ARM DEVELOPMENTS



LANDOWNER RESOURCE

Guide to Land Option Agreements

How option agreements may work, what they can cover and why independe matters.

armdevelopments.co.uk

ARM DEVELOPMENTS

Guide to land option agreements

A plain-English introduction to the purpose, stages and important considerations of a development land option.

What is an option agreement?

An option agreement usually gives a developer a time-limited right, but not necessarily an obligation, to buy defined land on agreed terms. It can allow planning risk and professional expenditure to be addressed before a purchase decision is made.

Not a standard product	The detail matters more than the label. The option period, planning obligations, price calculation, access rights and termination provisions must be negotiated for the particular site.

A typical process

Heads of terms	The parties record the main commercial principles, normally subject to contract.
Independent advice	Each party appoints its own solicitor. A landowner may also obtain valuation and tax advice.
Legal agreement	The land, option period, planning responsibilities, price mechanism and protections are documented.
Planning work	The developer may undertake agreed design, survey and application work at its risk and cost.
Option decision	If the agreed circumstances arise, the developer decides whether to exercise the option in accordance with the contract.
Purchase	The land transfers under the contractual price and completion mechanism.

Points a landowner should understand

- Exactly what land and access rights are included
- The length of the option and any extension rights
- What counts as a satisfactory planning permission
- Who controls applications, amendments and appeals
- How the purchase price is calculated and tested

- Which costs are paid and whether any are recoverable
- Restrictions on dealing with the land during the option
- Termination events and the treatment of reports

Option, conditional contract or promotion?

A conditional contract generally commits both parties to complete once defined conditions are met. A promotion agreement normally involves a promoter seeking planning and marketing the land, then sharing net proceeds under agreed terms. ARM Developments does not imply that every structure is available for every site.

Independent advice

A landowner should instruct a solicitor experienced in development land before signing any binding document. The developer's solicitor acts for the developer, not the landowner.

Ready to start?	A postcode, approximate boundary and a few photographs are enough for an initial conversation. You do not need a complete planning file.

Submit a potential site: armdevelopments.co.uk/contact/

Email: info@armdevelopments.co.uk

Important: This resource provides general information for landowners in England. It is not legal, tax, valuation or personalised planning advice. Local planning policy and individual site circumstances vary.