

A guide to buy a property in London

Business 7 March, by Angelo Cinel

Every Monday, the CEO of WIRE Consulting Angelo Cinel shares his views on London's real estate market. This week, he offers to our readers useful advice regarding the purchase of a house in the City



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For an Italian investor approaching an overseas property market, not only it is important to be aware of that market's values, but also to know the peculiar characteristics of the market and how the process of buying a house in that given country works.

One of the unique characteristics of the housing market in London is the distinction between *freehold* properties and *leasehold* properties.

To buy a property in *freehold* means becoming the owner of both the property purchased and the land on which the house is built: the buyer, called the *freeholder*, will then



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acquire full ownership rights –undisputed and free of any time limit.

On the other hand, buying property in *leasehold* means that the purchaser is granted by the freeholder **the right to occupy the land for a certain period of time** (ranging from a few months up to 999 years). In this case, the purchaser of a property in *leasehold* **will not have a full property right** and will have to fulfil a series of obligations relating to the property on request of the seller, who may specify the rights and obligations of the buyer on the contract.

To make the above distinction is essential, as **the majority of properties in Central London are leasehold** –given the fact that many of the lands on which buildings are located are property of the Queen of England.

While in Italy a notary is needed during the process of purchasing a property, the sales process in the UK is managed by two solicitors, representing respectively the seller and the buyer. The transfer of money takes place exclusively through the solicitors' accounts.

Below is a brief but useful guide for all the potential Italian buyers who want to invest in the British capital.

During the first phase of the purchase, the potential buyer makes an offer to the seller. When the offer is accepted, the real estate agent who handles the sale sends a *sales memorandum* –containing information on the price, timing of the purchase and contacts of the lawyers of both parties– to the solicitors. The seller's lawyer may then proceed to carry out a series of researches on the property title, which will then be given to the lawyer of the buyer as a "Home Information Pack", along with the draft contract.

The buyer's lawyer then proceeds with the *conveyancing* –i.e. the process of investigations and searches carried out on the property. This process includes:

1. delays in the payment of administrative expenses and/or the *ground rent*
2. 'defects' in the *leasehold* (e.g. prohibitions to rent the property, etc.);
3. cadastral controls to ensure that the property actually belongs to the seller and find out if there are mortgages registered on the property. In the case of mortgages, the lawyer will put as a condition of pre-completion that any mortgage has to be extinguished by the seller at the time of completion.

When the *conveyancing* process is completed and the buyer's lawyer is satisfied with the registration documents and the findings, he produces a summary report for the buyer.

At the same time, both lawyers send their clients the



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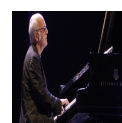
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purchasing agreement to be signed. In this context, it is important to point out that **the contract is not valid until the buyer's lawyer will not "exchange" signatures with his counterpart –in the so-called phase of *exchange*.**

A 10% of the property value is paid by the buyer into the clients' account of his lawyer, and such deposit will not be paid to the seller until the *exchange* takes place. The *exchange* phase is the most important in the sales process, as it determines officially the moment when the seller agrees to sell the property and the buyer agrees to buy it.

At this point, the deposit (10% of the property value, see above) is paid by the buyer's lawyer to the seller's solicitor.

Following the *exchange* phase, the entire sum (including lawyer's fees and registration), is poured into the solicitor's trust account –by the completion date specified in the purchase agreement.

Usually, there is a period of 10 days/2 weeks between the *exchange* and and the *completion* phase, in order to enable the seller to remove all their belongings from the property; however, in about 50% of the sales, the *exchange* and *completion* transactions are carried out at the same time.

Upon completion of the transaction, keys are given to the buyer by the seller and the property is register to the Land Registry by the solicitor. This registration is online –so it is instant. Within four weeks, the registration certificate is issued to the buyer's lawyer and then sent to the buyer himself.

On average, the *exchange* phase takes place within 2-3 weeks from the moment the offer was made, while the purchase is completed on average within 4-5 weeks from the offer.

To conclude this Monday's column, here's our property of the week:

Siemens Brothers Way, Royal Victoria E16

Price: £463,162




The floor-to-ceiling windows and continuous balconies mean that great views can be enjoyed by everyone. Depending on the orientation of your apartment, you may be able to see Canary Wharf, the City, the O2 Arena or Royal Victoria Dock. Hoola location is 2.5km from London City Airport, 0.7km from the nearest tube being Canning Town which is on the Jubilee line and immediately adjacent to Royal Victoria, DLR and Emirates Airline cable car. Its surrounding facilities are Canary Wharf, University of East London and the City of London. Hoola also lies within close proximity of the Asian Business Port and immediately opposite the O2 Arena.

Residents of Hoola can enjoy the comforts of underground parking, a business lounge and landscape gardens. A 24 hour concierge and a residents only Gymnasium also available.



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