

Going, going, gone: Buying properties at auction

Buying and selling properties at auction can seem like a really great idea. If you are the buyer, an auction is a good way to secure a property quickly, with little fuss and generally for a lower value than what you would have expected to pay.

However, beware of so-called **'auction bargains'**; if it seems too good to be true it probably is. If you are going to invest your money in a commercial property, you need to seek experienced, professional legal advice to ensure you do not end up making a very expensive mistake.

Buying a property at auction is a much faster process than purchasing in the traditional way. My advice to first time auction buyers is to attend a few commercial property auctions as part of your preparation process so you can get a feel for how the process is run.

Most auction houses will provide both online and printed catalogues a few weeks before an auction takes place. Before attending an auction, you will need to identify properties that are of interest to you and if at all possible visit them in person, even taking a builder or architect with you when you view it. They will be able to spot any **potential problems with the property's structure or physical features and let you know in advance how much repairs may cost.**

It's also worth noting that whilst properties you are interested in may have a guide price, these prices can change during the marketing process, so double check before the auction begins.

Once the hammer goes down, you are contractually liable to purchase the property, so beware of scratching your nose at the wrong time during the bidding process!

However, the best piece of advice I can offer if you're considering purchasing a property via auction is to get hold of the 'Legal Pack'. Many people aren't aware that the legal information about a particular property will usually be available a couple of weeks before the auction happens, allowing you valuable time to check the property out and make sure you're not hit with any nasty surprises after purchase.

You should pass this to your solicitor, so he or she can perform due diligence on the property. They will check the title, review any searches provided on the property and if **necessary recommend or undertake further searches which haven't been provided.** They will identify how the property can be used, look at future plans for the local area,

monitor potential issues with water / drainage at the property and note if there are any environmental matters to be aware of and so on.

Make sure you check whether or not you need planning permission for the commercial use of the property. If you are going to use the premises for your own business, you **need to be aware that planning permission is often required for 'change of use'**. For example, if you wish to turn an existing office into a restaurant, you will need planning permission. This is where investing in experienced legal advice really pays off, as planning permission can be expensive and often takes a long time to be granted (depending on the complexity of the matter). You do not want to be faced with having to gain planning permission unexpectedly after you have purchased a property, and there is always a risk that your application might be rejected if it does not conform to **the local authority's plans for the area**.

If you only hire the **assistance of a Solicitor once the "hammer has fallen"** and various issues are identified, although you may not proceed with the purchase, you will lose any deposit as well as be liable for the costs and any damages for breach of contract for the selling party. By engaging with a Solicitor before you go to the auction and commit to a sale, it can give you peace of mind that you are indeed getting yourself a bargain, as well as ensure the completion time frame after the auction is met as the Solicitor will already be familiar with the property.

I know from experience that engaging with a solicitor who can guide you through the process and is able to highlight whether a property is suitable for your needs before you are committed to buying it is invaluable in the long run. Auctions are very much an example where spontaneity may not always pay off!

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