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## **Hungarian Real Estate Association accused of cartelling**

**The competition law is violated if a professional interest representing organization sets recommended fees for its members – stated the Hungarian Competition Authority (GVH) in the course of the proceeding against the Hungarian Real Estate Association (MAISZ).**

The GVH had been informed that MAISZ set out recommendations for its members in the following documents on its homepage:

- The document entitled "Tariffs for Real Estate Services":
  - o on the one hand it contains recommendations for the minimum and maximum of estate agent fees that are calculated as a percentage of the value categorised in different levels;
  - o on the other hand it contains absolute value (HUF) recommendations for the minimum, average and maximum of expert fees.
- The document entitled "Guiding Tariffs for Real Estate Valuation Activity" determines four categories for minimal overhead prices by the hour depending on what qualification and kind of liability insurance the real estate appraiser or the organization have. The Recommendation for Appraisal Services also contains detailed data about "the estimated time consumption of appraisal activity".

MAISZ is a professional interest representing organization of 584 members. It organizes and coordinates its members engaged in property sales, brokerage, development, management, appraising and in general other activities related to real estates, furthermore other asset-based business valuations, valuation of intangible assets and financial analysis. The documents objected by the GVH had been elaborated by the member undertakings themselves in the special committees of the association, and then forwarded to the other undertakings for opining. Thereafter, taking into account these opinions, the committees elaborated the final version of the recommendations.

The GVH found that by setting recommended fees for its members, MAISZ violated the competition law. Therefore the GVH provided that MAISZ should:

- remove the documents mentioned above from its homepage within 30 days of receipt of the decision,
- disclose the decision of the GVH on its homepage and call the attention of the visitors to the fact that the earlier fee recommendations were unlawful,

- call the attention of all the members of MAISZ by a registered letter to the fact that they may not use the Tariffs and the Guiding Tariffs and may not make references to the Tariffs and Guiding Tariffs in the contacts they have with clients,
- provide information in the written report prepared for the following general meeting about the fact that the GVH found illegal the recommendations for its members that it made in the documents entitled "Tariffs for Real Estate Agents" and "Guiding Tariffs for Real Estate Valuation Activity", since these recommendations aim at restricting competition and they may, and partly do, have such an effect,
- publish in the professional periodical "Real Estate and Investment" ("Ingatlan és befektetés") the operative part of the decision of the GVH.

The GVH did not fine the association, since in the course of the proceeding the GVH took into consideration that legal norms still allow several chambers to issue recommended prices. It was a mitigating factor in the course of the proceeding that MAISZ did not carry out disciplinary actions against those undertakings that had deviated from the recommendations.

Case number: **VJ-1/2008**.

Budapest, 27 October 2008

Hungarian Competition Authority  
Communications Group

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