



PROPERTY SERVICES
REGULATORY AUTHORITY

The Impact of Regulation on the Property Services Sector in Ireland

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FOREWORD

BY MAEVE HOGAN
CHIEF EXECUTIVE



As Chief Executive of the Property Services Regulatory Authority, I am delighted to present the findings of this Report, *The Impact of Regulation on the Property Services Sector in Ireland* authored by Dr. Róisín Murphy.

Since its establishment in 2012 the work of the Authority comprises primarily of developing and driving sector standards, promoting professionalism and protecting consumer interests. Over six years since the commencement of the Property Services (Regulation) Act 2011, the Authority considered it timely to assess the impact of regulation on licensees and the sector. The Authority commissioned an independent piece of research on the effect and impact of a wide range of issues relating to regulation in the property sector. The motivation for this initiative was to gain insight into the impact of regulation on the sector from the distinct perspective of property service providers, the results of which are detailed in this Report.

Several developments by the Authority in recent years are under scrutiny in this report including; licensing, audit inspections, complaints investigations and the roll out of the continuous professional development programme. The insight gained from this research will be fully utilised as the Authority continues to focus on these core functions.

Approximately 5,000 licensees were provided with an opportunity to take part in the survey which resulted in a significant 25% response rate. The Authority acknowledges and wishes to express its gratitude to all who took the time to respond and engaged with the survey which addressed a range of issues impacting on licensees. Significantly, the Report finds general support for the existence and extent of regulation detailing its benefits including professionalism of the sector, enhanced reputation, less potential for corruption, information for consumers and access to a transparent complaints procedure.

The Report makes recommendations, which the Authority will consider as part of its current and future strategies for implementation including through stakeholder engagement. Some of the recommendations can be addressed in the short term while others will form part of the Authority's strategic planning process.

Engagement between the Authority and the licensed professionals working within the sector over the last number of years has been both positive and constructive. I hope this positive engagement continues in attaining shared goals of delivering a professional property services sector.

EXECUTIVE SUMMARY

This Report was commissioned by the Property Services Regulatory Authority (PSRA) as an independent investigation into the impact of regulation on Property Service Providers (PSPs) in Ireland.

Since 2012, all PSPs operating in Ireland are obliged to obtain a licence from the PSRA (referred to as “the Authority”) for which they are entitled to apply based on a specified minimum standard of education and/or experience. There are currently four licence categories, and at present there are 5,860 licences issued (as at 31st December 2018).

The number of licensees has increased on an annual basis since the establishment of the Authority; however until now the impact of regulation on PSPs in Ireland is unexplored thus prompting this research.

Data was collected from licensees nationwide in two phases; an online survey administered in August 2018 yielding a 25% response rate (1,207 usable responses received) and a number of semi-structured interviews with PSPs representing each category of licence holder. A large proportion of participants have in excess of a decade of experience within the sector, consequently a wealth of knowledge and experience has informed the research.

The Report presents findings from the largest known sample size of PSPs in Ireland, thus findings herein are considered authoritative on the issue.

This Report confirms widespread agreement that the property services sector requires regulation to ensure a high standard of service provision is maintained. Furthermore, the current regulation for the most part sufficiently addresses the key functions of the PSP. However, in a small number of instances the criteria for licence eligibility could be reconsidered, particularly for those operating solely in livestock or fine art auctions.

The overwhelming majority of PSPs who participated in this research perceive the establishment of the Authority as a positive development for the sector. Furthermore, respondents believe the Authority to be effective in discharging its statutory responsibility. The minimum standard of education required to become eligible to apply for a licence is considered moderately difficult to achieve, however, rather than acting as a barrier to entry, it serves to uphold the standard required to operate within the sector. Some challenges remain in the recruitment of suitably qualified personnel given the shortage of qualified licensed professionals nationwide.

All licensed businesses are subject to audit by the Authority to ensure compliance with statutory requirements, which has the dual benefit of ensuring practitioners are operating within the regulatory requirements, but also to ensure consistency in standards across businesses nationwide. Over 70% of participants in this research have been audited to date, the majority of whom found the experience beneficial to their business.

Going forward, there is a need to continue to roll-out the newly implemented Continuous Professional Development (CPD) programme nationwide. This is important not only for ensuring that licensees remain up to date with current developments within the sector, but particularly for smaller businesses that benefit greatly from the knowledge and networking gained from attendance.

An ongoing public awareness campaign should be prioritised to ensure the public are fully aware of the licensing requirements of PSPs and the role of the Authority in licensing, auditing and setting standards for the delivery of property services in Ireland. This is critical in order to raise the profile of the sector while protecting the public interest when engaging a property service professional. As part of this campaign, the use of the Authority’s logo by PSPs should be considered such that the public can clearly identify licensed businesses.

KEY FINDINGS



82%

agree that Property Service Providers (PSPs) need to be regulated

75%

confirm that the PSRA audit process is of value to the business. 70% of respondents have been audited

87%

confirm that the PSRA has been a positive development for PSPs

51%

confirm that holding a PSRA licence brings added value to the business

1,207

licensees across four licence categories nationwide participated in the survey

52%

entered the sector due to a general interest in property. 19% are involved in a family business

44%

of respondents have in excess of 20 years' experience. 85% of respondents have more than 10 years' experience

68%

of respondents are a member of a professional body



36%

of respondents believe that Brexit will have a negative impact



52%

believe the current minimum level of educational attainment is appropriate for the purposes of becoming licensed, 28% believe it is difficult to achieve, but not deterring



91%

confirm that the online licensing process is effective

80%

of respondents would consider employing an apprentice

1. INTRODUCTION

1.1 Background to the Report

The property sector has undergone a radical transformation over the last decade. While the property sector was a leading driver of economic growth during the “Celtic Tiger” years, it suffered significantly during the recessionary period. Since the recovery took hold from 2012, the sector has grown considerably, driven largely by favourable domestic demand, the influx of Foreign Direct Investment (FDI), and positive demographic trends.

Property Service Providers (PSPs) include Auctioneers (property, land or other), Estate Agents, Letting Agents, and Management Agents, who operate across a number of segments of the economy including the commercial, industrial and residential sectors. While PSPs are most commonly associated with buildings, property also extends beyond “bricks and mortar” to include people who conduct auctions of property other than land. However, the latter represents a proportionately smaller number of licensed PSPs in Ireland.

The landscape within which PSPs currently operate is one characterised by a severe shortage in housing (public and private), which has resulted in ongoing house price and rental inflation. New players within the market including international investment funds and Real Estate Investment Trusts (REITs) have also resulted in PSPs increasingly becoming responsible for large investment portfolios, asset management and advisory services. At the same time Multi-Unit Developments have gained in prominence, and with that an evolving suite of services are being provided by PSPs.

The rapid pace of change within the sector has resulted in a number of interventions by Government in an attempt to bring stability to the sector, which includes regulation to address market failures, but also regulation of PSPs in the public interest.

An Auctioneering/Estate Agency Review Group, which first met in 2004, concluded that the statutory framework in place was outdated and inappropriate for market conditions at the time. A key recommendation made by the Review Group was the need to establish a regulatory authority for the purposes of licensing and regulating PSPs in addition to setting sector standards and providing information to the public.

Subsequent to the Review Group, the Property Services (Regulation) Act 2011 (hereafter referred to as “the Act”) came into effect and the Property Services Regulatory Authority (PSRA) was established in April 2012 to regulate and supervise PSPs in Ireland. The Act defines PSPs to include any person(s), company, partnership, sole traders and employees involved in the:

- **Auction of property other than land**
- **Purchase or sale by whatever means of any land or building**
- **Letting of land**
- **Provision of property management services**

The PSRA (hereafter referred to as “the Authority”) is tasked with ensuring that the regulatory framework is enforced in accordance with statutory requirements, for the purposes of protecting the public interest in relation to property service provision. In executing this responsibility, the Authority undertakes a number of key tasks, including:

1. Managing the **licensing** of all PSPs
2. Setting & enforcing **standards** in the provision of property services (including auditing/inspection of PSP businesses)
3. Investigating **complaints** (and providing a redress system for consumers)
4. Maintaining a **compensation fund**

The tasks outlined are aligned to the five key strategic goals set out by the Authority, illustrated in Figure 1.



Figure 1: PSRA Strategic Goals ¹

The Authority publishes an Annual Report detailing progress in the attainment of its strategic goals however, until now there has been limited examination of the impact of regulation on PSPs from the PSP perspective.

From Figure 1, it is evident that a primary responsibility of the Authority is to maintain an effective licensing system. Currently, there are four categories of licence relating to the type of property service being offered.

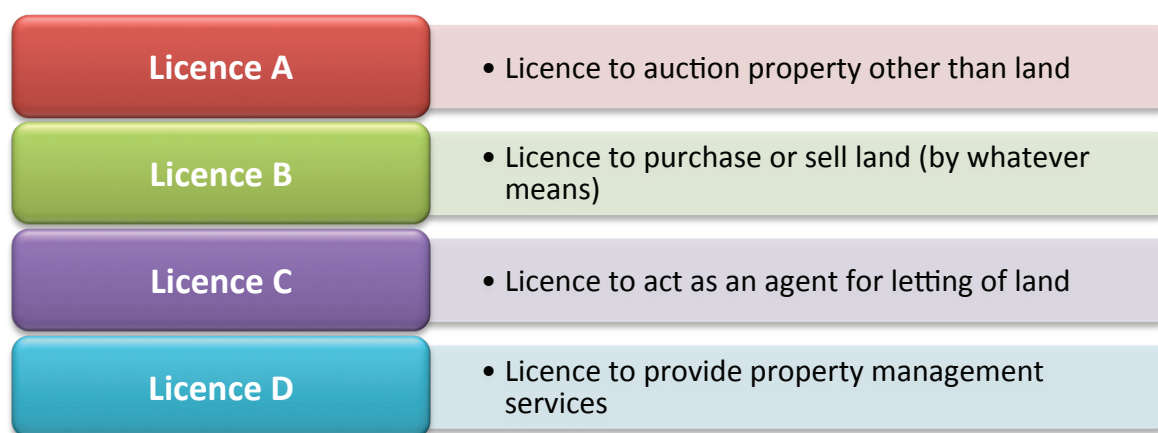


Figure 2: PSRA Licence categories

Figure 2 details the property service for each licence category, and applicants are eligible to apply for any/all licence categories subject to meeting the statutory minimum requirements for licensing.

The number of licensees in Ireland across all licence categories has increased steadily over the last number of years, as can be seen in Table 1.

YEAR	Total number of licensees at year end
2015	5,668
2016	5,779
2017	5,805
2018	5,860

Table 1: Number of active PSRA licensees at each year end

¹ PSRA Strategic Plan 2017-2020

A number of licensees hold multiple licences however, Table 1 represents the total number of licences held overall (as at 31st December 2018).

The Authority not only has responsibility for the Register of Property Service Providers (licensees), but also the maintenance of a number of other registers for the purposes of providing information to the public, namely:

- **Residential Property Price Register (RPPR)**
- **Commercial Lease Register (CLR)**

The RPPR records information pertaining to residential property sale transactions, which is available to the public via the website (www.propertypriceregister.ie). The database is comprised of information provided by the Revenue Commissioners and while it may contain errors or omissions ² (as is the case with many economic datasets) it remains the most dependable source of national residential sales values and transactions available.

Analysis of RPPR data provides crucial insight into the residential market, and Table 2 illustrates the extent of growth that has occurred nationwide over the last number of years.

Year	Total volume of transactions (as per RPPR)	Total value of residential transactions (as per RPPR)
2013	30,034	€6.08bn
2014	43,568	€9.33bn
2015	49,051	€10.71bn
2016	49,715	€12.16bn
2017	54,723	€14.54bn
2018	56,049	€16.06bn

Table 2: Volume and value of residential transactions recorded on RPPR (as at 31st January 2019)

As is evident from Table 2, since 2013 the total **value** of property transactions recorded on the RPPR has more than doubled from €6bn to over €16bn, which clearly demonstrates the considerable growth in the sector following the economic and property sector downturn that preceded it. Whilst the value of residential property transactions has more than doubled, the **volume** has also increased considerably, (albeit by a smaller proportion in terms of percentage increase) over the period.

It must be noted that the data on the RPPR is regularly updated as details pertaining to transactions are received by the Revenue Commissioners on an ongoing basis. The data contained in Table 2 reflects the figures on the RPPR as at 31st January 2019. The difference between value and volume is explained by trends in residential price inflation, which has increased annually over the time period, as illustrated in Figure 3.

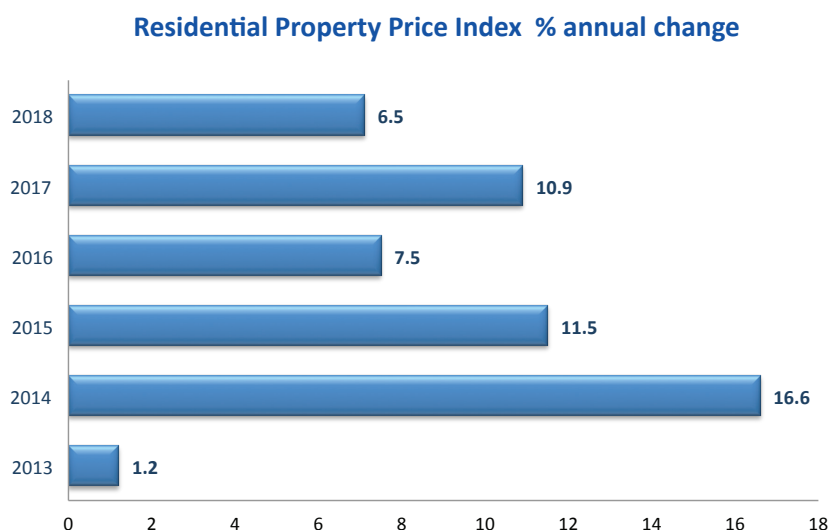


Figure 3: Residential Property Price Index 2013-2018 (source CSO) ³

² For information pertaining to limitation(s) in the dataset see www.propertypriceregister.ie

³ Source: Central Statistics Office (2018) Residential Property Price Index, CSO Statbank [Accessed 18-02-19]

It is evident that the residential property sector has been on a growth trajectory for a number of years in both value and volume terms, and also in terms of the number of people holding a PSP licence.

The second register maintained by the Authority is the Commercial Leases Register (CLR). The CLR contains particulars pertaining to commercial leases including the address of the property, date of lease, term of years and rent payable in respect of the property. In addition to the basic lease details, since 2012, tenants of the commercial property are required to supply additional information pertaining to the lease, including:

- **Commencement date of the terms of the lease**
- **Capital contribution paid**
- **Frequency of rent review**
- **Liability for rates, insurance, service charges and repairs**
- **Specifics of break clause in the lease**
- **Details of rent-free period, fit-out time, fit-out allowance**

Commercial leases include office, retail, industrial and most agricultural or land leases and tends to cover every type of lease for which stamp duty is paid to the Revenue Commissioners. The onus remains on the tenant to submit the relevant information within 30 days of the receipt by them of the stamp certificate from the Revenue Commissioners. The most recent data confirming the number of commercial leases obtained from the CLR is contained in Table 3.

Year	Number of Commercial Leases on CLR
2013	6,713
2014	7,580
2015	9,687
2016	9,396
2017	9,690
2018	8,687
TOTAL	51,767

Table 3: Commercial Leases Register Data

It should be noted that the figures change on an ongoing basis as returns are processed. The data contained herein reflects a specific point in time (31st January 2019)

Until now, the impact of regulation on PSPs in Ireland has not been the subject of empirical investigation.

The aim of this research is to determine the impact of regulation of PSPs in Ireland and in so doing, ascertain the effectiveness of the Authority in discharging its statutory duty from the perspective of PSPs.

1.2 Scope of the Report

The scope of the report focuses on current PSP licensees in Ireland. The services offered by PSPs vary in accordance with the type of licence held, and all categories of licensee are included within the research. Data was collected from PSPs to ascertain the impact of regulation which broadly addressed the following issues:

1. Impact of regulation
2. Licensing process
3. Qualifications and standards
4. Compliance and auditing
5. Complaint handling
6. Current issues facing PSPs

In addition to the administration of a widespread survey, a number of interviews were held with licensees from around the country, across all categories of licence, to gain further insight to facilitate greater depth of analysis. Findings presented within this research are authoritative given the large sample size of PSP licensees across all categories.

A detailed account of the methodological approach employed for the research is presented in a later chapter.

1.3 Outline of the Report

Chapter 1 Introduction

- This chapter provides the context for the research and an overview of the role and statutory remit of the Property Services Regulatory Authority.

Chapter 2 Methodology

- The methodological approach to the research is outlined in this chapter. Data was collected over two phases for the purposes of the research. Data collection, handling and analysis techniques are described in this chapter.

Chapter 3 Licence Holder Profile

- Chapter 3 provides an analysis of the respondent profile including type of licence held, number of years working as a PSP, location of work and employment status. Further data pertaining to motivation for entering the sector and career longevity are also analysed.

Chapter 4 Regulation and the role of the PSRA

- This chapter outlines and discusses the impact of key components of regulation currently facing PSPs in Ireland. Particular focus rests on the role and impact of the PSRA in discharging its duty within the sector.

Chapter 5 Conclusions and Recommendations

- The final chapter provides a synopsis of key findings from the research from which a number of conclusions are drawn prior to recommendations being made.

2. METHODOLOGY

2.1 Introduction

This chapter provides an overview of the research method employed for the purposes of the report.

A two phase approach was undertaken over a six month period, commencing with a widespread survey of licensees followed by in-depth semi structured interviews with a number of licensees from around the country.



Figure 4: Research methodology

The following sections provide a detailed description of both phases of research.

2.2 Quantitative Phase

An online survey was developed by the Authority to which licensees were invited to participate during August 2018. Whilst the survey was administered by the Authority, the anonymised data collected was analysed by the author, an independent consultant, to ensure objectivity in the interpretation of results thus ensuring the findings were free from partiality. At the time, there were a total of 5,764 licensees; however there were instances whereby an individual was registered both in a personal and in a business owner capacity. Duplicate records were removed from the survey database and the survey was finally sent to a total number of 5,053 individuals.

Figure 5 provides details of the survey population and responses received, ultimately resulting in a 25% response rate.

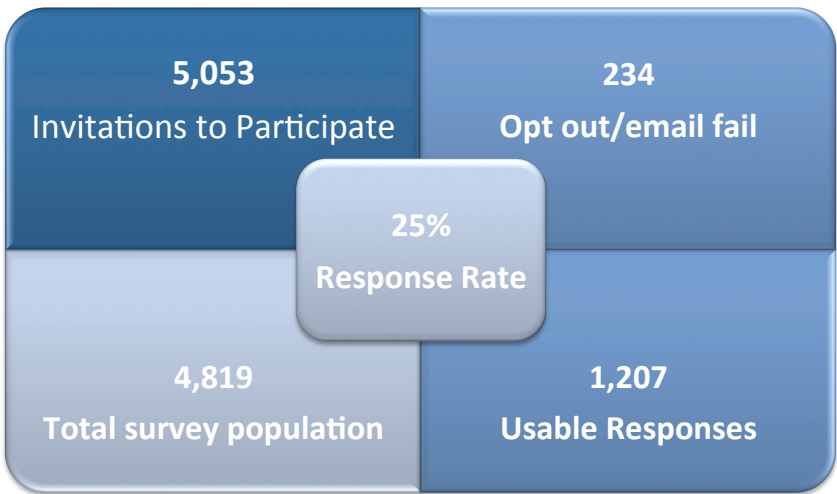


Figure 5: Survey population and response rate

The participation of over 1,200 licensees is the largest known sample size used in the research of PSPs in Ireland.

The findings presented within this report thus represent a unique insight into the factors impacting the sector nationwide. Given the sample size the possible margin of error is likely to be very small.

The findings from the research are considered representative of the sector as a whole and consequently an authoritative account of the impact of regulation on PSPs in Ireland.

The online survey contained a considerable number of questions (45) addressing the following issues:

- 1. Licensee profile**
- 2. Professional body membership**
- 3. Impact of current regulation**
- 4. Licensing process and advice**
- 5. Qualifications and standards**
- 6. Compliance and auditing**
- 7. Complaint handling**

Responses were received from each geographic location and from individuals across all licence categories, therefore it is concluded that there is no non-response bias within the findings.

Figure 6 illustrates the location distribution of respondents nationwide.

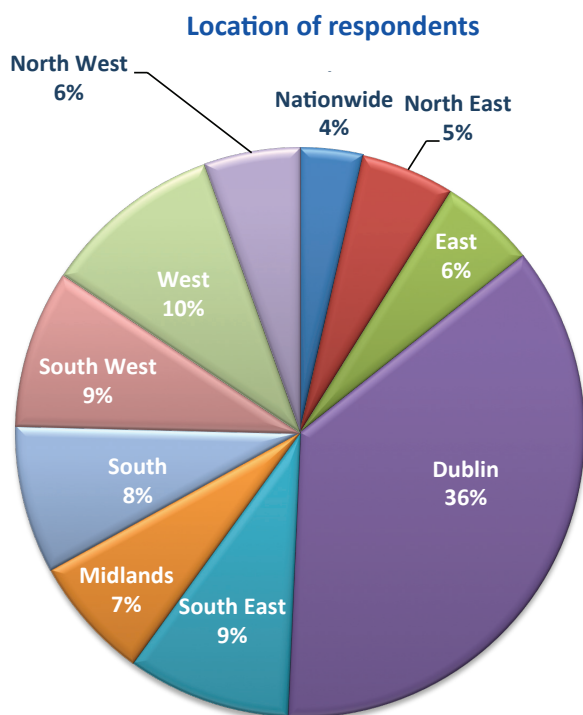


Figure 6: Location of research respondents

As this is the first of its kind analysis into PSP licensees, a full profile of respondents is contained in the following chapter. Whilst the data obtained via the online survey was comprehensive, a second, qualitative phase was undertaken in order to garner deeper insight into the findings.

2.3 Qualitative Phase

The second phase of research involved semi-structured interviews, either by phone or in person. The purpose of this phase was to obtain a greater understanding of the findings arising from the first phase.

A selected sample of interview participants across all licence categories was used for the purposes of this phase. Participants included those working as estate agents, auctioneers, letting agents and management agents, in order to ensure the perspective of the diverse range of professions regulated by the Authority was represented.

Participants confirmed their willingness to participate in the qualitative phase and were provided with an outline of the issues to be addressed in advance of the interview. Interviews were conducted on a semi-structured basis, with questions broadly aligned to the quantitative phase. The author was able to ask probing questions to explore issues more fully as the conversation progressed. Only in cases where consent was confirmed by the participant, are their responses identifiable in the analysis and presentation of results within the report.

In total 9 interviews were undertaken representing the full range of licence categories, and from a range of geographic locations in order to ensure as wide a variety of perspectives could be recorded, as detailed in Table 4.

Location	Number of Interview Participants	Licence Categories Held
Cork	1	A, B, C
Donegal	1	A, B, C
Dublin	2	A, B, C, D
Galway	1	D
Limerick	2	A, B, C
Louth	1	A, B, C
Mayo	1	A, B, C

Table 4: Interview respondent data

2.4 Summary

The primary research undertaken for the purposes of the report was carried out in two phases.

The first, quantitative phase, involved the collection of data from in excess of 1,200 PSPs nationwide through an online survey. A 25% response rate was obtained and represents the largest known sample size of PSPs in Ireland.

The second phase of research involved semi-structured interviews undertaken with a sample of licensees from around the country representing each type of licence category. A range of interview participants were selected to ensure this phase was representative of the diverse nature of the property services sector.

The findings from both phases of research are presented and analysed in the following chapters.

3. LICENSEE PROFILE

3.1 Introduction

The purpose of this chapter is to provide a profile of respondent licensees. As noted in a previous chapter there are currently in excess of 5,000 individual licensees, one quarter of whom participated in the research.

The findings presented within this chapter are thus representative of all licensees given the large number of respondents, however only figures pertaining to actual responses received are presented herein.

This chapter commences with an overview of licensees and the services provided, following which an analysis of the licence holder’s experience, membership of a professional body and perspectives pertaining to a career as a PSP are outlined.

3.2 Current Licensees

3.2.1 Type of Licence Held and Services Provided

There are four categories of PSP licences issued by the Authority, and Figure 7 displays the number of respondents to this research currently holding each category of licence. As is evident, the numbers displayed in Figure 7 are greater than the confirmed 1,207 respondents, reflecting the fact that many people hold more than one category of licence.

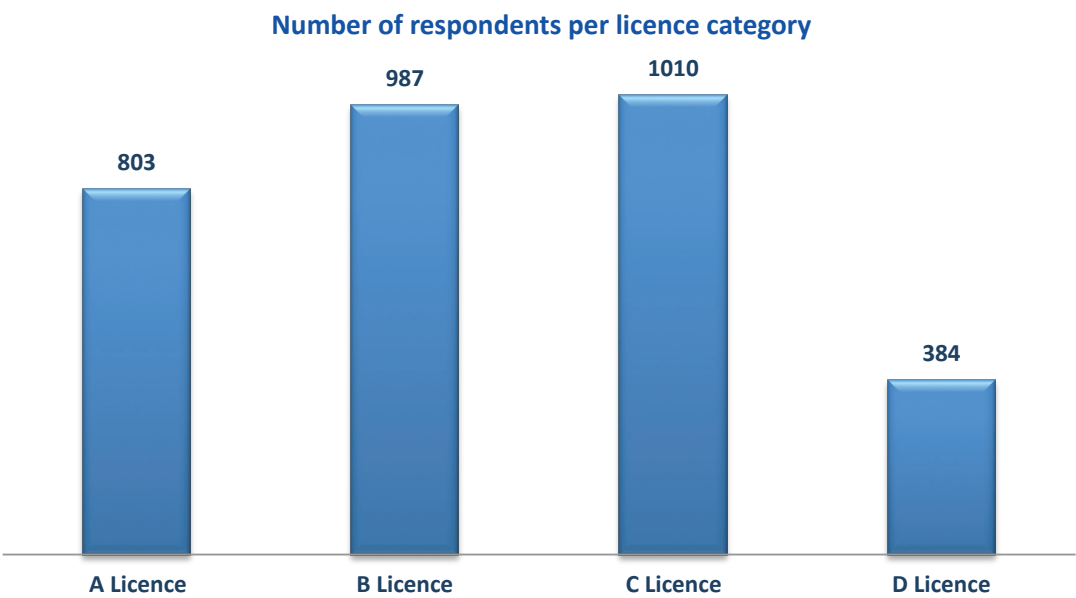


Figure 7: Number of respondents per licence category

Figure 7 details the number of individuals based on responses received through the online survey, bearing in mind that the figures represent a 25% response rate of the overall population of licensees.

Licences	Number of Respondents	% of Total Responses (Rounded)
A B C D	226	19%
A B C	506	42%
A C D	2	0.2%
A B	28	2%

Table 5: Number of respondents holding multiple categories of licence

A significant proportion of respondents hold multiple categories of licence, with the most frequent combination being A, B and C with just under one fifth of respondents holding licences across all four categories. The remaining licensees held only one licence type and from the data, it is reasonable to deduce that approximately 37% of respondents hold a licence for a single category only, with the “D” licence being the most frequently held licence by single category licensees.

There is no geographic divergence in the category of licence held by respondents, with similar proportions of licensees from each category held nationwide.

In spite of holding various categories of licence, many respondents do not regularly provide all of the services for which they hold a licence. The most notable in terms of responses received lies with the number of people holding a category A licence (803) when compared to the number of people who confirmed that they are involved in Auction (253). Similarly, 1,010 respondents confirmed they hold a category C licence with only 654 stating they are involved in the letting of property. It is possible that qualified applicants apply for all licence types for which they are eligible regardless of whether their work requires it at the time. Currently there is no application cost differential relating to the number of licence categories being sought, and this may go some way to explaining the divergence between licence category held and service(s) being provided.

The cost of obtaining a licence, particularly for single category licensees, was raised as an issue for future consideration, with one participant noting:

“As a small licence D holder, I have to pay the same contribution as a holder of multiple types of licence who may have a turnover of millions. The requirement of the PSRA represents a sizeable cost to me that really has no benefit.”

Anonymous participant.

3.2.2 Employment Status and Experience

In order to fully understand the demographic profile of respondents it is important to determine the employment status. It is possible that perspectives on aspects of regulation may differ depending upon whether it is from an employer or employee, thus Figure 8 provides the overview of respondents’ employment status for this purpose.

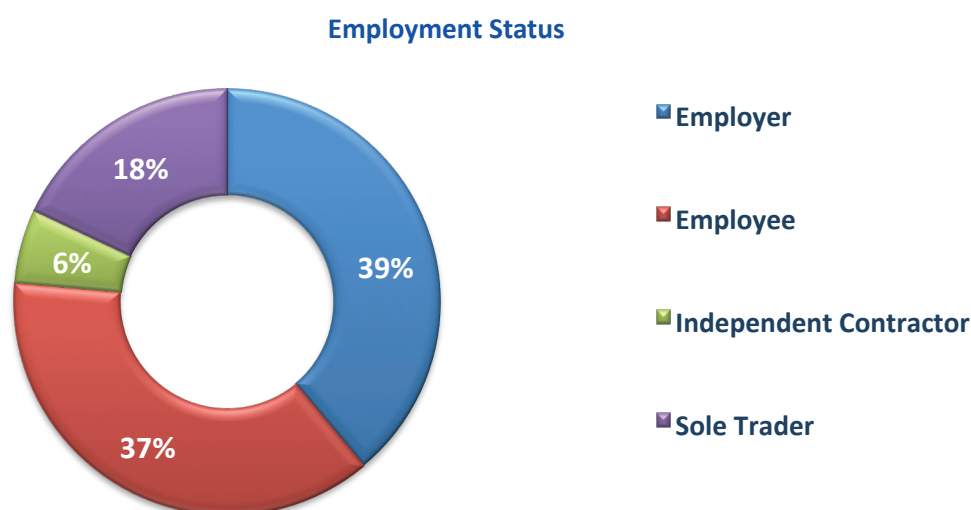


Figure 8: Employment Status of Respondents

The majority of participants in this research are employers, sole traders or independent contractors who thus are likely to have responsibility in the management of a business. This is of particular importance when considering not only the impact of regulation on the business and practitioner, but also on the likelihood of engaging an apprentice (discussed in a subsequent chapter).

Survey respondents were also asked to confirm the number of years they have been involved in the property services sector in order to ascertain the level of experience of respondents. Figure 9 provides the proportion of respondents with varying levels of experience.

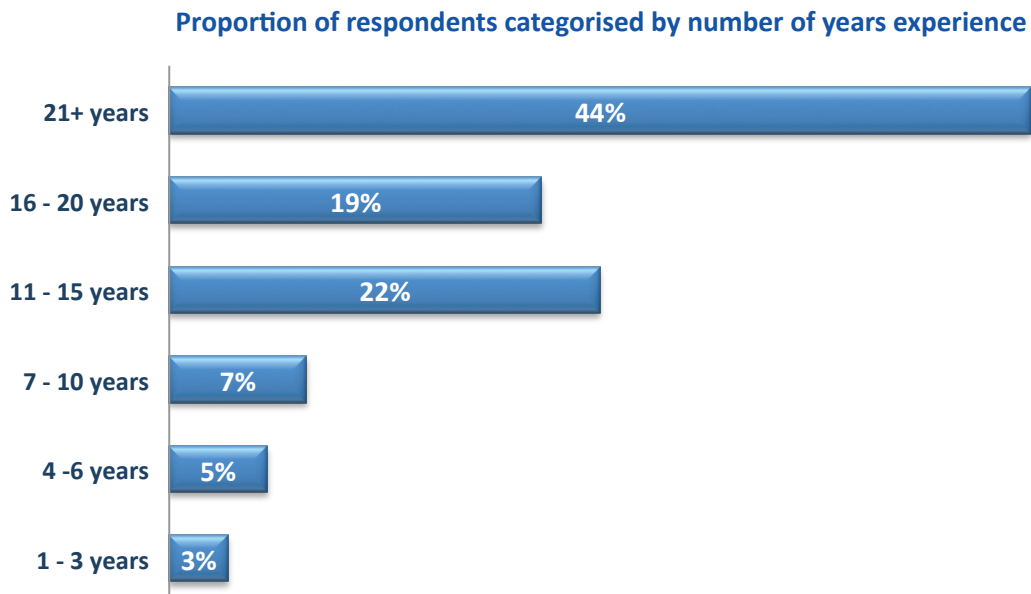


Figure 9: Proportion of respondents categorised by years of experience

As is evident from Figure 9, the vast majority of respondents to the survey have been in the business for over a decade, with substantially fewer in the business under 10 years. Respondents therefore have experience in working through a number of economic cycles, and prior to the implementation of new regulations within the sector. Furthermore, there is no significant geographic divergence in the number of years in business of participants; as such the findings contained within this Report in this regard are of national interest.

The wealth of knowledge and experience brought to bear within this Report, therefore, cannot be understated.

Unsurprisingly from the respondent profile, 94% of survey respondents confirmed that they believe it is possible to have a long (20 years and over) career as a PSP, which is reassuring for those considering a career within the sector.

When asked the motivation behind choosing their career, the majority of people had a general interest in property, with 19% of respondents confirming that it was a family business (as can be seen in Figure 10).

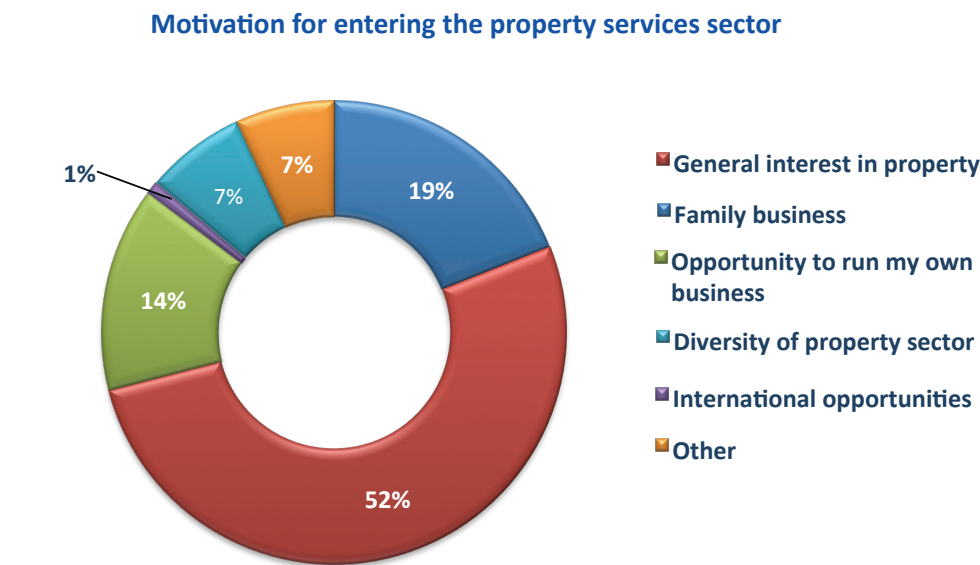


Figure 10: Motivation behind entering the property services sector

A notable observation on deeper analysis of the data revealed the portion of respondents attracted to the sector due to a family business was lowest for those based in Dublin (10%) compared to elsewhere. Whereas a somewhat larger proportion (59%) of Dublin-based respondents confirmed that the primary motivation was a general interest in property.

From the perspective of survey respondents, who are currently working in the sector, they believe that there are varied reasons why people leave the sector. Table 6 provides further detail in this regard.

Reason	Responses
Seeking further career opportunities	16%
Business difficulties	16%
Personal reasons	12%
Difficulty obtaining/maintaining a licence	5%
Stress	23%
Income levels	21%
Over-regulation of the sector by the PSRA	7%

Table 6: Reasons for leaving the property services sector

The summary data contained in Table 6 is representative of national norms, and while the findings are interesting, it reflects the opinion of those still operating within the sector, rather than those that have chosen to leave it. Scope still remains to investigate this issue in the future to determine the motivation for leaving the sector. This is important given the current shortage of qualified property professionals nationwide ⁴ which is a key issue facing PSPs (discussed later in the report).

3.2.3 Membership of Professional Body

PSPs must hold a relevant licence to work within the sector, but are not obliged to become a member of a professional body.

68% of respondents confirmed that they are a member of a professional body with the largest proportion of respondents confirming membership of either the Society of Chartered Surveyors Ireland (SCSI) (37% of respondents), or Institute of Professional Auctioneers and Valuers (IPAV) (31% of respondents), with only a small number holding membership with both bodies.

Several respondents working within the livestock area and marts are members of the Irish Co-Operative Organisation Society (ICOS). This represents a smaller, but equally important category of respondent.

While a number of licensees across all licence categories are not members of any professional body, the largest proportion of non-professional body members lies within the Category C licence, however this trend spans all licence categories in all regions.

3.3 Summary

This chapter has presented an overview of the demographic profile of participants in the research. It is clear from the preceding analysis that the profile of respondents reflects a wealth of knowledge and experience within the property services sector across all licence categories.

PSPs are attracted to the sector primarily due to having a general interest in the area of property, however a notable proportion are working as part of a family business, and generally believe that it is possible to have a long career (>20 years) within the sector.

In conclusion, the analysis within this chapter provides essential demographic context for the analysis of the impact of regulation on the property services sector and the role of the Authority therein.

⁴ Murphy, R (2018) *Employment Opportunities and Future Skills Requirements for Surveying Professionals 2018-2021 Report commissioned by the Society of Chartered Surveyors Ireland.*

4. REGULATION AND THE ROLE OF THE PROPERTY SERVICES REGULATORY AUTHORITY

4.1 Introduction

The property sector played a key role in the economic boom at the turn of the century. While the overwhelming majority of PSPs operated a professional business and offered a high quality of service, there were reports at the time of unethical conduct of “bogus operators”, and a lack of transparency generally within the sector.

As noted in an earlier chapter, a report undertaken by the Auctioneering/Estate Agency Review Group (2005) ⁵ recommended that auctioneers should be regulated in Ireland and the Courts-based system of licensing should be replaced by a statutory regulatory authority. The Property Services (Regulation) Act 2011 was signed in December 2011, following which the Property Services Regulatory Authority (the Authority) was established in April 2012.

Findings from this research reveal that 68% of respondents are very familiar with the role of the Authority.

A further 31% note they are somewhat familiar. The finding is perhaps unsurprising given the research population are licensees. However, it provides reassurance not only that respondents are *au fait* with the role of the Authority, but also that the analysis contained within the Report is based on informed appraisal.

While a previous chapter provided a profile of licensees, the focus of this chapter concentrates on the opinion of participants regarding the impact of regulation on PSPs within Ireland. The chapter is structured in six components displayed in Figure 11.

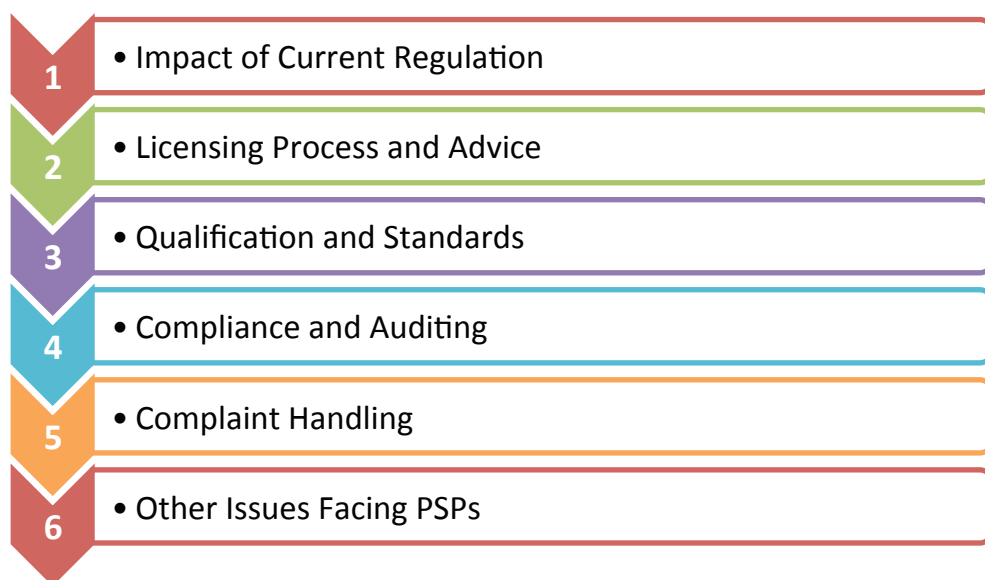


Figure 11: Chapter four structure

⁵ Auctioneering/Estate Agency Review Group Report [Accessible at: <http://www.justice.ie/en/JELR/Pages/Auctioneering-Estate-Agency-report>]

4.2 Impact of Current Regulation

Over five thousand individuals currently hold a licence to operate within the property services sector in Ireland, however, to date there has been limited investigation of the impact of regulation on PSPs from their perspective.

In addressing this knowledge gap, respondents to this research were invited to confirm the extent of their agreement as to whether the sector needs regulation (see Figure 12).

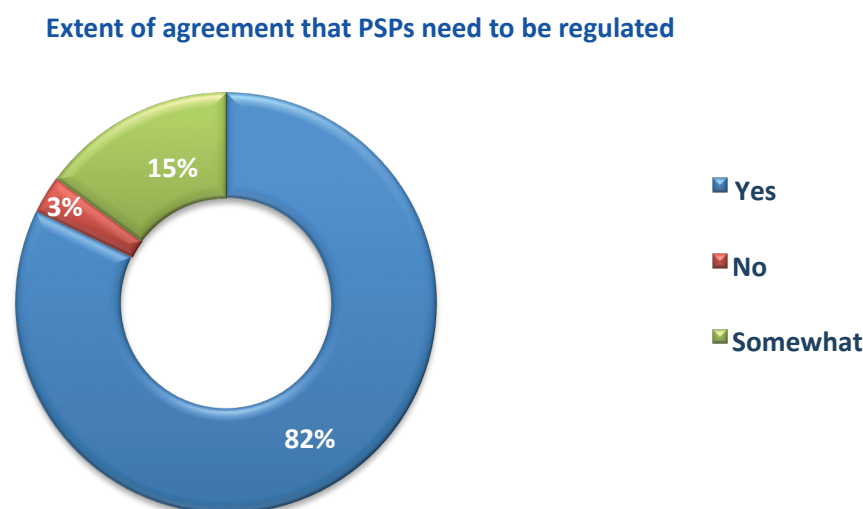


Figure 12: Respondents perception of the need for PSPs to be regulated

As is evident from Figure 12, the overwhelming majority of respondents concur that the sector requires regulation.

Interview respondents strongly agreed that regulation has reduced the prevalence of “rogue” traders and has brought about greater transparency in engaging in property services, thereby improving the reputation of the sector and consumer confidence therein.

Standard letters of engagement provide clarity on services being delivered and associated costs, which is confirmed as having the dual benefit of ensuring consistency and transparency in the process of service delivery, but also, according to some respondents, reduced the incidence of a client switching between service providers.

However, the appropriateness of standard forms broadly being the same for residential, commercial and livestock transactions was contested.

“I can understand why a letter of engagement is needed for selling a one-off property. However, in Marts we might sell for owners anything from 1 calf in a year to 100 animals. I am sure the average numbers we might sell for an owner in the year might be no more than 20 animals. Why do we need a letter of engagement for every client to sell as few as 1 calf or even 20 animals? We have thousands of sellers in the year, having to try and get and track the signing and receipt of these is a totally unnecessary exercise and expense. The commissions on these sales are set and already advertised in the Mart.”

PJ Buckley, Limerick

Whilst over half of respondents agree that the level of regulation currently in place is appropriate, a notable proportion (up to one third) consider the sector to be over-regulated (see Figure 13).

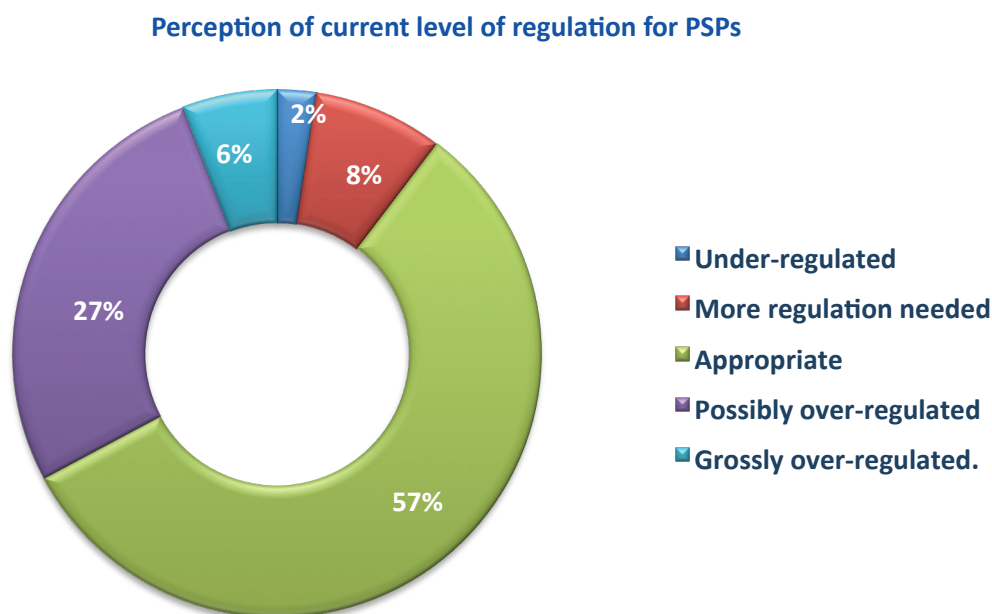


Figure 13: Perception of current level of regulation

Of those who consider the sector to be over-regulated, only 62% believe the sector needs to be regulated at all (which is less than the overall average of 82% noted previously), with 32% identifying the sector as “somewhat” in need of regulation.

A number of respondents suggested the need to more explicitly incorporate property valuations within the current regulatory framework.

“All valuers (people carrying out Valuation Reports on Residential, Commercial or land) should be registered and hold a valid licence under PSRA...it is unfair to current registered licensed PSPs that certain valuers get away unlicensed.”

Kevin Beirne, Mayo

While the subject of valuations forms part of the curriculum to obtain the minimum level of education qualification specified by the Authority, there remain some specific circumstances wherein a property valuation may be undertaken without the need to be licensed. It must be borne in mind, however, that additional qualifications and experience are necessary to become a Registered Valuer, which may be required for certain residential or commercial transactions. The oversight of the Registered Valuer Register is undertaken by professional bodies.

There is a perception amongst some respondents that the residential letting and property management aspects of the current regulation are less well understood by the public. In this regard, it was posited that the public frequently report to the Residential Tenancies Board (RTB) for recourse when required, however poor agent practice lies within the Authority’s responsibility. Further exploration of this issue is merited, however, it lies outside the scope of this research.

A small number of rural licensees also suggested that licences should be given for specific geographic locations (e.g. by province) in order to protect smaller businesses from larger, or international competition. It is posited by those respondents that smaller businesses may have greater local knowledge and are therefore better placed to provide property services within that location than larger businesses entering the region. The feasibility of operationalising a division in licence category based on geographic location is uncertain; however this was put forward as an issue facing some rural PSPs. It must also be borne in mind that the key purpose of regulation is to maintain standards to ensure professionalism within the sector in the interest of the public, therefore a counter argument could be made that judging a PSP’s knowledge of the market lies outside the scope of the regulation.

Overall however, the evidence confirms that there is general support for the existence and extent of regulation currently in place, with several benefits of regulation identified by licensees. Figure 14 illustrates the rank order of benefits identified.



Figure 14: Benefits of regulation of PSPs as identified by licensees (ranked in order of importance)

A critically important finding of this research is that the evidence clearly reveals a positive attitude towards regulation amongst licensees.

Over half of respondents ranked professionalism in the property sector as being the key benefit of regulation, with the reputation of the sector being ranked the second most significant benefit.

In addition, the vast majority (87%) of respondents consider the Authority as having a positive impact on the sector.

Once again, this discovery is of huge significance in providing confidence that the establishment of the Authority is a beneficial development for the sector.

Fewer than 10% expressed a dissenting opinion in this regard. Those that do not agree the Authority has been a positive development identified a number of factors that gave rise to the opinion, which are illustrated in Figure 15.

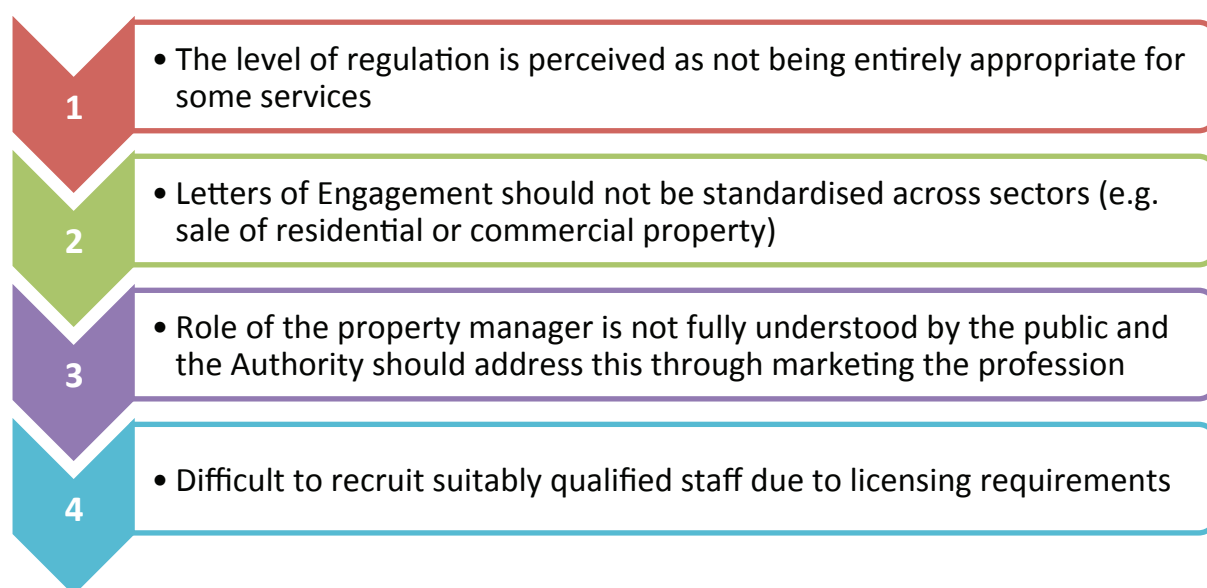


Figure 15: Reasons cited by respondents as to why the Authority has not been a positive development

There are a number of recommendations as to how these issues could be addressed contained in a subsequent chapter.

While the regulation has overwhelmingly been positively received amongst PSPs, numerous respondents suggested that a national awareness campaign should be rolled out to inform the public about the importance of employing a licensed practitioner and the role of the Authority in ensuring the highest standards are maintained within the sector.

There is a perception amongst some respondents that the public are not aware of the importance of holding a PSP licence, nor of the high standards required in order to qualify to obtain the licence.

It was also suggested that to accompany a national marketing campaign, it would be beneficial for PSPs to be permitted to display the Authority's logo on correspondence (in addition to licence number). It is believed that the use of the logo together with the national awareness campaign would ensure the public could easily identify and recognise licensed from unlicensed PSPs, which is ultimately in their interest.

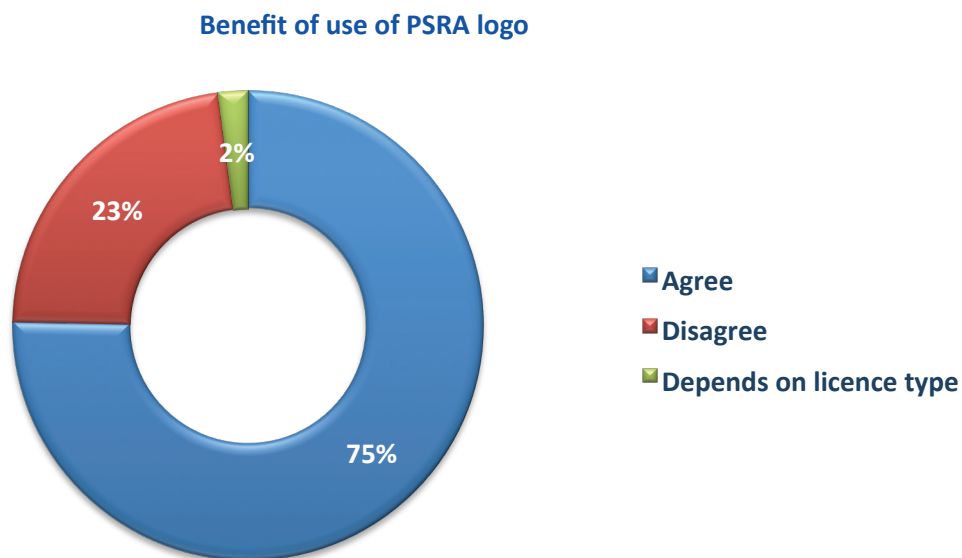


Figure 16: Perceived benefit of using the PSRA logo

As is evident from Figure 16, the overwhelming majority of licensees believe use of the Authority's logo would be beneficial to provide assurance to clients that a PSP is licensed, hence, in adherence to the statutory requirements set out by the Authority.

4.3 Licensing Process and Advice

A core function of the Authority is to administer and oversee the PSP licensing process. Licences must be renewed on an annual basis, which is now facilitated by an online application process.

A key finding of this study lies in the fact that the overwhelming majority of respondents consider the licence renewal process to be effective, as illustrated in Figure 17. Given that this is one of the key functions of the Authority, it demonstrates that this objective is being achieved.

Effectiveness of online licence renewal process

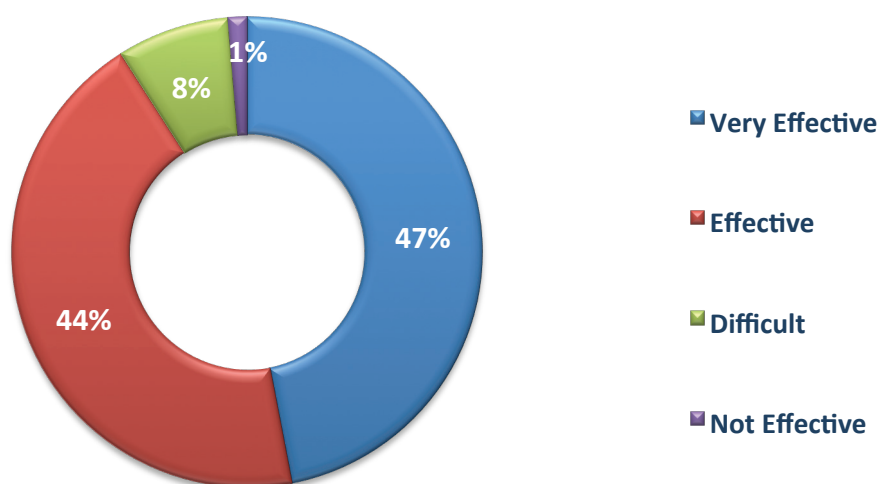


Figure 17: Effectiveness of online licence renewal process

Interview participants confirmed that the online system for licence application and renewal is effective and efficient, and is a positive change to the previous in-court requirement.

While the licensing process is a key function of the Authority, participants in this research were asked more generally about their views on the functioning of the Authority overall.

82% of respondents reported they are satisfied that the Authority is fulfilling its statutory remit effectively with only 10% of the opinion that it is not.

Effectiveness of PSRA in fulfilling its statutory remit

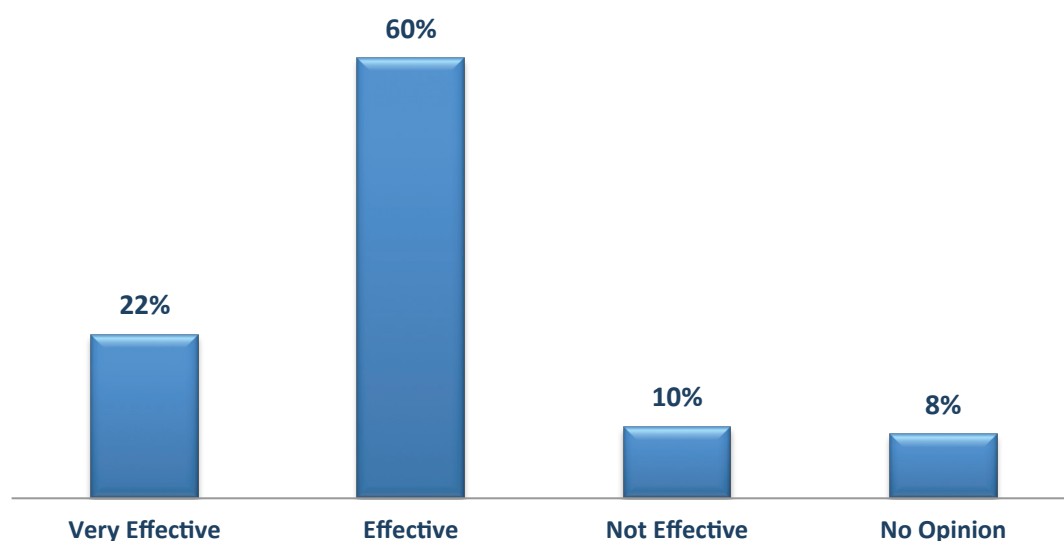


Figure 18: Effectiveness of PSRA in fulfilling its statutory remit

The balance between market intervention and *laissez faire* policy is often a difficult challenge for Government. However the evidence not only endorses the need for regulating PSPs, but also that the statutory authority for enforcement of the regulation is fulfilling its duty, according to those directly impacted by it (as illustrated in Figure 18).

“The PSRA has been hugely beneficial to the profession in recent years and has brought significant protection to practitioners and the public in the operation of their remit.”

Ken MacDonald, Dublin

Clearly not all respondents are satisfied that the Authority is effective. However, it is interesting to note that 48% of those that perceive the Authority as not effective, are also of the opinion that the sector is possibly over-regulated in the first instance.

The Authority publishes several guidance documents for PSPs, and 79% of respondents indicated that they would benefit from more publications being provided by the Authority. Examples of the type and frequency of the publication(s) requires further exploration, however, respondents confirmed that current engagement with the Authority tends to be through guidance documents, seminars and email notifications.

As noted in a previous section, many licensees are also a member of a professional body (e.g. SCSl, IPAV). It is most often the case that the professional body is approached in the first instance if a PSP has a query. It is therefore imperative that sector stakeholders continue to work together to ensure that advice given to PSPs is timely, accurate and consistent.

First point of contact to seek advice on queries

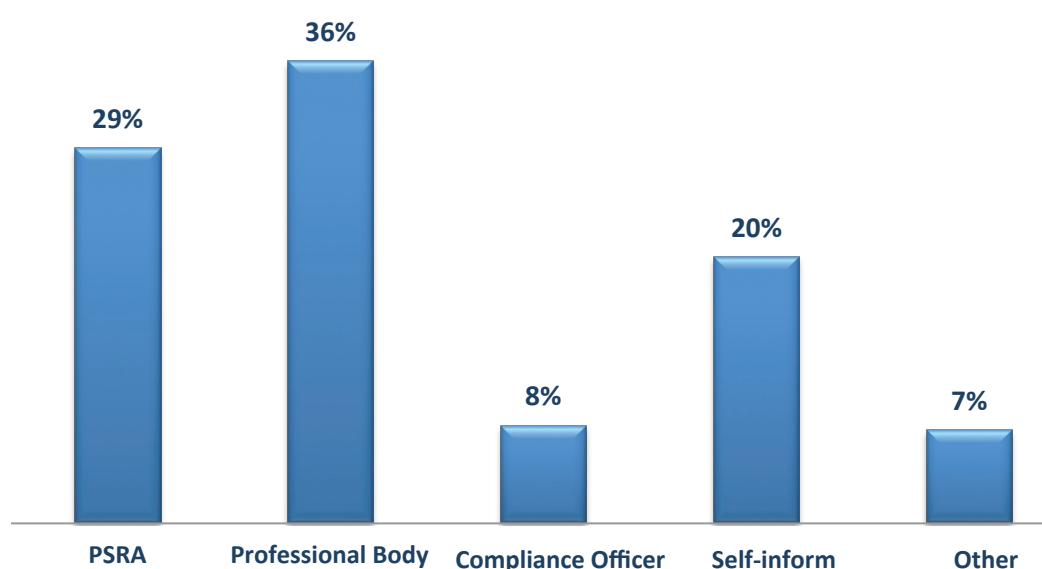


Figure 19: First point of contact to seek advice on queries

Input from interview respondents confirmed that a professional body is the first point of contact in many instances on technical issues pertaining to the discharge of property related duties. However, the Authority tends to be contacted if the query is regulatory in nature. Further data would need to be collected for conclusive findings in this regard.

In terms of the guidance provided by the Authority when it is sought, 58% of respondents confirm that the guidance is relevant, and 54% confirm that it is clear. It is thus reasonable to conclude that the Authority is providing a service that is appropriate to licensees, and given that there was no apparent geographic differentiation in responses, it is further concluded that the guidance is of national relevance.

Of the small number (9%), who consider the support provided by the Authority as not relevant, 62% of this group perceive the sector to be over-regulated and 37% of this cohort state that the Authority is not effective in discharging its duty. These trends buck the norm for the overall sample, and for this small proportion of respondents, it reflects a more negative attitude towards the regulation overall. The same group of respondents confirmed that their first point of contact when a query arises is the professional body rather than the Authority, and it could be the case that queries were of a technical (rather than regulatory) nature thereby providing a possible explanation as to why the support of the Authority was deemed not relevant.

For the overwhelming majority of respondents the licensing process and advice provided by the Authority is relevant and appropriate. When considered in conjunction with earlier reported findings, (87% of respondents deem the Authority as having a positive impact on the sector, and 82% confirm the Authority is effective in fulfilling its statutory remit), it provides confidence that regulation has been a positive development for PSPs and consequently is beneficial for the public in engaging a PSP.

It is also important to ascertain the impact of the regulation on property service businesses, as distinct to the experience of individual PSPs, and to that end respondents were asked whether holding a licence has provided added value to their business. Figure 20 illustrates the responses in this regard.

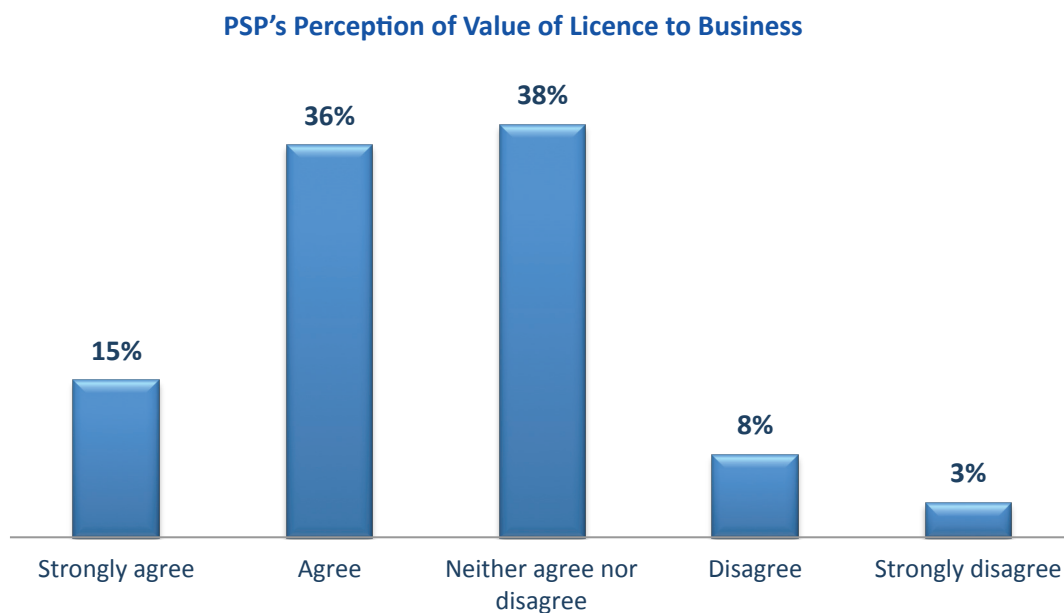


Figure 20: The extent to which PSPs agree that holding a licence adds value to their business

As is evident from Figure 20, over half of respondents (51% when including “strongly agree” with “agree”) identify that holding a licence has provided added value to the business. One could also point out that without an appropriate licence the respondent would legally not be permitted to practice at all, so holding a licence must therefore provide value.

Interview respondents expanded on the issue by confirming that holding a PSP licence demonstrates to the public that the provider has reached a minimum standard of education/experience within the sector which provides confidence in the service being provided. Furthermore, holding a licence and being subject to an audit (while a daunting prospect for some PSPs initially), brings a positive benefit to the organisation. This is both in terms of reassuring the PSP that they are compliant with regulatory requirements and also reinforcing to the public that the sector is regulated in their interest.

The auditing process is addressed in a subsequent section.

4.4 Qualification and Standards

In order to be eligible to qualify for a licence, applicants may obtain an academic qualification that meets the minimum qualification requirements as set out in the Property Services (Regulation) Act 2011 (Qualifications)(Amendment) Regulations 2015. The qualification must be at level 6 or higher on the National Framework of Qualifications and cover the seven subjects specified in the Regulation to at least a minimum level. Alternatively, evidence may be submitted to show that sufficient relevant experience has been obtained, in the provision of the property service for which an application has been made, in three of the five years immediately preceding the making of the application.

Applicants who do not meet the minimum standard of academic qualification or do not have a minimum of three years relevant experience in the last five years (in the provision of the property service for which they are applying), may qualify for a licence through a combination of both academic qualifications and experience. This is subject to relevant evidential documentation submitted and reviewed by the Authority.

Respondents to this research were asked their opinion on the relative difficulty in obtaining an appropriate qualification for licensing purposes. Figure 21 displays the findings in this regard.

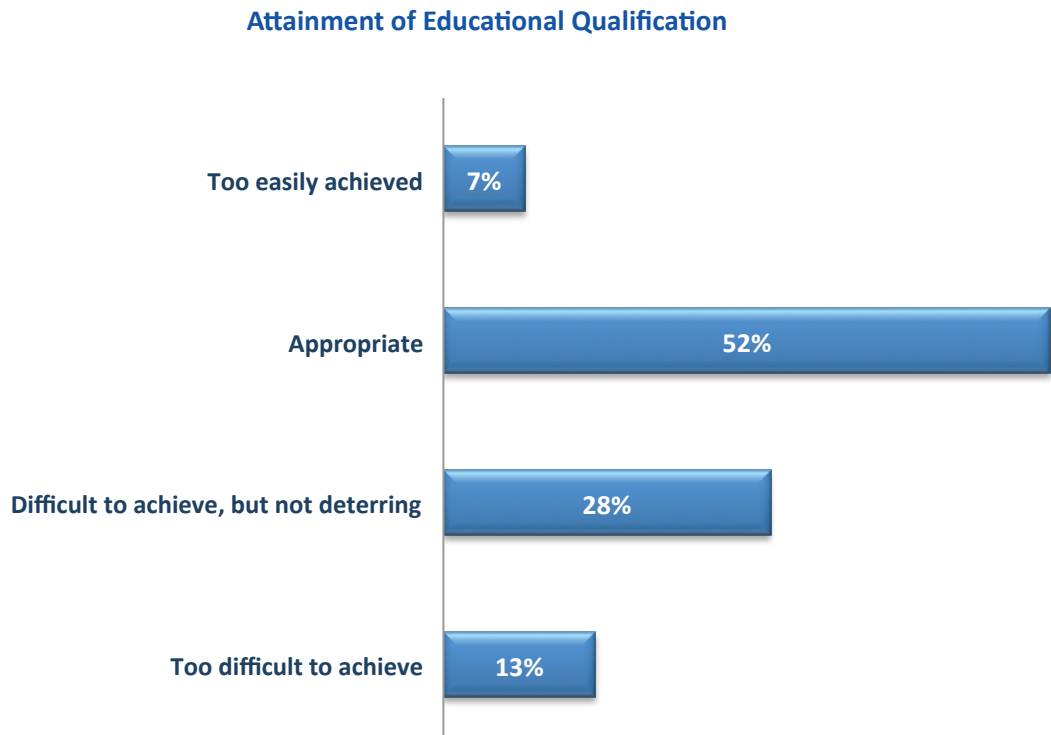


Figure 21: Degree of difficulty in educational qualification attainment

Evidence suggests that the level of educational attainment required for the purposes of obtaining a licence is appropriate overall (with 52% of respondents of this opinion). In contrast, 28% of respondents confirmed that the qualifications are difficult to achieve, but that this does not act as a deterrent to entering the sector. Interview respondents noted that the relative difficulty in obtaining the requisite qualification acted as positive reinforcement of the high level of sector standards being set for licence holders, which gives the public confidence in the service being provided.

On the downside, it is possible that the rigours of the minimum level of educational attainment required to obtain a PSP licence may in some instances result in a constraint to employing staff:

“Sourcing suitably qualified and licensed personnel for a business in the sector is now problematic, in that the only pool of resources available is that of college graduates of courses which are stipulated by the Authority which will meet the Authority’s minimum academic qualification test. These barriers to entry while they have their merits, are rigid rules and do not allow any flexibility to provide solutions to employers who are faced with the current skills shortage.”

Aisling Keenan, Galway.

A fifth of respondents confirm that they believe that new licensees (i.e. recent graduates) are very well trained for the property services they are qualified to provide, while 63% of respondents believe that new licensees are “somewhat” well trained for the work they have to undertake. On deeper analysis of comments provided by respondents, this is primarily explained by the lack of practical experience of recent graduates and in the words of one respondent “all new licensees, as with any business, will learn more with experience.”

The recent launch of two apprenticeship programmes is likely to go some way to addressing this issue. At present, the National Auctioneering and Property Services Apprenticeship programmes are delivered in Dublin and Cork and involve attendance in the training centre for one day a week, and on the job training for the remaining four.

The vast majority of participants in this research (80%) confirmed that they would consider employing an apprentice.

These respondents covered every geographic location. Furthermore, the rate increases to 87% of respondents who classified themselves as either an employer or independent contractor, thereby in a position to make the decision to take on an apprentice in the future.

This is an important discovery from the research, and the potential expansion of apprenticeship programmes should therefore be considered going forward.

While the apprenticeship programmes are welcome, other initiatives for non-standard applicants could also be considered, according to several respondents. This relates in particular to the access route for individuals who have experience but not necessarily the minimum standard of education to be eligible to apply for a licence. It is noted that experiential learning may be considered upon application, however undertaking a “top-up” short course may assist the applicant in obtaining the necessary minimum qualification for licensing.

Education is not only about the minimum educational standard required to apply for a licence, it is about ongoing education through Continuous Professional Development (CPD). IPAV and SCSl deliver a programme of CPD on behalf of the Authority to ensure all licensees have available to them a suite of courses/events to satisfy the minimum of 5 CPD hours per annum. The necessity to undertake CPD serves to reassure the public of the high standards required of PSPs in Ireland.

Respondents overwhelmingly agree (74%) that the Authority’s current CPD programme is effective in developing and communicating standards to licensees. Attendance at CPD events is considered particularly important to smaller businesses as it presents an opportunity not only to keep up to date with sector trends, but acts as a valuable networking opportunity.

A number of suggestions were put forward pertaining to potential future CPD content.

General	Legal	PSPs
• Audit requirements • Complaint handling • Communication skills • Ethics • Management/ Business skills • Sales training • Software and technology	• Data protection / GDPR • Dispute resolution • Landlord and tenant law • Money laundering • Regulation and legislation	• Block management • Conveyancing process • Livestock auctions • Property management • Rental directives • Valuations

Figure 22: Suggested future Continuous Professional Development (CPD) modules

It was noted that the CPD events occur nationwide which ensures accessibility to licensees around the country. Overall, the CPD requirements are perceived as having a positive impact, as noted by one respondent:

“In my experience, CPD helps people upskill along with widening a PSP’s network of acquaintances with likeminded professionals. For smaller practices in particular, it is a fantastic way in which to meet and discuss industry-relevant issues. With that in mind I am absolutely certain that CPD has brought about a huge improvement already in our industry, not just for upskilling but also to bring assurance to our clients and improve our industry as a whole.”

Brian Dempsey, Dublin.

The Authority also provide a number of publications and guidance notes to reinforce the dissemination of key issues to licensees, and 67% of survey respondents confirmed that they read these publications. 79% of respondents confirmed that they would benefit from more publications from the Authority (to include guidance notes per licence category, regulatory changes and current market trends).

4.5 Compliance and Auditing

The Authority, as part of its statutory remit, undertakes compliance audits of licensed businesses. The purpose of the audit is not only to determine compliance, but also to ensure a standard delivery of services across the sector.

The auditing process commenced in 2016, and at the time of the research, a large majority of respondents had been audited by the Authority (or contract investigators operating on behalf of the Authority).

Proportion of audited respondent businesses

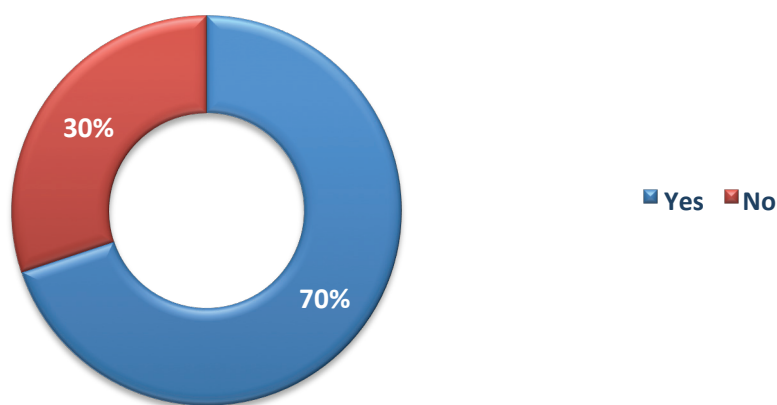


Figure 23: Total number of respondent businesses that have been audited.

From Figure 23, it can be seen that a large proportion of respondent businesses have been audited to date, and no geographic divergence exists in the ratio of businesses that have/have not thus far been audited nationwide.

This finding should give the public assurance that a large proportion of PSPs have been audited for compliance with regulatory requirements.

Of those businesses that have been audited, 75% confirmed that the audit was of value to the business. The main reason cited is the confidence and reassurance it gives business owners that they were in compliance with regulatory requirements. In addition, the audit encouraged PSPs to ensure company systems and processes were organised in an efficient manner.

It was noted however, that the timing of a mart audit must be carefully considered as certain times of the year are more likely to be busier/quieter than others. For example in mid-April or late October marts are comparatively busier than July or December, therefore an audit of client fund accounts during busier periods may prove a superior indicator of compliance with statutory requirements.

Businesses that have yet to be audited are more uncertain of the potential benefit to the business. An equal number (30%) of respondents believe that the audit will be of benefit to those who think it will not. However 40% were not sure at the time of the survey, which is unsurprising as this cohort had yet to experience the process, thus are unable to make a determination as to the likely benefit, if any, to their business. Interview respondents stated that there had been some trepidation prior to the audit taking place, however once the process was completed they realised the benefit overall.

“We had our Audit in 2018. I found the experience to have been a very positive one. It pressed us to review our processes, fine tune areas, ensure we were compliant on new areas like AML, create work processes to ensure files were complete, and generally improve our administration. The Inspectors were also very helpful.”

Joanne Lavelle, Louth

PSPs must be compliant with all relevant regulatory requirements, and one that has commanded significant attention within the last twelve months relates to the General Data Protection Regulation (GDPR). The way in which client data is managed, stored and used must strictly adhere to GDPR requirements, which must be borne in mind in the use of technology for managing client data. Figure 24 illustrates respondent’s opinion as to the degree of significance GDPR has on their business, and as is evident it is perceived as having a significant impact.

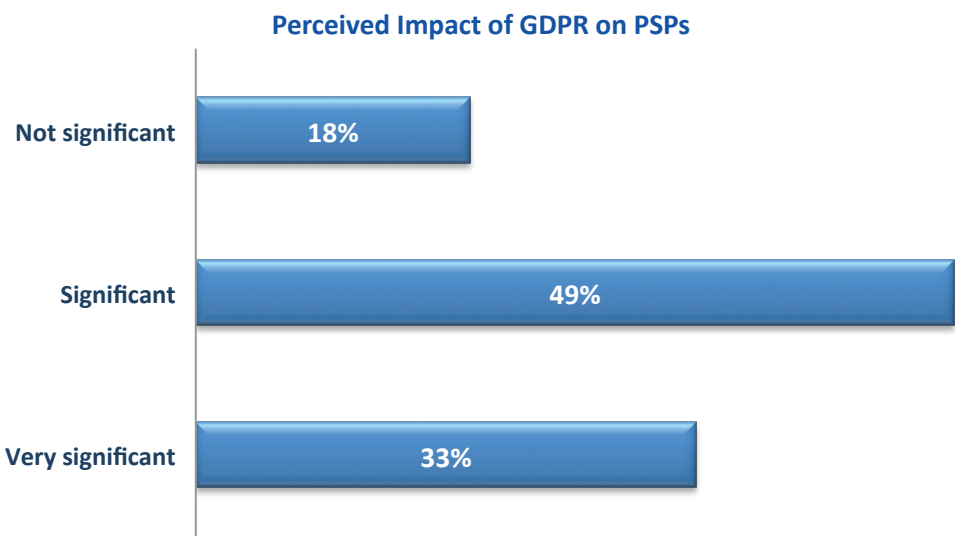


Figure 24: Perceived Impact of GDPR on PSPs

It is interesting to note that 18% of survey respondents confirmed the impact of GDPR as being “not significant”. Some interview respondents expressed the view that while GDPR is important, it does not represent a step-change from the preceding data protection requirements, particularly as in many instances PSPs operating in Ireland seldom transfer data outside the country, not least outside Europe.

4.5.1 Anti Money Laundering and Fraud

The PSRA is the State Competent Authority for property service providers for the purposes of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. While responsibility for adherence to all legal requirements rests with the PSP, the Authority has responsibility for monitoring and taking measures, where appropriate, to ensure compliance with this Act.

The Authority has developed a cash origin form which places the onus on customers to declare the source of funds when cash payments are used. Respondents to this research confirmed that various mechanisms are used in seeking, for example, bank details. This ranges from email, phone, post and in person.

Ranking of method for collection of client bank details

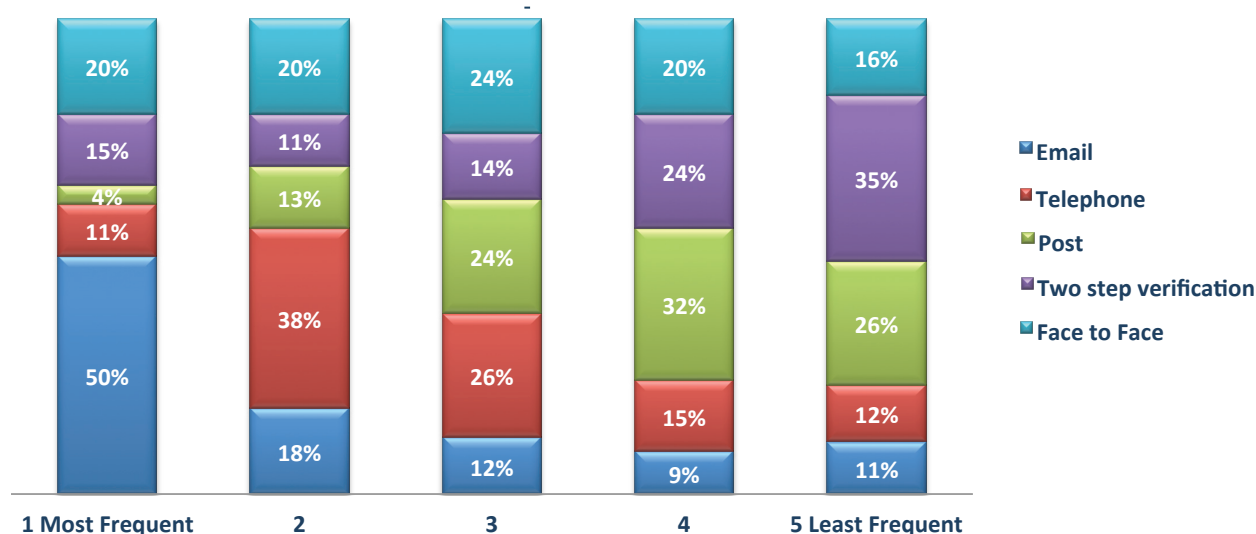


Figure 25: Ranking of method for the collection of client bank account details

Respondents to the survey were asked to rank in order of frequency the methods by which bank details were sought. The Authority recommends that licensees use more than one method of sharing bank details for each transaction in order to reduce the likelihood of fraud. Findings from this research thus may pose some concern as the largest proportion of “least frequently” used mechanisms for obtaining bank details is a “two-step verification process”. It appears from Figure 25, that the largest proportion across all ranks and options is that of requesting details by email, with telephone being the second largest by proportion.

4.6 Complaint Handling

The Authority investigates complaints, received in writing, of alleged improper conduct pertaining to the services delivered by PSPs. The Authority also has a duty to investigate a complaint made regarding a person providing property services without a licence, subject to sufficient evidence provided by the complainant. In addition, the Authority may commence an investigation of its own volition. The Authority has considerable powers under the Act to undertake an investigation, request further documentation, interview relevant personnel and to enter premises related to the alleged misconduct.

Data relating to the number of complaints handled on a yearly basis is detailed within the PSRA Annual Report ⁶. Respondents to this research were asked their opinion as to what they believe to be the most common complaint received. While a large number of respondents perceive “lack of transparency” as the main complaint likely to be made, additional issues were posited as a likely cause of complaint, which are broadly in line with actual complaints received by the Authority, including:

- **Unhappy with service provided (including poor communication, delays in completing transactions, lack of professionalism)**
- **Unlicensed operator**
- **PSP fees**
- **Delay returning deposit**

⁶ PSRA Annual Report [available online at www.psr.ie]

While the Authority has responsibility for ensuring licensees have a minimum level of qualification and be subject to an audit, it has limited control over the standard of service provided on a day to day basis. A poor level of service is the cause of a significant proportion of complaints received by the Authority, and may warrant the development of a Code of Conduct of Professional Practice for licence holders.

For Category D licence holders, it was pointed out that many complaints relate to the Owner Management Company (OMC), rather than the Licensed Management Agent, and is outside the remit of the Authority. Respondents noted that there is a perception that an OMC is regulated in the same way as a Management Agent, and more clarity needs to be provided to the public in this regard.

Not all complaints are directed in the first instance to the Authority. It may be the case that the PSP receives a complaint against them directly. Respondents ranked in order their most likely course of action should a complaint be made against them (see Figure 26).

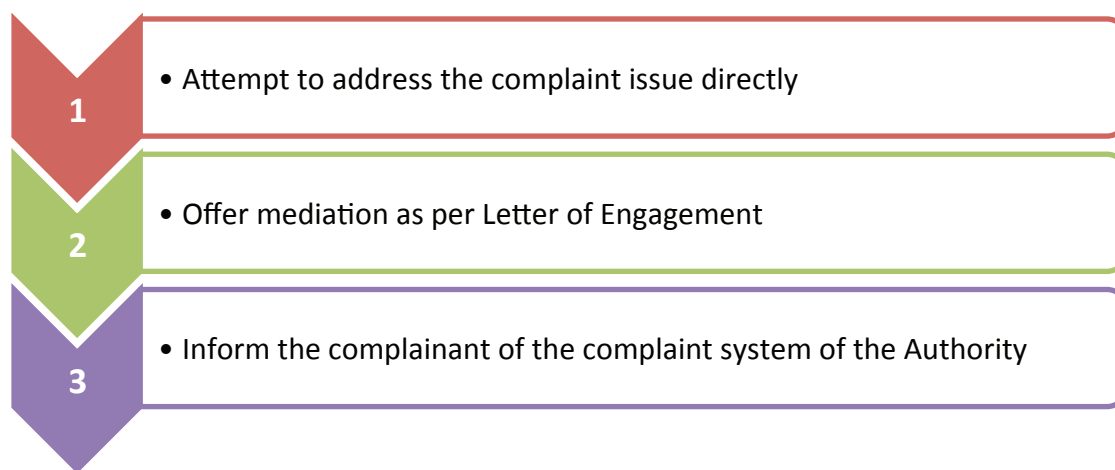


Figure 26: Order in which complaints are addressed by PSPs

The order outlined in Figure 26 is perhaps somewhat unsurprising as licensees are likely to try to address the issue prior to escalating it to the Authority. However, respondents that indicated they had a complaint made against them to the Authority expressed the opinion that it was dealt with in a fair and transparent manner.

It is interesting to note that an average of 50% of respondents confirmed they would not report another PSP whom they believed to be in breach of regulations. Further analysis of this group of respondents confirm that the spread of licence categories held and the number of years' experience is in line with norms for the overall population of respondents. Neither a single licence category type nor the level of experience of a PSP is more or less likely to make a complaint.

Interview respondents stated that the breach would need to be significant (e.g. fraud) for them to make the complaint to the Authority.

There is a slight geographic divergence in this regard, however, with 57% of Dublin-based respondents confirming they would report another PSP, compared to 37% of respondents working in the Midlands. Perhaps if the complainant remained anonymous the response may differ.

There are also a number of situations whereby a complaint may not be investigated, for example if the complaint is not made in good faith; if the complaint is frivolous and without foundation or indeed even if it were found to be true, does not constitute improper conduct.

4.7 Other Issues Facing PSPs

4.7.1 Technology

Technological advancement has impacted every sector, and the property service sector is no different. Participants in this research were asked to confirm whether technology is used for maintaining client records, the results of which are presented in Figure 27.

Use of specialised software for maintaining client records

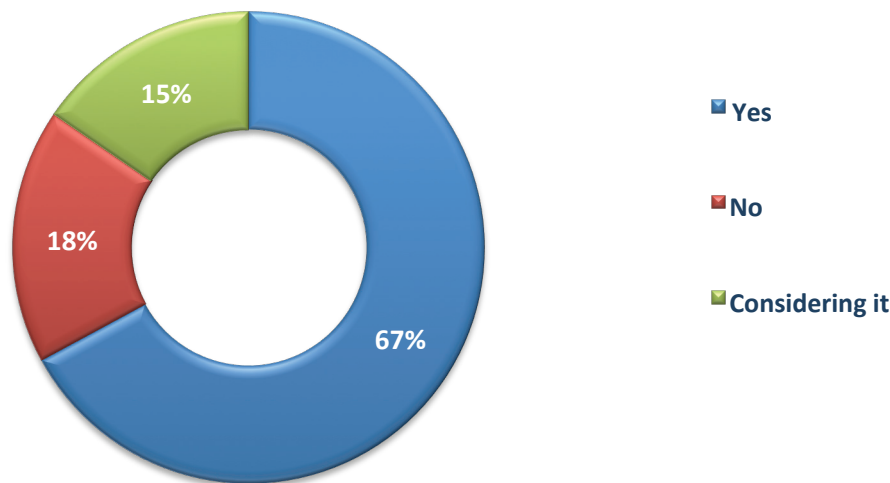


Figure 27: Proportion of respondents using software for managing client records

As is evident from Figure 27, a large proportion of respondents use specialist software to manage client records, and 93% of those who use the software consider it to be effective. A limitation in this analysis is that it does not determine the specific type of software used, thus it could potentially range from a spreadsheet (eg. MS Excel, MS Access), to specialised client management software packages.

Training on client record software has been undertaken in a number of ways. Figure 28 shows the type of training that people have undergone on client management software.

Type of training on client management software

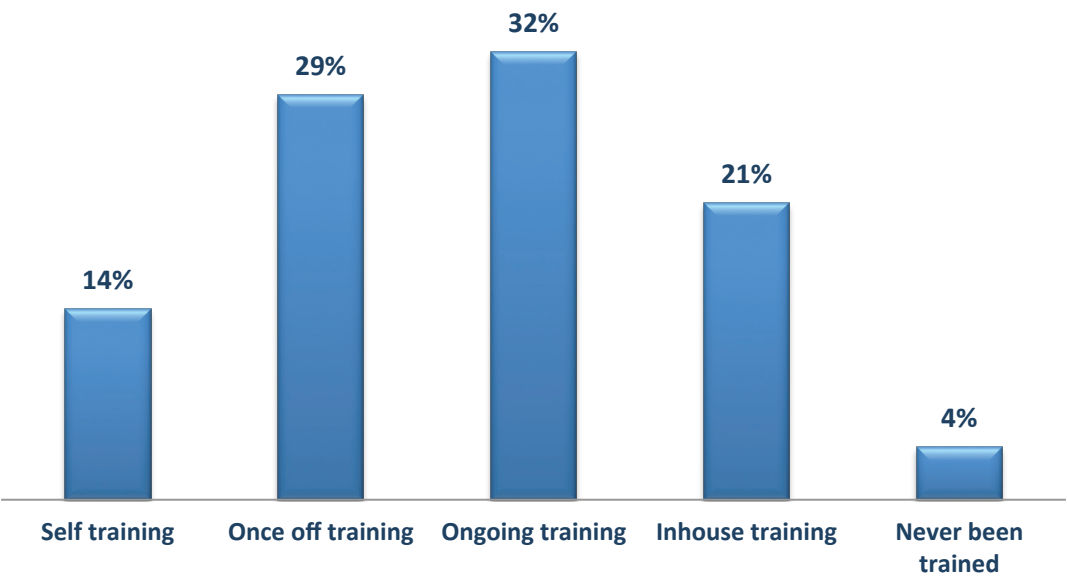


Figure 28: Training on client management software

PSPs, like most other businesses, must be vigilant in the security of technology tools as 10% of respondents confirmed that they had been subject to online fraud; the specifics of which remain outside the scope of this research.

Of those that do not use specialised software for the purposes of maintaining client records, 62% of these businesses cited the small size of the business as being the reason. This is supported by the fact that 56% of this group of respondents (i.e. do not use specialised software due to small size of business) were sole traders or independent contractors.

4.7.2 Brexit

Brexit is a critical issue facing the Irish economy at present, and while the full impact of Brexit will play out for some time to come, it has the potential to create many opportunities, but also considerable uncertainty.

Until now the influence of Brexit on PSPs has not been explored, thus participants in this research were asked for their opinion as to the perceived impact of Brexit on their business. It must be borne in mind that the survey was conducted in August 2018 and the terms of Brexit had not been determined at that point.

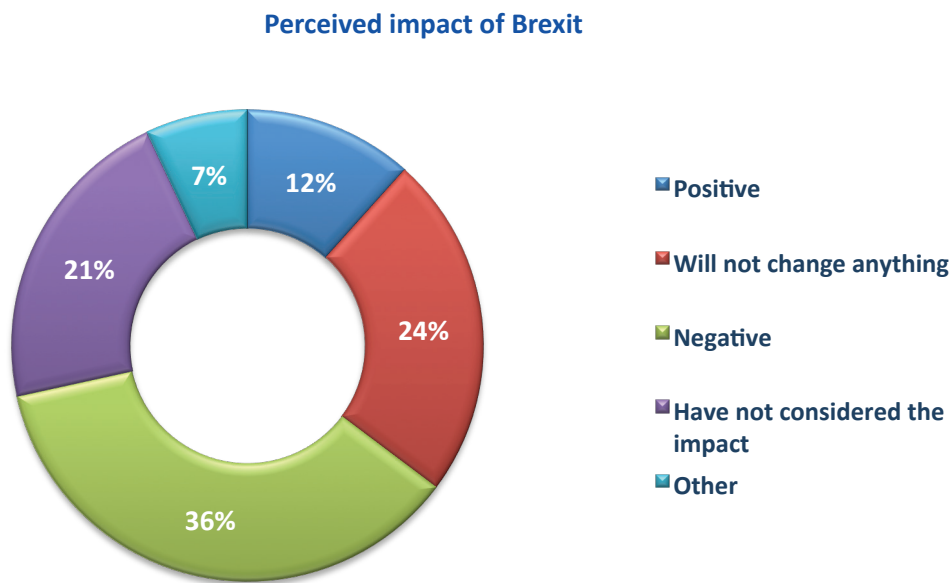


Figure 29: Perceived impact of Brexit (as of August 2018)

The statistics contained in Figure 29 demonstrate a varied viewpoint of the perceived impact of Brexit on PSPs, from which a number of conclusions may be drawn.

The single largest response category was that Brexit is perceived to have a negative impact on PSPs in Ireland (36%); however the combined proportion of those noting a positive effect and no change is exactly the same (36%).

There is some geographic divergence in the data with 47% of respondents from the North East and North West confirming that it will have a negative impact. This is explained in part by the potential for non-licensed service providers operating across the border, as expressed by interview respondents in particular.

It is somewhat surprising that a business would not have considered the impact of Brexit, yet over one fifth of respondents to this research confirmed this to be the case. On further analysis there is no notable profile difference between those that have not considered the impact of Brexit and the research sample as a whole.

Interview respondents suggested that Brexit may have a positive impact in terms of demand for commercial property, however for many PSPs in Ireland, their business is driven by indigenous demand thus Brexit, for many, may not have a significant impact. Once again, interview respondents noted that in the event of a divergence in economic growth patterns with Northern Ireland, it may result in an increase in non-licensed service providers trading south of the border. However, as previously noted, the likelihood of this occurring and impact if it does occur is undeterminable at present.

One interview respondent also noted another possible downside risk of Brexit lies with pursuing service charges from property owners who reside in the UK. This challenge currently exists however it may be exacerbated if EU laws do not apply.

As noted, the timing of the survey (August 2018) may have had an impact on responses, given that negotiations were still ongoing. The results are thus inconclusive at the point of writing, most likely due to the uncertainty regarding the terms and conditions of the UK's withdrawal from the EU.

4.8 Summary

This chapter provided a comprehensive overview of the PSP perspective on the impact of regulation and the effectiveness of the Authority in discharging its statutory responsibility.

Findings from the research confirm an overwhelmingly positive view of the need for regulation of PSPs (82% of respondents), and over half of respondents to this research believe the current level of regulation to be appropriate. The key benefits of regulation cited were higher levels of professionalism and improving the reputation of the sector, which consequently adds value to businesses operating within it.

The online licensing process and advice provided by the Authority are deemed effective, and for participants in the research that had undergone an audit (70%), the process is believed to have been beneficial to the business. The vast majority (82%) of respondents consider the Authority to be effective in discharging its statutory remit, while 87% are of the view that the Authority is having a positive impact on the sector.

Most respondents regard the qualification requirement for licence eligibility as appropriate, and CPD is also found to be valuable to PSPs. CPD is thought to be particularly important for small businesses and several areas have been identified for the expansion of the suite of CPD modules going forward.

While uncertainty remains as regards the impact of Brexit on PSPs, a critical challenge for PSPs lies in the ability to recruit suitably qualified personnel and over 80% of respondents confirmed they would consider employing an apprentice.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The preceding analysis represents the first research of its kind on the impact of regulation on PSPs in Ireland. The combination of the high response rate, cumulative experience and geographic dispersion of respondents around Ireland indicates that the findings are representative of the PSP population as a whole and thus are considered definitive.

The foremost source of data for the purpose of the report was collected by means of an online survey administered by the Authority in August 2018. Data was anonymised such that individual respondents could not be identified and respondents were afforded numerous opportunities to provide insight and feedback relating to a number of issues facing them as PSPs in Ireland. Importantly, the anonymised data was analysed by an independent researcher to ensure against potential bias, and the findings are presented in this report.

A number of conclusions and recommendations can be made based on discoveries from the research.

5.2 Conclusions

Regulation	▪ The majority of PSPs agree that the sector requires regulation and perceive the regulation as a positive development for the sector. ▪ Some administrative aspects of the regulation have increased the paperwork required for PSPs and while regulation is welcome, the standard forms (e.g. letters of engagement) may not be equally applicable across all PSPs.
Licensing	▪ The number of PSRA licensees has increased on an annual basis since inception and stands at 5,860 at 31st December 2018. ▪ There is no geographic divergence in licence categories held across the country, with similar proportions of each licence category nationwide. ▪ Participants in this research confirm that the current licence application process is effective. ▪ A significant proportion of respondents currently hold licences in aspects of property services they do not currently deliver. ▪ 68% of participants in this research are members of a professional body
Education and Standards	▪ The current minimum level of educational attainment is deemed moderately difficult to achieve, but is perceived as a positive reinforcement of the quality and standard of Licensed PSPs. ▪ Contrary to the previous point there are some specialist areas, such as fine art or livestock auctions, for which the minimum standard of qualification is considered excessive. ▪ The vast majority of respondents would consider hiring an apprentice; however at present the apprenticeship programmes are only available in Dublin and Cork which is currently acting as a constraint for PSPs in other regions.
PSRA	▪ Findings from this research confirm that the overwhelming majority of PSPs are aware of the role of the Authority and believe the Authority has had a positive impact on the sector. ▪ Furthermore, respondents are satisfied that the Authority is effectively fulfilling its statutory responsibility. ▪ 70% of respondents stated that their business had been subject to an audit, and no geographic divergence was evident in the findings. ▪ Respondents that had undergone the audit process found it beneficial to the business as a whole. ▪ Participants confirmed that engagement with the Authority was primarily through guidance documents, seminars and email correspondence. ▪ Additional publications would be welcome.
Additional Considerations	▪ A mixed view on the potential impact of Brexit on PSPs was demonstrated. ▪ PSPs operating in border counties expressed concern regarding non-licensed PSPs from Northern Ireland and the impact of Brexit on cross-border activity. ▪ Availability of suitably qualified staff is a key issue facing PSPs. ▪ Technology is playing an important role with many respondents confirming the use of specialist client management software.
	▪ GDPR is not a significant issue for PSPs as the previous data protection regulation was broadly similar.

5.3 Recommendations

National Awareness Campaign	While it is acknowledged that an awareness campaign was undertaken in 2018, it is strongly recommended that another is rolled out in the next twelve months to reinforce and heighten public awareness of regulations pertaining to property service providers. Particular emphasis should be placed on the requirement to engage a licensed PSP when purchasing, selling, managing or letting property. Use of the PSRA logo for licensed PSPs should be considered to increase “brand” awareness for the public in engaging PSPs.
Licence Categories	Consideration should be given as to whether the universal minimum educational attainment required for eligibility is appropriate across all licence categories/services.
Apprenticeship	The current apprenticeship programme is a positive development, and consideration should now be given (by third level providers) to the delivery of additional apprenticeship programmes in other regions. This would improve accessibility across the country thereby addressing the current difficulty in recruiting suitably qualified staff.
Educational Attainment: non-standard applications	An additional pathway should be developed to facilitate experienced professionals or graduates from non-cognate disciplines to undertake a bridging course to expedite eligibility to apply for various categories of PSP licence.
Letters of Engagement	It is recognised that standard Letters of Engagement for service categories have been made available by the Authority, however it is recommended that the standard letters of engagement are reviewed and aligned to the type of property service being transacted across varying sectors. Following this review, it is also recommended that the existence of the standard Letters of Engagement should be communicated to PSPs and if required, form part of a CPD module.
Cost of Licence	A review of the cost of licences should be undertaken to determine the possibility of charging a separate fee for each category of licence held. This is not to suggest that the total fee would alter, but to divide it across the four current categories of licence. This would benefit small businesses in particular that may not offer the full range of property services, but make up a considerable proportion of licensees.

5.3 Recommendations Continued

Further Support for Small Business	A support structure for small and independent businesses should be considered by the Authority to not only ensure compliance with statutory requirements but also business management, technology and the audit process. It is recommended that business management form an integral part of the CPD programme.
Code of Conduct for Property Service Providers	Consideration should be given to the development by the Authority, of a Code of Conduct for PSPs.
Two-step Verification Process to Reduce Exposure to Fraud	Whilst it is acknowledged that a number of PSPs already use a two-step verification process for handling client bank account details, it is recommended that the Authority promote the use of more than one method of obtaining client bank details for security purposes. Consideration should be given as to whether this recommendation could form part of the audit process.
Property Sector Publications	Consideration should be given to the type, frequency and scope of additional publications sought by PSPs.

APPENDICES

About the Author

Dr Róisín Murphy is a Senior Lecturer in the School of Surveying and Construction Management (SSCM) at Technological University Dublin. Having completed her primary degree in Economics and History from UCD, Róisín holds Masters Degrees from both UCD Michael Smurfit Graduate Business School and Heriot Watt University. She completed a Doctor of Business Administration (DBA) from Heriot Watt University, specialising in Strategic Management in Professional Service Firms.

Róisín has published extensively in the areas of strategic management of professional service firms and has authored several industry-led reports pertaining to the Irish construction and property sectors.

Róisín lectures in areas related to construction and property economics and strategic management at all levels of the NFQ framework. Research interests mirror these subject areas and Róisín is currently engaged in a number of industry-based research projects as well as acting in a lead supervisory capacity to several PhD candidates.

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