



A GUIDE TO BUYING OFF-PLAN

Jessie Filipponi, a trainee English solicitor at Viberts, outlines the benefits and risks of buying a property before it has been built

THE number of people moving into new-build homes and apartments is on the rise. If you are considering a new-build, then developers will often offer you the option to buy off-plan.

WHAT DOES BUYING OFF-PLAN MEAN?

Buying a home off-plan essentially means buying it before it is built. You therefore rely on drawings, plans and specifications to give you an idea of what the final product will be.

When you buy off-plan, the actual property may be a building site or not even have foundations yet. The term off-plan can apply to both newbuilds and refurbishment projects.

IS THE PROCESS DIFFERENT TO BUYING ONCE BUILT?

Usually, with an off-plan purchase, you will put down a reservation fee/deposit and enter into a contract, called a pre-sale agreement, with the seller, under which the seller contracts to finish the property in accordance with the plans and specifications and all by a certain date (called the back stop date).

In return for this, you promise to buy the property within a certain timeframe of the sellers confirming that the property is complete. This tends to be on ten working days' notice. Penalties can apply if either party pulls out or is unable to comply with the terms of pre-sale agreement.

WHAT ARE THE BENEFITS?

Obviously, there is the appeal of a brand-new home with new appliances etc.

Other benefits to buying off-plan may include:

- Securing a price in an ever-rising market.
- Owning a new home that may be worth more than you paid for it when it is completed.
- Walking into a property finished to a high standard and which requires little, or no, additional maintenance or decoration.
- Choosing your own home within a development – eg you may opt for a ground-floor flat or a penthouse.
- Obtaining an ideal investment opportunity.
- Having the choice of fixtures, fittings and interior finishes such as flooring, kitchen units and paint colours.

WHAT ARE THE POTENTIAL RISKS?

There are, of course, risks with every purchase, and many of these apply whether you are buying off-plan, or a property which is already built:

- Once the pre-sale agreement has been signed, it can be costly if you need to pull out, as you may lose your deposit and/or incur penalties.
- Despite a projected completion date, you should be ready to complete at any time from signing the pre-sale agreement and at short notice.
- The finished property may not be what you envisaged or be built to the standard you expected. Sometimes materials are not available, and designs can be subject to change.
- Your moving-in date may be delayed.
- Property prices may fall.
- The developer could get into financial difficulty.

FURTHER POINTS WE RECOMMEND YOU CONSIDER

When buying off-plan, you really need to think ahead about the position you will be in when completion is expected to happen. Some points to consider are:

Will your financial or personal situation change before the property is ready? This could impact both your personal requirements and any mortgage offer.

You will still need a survey. Just because this is a newbuild, this does not automatically mean it will be without defects.

Is there a snagging warranty period? If so, is it adequate for any issues to come to light?

Are there planning applications or likely changes in the neighbourhood?

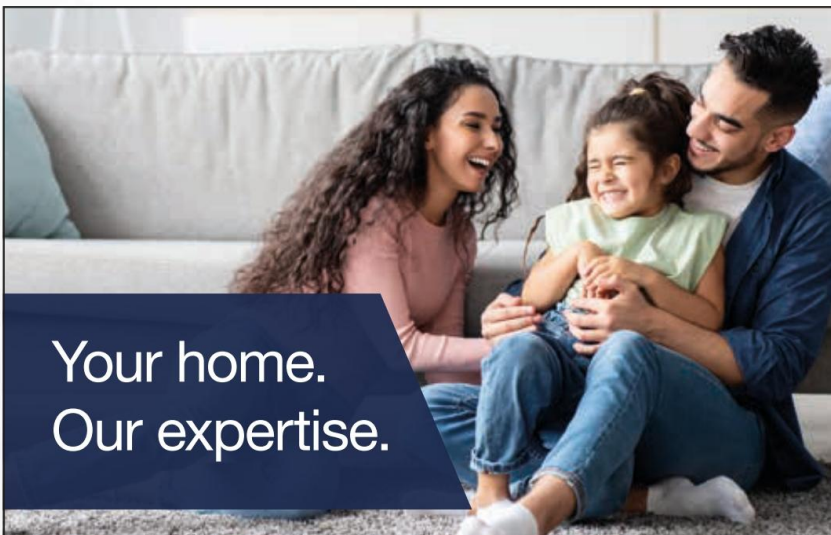
Stamp duty may increase before you come to purchase.

If you are among the first to buy, you may be living near or on a building site.

How large are the communal areas and is there a garden, private road or driveway? If so, you will be responsible for your share of their upkeep.

While questions undoubtedly need to be asked about your purchase, many developers in Jersey are now producing first-class properties for current living trends.

For expert advice on purchasing off-plan and negotiating the terms of your pre-sale agreement, contact Viberts' property team, whose members have extensive experience of supporting clients through the process.



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