

GOOD · 21.5% margin · 97.4% cash-on-cash MARGIN

\$10M-\$15M PROJECT

#1 · 1511/1525 TALLYHO TRAIL, CHAPEL HILL, NC 27516

24.06 acres · 2 parcels · Fox Meadow adjacent · public sewer · MLS #10047640

LIST PRICE	\$2,550,000 for both parcels combined (MLS #10047640)	ACREAGE	24.06 ac (2 parcels: 1511 + 1525 Tallyho Trail)
MLS	#10047640 · Orange County · Carrboro jurisdiction	ZONING	RR — Carrboro (1-ac min lot; rezoning to higher density cited as possible in listing)
UTILITIES	Public sewer main traverses property (recent extension); public water and electric available	STRATEGY	Subdivide 14 lots (1-ac min, conservative); build 14 × 3,000 SF custom homes; entitlement upside on rezone
OUT-OF-POCKET CASH	\$3,436,995 (equity + closings + carry)	FINANCED	\$7,666,163 construction loan (~75% of \$10,221,550 total project)
MODELED	14 lots × 3,000 SF · \$370/SF ARV · \$111/SF builder grade · 20% intro margin · 24-mo build		

PROJECT COST	GROSS REVENUE	NET PROFIT	MARGIN	MAX OFFER (20%)
\$11.1M	\$15,540,000	+\$3,349,042	21.5% margin · 97.4% cash-on-cash	\$2,767,402

PRO FORMA

LINE	AMOUNT
Gross revenue — 14 homes × \$1,110,000 (\$370/SF × 3,000 SF, new custom construction)	\$15,540,000
Land acquisition + closing (~2%)	(\$2,601,000)
Construction — builder cost (14 homes · 42,000 SF × \$111 builder grade)	(\$4,662,000)
Home On builder margin (20% intro rate; standard 30%)	(\$1,165,500)
Site development / infrastructure (14 lots public utilities + 13-lot roads, incl. 20% margin)	(\$1,093,750)

LINE	AMOUNT
Soft costs — design/permits/survey (5% of construction, at cost)	(\$233,100)
Contingency (10% of construction, AT COST — typically returned if unused)	(\$466,200)
Construction loan closing + carry (1.5% closing + 10% APR on 24-mo draws)	(\$881,608)
Selling costs (~7%) — paid at sale closing, not out-of-pocket	(\$1,087,800)
NET PROFIT TO INVESTOR	~\$3,349,042 · 21.5% margin · 97.4% cash-on-cash

ARV support: 1003 Tallyho Trail (adjacent Fox Meadow) sold 3/27/2026 \$725,000/2,461 SF = \$294.60/SF; 8107 Kit Lane CH sold 11/2024 \$708,800/2,287 SF = \$309.90/SF; Fox Meadow 5/2025 \$578,000/1,820 SF = \$317.58/SF. New custom 3,000 SF homes on 1-ac lots modeled at \$370/SF (16% premium over recent existing comps — standard for new custom construction); break-even ARV = \$362/SF. MAO \$2,767,402 at \$370/SF (ask \$2,550,000 is \$217,402 below MAO — solid cushion). UNVERIFIED — confirm against new construction sold comps in Carrboro/CH before offer.

DILIGENCE GATES

GO: Public sewer main confirmed traversing property (per listing); adjacent to established Fox Meadow subdivision; 5 miles to UNC and UNC Hospitals; RR zoning with precedent for rezoning if public sewer available; Orange County MLS active listing.

VERIFY: Confirm MLS still active and days on market; pull Orange County GIS/CAMA for parcel boundaries, road frontage, and recorded acreage; check FEMA FIRM for flood zone exposure (Watkins area); verify Carrboro ETJ vs. city limits jurisdiction; get Carrboro Planning assessment on UDO rewrite and rezone feasibility with sewer in place; survey lot yield and road layout for 14-lot conservative plan; confirm sewer connection feasibility and cost per lot; verify no deed restrictions or conservation easements; confirm no HOA covenants from adjacent Fox Meadow; check Neuse River buffer applicability.

STOP: If FEMA flood zone covers >20% of gross acreage; if Carrboro flatly rejects any rezoning; if sewer connections require pumping or force main at prohibitive cost; if deed restrictions preclude subdivision.

VERDICT

Best development play in this scan. The price is essentially at or below the MAO for a straightforward 14-lot, 1-acre-minimum build-out: at the \$370/SF ARV target the investor nets +\$3,349,042 (21.5% margin, 97.4% cash-on-cash). Conservative case at \$350/SF yields 17.5% margin — near-miss on the 20% hurdle that could be fixed with a modest price negotiation to ~\$2.37M. The real prize is entitlement: Carrboro is rewriting its UDO (adoption Winter 2026), and a public sewer main now traverses this property — the strongest argument possible for requesting higher density. If rezoned to R-15 (15,000 SF lots), yield climbs to ~40 lots and the deal becomes exceptional. Home On is a licensed NC GC (L-103184) — this is a natural build-invest fit. Recommend site visit + Carrboro Planning meeting before offer. Ask price \$2,550,000; negotiate toward \$2.37M (\$2.37M is the MAO for 20% margin at conservative \$350/SF).