

SOW MODULAR

MIDWEST REGION FEASIBILITY STUDY



PREPARED BY

JOHN JOYCE, CCIM, SIOR
847-778-1254
john.joyce@svn.com

CAITLIN CRAWFORD
847-464-8469
caitlin.crawford@svn.com

DISCLAIMER

The material contained in this Brochure is furnished solely for the purpose of considering the purchase of the property within and is not to be used for any other purpose. This information should not, under any circumstances, be photocopied or disclosed to any third party without the written consent of the SVN® Advisor or Property Owner, or used for any purpose whatsoever other than to evaluate the possible purchase of the Property.

The only party authorized to represent the Owner in connection with the sale of the Property is the SVN Advisor listed in this proposal, and no other person is authorized by the Owner to provide any information or to make any representations other than contained in this Offering Brochure. If the person receiving these materials does not choose to pursue a purchase of the Property, this Offering Brochure must be returned to the SVN Advisor.

Neither the SVN Advisor nor the Owner make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein is or shall be relied upon as a promise or representation as to the future representation of the Property. This Offering Brochure may include certain statements and estimates with respect to the Property. These Assumptions may or may not be proven to be correct, and there can be no assurance that such estimates will be achieved. Further, the SVN Advisor and the Owner disclaim any and all liability for representations or warranties, expressed or implied, contained in or omitted from this Offering Brochure, or any other written or oral communication transmitted or made available to the recipient. The recipient shall be entitled to rely solely on those representations and warranties that may be made to it in any final, fully executed and delivered Real Estate Purchase Agreement between it and Owner.

The information contained herein is subject to change without notice and the recipient of these materials shall not look to Owner or the SVN Advisor nor any of their officers, employees, representatives, independent contractors or affiliates, for the accuracy or completeness thereof. Recipients of this Offering Brochure are advised and encouraged to conduct their own comprehensive review and analysis of the Property.

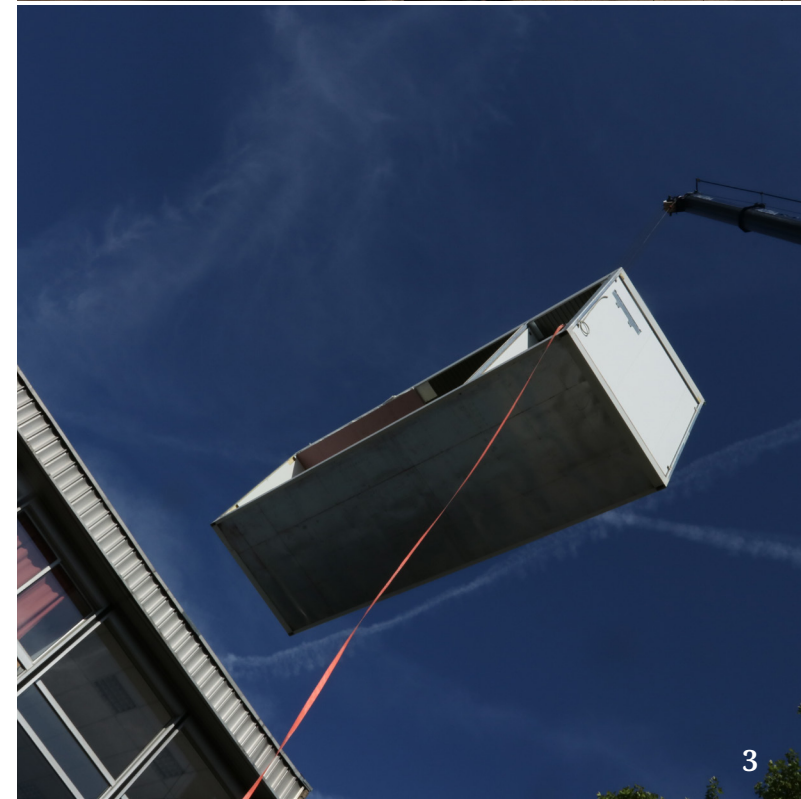
This Offering Brochure is a solicitation of interest only and is not an offer to sell the Property. The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest to purchase the Property and expressly reserves the right, at its sole discretion, to terminate negotiations with any entity, for any reason, at any time with or without notice. The Owner shall have no legal commitment or obligation to any entity reviewing the Offering Brochure or making an offer to purchase the Property unless and until the Owner executes and delivers a signed Real Estate Purchase Agreement on terms acceptable to Owner, in Owner's sole discretion. By submitting an offer, a prospective purchaser will be deemed to have acknowledged the foregoing and agreed to release the Owner and the SVN Advisor from any liability with respect thereto.

To the extent Owner or any agent of Owner corresponds with any prospective purchaser, any prospective purchaser should not rely on any such correspondence or statements as binding Owner. Only a fully executed Real Estate Purchase Agreement shall bind the property and each prospective purchaser proceeds at its own risk.

SOW Modular uses innovative solutions to build sustainable homes and is committed to building the highest-quality factory-built homes at the very best prices, and the ability to provide sound components to make home buyers live out their dreams with their loved ones.

While modular home backlogs continue to trend toward historical levels due to retailer destocking, we see positive demand in key channels and select markets. The momentum in the business continues to be driven by the ability to increase engagement with a growing base of home buyers while highlighting the unique offering of value-oriented homes.

Most homes are shipped from the factory directly to the customer site; they avoid expensive freight and set-up costs. There are dozens of floor plans available, suitable for families of all sizes. Families can enjoy quality manufactured homes at an exceptional value as well as fun, excitement, and the chance to experience new things. The construction of vertical multi-story buildings is in high demand and can be built “out” more economically than most developers or constructors can do in terms of in-house development costs. This is due to our modular framing that connects just in time.

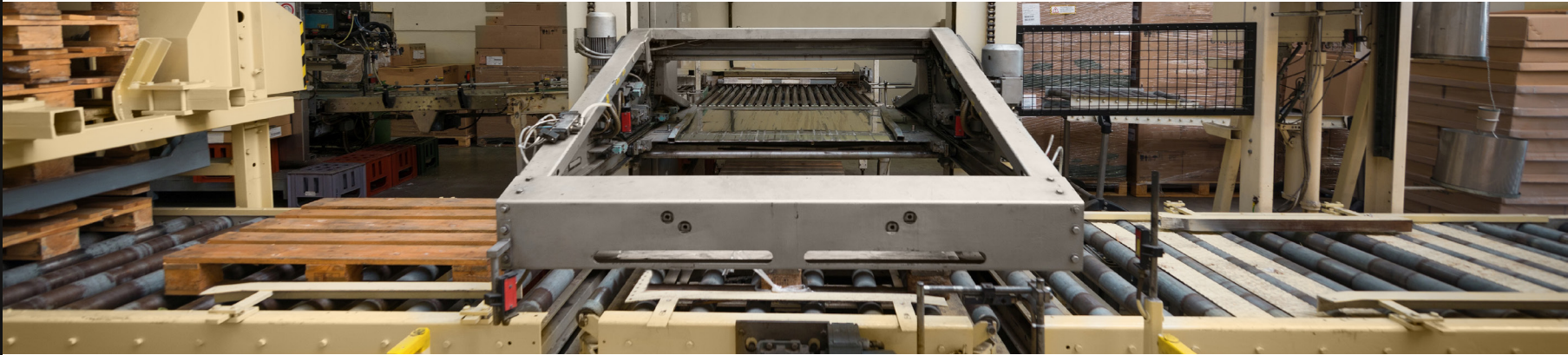


The finished projects are developed quickly and at a lower cost on average than conventionally developed urban projects of similar type and size. These are significant competitive advantages for disrupting the large world urban construction market. The company's primary goal is to provide a viable economic solution to a well-known societal problem that causes human pain and suffering in large metropolitan areas worldwide, as well as offer housing affordability for all classes. A solution that will change the landscape of our planet's metropolitan areas, but for the better.

Clean energy cannot be overlooked and is an absolute must for the future of our planet and our children. Solar and carbon-capture technology for modular home construction has proven to be reliable and ready to make the transition to a clean, renewable-energy world. We leave a green, zero-carbon footprint that replaces inefficiencies.



There are several reasons why modular homes may be in high demand in the future in the Midwest region of the United States. The top reasons are affordability, customization, energy efficiency, construction speed, and sustainability. First, affordability, modular homes are typically more affordable than traditional stick-built homes, which makes them a more attractive option for people on a budget. This is especially relevant in the Midwest region, where living costs are often lower than in other parts of the country.



The ability for customization, modular homes can be customized to meet a wide range of design preferences and needs, which can be particularly important in the Midwest region where there may be a greater emphasis on functional design features to deal with harsh weather conditions. Energy efficiency is a key factor in modular homes which are typically built to higher energy efficiency standards than traditional homes. This can be a significant advantage in a region like the Midwest where heating and

cooling costs can be high. The speed of construction, modular homes are typically faster to construct than traditional homes, which can be a crucial factor in a region where weather conditions can often delay construction projects. Lastly, the sustainability of modular homes are often built using sustainable materials and construction methods, which can appeal to consumers who are concerned about the environment and want to reduce their carbon footprint.



In Illinois, according to Kristin Ginger, Manager of Communications & Development, Housing Action Illinois, there is a gap or shortage of affordable homes. A published report released March 16, 2023, by the National Low Income Housing Coalition (NLIHC) and Housing Action Illinois, **finds a national shortage of 7.3 million affordable and available rental homes for extremely low-income renter households.** Every year, The Gap reports on the severe shortage of affordable rental homes available to families and individuals with the lowest incomes. Based on Housing Action's 2021 data, these are among the report's key findings for Illinois. There are only **34** affordable and available rental homes for every **100** extremely low-income renter households in Illinois. In Illinois, there are **443,746** extremely low-income renter households, but only **150,392** affordable rental homes available to them, resulting in a shortage of **293,354** affordable and available rental homes.

According to estimates by Freddie Mac, in the two-year period between 2018 and 2020, the national housing shortage increased 52% from 2.5 million to 3.8 million units. Affordable rental units, financed with Federal tax credits, are in greater demand than ever in recent history. Most affordable complexes are fully occupied with waiting lists of applicants. According to the US Census, Minneapolis has the lowest vacancy rate among the 30 largest US CBSA's.

The latest update from the National Housing Preservation Database (now available in SAVI) shows that there was a slight increase in the number of subsidized housing units in the Indianapolis region between 2018 and 2021. The Indianapolis region added 856 units for a total of 31,051. This represents a 3 percent increase. There are fewer affordable units than there are extremely low-income households. While there are 42,000 extremely low-income one-person households, there are only 8,383 units affordable to those households. Homes are considered affordable for that group if the rent is \$210 or below, which is virtually unachievable in the private market. Even many federal subsidy programs cannot provide such low rents.



For every ten extremely low-income households of any size, there are only six affordable rental homes in the Indianapolis region. There is also virtually no vacancy in this segment of the market, meaning it is very challenging to find an available unit. An estimated six to seven percent of rental homes affordable to low- and very low-income households are vacant. This healthy vacancy rate makes it easier for households to find an available unit to rent. Among units affordable for extremely low-income households, the vacancy rate is only one percent, an extremely restricted supply.

In St. Louis, renters who fall in the 0-30% AMI group face a supply shortfall of approximately 35,000 units based on available data. Although the data might show a sufficient supply for renters between 30-80% AMI, they still compete for the 35,000 same units with higher income renters looking for the lowest rents available. The number of newly constructed housing units annually has decreased by 40% since 2015. The St. Louis region needs additional 1-bedroom, 2-bedroom, and 3-bedroom units affordable to those making less than 30% of the annual median income.



Every year the Greater Kansas City Coalition to End Homelessness (GKCCEH) conducts a point-in-time count, essentially a census of how many people experience homelessness in Jackson County. Last year in Kansas City, 1,575 people were reported by the GKCCEH Coalition to be living without a home. This year, the houseless population is believed to be more than 1,700, though the U.S. Department of Housing and Urban Development has yet to verify the coalition's data. The National Low Income Housing Coalition estimates Missouri is experiencing a shortage of more than 110,000 for extremely low-income renters. In Kansas, the Sunflower State is estimated to be short by more than 50,000 homes.

Funded by the Building Industry Association of Central Ohio, the report concluded that 14,000 to 19,000 homes should be built each year instead of the 8,000 to 9,000 the region has added annually over the past decade. If construction doesn't rise to meet demand, home prices and rents will continue to dramatically outpace income growth, the report warns.



Overall, these factors suggest that modular homes may be in high demand in the future within the Midwest region of the United States, as they offer a combination of affordability, customization, energy efficiency, speed of construction, and sustainability that can meet the needs of many consumers in the region.



CONTACT

JOHN JOYCE, CCIM, SIOR

847-778-1254

john.joyce@svn.com

CAITLIN CRAWFORD

847-464-8469

caitlin.crawford@svn.com

**SVN[®] Chicago Commercial
Industrial Team**

10275 W Higgins Road, Suite 480

Rosemont, IL 60018

www.svnchicago.com



Collective Strength.
Accelerated Growth.

