

# RESEARCH AUCTION



## Q3 2019 AUCTION MARKET SNAPSHOT

Total number of auction listings  
in Q3 2019:

**338**

▲ 16.2% y-o-y increase

Gross sales value

**S\$20.8 million**

▲ 99.5% y-o-y increase

## MORTGAGEE SALE LISTINGS ON UPTREND



**SHARON LEE**  
Head, Auction & Sales

“There are more opportunities for prospective buyers to purchase rarely available homes in choice developments. More buyers are also entering the market, as the prices stabilises.”

### Overview

- **There were 338 auction listings (excluding those sold before and after auctions) in Q3 2019, a 15.5% quarter-on-quarter (q-o-q) decline.** The decrease in number of listings in Q3 2019 was due to a fall in owner sale listings, despite a sharp q-o-q increase in listings in the previous quarter. There were 99 new listings put up in the market in Q3 2019, fewer than the 113 new listings in the previous quarter.
- **There were more mortgagee sale listings in Q3 2019, increasing by 19.2% q-o-q to 174 listings.** Mortgagee sale listings were on an uptrend since Q4 2017, with the exception of a dip in Q2 2019.
- **The success rate (based on total number of listings) improved to 2.7% in Q3 2019, from 0.8% in Q2 2019.** The improvement in success rate in the quarter could reflect that prices were closer to buyers' expectations.
- **Nine properties were sold under the hammer in Q3 2019, amounting to a total sales value of S\$20.8 million.** Properties transacted comprises five non-landed residential units, two retail units, and two industrial units. Most of the units transacted were below S\$2.0 million. The property with the highest transaction price was the 4-bedroom apartment at Honolulu Tower. It was successfully auctioned for S\$9.1 million, or S\$1,563 per sq ft floor area.

EXHIBIT 1

### Total Number of Listings Put Up for Sale and Percentage Success Rate



Source: Knight Frank Singapore

\*Total listings based on number of units and excludes units sold before and after auctions

## Mortgagee Sale

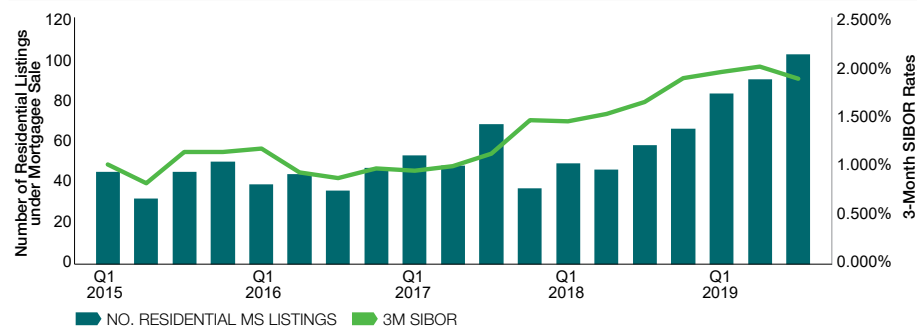
- Mortgagee sale listings increased in Q3 2019 as there were more residential, retail and industrial listings.** The slowdown in economic growth and the contraction in business demand for some firms were amongst the main factors contributing to the rise in mortgagee sale listings.

## Residential

- The number of residential listings under mortgagee sale rose by 14.4% q-o-q to 103 listings in Q3 2019, the sixth consecutive increase since Q2 2018.** On a year-on-year (y-o-y) basis, the number of residential listings under mortgagee sale surged by 77.6%.
- The increase in residential listings under mortgagee sale was attributable to added pressures on owners that were overly exposed amid heightened volatility in the financial markets and retrenchments in industries undergoing restructuring.** According to South Chinese Morning Post, cases of mortgage defaults increased from 112 in 2017 to 156 in 2018. From January to July 2019 alone, there were 79 cases of mortgage defaults.
- There were also more bankruptcy applications in 2019.** According to the Ministry of Law (MINLAW) Singapore, the number of bankruptcy applications received from January to September 2019 rose 8.4% y-o-y to 2,472 applications. For whole of 2018, the MINLAW received 3,097 applications, higher than the 2,932 and 2,704 applications in 2017 and 2016 respectively.
- Growth in interest rates are generally correlated to higher mortgagee sale listings.** In Q3 2019, the 3M-SIBOR rate declined for the first time since Q1 2018, lowering from 2.002% in June 2019 to 1.877% in September. Given that the impact of interest rate on number of mortgagee sale listings is lagged, it is too early to determine whether the lower interest rate will provide a reprieve for home owners.
- There were 77 non-landed residential listings for mortgagee sale in Q3 2019, a 16.7% q-o-q increase from the 66 listings put up in Q2 2019.** District 9 had the highest number of non-landed residential listings under mortgagee sale at 13 listings. Most of the listings in District 9 were 3-bedroom units or larger.
- The number of mortgagee sale listings for landed homes also went up to 26 listing in Q3 2019 from 24 listings in the previous quarter.** There were three houses in Good Class Bungalow (GCB) districts put up for mortgagee sales. Of which, the two GCBs along Belmont Road were transacted recently.

EXHIBIT 2

### Number of Residential Listings Under Mortgage Sale and 3M SIBOR Rates



Source: Citibank, Knight Frank Singapore

\*Total listings based on number of units and excludes units sold before and after auctions

## Industrial

- **There were 45 industrial properties listed under mortgagee sale in Q3 2019, a 45.2% q-o-q increase.** Prolonged trade conflict between the United States and China and a slowdown in major economies impacted manufacturers in Singapore, especially those in the Electronics, Chemicals, and Precision Engineering clusters. This is reflected by a decline in Singapore's industrial output index.
- **Industrial units in District 22 (Jurong) continued to form the bulk, or 57.8%, of industrial properties listed under mortgagee sale.** Majority of the industrial listings in the district were strata-titled industrial units from projects with a lease of 30 years.

## Retail

- **The number of retail listings under mortgagee sale increased to 23 listings in Q3 2019 from 22 listings in Q2 2019.** On a y-o-y basis, retail listings under mortgagee sale more than doubled as compared to the 11 listings in Q3 2018.
- **Retail listings from Districts 14 (Geylang, Eunos) formed 8 out of the 23 listings in Q3 2019.** The units were either from strata-titled retail developments or within condominium projects.

## Owner Sale

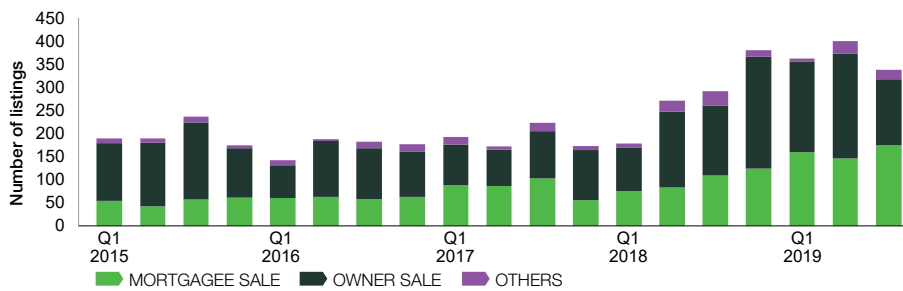
- **Owner sale listings declined by 37.0% q-o-q in the third quarter of 2019.** The number of residential listings under owner sale went down 29.2% q-o-q, and the number of retail and industrial listings fell by 17.9% and 28.1% q-o-q respectively.
- **The number of non-landed residential listings by owners decreased by 17.5% q-o-q to 47 listings in Q3 2019.** On a y-o-y basis, however, the number of residential listings increased by 31.6%. Out of the non-landed residential listings, two penthouses at Cove Way Ocean Drive commanded the highest opening prices at S\$9.38 million and S\$5.3 million respectively. The opening prices of the remaining listings were mostly below S\$2.5 million.
- **There was a minor spike in non-landed residential listings located in District 15 (Katong, Joo Chiat, Amber Road) in Q3 2019, increasing from 3 listings in Q3 2018 to 17 in Q3 2019.** There were three two-bedroom units in Haig Court and two three bed-room units for sale, and their opening prices were less than S\$2.0 million.
- **Separately, there were fewer landed residential listings put up by owners in Q3 2019, declining by 42.9% q-o-q.** Notable landed homes listed included 108 Jalan Dermawan and a GCB at 18A Yarwood Avenue. 18A Yarwood had a guide price of S\$22.8 million, or S\$1,206 per sq ft land area.

## Market Outlook

- Knight Frank envisages the number of mortgagee sale listings to continue its uptrend till end-2019 and extending into 2020 amid further weakening in global economic outlook.** Increased volatility in the equity markets and prolonged weakness in the export-base sectors will push both residential and non-residential listings under mortgagee sale upward.

EXHIBIT 3

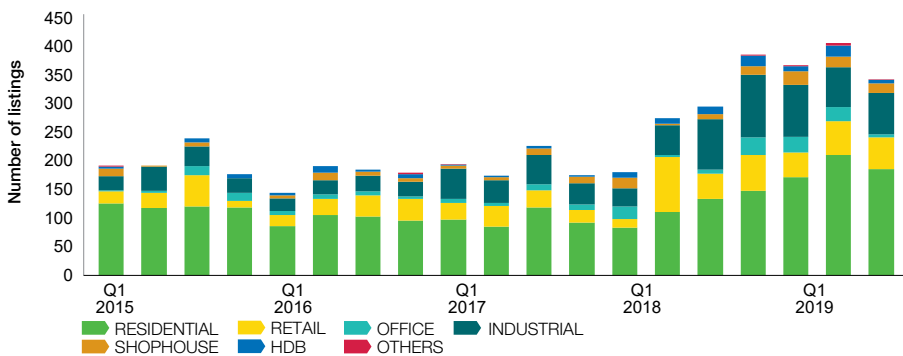
### Number of Auction Listings by Type of Sale



Source: Knight Frank Auctions and Knight Frank Research

EXHIBIT 4

### Number of Auction Listings by Type of Property



Source: Knight Frank Auctions and Knight Frank Research

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