

Icarus Investment Group secures \$20M loan for large SW Side apartment portfolio

The loan will finance a deal for 23 buildings with a total of 325 units scattered near Midway Airport

By [Alex Nitkin](#) | June 21, 2018 11:30AM



*Icarus CEO David Pezzola, and Midway Airport
(Credit: David Wilson via Flickr)*

Icarus Investment Group secured a \$20.3 million bridge loan for the purchase of 23-building portfolio comprising 325 apartment units near Midway Airport, *The Real Deal* has learned.

The financing from Pembroke Capital Management smoothes the way for Icarus, headed by CEO David Pezzola, to buy the three- and four-story walk-ups from Cano Properties.

Many of the buildings, which are scattered across the Chicago Lawn and West Lawn neighborhoods,

include storefront retail on the ground floor, combining for about 251,000 square feet of total space.

The residential component of the portfolio is about 94 percent occupied, but the retail space remains roughly 40 percent vacant, according to Paul Mullaney, Pembroke's managing director and head of underwriting. That's much higher than the Chicago-area [retail vacancy](#) rate of just over 11 percent in the first quarter, its highest in eight years, according to CBRE.

Pezzola will likely focus on leasing out the empty retail space while making minor renovations to some apartments, Mullaney said.

While none of the units are subsidized, they're all considered "naturally-occurring affordable housing" because rents are below 80 percent of area median income.

"It's a working-class neighborhood and the rents are very affordable, which is always a focus of ours," Mullaney said. He added that Cano, the previous property owner, "created a very good tenancy" and left "zero deferred maintenance."

Pembroke finalized a loan covering almost 90 percent of the portfolio's cost about a month after the lender honed in on the deal, Mullaney said. The company has doled out about \$1 billion in loans since its 2006 founding, and it lists CIBC Bank USA and BMO Harris Bank as chief investors.

Icarus already owns dozens of apartment buildings around the city's South and Southwest Side, combining for some 800 units.

The area surrounding Chicago's smaller airport has seen a rash of new industrial development, landing two of the city's [top 10 building permits](#) issued in May.

Earlier this month, a subsidiary of the Dutch travel company BCD Group paid \$6.2 million for a [10-acre commuter lot](#) near the airport.