

RESEARCH AUCTION



Q2 2019 AUCTION MARKET SNAPSHOT

Total number of auction listings
in Q2 2019:

400

▲ 47.6% y-o-y increase

Gross sales value

S\$3.9 million

▼ 80.3% y-o-y decrease

AUCTION LISTINGS BY OWNERS INCREASED IN Q2 2019 AMID A SLOWER RESALE MARKET

Overview

- **There were 400 auction listings in Q2 2019, up 10.5% quarter-on-quarter (q-o-q).** Compared to a year ago, the number of auction listings was 47.6% higher.
- **The number of auction listings under owner sale increased 15.8% q-o-q to 227 listings in Q2 2019.** More owners are seeking auction to divest their properties to expedite their sales. In contrast, the number of auction listings under mortgagee sale declined 8.2% q-o-q amid a slower economy.
- **Three properties were sold under the hammer in Q2 2019, amounting to a total sales value of S\$3.9 million.** The properties successfully auctioned were an apartment in Skysuites @ Anson, an apartment in Cote D'zur, and a HDB shop at Boon Lay Shopping Centre.
- **The success rate based on total number of auction listings lowered to 0.8% in Q2 2019.** The success rate has declined progressively since 2018, falling from 6.4% in Q1 2018, to 1.4% in Q1 2019, and to 0.8% in Q2 2019. More buyers were on the side lines under the current market conditions, but they would still bid if they find value in properties in the listings.

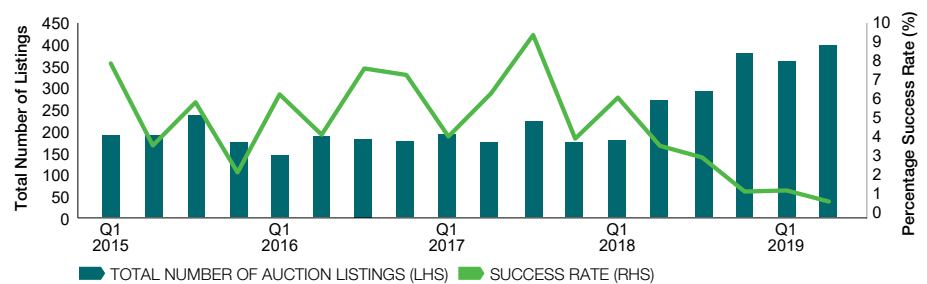


SHARON LEE
Head, Auction & Sales

“While the external environment is uncertain, buyers that purchased in auctions during similar market conditions in 2015 and 2017 enjoyed higher returns if they are able to hold out through the downturn.”

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

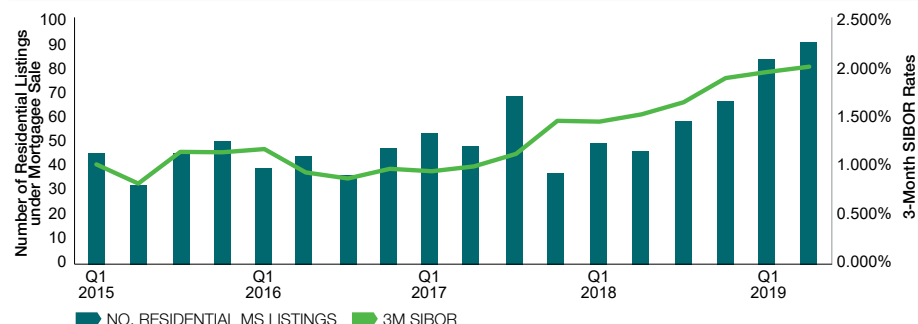
- **The number of auction listings under mortgagee sale in Q2 2019 declined 8.2% q-o-q to 146 listings.** The increase in number of residential listings under mortgagee sale was offset by fewer commercial and industrial listings in the quarter.

Residential

- **The were 91 residential listings in Q2 2019, forming the main bulk (or 62.3%) of total auction listings under mortgagee sale.** The number of residential listings under mortgagee sale increased by 9.6% q-o-q and 97.8% year-on-year (y-o-y).
- **The confluence of slower economy, restructuring of sectors, the volatile financial markets and rising interest rates contributed to the increase in mortgagee sales in Q2 2019.** Based on anecdotal evidence, several properties were previously owned by business owners or owners who held senior management positions before appearing under mortgagee sale. Historically, increases in the mortgagee sale listings were correlated to the level of uncertainty in the market. For instance, the number of mortgagee listings increased from 18 in Q1 2014 to 54 in Q1 2015 due to the sharp fall in oil prices in 2014.
- **The increase in residential listings under mortgagee sale from Q4 2017 to Q2 2019 was also highly correlated to the rise of interest rates.** With residential rents largely staying the same, the higher interest rates further exerted pressure on distressed owners.
- **There were more non-landed residential listings from District 1 (Raffles Place, Cecil, Marina, People's Park) and District 15 (Katong, Joo Chiat, Amber Road) listed under mortgagee sale in Q2 2019 compared to Q1 2019.** The residential listings located in District 1 came from projects located in the prime Central Business District such as Marina Bay Suites, One Shenton, and The Sail @ Marina Bay. The 5 leasehold listings from District 1 have an average per sq ft asking price of S\$1,799. Median price in the district has increase 0.2% y-o-y to S\$1,926 per sq ft in Q2 2019.
- **The number of non-landed residential listings under mortgagee sale from District 15 increased from 2 in Q1 2019 to 10 in Q2 2019.** Freehold penthouses from projects such as 38 iSuites, Tivoli Gardens and, Siglap V formed 7 out of 10 total listings in the district. On average, they commanded an average asking price of S\$1,069 per sq ft. The median price of non-landed residential homes in D15 has declined 2.9% y-o-y to S\$1,284 in Q2 2019

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 31 industrial listings under mortgage sale in Q2 2019**, fewer than the 39 listings in the previous quarter. The fall in the number of auction listings was because of successful sales in previous quarter, while a consistent number of new industrial units were put up on auction.
- **About 48.4% of industrial listings under mortgage sales in Q2 2019 were units from developments located in District 22 (Jurong).** Notwithstanding the high proportion, the number of industrial listings from District 22 under mortgage sale declined from 20 listings in the previous quarter to 15 listings in Q2 2019. These listings were largely from strata-titled developments, such as Pioneer Junction, Eco-Tech @ Sunview and Ace @ Buroh. These units, with leasehold 30 years of tenure, have an average asking price per sq ft of S\$240 with strata area ranging from 1,098 sq ft to 8,148 sq ft. The median price of industrial properties in D22 declined 6.8% y-o-y to S\$247 per sq ft in Q2 2019.

Retail

- **The number of retail listings under mortgage sale also declined by 34.4% q-o-q to 21 listings in Q2 2019.**
- **Retail listings from Districts 14 (Geylang, Eunos), and 16 (Bedok, Upper East Coast) made up 11 out of 21 of the total retail listings under mortgage sale in Q2 2019.** Retail units listed under mortgage sale in this district are from mixed used developments such as Centropod @ Changi, Euhabitat, and HexaCube. They command an average price of S\$2,416 per sq ft with an average size of 544 sq ft. The median price of retail developments in the two districts has increased 5.8% y-o-y in Q2 2019 to S\$2,973.

Owner Sale

- **The number of owner sale listings increased 15.8% q-o-q in Q2 2019.** The increase in the owner sale listings was led by the residential sector that rose 23.3% q-o-q to 106 listings in Q2 2019, followed by the retail segment under owner sale that grew to 28 listings from 9 listings in the previous quarter.
- **More owners of residential properties were seeking auction as an alternative mode of sale to expedite their sales.** The number of landed and non-landed residential listings by owners increased by 28.9% and 15.0% q-o-q in Q2 2019 respectively.

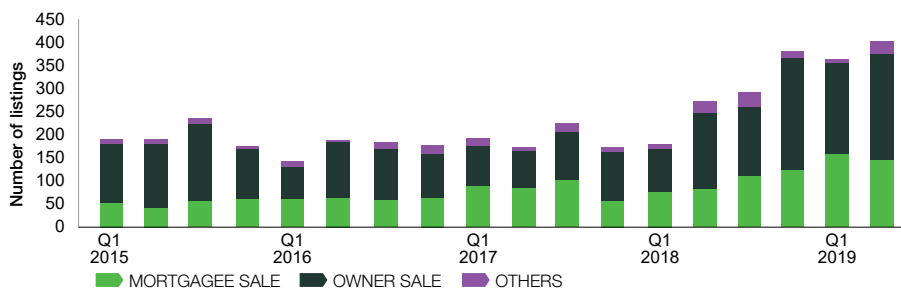
- **There were more landed residential listings in District 19 (Serangoon Garden, Hougang, Punggol) in Q2 2019**, increasing to 10 listings in Q2 2019 from 4 listings in Q1 2019. All the listings were semi-detached houses with freehold and 999-year leasehold tenure, and the average unit price of the landed properties was S\$1,003 per sq ft land area. In Q2 2019, median prices of freehold landed properties in the district increased 9.0% y-o-y to S\$1,247 per sq ft.
- **Separately, the number of non-landed residential listings from District 10 (Ardmore, Bukit Timah, Holland Road, Tanglin) increased from 2 listings in Q1 2019 to 11 listings in Q2 2019.** The tenures of these units were either freehold or 999 years and they command an average asking price per sq ft land area of S\$2,256. Freehold non-landed homes in District 10 has increased 0.1% y-o-y to S\$1,818 per sq ft in Q2 2019.

Market Outlook

- **In view of the continued uncertainty in global macro-economic outlook, Knight Frank envisages number of auction listings to increase y-o-y by end 2019.**
- The volatile financial markets and the digital transformation in the service sectors are likely to result in a more active capital flow in asset owners as they recalibrate their portfolio to optimise returns.
- **The overall success rate for 2019 is envisaged to remain low.** Buyers are likely to remain discerning and hold a wait-and-see approach. Nonetheless, choice properties with attractive locational attributes priced reasonably will remain in demand.

EXHIBIT 3

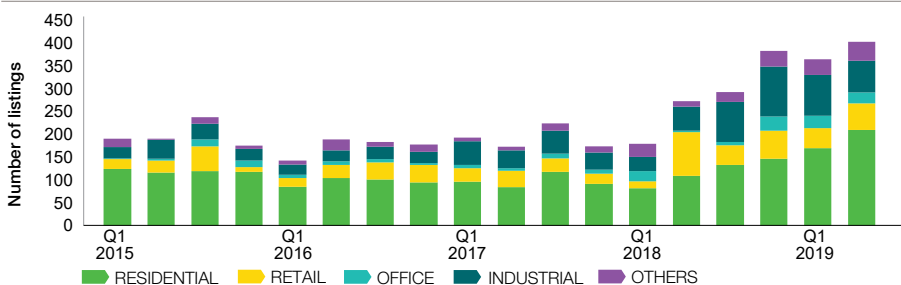
Number of Auction Listings by Type of Sale



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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