



**Ministry of Industry, Commerce, Agriculture and Fisheries**

**Hon Audley Shaw, CD, MP**

**Minister of Industry, Commerce, Agriculture and Fisheries**

***Real Estate Board***

**30<sup>th</sup> Anniversary Banquet and Awards Ceremony**

**Spanish Court Hotel, Kingston**

**Saturday, October 6, 2018**

**7:30 pm**

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**Salutations:**

- Mrs. Paula Anne Porter-Jones, Master of Ceremony
- Mr. Kevin Richards Chairman, Real Estate Board (REB)
- Mrs. Sandra Watson- Garrick, CEO of the REB
- Mr. Howard Johnson Jr., President, Realtors Association of Jamaica
- Mr. Michael Lake President, Developers Association of Jamaica
- Other Specially invited Guests
- Members of the Media
- Ladies and Gentlemen,

Good evening.

It is indeed an honour to be representing our Prime Minister, the Hon. Andrew Holness and the Government of Jamaica at this the **30<sup>th</sup> Anniversary Banquet and Awards Ceremony of the Real Estate Board of Jamaica (REB)**.

The value of the real estate sector cannot be overstated with home ownership noted globally as a key indicator of the financial independence and economic growth of individuals.

The value added to the economy by the real estate sector is also a measure of economic growth and buoyancy.

An example of this can be seen in the total transactions handled by the Realtors Association of Jamaica (RAJ) through its Multiple Listing Service (MLS) System from January to date, which is nearly \$27.2 Billion

I want to commend the REB for its stewardship, all the various associations - every stakeholder, for your hard work and dedication which has contributed immensely to nation building and our economic growth.

The vast array of professions and careers within the sector such as persons in the fields of finance, law, manufacturing, architecture,

interior decorating, construction, surveying, sales, property management, make it a truly invaluable one.

***Points:***

Ladies and gentlemen, allow me to use my presentation, this evening, to speak to some of the issues facing the Jamaican housing sector and highlight a few avenues that may be pursued to resolve these issues.

There is no doubt that the sector is currently challenged to meet the demand for housing. There is need for at least 15,000 units annually to meet the current demand. We have been unable to satisfy this demand over the years and this has caused prices to rapidly escalate, pushing the ability to attain the goal of homeownership from the grasp of many.

This reality means the wealth that could be leveraged or created by those who are unable to own homes, cannot be attained. The multiplier effect, such as entrepreneurial pursuits, are therefore inhibited.

This point is driven home when we look at the Business and Consumer Confidence Survey for the first and second quarters of 2018.

The prevailing sentiment is that consumers do not anticipate buying a home soon, compared with, per se, buying a car.

In fact, for the first quarter, the Survey showed that although serviced lots and houses are being constructed, there was no increase in the level of home-buying intention, which stood at 12 per cent.

According to the second quarter Survey, the trend in future purchase plans remained unchanged. Consumers were more optimistic about taking a vacation (29 per cent) than they were about buying a car (13 per cent) or a home (7 per cent).

Seven percent! Only 7 percent of individuals surveyed anticipated buying a home.

There is need for a closer look at this situation.

That is part of the rationale of the commissioning, last year, of a strategic review of the National Housing Trust (NHT), by our Prime Minister, the Most Hon. Andrew Holness.

This review is now complete and will be debated in Parliament in the coming weeks.

Ladies and gentlemen, we are aware that in its current form, the NHT is constrained in what it would want to deliver. The objective is to, therefore, assess the entity's operations with a view to improving its capacity.

It is important that as private sector and government, we look at the factors that need to be developed or strengthened to ensure that the market remains favourable and attractive for investors, developers, dealers and purchasers - all stakeholders.

We must find a way to make it easier for the working class, tax-paying citizens of this country to earn their homes within a reasonable time, thereby strengthening their growth and that of the country.

So many Jamaicans have been able to leverage the equity of their homes to build entrepreneurial ventures, send their children to university and carry out many other meaningful activities that have created wealth for them and their families.

Mind you, I am in no way advocating the irresponsible use of this valuable asset, but the ability to improve one's standard of living through homeownership cannot be overstated.

***Developments in the Sector:***

In the last few years we have seen the completion of several major developments with hundreds of homes added to the local housing stock. However, we have still not met the demand.

According to the Economic and Social Survey of Jamaica, between 2001 and 2011 an estimated 111,525 units were added to the housing stock.

Of this number 43,905 were built by the NHT and major developers, at an average of 4,390 per annum. This suggests that the additional 67,620 units were supplied by private builders and the informal sector.

***Governmental Response:***

As part of Government's response to the challenge, steps are being taken to ensure that there is a comprehensive regulatory framework in place for the housing sector. Three of the major initiatives we hope to use to address this are:

1. Development of a National Housing Policy and Implementation
2. Revision of the Rent Restriction Act **AND**
3. Undertaking of a National Squatting Survey

***Informal Housing:***

This is another area of concern. We continue to grapple with informal housing and inappropriate land use.

The problem, however is no longer seminally linked to the rural-urban drift but features now a blatant disregard for policy and the rule of law as well as our failure to enforce the laws that govern land use and management.

This has given rise to a myriad of social problems. Among these ills are crime and violence and unacceptable and unsafe housing construction causing Government to play catch-up in the provision of adequate infrastructural support for unplanned communities.

Ladies and gentlemen, according to the Housing Agency of Jamaica, there were an estimated 700 informal settlements in Jamaica up to 2008. This agency has been actively involved in regularizing a little over 100 of these communities, amid other governmental efforts.

This government has voiced our intention to ensure that we have a viable programme to deal with informal housing developments over the next couple of years.

These communities surround business communities, areas once considered high- to middle-income housing communities and even tourist locales. But we intend to pay special attention to this as a critical part of the urban regeneration programme.

We are moving to address this issue with the recognition that in order to effectively treat with this problem, it must be approached as a national programme which engages all affected Members of Parliament.

### ***Real Estate Boards' Efforts and Roles:***

Ladies and gentlemen, I want to use the opportunity to also urge the REB and its practitioners to continue its drive to support the Anti-Money Laundering (AML) legislation and enforcement initiatives of the government.

Real estate is a one of the areas that readily comes into contact with individuals who may be seeking to circumvent the law.

I know that the Board and its colleague associations have checks and balances in place but I urge you to be relentless in this regard and take a zero tolerance approach to any inklings that run counter to the law.

Our culture of informality may incite some amount of resistance to these regimes, especially AML. But I urge you, as regulator and practitioners, to stand your ground in support of nation building.

I note that all dealers and salesmen are required to take AML Courses and make the necessary reports to the REB and the Financial Investigative Division. I commend this and urge the REB to keep up and strengthened, where necessary, its enforcement and training initiatives.

We cannot sit by and allow unscrupulous individuals to poke holes in the mechanisms designed to ensure a healthy financial service sector or our economy.

In this regard, I commend the REB on the development of its training facility Real Estate Training Institute (RETI). It is important that industry players meet the demands for certification and keep pace with the legislative changes. This can only redound to a more responsive and responsible space for us all to operate within.

### **Public Buy-In:**

The checks and balances, however, stand to be undermined if the public does not play its part. We need more vigilance by the public to report persons who engage in the business of real estate without a licence, contrary to the law.

***That 'sweet deal' that you think you are getting now could be your undoing. Many individuals have unwittingly given away their savings because they did not check the credibility and registration status of practitioners. Don't get caught in this trap, ensure the entity or individual you are dealing with is duly registered.***

I am also speaking to those who engage in providing these services that you are not licensed to provide. The law will catch up with you, and when we do, it won't look good on you.

If we are to have a healthy economy with structures that serve all our interests and needs, we must all play our part!

We know that legislations may not be developed at the pace at which the industry is moving but we are committed to addressing this.

I am also heartened to learn that for the 2017/2018 financial year the Real Estate Board registered 72 new real estate developments, 161 new salesmen and 12 new dealers.

The strengthening of the REB's own capacity to serve the industry as well as to be able to police the industry speaks volumes for your role as regulators.

***Close:***

Ladies and gentlemen, Jamaica can only become the place we envision if we put our collective skillsets and resolve into making it so. I take this opportunity to applaud the stewardship and efforts of the Real Estate Board as you continue to support nation building and wish for you all another successful 30 years!

I want to also take this opportunity to commend the awardees who will be acknowledged tonight for their long and dedicated service. Job well done!

Thank you!