



Construction Due Diligence Report

Property Condition & Renovation Risk Assessment

Sample Case Study

Residential Investment Property

Prepared for
Real Estate Investors

Prepared by
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TABLE OF CONTENTS

1. Property Overview.....	1
2. Building Condition Assessment.....	2
3. Renovation Scope.....	3
4. Preliminary Renovation Budget.....	4
5. Risk Assessment.....	5
6. Value-Add & Efficiency Opportunities.....	5
7. Investment Recommendation.....	5
8. Conclusion.....	6

Atlantic Harbor Group LLC

1.PROPERTY OVERVIEW

Location

Newark, New Jersey

Property Type

Three-Unit Residential Building

Year Built

1925

Estimated Building Size

Approx. 3,200 sqft

Estimated Purchase Price

\$420,000

Investment Strategy

Value-Add Renovation

Purpose of this Review

This report provides a preliminary construction due diligence assessment for the property. The goal is to identify building condition issues, renovation requirements and potential construction risks prior to acquisition.



2. BUILDING CONDITION ASSESSMENT

EXTERIOR

The building facade shows moderate wear typical for buildings of this age. Minor repairs to masonry and façade elements are recommended.



Roof

The roof covering appears to be approaching the end of its service life and should be expected to require replacement within the next few years.

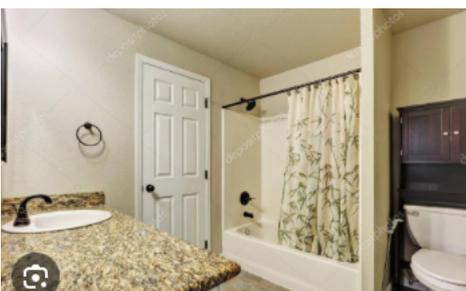


Windows

Existing windows are outdated and offer limited energy efficiency. Replacement could improve tenant comfort and reduce energy consumption.

Interior

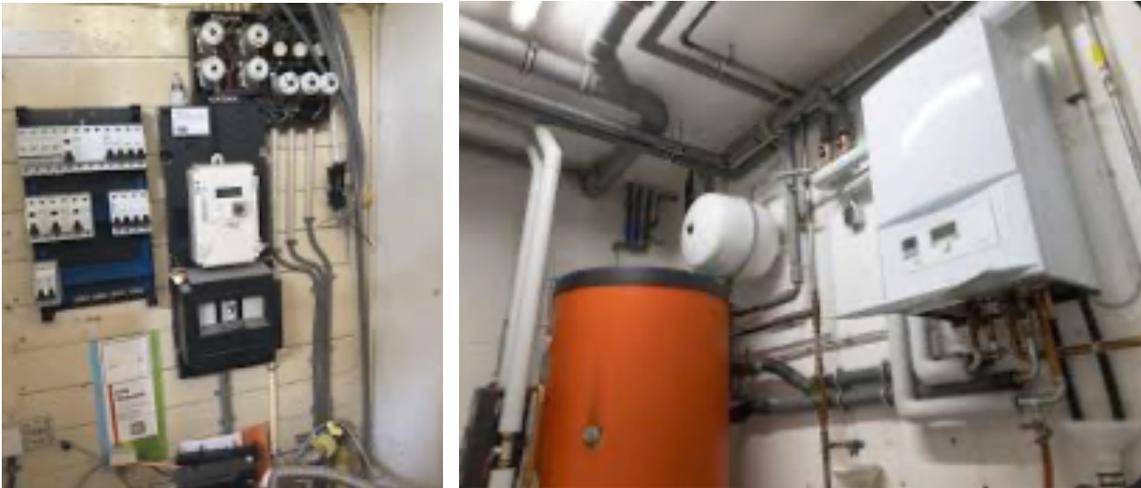
Interior spaces show signs of wear and outdated finishes. Kitchens and bathrooms require modernization to meet current market expectations.



Mechanical Systems

The electrical system appears outdated and may require a partial or full upgrade depending on the renovation scope.

Plumbing systems appear functional but should be inspected further during renovation.



3.RENOVATION SCOPE

Based on the observed building condition, the following renovation measures are recommended:

Kitchen modernization for all residential units.

Bathroom renovation including updated fixtures and tiles.

Replacement of interior flooring and interior finishes.

Electrical system upgrade to current standards.

Minor exterior repairs and façade maintenance.

These improvements aim to increase rental attractiveness and property value.



4. PRELIMINARY RENOVATION BUDGET

Estimated renovation costs:

Kitchen renovation (3 units)

\$18,000

Bathroom renovation (3 units)

\$15,000

Electrical upgrade

\$10,000

Interior finishes and flooring

\$12,000

Exterior repairs

\$6,000

Contingency

\$9,000

Estimated Renovation Budget

\$60,000 – \$70,000

These figures represent a preliminary estimate based on visual assessment and market benchmarks



Investment Overview

Purchase Price \$420,000

Estimated Renovation Budget \$60,000 - \$70,000

Total Investment \$480,000 - \$490,000

Potential Market Value After Renovation \$540,000 - \$560,000

5. RISK ASSESSMENT

Potential risks identified include:

Outdated electrical infrastructure.

Roof replacement likely required within the next few years.

Possible moisture presence in basement areas.

Permit requirements depending on renovation scope.

Further detailed technical inspections are recommended prior to acquisition.

6. VALUE-ADD & EFFICIENCY OPPORTUNITIES

Several improvements could enhance the long-term value and operational efficiency of the property.

Potential upgrades include:

Installation of a solar photovoltaic system for electricity generation.

Solar thermal system for domestic hot water production.

Energy-efficient windows.

LED lighting upgrades.

Improved insulation measures.

These improvements may reduce operating costs and increase tenant attractiveness.

7. INVESTMENT RECOMMENDATION

Based on the building condition assessment and estimated renovation scope, the property appears suitable for a value-add renovation project.

The estimated renovation budget should be incorporated into the overall investment analysis.

Investors should ensure that the purchase price reflects the expected renovation costs and associated construction risks.

8. CONCLUSION

The property presents a viable investment opportunity provided that renovation costs remain within the estimated range of **\$60,000 to \$70,000**.

Recommended next steps:

Conduct a detailed technical inspection of roof, electrical and plumbing systems.

Obtain contractor quotes to refine renovation budgets.

Confirm permit requirements for planned renovation measures.

With appropriate renovation planning, the property has the potential to significantly improve market value and rental attractiveness.

Based on the current building condition and the estimated renovation scope, the property appears suitable for a value-add investment strategy. With careful renovation planning and cost management, the asset has strong potential to increase both rental attractiveness and long-term property value.

Estimated Additional Renovation Investment \$60,000 – \$70,000

Atlantic Harbor Group LLC