



## 9 Top Tips for Successful Property Negotiations and How To Avoid The Pitfalls of Leasehold and Freehold Property

### 1. Do you want to acquire a property?

If yes seek advice early- bear in mind the general climate when negotiation deals

### 2. Leasehold property

Consider the liability of trustees for obligation under a lease, what will the rent and service charge be and is this affordable. Are business rates and VAT an issue? How will you pay for repairs during the term of lease and should there be a schedule condition? How do you endure maximum flexibility during the term? Are break options the answer? Consider the implications of a property with or without security of tenure/

### 3. Freehold property

Freehold property can appear more attractive than leasehold, but it does come with its own challenges. There needs to be site assembly challenges, a need for highways and utilities agreements. Watch out for restrictions on title. What are the funding arrangements and if a new build give consideration to building contracts and construction agreements?

### 4. Property management

This can be a headache and the requirements are numerous and sometimes onerous. There are various statutory requirements such as the Disability Discrimination Act Asbestos Regulations and Fire Safety Regulations. How will you deal with transfers of leases and sub lettings, applications for alterations during the term and rent reviews, renewals and variations?

### 5. Building survey

In almost all cases please obtain a building survey. A property may look ok but once a building survey is obtained everything can change. When faced with the prospect of carrying out numerous repairs you may decide not to proceed. It can also be used as a tool for further negotiation.

### 6. Tax

Do not forget this. The normal rules apply but there are exemptions. Consider

- VAT- option to tax-
- Stamp Duty Land Tax- 3 year claw back period
- Construction works- VAT relief

### 7. Exercising break clauses in leases

A break option can be a good tool to extract yourself from a property. Check conditions and comply and don't leave until the last minute.

### 8. Dilapidations

Dilapidations can be an issues not given enough attention at the start of a lease. It is important to manage and plan for this process as early as possible. Watch out for repair notices during the term and remember the landlord can only claim if it can prove a loss.

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## **9. The challenge of empty properties**

Sometimes having an empty property cannot be avoided- but it does pose a problem both in terms of ongoing costs and security. There are solutions- consider a alternative and temporary uses.

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