

6 January 2023

For Immediate Release

**Statement by the Competition Commission regarding
estate agencies' internal memos on commission for first-hand property transactions**

In response to recent media reports about four real estate agencies' internal memos regarding commission for first-hand property transactions, the Competition Commission (Commission) issued the following statement today (6 January 2023):

The Commission is aware of media reports that four real estate agencies, namely Centaline Property Agency Limited, Hong Kong Property Services (Agency) Limited, Midland Realty International Limited and Ricacorp Properties Limited, have recently, in close timing from one another, each issued internal memos directing their respective agents to observe a minimum net commission¹ of two percent in first-hand property transactions starting 1 January 2023.

The Commission considers that effective competition is key to delivering benefits for consumers. Accordingly, it is concerned about any action from businesses that are aimed at reducing the level of competition, particularly in sectors such as the property market which affects many people in Hong Kong. Indeed, over the past two years, real estate and property management has been one of the top three sectors where the Commission has received the most number of complaints.

The Commission is therefore looking into the matter, with a view to assessing whether the conduct may give rise to competition concerns under the Competition Ordinance (Ordinance). This will include reaching out to the relevant parties and taking all necessary actions. Under the First Conduct Rule of the Ordinance, arrangements between market participants which prevent, restrict or distort competition in Hong Kong are prohibited.

In addition, the Commission calls on anyone who can provide information on the matter or the relevant practices in the industry to contact the Commission by telephone at 3462 2118, e-mail (complaints@compcomm.hk), post, or in person at the Commission's office (by appointment only), while those who consider that they may have engaged or been involved in anticompetitive conduct should approach the Commission for leniency or cooperation (Leniency Hotline: 3996 8010; e-mail: leniency@compcomm.hk). The Commission will seek to protect any confidential information provided, including the identity of the informants.

The Commission wishes to state that no assumption should be made at this time that there has been a contravention of the Ordinance in relation to the matter referred to in this release. The Commission urges all companies to comply with the Ordinance, and to steer clear of anti-competitive practices.

¹ Net commission refers to the commission received by the real estate agencies after deduction of all expenses, including rebates to property buyers.