



CLIENT NEWSLETTER

CARTER
C E Carter & Son Pty Ltd Real Estate

September 1995

Welcome to Client Newsletter.

We are continuing to broaden the circulation of Client Newsletter.

To those who are reading the Newsletter for the first time, we hope you find it and further editions interesting, informative and relevant.

Australia Remembers

Last month saw the finale of the "Australia Remembers" celebrations.

Over the past twelve months, we have been reminded of the momentous wartime events of fifty to fifty five years ago. Yet the thought struck me: there has been little on the subject of life at home during that time.

Specifically, what was it like to be in business - the real estate agency business - at that time?

I started doing some research and came to the sober conclusion that, if business is hard now, at least we have few of the impediments to business that existed back then.

Carter Real Estate During the War

Fifty years ago, this business was being run by its founder, C E Carter. His son, Alan Carter was still overseas in the Army, and was yet to join the business.

I have asked my father to recount the circumstances of business in those days as experienced by his father. His recollections follow.

A.B. Carter recalls

"The end of the War found the real estate market severely short of houses.

"Building had ceased early in the war, materials (and tradesmen) were hard to obtain and the industry was "ruled" by rental control with rents pegged at May 1940 levels and sales of land and improvements at October 1942 prices by Land Sales Control.

"People returning from the services and other occupations were faced with the difficulty of finding accommodation.

"The pre-war choice of "rent or buy" did not exist. With rents pegged and little risk of eviction except for limited reasons, tenants naturally stayed put, and with rental control there was no incentive for investors to increase the stock even if they could.

"Houses with vacant possession rarely came on the open market. If people had to sell there were plenty of friends anxious to buy anything livable at 1942 prices. The unfortunate estate agent often did not get a look in!

"As a result people accepted that if they wanted a house they had to build or buy a new one. The tradition of home ownership became well established by necessity.

"Every sale contract had to be submitted to the appropriate authority who I recall was titled the Delegate of the Treasurer. Transfers could not be registered at the Titles Office without evidence of his approval.

"Each sale contract submitted for approval had usually to be accompanied by a valuation at 1942 levels.

"Many agents were appointed approved valuers under the National Security Regulations. Generally estate agents could not submit their own valuations for their own sales - they had to obtain another approved valuer to do the job, the cost being shared by vendor and purchaser.

"If the sale price was not approved on the grounds the price was too high, whether supported by the valuation or not, the contract was returned for amendment to state an acceptable figure.

"If the price suggested was acceptable to the parties the sale went ahead, if not it usually failed.

"Penalties for blackmarketing were severe.

In the area in which we operate we were fortunate in that there were large numbers of vacant building allotments in estates sub divided in the 1920's and earlier that had not been developed due to the recession of the 1930's and the war.

"Even at 1942 pegged prices often below their 1920's boom time levels many owners were glad to sell.

"We were therefore able to satisfy the demand for land to enable the new generation of buyers to exercise their only practical option - to build or buy a new home.

"Rental Control lasted for years after the war and had a major influence on the market.

"Land Sales Control did not last too long and its lifting combined with the gradual availability of materials permitted the surge of development which has continued to transform this area".

Controls, Restrictions & Regulations

Real Estate Agency was different then.

A 1943 survey, Australia wide, showed only 165 males under age 35 were employed in estate agency. Some 61.2% of male staff employed were over age 60. Between 1939 and 1942, staffing reduced by 50%.

It was not a young man's profession.

War-time regulations grew. In July 1940, advertising restrictions were introduced which reduced the amount of space that could be devoted in newspapers to real estate advertising. The intention was to reduce the use of scarce newsprint and paper. Imagine the effect of such a restriction on the Saturday Age today!

In mid 1941 petrol rationing was introduced. I guess prospective buyers and tenants would have been well vetted before any petrol was used up for them!

From early 1940, the construction of any building costing over £5000 needed the consent of the Commonwealth Treasurer. In mid 1941 this figure was tightened to £3000.

The biggest restriction was probably Land Sales Control. From October 1942, all real estate transactions were subject to the Treasurer's Consent which virtually meant that prices were frozen at October 1942 levels for the duration of the War and beyond. Quite simply, a sale at beyond the "pegged" price did not receive consent.

Consent was frequently refused. One sale C E Carter made could not proceed until the price was reduced from £140 to £127!

Except in exceptional circumstances, a house could only be purchased by the person intending to live in it and the purchaser could not subsequently let it out without consent. Sale of vacant or subdivisional land was controlled.

The intention obviously was to avoid speculation. The effect was to bring the market to a full stop for the duration of the War.

There were other restrictions.

From June 1942 any "certified war worker" could apply to a state court for possession of any vacant house if the owner was considered unreasonably to have refused to let it.

From early 1943, areas close to wartime industries could be designated as "war workers' designated areas" and private transfers of tenancies (not just of ownership!) prohibited. Owners had to advise the Department of Labour which could then allocate the houses. Agents had to report vacant houses and vacating tenancies.

Real estate activity - quite rightly - was subjected to the rigours of the war economy. There were some obvious consequences.

Consider auctions. With housing in strong demand and chronic shortage, you would automatically think auction. But with pegged prices, by the time the bidding at auction reached the allowable price, there was sure to be numerous bidders still in it. What happened then? Literally, the names went into a hat and a lucky purchaser was found, by pulling the name out of the hat!

The possibilities for abuse and the temptation for black market were obvious.

It was not an easy time to do business!

Contracts of Sale

Contracts of Sale contained some strange conditions. Standard conditions included:

"The Purchaser warrants that (s)he is not a person to whom the sale of land is prohibited by the National Security (Land Transfer) Regulations made under the National Security Act 1939-40 or whose purchase of the land is, by the said Regulations, subject to the consent in writing of the Attorney-General and further warrants that (s)he is not acting in this purchase for or on behalf of an enemy alien naturalised person of enemy origin or a subject of a country in enemy occupation as those terms are defined by the said Regulations and that this purchase in no way infringes or contravenes the said Regulations or any of them - PROVIDED ALWAYS that if this purchase is one which requires the consent of the Attorney-General as aforesaid and such consent is obtained then this warranty shall not apply.

"The Vendor and Purchaser shall within seven days from the date hereof comply with their obligations under the National Security (Economic Organisation) Regulations and apply for and do all things necessary to obtain the consent of the Commonwealth Treasurer to this transaction. Should the Treasurer require a valuation of the said land the Vendor shall obtain same and forward it to the Treasurer within fourteen days from the date of the receipt of such request.

"In the event of such consent being refused this Contract shall be deemed to be of no effect and any purchase money paid shall be forthwith refunded to the Purchaser without any deduction. If such consent will only be given at a reduced purchase price the Vendor may at his option by notice in writing to the Purchaser within seven days from the receipt of such advice from the Treasurer either-

- (a) reduce the purchase price to the amount stipulated by the Treasurer; or
- (b) determine the Contract and refund to the Purchaser any purchase money already paid but without interest costs or damages.

"Provided that if the consent is refused by reason of the neglect or default of the Purchaser the Vendor may (without prejudice to any other rights he may have under this Contract) retain the deposit and any other moneys paid to the Purchaser.

"The Purchaser and Vendor shall bear the cost of the Valuer's fee in equal shares."

How Tough Is It Today?

Sure it's tough, but look at it in perspective!

From the onset of recession in 1929 to the aftermath of war in 1949, some twenty years, the market barely moved.

We've had five years of tough times and perhaps will have a few more.

But we don't have rent control, price controls, petrol rationing or rationing of building materials. We don't have enemy aliens or prohibited purchasers. We don't live with the threat of invasion. We don't have shortages of finance. Our vendors are contactable - they are not overseas on military duty.

"Australia Remembers" reminds us of our debt of gratitude to our earlier generations. It also reminds us that, no matter how tough it is now, it was tougher then.

Sure we can all complain about the state of business, but as Australia Remembers says: "Thanks for the Freedom" - even if that's just the freedom to complain!

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GLENCAIRN ESTATE
 Mullum Road, Ringwood
 36 LARGE RESIDENTIAL ALLOTMENTS 36

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Beautiful High Blocks. Good Views.

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 6 Rms. & CONY'S
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 7 RMS
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 WATER, E.L.T.

LAND
 117' x 296'

£650

TILED VILLA
 Close Station
 6 Rms, Bathroom,
 P.E. Bath, Laundry,
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£830
 £230 DEP. Bal. 17/6 per
 Week, P.&L.

LARGE ALLOTMENTS
 Handy Station

£5 DEP.
 20/- Monthly.

ROYDON NORTH
 10 ACRES
 CLEARED,
 Good Soil
 4 ROOMS
 (Unfinished)

£350

EAST RINGWOOD ESTATE 60 Charming Garden Home Sites, 60

Auction, Only 6 Miles from Melbourne. On a Railway Line to Ringwood. Electrified at once Right at the New Station Site.

Title Certificate

Subdivided into 60 lots by J. & G. McVITTIE, 215 Collins St. Melbourne.

Frontages: White Horse Road, Eastfield Road.

O'Shannassy Water Main Passes the Estate.

Trains run over the section of New South Wales Railway between Ringwood and the Station. To Ringwood 12.20.

Free Railway Passes

Available on application

C. E. CARTER
 ESTATE AGENT
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