

MARGINAL · 1% MARGIN

\$500K-\$1M PROJECT

#3 · 620 & 626 BREWER AVE, WAKE FOREST, NC 27587

0.41 ac in historic downtown Wake Forest | 2 GR5 lots with all public utilities | MLS 10179574 | 9 DOM fresh listing

LIST PRICE	\$150,000 for both lots combined (9 days on market — very fresh)	ACREAGE	0.41 acres total — Lot 1: 0.22 ac (9,583 SF), Lot 2: 0.18 ac (7,841 SF); must be sold together
ZONING	GR5 (General Residential 5) — Town of Wake Forest limits	MLS	10179574 (EXP Realty)
UTILITIES	Public water, sewer, AND electricity at both lots — ready to permit and build	STRATEGY	Build 1 home per lot (1,700 SF each, builder grade); target downtown Wake Forest buyer at \$250+/SF
OUT-OF-POCKET CASH	\$219,508 (equity \$189,090 + land closing \$3,000 + loan closing \$8,509 + carry \$18,909)	FINANCED	\$567,270 construction loan (~75% of \$756,360 project cost)
MODELED	Builder grade at \$111/SF; \$250/SF ARV (optimistic for market); 8-month build; near Joyner Park / historic Glen Royal Mill		

PROJECT COST	GROSS REVENUE	NET PROFIT	MARGIN	MAX OFFER (20%)
\$784K	\$850,000	+\$6,722	1%	\$150,000

PRO FORMA

LINE	AMOUNT
Gross revenue — 2 homes × 1,700 SF × \$250/SF (Wake Forest new construction, downtown)	\$850,000
Land acquisition + closing (~2% of \$150k)	(\$153,000)
Construction — builder cost (3,400 SF × \$111/SF builder grade)	(\$377,400)
Home On builder margin (20% intro rate; standard 30%)	(\$94,350)

LINE	AMOUNT
Site development / 2-lot utility connections (incl. 20% margin)	(\$75,000)
Contingency (10% of construction, AT COST — typically returned if unused)	(\$37,740)
Soft costs — design/permits (5% of construction, at cost)	(\$18,870)
Construction loan closing + carry (1.5% closing + 10% APR on \$567k, 8 months)	(\$27,418)
Selling costs (~7%) — paid at sale closing, not out-of-pocket	(\$59,500)
NET PROFIT TO INVESTOR	~\$6,722 · 1% margin · 3% cash-on-cash (at \$250/SF); needs \$320/SF for 20% margin

ARV comps: Wake Forest new construction active listing average \$243/SF (Redfin June 2026); median sold \$189/SF; premium new builds near downtown push \$260–280/SF. At \$243/SF: –\$15,412 (negative); at \$250/SF: +\$6,722 (modeled); at \$280/SF: +\$69k (8%); at \$320/SF: +\$228k (21%). MAO \$150k at \$320/SF premium execution — at typical market rate (\$243–\$260/SF), current ask is already at or above MAO.

DILIGENCE GATES

GO: Two pre-platted lots for \$150k total (~\$75k/lot) with public water, sewer, and electric already at the lots. 9 DOM = first-mover advantage. Historic Glen Royal Mill location near Joyner Park is desirable. No HOA.

VERIFY: Confirm GR5 allows duplexes or ADUs (2 units/lot) — if yes, 4 units at \$230/SF improve margin to ~10%+. Confirm Wake Forest architectural guidelines compliance requirements and cost impact. Pull Wake Forest GIS for lot dimensions and setbacks to verify 1,700 SF footprint achievable on the 0.18-acre lot. Research recent closed sales of new construction in downtown Wake Forest to sharpen ARV.

STOP: If GR5 is single-family only and market stays below \$270/SF — investor returns are too thin.

VERDICT

Hard math at standard Wake Forest prices. At \$243/SF (active listing average), this deal loses money; needs \$320/SF premium custom construction to hit 20% margin. Best case is an owner-builder who wants a Joyner Park / downtown Wake Forest address and can build at Home On's \$139/SF builder-grade cost — they'll live in a home that cost \$230/SF all-in while comparable new homes ask \$243–260/SF. That's solid equity from day one. Pure investors should wait unless GR5 allows duplexes (call Wake Forest Planning first). If price drops to \$120k, deal becomes interesting at \$260/SF.