Back of the Envelope Development Feasibility

25 October 2026

Will your project get funded? Most funders now want a return of at least 12.5% on total cost, after absolutely all costs. Fill in the blanks below to find out in five minutes.

Step 1: Total Development Cost

	Cost Item	Your Figure
A	Land / Site purchase price	$
B	Stamp duty and acquisition legal fees	$
C	Demolition and site works	$
D	Construction (fixed-price quote, not an estimate)	$
E	Contingency - at least 10% of D	$
F	Design, engineering, surveys and consultants	$
G	Council fees, approvals, headworks and service connections	$
H	Finance costs - interest for the full project term, plus establishment fees	$
I	Holding costs - rates, land tax, insurance, utilities	$
J	Legal, settlement and project management	$
K	**Total development cost (A to J)**	$ 0.00

Step 2: Net Sales Revenue

	Item	Your Figure
L	Gross sales - use recent settled comparable sales, not asking prices	$
M	Less GST payable on sales (check margin scheme with your accountant)	-$
N	Less agent commission, marketing and selling costs (allow 2.5–3.5%)	-$
O	**Net sales revenue (L – M – N)**	$ 0.00

Step 3: Does it Clear the Hurdle?

	Calculation	Your Result
P	Profit = O – K	$ 0.00
Q	Return on cost = P ÷ K × 100	% 0.00
R	Maximum total cost for 12.5% = O ÷ 1.125	$ 0.00
S	Cost gap to close (K – R; a negative number means you're under)	$ 0.00

Fortuna Finance Services | Part of Fortuna Advisory Group
A 147 Colin St, West Perth WA 6005 **T** +61 8 9240 4211 **E** finance@fortunaadvisors.com.au **W** fortunaadvisors.com.au
Fortuna Finance Services Pty Ltd Corporate Credit Representative 571034 of Australian Credit License 501177 NQNF Finance Pty Ltd

- [ ] Q is 12.5% or more → worth taking to a lender
- [ ] Q is between 10% and 12.5% → renegotiate the land price or redesign before proceeding
- [ ] Q is under 10% → walk away unless something major changes

Step 4: Stress Test (What Lenders and Valuers Will Do)

Scenario	Change	Return on Cost
Prices soften	Sales (L) down 5%	% 0.00
Prices fall further	Sales (L) down 10%	% 0.00
Build blows out	Construction (D) up 10%	% 0.00
Delays	Add 6 months of interest and holding costs (H + I)	% 0.00
Combined	Sales down 5% and construction up 5%	% 0.00

Step 5: Quick Deal Checks

- [ ] Approval is in place, or the design is simple and compliant
- [ ] Build can be completed and sold within 12–18 months
- [ ] Fixed-price building contract with a builder you've checked (licence, insurance, financial health)
- [ ] Site is in an established area with consistent demand from owner-occupiers and investors
- [ ] Floor plan, parking and outdoor space suit owner-occupiers, not just investors
- [ ] Comparable new product nearby has sold quickly at your target price
- [ ] No large competing supply due in the same street or estate
- [ ] Not reliant on a regional market where lender appetite is low
- [ ] Exit plan B: you could hold and rent the finished product if sales stall
- [ ] Your equity and deposit cover the lender's maximum loan-to-cost ratio

This information is general only, not financial, tax or credit advice. Figures are an indicative guide; lenders apply their own assessment. Talk to Fortuna Finance Services about structuring and funding your project by emailing finance@fortunaadvisors.com.au.

Fortuna Advisory Group comprises multiple licensed entities. Unless specifically indicated, the information in this document is general in nature and does not take into account your personal situation. Your full financial situation needs to be reviewed prior to acceptance of any offer or product. You should consider whether the information is appropriate to your needs and, where appropriate, seek personal advice from a qualified adviser.