

RESEARCH AUCTION



Q1 2019 AUCTION MARKET SNAPSHOT

Total number of auction listings
in Q1 2019:

362

▲ 103.4% increase y-o-y

Gross sales value

S\$11.6 million

▲ 120.8% increase y-o-y



SHARON LEE
Head, Auction & Sales

“The recent spike in listings in the prime districts represents an opportunity for investors and owner occupiers to purchase choice properties that are rarely available in the market.”

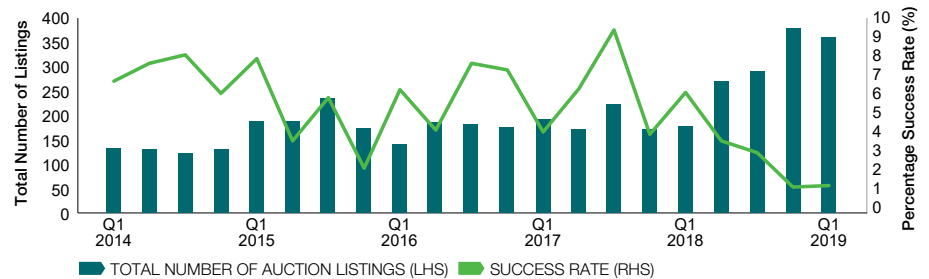
MORE RESIDENTIAL PROPERTIES IN PRIME DISTRICTS LISTED UNDER AUCTION IN Q1 2019

Overview

- **In Q1 2019, the number of auction listings more than doubled to 362 listings compared to a year ago.** The year-on-year growth (y-o-y) was largely due to the weaker residential market and rising interest rates.
- **The number of listings under both mortgagee sale and owner sale went up significantly y-o-y, as the price gap between buyers and sellers widened.**
- **The five properties sold under the hammer in Q1 2019 translated to a total gross sales value of S\$11.6 million.** Whilst the number of properties successfully auctioned remained the same q-o-q, the gross sales value increased 120.8% quarter-on-quarter (q-o-q) after the successful auction of a unit at Grange Residence for S\$7.2 million.
- **The success rate, derived as a percentage of total listings put up for sale, remained low at 1.4% in the first quarter of 2019 compared to the 6.2% achieved a year ago.**

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

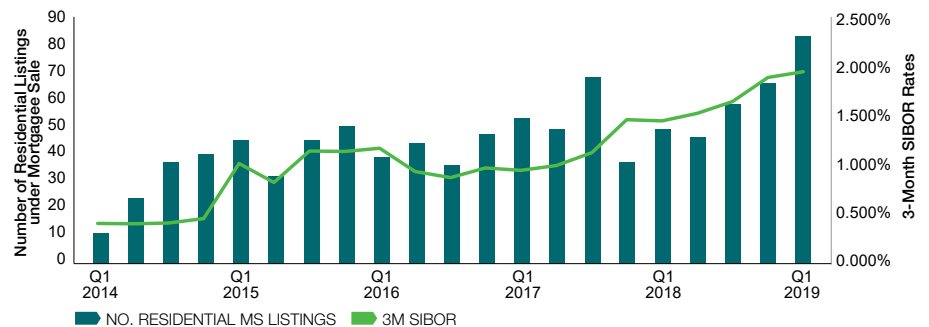
- **The number of auction listings under mortgagee sale in Q1 2019 rose 28.2% q-o-q, or 112.0% y-o-y, to 159 listings.** There were more mortgagee sale listings across nearly all the sectors - residential, retail, and industrial. The residential listings continued to form the largest share of the total mortgagee listings in the quarter, accounting for nearly 52.2% (83 listings) of total listings under mortgagee sale.

Residential

- The increase in mortgagee sale listings for residential properties was due to the cooling measures imposed last year, higher interest rates and subdued rental market.
- With the cooling measures in place, distressed owners were unable to divest their properties quickly and more properties were foreclosed. This led to the 69.4% y-o-y increase in residential listings under mortgagee sale.
- Residential units in prime locations (Districts 9, 10, and 11) listed under mortgagee sale increased the most at 53.8% q-o-q, or 233.3% y-o-y to 20 listings in Q1 2019. Proportionately, we see an increase in the larger non-landed apartments (above 1,000 sq ft). The restructuring of the economy was among the reasons for the increase in mortgage sale listings.

EXHIBIT 2

Number of Residential Listings Under Mortgagee 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 39 industrial listings under mortgagee sale in Q1 2019, a 14.7% q-o-q, or 129.4% y-o-y increase. The slowing manufacturing sector, especially the electronics and precision engineering sectors that saw their output fell by 1.1% and 14.9% respectively in February 2019. Most of the industrial properties listed had a remaining lease of less than 60 years.
- Out of the industrial listings under mortgagee sale, the units of strata-titled industrial buildings accounted for 37 listings.
- About 51.3% of industrial listings under mortgagee sale were located at District 22 (Jurong). The majority, or about 80.0%, of the listings were non-ground-floor units located at LW Technocentre, T99, Pioneer Centre, Ace @ Buroh, Eco-Tech @ Sunview, and Pioneer Junction.
- The relatively low quantum of the industrial properties appealed to the end-users. Two industrial properties were sold under the hammer in Q1 2019 with a combined gross sales value of S\$870,000.

Retail

- Retail listings under mortgagee sale also went up in Q1 2019 by 39.4% to 32 listings. The smaller strata titled retail unit listings (less than 500 sq ft) accounted for 71.9% of the retail mortgagee sale listings.
- Some of the listed units were purchased above \$3,000 per sq ft, and the owners were unable to cover monthly financing costs with existing rents or find tenants.
- Retail listings from Districts 14 (Geylang, Eunos), 16 (Bedok, Upper East Coast), and 19 (Hougang, Punggol) made up more than half (59.4%, or 19 listings) of retail listings under mortgagee sale in Q1 2019.

Owner Sale

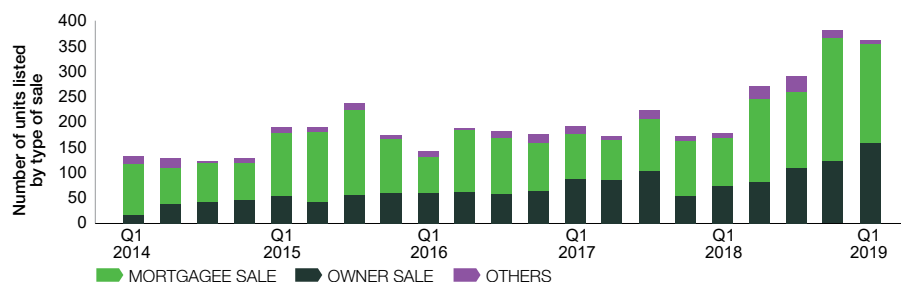
- **The number of owner sale listings under auction declined by 19.0% q-o-q to 196 listings in Q1 2019.** The decline in the owner sale listings was because of fewer listings from retail and office sectors (73.5% and 25.8% q-o-q decline respectively).
- **A slower residential resale market also encouraged more owner sale residential listings in Q1 2019.** Many owners believed that auction is a good mode of sale because it offers greater exposure for their properties. The number of residential listings put up by owners rose 16.2% q-o-q, or 218.5% y-o-y, to 86 listings.
- **More owners in Districts 9, 10, and 11 listed their properties for auction, with the listings moving up by 27.3% q-o-q to 28 listings.** Non-landed residential listings put up by owners formed 50.0% of total residential owner sale listings from the three districts, and more than 64% of these non-landed units are 2-bedroom apartments with floor area ranging from 650 sq ft to 900 sq ft.

Market Outlook

- **The number of auction listings in 2019 is envisaged to increase y-o-y, reflecting the increase in interest rate and uncertain external environment in H1 2019.** Notwithstanding, the Federal Reserve announced they will not be increasing the rate for 2019. Together with an improving leasing market, we may see the number of mortgagee listings stabilising towards the end of 2019.
- **The overall success rate for 2019 is envisaged to remain low.** Buyers are likely to remain discerning and the price gap between buyers and sellers is likely to widen.
- **Nonetheless, choice properties that are rarely available in the market will remain highly sought after.**

EXHIBIT 3

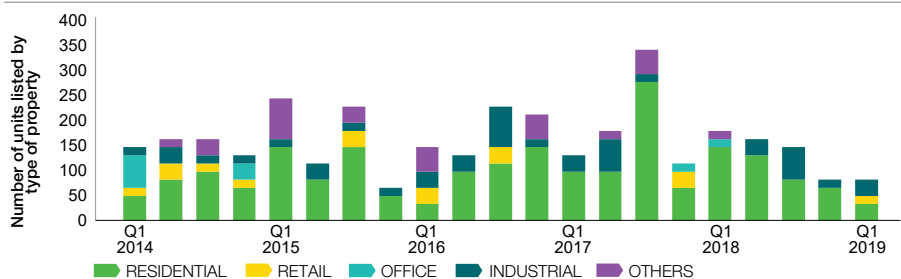
Number of Auction Listings by Type of Sale



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

**FOR AUCTION ENQUIRIES,
PLEASE CONTACT:**

Sharon Lee
Head
Auction & Sales
6228 6891
sharon.lee@sg.knightfrank.com

**FOR FURTHER INFORMATION,
PLEASE CONTACT:**

Lee Nai Jia
Head
Research
6228 6878
naijia.lee@sg.knightfrank.com

Lucy Zhu
Analyst
Research
6228 6584
lucy.zhu@sg.knightfrank.com



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