

Property Development Loan

As property developer, it is important that you know how much funds you need to complete a project. If finance is required to fund your project, you will also need to know with reasonable certainty how much loan you are able to borrow for your project. Generally, a commercial / business lender can lend up to a maximum of 65% of the Gross Realisable Value of the development project (this is the Gross amount of sales your development could achieve).

Lenders will typically, among other things, look at the following when deciding whether to finance your project:

- Your ability to repay the loan.
- The feasibility of the project. Generally your project need to meet at least 15% of profit margin as percentage of cost to meet the lender feasibility requirement.
- The cost of the project (land, construction, marketing, architect etc). Some lenders will also require you to have contingency fund.
- Location of the project.
- Your previous track record and experience as a developer.
- Track record of the builder.
- The design concept and construction timeline.
- Some lenders require 100% presales before they will consider your application.

Unlike residential construction loan, getting a loan to finance your property development is highly complex. To maximise your chance that your application for the property development funding will be approved, your submission must demonstrate that you have considered different aspects of the project as well as the project viability.

Talk to us if you need assistance with property development loan.

Disclaimer: Please note that this guide is developed without taking into account your objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice.