

Conveyancing Cost Recovery Survey - 2014

Due to repeated requests over the last year or so we decided last month to approach several hundred GhostConvey user firms with our latest Conveyancing Cost Recovery survey. The response was overwhelming, leaving us with over 150 solidly filled out replies. Thank you to all of you who participated, we hope very much that you will find the results as interesting and illuminating as we have.

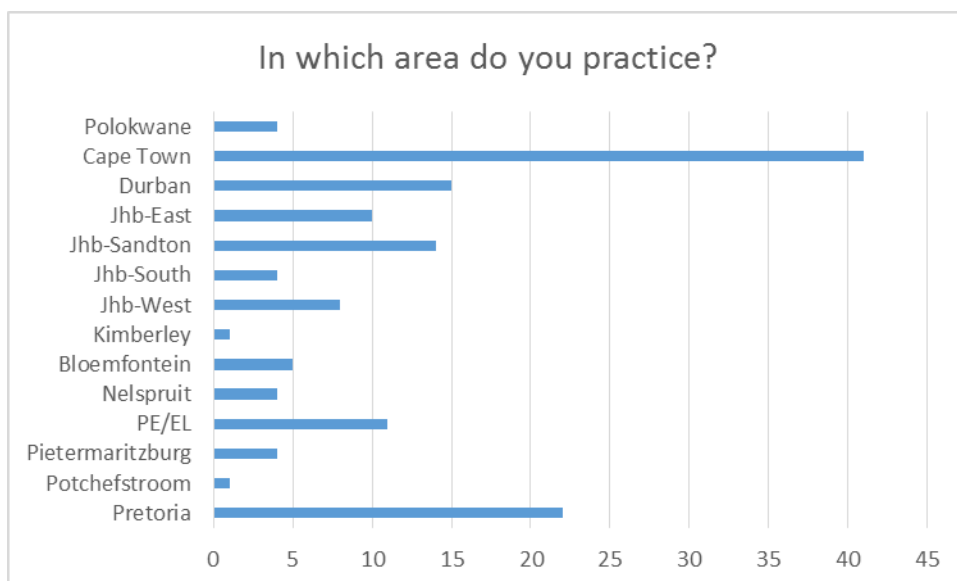
Before we turn to the analysis of the results, a quick note on the methodology we used to filter down the results, and the graphs we chose to present the most accurate picture possible.

1. Responses were collected and divided into their relevant regions.
2. Then sorted according to their IP Addresses (Survey Monkey, the software which we used to conduct the survey collects the IP Addresses of respondents, we can't know however who you are though) - those that were the same were highly likely to have come from the same firms, and in fact the high correlation between answers confirmed this fact. As an interesting aside, a few of the more cautious respondents read through the survey and did not answer anything, then re did it, this time answering the questions.
3. A number of respondents did not respond at all apart from answering the first question, other responses were non-sensical, these too were excluded.
4. The remaining data generated the graphs below. However because of the insufficient responses from a number of the regions, we have decided to publish only the countrywide and not the regional results.

About you and your firm

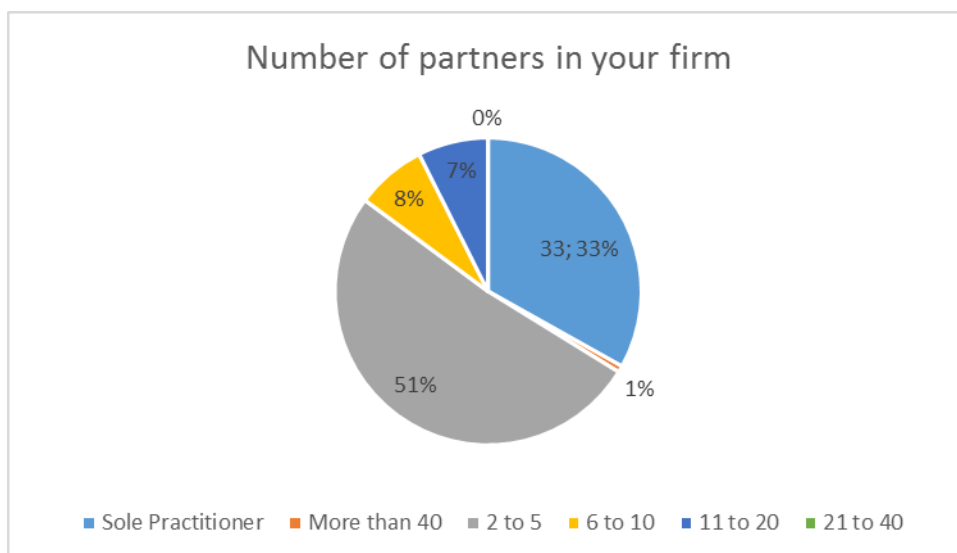
1. In which area do you practice?

With Cape Town and Pretoria leading the pack the national results will be skewed.



2. How many partners does your firm have?

What is interesting to note here when compared the results to the 2010 and 2012 survey is that the number of sole practitioners has stayed relatively constant. Yet the bulk of respondent firms are getting bigger, with the proportion of firms with 2 to 5 partners now comprising over 50% of firms as opposed to 43% in 2012.



Cost Recoveries

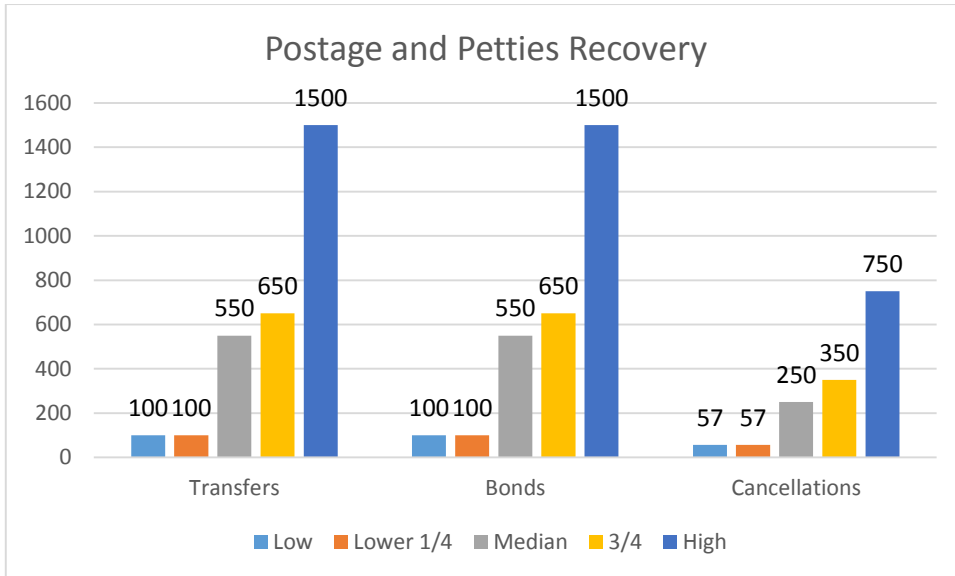
1. What amount does your firm recover from clients for Postages and Petties for ...Transfers, Bonds and Cancellations?

The following points apply here and to other graphs in this format. I divided the responses into the Lower $\frac{1}{4}$ (the amount below which a quarter of respondents fall); a Median point (half fall beneath this value and half above); $\frac{3}{4}$ (3/4 fall below this point) and High (the most any firm claims/charges etc).

Generally Postage and Petties have gone up by about 10% for all measures since 2012. With the exception of the lowest and lower $\frac{1}{4}$ of Transfer and Bond recoveries which have halved from R200.00 in 2012 to R100.00.

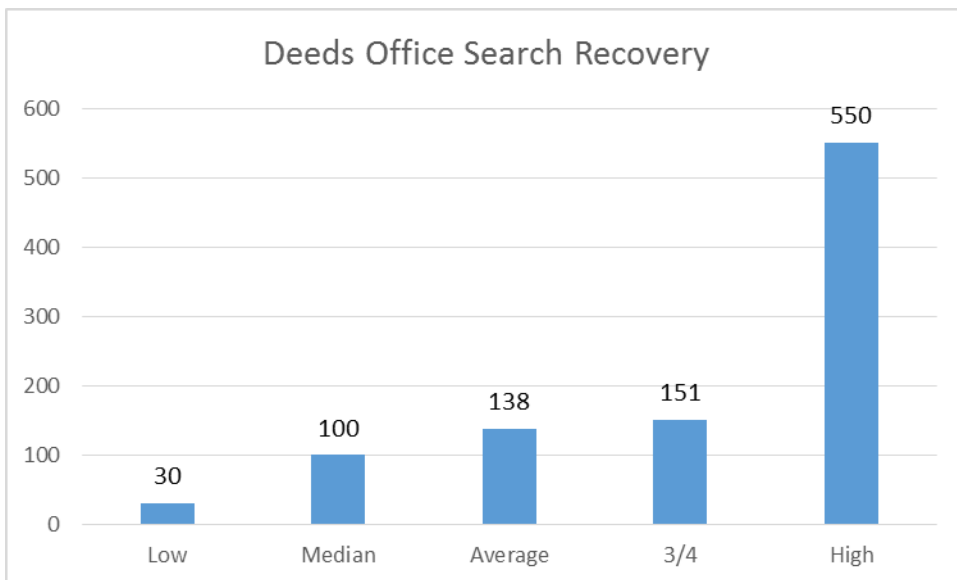
However in 2012 the median recovery on a transfer was R500.00 and today it is R550.00 reflecting a 10% increase over 2 years, which is below average inflation. In 2012 the maximum on a transfer was R1 250.00 and, today the maximum is R1 500.00 showing an increase of 20% from 2012 to 2014.

With bonds we see the same Low, Lower $\frac{1}{4}$, Median, $\frac{3}{4}$ and High pattern as transfers. Interestingly when it comes to Cancellations the Lower $\frac{1}{4}$ recovery has fallen from R150.00 to R57.00 yet the Median recovery has risen from R210.00 to R250.00 and the top $\frac{3}{4}$ from R300.00 to R350.00, both representing a roughly 20% increase.



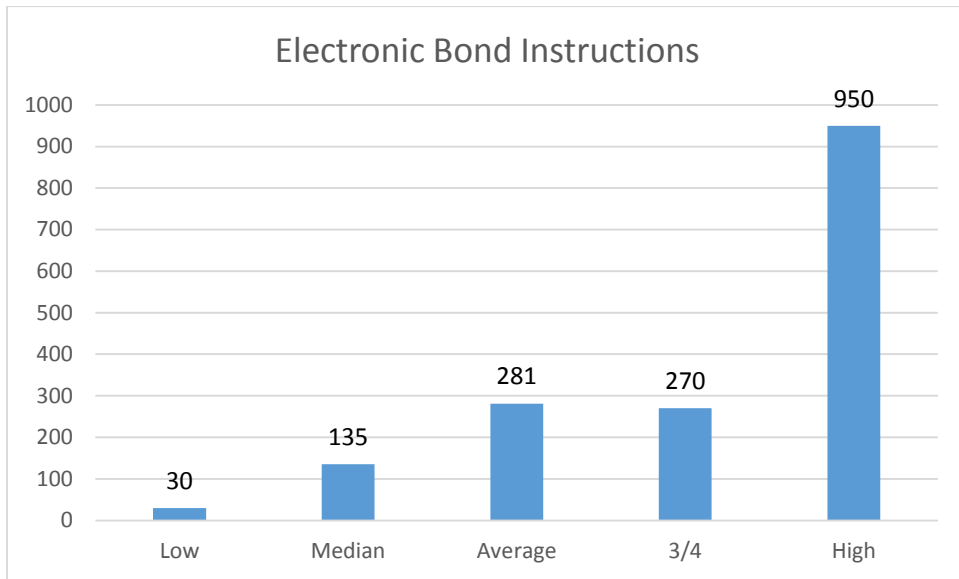
2. What amount does your firm recover from clients for Deeds Office searches?

A fairly substantial increase to the average which sees it rising from R100.00 to R138.00. Yet the ¾ amount has actually come down by about R25.00 and the High amount by R100.00 since 2012.



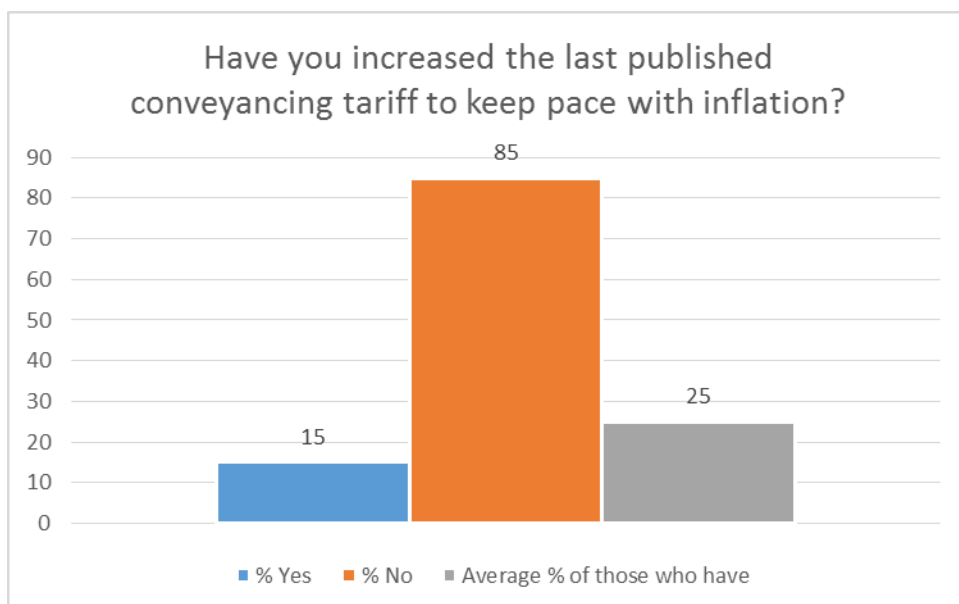
3. What amount does your firm recover for Electronic Bond Instructions?

The average cost for an electronic bond instruction has risen markedly to R281.00 from R129.00 in 2012, perhaps as a result of virtually no change between 2010 and 2012. While the highest recovery has risen from R650.00 to R950. The minimum recovery by some firms is R30.00, which is a serious under recovery of the actual cost, and they should perhaps adjust it.



4. Have you increased the last published conveyancing tariff to keep pace with inflation? If "Yes" by what percentage?

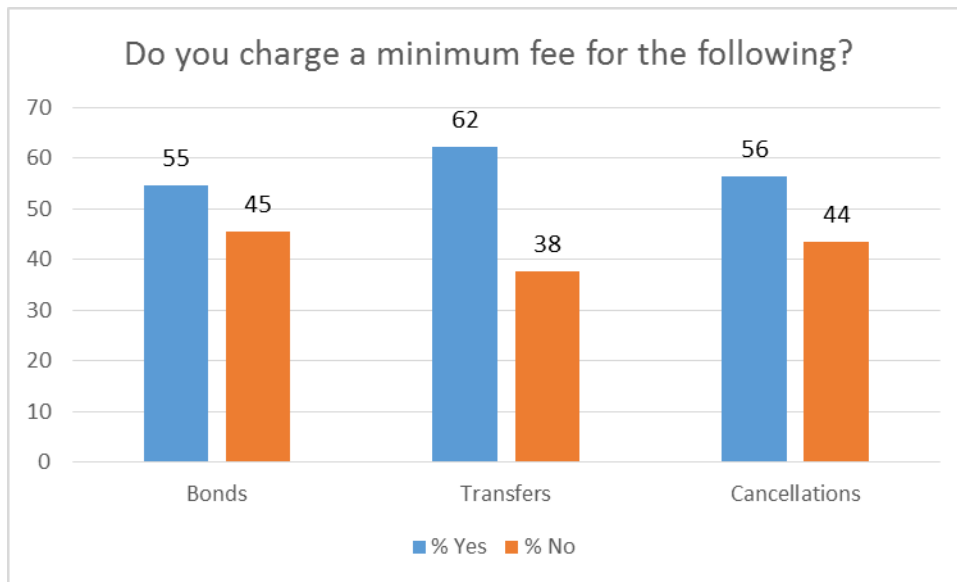
One of the things we often hear from practitioners is how infrequently new fee guidelines are issued by the law societies. Be that as it may, firms are still very reluctant to charge anything more than the fee guideline, in fact quite the opposite. The majority of firms are effectively giving discounts.



It is clear therefore that the conveyancing market is under pressure to keep the highest constituent of income as low as possible.

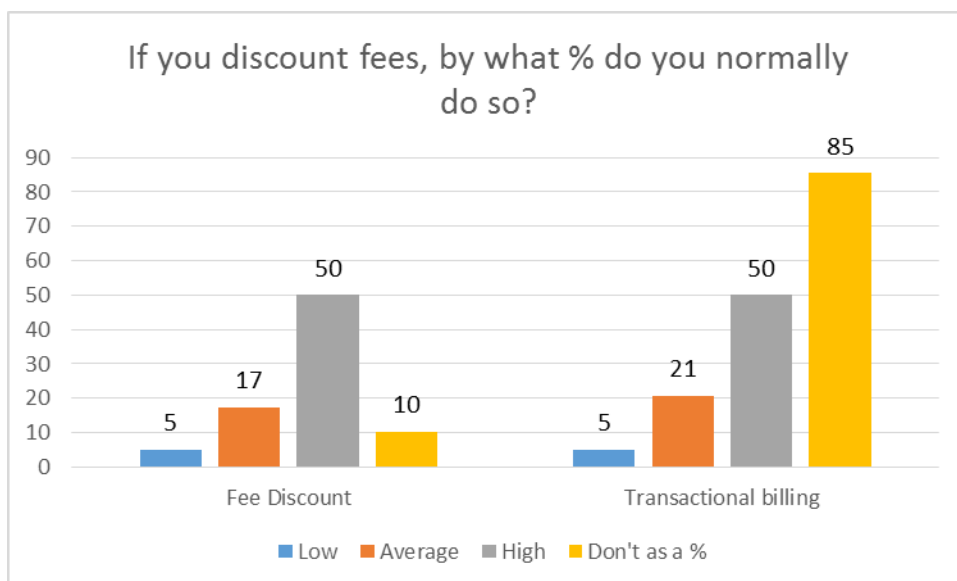
5. Do you charge a minimum fee for the following: Bonds, Transfers and Cancellations?

Here there has been a swing of over 10% towards more conveyancers charging minimum fees for Bonds, Transfers and Cancellations.



6. If you discount fees, by what percentage do you normally discount them?

Almost 90% of firms now discount fees at an average rate of 17%, while only 15% offer discounts on Transactional Billing.



Conveyancer/Secretary ratio

An interesting result here with the Conveyancer/Secretary ratio has increased from 1/1.86 to 1/2.4.

