

GOOD · 18.5% (clears 20% at \$490/SF ARV) MARGIN

\$1M-\$5M PROJECT

#1 · 1510 HERMITAGE COURT, DURHAM, NC 27707

0.24-acre infill lot · 10,454 SF · Forest Hills, Durham · MLS 10097088

LIST PRICE	\$425,000	LOT SIZE	10,454 SF (0.24 acres)
MLS	10097088 — Active, new listing (listed ~8 days ago)	ZONING	Established urban residential, Forest Hills, Durham
UTILITIES	City utilities expected (established neighborhood); buyer to confirm meter/connection	LOCATION	City bike route to downtown, borders Durham park; one of the last buildable lots in Forest Hills
STRATEGY	Build 3,000 SF premium new construction, sell (also suits investor building own home)	OUT-OF-POCKET CASH	\$278,610 (equity + land/loan closings + carry + listing prep)
FINANCED	\$788,385 construction loan (~78% of project)	MODELED	3,000 SF, \$130/SF builder cost (premium finish for Forest Hills market); ARV \$475/SF conservative

PROJECT COST

\$1.06M

GROSS REVENUE

\$1,425,000

NET PROFIT

+\$263,255

MARGIN

18.5% (clears 20% at \$490/SF ARV)

MAX OFFER (20%)

\$404,000

PRO FORMA

LINE	AMOUNT
Gross revenue — sale price (comps: 1330 Eldon Cir \$558/SF; 4 Chantilly \$408/SF; target \$475/SF × 3,000 SF)	\$1,425,000
Land acquisition + closing (~2%)	(\$433,500)
Construction — builder cost (3,000 SF × \$130 premium finish)	(\$390,000)
Home On builder margin (20% intro rate; standard 30%)	(\$97,500)
Soft costs — design/permits/survey (5% of construction, at cost)	(\$19,500)
Site development / infrastructure — utility connection, infill (incl. 20% margin)	(\$31,250)

LINE	AMOUNT
Contingency (10% of construction, AT COST — typically returned if unused)	(\$39,000)
Construction loan closing + carry (10% APR on draws, 12-month build)	(\$51,245)
Selling costs (~7%) — paid at sale closing, not out-of-pocket	(\$99,750)
NET PROFIT TO INVESTOR	~\$263,255 · 18.5% margin · 94.5% cash-on-cash

ARV support: 1330 Eldon Circle, Forest Hills (new construction, Homes by Dickerson, 2026) — \$1,345,000 / 2,412 SF = \$558/SF. 4 Chantilly Place (new, Forest Hills, completing May 2026) — ~\$408/SF on 4,538 SF. Modeled at \$475/SF (\$1,425,000) for a 3,000 SF premium build — conservative. Deal reaches 20% margin at \$490/SF ARV (\$1,470,000 revenue). MAO \$404,000 at \$475/SF target — current ask is \$21,300 above MAO (5.3% gap). Negotiate toward \$405–415K; seller may respond given new listing. Eldon Circle comp at \$558/SF provides ample upside headroom.

DILIGENCE GATES

GO: Forest Hills is one of Durham's most premium neighborhoods; public utilities almost certain in established neighborhood; new listing = motivated or flexible seller; very strong cash-on-cash at 94.5%.
VERIFY: Confirm city water/sewer connection available and meter cost; confirm no floodplain/FEMA AE zone (property borders park — check for creek setback); confirm no deed restrictions or HOA; Durham zoning setbacks and FAR for lot (0.24 ac supports 3,000 SF 2-story); confirm listing still active (Forest Hills lots move fast); verify no easements from park boundary; perc risk nil (public sewer), but confirm HOA-free status.
STOP: If flood zone AE/wetlands encroachment materially reduces buildable area; if deed restriction limits use; if city refuses sewer connection to this parcel.

VERDICT

A legitimate new construction infill opportunity in one of Durham's hardest-to-enter neighborhoods. At list price, the investor nets +\$263,255 (18.5% margin, 94.5% cash-on-cash) on a conservative \$475/SF ARV — and the deal clears 20% margin at \$490/SF, which is well within range given Eldon Circle sold at \$558/SF in 2026. MAO is \$404K vs. \$425K ask — negotiate to \$405–415K if possible. Out-of-pocket is only \$278,610 with \$788K financed. Forest Hills lots are rare; this is a "buy now, negotiate later" situation. Walk the lot this week and confirm utilities/flood status.