



2 Apartments

868 West Lombard Street
Historic Hollins Market, Baltimore City, 21201

- 1 One-Bedroom, One-Bath Apartment
- 1 Three-Bedroom, Three-Bath Apartment

» Property

BUILT	~1900.
ZONING	R-8. Licensed for 2 Dwelling Units.
LOT	14'6" x 58'; Block 0237, Lot 001.
SIZE	2,022 Sq. Ft. Gross Living Area.

» Interiors

KITCHENS	Apt. 1 has laminate counters and cabinets. Appliances belong to the tenant. Apt. 2 has modern wood shaker cabinets, laminate counters, 5-burner gas range, dishwasher and garbage disposal.
BATHS	Apt. 1 has a steel tub with ceramic tile tub surround. Apt. 2 bathrooms feature steel tubs with marble tile tub surrounds. Modern vanities throughout.
WALLS & CEILINGS	Mostly plaster; some drywall.
FLOORS	Apt. 1 has wall-to-wall carpeting in living areas and laminate flooring in the kitchen and bathroom. Apt. 2 has parquet flooring throughout the living areas, ceramic tile in the kitchen and marble tile in the bathrooms.

» Exterior

CONSTRUCT	Brick construction with block foundation.
ROOF	Asphalt shingle roof.
WINDOWS	1 st Floor Apt has wooden windows; 2 nd Floor Apt has double hung vinyl replacement windows.
PARKING	None.
FIRE ESCAPE	None.

» Utilities

HEAT	Two Rheem gas-fired furnaces with central air conditioning.
HOT WATER	Two GE 40 gallon gas-fired water heaters.
ELECTRIC	2 electric meters.
GAS	2 gas meters.
PLUMBING	All observable supply lines are C-PVC. All observable drain lines are PVC.
TRASH	Baltimore City trash and recycling pick up included in property taxes.

» Environmental

LEAD-BASED PAINT	Full Risk Reduction certificates per MDE standard.
OILTANKS	None observed.
ASBESTOS	None observed.



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\$275,000 Fee Simple.
\$137,500 per unit, \$136 per sq.ft.

Equal Housing Opportunity: Offered without regard to race, religion, color, creed, sex, marital & family status, disability, and other protected classes. Subject to prior sale & withdrawal at any time in the owner's discretion. Information believed accurate and from reliable sources; however, Owner, Ben Frederick Realty, Inc. nor any of its agents make any warranties or representations about the Property, its condition, its components, its financial performance, nor this information. Ben Frederick Realty, Inc. is the Owner's exclusive Broker.

868 WEST LOMBARD STREET

INVESTMENT PROPERTY INCOME AND EXPENSE BUDGET

SUGGESTED FINANCING:		INVESTMENT OFFERING:	275,000
Loan-to-Value	75%	SOLD 2/22/2023:	290,000
Loan Amount	217,500	SUGGESTED LOAN AMOUNT	217,500
Interest Rate	7.25%	ESTIMATED CLOSING COSTS	14,500
Term	30	TOTAL INVESTMENT	87,000
Monthly P & I	\$ 1,483.73	Price Per Unit	2 145,000
		Price Per Sq.Ft.	2,022 143

Unit	Size	Lease Expires	Sec Dep	Sec Dep Date	Current Actual Rent	Market Rent
1st flr	1 BR	6/30/2024	none	7/1/2020	685	950
2nd flr	3 BR 3 BA	monthly	1,650	7/28/2021	1,636	1,725
GRM (actual) = 10.4	Total Monthly Rental Income				2,321	2,675
GRM (market) = 9.0	Total Gross Annual Income				27,852	32,100

Real Estate Taxes	actual	7/1/2023	140,000	3,304
Ground Rent	none			0
Insurance	budget	600 per unit		1,200
License - Baltimore City MFD	actual	30 per unit		60
Baltimore City Rental Inspection	budget	75 per unit /3 years		75
Lead Paint Registration Fee	actual	30 per unit		60
Repairs & Maintenance	budget	1,250 per unit		2,500
Public Service Gas & Electric	none	0 per month		0
Water	budget	60 per unit per mo		1,440
Expense/Unit= \$4,320	27%	TOTAL EXPENSES		8,639
Cap Rate= 8.09%		NET OPERATING INCOME		23,461
DCR= 1.32		Less: Mortgage Payments:		17,805
ROI= 6.5%		Monthly Cash Flow:	\$471	Annual Cash Flow:
				5,656

COMPARABLE SALES

address	date sold	sales price	# units	Monthly Rent	Price per Unit	GRM
1702 W Lombard	Jul-23	250,000	2	2,700	125,000	7.7
869 W Lombard	Aug-23	385,000	3		128,333	
1717 W Lombard	ACTIVE	279,900	2	2,125	139,950	11.0
891 W Lombard	May-23	325,000	2	2,550	162,500	10.6
1315 Hollins	Nov-22	325,000	2		162,500	



Call Tom Fair

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mobile

Seller's Exclusive Agent

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Property offered without regard to protected classes, including race, religion, color, creed, sex, marital & family status, and/or disability. Property offering is subject to prior sale & withdrawal at any time in the owner's discretion. All information should be considered as observed by Broker. Purchaser is advised to verify all information to Purchaser's satisfaction.

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Illustration of the Four Components of "Return on Investment"

1 Cash Flow

This first and perhaps most obvious component is "cash flow" - rental income minus expenses - or how much cash ends up in your pocket.

32,100	+	Rental Income
8,639	-	Operating Expenses
16,884	-	Mortgage Payments
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6,577	=	Cash Flow
82,500	/	Downpayment + Closing Costs
8.0%	=	Return on Investment from Cash Flow

2 Appreciation

As the value of the property increases, your return on investment increases.

275,000	=	Acquisition Price
5%	*	First Year Appreciation
288,750	=	Value at the end of Year 1.
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13,750	=	Amount of Value Increase
82,500	/	Downpayment + Closing Costs
17%	=	Return on Investment from Appreciation

3 Equity Build-Up

7.25% 30 \$ 1,406.99

Even if the property did not increase in value, Equity will increase solely from paying down the mortgage.

206,250	=	Loan Amount at Closing
204,254	=	Loan Amount at the end of Year 1
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1,996	-	Equity Build-Up in Year 1
82,500	/	Downpayment + Closing Costs
2.4%	=	Return on Investment from Equity Build-Up

4 Tax Benefits

One pays less income taxes on a real estate investment than on other investment vehicles.

23,461	=	Cash Flow Before Loan Payments (rents less expenses)
7,792	-	Depreciation (assumes 15% land, 30 year recovery)
14,888	-	Mortgage Interest
782	=	Taxable Income Year 1
625		Less 20% Exclusion for LLC Ownership under new tax law
37%	*	Marginal Tax Rate
231.38	=	Federal Income Tax
231		Federal Income Tax
6,577	/	Cash Flow
3.5%	=	Effective Tax Rate on This Investment
2,434	=	Tax if Cash Flow came from a non-preferred investment vehicle
231	-	Tax from this preferred investment vehicle.
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2,202	=	Income Tax Savings
2.7%	=	Return on Investment from Tax Savings

Total / Summary

1:	6,577	Cash Flow
2:	13,750	Appreciation Year 1
3:	1,996	Equity Build Up Year 1
4:	2,202	Tax Savings Year 1
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	24,526	Total Return from this Investment
	82,500	Downpayment + Closing Costs
	29.7%	Total Return from this Investment

Illustration of Internal Rate of Return over a 10-Year Holding Period
868 WEST LOMBARD STREET

Purchase Price	275,000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Annual Rent	4.0%	32,100	33,384	34,719	36,108	37,552	39,055	40,617	42,241	43,931	45,688	
Vacancy	3.0%	963	1,002	1,042	1,083	1,127	1,172	1,219	1,267	1,318	1,371	
Effective Income		31,137	32,382	33,678	35,025	36,426	37,883	39,398	40,974	42,613	44,318	
Expenses	4.0%	8,639	8,985	9,344	9,718	10,106	10,511	10,931	11,368	11,823	12,296	
Exp as a percent of Annual Rent		28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	
Exp per unit	2	4,320	4,492	4,672	4,859	5,053	5,255	5,466	5,684	5,912	6,148	
NOI	0	22,498	23,398	24,334	25,307	26,319	27,372	28,467	29,606	30,790	32,022	
Debt Service	\$ 1,407	16,884	16,884	16,884	16,884	16,884	16,884	16,884	16,884	16,884	16,884	
Before Tax Cash Flow	(82,500)	5,614	6,514	7,450	8,423	9,436	10,488	11,583	12,722	13,906	205,049	
16.6% Internal Rate of Return												
NOI		22,498	23,398	24,334	25,307	26,319	27,372	28,467	29,606	30,790	32,022	
Less Interest		14,888	14,738	14,577	14,404	14,218	14,019	13,804	13,573	13,325	13,058	
Less Depreciation		7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	
Taxable Income to Individuals		277	1,327	2,423	3,570	4,768	6,020	7,330	8,700	10,132	11,630	
Pass Thru Entity	20%	(55)	(265)	(485)	(714)	(954)	(1,204)	(1,466)	(1,740)	(2,026)	(2,326)	
Taxable Income	0	222	1,061	1,939	2,856	3,814	4,816	5,864	6,960	8,106	9,304	
Tax @ *	37%	82	393	717	1,057	1,411	1,782	2,170	2,575	2,999	3,443	
After Tax Cash Flow	(82,500)	5,532	6,121	6,733	7,367	8,024	8,706	9,414	10,147	10,907	168,354	
14.0% Internal Rate of Return												
Purchase	275,000							Assume a Sale at End of Year 10				
L-V	75%							Annual Rent Roll				45,688
Loan	206,250							GRM				8.6
Down Payment	68,750						annual appreciation	3.6%	Price			391,411
Cap Improvement	-								Sale Costs			6%
Closing Costs	13,750								Less: Basis			201,667
Initial Investment	82,500								Gain			166,259
Rate	7.25%								Tax @			20%
Term	30								Mortgage Balance			178,015
P&I	\$1,406.99								Sale Proceeds Before Tax			189,911
									Sale Proceeds After Tax			156,659
Mortgage Amortization		1	2	3	4	5	6	7	8	9	10	
206,250	Beg Bal	206,250	204,254	202,108	199,801	197,322	194,656	191,791	188,711	185,400	181,841	
7.25%	Prin	1,996	2,146	2,307	2,480	2,665	2,865	3,080	3,311	3,559	3,826	
30.0	Int	14,888	14,738	14,577	14,404	14,218	14,019	13,804	13,573	13,325	13,058	
1,407	Bal EOY	204,254	202,108	199,801	197,322	194,656	191,791	188,711	185,400	181,841	178,015	
Cost Recovery / Depreciation		275,000	275,000	Building	80%	220,000	Land	20%	55,000	Life	30	
		7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	
Basis		267,667	260,333	253,000	245,667	238,333	231,000	223,667	216,333	209,000	201,667	

* Tax rate of 35% applies to income of \$200,001 to \$500,000 for singles; \$400,001 to \$600,000 for married filing jointly. Marginal rate above \$500k/\$600k is 37%.