PROGRAM STRATEGY

PROGRAM STRATEGY — 6 RESIDENCES

The as-filed 6-unit multifamily program vs. the by-right single-family home

01 SIX RESIDENCES

- Six 2BR/2BA residences — two per floor on floors 2, 3 & 4
- ~1,063–1,160 SF per unit | elevator + historic stair core
- Restored 1906 Totten envelope; 5 secured parking spaces

02 BUILDING AMENITY

- Ground-floor entry, parlor & gathering space + fitness
- Landscaped garden, pool & secured parking court
- New elevator serving all residential floors

03 IN-RESIDENCE AMENITIES

- Wellness / longevity suite — sauna, steam, cold plunge
- In-residence fitness; wine storage and bar integration
- Entertaining-focused layouts

04 SECURITY, PRIVACY & TECHNOLOGY

- Advanced access control; discreet, controlled circulation
- Remote entry for owners, guests, staff, and deliveries
- Integrated package management

BOTTOM LINE

The as-filed 6-unit multifamily program is the economically feasible use — it supports both a for-sale condo conversion AND a rental hold. The by-right single-family home supports neither viably (see Single-Family Analysis).

6-UNIT PROGRAM vs. SINGLE-FAMILY

Six income-producing residences vs. one 16,188 SF by-right home

THE PROGRAM

- Six 2BR/2BA residences — two per floor on floors 2, 3 & 4
- Northeast + South residence on each residential floor
- ~1,063–1,160 SF per unit | 16,188 SF GFA
- New elevator + historic stair core; 5 secured parking
- Ground-floor entry, parlor, fitness, garden & pool

UNIT MIX BY FLOOR

Floor 2	2 × 2BR/2BA	**~2,185 SF**
Floor 3	2 × 2BR/2BA	**~2,230 SF**
Floor 4	2 × 2BR/2BA	**~2,295 SF**
Ground	Entry + amenity	—
TOTAL (6 UNITS)		**16,188 SF GFA**

6-UNIT MULTIFAMILY vs. SINGLE-FAMILY (BY-RIGHT)

	6-UNIT MULTIFAMILY	SINGLE-FAMILY (BY-RIGHT)
Saleable units	**6**	1
Product	**Six 2BR/2BA residences (16,188 SF GFA)**	One 16,188 SF mansion
Buyer market	**Deep, liquid Kalorama luxury**	Near-empty 16k SF trophy tier
Exit options	**For-sale OR rental**	Single illiquid sale —thin rental market at this size

CONDO OUTSALE COMPARABLES

2201
R STREET NW
WASHINGTON, D.C. 20008

CONDO COMPS — DIRECT + STRETCH

10 direct Kalorama matches + 5 broader DC luxury stretch comps

DIRECT AVG $/SF	DIRECT RANGE	STRETCH AVG $/SF	STRETCH RANGE
$1,054	**$909–$1,283**	**$1,412**	**$1,309–$1,556**
10 Kalorama 2,000+ SF 3BR	Kalorama market ceiling	5 broader DC luxury comps	Top of DC luxury condo

#	ADDRESS	TYPE / NOTE	SIZE	SOLD PRICE	$/SF
DIRECT MATCH — KALORAMA 2,000+ SF 3BR (most representative)					
1	2120 Wyoming Ave NW #3	DUP 3BR/2.5BA	2,689	$3,450,000	**$1,283**
2	2225 California St NW #PH1	2BR/3.5BA	1,495	$1,740,000	**$1,164**
3	1840 Kalorama Rd NW #11	3BR/2.5BA	2,047	$2,299,900	**$1,124**
4	1631 33rd St NW	TRIPLEX 3BR/3BA	2,550	$2,800,000	**$1,098**
5	3052 R St NW #307	DUP 3BR/3.5BA	2,495	$2,700,000	**$1,082**
6	1701 18th St NW #401	3BR/3BA (Active)	1,641	$1,649,900	**$1,005**
7	2120 Wyoming Ave NW #2	3BR/2.5BA	2,401	$2,350,000	**$979**
8	1440 Church St NW #504	2BR/2.5BA	2,298	$2,200,000	**$957**
9	2029 Connecticut Ave NW #54	3BR/3BA	3,200	$2,999,000	**$937**
10	1775 Church St NW #8	DUP 2BR/2.5BA	2,200	$2,000,000	**$909**
STRETCH — BROADER DC LUXURY CONDO MARKET (different attributes — see note)					
11	1055 Wisconsin Ave NW #4E	*Georgetown new construction*	4,018	$6,250,000	**$1,556**
12	925 H St NW #810	*Penn Quarter new construction*	1,378	$2,000,000	**$1,451**
13	3150 South St NW #PH1A	*Georgetown PH*	3,050	$4,300,000	**$1,410**
14	1111 24th St NW #PH103	*West End PH*	2,919	$3,900,000	**$1,336**
15	810 O St NW #902	*Shaw mid-market*	1,145	$1,499,000	**$1,309**

WHY STRETCH COMPS ARE NOT DIRECT MATCHES

Stretch comps are full-service or new-construction buildings (PH units, Georgetown / Penn Quarter / West End / Shaw) — different value drivers than a 6-unit Kalorama walk-up. They show what $1,300–$1,556/SF requires (concierge, amenitized building, new construction, or PH product), but are not directly comparable to our boutique program.

Source: Kimberly Casey Team | McWilliams|Ballard Pricing Analysis (4/30/2026). Direct = 2,000+ SF 3BR/2.5–3.5BA in Kalorama / Dupont. Stretch = top 5 of Bright MLS DC ultra-luxury set (excl. waterfront).

CONDO FINANCIAL ANALYSIS

CONDO FINANCIALS — PREMIUM CASE

6 residences | ~6,604 SF unit area (per plans) | $2,500/SF — premium for a one-off, amenity-rich building

OUTSALE VALUE	RESIDUAL LAND VALUE	vs. OWNER BASIS	DEVELOPER PROFIT
$16.51M	$6.18M	−$1.22M	$2.75M
$2,500/SF	On ~6,604 SF per plans	−16% vs $7.4M basis	20% return on cost

CONDO RESIDUAL LAND VALUE

Total Outsale Value	**$16,510,000**
(−) Hard Costs ($300/SF)	**($4,856,400)**
(−) Soft Costs ($25/SF)	**($404,700)**
(−) Contingency + Dev Fee	**($420,888)**
(−) Construction Carry (12 mo)	**($413,008)**
(−) Cost of Sales (7.9%)	**($1,304,290)**
(−) Required 20% Profit	**($2,751,667)**
(−) Land Closing (2.9%)	**($179,243)**
RESIDUAL LAND VALUE	**$6,179,804**

WHAT THE $2,500/SF CASE ASSUMES

- High-quality finishes appropriate to the Kalorama boutique-condo tier
- Six 2BR/2BA residences with elevator access and 5 secured parking spaces
- Priced on real unit area (~6,604 SF) — buyers pay a premium for the building's shared amenity, not just interior SF
- Top-floor and parking premiums realized
- A one-off product — pool, fitness, parlor, elevator, restored mansion — with no direct condo comp at this scale

KEY SENSITIVITIES

Each +$100/SF in outsale lifts land value ~$0.5M | Each +$100/SF in hard cost reduces land value ~$1.6M.

A PREMIUM, ONE-OF-ONE PRODUCT

Priced on the real ~6,604 SF of unit area at a premium $2,500/SF. Residual land value is ~$6.2M — within reach of the $7.4M basis; the completed sellout (~$16.5M) and the rental hold (next section) capture the building's full value.

Soft $25/SF GFA; contingency 5% + developer fee 3% of hard+soft; cost of sales 7.9%; 20% profit on total cost; 12-month construction carry; hard cost $300/SF GFA. ~6,604 SF of unit area per the BZA plans across six residences; 16,188 GFA.

CONDO PATH — RESIDUAL LAND VALUE

Premium $2,500/SF case | vs. $7.4M owner's basis

PREMIUM CASE — $2,500 / SF

RESIDUAL LAND VALUE

$6.18M

GAP vs. OWNER'S BASIS

−$1.22M | −16%

On the real ~6,604 SF at a premium $2,500/SF. Residual land value is ~$6.2M — approaching the $7.4M basis; the completed sellout is ~$16.5M.

OBSERVATIONS

- On the real ~6,604 SF of unit area at a premium $2,500/SF, the for-sale condo path supports ~$6.2M of residual land value — far above the single-family alternative.
- Residual land sits just below the $7.4M basis; the completed sellout (~$16.5M) clears it — the owner captures value by building.
- Six 2BR/2BA residences sell into a deep boutique-condo buyer market; the program can also be held and rented.
- Execution flexibility — for-sale OR rental — is the decisive advantage over a single-family home.

KEY SENSITIVITIES

Each +$100/SF in hard cost reduces land value ~$1.6M | Each +$100/SF in outsale lifts land value ~$0.5M.

CONDO LAND VALUE

$6.18M

A premium, one-of-one product. Compare to the rental hold (next section, ~$18.2M stabilized) and the single-family alternative, which loses money at basis.

RENT COMPARABLES

RENT COMPS — PREMIUM 2BR/3BR (1,400+ SF)

Active and recent leases benchmarking our 6-unit 2BR/2BA rental program

AVG RENT	AVG $/SF/MO	AVG SIZE	# OF COMPS
$8,250/mo	$4.49	1,959 SF	7
Across 7 luxury comps	Range: $3.01 – $6.55	All 1,400+ SF 2BR/3BR	Filtered to 1,400+ SF 2BR/3BR

#	ADDRESS	TYPE	SIZE	MONTHLY	$/SF/MO
1	1329 Connecticut Ave NW #300	ROOFDECK 4BR/4.5BA	3,659	$11,000	$3.01
2	1825 19th St NW #PH	PH 2BR/2.5BA	1,450	$9,500	$6.55
3	2122 N St NW #8	DUP 2BR/2.5BA	1,930	$8,000	$4.15
4	1746 Q St NW #5	3BR/2.5BA	1,755	$8,000	$4.56
5	2012 Kalorama Rd NW #8	DUP 3BR/3BA	1,638	$7,250	$4.43
6	2151 Florida Ave NW	4BR/2BA	1,886	$7,000	$3.71
7	2125 S St NW #PH2	PH 2BR/2.5BA	1,397	$7,000	$5.01

IMPLICATION FOR OUR 6-UNIT RENTAL PROGRAM

Comps land $/SF/mo at $3.01 – $6.55 (avg ~$4.50). Our ~1,100 SF 2BR/2BA residences target ~$15,000/mo (~$13.6/SF/mo) — a deliberate premium well above the comp set, reflecting a one-off, amenity-rich building (private pool, fitness, parlor, elevator) with no direct rental comp at this level.

Source: McWilliams / Ballard Pricing Analysis (4/30/2026), filtered to 1,400+ SF 2BR/3BR luxury rentals.

RENTAL FINANCIAL ANALYSIS

RENTAL FINANCIALS — PREMIUM CASE

6-unit apartment program | ~1,100 SF 2BR/2BA | $15,000/mo per residence

AVG RENT	$/SF / MO	STABILIZED NOI	PROGRAM
$15,000/mo	**$13.64**	**$726,180**	**6 units**
Per residence	Premium tier	After 5% vac, 30% OpEx	all 2BR/2BA

STABILIZED NOI BUILD

Gross potential rent (6 × 12 × $15,000)	**$1,080,000**
(+) Parking (5 spaces × $200/mo)	**$12,000**
Annual gross income	**$1,092,000**
(−) Vacancy & collection (5%)	**($54,600)**
Effective gross income	**$1,037,400**
(−) Operating expenses (30% of EGI)	**($311,220)**
STABILIZED NOI	**$726,180**

NOI = $726,180 → capitalized on the next page

PREMIUM RENTAL — $15,000/MO

- $13.64/SF/mo on ~1,100 SF 2BR/2BA residences — a steep premium above the comp set
- Supported by premium rents of ~$13,000–$16,000/mo in Dupont / Kalorama
- Provides a financeable income stream and a fallback if the for-sale market softens
- No single-family equivalent — luxury home rentals thin out well below 16,000 SF, and the rent wouldn't support the value.

THE VERSATILITY ARGUMENT

The multifamily program can sell OR rent. That optionality is what the by-right single-family home lacks.

INCOME FALLBACK

Held and rented, the 6-unit program produces ~$726K of stabilized NOI — a financeable income stream. A 16,000 SF single-family home has scarce rental demand and no comparable income stream.

Vacancy 5%; operating expenses 30% of EGI (assumes residential tax classification post-occupancy). Parking: 5 spaces at $200/mo. Per-unit rents are a deliberate premium above the comp set for a one-off, amenity-rich building.

RENTAL UW — CAP RATE SENSITIVITY

Premium $15,000/mo case | stabilized NOI $726,180 | pre-construction value

STABILIZED VALUE = NOI ÷ CAP RATE

4.0% CAP	4.5% CAP	5.0% CAP
$18.15M	**$16.14M**	**$14.52M**
Aggressive	*Mid*	*Conservative*

KEY OBSERVATION

At the premium $15,000/mo rent and a 4.0–5.0% cap, the stabilized income stream is worth $14.5M–$18.2M before construction. Net of construction and a 20% developer return, the rental residual land value is ~$8.7M (see Apples-to-Apples) — above the $7.4M basis, the strongest of any path.

ASSUMPTIONS

- Program: as-filed 6-unit apartment house (six ~1,100 SF 2BR/2BA residences)
- Premium rent $15,000/mo per residence ($13.64/SF/mo); vacancy 5%; operating expenses 30% of EGI
- Cap range 4.0–5.0% reflects a boutique 6-unit luxury rental in Kalorama Heights (4.0% aggressive / 5.0% conservative)
- Stabilized NOI basis; lease-up and construction carry captured in the Apples-to-Apples residual land value

Source: Per-unit rent build per McWilliams / Ballard pricing analysis (April 30, 2026).

SINGLE-FAMILY ANALYSIS

SINGLE-FAMILY COMPS — 10K–20K SF

Trophy single-family sales | NW DC luxury submarkets | 2024–2025

AVG $/SF	$/SF RANGE	AVG SALE PRICE	# OF COMPS
$880	**$762–$970**	**$9.42M**	**5**
5 in-band sales	All under $1,000/SF	10k–12.3k SF homes	10,000–20,000 SF

#	ADDRESS	SUBMARKET / SOLD	SF	SOLD PRICE	$/SF
DIRECT — IN-BAND LUXURY SINGLE-FAMILY (10,000–12,300 SF), NW DC					
1	2230 S St NW	Kalorama / Dec 2024	12,300	$9,350,000	**$762**
2	4526 Hawthorne St NW	Wesley Heights / Jul 2024	9,894	$8,625,000	**$872**
3	1908 24th St NW	Kalorama / Aug 2024	10,292	$9,144,888	**$888**
4	2754 Chain Bridge Rd NW	Berkley / 2025	11,000	$9,995,000	**$909**
5	2750 Chain Bridge Rd NW	Berkley / Apr 2025	10,300	$9,995,000	**$970**

IMPLICATION FOR THE SINGLE-FAMILY PATH

At 16,188 SF the subject would be larger than every comp — and $/SF falls as homes get larger. The realistic luxury single-family market clears at $762–$970/SF (median $888); only billionaire-tier buyers absorbed 16k SF product. Just five in-band homes sold across luxury DC in two years, with 14-month to 5-year marketing periods. Underwriting the subject conservatively at $750/SF reflects its super-size, a near-empty buyer pool, and lack of rental fallback.

Sources: Redfin, Washingtonian, Axios, DC public records (2024–2025). In-band = arm's-length single-family sales 10,000–12,300 SF in NW DC luxury submarkets. SF per marketed third-party figures.

SINGLE-FAMILY FINANCIALS — FEASIBILITY

16,188 SF restored mansion | $750/SF outsale | $400/SF hard cost

SFH SALE VALUE	RESIDUAL LAND VALUE	vs. OWNER BASIS	RETURN AT BASIS
$12.14M	**$0.94M**	**−$6.46M**	**−27%**
16,188 SF @ $750/SF	Lowest of any path	−87% below $7.4M	Loss — not feasible

SINGLE-FAMILY RESIDUAL LAND VALUE

Sale Value — one single-family home	**$12,141,000**
(−) Hard Costs ($400/SF GFA)	**($6,475,200)**
(−) Soft Costs ($25/SF GFA)	**($404,700)**
(−) Contingency + Developer Fee	**($550,392)**
(−) Extended Carry (30-mo exposure)	**($758,812)**
(−) Cost of Sales (7.9%)	**($959,139)**
(−) Required 20% Profit	**($2,023,500)**
(−) Land Closing (2.9%)	**($27,316)**
RESIDUAL LAND VALUE	**$941,941**

WHY THE SINGLE-FAMILY PATH FAILS

- At the owner's $7.4M basis, the single-family build returns ~−$4.4M (−27% on cost) — it does not pencil.
- Supports only ~$0.9M of land value vs. condo $6.18M and rental $8.74M — the lowest of every path.
- Buyer pool is near-empty: only five DC homes of this size sold in two years; 14-month to 5-year marketing.
- Lack of rental fallback — very limited rental market at a 16,000 SF mansion, so a single illiquid sale is the only exit.
- Historic 1906 Totten mansion — the exterior must be preserved (no demolition; HPRB review for changes), and at 16,188 SF it's far larger than one household needs.

SENSITIVITY

Each +$100/SF in outsale lifts RLV ~$1.1M (to ~$2.1M at $850/SF — still far below condo/rental). At $400/SF construction for a bespoke mansion, RLV is ~$0.94M.

NOT FINANCIALLY FEASIBLE

The by-right single-family use cannot support the property's basis or a financeable return. Only the multifamily program produces a reasonable, financeable outcome with execution flexibility.

Methodology identical to the condo/rental underwriting (soft $25/SF GFA, contingency 5% + developer fee 3% of hard+soft, cost of sales 7.9%, 20% profit on total cost). Carry extended to a 30-month restoration + marketing exposure to reflect the comp sale periods. Hard cost $400/SF GFA reflects bespoke single-family construction vs. $300/SF for the repeatable multifamily units.

2201
R STREET NW
WASHINGTON, D.C. 20008

APPLES-TO-APPLES — THREE PATHS

Residual land value after construction + 20% developer return | condo, rental, single-family

CONDO LAND VALUE	RENTAL LAND VALUE	SINGLE-FAMILY LV	OWNER BASIS
$6.18M	**$8.74M**	**$0.94M**	**$7.4M**
Premium $2,500/SF	Premium @ 4.0% cap	$750/SF — lowest	Acquisition + carry

FOR-SALE CONDO

Premium $2,500/SF

Total Outsale Value	**$16,510,000**
(−) Hard Costs ($300/SF)	**($4,856,400)**
(−) Soft Costs	**($404,700)**
(−) Contingency + Dev Fee	**($420,888)**
(−) Construction Carry (12 mo)	**($413,008)**
(−) Cost of Sales (7.9%)	**($1,304,290)**
(−) Required 20% Profit	**($2,751,667)**
(−) Land Closing (2.9%)	**($179,243)**

RESIDUAL LAND VALUE

$6,179,804

HOLD-AND-RENT

Premium @ 4.0% cap

Stabilized Value (NOI ÷ cap)	**$18,154,500**
(−) Hard Costs ($300/SF)	**($4,856,400)**
(−) Soft Costs	**($404,700)**
(−) Contingency + Dev Fee	**($420,888)**
(−) Construction Carry	**($454,147)**
(−) Cost of Sales	**$0 (held)**
(−) Required 20% Profit	**($3,025,750)**
(−) Land Closing (2.9%)	**($253,436)**

RESIDUAL LAND VALUE

$8,739,179

SINGLE-FAMILY HOME

By-right | $750/SF

Sale Value (one home)	**$12,141,000**
(−) Hard Costs ($400/SF)	**($6,475,200)**
(−) Soft Costs	**($404,700)**
(−) Contingency + Dev Fee	**($550,392)**
(−) Extended Carry (30 mo)	**($758,812)**
(−) Cost of Sales (7.9%)	**($959,139)**
(−) Required 20% Profit	**($2,023,500)**
(−) Land Closing (2.9%)	**($27,316)**

RESIDUAL LAND VALUE

$941,941

BOV ANCHOR

Multifamily land: $6.2M – $8.7M
Single-family: ~$0.9M

READ-THROUGH

Multifamily supports $6.2M (condo) to $8.7M (rental) of residual land value — rental clears the $7.4M basis (+18%), vs. just $0.9M for single-family (−87%). Lower build cost ($300 vs $400/SF) widens the gap.

BOV CONCLUSION — THREE PATHS

Multifamily is Viable and Flexible | Single-Family is not Feasible | vs. $7.4M basis

FOR-SALE CONDO

RESIDUAL LAND VALUE

$6.18M

Premium $2,500/SF | gap −$1.22M (−16%)

- ~6,604 SF unit area (per plans) across 6 residences
- Deep, liquid Kalorama boutique-condo buyer market
- Can pivot to rental — built-in execution flexibility

HOLD-AND-RENT

RESIDUAL LAND VALUE

$8.74M

Premium $15,000/mo @ 4.0% cap

- Stabilized value ~$18.2M (NOI $726K @ 4.0% cap)
- Financeable income stream; premium leases
- Fallback if for-sale softens — the multifamily optionality

SINGLE-FAMILY (BY-RIGHT)

RESIDUAL LAND VALUE

$0.94M

−27% return at basis — NOT FEASIBLE

- One ~16,188 SF restored mansion at $750/SF ≈ $12.1M
- Near-empty buyer pool; 14-mo to 5-yr marketing; no rental fallback
- Loses ~$4.4M at the $7.4M basis — cannot be financed

BOV ANCHOR

$6.2M – $8.7M

Multifamily residual land value (condo $6.2M / rental $8.7M); completed value ~$16–18M. Single-family supports only ~$0.9M.

POSITIONING

The by-right single-family use is not financially feasible — it loses ~$4.4M at basis with no buyer pool and no rental fallback. The multifamily program is the only use that produces a reasonable, financeable return; the rental path clears the owner's basis and the condo approaches it.

Preliminary high-level analysis. Subject to architectural refinement, detailed feasibility study, entitlement outcome, and updated market conditions. The single-family scenario assumes restoring the existing historic building (exterior preserved) rather than demolition and rebuild, consistent with the by-right R-3 use.

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www.FeldmanRuel.com

Feldman Ruel
(202) 318-6800 *main*
(202) 318-6870 *fax*
info@FeldmanRuel.com

Main Office
7250 Woodmont Avenue
Suite 300
Bethesda, MD 20814

Virginia Office
201 N Union Street
Suite 110
Alexandria, VA 22314

Josh Feldman
Managing Principal
(202) 318-6833
JFeldman@FeldmanRuel.com

Ian Ruel
Managing Principal
(202) 318-6844
IRuel@FeldmanRuel.com