



States Greffe: Scrutiny

Senator Lyndon Farnham
Minister for Economic Development, Tourism, Sport and Culture
By email

13th December 2021

Dear Minister

Economic and International Affairs Scrutiny Panel

Review of Regulation of Jersey Estate Agents

Thank you for your letter dated 8th November 2021, regarding the Panel's review into the Regulation of Jersey Estate Agents.

The Panel has considered your responses and wishes to make the following points:

- The Panel notes references in your letter to the 2018 Residential Property Transactions Review. However, the Panel wishes to highlight that only Findings 15, 16, 17, 18 and Recommendation 8 of the Residential Property Transactions Review are relevant to this review into the Regulation of Jersey Estate Agents.
- The Panel acknowledges that the issue of gazumping is one that affects prospective homeowners from time to time and is referenced in your letter. However, the focus of the Regulation of Jersey Estate Agents review does not include the issue of gazumping. There is no data available about gazumping and the Panel has only received anecdotal reports locally. The Panel is aware that the practice also takes place in the UK despite the regulation of estate agents.
- The Panel notes that a number of changes have taken place since the 2018 Residential Property Transactions Review took place, such as the growth of online estate agents, not just property price increases.

In addition, the Panel would be grateful if you could provide responses to the following questions:

1. You noted that the Consumer Protection (Unfair Practices) (Jersey) Law 2018 "*adds weight by making it an offence to falsely claim to be a signatory to a code of conduct of the type established by PropertyMark*". However, the practice of estate agents falsely claiming membership of a professional organisation is not an issue that has been reported to the Panel during its review.
 - a. Do you have evidence that this is an issue present within the estate agency industry?



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2. You stated that there was a risk that the regulation of estate agents *“could create new barriers to market entry that might impact competition”*.
 - a. What evidence is there that this is the case?
 - b. Is this based on comparisons with other jurisdictions?
3. In relation to potential regulation of estate agents, you suggest that *“the more effective approach would be to concentrate the finite resources of the Government on measures to increase housing supply”*.
 - a. Please can you clarify how you correlate the issue of housing supply with issues relating to estate agent conduct and practices?
4. The Panel notes your invitation to *“the Panel to consider broadening its consideration of this important topic”*.
 - a. What additional considerations do you believe the Panel should focus on as part of its review?
5. Please advise whether the Government is going to carry out a review to consider the broader implications of leaving this sector unregulated?
 - a. Have you compiled any evidence that regulating estate agents in Jersey will come at an *“additional cost”*?
6. Please advise how licencing estate agents could ‘improve’ the imbalance in property prices that have placed homeownership, as you state in your letter, *“well beyond the reach of our resident population of young people”*?

Thank you in advance for providing written answers to our questions. It is likely that we will have follow up questions to your responses and so we may need to arrange a meeting or Hearing in the New Year, in order to deal with these.

Yours sincerely

Deputy David Johnson
Chair, Economic and International Affairs Scrutiny Panel