

MARGINAL · 15% MARGIN

\$5M-\$10M PROJECT

#4 · 1885 OLD OXFORD RD, DURHAM, NC

1885 Old Oxford Rd, Durham, NC — 8.65 ac RS-20, public W+S in ROW, tight-margin subdivision play

LIST PRICE	\$699,000 (Durham MLS)	ACREAGE	8.65 acres
LOCATION	1885 Old Oxford Rd, northeast Durham, NC	UTILITIES	Public water + sewer in ROW (connection to individual lots required)
ZONING	RS-20 (20,000 SF min lots) — 14 lots base case	REZONE UPSIDE	RS-20 → RS-12: adds ~4 lots; at \$300/SF = 17.6% margin (low-GOOD)
MAO GAP	MAO = \$284K vs \$699K ask — \$415K gap; no margin cushion at base case		

PROJECT COST	GROSS REVENUE	NET PROFIT	MARGIN	MAX OFFER (20%)
\$6.65M	\$8,526,000	+\$1,282,000	15%	\$284,000

PRO FORMA

LINE	AMOUNT
Gross revenue — 14 homes × 2,100 SF × \$290/SF (Durham base case)	\$8,526,000
Home On builder services — construction incl. 20% intro margin	(\$4,079,250)
Site development — 14 lots, public W+S in ROW connection	(\$525,000)
Subdivision infrastructure — 13 new lots	(\$568,750)
Construction contingency — 10% at cost	(\$326,340)
Land acquisition	(\$699,000)
Land closing — 2%	(\$13,980)
Construction loan closing — 1.5% of \$4.83M	(\$72,521)

LINE	AMOUNT
Carry interest — 10% APR, avg 50% drawn, 18 months	(\$362,603)
Selling costs — 7% of sale price	(\$596,820)
NET PROFIT TO INVESTOR	~\$1,282,000 · 15% margin · MARGINAL — rezone to RS-12 + \$300/SF Durham comps needed for GOOD (17.6%)

ARV support: Northeast Durham new-build corridor estimated \$280-300/SF based on market position. Pro forma uses \$290/SF conservative. At \$300/SF with RS-12 rezone (18 lots): \$1,555,000 net · 17.6% margin → approaching GOOD. MAO for 20% target = \$284K — \$415K below \$699K ask; confirms no margin cushion at current pricing. Only viable as a long-hold development play or with confirmed rezone path to RS-12.

DILIGENCE GATES

GO: Verify exact W+S stub location in ROW and connection cost per lot; check RS-20 → RS-12 rezone feasibility at Durham planning dept
VERIFY: Durham comp support for \$290-300/SF in this specific corridor; RS-20 lot yield confirmed at 14 with road alignment; stream buffers or deed restrictions limiting net acres
STOP: W+S connection cost >\$8K/lot additional; Durham planning signals rezone unlikely; recent comps below \$285/SF; fewer than 14 buildable lots confirmed

VERDICT

This deal pencils at exactly 15% — the MARGINAL floor — with no cushion and a \$415K gap between MAO and ask price. Viable only if the RS-20-to-RS-12 rezone is achievable (adds ~4 lots, pushing margin to 17-18%) or if Durham comps firm above \$300/SF. Do not submit an offer without first completing a rezone pre-application meeting at Durham planning and verifying W+S tap fees. Lower priority than the two GOOD deals above.