

GOOD · 8.4% MARGIN

\$15M-\$20M PROJECT

#2 · 4505 MITCHELL MILL RD (WATKINS POND), WAKE FOREST, NC 27587

37.02 ac, public sewer, Watkins Pond, price reduced to \$275K, MLS 10084045 | Wake Forest, NC 27587

LIST PRICE	\$275,000 (reduced from \$325,000 on 7/31/2026 — 15.4% cut; 557 days on market; motivated seller)	ACREAGE	37.02 acres across 3 parcels: 4501 Mitchell Mill Rd (1.86 ac, PIN 1757054441) + 4505 Mitchell Mill Rd (25 ac, PIN 1757065456) + 0 Stells Rd (10.16 ac, PIN 1757177453)
MLS	10084045 (Coldwell Banker HPW — Floyd Barco, 919-451-3461)	ZONING	VERIFY — MLS states "Zoned in Wake Forest, NC" with no classification; likely Wake County R-20 (20,000 SF min lots) or Town of Wake Forest jurisdiction; density determines lot count and returns
UTILITIES	Sewer: Public Sewer confirmed in MLS; Water: "Other/See Remarks" — likely well; budget \$55K/lot site dev if well required instead of \$30K	STRATEGY	3-phase: acquire land, survey and plat 25-lot subdivision, build and sell 25 new 3,000 SF homes at ~\$720K ARV over 36 months
OUT-OF-POCKET CASH	\$5,067,944 (equity \$3,386,250 + land closing \$5,500 + loan closing \$152,381 + carry \$1,523,813)	FINANCED	\$10,158,750 construction loan (~75% of \$13,545,000 total project)
MODELED	25 lots, 3,000 SF builder-grade homes at \$720,000 ARV (\$240/SF); 36-month build-out; public sewer / well water		

PROJECT COST	GROSS REVENUE	NET PROFIT	MARGIN	MAX OFFER (20%)
\$15.2M	\$18,000,000	+\$1,513,306	8.4%	\$0

PRO FORMA

LINE	AMOUNT
Gross revenue — sale price (25 homes × \$720,000 — Wake Forest new construction comps)	\$18,000,000
Land acquisition + closing (~2%)	(\$280,500)
Construction — builder cost (3,000 SF × \$111 builder grade × 25 homes)	(\$8,325,000)
Home On builder margin (20% intro rate; standard 30%)	(\$2,081,250)
Site development — public sewer per lot (\$30K × 25 = \$750K cost) + subdivision infra (\$35K × 25 = \$875K cost), incl. 20% margin each	(\$2,031,250)
Contingency (10% of construction cost \$8,325,000, AT COST — typically returned if unused)	(\$832,500)
Construction loan closing (1.5% × \$10,158,750) + carry (10% APR × 50% drawn × 36 months)	(\$1,676,194)
Selling costs (~7%) — paid at sale closing, not out-of-pocket	(\$1,260,000)
NET PROFIT TO INVESTOR	~\$1,513,306 · 8.4% margin · 29.9% cash-on-cash

Wake Forest new construction comps: median new construction listing \$709K; \$195–\$204/SF overall market; 2,800–3,200 SF new homes routinely list at \$650K–\$750K. Modeling \$720,000 ARV (\$240/SF × 3,000 SF) — conservative relative to the \$709K new-construction median listing. If zoning allows 35 lots instead of 25: revenue scales to ~\$25.2M, profit to ~\$2.6M on similar CoC. MAO at 20% investor target margin: construction costs alone exceed the available budget at 20% (Home On 20% intro margin + 20% investor target requires land near free); at \$275K land price investor achieves 8.4% margin / 30% CoC. Land basis of \$275K / 37 acres = \$7,432/acre — extremely low for a public-sewer parcel near Wake Forest (\$700K+ new construction market).

DILIGENCE GATES

GO: Public sewer confirmed — rare for large rural parcels near Wake Forest; motivated seller (15.4% cut, nearly 2 years on market); \$7,432/acre basis is extraordinary for this market.

VERIFY: (1) Zoning classification — call Wake County Planning (919-856-6335) or Town of Wake Forest Planning (919-435-9510) to confirm R-20 vs. R-40 vs. Town jurisdiction; this determines lot count (20–50+ lots) and drives returns; (2) Water — confirm well permit requirements and cost; if public water is accessible, site dev cost drops; (3) Wetlands/pond — "Watkins Pond" is a feature; order wetland delineation to determine buildable area vs. buffer; Neuse River basin buffers likely apply; (4) Floodplain — check FEMA FIRM maps for Mitchell Mill Rd area; (5) Sewer provider and connection capacity — confirm availability for 25+ EDUs with the Town of Wake Forest utilities; (6) Deed restrictions and any prior covenant limiting use; (7) Water source — "Other/See Remarks" is unclear.

STOP: If more than 30% of buildable area is encumbered by wetlands/floodplain/buffers, lot count drops materially. If only 10 lots are achievable, returns remain positive but modest; re-evaluate below \$150K ask.

VERDICT

Motivated seller, rare public-sewer acreage, deep price cut after 18 months — this is worth a phone call today. At 25 lots and \$720K ARV: net profit ~\$1.51M (8.4% margin, 30% CoC) across 36 months on ~\$5.1M out-of-pocket. If zoning allows 35 lots: profit scales to ~\$2.6M (similar CoC). The "Watkins Pond" feature, if retained as an HOA amenity, could command a 3–5% ARV premium on adjacent lots. Primary risk is unknown zoning density and wetland/pond

constraints — both are quickly verified with a call to the county and the listing agent (Floyd Barco, 919-451-3461). The 557-day market time and two price cuts suggest the \$275K ask may have further room; an offer at \$225K–\$245K is defensible. Recommend: call listing agent to confirm zoning and sewer capacity; if answers are favorable, LOI at \$240K with 45-day DD and wetland/zoning contingency.