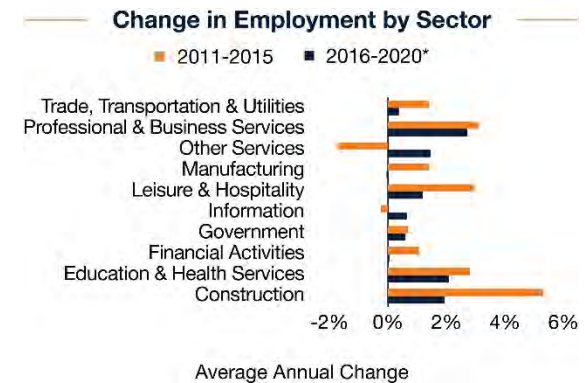
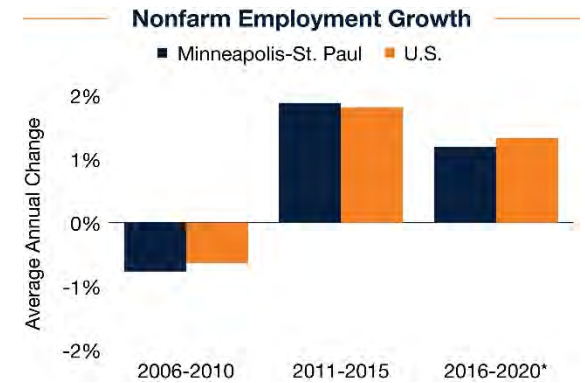
MINNEAPOLIS-ST. PAUL

Labor

Skilled employees, quality of life and a diverse economy allow for a stable job base. The metro boasts a well-educated labor pool, with approximately 94 percent of the population age 25 and older attaining a high-school diploma. It also ranks highly for its percentage of population age 25 and older with at least a bachelor’s degree, at 38 percent. There are more than 20 institutions of higher learning in the metro, providing education and training to keep the local labor force among the most skilled in the country. The local economy is supported by 1.9 million jobs in a wide range of sectors. Over the next five years, employment in the metro is expected to grow by 1.2 percent annually, slightly lower than the U.S. average.

Once dominated by agriculture and manufacturing, the local economy is now driven by the trade, transportation and utilities sector, which employs approximately 347,000 people, or 18 percent of the workforce. A significant portion of these jobs are provided by the many retailers in the area as well as Minneapolis-St. Paul International Airport. The airport is the home of Sun Country Airlines as well as a regional hub for Delta Airlines, which continues to expand its average daily flights. This segment is forecast to increase 0.4 percent annually over the next five years.

Another 16 percent, or 317,100 jobs, in the metro are in the education and health services sector, which is expected to expand by 2.1 percent annually through 2020. The professional and business services sector also provides 16 percent of the workforce, or 314,300 jobs, and will record growth at 2.7 percent annually during this time.



* Forecast
Sources: Marcus & Millichap Research Services; BLS; Moody's Analytics

 **MINNEAPOLIS-ST. PAUL**

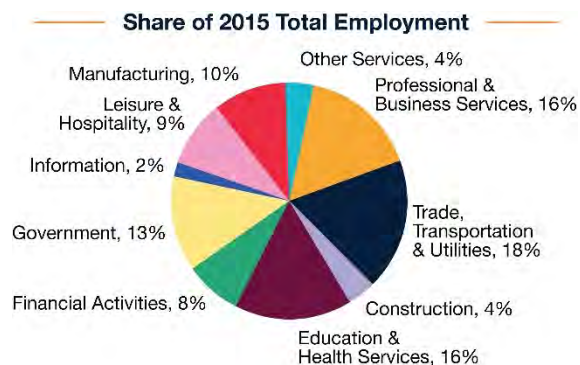
Employers

Large employers in the Twin Cities area include the state of Minnesota, the U.S. government and the University of Minnesota. Other major employers fall within the banking, financial services, technology and healthcare sectors.

Wells Fargo, Ameriprise Financial and US Bank drive the banking and financial services sector, while Allina Health System, Fairview Health Services and United Health Group Inc. are key players in the growing healthcare industry.

Technology companies such as 3M, St. Jude Medical and Medtronic maintain large presences in the region. Best Buy and Target have significant workforces in the retail sector, as both have headquarters here.

The Mall of America, located in Bloomington, is one of the most popular tourist destinations in the nation, with roughly 40 million visitors annually, making its local economic impact significant. The mall employs more than 11,000 year-round workers and generates nearly \$2 billion annually in economic activity for the state. Work will be completed this year on a \$325 million expansion of the mall, which will provide 50 to 75 new shops and restaurants as well as 180,000 square feet of office space and a 342-room JW Marriott hotel.



Major Employers
Target Corp.
University of Minnesota
Allina Health System
Fairview Health Services
Best Buy Co. Inc.
Wells Fargo Minnesota
3M Co.
United Health Group Inc.
Health Partners
U.S. Bancorp



* Forecast
 Sources: Marcus & Millichap Research Services; Moody's Analytics; BLS

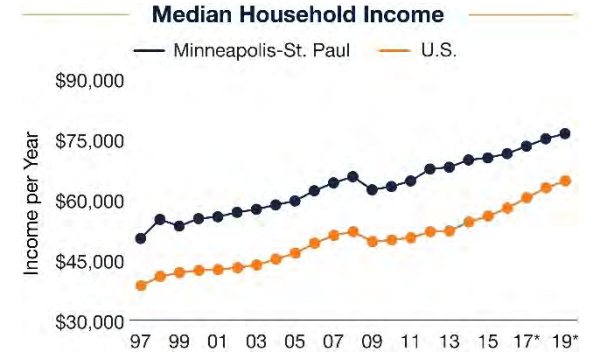
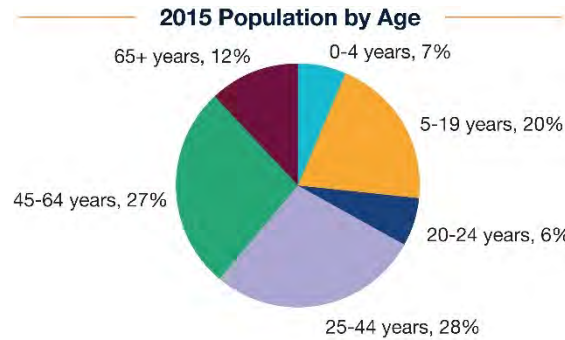
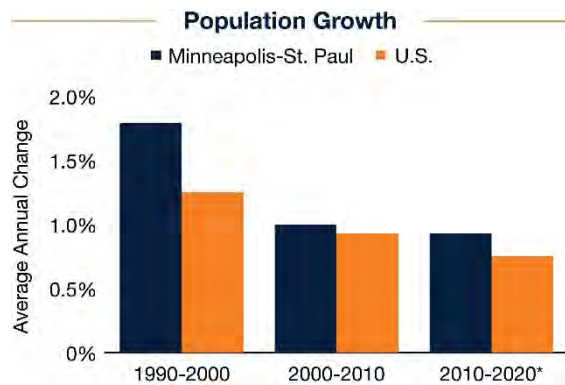
 **MINNEAPOLIS-ST. PAUL**

Demographics

Population growth in the metro has exceeded the national level since 1990 and will continue to do so over the next five years. Gains are expected to register 0.9 percent annually through 2020. High-growth areas typically fall outside of the urban core; however, new apartment and condo developments recently completed and planned in the central cities will likely boost the populations in both Minneapolis and St. Paul in the upcoming years.

Robust growth in the metro has been supported by an expanding population of well-educated and highly skilled young professionals. The region is home to the University of Minnesota, which has one of largest student populations in the United States at 50,700. Many of the graduates remain in the area, employed by large corporations headquartered in the region. More than 38 percent of residents have attained at least a bachelor’s degree, compared with just 29 percent for the country. The highly skilled workforce has helped raise the median household income to nearly \$70,500 annually, well above the national median.

Above-average household incomes have enabled more than 70 percent of residents in the metro to own their own home, which is higher than the U.S. rate at 64 percent. Home prices will rise faster than household incomes during the next five years; the median price is approaching \$224,900.



* Forecast
 Sources: Marcus & Millichap Research Services; AGS; Experian; Moody's Analytics; U.S. Census Bureau

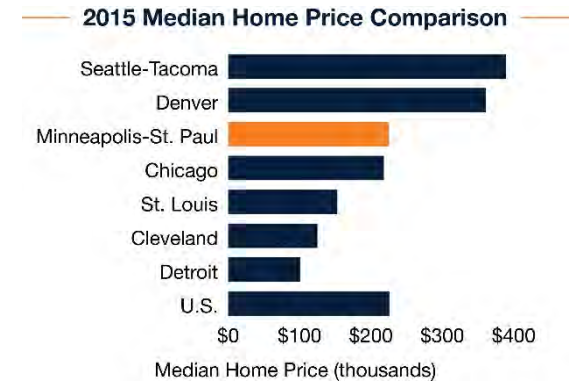
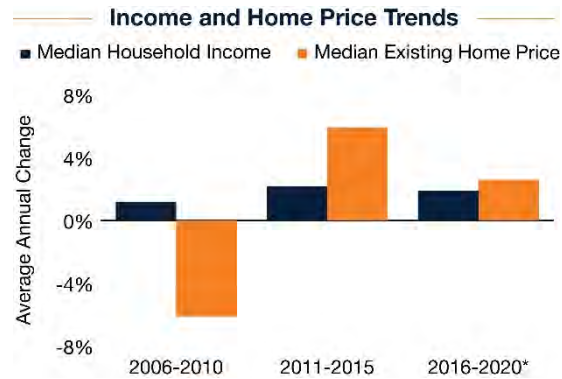
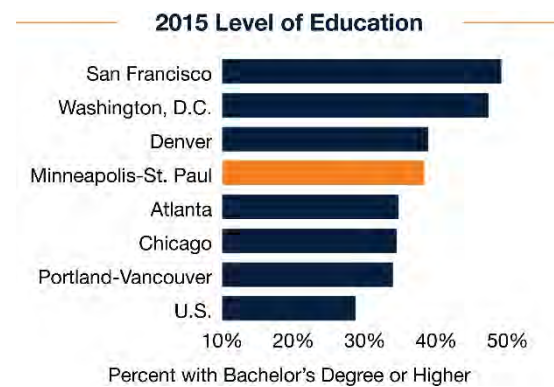
 **MINNEAPOLIS-ST. PAUL**

Quality of Life

The vibrant metro area is the entertainment and cultural center of the upper Midwest. Scenery in the metro includes contemporary skylines, historic architecture and greenways of parks, lakes and the Mississippi, St. Croix and Minnesota rivers. Outdoor venues include the Como Park Zoo, Marjorie McNeely Conservatory, the Minnesota Zoo, the Minnesota Landscape Arboretum and a number of ski runs and golf courses.

The region is home to many professional sports teams, including the Minnesota Vikings, the Minnesota Twins, the Minnesota Timberwolves, the Minnesota Wild and the Minnesota United. College sports are also enjoyed at the University of Minnesota Twin Cities campus. The Vikings new facility (US Bank Stadium) will be completed in time for the 2016 football season. The metro is scheduled to host Super Bowl 52 in 2018 and the Men's NCAA Final Four in 2019.

The Twin Cities are noted for their array of theaters, orchestras, art museums and gardens. These include the Walker Art Center, Hennepin County Library, the Guthrie Theater and the Minneapolis Institute of Arts. The region has more than 100 theater venues, making it the third-largest theater market in the country. Arts education is also strong in the area, supported by the Minneapolis College of Arts and Design, the Children's Theatre Company, MacPhail Center for the Arts, Perpich Center for Arts Education and a variety of education programs at local museums.



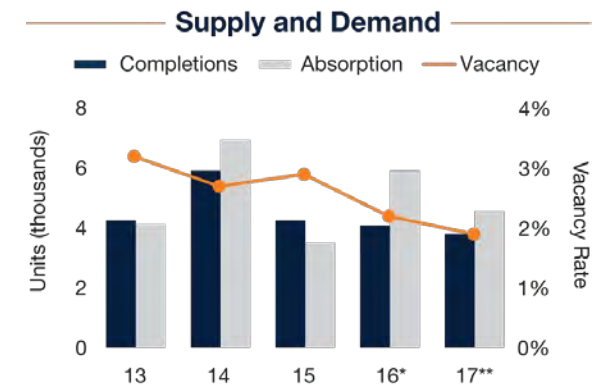
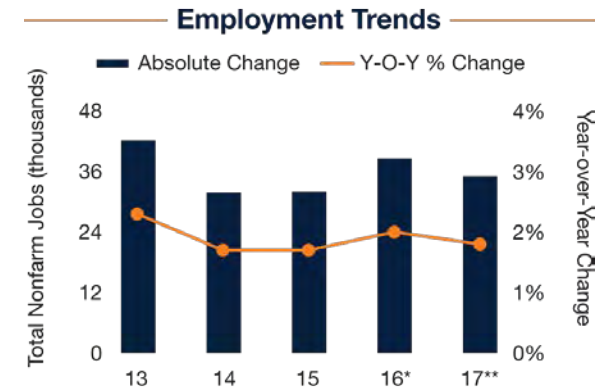
* Forecast
Sources: Marcus & Millichap Research Services; National Association of Realtors; Moody's Analytics; U.S. Census Bureau

MINNEAPOLIS-ST. PAUL METRO AREA

Robust Demand Keeps Vacancy at Historical Low, Bolstering Rent Growth in Minneapolis-St. Paul

Steady hiring, moderate apartment construction align to restrain vacancy. The consistent, prolonged employment expansion has drawn a wide range of new residents to Minneapolis-St. Paul. The persistently low unemployment rate in the metro is requiring employers to recruit workers from outside the region, drawing additional employees. Many of these are young professionals between the ages of 20 to 34, the prime renter cohort. Rising incomes are also affording more people the means to establish their own households. With home prices escalating, renting may be a more affordable option for desired amenities in preferred neighborhoods such as downtown Minneapolis. Demand for apartments will be especially strong along major transportation routes in both urban and suburban locals. Developers are active in these areas, yet the heightened pace of deliveries will not keep up with robust demand, fostering another year of substantial rent growth.

Depth of investment options caters to wide range of investor strategies. One of the strongest apartment markets in the nation has a wide range of investors searching for assets. Intense buyer demand coupled with escalating prices will encourage more owners to re-evaluate their portfolios. Some will take advantage of strengthening operations to refinance this year for long-term holds, while others who do not wish to risk owning through another cycle are marketing properties. Additional buying opportunities will come from the wave of recently completed buildings that will attract buyers at the top end of the market at cap rates that can dip below 5 percent for premium properties. Private owners in neighborhoods where competition has proliferated such as the North Loop or Prospect Park and do not desire upgrading to remain competitive may find this a favorable time to exchange into assets in other locations. Investors will find initial yields for Class B assets typically start in the mid-5 percent area.



*Estimate ** Forecast

Sources: Marcus & Millichap Research Services; BLS; CoStar Group, Inc.



MINNEAPOLIS-ST. PAUL METRO AREA

2017 Market Forecast

NMI Rank
4, up 3 places



The tightest vacancy rate in the country vaults Minneapolis-St. Paul into the top five.

Employment
up 1.8%



The employment base will expand by 35,000 workers during 2017. All major employment sectors contributed to a 2.0 percent gain last year.

Construction
3,800 units



After 4,100 apartments were completed last year, 3,800 units are scheduled for delivery in 2017. Record-low vacancy, however, could fast-track additional projects.

Vacancy
down 30 bps



Building on a 70-basis-point decline in the vacancy rate last year, the rate will recede 30 basis points to 1.9 percent this year, the lowest year-end vacancy since 2000.

Rent
up 5.0%



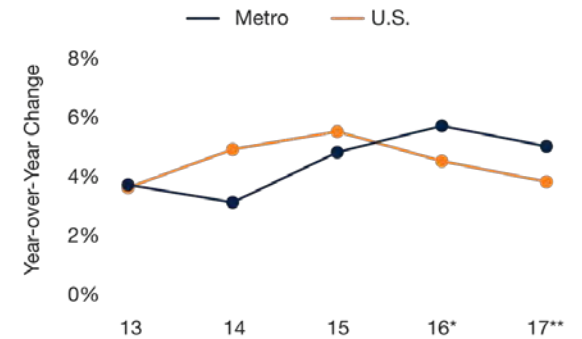
Robust demand for apartments is boosting rents. Effective rent will climb an average of 5.0 percent to \$1,219 per month in 2017, following last year's 5.7 percent leap.

Investment

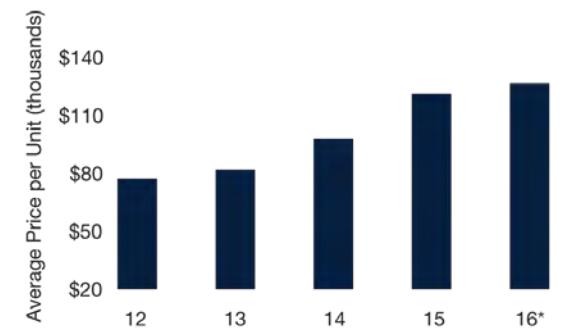


Properties with a value-add component are especially sought after. Buyers desire buildings close to amenities and transit in transitioning urban neighborhoods near downtown Minneapolis and St. Paul.

Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.;
Real Capital Analytics

Created on March 2017

POPULATION	1 Miles	3 Miles	5 Miles
2020 Projection			
Total Population	8,852	66,869	151,708
2015 Estimate			
Total Population	8,874	65,466	144,708
2010 Census			
Total Population	8,651	63,375	139,145
2000 Census			
Total Population	9,079	63,370	127,803
Daytime Population			
2015 Estimate	9,333	64,393	115,452
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
2020 Projection			
Total Households	3,553	25,344	55,399
2015 Estimate			
Total Households	3,546	24,657	52,635
Average (Mean) Household Size	2.42	2.62	2.71
2010 Census			
Total Households	3,434	23,763	50,426
2000 Census			
Total Households	3,512	22,595	44,521
Growth 2015-2020	0.20%	2.79%	5.25%
HOUSING UNITS	1 Miles	3 Miles	5 Miles
Occupied Units			
2020 Projection	3,553	25,344	55,399
2015 Estimate	3,657	25,179	53,494
Owner Occupied	2,279	18,030	41,814
Renter Occupied	1,267	6,627	10,820
Vacant	111	522	860
Persons In Units			
2015 Estimate Total Occupied Units	3,546	24,657	52,635
1 Person Units	30.29%	23.30%	21.09%
2 Person Units	33.22%	33.61%	32.83%
3 Person Units	15.37%	17.06%	17.68%
4 Person Units	12.18%	15.74%	17.21%
5 Person Units	5.78%	6.75%	7.29%
6+ Person Units	3.13%	3.54%	3.89%

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
2015 Estimate			
\$200,000 or More	0.92%	2.80%	3.67%
\$150,000 - \$199,000	2.12%	4.94%	5.95%
\$100,000 - \$149,000	15.80%	20.00%	21.51%
\$75,000 - \$99,999	17.34%	18.55%	19.03%
\$50,000 - \$74,999	19.07%	19.72%	20.08%
\$35,000 - \$49,999	15.77%	11.51%	10.75%
\$25,000 - \$34,999	12.48%	8.66%	7.20%
\$15,000 - \$24,999	8.53%	6.76%	6.04%
Under \$15,000	7.97%	7.05%	5.76%
Average Household Income	\$66,209	\$81,952	\$88,999
Median Household Income	\$57,093	\$69,891	\$75,205
Per Capita Income	\$26,753	\$31,014	\$32,468
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
Population By Age			
2015 Estimate Total Population	8,874	65,466	144,708
Under 20	24.59%	26.52%	27.94%
20 to 34 Years	23.33%	20.38%	19.34%
35 to 39 Years	6.30%	6.11%	6.31%
40 to 49 Years	13.77%	14.53%	15.16%
50 to 64 Years	19.57%	20.59%	20.53%
Age 65+	12.43%	11.87%	10.70%
Median Age	36.54	37.53	37.14
Population 25+ by Education Level			
2015 Estimate Population Age 25+	6,109	44,085	95,777
Elementary (0-8)	0.78%	0.69%	0.65%
Some High School (9-11)	5.66%	4.45%	3.70%
High School Graduate (12)	31.13%	28.18%	26.74%
Some College (13-15)	27.21%	25.25%	25.83%
Associate Degree Only	15.72%	13.32%	13.14%
Bachelors Degree Only	14.44%	18.83%	20.54%
Graduate Degree	4.66%	8.46%	8.63%
Population by Gender			
2015 Estimate Total Population	8,874	65,466	144,708
Male Population	48.93%	49.78%	49.65%
Female Population	51.07%	50.22%	50.35%

Source: © 2016 Experian



Population

In 2016, the population in your selected geography is 8,874. The population has changed by -2.26% since 2000. It is estimated that the population in your area will be 8,852.00 five years from now, which represents a change of -0.25% from the current year. The current population is 48.93% male and 51.07% female. The median age of the population in your area is 36.54, compare this to the US average which is 37.55. The population density in your area is 2,816.98 people per square mile.



Households

There are currently 3,546 households in your selected geography. The number of households has changed by 0.97% since 2000. It is estimated that the number of households in your area will be 3,553 five years from now, which represents a change of 0.20% from the current year. The average household size in your area is 2.42 persons.



Income

In 2016, the median household income for your selected geography is \$57,093, compare this to the US average which is currently \$54,148. The median household income for your area has changed by 17.29% since 2000. It is estimated that the median household income in your area will be \$64,850 five years from now, which represents a change of 13.59% from the current year.

The current year per capita income in your area is \$26,753, compare this to the US average, which is \$29,638. The current year average household income in your area is \$66,209, compare this to the US average which is \$77,468.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 85.32% White, 5.35% Black, 0.04% Native American and 2.66% Asian/Pacific Islander. Compare these to US averages which are: 70.98% White, 12.77% Black, 0.19% Native American and 5.25% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 4.56% of the current year population in your selected area. Compare this to the US average of 17.53%.



Housing

The median housing value in your area was \$167,950 in 2016, compare this to the US average of \$185,104. In 2000, there were 2,358 owner occupied housing units in your area and there were 1,154 renter occupied housing units in your area. The median rent at the time was \$574.



Employment

In 2016, there are 4,729 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 57.05% of employees are employed in white-collar occupations in this geography, and 42.18% are employed in blue-collar occupations. In 2016, unemployment in this area is 3.97%. In 2000, the average time traveled to work was 27.00 minutes.

Source: © 2016 Experian