

10 reasons why now seems to be a good time for small and medium-sized property development projects in Melbourne

1. Strong Population Growth

- Victoria's population is booming, particularly in Greater Melbourne, driving sustained demand for housing.
- Migration (both international and interstate) is rebounding post-COVID, contributing to population pressures.

2. Undersupply of Housing

- Melbourne faces a chronic housing undersupply, especially in middle-ring suburbs.
- Tight rental markets and low vacancy rates are pushing demand for new dwellings.

3. State and Local Government Support

- The Victorian Government is encouraging infill development, especially townhouses and medium-density housing.
- Planning reforms are underway to streamline approvals for small-to-medium developers.
- Some councils are supporting increased density around activity centres and transport nodes.

4. Changes to Zoning and Planning Rules

- Upcoming or proposed zoning changes (e.g., changes to General Residential Zones) benefit SME developers.
- Relaxation of planning controls in some areas (e.g., dual occupancies, subdivision minimums) makes projects more viable.

5. Construction Industry Stabilising

- After a turbulent period with builder insolvencies and material shortages, the construction sector is stabilising.
- More competitive pricing and availability of trades may improve feasibility for smaller developments.

6. Rising Rents and Yields

- Rental prices are increasing significantly, boosting returns for build-to-rent or hold strategies.
- Developers can profit from both capital growth and income streams, particularly in sought-after suburbs.

7. Shift Toward Sustainable and Smart Housing

- Buyers and renters are increasingly interested in energy-efficient, smart homes, giving an edge to boutique developers who can adapt quickly.
- New requirements (like 7-star ratings) can create barriers to entry for less agile players, benefiting nimble SMEs.

8. Better Access to Financing for SMEs

- Banks, as well as non-bank lenders are increasingly targeting smaller developments with strong fundamentals.
- Joint ventures and mezzanine finance structures are more common and accessible.

9. Niche and Boutique Opportunities

- Small developers can capitalize on pockets of under-utilised land (e.g. corner lots, back-land development, aged stock).
- There is an appetite in the market for bespoke, well-designed infill housing rather than cookie-cutter apartments.

10. Lower Competition from Larger Players

- Major developers are pulling back from smaller sites due to preference for large-scale projects.
- This opens up opportunities in suburban or infill markets for smaller players with local knowledge and agility.

Contact Chocolate Money on 1300 137 539 to discuss your project or to find out how much you can borrow.