



PRACTICAL GUIDE

Knockdown Rebuild Feasibility

How to assess if a tired house on a good block is worth more than a new build, covenant, overlay, slope and orientation tests.

Feasibility filter

- Land value vs total project cost; rule of thumb: land should be 50%+ of finished value.
- Heritage Overlay, neighbourhood character overlay can block demolition.
- Easements, restrictive covenants can constrain new building envelope.
- Soil and slope condition affect foundation costs.

Cost ranges (Melbourne, 2025)

- Demolition: \$20k to \$40k for a standard 3-bed weatherboard.
- New build (mid-spec): \$3,000 to \$4,500 per sqm.
- New build (custom architect): \$5,000 to \$8,500 per sqm.
- Add 10% contingency, plus landscaping and driveway separately.

Permits and approvals

- Demolition permit (council).
- Planning permit if any overlay applies.
- Building permit (private surveyor).
- Stormwater connection, sewerage, electricity, gas connections.

Risk management

- Soil test before contract on the build; rock can add \$30k+.
- Asbestos in demolition is the single most common cost blow-out; budget removal.
- Heritage adjacency can trigger neighbour objections at planning stage.

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