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Myerson **Commercial Property**

**Our Guide to Purchasing Commercial Property
with Vacant Possession**

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Welcome

Why Myerson?

At Myerson, we are commercial property experts. Putting our clients, their properties and their business at the heart of everything we do means we establish long term relationships and act as trusted advisers.

As a Top 200 UK Law Firm, we are also proud to be ranked in many legal disciplines as '**Top Tier**' in the prestigious international directory **The Legal 500**, providing a truly bespoke and personal service.

Our specialist Commercial Property team handle the full range of property-related assignments. We have particular experience in sales and purchases of real estate for business owners and investors, landlord and tenant work and commercial property development.

Our Commercial Property solicitors are part of one of the largest commercial property teams in the North West, and have the knowledge and experience to advise and assist on a wide variety of commercial property matters.



Purchase of Commercial Property with Vacant Possession

My offer to purchase a commercial property has been accepted. What should I do next?

- Instruct a solicitor to handle the legal aspects of the acquisition.
- We strongly recommend that you also instruct a property surveyor to survey the building. If you are obtaining third party finance for the purchase, note that the valuation your lender will require is not the same as a building survey. Valuations assess whether the property is of sufficient value to justify the amount of the loan the lender is providing and are therefore obtained for the lender's benefit. Building surveys assess the physical condition of the property and will highlight any defects (including those which may not be visible to the naked eye) and the likely costs of remediation. The result of the building survey may affect your decision to purchase the property, and you should therefore arrange for this to be carried out at the outset before you have incurred legal and other fees.
- You should also consult a tax specialist to advise you upon the financial implications of the transaction, the most tax-efficient method of acquiring the property and what to do if VAT is payable on the purchase price.



Other than the purchase price and solicitor's fees, what other costs will I have to pay?

On or prior to completion of the purchase, the following costs usually apply:

- Building survey, as mentioned above.
- Finance costs such as mortgage arrangement fees and the lender's legal and valuation fees.
- Property search fees which are typically in the region of £500-£1,000 plus VAT.
- VAT on the purchase price if the seller has opted to tax the property.
- Stamp Duty Land Tax up to 5% of the purchase price, including any VAT (if applicable).
- Land Registry fees for registering the purchase and any lender's security, which are typically in the range of £40 to £500 depending on the amount of the purchase price.
- Moving costs.

After completion of the purchase, the following costs may apply:

- Fit-out and furniture.
- Expenditure to improve the energy efficiency of the property depending on its EPC rating.
- Business rates - the commercial equivalent of council tax.

The above assumes the purchase of a freehold property. If the property is leasehold, there may be additional costs to pay such as landlord's fees, ground rents and service charges.



After I have instructed a solicitor, what is the legal process?

The seller's solicitors will provide a legal pack including the title to the property, replies to industry-standard enquiries (CPSEs) which provide information about the property (such as planning issues, disputes with neighbours, VAT status) and a draft contract.

We will then review and check the seller's title to the property, their replies to CPSEs, undertake appropriate property searches, raise any additional enquiries resulting from the information received, negotiate and agree the form of contract for sale, deal with the requirements of your lender (if any) and report to you.

Once you are happy with the information provided, and both parties are ready to proceed, the contract will be exchanged. At this point, you will pay a deposit (usually 10% of the purchase price) and both parties will be legally bound to the transaction. The sale and purchase of the property will complete on the agreed date specified in the contract, which is when the balance of the purchase price is due and payable. The keys to the property will be released to you following completion.

If you fail to complete on the agreed date in breach of the contract, the seller may be entitled to keep the deposit that you have paid.

After completion, we will deal with any post-completion requirements such as payment of Stamp Duty Land Tax and registration formalities at Companies House (if applicable) and the Land Registry.

How long will it take?

This very much depends on the parties and their approach to negotiations. There is no standard answer to this question, but in our experience, it is likely to take at least 4-6 weeks for everything to be agreed and signed, particularly if property searches are obtained.



You're in safe hands!

If you would like further information about how we can help you with **purchasing a commercial property**, or if you have any questions, please don't hesitate to contact a member of our **Commercial Property** team today.

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