

MARGINAL · 21.4% MARGIN

\$1M-\$5M PROJECT

#2 · 4505 MITCHELL MILL RD, WAKE FOREST, NC 27587

37.02 ac, 3 parcels, Watkins Pond — Wake Forest, MLS 10084045

LIST PRICE	\$275,000 (reduced from \$325,000 on 7/31/2026 — 556 DOM, motivated seller)	ACREAGE	37.02 acres (3 parcels sold together: 4501 Mitchell Mill 1.86 ac, 4505 Mitchell Mill 25 ac, 0 Stells Rd 10.16 ac)
MLS	#10084045 Coldwell Banker HPW — Floyd Barco 919-451-3461	ZONING	Not in subdivision; unconfirmed (county parcel zoning MUST be verified — see STOP flags)
UTILITIES	Public sewer: available (listed). Water: well/other on site. Asphalt public road frontage.	CHARACTER	Watkins Pond — 3 parcels with pond, floodplain, wildlife habitat; described as recreational
PRICE/ACRE	\$7,428/acre — lowest per-acre with public sewer available in Wake Forest scan	STRATEGY	Site walk to confirm buildable upland acreage; entitle and plat residential lots; sell to builder
OUT-OF-POCKET CASH	\$637,326 (equity + closings + carry) — conditional on 35 buildable lots	FINANCED	\$1,492,500 construction loan (~75% of project) — conditional scenario
MODELED	CONDITIONAL: 35 buildable lots × \$85,000/lot (Wake Forest RS residential, public sewer)	WARNING	556 days on market — suggests developer community has looked and passed; floodplain likely dominant

PROJECT COST	GROSS REVENUE	NET PROFIT	MARGIN	MAX OFFER (20%)
\$2.13M	\$2,975,000	+\$636,924	21.4%	\$310,000

PRO FORMA

LINE	AMOUNT
Gross revenue — lot sales (35 lots × \$85,000/lot) CONDITIONAL on buildable area	\$2,975,000
Land acquisition (3 parcels sold together)	(\$275,000)
Land closing (~2% of land)	(\$5,500)

LINE	AMOUNT
Subdivision infra — work scope (35 lots × \$35,000 cost/lot = \$1,225,000 cost)	(\$1,225,000)
Home On builder margin on infra (20% intro rate; standard 30%)	(\$306,250)
Entitlement soft costs — survey, zoning verification, civil, permits (at cost)	(\$61,250)
Contingency (10% of infra scope, AT COST — typically returned if unused)	(\$122,500)
Construction loan closing (1.5%) + carry (10% APR on draws, 18 mo)	(\$134,326)
Selling costs (~7% of lot-sale revenue) — paid at closing, not out-of-pocket	(\$208,250)

NET PROFIT TO INVESTOR (CONDITIONAL)

**~\$636,924 · 21.4% margin · 99.9% cash-on-cash —
IF 35 buildable lots confirmed**

No house ARV modeled — lot-sale strategy. Wake Forest residential lots (public sewer, RS-20 zoning) sell \$75k–\$110k depending on neighborhood and lot size. Used \$85k/lot as base. MAO: ~\$310k (35 lots × \$85k with 20% margin) vs \$275k ask = \$35k (11.3%) cushion — attractive IF lots achievable. At only 20 lots (more likely given floodplain): MAO ≈ \$178k and deal is upside-down at \$275k ask. The 556-day market time is the key red flag.

DILIGENCE GATES

GO: Public sewer confirmed available by listing agent. Asphalt public road frontage. Three parcels with combined 37 acres near Rolesville, Wake Forest, Raleigh. Seller is motivated (\$50k cut, 556 DOM).

VERIFY: (1) FEMA flood zone map — run PIN 1757054441/1757065456/1757177453 on NC FRIS; (2) Wake County parcel GIS to identify actual upland buildable acreage vs floodplain; (3) Confirm zoning on all 3 PIDs — county zoning map; (4) Public sewer line location and capacity — call Wake County Utilities 919-856-7400; (5) Run by a civil engineer before any offer to estimate realistic lot yield.

STOP: If upland area comes in under 12 acres (math collapses below 20 lots). If FEMA AE flood zone covers majority of the parcel — financing will be very difficult. If zoning precludes residential subdivision without costly rezoning.

VERDICT

This is a story-stock land play: the price is extraordinary (\$7,428/acre for Wake Forest with public sewer access) and the seller is clearly motivated after 556 days. The deal becomes exceptional IF a site walk and GIS review confirm 30+ acres of buildable upland — at 35 entitled lots sold at \$85k/lot, the investor nets +\$636,924 (21.4% margin, nearly 100% cash-on-cash) on \$637,326 cash out-of-pocket. But the 556 DOM tells you developers have driven by and moved on — almost certainly because the floodplain and pond dominate the usable area. Grade it MARGINAL until a site walk and GIS analysis say otherwise. If you are within 20 minutes of Wake Forest this week: walk the property, pull the county GIS, and call the listing agent to ask specifically how much is outside the 100-year floodplain. That one call and 30-minute site visit could either confirm a GREAT deal or save you from chasing a mirage.

