

Valuing a Telephone Collection

(from a talk given at the January 2012 meeting in Sydney) and reprinted from the March 2012 ATCS Newsletter

Opening Comments

Valuation is not an exact science. It is a process that relies on comparable information to arrive at a price, at a point in time. The validity of this information can be called into question and is only considered valid for a short period of time, usually 3 months in the case of property. The comparable information is assessed for accuracy and suitability to the property/item in question. A property sale is assumed to be between a willing buyer and a willing seller where there has been a suitable “period of time” for advertising, the seller has declared all information and the buyer has made all necessary inquiries. There has been negotiation over the price and an amicable agreement is reached and the process conducted in a business-like manner.

Market Value

“the essential amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an at arms length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion”

In the Property industry in Australia there is a computer system “RP Data” that allows property sales data to be accessed for all sales since the early 1990’s. This type of system does not exist for telephones. The Used Car industry also records information which lists prices for make, model and condition by year.

In the case of antiques or telephones in particular the market value is somewhat harder to ascertain. You need to keep an eye on a couple of phone types in order to know where prices are at for the particular type of phone you are wanting a value or price for.

Know Your Market

It is important to be aware of the current prices for the items in your collection. You never know when the opportunity to purchase or sell may arise. If you know the value of an item and are presented with an opportunity then the decision is less likely to be regretted later. Knowledge is power so keep informed. Even if you do not know the exact value or



have no real idea of an item’s value, however you do have a good understanding of a related item type you can still make an informed appraisal of value. The rarer an item the harder it is to be accurate with price. Remember that Ebay is, in effect, a world-wide auction system, however there can be huge variations in price from one

geographic area to another. For example the Ericsson outside terminal receiver is reasonably rare in Australia and in the past has commanded a high price - \$300 to \$500. The price in the USA can range from \$180 to \$300 for the same item. There were large numbers of them imported into the USA from Sweden as replacements for the original US ones. You need to be aware of these factors where possible and not the common item to arrive at value. A non dial Ericofon is a much rarer item than any dial Ericofon. You would use the price for the dial version as a guide to the minimum value only. The reality is that it is probably worth more than twice this amount. The later 700 Decadic Pushbutton Ericofon would make for a reasonable comparison. There has been a Blue 700 Ericofon on Ebay for months at over \$800 and it has not sold. This could indicate too high a price is being asked.

Research

The use of Ebay as the main form of information for determining price is likely to continue. In the case of the Ericsson Skeletal phone there is usually at least one for sale at any point in time. Over the past 4 year or so there has been a reduction in prices realised in the order of 33%. Four years ago it was common for a Skeletal to reach \$1500 for one in good condition. Today



the same phone would fetch around \$1000. It could be argued that all but the rarest telephones have taken a similar cut in price. Recent auctions in your area are also a good indication of prices for various items. Keep a copy of prices achieved for the items in your collection and the items you hope to acquire in the near future. One collector recently asked for help with a potential purchase of some phones. We placed a value on each phone. In the negotiation about the phones he was able to assess the value of each item and to know that his price was above or below the sellers' price which allowed him to determine if the deal was to his advantage or not. There is no doubt about the deal, auction or purchase if you have full knowledge. Your decision to purchase is based on the price and the knowledge you have built up over time.

How rare is rare and what is it worth?

If you have a variant of a common phone or an uncommon item it is wise to use another rare item. The Western Electric Eiffel Tower in Australia is a much rarer item than an Ericsson Skeletal. There are probably less than one tenth the number of WE Eiffel Tower compared to the Ericsson Skeletal however the price is less than ten times greater. More like 3 to 4 times the Skeletal price. An Ericsson Spider Phone purchased in the USA in 1993 for US\$500 (AU\$800) is an example where a fast decision had to be made with a lack of understanding about the item. The price was about double that of a Skeletal at the time. It turns out to be much rarer than a Skeletal and probably rarer than a WE Eiffel Tower. So is it worth more than \$3000? Knowing the relative value of a Ericsson Skeletal and the fact that as an Ericsson collector I had not seen one of these phones before meant that it was likely to be rare.

RISK FACTORS

Your phone collection could be seen as an investment and over time may

well rise in price at a faster rate than the inflation rate. However, as has happened with the Global Financial Crisis over the last 4 years, telephone prices can also reduce. The Skeletal is a good example of this in the last year or so. Pre the GFC a Skeletal would cost in excess of \$1200Au while post GFC the same phone was \$750 Au. With property valuing there are a number of risk rating questions and it is recognised that prices can fall. Another area of risk is where there are parts missing from a phone. Some parts are easier to replace than others. For example - with respect to the Ericsson Skeletal - the handset, terminal block and tear drop cradle are usually on other



Ericsson telephones, and easily obtainable whereas the bell motor, end plates, magnets (legs) or generator are very hard to find. If the hard to find parts are missing then there is a significant reduction in price of say 20% to 25% or more. If in doubt and the item is on Ebay then ask questions and request more photos. Buying an item that is incomplete requires a good understanding of the model or if you already have the parts that are missing. The world is becoming one

market with organisations like Ebay. But there are still regional differences with certain items that do effect prices, the Ericsson outside terminal receiver is a good example of this. If you see one of these on Ebay and you think that you must have it at all cost but just remember, in most cases, there will be another one listed sometime soon so do not fall for the trap of paying too much. It is better to let it go and note down the price it went for so that, next time, you can bid with the knowledge that it is worth a certain amount and your bid will not be too high. The introduction of the National Broadband Network (NBN) into Australia may well have an effect on some antique phone prices. The existing system can, in most places, handle both decadic and DTMF type phones. The new NBN system will be a digital system that will not handle decadic dialling. If you do not have your



own exchange to connect to these phones, then your phone will be just another of many museum pieces out there. Reproduction phone or phones with reproduction parts are a problem. There have been a number of phones copied over the years. There are three Ericsson phones that have been made in Australia in the last twenty five years - the Biscuit Barrel, Spider phone and Swing Arm. Recently there has been one of each of the last two put on Ebay and described as original. In the small print the description indicates original and reproduction parts. An interesting twist on the reproduction issue is the Indian coloured 162/232 Pyramid type phones. They are made in the same moulds as the originals however they are made later. One clue is

the metal parts in the handset - the metal surrounds that allow the transmitter cap to be put or taken off are brass coloured and not nickel plated as with the 1930's version. The handset grip is thinner than the original and less shaped. Before you decide to have your collection valued there are a number of things that you need to do and consider. The more information you can provide to the Valuer, then the more accurate will be the price. This will also save time and likely reduce the cost of the valuation. If you have recent sales information that can justify an item's price then in the event of a claim for theft or fire there is less likely to be any issue or dispute over the price. Each item should have an identification number connected to it. Ideally having all the items individually photographed with their identification number shown.

It is most useful to set up a database in Excel with the following data:

- Identification Number
- Item Description
- Model Number
- Date or era when produced
- Defects
- Photograph
- Price Paid
- Date Purchased
- Estimated Current Value
- Recent Sales Data
- On Loan to Person or Organisation
- Any distinguishing marks, etc.



Keep a copy of this information in another location so as to aid in a claim where a fire may destroy the policy and supporting documentation. To insure a collection you need a person that is a registered valuer with qualifications to value special objects. The insurance industry will recognise people associated with auction houses that value antiques also. This person will be recognised by the insurance industry as capable, qualified and registered to undertake this work. If you have set up a register with the details about each phone then this will save time, cost and the possible problems when making a claim.

CONCLUSION

Your telephone is only worth what the next buyer is willing to pay for it. Remember, prices can fall. Know your market, keep an eye on prices for the item you have in your collection so that if a bargain is offered you will know that it is really a bargain.

Registered Valuer with the NSW Department of Fair Trading

Valuation Registration Number

Member Australian Property Institute PAAPI