

“Coming out of the recession, more local businesses and investors with private wealth are on the lookout for properties at auction.”



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Singapore Research

Auction

Q1 2021

HEIGHTENED INTEREST IN AUCTION PROPERTIES AS THE ECONOMY IMPROVES

MARKET SNAPSHOT

201 (Q1 2021)
1.5% ▲ Q-O-Q
28.0% ▼ Y-O-Y
 TOTAL NUMBER OF AUCTION LISTINGS

\$13.0 MILLION (Q1 2020)
-47.8% ▼ Q-O-Q
1,287.2% ▲ Y-O-Y
 GROSS SALES VALUE

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Auction Sale Listings and Success Rates

- There was a total of 201 listings (including repeat listings and excluding properties sold outside of auction) in Q1 2021, largely similar to the 198 in Q4 2020 when auctions resumed in full swing. While total listings remained stable, retail asset listings in Q1 2021 recorded a marked quarter-on-quarter (q-o-q) increase to 67 from 38. However, industrial listings dropped q-o-q to 38 from 60.
- Success rates (based on auction listings) reached 3.5% in Q1 2021, higher than in pre-COVID 2019 when quarterly success rates hovered between 1% to 3%. This came as auction properties continued to garner interest among opportunistic retail investors looking for viable yields in a low interest rate climate. Besides the seven properties sold under the hammer at a gross sales value of S\$13.0 million, both residential and commercial auction properties also increasingly exchanged hands outside of auction.

S\$500,000 higher than the opening price. Separately, a condominium at Melville Park sold for S\$690,000 during auction. While not mortgagee sales, there were also two residential properties comprising a landed home at Kovan Close and a condominium unit at City Square Residences that were sold at auction as an executor sale and a sheriff sale respectively.

- Industrial mortgagee listings declined to 25 in Q1 2021 from 41 in Q4 2020. Improved prospects and optimism in the industrial sector led to more enquiries and viewings, especially for industrial units with a relatively affordable quantum of below S\$1 million. A freehold unit at B2 factory M Space sold for S\$808,000 during auction. With the opening prices of 16 of the 25 listings going at or below S\$1 million, success rates will likely increase in subsequent auctions.

- Retail mortgagee sale listings increased by 64.0% q-o-q and 57.7% y-o-y to 41 in Q1 2021, the highest quarterly total in Knight Frank's records as some investors struggled with mortgage payments. However, opportunistic buyers are still active, with two units at Golden Mile Complex snapped up for a total of S\$610,000, likely with a view to possible enbloc potential.

Exhibit 1: Total Number of Listings by Type of Sale and Percentage Success Rates



Source: Knight Frank Auctions and Knight Frank Research

Mortgagee Sales

- There were 122 mortgage sale listings in Q1 2021, similar to Q4 2020. This made up 60.7% of total auction listings, a similar proportion to 61.6% in the previous quarter.
- Residential properties made up 45.9% (56) of mortgagee sale listings in Q1 2021, of which 43 were non-landed and 13 were landed home listings. Buyer's interest in landed units remained strong, with a semi-detached home in Aida Street transacting at almost

Exhibit 2: Total Number of Listings by Property Type



Source: Knight Frank Auctions and Knight Frank Research

Owner Sales

- **There were 76 owner sale listings in Q1 2021, slightly more than 71 in Q4 2020.** More individual owners have and currently are divesting their properties through auction with 36 owner listings in March, up from a monthly average of 22 from October 2020 (when up to 50 people were allowed at auctions) to February 2021.
- **Owner sale listings in the retail sector also increased, doubling to 26 listings from 13 in Q4 2020.** While opening prices for some listings dropped due to varied individual reasons, distress sales were not evident with prices generally stable.
- **There were 36 residential owner sale listings in Q1 2021, comprising eight landed and 28 non-landed listings.** All eight landed properties had opening prices of above S\$2.7 million. For non-landed properties, eight were in Districts 9 and 10 ranging from a 2,800 square-foot (sf) penthouse unit in Leonie Hill Residences going at S\$5.0 million, to smaller one bedroom apartments below 550 sf at Sophia Hills and Vida, starting below S\$1.2 million.

MARKET OUTLOOK

- Despite the economy being on the mend, more listings will likely surface, especially for the harder-hit sectors in 2020's pandemic-led recession. At the same time, some distressed commercial properties might then be bought by both corporate and private wealth in search of attractive opportunities for more unique properties (such as strata office

space or landed homes) or Small-and-Medium-Enterprises (SMEs) buying business space for their own-use. For the rest of 2021, success rates will likely reach around 5.0% of listings. Other than commercial units with attractive opening prices, heightened interest in bigger quantum landed sales is also expected due to their limited supply motivating upgraders.

- Purchasing interest and enquiries for auction properties are likely to grow in the coming months, especially from Singaporeans with an investment preference for holding real property instead of other alternative investment instruments. Properties with unique characteristics and/or in good locations that offer rare opportunities are more than likely to be sold under the hammer, as buyer demand strengthens with the recovering economy. These buyers can then take advantage of the transparency in the public auction process to secure such acquisitions.

For more information on auction listings, please download the Knight Frank Auction App from the [App Store](#) or [Google Play](#).

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