

DUFFY FORSYTH & CO

ESTATE AGENTS

Autumn Newsletter

Recently I received an email from the co-ordinator of the Estate Agent's Course at Swinburne University of Technology lamenting on the amount of paper work that she has to cope with – well after reading the Retail Leases Act, and the proposed changes to the Sale of Land Act and the Estate Agents Act, I think the disease has spread. For those of you who have Retail Leases there are some very significant changes and the possibility of heavy fines for Estate Agents. I will compile a separate sheet on these changes. If any of you have properties that we do not manage but would like to have a copy of the information sheet simply email us and we will forward one to you.

The Estate Agents Act and the Sale of Land Act are about to go before the Upper House for final approval of this revision Bill.

The major changes include the manner in which Estate Agents write the Auction Authority – it will not only have the Vendor's reserve but the range in which the Agency has predicted that the property will sell for. There is a 10% variance allowed. Hopefully this will address the habit of over quoting to the vendor and under quoting to the market place. It may also encourage responsible agents to provide the addresses of those comparable properties that have been used to establish this range. There is no requirement in the legislation for the vendor's reserve to fall within this range.

Only the auctioneer may bid on behalf of the vendor. The auctioneer will have to declare each and every vendor bid. If the last bid is a vendor bid then this must be stated in any published results.

There are new provisions to deal with disruptive behaviour at auctions

The ability for Estate Agencies to receive advertising rebates or commissions is to be removed. I know that The Age is currently addressing how they will comply with this new requirement. The Act also prohibits Agencies billing out costs above those which they incur for services. It is going to take some skill to meet this requirement as many services are billed on the periodic basis (month, quarter etc) and until the end of that period you cannot create a specific account. Furthermore this makes no allowance for office consumables or labour costs in delivering these services. Naturally clients will not wish to have their accounts delayed for that period to expire. You may see Agencies suggesting that their fees be increased to cover these expenses and prevent being exposed to the possible error and associates heavy fines.

The cooling off period for properties sold up to the value of \$250,000 has been removed and it now applies to all sales except those three days either side of an auction, or when the purchases has received prior legal advice.

Agents may now share commission with other parties as long as this fact is stated on the Authority to Act and agreed to by the vendor/s.

Agent Representatives may now work for more than one Agency.

There have been some housekeeping changes to the receipting processes to bring them in line with electronic funds transfer and other modern business processes.

It will be very interesting to note the effects these changes bring to the industry.



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Some good news – the latest figures available from the Real Estate Institute of Victoria suggest that the rental market is recovering. The vacancy rates for most of our properties fell by 0.8% to 3.8% in the March quarter. The Melbourne Residential Vacancy rate moved from 4.1% to 3.7% in March quarter. A stable residential vacancy rate is seen as 3%, so we still have a way to go.

Changes to the manner and time frames in which corporate relocatees are managed will impact on our market place. There has been a general trend to pay transferees local wages rather than the previous expat packages. The length of the contracts is now often six months rather than the one to three years. There is a new trend, “the traveling expat” where the family remain in the home country and the employee travels to the remote destination for short periods – perhaps six to twelve week blocks. I am aware that this is a very new concept and the HR and Relocation experts are now calculating the total cost of this package. We may see it reverting back to the more traditional one.

My discussions with the Relocation Industry and Corporations indicate that the days of unlimited spending have come to an end. The standard rental package for many transferees is between \$500 to \$800 per week with only Chief Executive Offices and similar titles receiving more than \$1,000 per week. It will be even more essential to ensure that properties in this range are presented in the best possible manner.

Although the Australian dollar has made good growth against the US dollar and the pound it would seem that our local interest rates will remain stable in the short to medium term.

Along with your rental statements you will be receiving a privacy statement. Please sign this and return it to our office so that we can place it in your file.

For those of you who remember Louise Smitten from her reception days – Louise is still living in Calgary, Canada, and is now building her second home. She had been working in Body Corporate management or Building Management as they call it over there and loves it. She and her husband Dale may come back to Australia next year.

Heidi continues to do well in her Estate Agency studies and should complete the academic requirements by the end of the year. She will then be eligible to apply for her full licence.

Again I wish to thank you all for your support and invite you to forward any comments on our service provision that may enable us to meet your specific requirements in a better manner.

Kind regards,

Anne Forsyth & the Duffy Forsyth Team of Sue Ezard, Linda Atkinson, Amy Jupp & Heidi Riddell.



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