

GOOD · 18.6% (base \$480K/unit) → 20.1% at \$490K/unit MARGIN

\$1M-\$5M PROJECT

#1 · 5202 GARRETT RD (LOTS 62-64), DURHAM, NC 27707

1.11 acres · 6 townhomes approved · MLS 10176692 · SW Durham near Duke/UNC

LIST PRICE	\$400,000	ACREAGE	1.11 acres (48,352 SF)
MLS	10176692	ZONING	City of Durham residential — 6 townhomes fully approved
UTILITIES	Public water & sewer (City of Durham)	STRATEGY	Build 6 new-construction townhomes on approved plan; sell individually
OUT-OF-POCKET CASH	\$633,460 (equity + closings + carry + listing prep)	FINANCED	\$1,514,363 construction loan (~75% of project)
MODELED	6 × 1,500 SF builder-grade townhomes @ \$480K/unit (\$320/SF conservative)		

PROJECT COST

\$2.14M

GROSS REVENUE

\$2,880,000

NET PROFIT

+\$535,578

MARGIN

18.6% (base \$480K/unit) → 20.1% at \$490K/unit

MAX OFFER (20%)

\$363,000 at \$480K ARV · \$444,000 at \$500K ARV

PRO FORMA

LINE	AMOUNT
Gross revenue — 6 units × \$480K (Garrett area comps)	\$2,880,000
Land acquisition + closing (~2%)	(\$408,000)
Construction — builder cost (9,000 SF × \$111 builder grade)	(\$999,000)
Home On builder margin (20% intro rate; standard 30%)	(\$249,750)
Site development / infrastructure (6 lots × \$35K cost, incl. 20% margin)	(\$262,500)
Contingency (10% of construction, AT COST — typically returned if unused)	(\$99,900)
Construction loan closing + carry (1.5% closing + 10% APR, 16 mo)	(\$123,672)

LINE	AMOUNT
Selling costs (~7%) — paid at sale closing, not out-of-pocket	(\$201,600)
NET PROFIT TO INVESTOR	~\$535,578 · 18.6% margin · 84.5% cash-on-cash

ARV support: Garrett area Durham median home \$625,000 / avg \$638,571 (May 2025); Southpoint townhomes \$340–615K median \$449K; new construction near Duke \$429/SF (1012 Manor Way, \$1.15M / 2,682 SF, 2025). Modeling \$480K/unit (\$320/SF) is conservative for new construction in the Garrett neighborhood. At \$490K/unit the investor clears 20.1% margin. MAO \$363K at \$480K ARV; \$444K at \$500K ARV — current \$400K ask sits between, making ARV verification the single most important gate before offer.

DILIGENCE GATES

GO: Permits fully approved by City of Durham; public sewer/water; land basis \$67K/door below typical Durham approved-site market; Garrett area median \$625K validates ARV; fully cleared MLS listing 10176692 active.
VERIFY: Pull approved site plan from seller; confirm no outstanding permit conditions; run Durham County GIS for setbacks/flood zone; title search; get 3 recent new-construction comps from local agent for ZIP 27707 to validate \$480K+ unit price; confirm public sewer service point location.
STOP: Environmental contamination; outstanding permit conditions delaying CO; new-construction comps in ZIP 27707 consistently below \$430K (margin becomes negative).

VERDICT

Strong, low-risk build opportunity. The full entitlement is done — Home On executes the build, the investor takes the profit. At \$480K/unit (conservative \$320/SF) the investor nets +\$535,578 (18.6% margin, 84.5% CoC). Bumping even \$10K/unit to \$490K pushes margin to 20.1%. With \$400K land basis, the MAO at base ARV is \$363K — negotiate toward \$375–385K if possible. At \$500K/unit (achievable given \$625K neighborhood median) the investor nets +\$647,178 (21.6% margin, 102% CoC). Recommend: visit site, request site plan, pull 3 recent new-construction comps in 27707 before offer.