

## OFFERING SUMMARY

**26 Apartment Units in  
7 Buildings on the same Block in  
Hollins Market Historic District and  
Federal Opportunity Zone**



Exceptional Opportunity to acquire 26 rental apartments in 7 buildings, all on the same City Block, in one of the City's fastest growing neighborhoods.

### EXECUTIVE SUMMARY:

Retiring landlord is offering properties held and managed for more than 25 years in highly desirable, up-and-coming neighborhood next to a major University.

#### Unit Mix:

9	Studio Apartments
10	One-Bedroom Apartments
6	Two-Bedroom Apartments
1	Three-Bedroom Apartment
3	Brick garages

Current rents total \$21,410 per month; however, these rents are significantly below market. Rentometer suggests median rents in the range of \$1,050 for studio and one-bedroom apartments and \$1,300 for two-bedroom apartments resulting in a potential rent roll of more than \$29,000 per month.

Offering: \$2,100,000

Price Per Door: \$80,769

Price Per Sq.Ft.: \$82

Gross Rent Multiplier (GRM): 8.4 (assuming full occupancy)

Cap Rate: 7.2%

### NEIGHBORHOOD HIGHLIGHTS:

University of Maryland, Downtown Baltimore Campus has 5-graduate-level schools: Medical School, Pharmacy School, Dental School, Nursing School, and a Law School, which attract 5,700 students. The Schools has a budget of \$1.1 billion and employs an academic staff of 2,321, many of whom are part-time. The School does not have any on-campus housing. All students live off-campus, resulting in a huge demand for privately owned rental housing.

University of Maryland Medical Center is a teaching hospital with 841 beds employing a staff of 8,900 including 1,000 attending physicians and 900 residents and fellows in all medical specialties. The Campus includes the first-in-the-nation Shock Trauma Center, the highest volume trauma center in the United States.

The University of Maryland BioTech Park is located 600' from the subject properties, <http://umbiopark.com>. Over \$450 million has been invested in the development of this Park over the past 15 years. The Park employs over 1,000, many of whom are highly educated professionals, including PhD level scientists, business development and marketing personnel, lab technicians, clinical healthcare workers, and support staff. The Park includes the Maryland Proton Treatment Center, the State of Maryland Forensic Medical Center, and 200 MBA students at the University of Maryland Smith School

of Business. The University of Maryland spin-out bio-tech companies include Gliknik, Advanced Metrics, and Breethe. A new innovation space, called “The Grid” opened at 875 Hollins Street in 2017. The Bio-Tech Park master plan calls for a total of 12 buildings totaling 2 million square feet of space over a 14-acre campus with an expected total investment of over \$1 billion. When fully built-out, total employment is expected to increase to 3,000.

### Hollins Market

Hollins Market is an up-and-coming neighborhood in Southwest Baltimore conveniently located near downtown Baltimore, the Stadium district, and the University of Maryland Biopark. The historic area is very diverse with neighbors of all ages, races, and socioeconomic backgrounds including a recent wave of younger people moving into the area. The neighbors are actively involved in their community striving to work together to create a great place for everyone to live. Various community groups and individual neighbors have adopted empty lots, turning them into beautiful community green spaces and parks. An active community association sponsors monthly COP walks, movie and music nights, as well as an annual fall festival. The neighborhood is also home to a blossoming business district centered around the historic market with unique offerings like a puppet theater, an award winning pizzeria, and a barbershop. The area around the market is also the site of the annual SoWeBo Arts and Music festival that occurs on Memorial Day Weekend. With easy access to the highways and downtown, the location of Hollins Market is a huge selling point as well as the historic housing stock. (source: <http://livebaltimore.com>)

WalkScore.com grades the 800 block of Hollins Street as “91-Walker’s Paradise” meaning most daily errands do not require a car. The Transit Score of 80 means transportation is convenient for most trips. A 64 Bikeable score means the area is very bikeable. WalkScore gives a “B” Crime Grade to this block, indicating “lower crime area”.

The MARC Camden Yards train station (with commuter service to BWI, Washington DC, and Aberdeen), the Baltimore Subway line and Light Rail are just over a ½ mile from the properties.

“SOWEBO” (Southwest Baltimore) includes Washington Village (colloquially known as “Pig Town”) and Hollins Market. Every Memorial Day Weekend, the neighborhoods jointly host the Sowebo Arts and Music Festival, which draws hundreds of art and music lovers. Nearby Oriole Park at Camden Yards and M&T Bank Stadium, home of the Baltimore Ravens NFL football team, are just a half-mile from the 800 block of Hollins Street, with Baltimore’s Harbor Place 1 mile away.

Historic features include the Lithuanian Hall, just across the street from the Properties, Hollins Market (built in the mid 1800’s) just 3 blocks away, and the B&O Railroad museum, which is also 3 blocks away.

All of this makes SOWEBO a fun, exciting, interesting, and inviting place in which to live, work, and play. Martin Luther King Jr. Blvd is just 2 blocks away, with the ramp to I-95 about ¾ mile from the property. MLK also provides easy connection to the Maryland State Office Complex, I-83, and downtown Baltimore.

AGENCY DISCLOSURE: Ben Frederick Realty, Inc. is the seller's exclusive agent. The seller is a Maryland licensed real estate broker. Ben Frederick III, CCIM, one of Baltimore's leading multi-family apartment brokers, can be reached on his mobile phone at 410-752-6400 or Ben@BenFrederick.com

#### INVESTMENT RISKS:

ZONING: 4 of the 7 buildings are authorized for one less apartment than is actually present. Rectifying this could involve (a) combining apartments to make fewer, larger apartments, (b) filing an application to increase the allowed number of units to coincide with the actual number of apartment units present in the buildings, or (c) continuing current operations. The new process of licensing multi-family apartments eliminates Baltimore City Housing Inspectors from visiting each property each year; therefore, it is less likely that operating more units than permitted would come to the attention of enforcement officials. Alternatively, the City's new "Transform Baltimore" Zoning Code has several provisions that favor more multifamily apartments, such as a process that permits units to be approved without providing off-street parking, provisions that no longer limit the amount of a variance the Board of Municipal Zoning Appeals (BMZA) is authorized to grant.

According to our calculations:

- 859 Hollins has enough lot area to support 4 apartments, though this building contains 3 apartments and is currently zoned and licensed for only 2.
- 863 Hollins has enough lot area to support 4 apartments, though this building contains 3 apartments and is currently zoned and licensed for only 2.
- 871 Hollins is currently used as 3 apartments, though it is zoned and licensed for 2 and has enough lot area to support only 2.
- 40 Parkin is currently used as 3 apartments, though it is zoned and licensed for 2 and has enough lot area to support only 2.
- Therefore, 859 and 863 can achieve correct zoning by simply filing a use permit.
- 871 Hollins and 40 Parkin would require a hearing before the Board of Municipal Zoning Appeals (BMZA) in order to seek a variance for the lot area requirement.

LEAD-BASED PAINT: The properties are believed to have been originally constructed in the late 1800's. All properties built before 1978 are presumed to contain lead-based paint. The rented apartments have lead-inspection certificates which are up-to-date. The apartments have been renovated and updated at various times. There is no known history of persons contracting elevated blood lead levels while residing in these apartments.

UNDERGROUND STORAGE TANKS: only one 275-gallon above-grade oil tank was observed in one of the basements. There is no indication, and the seller has no knowledge of any underground tanks.

ASBESTOS: No asbestos insulation was observed on the Realtor's ® tour and inspection of the properties. Buildings of this age may have asbestos containing insulation, floor tile, ceiling tiles, and in other building materials.

This list is not all-inclusive of the investment risks.

#### INVESTMENT OPPORTUNITY:

##### CONTIGUOUS BUILDINGS:

The 6 buildings on Hollins Street are contiguous with the exception of 867 Hollins Street. If one were to acquire 867 Hollins Street, one could apply to close Collander Street to create a site over 18,000 sq.ft. or 0.42 acres. One could demolish the existing structures and build a high-rise commercial, residential, or mixed-use property on this site, increasing both density and value.

The Bio-Technology Park has PUD zoning, the boundary of which is on the north side of Hollins Street. It may be possible to amend the PUD to include the subject properties.

As the Bio-Technology Park continues to grow and develop, the accumulation of contiguous properties may one day be an attractive acquisition for the University of Maryland, the Bio-Technology Park developers, or for a company or a developer that has a strong desire to be next to the Bio-Tech Park, offering an additional value-add exit strategy for ownership of the subject properties.

### OPPORTUNITY ZONE

The Tax Cut and Jobs Act of 2017 created attractive and appealing tax incentives for investing in real estate and businesses in certain areas designated as Opportunity Zones. The subject properties are all located in an Opportunity Zone providing methods to reduce or eliminate capital gains taxes from the sale of other assets that are invested in an Opportunity Zone as well as lower taxes on profits made from an investment in these buildings.

### BELOW MARKET RENTS

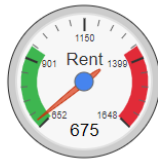
Typical of apartment properties held in the same ownership for 25 years; the rents charged are well below the market for this area.

<http://Rentometer.com> provides apartment property owners with a comparative analysis of subject property rents versus market rents for the immediate neighborhood in which the subject is located.

The average rent for a Studio Apartment in this portfolio is \$675. Rentometer suggests an average rent of \$1,149 for studio apartments in this market, for a potential 70% increase.

Your rent seems to be a good deal!

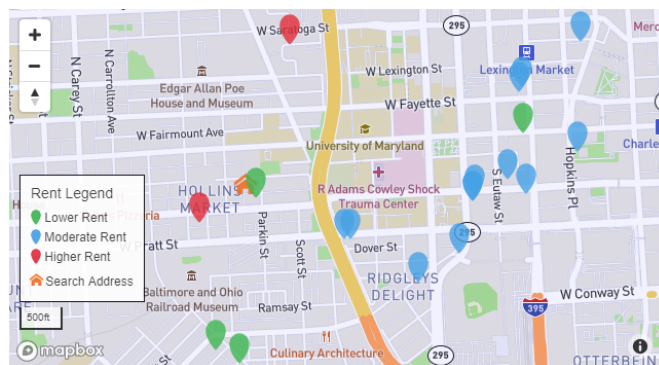
*Unless your apartment is in poor condition or has fewer amenities than most.*



859 Hollins Street Baltimore, Maryland 21201

Results based on 72, studio bedroom rentals seen within 12 months in a 1.50 mile radius.

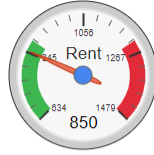
AVERAGE	MEDIAN
\$1,149	\$1,145
25TH PERCENTILE	75TH PERCENTILE
\$945	\$1,353



\$850 is the average current rent for one-bedrooms in this portfolio; whereas Rentometer suggests a median rent of \$1,072 for one-bedroom apartments in this market, a potential increase of 26%.

Your rent seems to be a good deal!

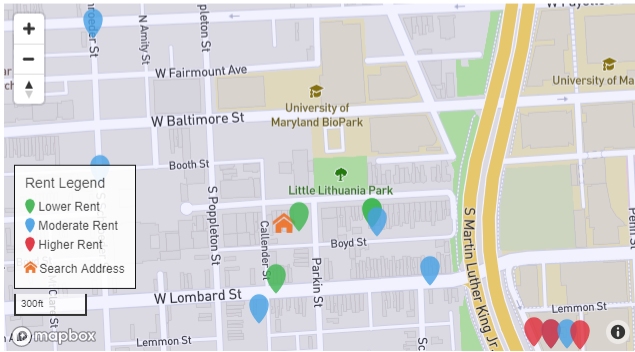
*Unless your apartment is in poor condition or has fewer amenities than most.*



**859 Hollins Street** Baltimore, Maryland 21201

Results based on 26, single bedroom rentals seen within 12 months in a 0.50 mile radius.

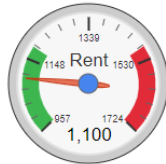
AVERAGE	MEDIAN
<b>\$1,056</b>	<b>\$1,072</b>
25 <sup>TH</sup> PERCENTILE	75 <sup>TH</sup> PERCENTILE
<b>\$883</b>	<b>\$1,229</b>



\$1,100 is a typical rent for a two-bedroom apartment in this portfolio where Rentometer.com suggests \$1,345 as a fair rent in this neighborhood, an increase of 22%

Your rent seems to be a good deal!

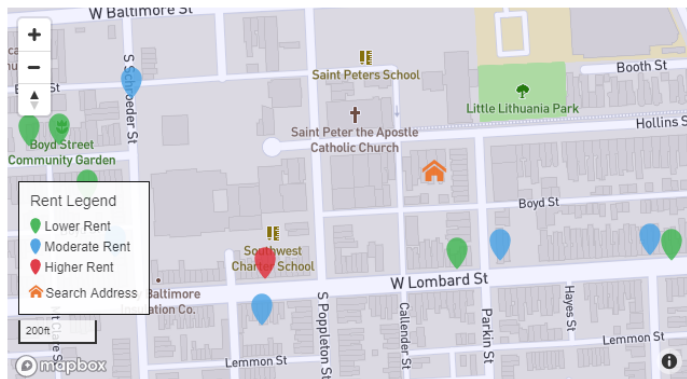
*Unless your apartment is in poor condition or has fewer amenities than most.*



**859 Hollins Street** Baltimore, Maryland 21201

Results based on 52, 2-bedroom rentals seen within 12 months in a 0.50 mile radius.

AVERAGE	MEDIAN
<b>\$1,340</b>	<b>\$1,345</b>
25 <sup>TH</sup> PERCENTILE	75 <sup>TH</sup> PERCENTILE
<b>\$1,182</b>	<b>\$1,497</b>



BALTIMORE CITY BLOCK PLAT #237

