

NAI Sioux Falls



MULTI-FAMILY PORTFOLIO
For Sale - 5 Properties - 559 Units
Sioux Falls, SD

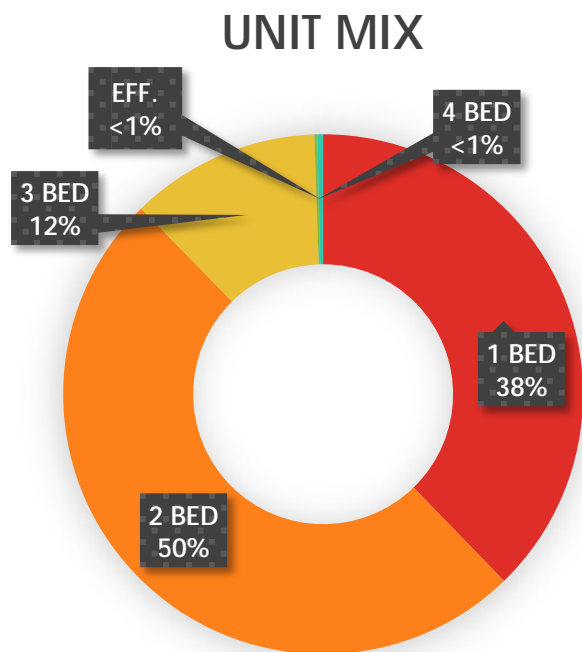
CONTENTS

1. Executive Summary
2. Property Overview
 - Cleveland Heights
 - Willowood Apartments
 - Parkside Apartments
 - Mallard Cove
 - Turning Leaf
3. Market Overview

EXECUTIVE SUMMARY

NAI Sioux Falls, as exclusive advisor to the Seller, is pleased to offer the opportunity to purchase the Tzadik Portfolio I (the "Property") located in Sioux Falls, SD in Minnehaha County. The Property is a portfolio of five apartment buildings containing 559 units.

Property Name	Year Built	Number of Units	Average Unit Size	Average Rent	Current Occupancy
Cleveland Heights	1984	146	908 sq. ft.	\$764/ mo.	80.8%
Mallard Cove	1984	72	781 sq. ft.	\$681/ mo.	90.3%
Parkside	1989	54	884 sq. ft.	\$834/ mo.	75.9%
Willowwood	1989	167	814 sq. ft.	\$737/ mo.	94%
Turning Leaf*	1974	120	738 sq. ft.	\$692/mo.	90%
Total/ Average		559	825 sq. ft.	\$734.14/ mo.	87.5%



*Turning Leaf may be purchased separately from portfolio with additional loan.

EXECUTIVE SUMMARY

This opportunity is to purchase five (5) properties in Sioux Falls, SD, totaling 559 units, with a loan assumption opportunity on 439 units and a new loan on 120 units. Since acquiring in the portfolio in Spring 2019, Tzadik has spent roughly \$3.2M in Capital Expenditures including both interior upgrades as well as major exterior repairs such as siding/painting, parking lot repairs, balcony repairs, common area flooring & painting, exterior lighting. Through this, we have upgraded roughly 50% of the units and achieved rent premiums of roughly \$40-\$125 (varies from property to property).

This portfolio includes 559 units in a resilient market with consistent job growth, low unemployment (3.1% vs 6.7% U.S. current level), and population growth (1.8% average annual population growth of last 10 years vs 0.6% U.S. average). Sioux Falls, SD has a very business friendly environment, no income state tax and has seen a major population and business migration over the last months during the pandemic.

Total Purchase Price

\$51,525,000 for all 559 units
\$92,174/ per unit

Turning Leaf

LOCATION	Sioux Falls, SD
UNITS	120
ASKING PRICE	\$10,000,000

Cleveland Heights, Willowwood Apartments, Parkside Apartments, and Mallard Cove

Loan Assumption

PORTFOLIO	Sioux Falls Portfolio I*
LOCATION	Sioux Falls, SD
UNITS	439
ASKING PRICE	\$41,525,000
LOAN AMOUNT	\$30,422,000
RATE	3.17%
AMORTIZATION PERIOD	360 Months
EFFECTIVE DATE	5/13/2020
LOAN TERM	144 Months
I/O PERIOD	48 Months
IMPROVEMENT RESERVES	\$733,000

*Turning Leaf is 120 units and would need a new loan, and could be purchases separately.

TZ I Portfolio

Income	2020 T-12
Gross Potential Rent	\$4,981,890.11
Other Rental Income	\$138,930.81
Vacancy	\$(667,423.15)
CAM Expense Reimb.	\$6,891.93
Other Income	\$520,532.41
Total Operating Income	\$4,980,822.11

Expenses	
Payroll Expense	\$436,687.70
General & Admin	\$187,346.30
Advertising & Marketing	\$22,140.05
Contract Expenses	\$194,537.49
Repairs & Maint	\$250,633.35
Utilities	\$567,755.01
Taxes	\$466,594.34
Insurance	\$150,705.76
Total Operating Expenses	\$2,276,400.00

Net Operating Income **\$2,704,422.11**

Fee Schedule

- Pet Deposit: \$250 non refundable under 45 lbs, \$450 non refundable over 45 lbs
- Pet Rent: \$15/month
- Late Fees: \$50 plus \$5/day until paid
- Application Fee: \$35

Value Add Opportunity

This deal offers an opportunity to upgrade units to achieve the rent premium on the entire portfolio. Thus increasing NOI through rent premiums, maintaining stabilized occupancy and a reduction in future R&M expenses within the units.

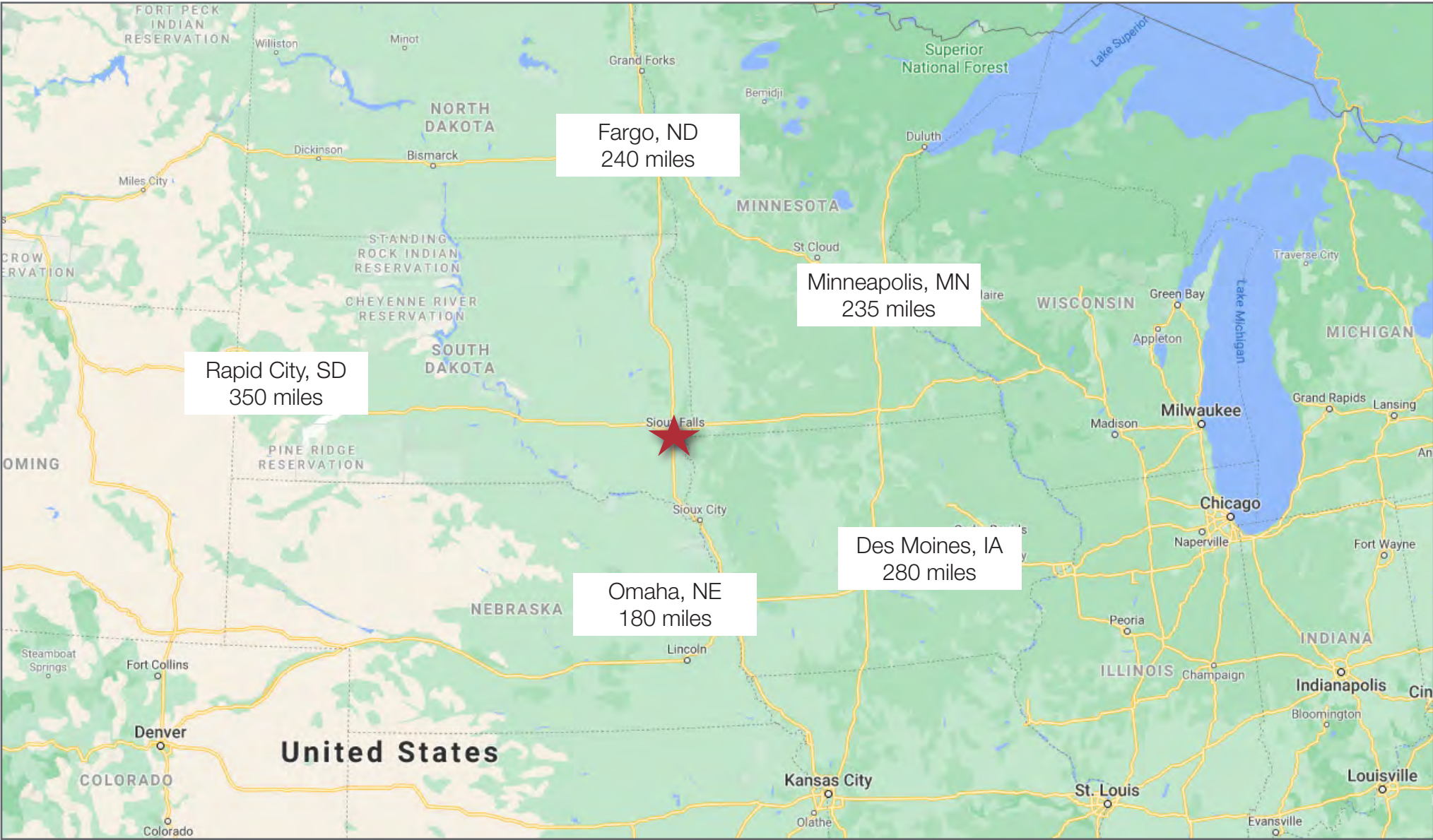
Partial or Full Unit Updates

Cleveland Heights	- 32 units
Mallard Cove	- 6 units
Parkside Apartments	- 15 units
Willowwood Apartments	- 26 units
<u>Turning Leaf</u>	<u>- 24 units</u>
Total	103 units

Landlord estimates a \$70 - \$100/ month rent increase for updated units. The average cost for a unit upgrade is \$5,000. Updating the remaining units would be a \$2.3 million investment to increase NOI by \$383,000 - \$547,000, while also increasing occupancy and decreasing turnover costs.

- Admin fees: none
- Month to month leases: \$35/mo upcharge to rent
- Garages: \$50/mo
- Security Deposit: 1 months' rent
- Lease break/termination fee: 2 months' rent

REGIONAL MAP



LOCAL MAP



1. Mallard Cove
2. Cleveland Heights
3. Parkside Apartments
4. Willowood Apartments
5. Turning Leaf

Cleveland Heights

221 N Cleveland Avenue, Sioux Falls, SD 57103



FEATURES

Cleveland Heights

221 N Cleveland Avenue, Sioux Falls, SD 57103

OFFERING

Address: 2708 E 8th Street
Sioux Falls, SD 57103
Parcel #: 30644, 30645, 30647
Zoning: RA-2

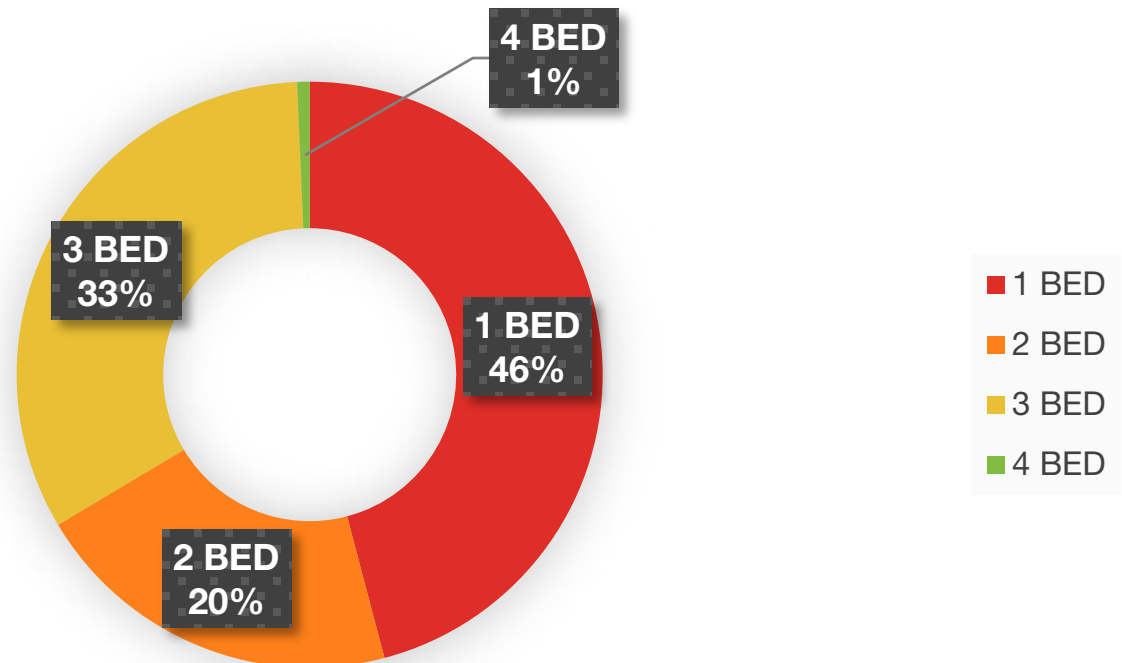
PROPERTY DESCRIPTION

Units: 146
Buildings: 7
Stories: 2.5
Year built: 1984
Rentable SF: 147,948
Parking: 190 off-street stalls and 44 garages
Parking ratio: 1.6 spaces per unit
Lot size: 276,760 SF
Density: 29.4 units/acre

UNIT MIX

1 BED	67
2 BED	30
3 BED	48
4 BED	1
<hr/>	
TOTAL	146

UNIT MIX



CAP IMPROVEMENTS

- Roof replacements
 - Roof repairs
 - One garage roof replacement
- Plumbing/Boilers
 - Replaced six boilers in 2020 (remaining four are 8 -10 years old)
- Garages
 - Replaced misc garage doors
 - One full siding replacement and paint
 - Misc siding repairs
- Common Area Repairs/Hallways
 - Flooring replacement, painted hallways and new light fixtures
- Asphalt, Parking Lots & Sidewalks
 - Parking lot patch work (have seal coat and striping scheduled for this year)
- Misc concrete sidewalk repairs
- Other Items Completed Not on this List
 - Landscaping - tree trimming
 - Gutters/soffit repairs
 - Exterior lighting - wall packs

FINANCIALS

Total Operating Income

Income	2020 T-12
Gross Potential Rent	\$1,353,417.93
Other Rental Income	\$12,913.74
Vacancy	\$(157,446.97)
CAM Expense Reimb.	\$2,872.17
Other Income	\$176,484.50
Total Operating Income	\$1,388,241.37

Expenses

Payroll Expense	\$115,312.15
General & Admin	\$45,242.27
Advertising & Marketing	\$4,083.73
Contract Expenses	\$50,441.57
Repairs & Maint	\$70,260.72
Utilities	\$169,484.51
Taxes	\$133,978.63
Insurance	\$36,115.72
Total Operating Expenses	\$624,919.30

Net Operating Income \$763,322.07

PHOTOS

Cleveland Heights

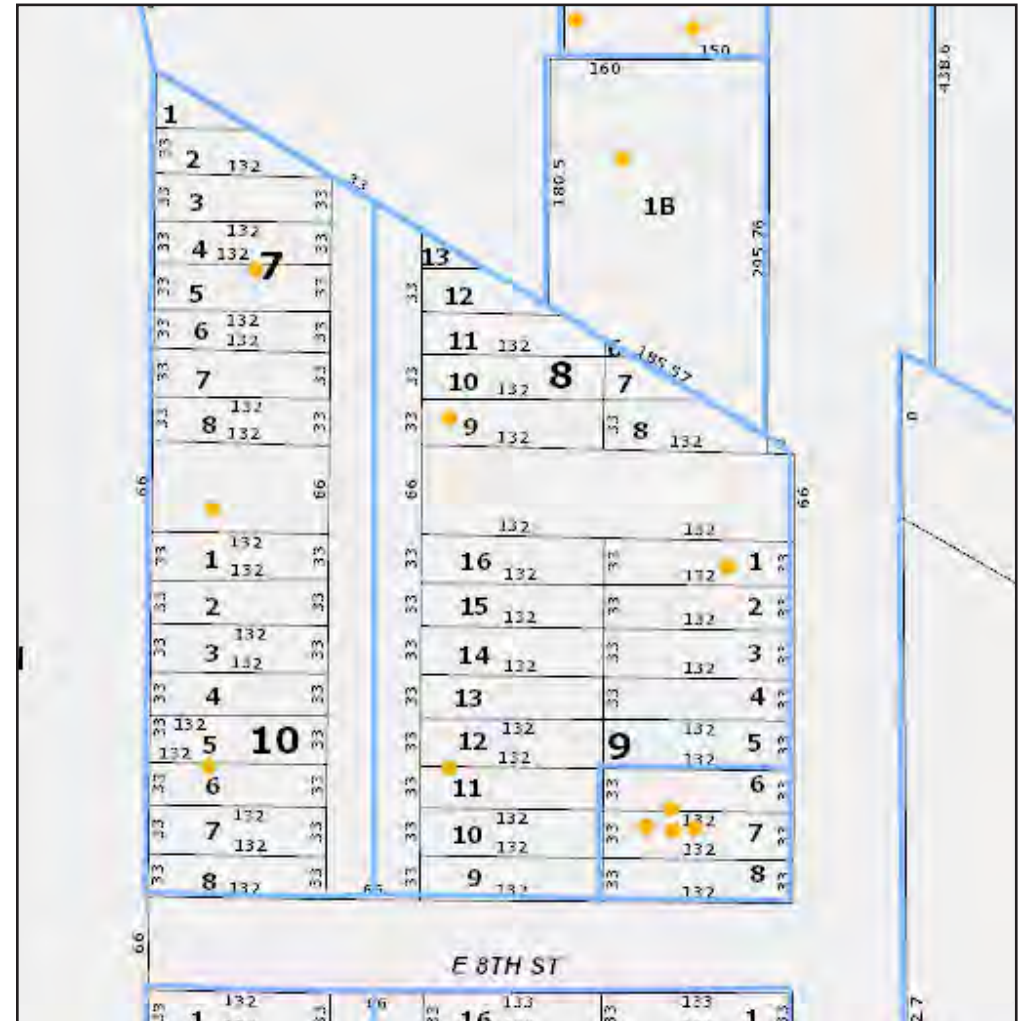
221 N Cleveland Avenue, Sioux Falls, SD 57103



SITE PLAN

Cleveland Heights

221 N Cleveland Avenue, Sioux Falls, SD 57103



Willowwood

1600 Rock Creek Drive
Sioux Falls, SD



FEATURES

Willowwood
1600 Rock Creek Drive
Sioux Falls, SD

OFFERING

Address: 1600 Rock Creek Drive
Sioux Falls, SD 57103
Parcel #: 27963, 27964
Zoning: RA-1

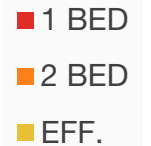
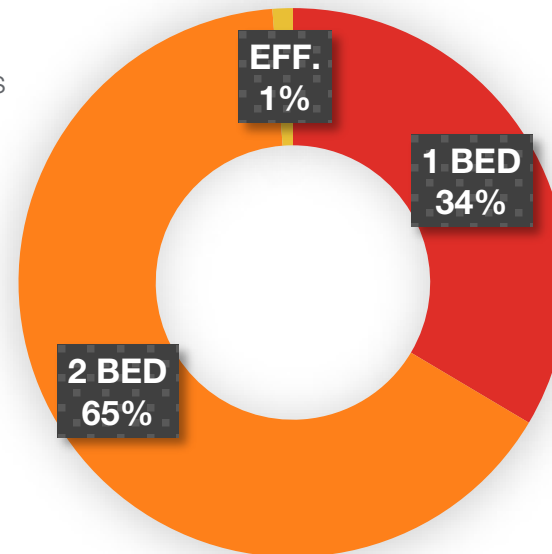
PROPERTY DESCRIPTION

Units: 167
Buildings: 3 - 18 units per building
Stories: 2.5
Year built: 1989
Rentable SF: 160,104
Parking: 200 off-street stalls and 9 garages buildings
Parking ratio: 1.2 spaces per unit
Lot size: 500,514 SF (on two parcels)
Density: 14 units/acre

UNIT MIX

Eff.	2
1 BED	56
2 BED	109
TOTAL	167

UNIT MIX



CAP IMPROVEMENTS

- Roof replacements
 - Roof repairs / mansard repairs on residential buildings
 - One garage roof replacement
- Plumbing/ boilers
 - Replaced three boilers in 2020
 - Condition of other 11 boilers - 1 from 2005 and the other 10 from 1976
- Garages
 - Replaced misc garage doors and misc siding repairs
- Common Area Repairs/Hallways
 - Replaced hallway glooring and painted hallways
- Asphalt, Parking Lots & Sidewalks
 - Concrete sidewalk repairs
- Other Items Completed Not on this List
 - Landscaping - tree trimming, new shrubs and rocks
 - Exterior lighting - wall packs and light posts
 - Exterior deck replacements and repairs

FINANCIALS

TZ I Porftolio

Income	2020 T-12
Gross Potential Rent	\$1,510,653.42
Other Rental Income	\$29,212.01
Vacancy	\$(203,119.76)
CAM Expense Reim.	\$(1,445.80)
Other Income	\$163,874.42
Total Operating Income	\$1,499,174.29

Expenses	
Payroll Expense	\$128,209.86
General & Admin	\$49,034.71
Advertising & Marketing	\$10,323.46
Contract Expenses	\$53,665.68
Repairs & Maint	\$68,615.16
Utilities	\$168,379.84
Taxes	\$145,103.22
Insurance	\$40,809.58
Total Operating Expenses	\$664,141.51

Net Operating Income **\$835,032.78**

PHOTOS

Willowwood

1600 Rock Creek Drive
Sioux Falls, SD



SITE PLAN

Willowwood
1600 Rock Creek Drive
Sioux Falls, SD



Parkside

4300 - 4308 E. 18th Street
Sioux Falls, SD



FEATURES

Parkside

4300 - 4308 E. 18th Street
Sioux Falls, SD

OFFERING

Address: 4300 - 4308 E. 18th Street
Sioux Falls, SD 57104
Parcel #: 50459
Zoning: RA-1

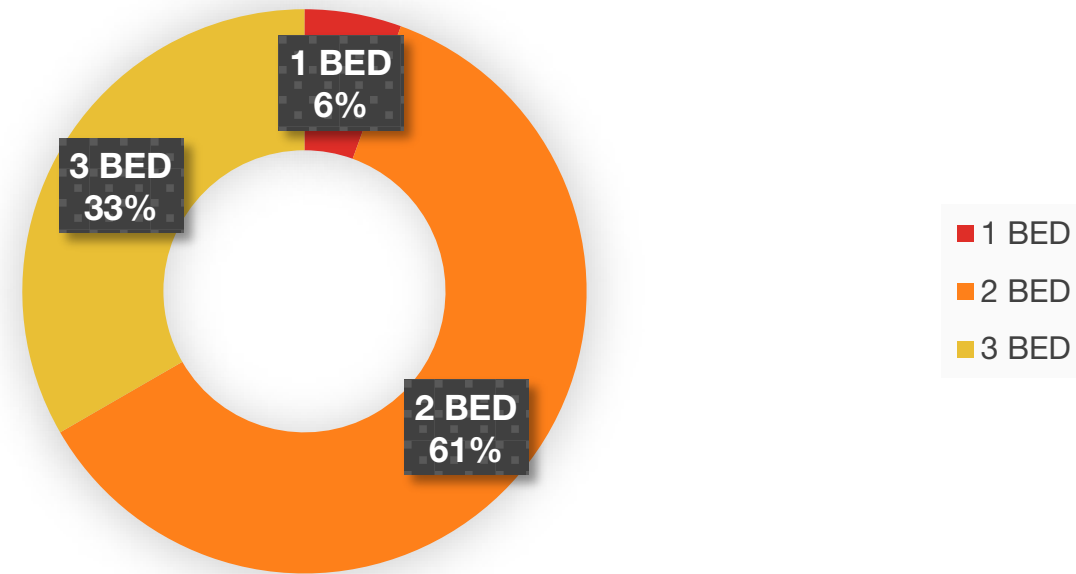
PROPERTY DESCRIPTION

Units: 54
Buildings: 3 - 18 units per building
Stories: 2.5
Year built: 1989
Rentable SF: 54,432
Parking: 69 off-street stalls and 9 garages buildings
Parking ratio: 1.3 spaces per unit
Lot size: 127,195 SF
Density: 18.55 units/acre

UNIT MIX

1 BED	3
2 BED	33
<u>2 BED</u>	<u>18</u>
TOTAL	54

UNIT MIX



CAP IMPROVEMENTS

- Roof Replacements
 - Repairs only
- Plumbing/Boilers
 - No repairs
- Garages
 - Siding Repairs
- Common Area Repairs/Hallways
 - Flooring, painting and lighting
- Asphalt, Parking Lots & Sidewalks
 - Concrete parking lot repairs and misc concrete sidewalk repairs
- Other Items Completed Not on this List
 - Landscaping - tree trimming, new shrubs and rocks
 - Gutter/soffit repairs

FINANCIALS

Total Operating Income

Income	2020 T-12
Gross Potential Rent	\$538,910.66
Other Rental Income	\$ 2,525.00
Vacancy	\$ (91,400.46)
CAM Expense Reimb.	\$ 2,456.52
Other Income	\$ 44,643.46
Total Operating Income	\$497,135.18

Expenses

Payroll Expense	\$ 42,517.60
General & Admin	\$ 15,358.78
Advertising & Marketing	\$ 563.05
Contract Expenses	\$ 28,822.46
Repairs & Maint	\$ 43,692.32
Utilities	\$ 51,140.71
Taxes	\$ 49,876.09
Insurance	\$ 12,288.28
Total Operating Expenses	\$244,259.29

Net Operating Income \$252,875.89

PHOTOS

Parkside
4300 - 4308 E. 18th Street
Sioux Falls, SD

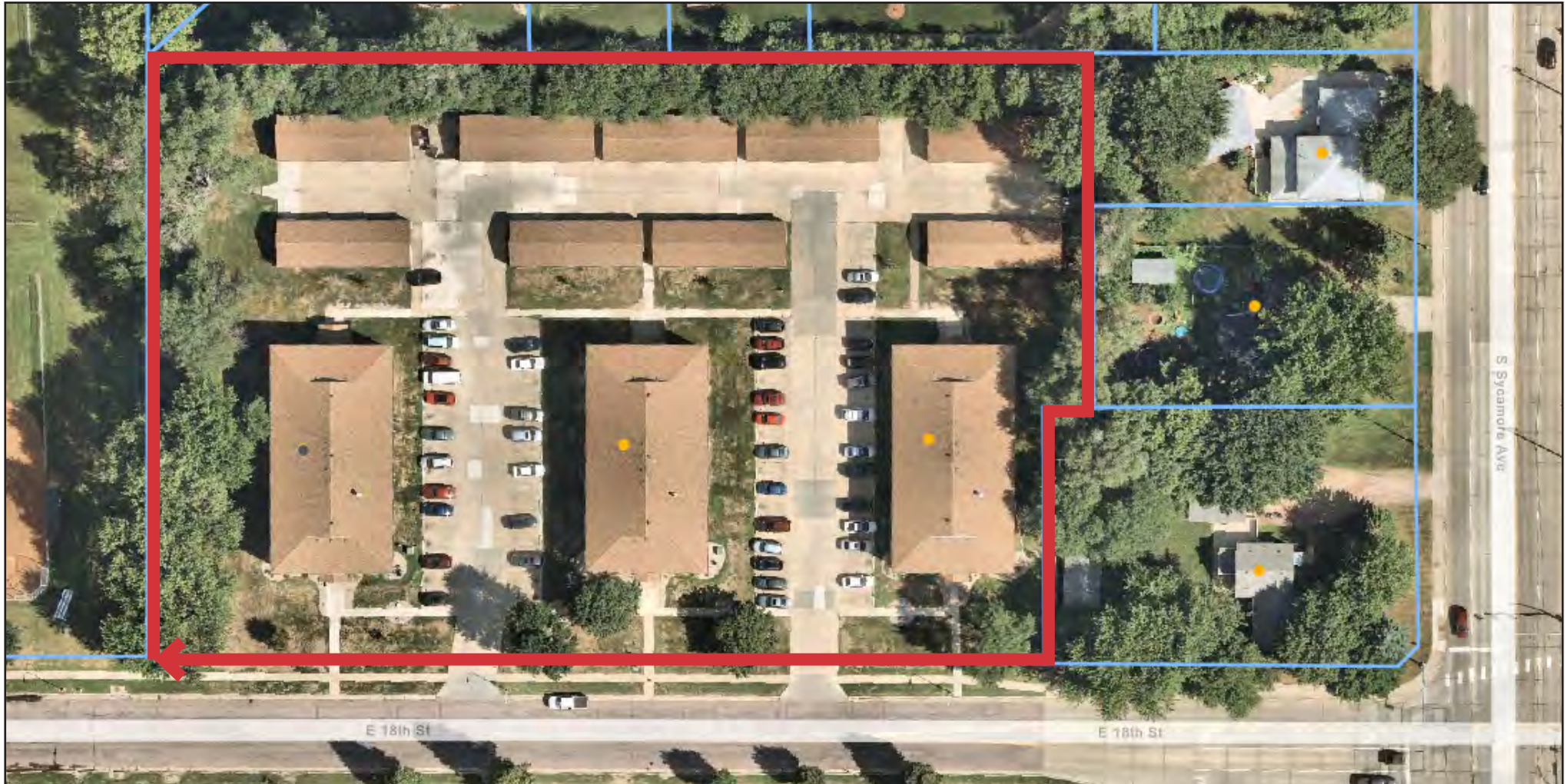


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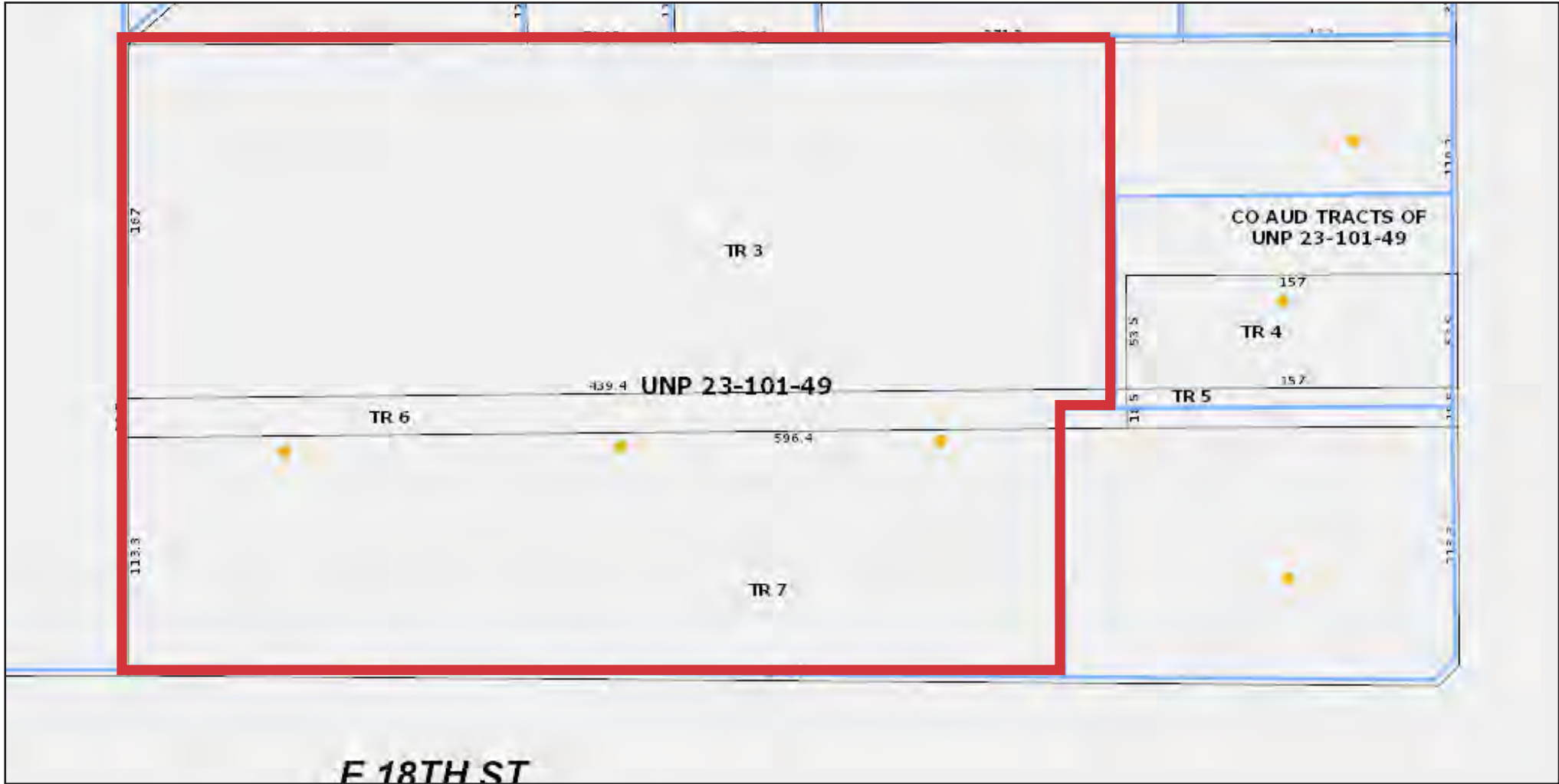
SITE PLAN

Parkside
4300 - 4308 E. 18th Street
Sioux Falls, SD



SITE PLAN

Parkside
4300 - 4308 E. 18th Street
Sioux Falls, SD



Mallard Cove

1900, 2000, 2100 W. 6th Street
Sioux Falls, SD



FEATURES

OFFERING

Address: 1900, 2000, 2100 W. 6th Street
Sioux Falls, SD 57104

Parcel #: 42216

Zoning: RA-1

PROPERTY DESCRIPTION

Units: 72

Buildings: 3 - 24 units per building

Stories: 3

Year built: 1984

Rentable SF: 73,440

Parking: Off-street stalls and garages

Lot size: 362,419 SF

Density: 8.65 units/acre

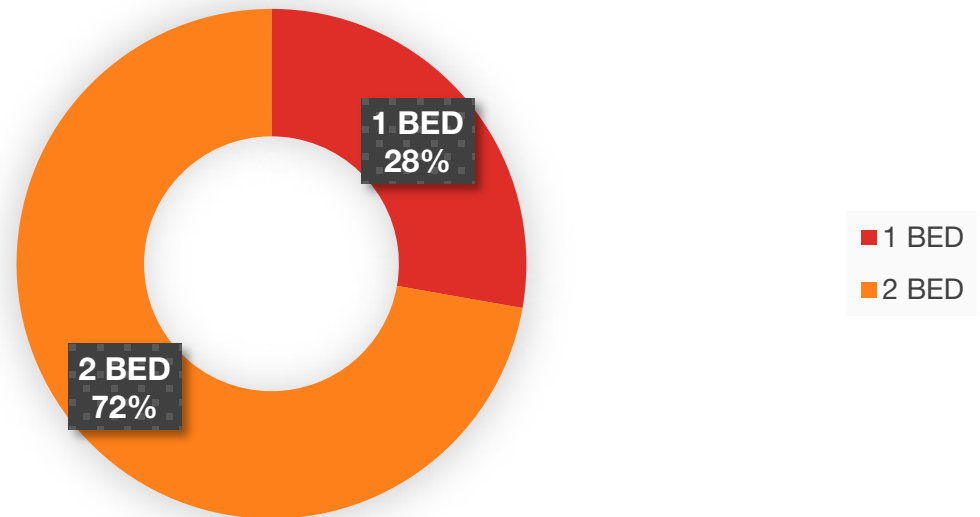
UNIT MIX

1 BED	20
2 BED	52
TOTAL	72

Mallard Cove

1900, 2000, 2100 W. 6th Street
Sioux Falls, SD

UNIT MIX



CAP IMPROVEMENTS

- Roof Replacements
 - Roof repairs and garage roof repairs
- Plumbing/Boilers
 - Replaced one water heater (other 2 older)
- Common Area Repairs/Hallways
 - Flooring, painting and lights
- Asphalt, Parking Lots & Sidewalks
 - Sealcoat, stripe and repairs
 - Misc. concrete sidewalk repairs
- Other items completed not on the list
 - Landscaping - tree trimming
 - Misc siding, gutters and soffit repairs
 - Exterior Lighting - wall packs
 - Exterior deck replacements and repairs

FINANCIALS

Total Operating Income

Income	2020 T-12
Gross Potential Rent	\$581,726.00
Other Rental Income	\$ 42,994.83
Vacancy	\$ (26,028.09)
CAM Expense Reimb.	\$ 2,354.63
Other Income	\$ 39,558.21
Total Operating Income	\$640,605.58

Expenses

Payroll Expense	\$ 56,029.71
General & Admin	\$ 18,698.60
Advertising & Marketing	\$ 912.54
Contract Expenses	\$ 11,056.39
Repairs & Maint	\$ 20,103.88
Utilities	\$ 60,024.64
Taxes	\$ 62,482.76
Insurance	\$ 14,874.71
Total Operating Expenses	\$244,183.23

Net Operating Income **\$396,422.35**

PHOTOS

Mallard Cove

1900, 2000, 2100 W. 6th Street
Sioux Falls, SD



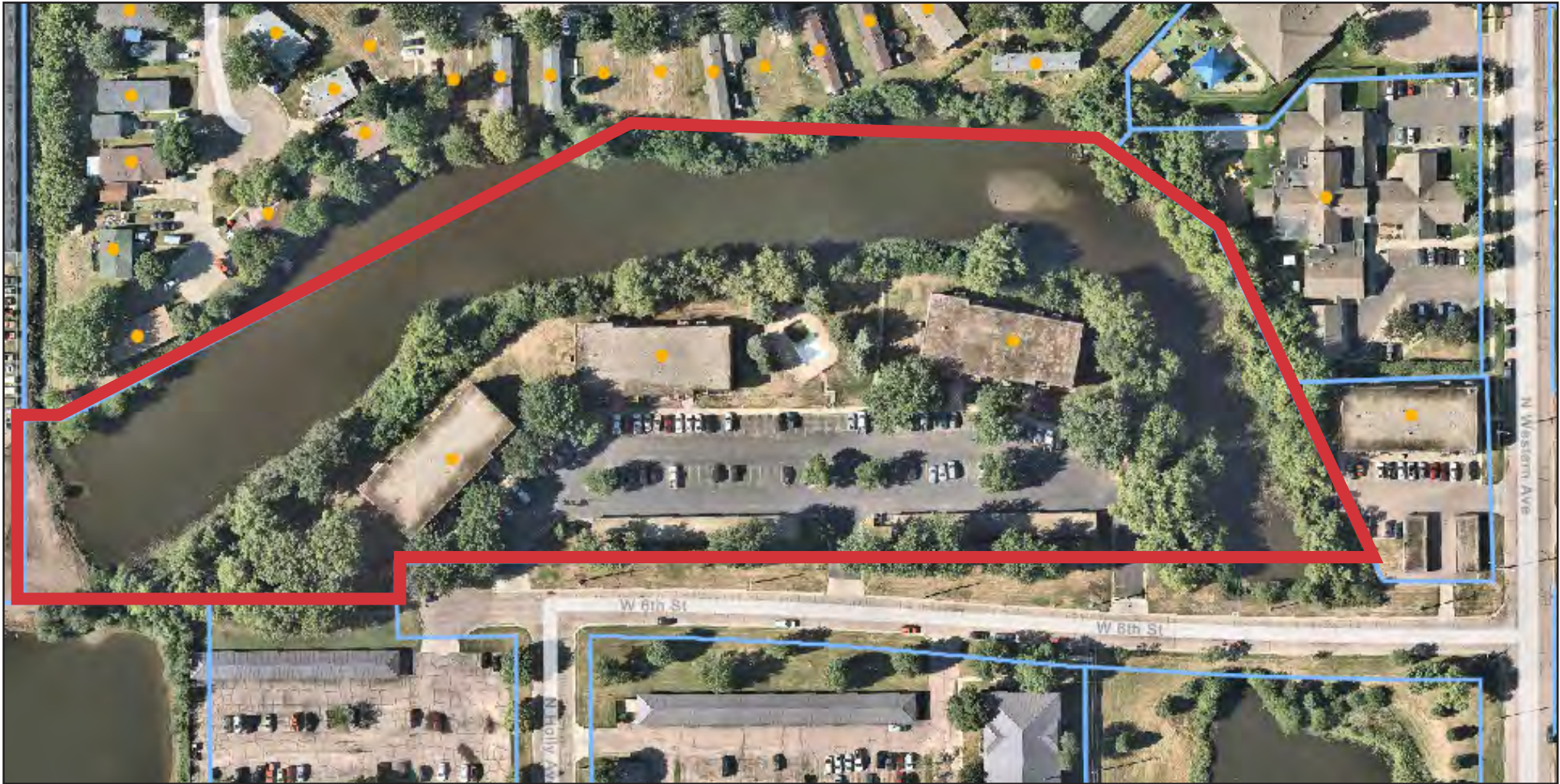
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SITE PLAN

Mallard Cove

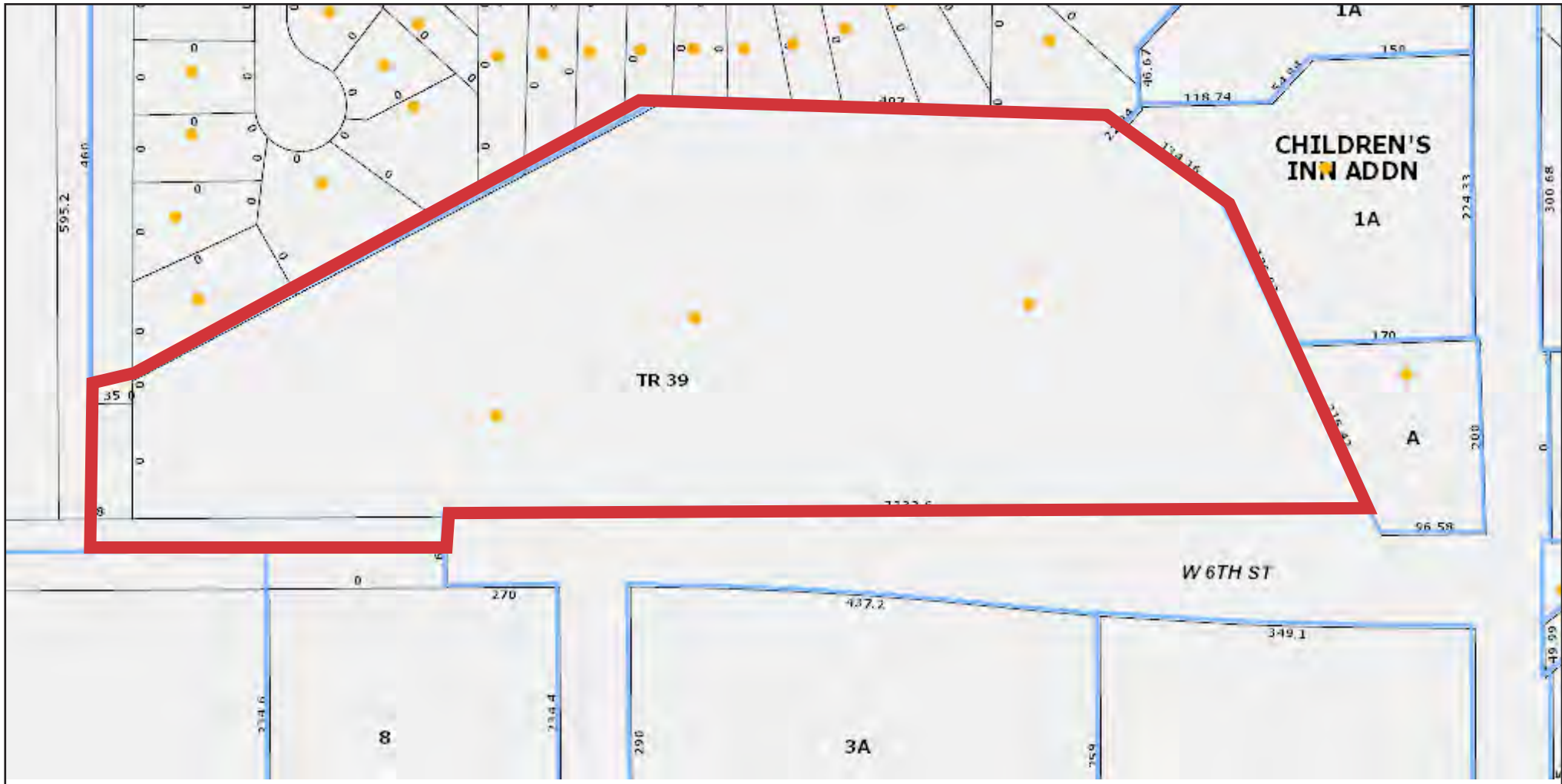
1900, 2000, 2100 W. 6th Street
Sioux Falls, SD



SITE PLAN

Mallard Cove

1900, 2000, 2100 W. 6th Street
Sioux Falls, SD



Turing Leaf

1309 N. Cleveland Avenue
Sioux Falls, SD

FEATURES

OFFERING

Address: 1301 & 1309 N Cleveland
Sioux Falls, SD 57103

Parcel #: 87482, 53703

Zoning: RA-2

PROPERTY DESCRIPTION

Units: 120

Buildings: 5 - 24 units per building

Stories: 3

Year built: 1981

Rentable SF: 99,872

Parking: Off-street stalls and garages

Lot size: 516,666 SF

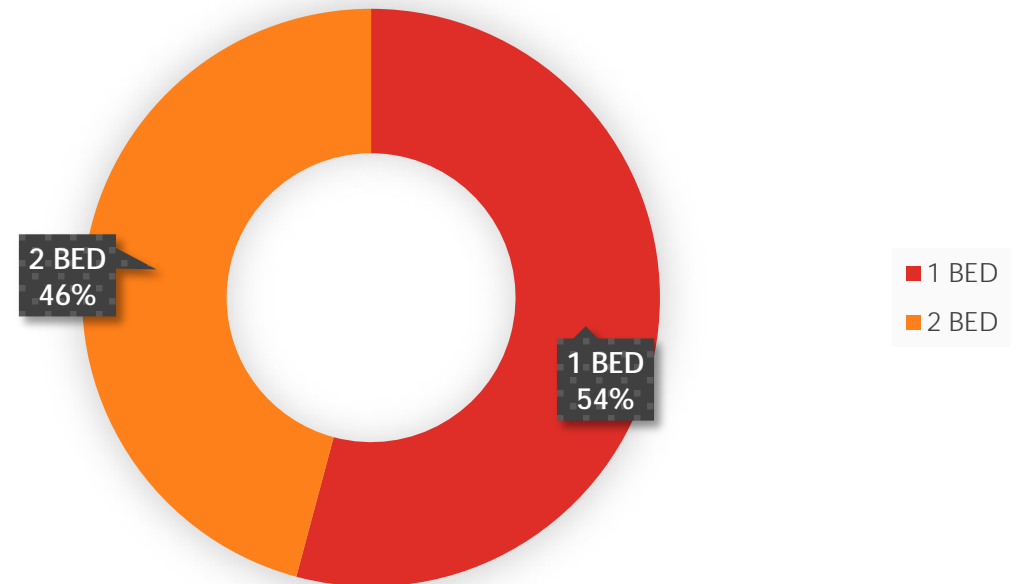
Density: 10.12 units/acre

UNIT MIX

1 BED	65
2 BED	55
TOTAL	120

Turing Leaf
1309 N. Cleveland Avenue
Sioux Falls, SD

UNIT MIX



CAP IMPROVEMENTS

- Roof Replacements
 - Roof repairs and garage roof repairs
- Plumbing/Boilers
 - Replaced one water heater (other 2 older)
- Common Area Repairs/Hallways
 - Flooring, painting and lights
- Asphalt, Parking Lots & Sidewalks
 - Sealcoat, stripe and repairs
 - Misc. concrete sidewalk repairs
- Other items completed not on the list
 - Landscaping - tree trimming
 - Misc siding, gutters and soffit repairs
 - Exterior Lighting - wall packs
 - Exterior deck replacements and repairs

FINANCIALS

Total Operating Income

Income	2020 T-12
Gross Potential Rent	\$997,182.10
Other Rental Income	\$51,285.23
Vacancy	\$(189,427.87)
CAM Expense Reimb.	\$654.41
Other Income	\$95,971.82
Total Operating Income	\$955,665.69

Expenses

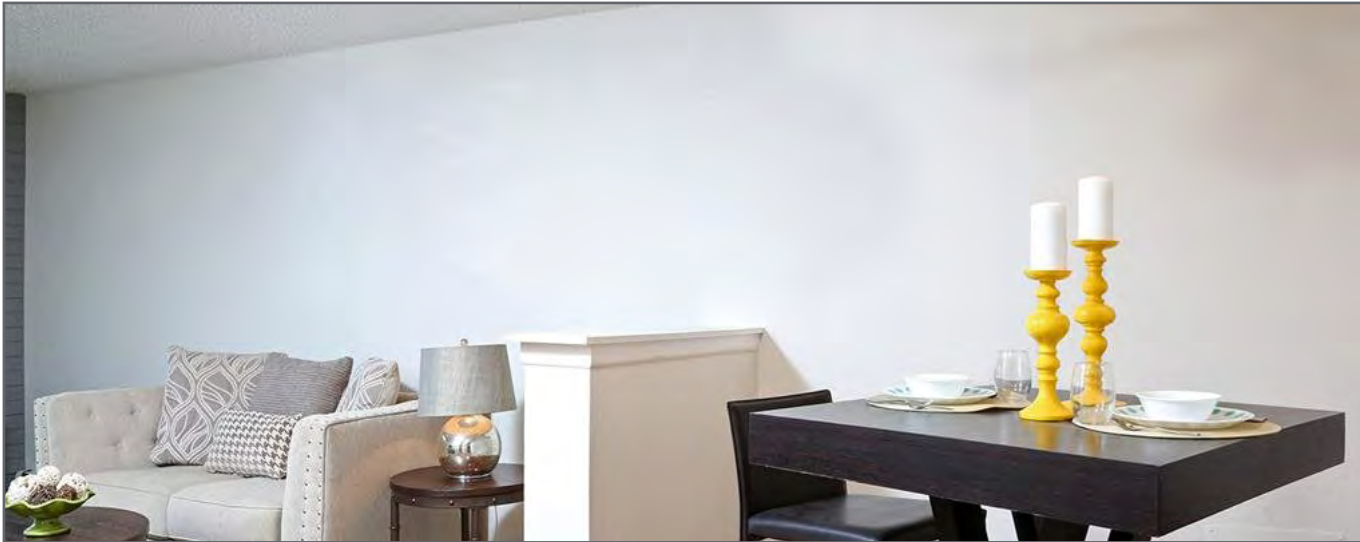
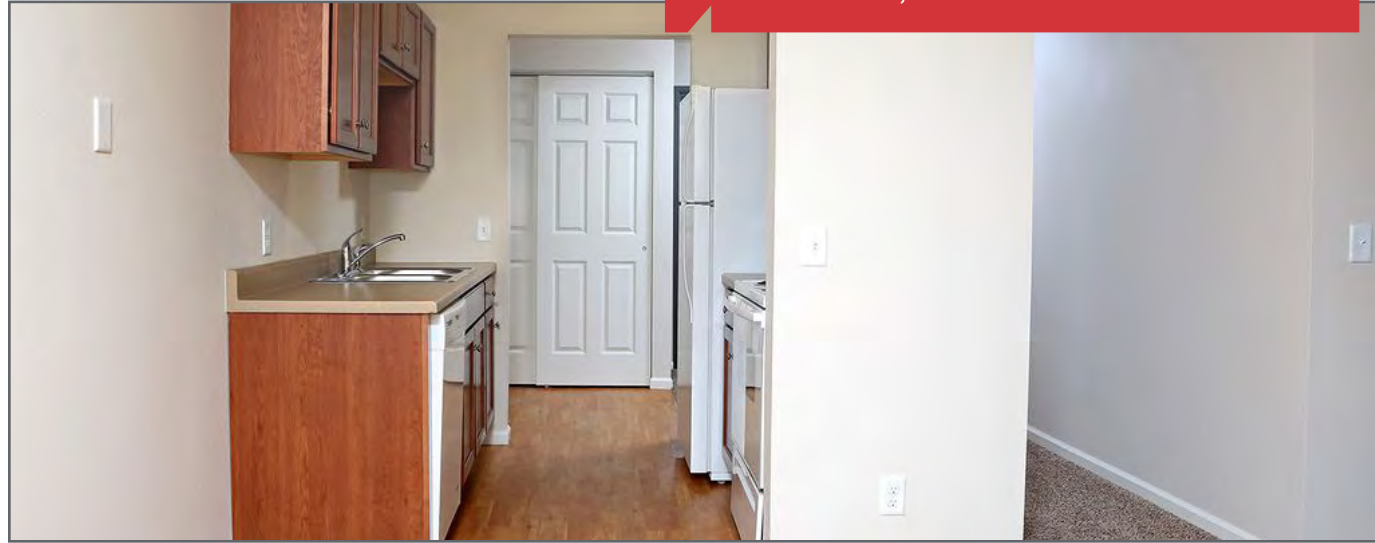
Payroll Expense	\$94,618.38
General & Admin	\$59,011.94
Advertising & Marketing	\$6,257.27
Contract Expenses	\$50,551.39
Repairs & Maint	\$47,961.27
Utilities	\$118,725.31
Taxes	\$75,153.64
Insurance	\$46,617.47
Total Operating Expenses	\$498,896.67

Net Operating Income **\$456,769.02**

PHOTOS

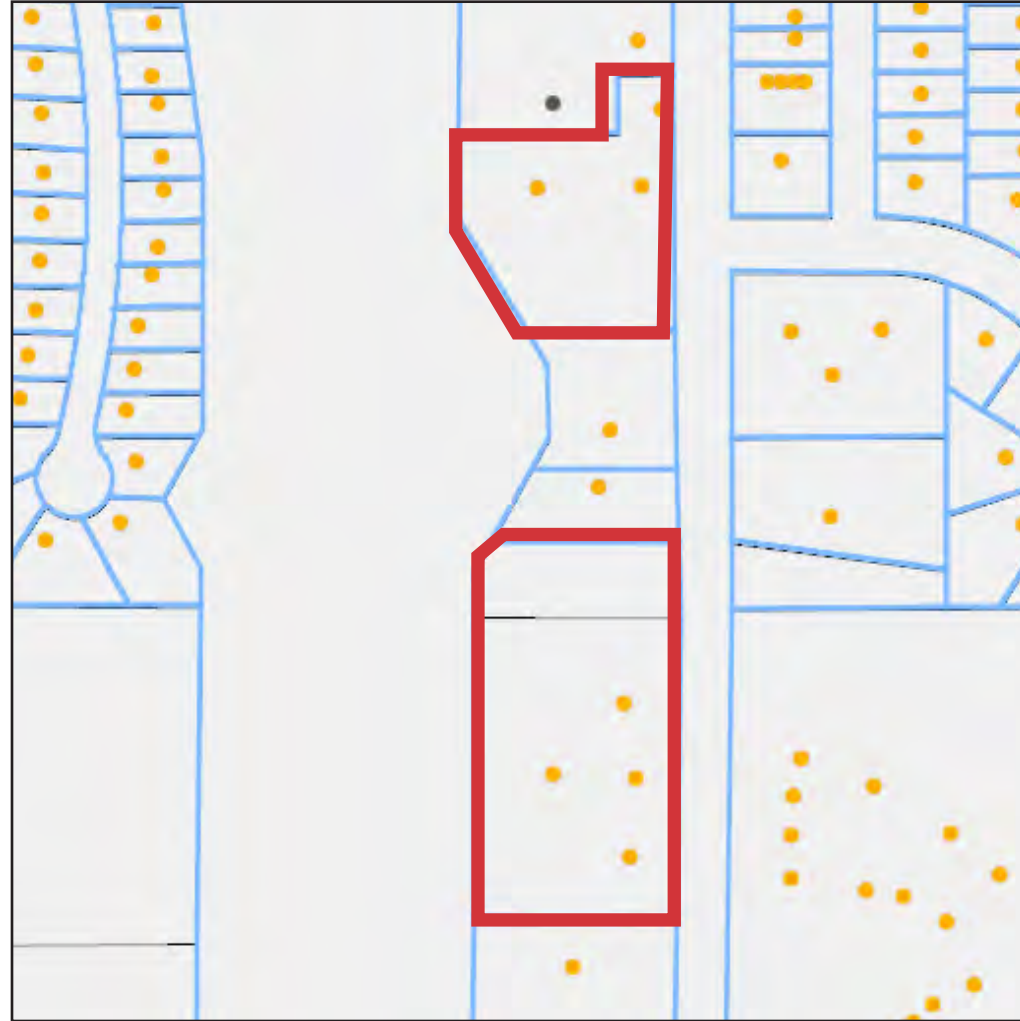
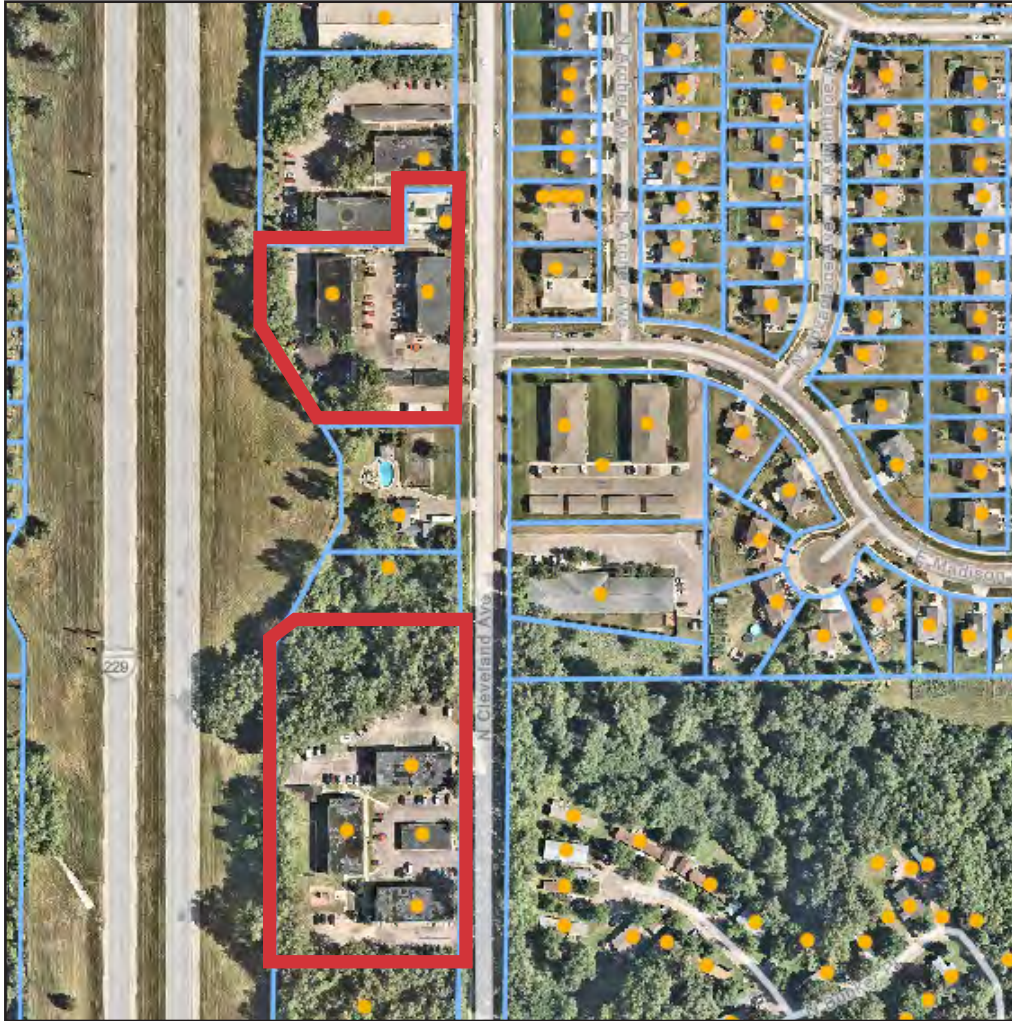
Turing Leaf

1309 N. Cleveland Avenue
Sioux Falls, SD



SITE PLAN

Turing Leaf
1309 N. Cleveland Avenue
Sioux Falls, SD

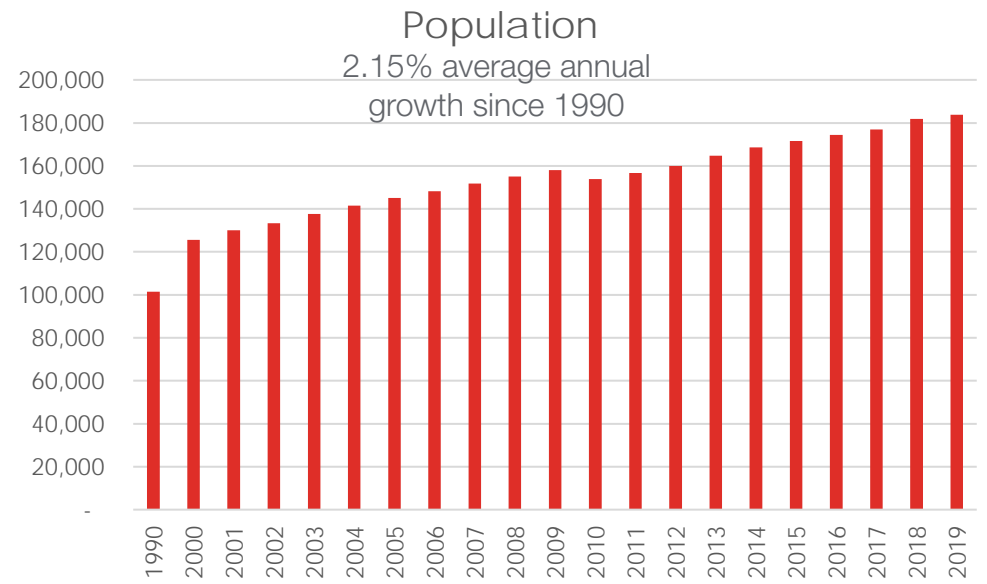


MARKET OVERVIEW

Live

Sioux Falls is located at the junction of I-29 and I-90 in the southeast corner of South Dakota, just a few miles from the Iowa and Minnesota border. Sioux Falls is the county seat of Minnehaha County, and extends into Lincoln County to the south.

Consistently listed as a top place to live, Sioux Falls has become one of the fastest-growing MSA's in the entire country. Since January 1, 2000, the city has seen a 67,000-person increase in our population. By 2025, the population of Sioux Falls is projected to be 208,000.



Median Age
34



Median Household
Income \$56,714



NAI Sioux Falls

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MARKET OVERVIEW

Work



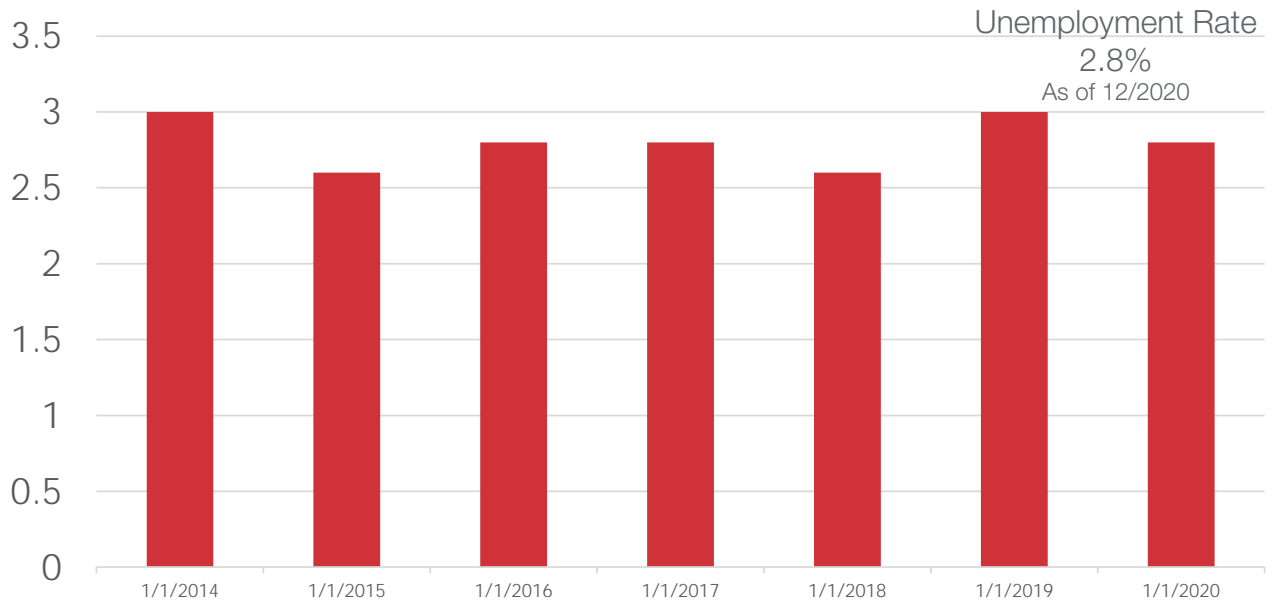
Top Employers

1. Sanford Health
2. Avera Health
3. Sioux Falls School District
4. Smith Field Foods
5. Hy-Vee Food Stores

0%

No Income Tax

Historical Unemployment



MARKET OVERVIEW

Play

From a variety of parks, to events and festivals, to dining and nightlife, to recreation and sport events, to world-class entertainment, Sioux Falls has something for everyone to enjoy.



The city has over 80 beautiful parks, plus, the 29-mile paved Bike Trail wraps itself around the city along the Big Sioux River greenway, through scenic urban and wildlife areas. The trails are maintained for year-round outdoor enjoyment.



From summer music festivals to winter parades, to farmers' markets and various annual events, Sioux Falls knows how to entertain. Indoor, outdoor, downtown, all around.



Midwest cuisine is anything but boring in Sioux Falls. From hidden gems to award-winning eateries, to familiar favorites - there is a selection for anyone.



Sioux Falls has several multipurpose athletic stadiums: the primarily-baseball Sioux Falls Stadium, indoor Sioux Falls Arena, indoor Sanford Pentagon, and indoor Denny Sanford Premier Center.

MARKET OVERVIEW

Sioux Falls is located at the junction of I-29 and I-90 in the southeast corner of South Dakota, just a few miles from the Iowa and Minnesota border. Sioux Falls is the county seat of Minnehaha County, and extends into Lincoln County to the south.

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Partially due to the lack of a state corporate income tax, Sioux Falls is home to a number of financial companies. The largest employers among these are Wells Fargo and Citigroup. Other important financial service companies in Sioux Falls include Great Western Bank, Western Surety Company (CNA Surety), Total Card Inc., Capital Card Services, Midland National Life Insurance Company, MetaBank, and First Premier Bank.

Sioux Falls is a significant regional health care center. It has four major hospitals: Sanford Health (formerly Sioux Valley), Avera McKennan Hospital, the South Dakota Veterans Affairs Hospital, and the Avera Heart Hospital of South Dakota. Sanford Health and Avera Health are the largest and second-largest employers in the city, respectively. Emergency medical services (EMS) are provided by Paramedics Plus and Sioux Falls Fire Rescue.

Companies based in Sioux Falls include Raven Industries, retailers Lewis Drug, POET, and Sunshine Foods, and communications companies SONIFI Solutions and Midco.

Because of the relatively long distances between Sioux Falls and larger cities, Sioux Falls has emerged as an important regional center of shopping and dining. The Empire Mall, with over 180 stores, anchors one of the primary retail zones in the southwest section of the city. This area, centered mainly around the intersection of 41st Street and Louise Avenue, contains many large national chain stores and restaurants.

In Central Downtown, shops line Phillips Avenue, and in the "EastBank" shops and restaurants fill a boardwalk style center called "8th and Railroad." "The Bridges" is an outdoor shopping center at the intersection of 57th Street and Western Avenue on the south side of the city that contains over 30 restaurants, boutiques, and private businesses. Dawley Farm Village is a major commercial development on the east side of the city at the intersection of Arrowhead Parkway (SD Highway 42) and Veterans Parkway (SD Highway 11, previously known as Powder House Road).



MULTIFAMILY MARKET



JANUARY 2021 SIOUX FALLS AREA VACANCY SURVEY



Number of Apartment
Units Surveyed
24,094

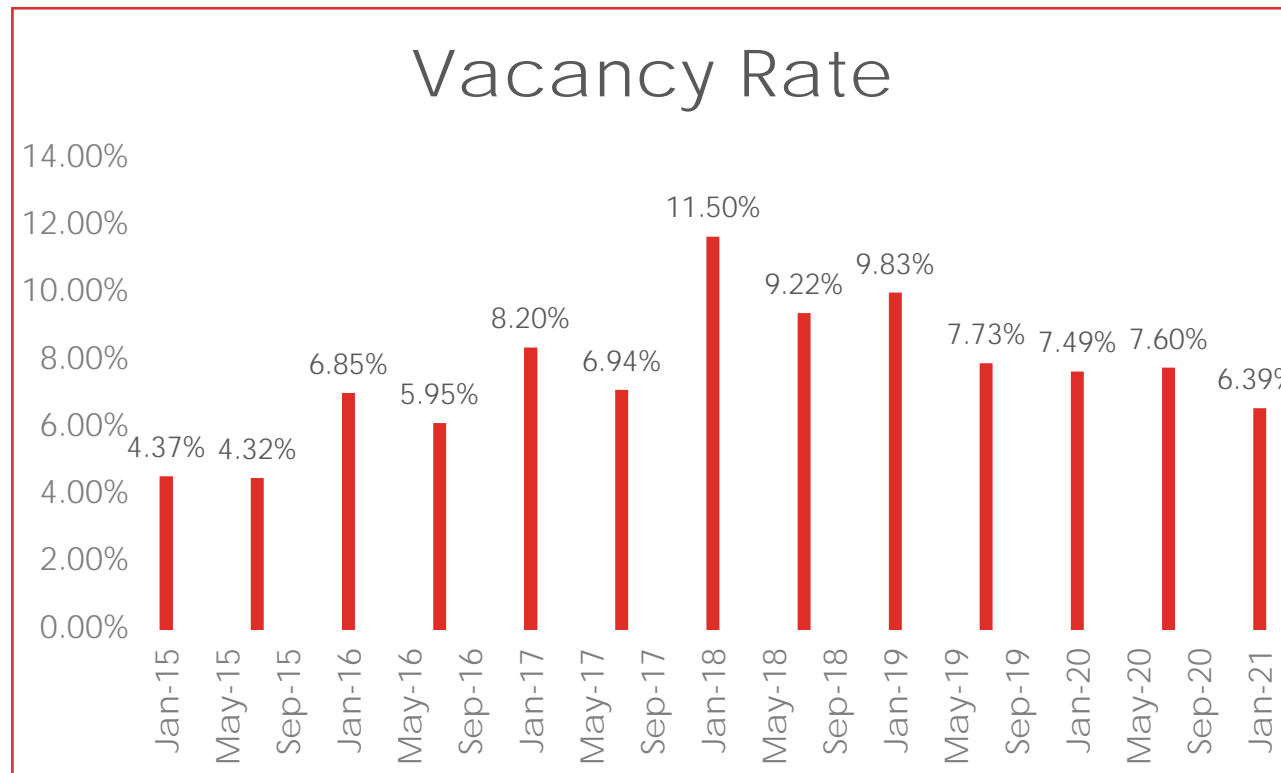
Number of
Responses
16,786



Number of
Units Vacant
1,114



Occupancy
93%



Market Rate Property Data from SDMHA