

**CLIENT:** Ravida Property

**DATE:** 7 April 2016

**PUBLICATION:** AFR- Domain

**PAGE:** 32

**READERSHIP:** 57,243

**FORMAT:** Print

**ACTIVITY:** 3 Plant Street

## FINANCIAL REVIEW

Property  
**High reserve? No hassle**  
A big vendor's reserve is not conducive to competition. People want to hear the property is on the market before you get the best out of them. Some people will not even bid until they hear that, as they fear they're going to contribute to the lift in value unnecessarily. p34



34 Property

# High reserve? No cheque? No hassle

**How it sold**

**Michael Bleby**

*We spoke to the team behind the weekend's most intriguing property sale.*

**The property:** A four-bedroom house at 3 Plant Street, Malvern, VIC. Sold at auction \$3.46 million.

**Who was the agent/agency?** Iain Carmichael, auctioneer, Genevieve Hoyle, Jellis Craig Armadale.

**How long was this on the market?** [Iain] Four Saturdays.

**Why did this one sell?** It was done for the purpose of selling a new home built with a view to selling out into the market.

**Was it overpriced?** It was a very full price.

**What did you think it would go for?** We thought \$3.2 million.

**What was surprising about it?** Even though there had been some general discussion in relation to the likely reserve price on the day, we didn't get our instructions until a few minutes before the auction.

I can't say what our agent's estimated selling price was, but it was a long way short of where we ended up on the day. It was our view that the reserve was quite a full one.

A big vendor's reserve is not conducive to competition. People want to hear the property is on the market before you get the best out of them. Some people will not even bid until they hear that, as they fear they're going to contribute to the lift in value unnecessarily.

With that reserve in mind, I commenced the auction. I called for an opening bid of \$2.9 million. It was as



Vendor expectations ran fast, but the market ran faster as this Melbourne property sold for \$3.46 million.

flat as a tack. We were going for two minutes – that’s very long. I eventually made a vendor bid of \$20,000 on top of that.

However, we had a buyer who had walked in for the first time 20 minutes before the auction started. He was Chinese. He liked the house but didn’t even have a chequebook on him.

We said “You need a chequebook?”

He made a call and had a chequebook delivered. It wasn’t necessarily the right one, but was something we could hang on to until the funds could clear if he bought it.

After my vendor bid, away it went. The price went up in \$20,000 lots to \$3,020,000. The last-minute buyer then bid \$3.1 million – he went up by \$80,000. A rival made another bid of

\$20,000 to \$3.12 million. Our buyer then went up to \$3.2 million – another \$80,000. His rival went to \$3.22 million. He then said \$3.3 million – yet another \$80,000. The two of them bid it up to \$3.46 million. Our last-minute buyer won.

We were a little surprised at our reserve, but the only thing running faster than a market on the rise is vendor’s expectations.

That’s really what fuels the market – a vendor wanting more than even a very full market offers is not an unusual situation. It happens every weekend.

**Do you reckon we’ll see another result like this: a) next week b) next year c) next cycle d) never?**

a) There will be results like this again – of course there will in a market that’s running hot.

## High reserve? No cheque? No hassle

### How it sold

Michael Bleby

We spoke to the team behind the weekend’s most intriguing property sale.

**The property:** A four-bedroom house at 3 Plant Street, Malvern, VIC. Sold at auction \$3.46 million.

**Who was the agent/agency?** Iain Carmichael, auctioneer, Genevieve Hoyle, Jellis Craig Armadale.

**How long was this on the market?** [Iain] Four Saturdays.

**Why did this one sell?** It was done for the purpose of selling a new home built with a view to selling out into the market.

**Was it overpriced?** It was a very full price.

**What did you think it would go for?** We thought \$3.2 million.

**What was surprising about it?** Even though there had been some general discussion in relation to the likely reserve price on the day, we didn’t get our instructions until a few minutes before the auction.

I can’t say what our agent’s estimated selling price was, but it was a long way short of where we ended up on the day. It was our view that the reserve was quite a full one.

A big vendor’s reserve is not conducive to competition. People want to hear the property is on the market before you get the best out of them. Some people will not even bid until they hear that, as they fear they’re going to contribute to the lift in value unnecessarily.

With that reserve in mind, I commenced the auction. I called for an opening bid of \$2.9 million. It was as



Vendor expectations ran fast, but the market ran faster as this Melbourne property sold for \$3.46 million.

flat as a tack. We were going for two minutes – that’s very long. I eventually made a vendor bid of \$20,000 on top of that.

However, we had a buyer who had walked in for the first time 20 minutes before the auction started. He was Chinese. He liked the house but didn’t even have a chequebook on him.

We said “You need a chequebook?”

He made a call and had a chequebook delivered. It wasn’t necessarily the right one, but was something we could hang on to until the funds could clear if he bought it.

After my vendor bid, away it went. The price went up in \$20,000 lots to \$3,020,000. The last-minute buyer then bid \$3.1 million – he went up by \$80,000. A rival made another bid of

\$20,000 to \$3.12 million. Our buyer then went up to \$3.2 million – another \$80,000. His rival went to \$3.22 million. He then said \$3.3 million – yet another \$80,000. The two of them bid it up to \$3.46 million. Our last-minute buyer won.

We were a little surprised at our reserve, but the only thing running faster than a market on the rise is vendor’s expectations.

That’s really what fuels the market – a vendor wanting more than even a very full market offers is not an unusual situation. It happens every weekend.

**Do you reckon we’ll see another result like this: a) next week b) next year c) next cycle d) never?**

a) There will be results like this again – of course there will in a market that’s running hot.