

NUMBER OF MORTGAGEE LISTINGS HIT NEW HIGH IN FIRST HALF OF 2017 WITH MARKED INCREASE IN INDUSTRIAL PROPERTIES PUT UP ON AUCTION

Overall Auctions Performance

- In H1 2017, the total number of properties put up for auction saw a slight decrease of 0.6 per cent to 353 units, compared to 355 units in H2 2016. However, it represented 8.0 per cent year-on-year ('y-o-y') increase from 327 units auctioned in H1 2016.
- Eighteen properties went under the hammer in H1 2017, reflecting a 28.0 per cent decrease from 25 properties transacted in H2 2016. Total sales value declined by 34.6 per cent from \$68.37 million in H2 2016 to \$44.74 million in H1 2017. However, it reflected a significant y-o-y increase of 83.1 per cent from \$24.43 million sales value from sixteen properties transacted in H1 2016.
- In Q2 2017, total number of properties put up for auction decreased by 12.2 per cent quarter-on-quarter (q-o-q) or 11.3 per cent y-o-y to 165 properties. Ten properties went under the hammer; total sales value jumped 93.8 per cent q-o-q and 99.3 per cent y-o-y to \$29.51 million.

Key Trends

Number of Mortgagee Listings at Record High of 173 units in H1 2017; Fewer properties went under the hammer

- In H1 2017, 173 properties were put up for auction under mortgagee sale, a record high since mortgagee sale data was compiled since 2011. This represented an increase of 43.0 per cent from 121 units in H2 2016 and a 41.8 per cent from 122 units in H1 2016.
- In total, ten units put up for auction under mortgagee sale went under the hammer in H1 2017, translating to S\$15.99 million of sales. This is below 11 units of S\$17.97 million transacted in H1 2016 and 13 units of \$20.29 million transacted in H2 2016.
- On a quarterly basis, 86 units were put up for auction under mortgagee sale in Q2 2017, slightly below 87 units in Q1 2017. However, this represented an increase of 38.7 per cent y-o-y compared to 62 units in Q2 2016. Despite fewer properties put up for auction under mortgagee sale in Q2 2017, six units went under the hammer in Q2 2017 compared to four units in Q1 2017. Sales value increased by 31.9 per cent q-o-q from \$6.90 million in Q1 2017, but decreased by 24.8 per cent y-o-y from \$12.10 million in Q2 2016 to \$9.10 million in Q2 2017.
- The residential sector led in the number of mortgagee listings (104 units in H1 2017), translating to 26.8 per cent y-o-y increase and 25.3 per cent increase from 83 units in H2 2016. 51 residential units were put up for auction in Q2 2017, a slight q-o-q decrease from 53 units in Q1 2017.
- The industrial sector saw a record number of mortgagee listings since 2011 (38 units in H1 2017), double the number of units put up for auctions in H1 2016 and H2 2016 (19 units each). Specifically, the number of industrial properties put up for auction increased by 23.5 per cent q-o-q from 17 units in Q1 2017 to 21 units in Q2 2017. More industrial properties were put up for auction under mortgagee sale as a result of the prolonged soft industrial market and subdued demand from industrialists and investors.



SHARON LEE
Director & Head,
Auction

“At our recent auctions conducted in H1 2017, we not only noticed an increase in attendance, but also a strong interest for prime residential properties in District 9 and 10.”

The Industrial Sector witnessed further increase in the Number of Properties Put Up for Auction in H1 2017, as well as Total Sales Value

- 89 industrial units were put up for auction in H1 2017, reflecting a significant increase of 93.5 per cent and 71.2 per cent from 46 industrial units in H1 2016 and 52 units in H2 2016, respectively.
- Despite more industrial properties put up for auction in H1 2017, only five properties were transacted at total sales value of \$2.68 million. This represented a 15.7 per cent y-o-y decrease in sales value from \$3.18 million in H1 2016, and a 56.4 per cent decrease from \$6.14 million in H2 2016. Additionally, all five industrial properties were transacted at \$1.0 million and below, at an average price of \$535,400, nearly half the average price of six properties sold in H2 2016 (\$1.02 million).
- On a quarterly basis, the number of properties put up for auction under the industrial sector declined by 28.8 per cent q-o-q to 37 units in Q2 2017. However, on a y-o-y basis, the increase was 54.2 per cent. Three industrial properties went under the hammer in Q2 2017, and sales value totalled \$1.53 million for the industrial sector, 33.8 per cent increase from \$1.15 million in Q1 2017.

Number of residential units put up for auction declined in H1 2017

- The residential sector remained the major contributor of the number of properties put up for auction (181 units out of 353 units). However, this represented a decline of 6.7 per cent from 194 units in H2 2016 or 3.7 per cent y-o-y decline from 188 units in H1 2016.
- Eleven Sentosa Cove properties were put up for auction in H1 2017, and none went under the hammer.
- Twelve residential units were transacted in H1 2017, translating to \$36.83 million of sales- 13.7 per cent below \$42.67 million of sales from 16 properties sold in H2 2016. However, it reflected a significant y-o-y increase of 133.4 per cent from \$15.78 million of sales in H1 2016.
- Out of the twelve residential units sold in H1 2017, seven are landed properties. This was a significant increase from three landed units sold in H2 2016, and none in H1 2016.
- On a quarterly basis, 85 residential units were put up for auction in Q2 2017, representing a decline of 11.5 per cent q-o-q or 17.5 per cent y-o-y.
- Six residential units went under the hammer in Q2 2017, which had total sales value of \$22.75 million, an increase of 61.6 per cent from Q1 2017.

Outlook

- The number of properties put up for auction in 2017 is likely to remain unchanged from 2016, with a confluence of a modest economic outlook and rising interest rates set against a gradual recovery in demand for residential properties from both local and foreign property buyers.
- In the event of higher-than-expected rise in interest rates and deterioration of business and employment sentiment, more properties could be on the offer from both owners and mortgagees in the auctions market in H2 2017.
- The number of mortgage listings should stay above the 70-unit mark for the rest of each quarter in 2017.

EXHIBIT 1

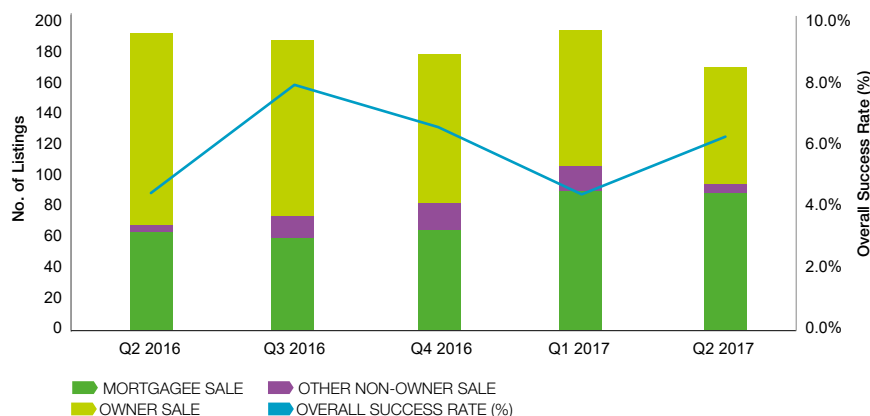
Transactions in the Auction Market by Transaction Value, Q2 2017

Property Address (District)	Type of Listing	Type of Property	Size (sq ft)	Opening Price (S\$)	Transacted Price (S\$)	Date of Transaction
86 Chestnut Drive (D23)	Owner Sale	Residential	10,884	9,000,000	11,380,000	Apr-17
359 Jalan Besar (D7)	Owner Sale	Shop / Shophouse	1,529	4,500,000	5,230,000	Jun-17
33 Tanglin Road (D10)	Mortgagee Sale	Residential	1,507	3,250,000	3,370,000	May-17
10 Lorong Selangit (D13)	Owner Sale	Residential	3,725	3,330,000	3,350,000	May-17
6 Surin Lane (D19)	Mortgagee Sale	Residential	3,257	3,050,000	3,190,000	Jun-17
68 Stevens Road (D10)	Mortgagee Sale	Residential	441	810,000	810,000	Jun-17
5 Siglap Road (D22)	Mortgagee Sale	Residential	732	690,000	650,000	May-17
81 Ubi Avenue 4 (D14)	Mortgagee Sale	Industrial	1,679	650,000	600,000	May-17
22 Woodlands Link (D28)	Mortgagee Sale	Industrial	3,218	450,000	477,000	Apr-17
18 Sin Ming Lane (D20)	Receiver's Sale	Industrial	1,291	450,000	455,000	Apr-17

Source: Knight Frank Research

EXHIBIT 2

Types of Properties Put Up for Auction and Overall Success Rate



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