

MARGINAL · 14.7% MARGIN

\$500K-\$1M PROJECT

#2 · 496 DAVIS LOVE DR, CHAPEL HILL, NC 27517 (THE PRESERVE AT JORDAN LAKE)

0.35-ac builder-ready lot, The Preserve at Jordan Lake — public sewer at street, MLS 10174285

LIST PRICE	\$149,450	ACREAGE	0.35 acres (156' × 154' builder-ready lot)
MLS	10174285 (Active — Chatham County, zip 27517)	ZONING	R-1 Residential (Chatham County)
UTILITIES	Public water + sewer CONFIRMED at street line (CarusoHomes listing); cable, electric, natural gas available	COMMUNITY	The Preserve at Jordan Lake — Davis Love III golf, pool, tennis, fitness, trails; HOA \$800/semi-annually
STRATEGY	Buy builder-ready lot, build 3,200 SF builder-grade home, sell into \$285/SF community comps OR build-own at significant discount to market	OUT-OF-POCKET CASH	\$160,723 (equity + closings + carry)
FINANCED	\$553,600 construction loan (~77.5% of project)	MODELED	3,200 SF, \$111/SF builder grade, \$285/SF ARV (community median sold \$/SF)

PROJECT COST	GROSS REVENUE	NET PROFIT	MARGIN	MAX OFFER (20%)
\$714K	\$912,000	+\$133,837	14.7%	\$104,000

PRO FORMA

LINE	AMOUNT
Gross revenue — sale price (3,200 SF × \$285/SF; community median sold \$/SF)	\$912,000
Land acquisition + closing (~2%)	(\$152,439)
Construction — builder cost (3,200 SF × \$111 builder grade)	(\$355,200)
Home On builder margin (20% intro rate; standard 30%)	(\$88,800)

LINE	AMOUNT
Site development / infrastructure — public sewer (incl. 20% margin)	(\$37,500)
Contingency (10% of construction, AT COST — typically returned if unused)	(\$44,400)
Construction loan closing + carry (10% APR on draws, 12-mo build)	(\$35,984)
Selling costs (~7%) — paid at sale closing, not out-of-pocket	(\$63,840)
NET PROFIT TO INVESTOR	~\$133,837 · 14.7% margin · 83% cash-on-cash

ARV support: The Preserve at Jordan Lake — Redfin/Neighborhoods.com median sale \$/SF \$256–\$285; median home sale ~\$940K (trailing 12 months); 7 sales in May 2026 (active market). Modeled at \$285/SF (upper documented range). MAO ~\$104,000 — ask \$149,450 is 43% above MAO, confirming MARGINAL grade for build-invest. Build-own angle: \$714K all-in to own a \$912K+ resort-community home — instant 22% equity on cost.

DILIGENCE GATES

GO: Public sewer confirmed (rare); R-1 builder-ready lot; established luxury community; HOA amenities support \$285+/SF; modest out-of-pocket (\$160K); excellent build-own value.
VERIFY: HOA min home size, architectural standards, builder approval process, any required construction timeline; flood zone status (Jordan Lake proximity); exact setbacks on 0.35 ac lot; current home inventory in community (7 sales/May 2026 is good but check current absorption).
STOP: If HOA imposes mandatory builder that inflates cost; if lot setbacks limit buildable SF; if community absorption stalls below 4 sales/year.

VERDICT

MARGINAL for build-invest (14.7% margin, below 20% target), but COMPELLING for build-own. An investor-owner building their primary home here spends \$714K all-in to create a \$912K home in a resort golf community with confirmed public sewer — instant \$198K equity on cost. For pure investment: net \$133,837 on \$160,723 OOP (83% cash-on-cash) — the return on cash is strong even though the margin % is under target. Consider negotiating to ~\$104K (MAO) if lot has sat. At \$285/SF this deal pays; watch for the comp ceiling — Preserve avg is \$285/SF but some sales reach \$300+/SF, which would push margin above 20%.