Many developers find small real estate deals harder to do than large ones. Here’s why:

- **Transaction Costs:** In many cases, transaction and legal costs can be the same or similar to larger deals. The risk-to-reward ratio does not favor smaller-scale building rehabilitation projects because they don’t generate as many tax credits as larger projects, and transaction costs are relatively high.

- **Time to Close:** Time is money. And many small deals can take the same amount of time to close as larger deals. Although smaller in size, these deals can often be equally complex to structure as large deals, with only a fraction of return on investment.

- **Investor Appetite:** Investors have limited time, so they choose to invest in larger deals to get more bang for their buck. Due to the first two issues of time and costs, investors have figured out that bigger projects produce bigger results and will often have criteria regarding size limits or a preferred cost range for potential investments.

- **Tax Credit Pricing:** Smaller deals are usually priced lower than larger deals, limiting the subsidy that developers rely on to redevelop properties. Because smaller deals are less attractive, investors are not willing to pay as much for the tax credits as they would for a larger deal. This results in developers having to put more of their own money into the deal.