

CHECK YOUR DUE DILIGENCE BEFORE SELLING ABROAD

Due diligence is a crucial area for any property professional embarking on a new international project. Unfortunately, all too often this essential part of the process is left out. Speaking at the NAEA International Forum recently, Stefano Lucatello of The International Property Law Centre highlighted the importance of due diligence and the investigations that should be carried out before getting involved in an overseas project.

The first question of course is: what exactly is due diligence? Essentially, it is about checking a prospective opportunity to ensure as far as possible that it will deliver what you expect. Due diligence should be carried out across all areas, including project partners, the agent, and the land, building or investment for sale. It will usually involve checking details such as title of land, planning and sales hype, as well as making sure the finances work and deciding whether you do actually want to work with a company or developer. Are they reputable? Are they likely to deliver on their promises?

Making local connections is a good way to find out more about a company you are considering working with. You'll want to find out what their reputation is locally and check crucial details such as licensing, solvency and reliability.

For the developer in particular it is worth researching the success of previous developments and finding out more about the support that will be offered throughout the project and the ability of staff. Ask yourself what paperwork you want to see from the developer – for example, proof of ownership etc – and get hold of copies.

When it comes to the development itself find out as much as you can about its potential, from future growth and rents achievable to the quality of fixtures and fittings. It is worth asking yourself what the development will actually offer your buyers and comparing it to others in the area.

Equally as important is to make sure the appropriate legal advice has been sought and that the correct searches and investigations are being carried out for the project. Confirm details for the land title and planning permissions. It is often worth making sure you have a good general understanding of local planning and other procedures to help ensure you don't miss anything.

Ultimately, you want to make sure the opportunity you have been offered will be a positive one for both your business and customers. Due diligence plays a vital role in keeping your reputation and your bank balance in tact.

For more information visit www.internationalpropertylaw.com or www.naea.co.uk.

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