

Depreciation & Tax Benefits

- **Depreciable Basis:** Approximately 62.46% of the assessed value is allocated to improvements, equating to \$660,523.
- **Annual Depreciation:** \$660,523 / 27.5 years \approx \$24,020 per year
- **5-Year Depreciation Total:** Approximately \$120,100 [Redfin](#)

These depreciation deductions can offset rental income, reducing taxable income over the years.

Renovation & Value-Add Potential

- **Below-Market Rents:** Current 1-bed units average \$1,295/month; market rates are approximately \$2,600/month.
 - **Projected Rent Increase:** Post-renovation, annual gross income could reach approximately \$228,000.
 - **ADU Potential:** The property may allow for additional dwelling units (ADUs), subject to verification.
 - **Cap Rate Post-Renovation:** Potential to increase to approximately 6.5%, enhancing the property's value. [Redfin+1ApartmentFinder.com+1](#)
-

5-Year Value Projection

Assuming a conservative annual appreciation rate of 3%:

- **Year 1:** \$2,495,000
- **Year 2:** \$2,569,850
- **Year 3:** \$2,646,946
- **Year 4:** \$2,726,354
- **Year 5:** \$2,808,145 [Realtor+1Zillow+1Zillow+2Realtor+2Zillow+2](#)

Total Appreciation Over 5 Years: Approximately \$313,145

Combined 5-Year Financial Overview

Category	Estimated Value Over 5 Years
Depreciation Tax Shield	~\$120,100
Appreciation	~\$313,145

Category **Estimated Value Over 5 Years**
Total Estimated Benefit ~\$433,245

Note: These estimates exclude potential rental income and principal paydown, which could further enhance returns.

Comparable Properties

Address	Price	Units	Year Built	Price/Unit	Notes
940 S Gramercy Pl	\$2,495,000	8	1965	\$311,875	Below-market rents, renovation potential
913 S Wilton Pl	\$2,199,000	10	1920	\$219,900	Larger unit count, older construction
743 S Berendo St	\$3,455,000	11	1925	\$314,091	Recently renovated, higher price point

Conclusion

940 S Gramercy Pl presents a compelling opportunity for investors seeking value-add multifamily properties in Los Angeles. With its below-market rents, potential for additional units, and favorable tax benefits, the property offers significant upside potential over the next five years.