

# DUFFY FORSYTH & CO

## ESTATE AGENTS



Christmas 2003

It's hard to believe that another year is drawing to a close. I can remember back in my childhood that it was only the "oldies" who spoke about time flying – now all ages are making the same comment.

We are moving into interesting times.

The newspapers have been full of changes to the Auction system due to commence on 1<sup>st</sup> February 2004. Agents will have to give a written opinion of value and cannot advertise or discuss a selling price that is not within this 10% range. The up side of this legislation is that owners will now be given more reliable quotations when discussing the likely selling price of their property with agents. There is no restriction on the vendor's reserve price.

The temptation of choosing the agency submitting the highest estimate may be relaxed with the examination of the special skills each agency has that may lead to the highest and best price being achieved by vendors.

It will be interesting to watch if the frequency of auction sales is diminished. Some argue that this marketing technique has been over used, and only special properties, or those requiring an auction for legal needs should be auctioned.

There have been press reports of buyers not bidding at auctions and then when the property is passed in, several buyers immediately approach the auctioneer to negotiate. The new legislation strengthens the highest bidders position. Negotiations between the highest bidder and the vendor must conclude prior to other buyers entering the negotiations. Auctioneers must make it very clear that the highest bidder will obtain this right. Hence the bidding process may change from one trying to achieve a sale to one where the buyers are competing for this very significant position. In bidding for this position it is very possible that the reserve is reached and the auction swings back to bidding for a sale. We would consider our auction a failure if several buyers approached us immediately after the property was passed in, to negotiate – they should have "bought" that right under the hammer.

Vendor's may only bid through their auctioneer – no friends in the crowd, or birds flying past. There are severe penalties for vendors and auctioneers who do not follow these rules.

The bidders are having to adjust to what I call the "change of position" of the vendor's bidder. Previously it had been a person in the crowd – many buyers suspected that they identified the "dummy", but some were never sure. The vendor's bidder did not bid after the reserve price was achieved. Now it is the agent who must declare the vendor bid – so the position has changed from some one standing in the crowd to the agent – clearly identifying the vendor's bids. Buyers must be counselled to recognise that a vendor cannot sell a property if they, the buyers do not bid, so it is essential for buyers to bid. Correct marketing of a property, includes schooling buyers in bidding techniques.

There are new rules for advertising. Previously where we had been a bulk user of advertising space, if space usage was achieved we received a rebate or volume discount some months later. The Age was the major player in this field. Landlords and vendors authorised us to retain these rebates. As of February we will only be able to charge you the amount that we actually incur. Rebates in dollar or kind are outlawed. As yet we are unclear how The Age is going to bill us.



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There are also discussions under way with the internet service suppliers who have been billing us a monthly fee, regardless of how many properties are placed on the internet during that month and no matter how many days they were on the internet. It is likely that there will be a per property fee plus the fees associated with uploading and maintaining the various sites. These very significant changes may mean we need to seek new advertising authorisations from our clients, once we have a clear picture. We will keep you informed.

Without wishing to nag on the Landlord Insurance topic I must draw your attention again to this very serious area of investment protection. There was a recent case in Queensland where a tenant has been awarded \$1.2 Million for tripping over a torn carpet. Please check your insurance – ensure that you are covered for tenant actions ( many of the commercial insurance houses do not) and ensure you have contents cover as this provides you with associated public liability cover. For an annual cost of \$265 ( tax deductible) both you and I can rest easy.

We are now emailing monthly statements. To read your statement you will need to have Acrobat Reader. It is available free from [www.adobe.com/products/acrobat/readstep.html](http://www.adobe.com/products/acrobat/readstep.html) Please send us an email to [forgol@bigpond.com](mailto:forgol@bigpond.com) to ensure that we have your current address.

We would hope that everyone's Christmas Tree is decked with decorations and presents, and that the celebratory food is filling the pantry. Last year we took the step of cancelling corporate cards and donated the money to the Red Cross Farm Hand Appeal. This year we are making a donation closer to home. I am aware that there are families in our immediate area who will not have gifts or food for the table. We are making a donation to the Salvation Army Christmas Appeal. We hope to brighten up the lives of some families at this special time. For all those who phoned or wrote to us last year supporting this concept thank you. For those who wish to join us in this years donation you do so simply by writing a cheque and posting it to: The Salvation Army Christmas Appeal, PO Box 9888, Melbourne 3001. Or simply hand in the cheque at any Westpac, Bank of Melbourne branch.

As Christmas falls on a Thursday we will be closed from Christmas Eve until the following Monday. We have notified all the tenants and we will keep a very close eye on all rental arrears leading up to this time.

For me this is a very special time as my daughter Carly returns home from London with her fiancée Matt, to marry on the 8<sup>th</sup> of January. So if I am a little difficult to contact around this date I am sure that you can understand what activities I may be involved in. They will return to London where Matt will continue being involved with Jamie Oliver and Fifteen – the training restaurant that has received so much press. Speaking with a little inside knowledge of the indescribable childhoods that most of the first group of trainees experienced it is a great credit to Jamie, and the trainees that so many managed to complete their training and are now working in restaurants across the world. We may even have two as guests at the wedding.

From Linda, Sue, Amy, Rebecca, the Saturday girls and myself, we wish you all the Christmas you had hoped for and may 2004 begin safely, happily and lead to a prosperous and fulfilling year.



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