



# GAVEL & GLASS

The Official Newsletter of the Society of Auctioneers & Appraisers (SA) Inc.



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from  
**The Society Board of  
Management**



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Damian  
Popowycz



Paul Clifford



A J Colman



# 2011 Society Golf Classic



The Society's Golf Days are renowned for their casual and relaxed format which was evident however the competition was fierce.

The course was in outstanding condition and proved a real test with narrow fairways and elevated greens.

Feed back from the players was that it was the best Golf Day run ever and the on course deluge of food and drinks complimented a great day.

*Team Bank SA manned the 6th hole for nearest the pin and Messenger Community*

*News gave out Villies pies and pasties on hole 10.*

The Society 's Annual Golf Day was held at the Picturesque Mount Lofty Golf Course on Friday 18th of November 2011.

The weather forecast was a top of 37 degrees being the first warm day of the season, however at tee off a refreshing cool breeze was blowing and the conditions were prefect.

The four man team headed by David Philpot shot an amazing ten under the card but finished half a stroke back from the winning team Brock Harcourts—Brighton.

Another extraordinary feat was two of the teams each scored Eagles.



The winning team with the score of 48.5 was Steve Bachman, Frank Hoghbaum, Tyson Bachman & Lindsay Warner (Brock Harcourts—Brighton), second team with the score of 48.85 was Ian Liddell, Alex McGregor Reid, Josh Biggs & John McRostie (The Advertiser & clients) and the third team with the score of 49 was Pete Smith, David Philpott, Paul Cooper & Chris Ogilvie (ABI & DB Philpotts).

Nearest the pin the 6th hole was Frank Hoghbaum, nearest the pin the 15th hole was Jarrad Webb And Long Drive was Paul Cooper.

Paul Henry FSAA (Life)

# 2011 Society Golf Classic



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DECEMBER 2011

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# 2011 Golf Classic



# Message from

**Messenger**  
community news



*Season's Greetings*



**from the Messenger  
Real Estate Team**

We wish you and your families a safe and happy holiday period.

Thank you for your ongoing support throughout 2011.

We look forward to working with you again in the New Year.

Messenger offices will be closed from Wednesday 21st December to Tuesday 3rd January 2012.

First Edition in 2012 will be Wednesday 11th January.



**Messenger**  
your local 

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DECEMBER 2011

# St Dominic's Priory College Auction Day



Auctioneer Wayne Johnson



# Livestock Round-Up 2011—Paul Clifford

As off-shears sheep sales wind down for the season it certainly makes for interesting reflection. Records seemingly tumbling weekly as eager buyers fought to fill paddocks with plenty of feed. **\$310 a head for BL/Mo X ewes** taking the honours at Naracoorte recently in what was a remarkable sale.

It would be an interesting afternoon for our “country cousins” to buy the Stock Journal, see where the closest market is & **go for a drive to witness these dizzying heights, dare I say it while they last!**

What is interesting is the debate on are these levels are sustainable or not? No can argue they are not well deserved after years of patience & persistence by producers in the sheep industry.

Lack of sheep numbers in the country & an ever growing worldwide liking for the taste of lamb are helping but continued world economic volatility must have producers, agents & processors still a little nervy surely?

**Beef producers have seen excellent results for well bred vealers over recent weeks** which is also giving them a reason to feel content in the lead up to Christmas. The question of sustainability though makes for interesting debate. Everyone has an opinion & all are equally qualified – unfortunately my crystal ball has never been that reliable! Remember where these prices are set

Always in the saleyard & always by AUCTION.

**Paul Clifford MSAA**



# Home Finance Options – Simple & Faster Turnaround for you & your potential purchasers



We are hearing from you that one of the challenges right now is the time it may be taking for your buyers to obtain their lending to finalise the purchase of their new property.

Some Agents have reported they have had to extend contracts out to 60 days to ensure finance was arranged.

Not with BankSA.

Why not introduce your purchaser to one of our local Home Loan & Banking Specialists at BankSA. In most cases we will be able to turn around the deal within a more reasonable time frame.

To streamline the process even more providing the purchaser with the BankSA Home Loan Application Checklist gives them an overview of the items they are required to supply to have their lending needs assessed and approved.

In many cases our Local Home Loan & Banking Specialists are able to give an Approval In Principal on the spot or at least within 48 hours providing all items are provided.

## Home Loan Application Checklist



There may be further conditions that are needed to be met such as a valuation of the new property or existing property but this would be on a case by case basis.

The good news is if all requirements are met we can certainly turn a sale / purchase around within **21** days of approval.



# The du Plessis Story

**How the exciting world of du Plessis Fine Art Auctioneers has influenced the Auction Industry in SA for Almost 40 Years.**

relaxed, they wanted to create a governing body for the new generation of Auctioneers.

**Peter has achieved outstanding prices for a diverse range of Antiques including 3000 year old Chinese museum quality antiques.**

**Peters key to success is specializing in the high end Antique market,** whilst Peter has sold business equipment, industrial equipment, and all sorts of other auction items, he has an unparalleled knowledge of Antiques, so Peter has continued to build his client base, who are confident that when Peter describes an item his clients know and trust what du Plessis offers for sale.

*This was evident recently where a sale was organized with 1 weeks notice, no advertising, just an email sent to their client base, and it turned out to be one of the best sales of the year..*

With technology today du Plessis offers high quality antiquities right here in South Australia that are purchased worldwide, **which is a testament to the hard work and expertise of the du Plessis family's Auction business.**



Peter du Plessis FSAA



**Society Fellow Peter du Plessis commenced his career in 1961 with a London based Merchant Bank,** throughout the 60's Peter conducted auctions of residual barter trade merchandise such as leaf tobacco, rugs and agricultural equipment.

**Holding Auction licenses around the world in countries such as Hong Kong, Singapore and Malaysia,** Peter was granted his Australian Auction License in 1967. He moved with his family to Sydney and opened his Fine Art Auction Gallery. After rapid expansion into the other states Peter and his family moved their home and Gallery Head office to Adelaide in 1972. Almost 40 year on and the du Plessis name is recognized as one of the foremost fine art auctioneering companies.

Some of Peters notable achievements in his outstanding career:

- In the late 60's Peter helped influence the NSW Auction Act, which would not allow auctions to be conducted between sun down and sun up (night time), because in the 1800's an Auctioneer painted a black cow white, and sold it at night for more money, with this ridiculous act in place almost 100 years later it was Peter's lobbying that helped change the act, which now we see night auctions being conducted all over Australia.
- Peter worked with John Feraday at the Society's inception, as compulsory licensing of General Auctioneers was being

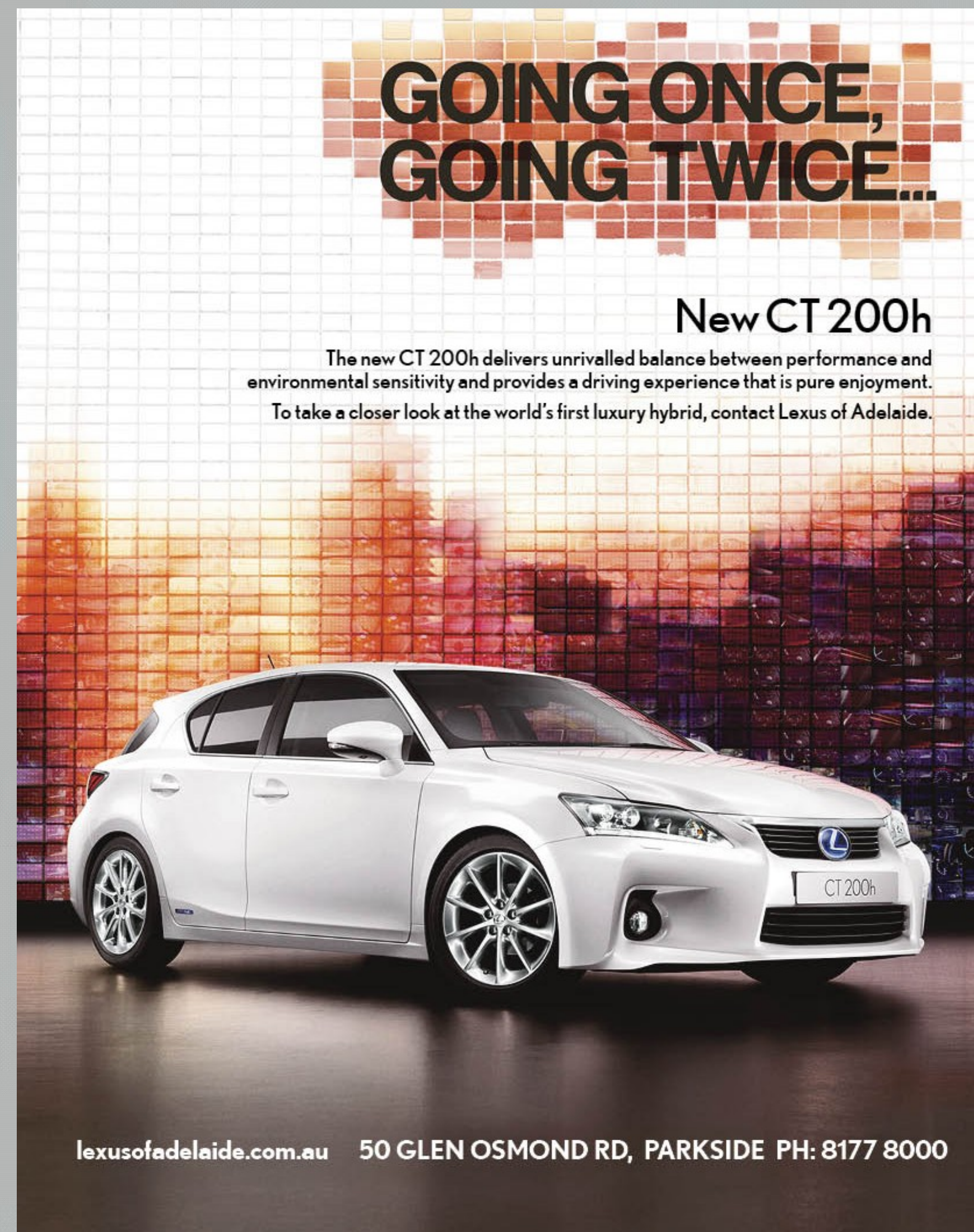


## Building Activity Declines but Positive Signs

The October AIG Performance Indices Report shows yet a further contraction in activity and new orders but the pace of decline shows a marked slowing. We are seeing a few indicators now (HWI Insurance, Documentation Sales) looking as if the downward trend in activity may have bottomed out, or be about to bottom out, the signs including land sales and new home finance. So while these figures are not a cause for great celebration, but combined with the change in the interest rate cycle, it does offer the hope of a turnaround in the medium term.



**Robert Harding, Executive Director HIA SA/NT**



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# School's Auction Idol 2012



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For further details see [Auctioneers.com.au](http://Auctioneers.com.au) (Schools Idol)  
 Watch Channel 10 Concept promotion, View Workbook, Schools  
 Participation Registration of Interest, Students registration.  
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## SCHOOLS AUCTION IDOL COMPETITION



We are in the process of contacting schools for the 2012 Messenger Community News BankSA Auction Idol Competition.

We look forward to another great year and of course more schools coming on board.

As this school year comes to an end I am busy talking to different schools about next years event and if I have not been in touch with you personally, I will certainly be trying to in the near future.

I am also speaking to many real estate agents about the prospects of employing a junior person within their business. There is no doubt those students who have been part of the Auction Idol make ideal prospects for work within our industry.

If you would like further information on the 2012 Auction Idol I look forward to hearing from you.

Please click on the following link to view the winning performance for 2011.



Lindsay Warner FSAA Life



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# Real Estate Career for Auction Idol 2012

INTRODUCING  
REAL ESTATE AND  
AUCTIONEERING TO  
SCHOOL STUDENTS AS A  
POSSIBLE CAREER CHOICE



I have been approached by a very successful Real Estate office who are looking to employ on a full time basis, a junior Real Estate trainee.

This office is very aware of the quality of trainee's who have been indentified through the Auction Idol Program and is looking have this position start in mid-January 2012.

I confirm this is a full time position, and includes roles such as Office Support, Database Management and Sales Support in a good solid Team Environment.

The trainee will be supported through their training to achieve a Certificate 4 in Real Estate Sales and all other facets of the Real Estate profession.

## School's Auction Idol Competition



Lindsay Warner FSAA Life

This position is only being offered through the Auction Idol Program and I ask in the first instance that all enquiries be directed to me via return email for further details.

The interest in employing a trainee to be a part of the next generation of Real Estate Professionals is certainly growing.

I can confirm that the following former Auction Idol contestants/students (now Real Estate professionals) are leading the way.

Edward Gainer	LJ Hooker Stirling	Concordia College
Tom Hector	Harris Real Estate	Rostrevor College
Ben Clarence	Brock Harcourts Adelaide	Pedare College
Tom Hector	Brock Harcourts Adelaide	Rostrevor College

If you have any questions, or a nomination for this position, please feel free to give me a call.



# KIRRIHILL



We have **EXCITING NEWS!!!** The Brand has had a makeover and is looking **FABULOUS!!**

As Christmas is not far away, you may be wondering what to buy for that special friend, family member or just spoil yourself. You can be all organized and have it delivered by us, with minimal impact to your every day life, in the Christmas rush.

We have 3 Christmas packs available:

- The Medal pack; with our current trophy and medal winning reds (plus glasses)
- The NEW Branded pack; with our current white wine releases (plus glasses)
- The Sparkling pack; with our Pink bubbles and our NEW Moscato (plus glasses)

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Cheers



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# Go Jump—Jason Andrew

Picture jumping from a height strapped to a parachute; once the chute is released, the quiet ride to the ground is slow and the landing is soft. Compare this to the same jump tied to a bungee, where the ride down is fast and exhilarating but just as you're about to hit the ground, the chord rebounds you back up.

Bringing a seller to a place where they understand and accept current market value quickly is just like encouraging them to make a jump with a bungee attached – the eventual sale price is much likely to be higher than the ground-level price achieved from a slow realisation.

The sooner a property is priced realistically, the more buyer interest it will attract. This is the reality of the current market and the key benefit of a well-executed 28 day auction campaign. This is especially true when compared to a private treaty sale, where latest data suggests the average days-on-market has now drifted out to well over 100 days.

We recently conducted an auction which illustrates the point perfectly. The seller's original price expectation was \$1.2m. During the campaign, the buyer feedback put the property in the mid-\$900s. On auction day, the sellers set a

reserve of \$940K, but the intense competition took bidding all the way to an eventual sale under the hammer at \$1.1M.

In order to obtain the highest price, the best agents understand it is one of their prime responsibilities to have their sellers accept market value swiftly. Then, and only then, the best possible outcome can be realised. Ditch the parachute and watch your prices fly.

All the best  
Jason Andrew



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# Eating everything on your plate—Jason Andrew

Back in the day, it was unthinkable not to eat everything on your plate. In those times, food was comparatively scarce – supermarkets were non-existent, a corner store or milk bar would supply the bare essentials like milk, tea and flour, sometimes in rationed quantities. Much of what you ate was grown locally.

Today, it's a different story. Australians enjoy an incredible abundance of food and we're forever filling our shopping trolleys with more than we need. Sadly, the consequence is waste – around \$5.2 billion dollars worth of food is thrown away every year, equating to around \$616 per household. If that money were put into an ordinary savings account instead, over 50 years it would total more than \$142,000. While it's easy to laugh at older generations who shop carefully and don't like to waste, they're enjoying the pay-off of being equipped to leverage their life's earnings far more successfully than those who have never known scarcity firsthand.

Right now, we're experiencing a property market where sales are far from abundant, where resourcefulness is rewarded and waste is not. Those who are successful have had to hone their skills.



Driving inspections without relying on advertising alone is just one example of a skill made critical by current conditions. Similarly, not wasting an inspection is an example of the resourcefulness required to succeed. The best agents are obtaining every last skerrick of information from each person coming through an open home, asking them what information they want, how they want it and when they want it. They're communicating with each one in a way they want to be communicated with. They're turning those inspections into either offers or meaningful feedback for their vendors then closing the relationship loop by inviting them through open homes for other properties.

The very best agents are concentrating on process, not outcome; details, not possibilities. The exciting news about the current climate is that those who survive or even manage to thrive will be better equipped, more skilled and better able to succeed than those who have never experienced it.

The trick will be in not returning to bad habits when the tide eventually turns - refusing the temptation to waste what at first glance appears to be excess, but is in fact an opportunity to leverage the supply that's available.

All the best,  
Jason Andrew

# Smoke a pack a day—Jason Andrew



Have you ever heard about anchoring? The theory describes the situation where an individual relies too heavily on one particular piece of information or a previous experience when making decisions. Once the “anchor” is set, the individual will filter all other information to reflect the bias they’ve developed. They essentially look for proof to support their belief, no matter how unlikely it is to be true. The smoker who ignores the health risks of his addiction by fixating on his uncle’s wife’s grandad who smoked three packets a day and lived to 100 is a good example of anchoring.

This theory sprang to mind the other day when we were talking to our friend Steve Carlton from RFS Finance. He was telling us about how often sales had been falling over recently and said that on many occasions, the problem could have been easily avoided.

According to Steve, many vendors are doing their sums with their bank manager before they even appoint an agent, but the base numbers are all wrong. Along with overestimating the price they’ll get for their home, they’re also failing to build in the correct costs for agent fees and marketing. Come auction day, when the top bid fails to come anywhere near the original estimated

sale price, whatever dream the sellers were holding for “what comes next” effectively escapes them and they refuse to sell. There was simply no buffer built into the finance equation.

The anchoring is this - when most agents think finance, they automatically think buyers. They don't even consider asking what the sellers personal finance plan is, because this is the way they've always done it and it used to work. Sure, the occasional deal that gets over the line might convince them the old way is still working, but the odds are not in their favour.

While yesterday’s interest rate cut is welcome news sure to improve confidence in the property sector, it’s no magic bullet to fix all woes. In the current market, any agent who fails to make sure their vendors have a financial plan to cover every possible contingency is planning to fail. If this is you, it’s time to pull up anchor and try a new strategy. Alternatively, you could try smoking a pack a day and see if you live to 100.

All the best  
Jason Andrew

# Bowden Group



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“Team Bowden” all share an unshakeable belief in continuous improvement and evolving the business to meet and exceed its clients needs. Every one of our 40+ staff play an integral part in the success of our client relationships, working together to ensure the best possible client experience... friendly, efficient, reliable, professional. For more information on how Bowden Group can be of service to you and your business please call Luke Bowden On: 8340 3588.

## Luke Bowden



Fredrick Bowden, Bowden Group is a modern operation that embraces the latest technologies and innovations, but at the same time, never losing sight of the family values that formed the foundation of the company.

### Our philosophy is simple...

...to partner with our clients to produce effective, compelling, targeted and accountable communication solutions, from concept to distribution, that meet their objectives and exceed expectation.

Bowden Group, making life easier for Society members.

Bowden Printing is a long standing family business started by Frederick Bowden in 1935 in the basement of a building.

Today Bowden group is based in Welland where it has been since 1995, and has 4th generation family still involved within the business.

Bowden Group originally came on board as a sponsor with the SAA and had a small Real Estate focused client base, as time has gone by Bowden Group has worked hard to meet the needs of the Real Estate industry, offering a 1 stop shop for



# Acquiring a Rent Roll—Corsers Solicitors

## What you need to know in South Australia

Mark Kurtze      Corsers Lawyers  
Chris Gill        Corsers Consultants

Rent rolls are a valuable way to increase your business and improve sales and cash flow but be aware of the pitfalls in the contract terms. Seek advice from a specialist rent roll broker or lawyer about sales contracts.

Contractual issues are very important.

## Due Diligence

Of most importance, insist on a due diligence clause to allow termination (for any reason). Poor records or management may cause you to decide to exit from a purchase agreement. You may otherwise be required to complete a poorly run business purchase unless you have a due diligence clause. Due diligence is an important step and must be done well prior to settlement.

Are Management Agreements in place. Management Agreements are often not signed, are lost or are not enforceable or do not cover all properties owned by a landlord.

Speak to the staff. Are there any problems or litigation? What is the relationship between the agent and his landlords? Will landlords stay? Are there too many properties in the portfolio held by a small number of landlords?

Are the returns too low and what are the letting fees? Generally a letting fee is not considered in the valuation of a Purchase Price.

## Claw Back of Retention Funds

It is a standard provision to hold a retention fund after settlement, but the claw back should not only be limited to the retention fund. Imagine a 20% retention fund but properties lost amount to 40% with a limitation to the retention fund. This can happen with poorly drafted contracts and when average smaller rent rolls sell for \$400,000+ these losses can be significant.

## Restraint and Goodwill

Ensure the vendor and directors are restrained from working in rentals for not less than 3 years and that all property management referrals are to be directed to you as purchaser. The vendor and directors should also be retained as nominal consultants to ensure their utmost good faith.

Also check that all property managers are under contracts with confidentiality clauses so they do not walk away with the goodwill also.

## Conclusion

It is easy for an agent to think that he or she knows about contracts. Land contracts perhaps. Be careful not to skimp and advise yourself as the old saying remains good today, *“A man who advises himself has a fool for a client”*.

Get professional advice and representation when looking at selling or buying to help negotiate a sale or purchase.



Chris Gill

C O R S E R S  
S O L I C I T O R S

# Out & About in the Community—AJ Colman

Fundraising and working in the community has been a passion of mine for some time.

On Sunday 6th of November was the 107.9 Life FM Big BBQ Day. Four months of hard work which paid off with an amazing turnout.

There was lots of food, live entertainment, jumpy castle, face painting, magic show, and the Racing Car Simulator was a big hit all day.

Everything went smoothly and we raised around \$5,000 to go towards the community work of Life FM. A J Colman MSAA



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