

Selling your retirement property

When you come to sell your retirement property, whether it was one that you purchase or one you've inherited, you may wish to consider the full range of options that are available to you, rather than just immediately appointing a high street estate agent.

Using a specialist retirement estate agents, letting out the property or selling back to the managing agent/developer may all be options that are available to you. It is also important to be aware of any charges or fees that may apply to you when you sell the property, beyond those that are billed by estate agents.

Understanding your obligations

Service charges and ground rents

Even if you are not living in the retirement property it is likely that you will still be responsible for any regular payments that are set out in the terms of the lease, such as the service charge. These fees can amount to thousands of pounds a year.

If meeting the cost of these charges is going to put you under financial pressure then you may wish to speak with the managing company of the development about deferring the payments until the property is sold. The majority of the large retirement housing developers and managing agents will allow some flexibility when it comes to deferring charges for a property that is on the market.

Deferring service charge payments means that you will pay the total cost for any deferred amount once the property is sold.

Ground rents will also continue to be payable, although these are typically only a few hundred pounds every year. Once again, you may be able to defer these payments if it would cause you hardship.

Event fees (Exit fees)

It is not uncommon in the retirement housing market for vendors to pay a fee of 1% upon the sale of their home. This fee goes back to the managing agent or freeholder. In many cases the purpose of this fee is to subsidise the sinking/contingency fund for the development.

However, in some developments this Event Fee can be significantly higher with some developers having fees as high as 30%. These fees should have been made clear to the purchaser when they were buying the property but can be easily forgotten until you come to sell the property.

If you are liable to pay an Event Fee but felt you were not informed of your obligation to pay this at the time of purchase, you may wish to seek legal advice.

Conditions of the lease

Remember when selling a retirement property that the minimum age requirement will probably be set out as a condition of the lease. There may also be other limitations, such as occupiers needing to be capable of living independently. Your estate agent, or whoever you instruct to market the property, will need to bear this in mind.

Selecting an estate agent

Retirement housing makes up only a small part of the UK's housing market and it is therefore possible that many estate agents have never been responsible for the sale of a retirement property.

EAC's research into retirement property resale values suggested that instructing an agent that understands the retirement product can result in a quicker sale and at a higher price. To help you identify whether an estate agent will be able to work for you effectively you might want to ask the following questions:

- Have you ever sold a retirement property before? What can you tell me about the process?
- What services would you expect a retirement development to be offering?
- What would be your process for valuing a retirement property?
- What would be your strategy if there are no offers in the first few months?

Note that as you are selling a property to a limited market (people over the age of 55 or 60) it is likely to take longer to find a buyer, so estate agents should be wary about reducing the price if they have not found a buyer in the first couple of months.

It is also important that the agent appreciates there is more to a retirement property than simply the property itself. Leaseholders are paying

towards, and therefore have access to, communal areas including any residents lounge, hobby rooms or restaurants that might exist. These should all be factored in by the agent when determining a value.

Specialist retirement estate agents

Many of the largest retirement housing developers and managing agents have their own in-house, or closely connected, estate agency companies for the resale of properties. You may wish to speak to your management company to see whether they have relationships with any such company and enquire what their fees might be, as well as challenging them on their credentials.

Many of these agencies use the on-site scheme manager as their 'agent' for viewings etc as they feel they are typically best placed to answer questions about day-to-day life in the development. You may want to bear this in mind when instructing a specialist agency, would you be happy with the scheme manager performing this role?

EAC has previously analysed various sale points from two of the largest retirement estate agencies and found

that they, on average, achieved a higher sale price and a quicker sale than their high street competitors. However, this difference was only significant when working with a high street agent who is not familiar or comfortable with marketing retirement property.

Buy-Back Models

A few retirement housing developers offer a 'buy-back' model on their properties. This means that you have the option to sell your home back to them, often for a fixed price. Generally you are under no obligation to do this, so you can choose to list your property on the open market for a better price but being guaranteed a quick sale for a set price may be appealing to some vendors.

Not all developers offer this but it is worth checking with your management company to see whether it is something that can be offered to you, as another option.