

Brexit: Real Estate

The immediate and direct legal impact of Brexit for real estate will be limited, as property law is for EU member states rather than the EU as a whole.

The impact, and when it occurs, will vary according to whether there is a deal on the future relationship with the EU to come into effect at the end of the implementation period (currently 31 December 2020), and the nature and extent of any such deal (eg what products and services are covered). The possibility of a no deal exit (ie no agreement on the future relationship) remains.

Business confidence, or lack of it, will be a key driver influencing the consequences of Brexit for UK real estate, but it will not necessarily be the only one. For example, effects may:

- dent business confidence, and consequently transactional fluidity and some property values
- help some buyers and tenants to achieve more attractive terms on certain properties
- adversely affect current funding arrangements (e.g. where required loan to value ratios are breached as a result of falling values)
- affect the availability or terms of finance for acquisitions and developments of certain properties
- impede the cross border flow of EU-derived equipment, goods or services

What are the other points to note?

- The import and use of products and services from the EU may be restricted or delayed causing problems for the industry
- The termination of current arrangements for enforcement and proceedings against EU parties (though this seems likely to be included in any future deal)
- Several areas of law relevant to real estate derive from EU law to varying degrees, and could change over time, for example:
 - environmental controls and energy efficiency of buildings
 - VAT
 - public procurement
 - some health and safety controls
 - human rights (e.g. ownership/renting of a person's home)

What actions can be taken?

- Parties with current funding arrangements should review their terms e.g. loan to value ratios; term dates
- Anyone acquiring, or leasing, a property should (as always) consider how easy (or not) it may be to dispose of it in the future (however unintended that may currently be)
- Maximising flexibility, so far as practical, in real estate contracts, developments and funding is prudent
- Developers, or those planning a fit out project, should review any intended use of EU-derived goods or services

For more information



Brian Kilcoyne
Partner

+44 (0) 20 7074 8068
brian.kilcoyne@lewissilkin.com



Jonathan Reuben
Partner

+44 (0) 20 7074 8023
jonathan.reuben@lewissilkin.com

Find out more

 twitter.com/LewisSilkin

 [linkedin.com/company/lewis-silkin](https://www.linkedin.com/company/lewis-silkin)