

Dear Sirs

REF: DOMESTIC PROPERTY TRANSACTIONS

I have been in the Estate Agency business since 1971 and founded Broadlands back in 1972. One may say I speak with some considerable knowledge regarding the local property market, its peculiarities and restrictions.

I would firstly say your quest is similar to 'how long is a piece of string'. There is no hard and fast rule or schedule of timing for any sale. The process is governed by many different factors and each transaction will have bridges to cross. To find a true average is a virtual impossibility due to the individuality of each property sale. The following are all varying factors:-

1. Cash buyer – i.e. money in the bank. No conditions attached therefore a straight forward transaction.
2. Does the buyer require a mortgage – problems here could be the bank require a valuation and survey. Once that is available they may take several weeks and will not be rushed to confirm lending. Major delays.
3. Is the transaction in a chain – this becomes a jigsaw, trying to fit vendors and purchasers requests on sometimes 3, 4 or 5 properties simultaneously.
4. Divorce – this can cause delays until ancillary matters are sorted.
5. Boundary problems – can require neighbours to be a party to the contract, sometimes more than one neighbour and can cause major delays.

I would say at this point, the two most common delays are usually caused by surveyors or banks or both. These are at the end of the process when both purchaser and vendor are keen to progress and become very frustrated by delays. If the surveyors report is not favourable the transactions can falter leaving several disappointed buyers and sellers. In some cases parties will take a view and adjust prices accordingly, in others, they simply walk away. This is probably the most common cause of a collapsed deal.

Both Lawyers and Agents will go to the 'nth' degree to keep a deal (which they could have been working on for months) together, however if they are unable to save a lost transaction lawyers and surveyors fee's will be due as they have carried out their work. The local Legal profession provide an excellent service at a reasonable cost. The Estate agent receives nothing from an aborted deal even though they could have been working on the same for months. The Agents fee is also most reasonable as on the Continent a 6% selling fee is not unheard of. I personally have transacted in many different Jurisdictions and I have to say the service 'Joe Public' receive in Jersey, from both Lawyers and Agents is of a much higher quality than I have encountered elsewhere.

Of course when a deal falters, the buyer or seller will want to point the finger at someone, lawyer, surveyor, agent or bank. Anyone but themselves. In most cases we have seen it is usually an obstinate party somewhere in the transaction that causes the collapse.

It must be remembered that Jersey has the availability of preliminary sale agreements. This agreement will bind both vendor and purchaser, providing a suitable penalty clause

should either party wish to default. It also provides a definite completion date. This works well in a single transaction with cash buyers but becomes untenable when a mortgage or chain deal comes into play.

In some cases private sellers, not represented by an agent, realise at the eleventh hour they have agreed to sell their property too cheaply. Of course when confronted with this news they will obviously change their mind about selling.

The gazumping part of your enquiry is seriously flawed. I understand from a reliable source that this has solely arisen due to a person related to a States Member being jilted on a property purchase where another party offered a higher price. If this is the case then the States Member is using his position to further a private matter which is surely an abuse of privilege. Gazumping is not a problem in Jersey and indeed I asked Roger Trower of Broadlands when was the last time they experienced this. He tells me he cannot find or identify a single case. I feel it prudent at this stage to explain a little regarding gazumping as it is often completely misunderstood. When a property goes to the market it has an asking price. If a potential purchaser makes an offer below that asking price he runs the risk of being out bid by a further party offering higher or indeed the exact asking price. It only becomes gazumping if a bid is received OVER the asking price. The normal procedure on out bidding is to revert to the first bidder (if their bid had been accepted) to ascertain if they would like to match the increased offer, which is only fair as they were in the 'frame' first. What we have is outbidding sometimes being confused with gazumping.

May I respectfully suggest your enquiry into this matter is not only hollow but barking up the wrong tree. Where you should be concentrating your resources is on the revised Housing Regulations that are not fit for purpose. The Population Office has totally lost control of where individuals are in residence because very few people are adhering to notify that office of their new address (which they have 3 months in which to do). The old application system was pretty much fool proof. In particular Landlords letting property just do not think to notify the department of new tenants. I have even heard of non-qualified persons using a qualified persons registration card to lease a property. This is a well know scam amongst Eastern Europeans. Hopefully you might take this on board and divert your efforts onto a more pressing problem.

Yours faithfully
CLIFFORD E. JONES
CHAIRMAN
BROADLANDS