

Abercromby's Real Estate
PO Box 8465
1075 High Street
Armadale VIC 3143

T. 03 9864 5300
F. 03 9864 5333
E. sales@abercrombys.com.au
W. abercrombys.com.au



6 September, 2016
Our Ref: PTD/vvm

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The Commissioners
ACCC
GPO box 520
Melbourne Vic 3001

Dear Sir/Madam

RE: APPLICATIONS BY PROPERTY MEDIA GROUP PTY LTD A91537 & A91538

I write to you in the hope you will re-consider your draft determination on the above matter.

I represent Abercromby's Real Estate which spends approximately \$301,000 per year on on-line advertising, of which an average of 92% is spent with the two biggest players, REA and Domain.

It is my firm belief that the online advertising market we access to sell properties is highly uncompetitive, which in turn is having a considerable detrimental impact on Australian homeowners who wish to sell their properties.

My business currently holds a contract with REA and Domain which pre-commits us to listing all our properties on their "Highlight All" and "Premium+" (respectively) 'depth' products. We have done this, not because we wanted to, but because:

- The alternative (eg: a flexi contract) is prohibitively priced;
- The nature of competition in our region means we would effectively be shut out of the market if we didn't pre-commit to the depth products and therefore avoid the high flexi pricing.

Further, I can confirm that our agency regularly fully utilizes its discretionary allocation to 'trade-down' products. We note that, due to the restrictions of our contract, we are forced to actively DISCOURAGE vendors from taking this option, for fear we will be exceed our 10% allocation.

My business has been subjected too substantial – sometimes exorbitant – year-on-year price increases and we are powerless to do anything about it. As an industry, we have endeavoured to support the emergence of smaller alternatives to REA and Domain, but these efforts have proved ineffective. As a result, agents/vendors are powerless to do anything but to advertise on these dominant sites and pay whatever price they demand.

The only way we can redress this imbalance is to be allowed to legally negotiate with these companies on a collective basis.

I urge you to reconsider your position and invite you to call me personally on 0438 332 844 or my business partner Andrew Harlock on 0419 379 992 if you would like to explore in more detail the depths of our current predicament.

Yours faithfully

ABERCROMBY'S REAL ESTATE PTY LTD

A handwritten signature in blue ink, appearing to read 'Tim Derham', with a long horizontal flourish extending to the right.

TIM DERHAM
Director