

“While all-time high rents have cushioned mortgage instalments, a combination of rising interest rates, individual financial stress and business failures also contributed to existing listings.”

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Singapore Research

# Auction

## Q2 2022

## AUCTION SUCCESS RATES MAINTAIN DOUBLE-DIGIT STREAK

### MARKET SNAPSHOT

**118** (Q2 2022)  
**47.5%** ▲ Q-O-Q  
**38.5%** ▼ Y-O-Y  
 TOTAL NUMBER OF AUCTION LISTINGS

**\$30.2** MILLION (Q2 2022)  
**43.1%** ▲ Q-O-Q  
**18.3%** ▼ Y-O-Y  
 GROSS SALES VALUE

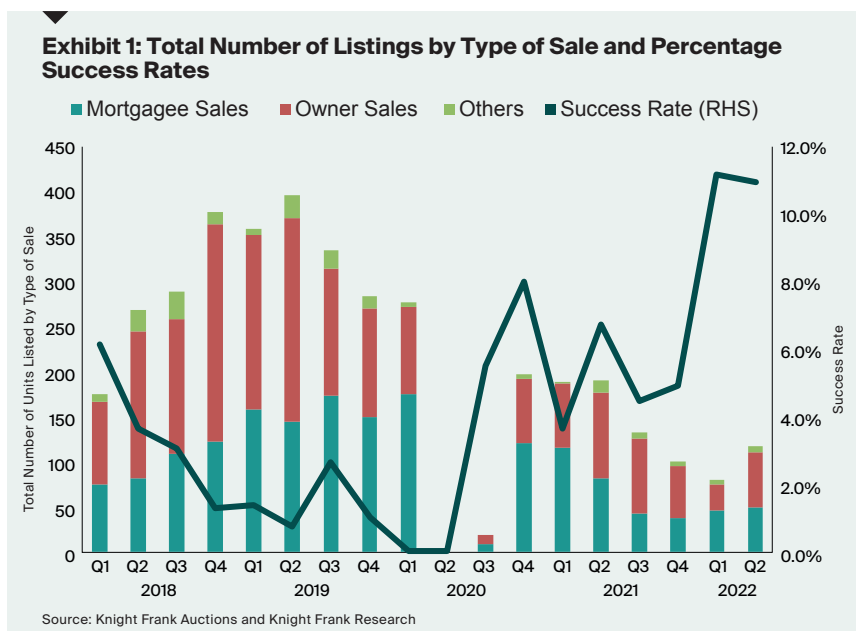
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### Auction sale listings and success rates

- **Auction listings rebounded by 47.5% q-o-q to 118 listings (including repeat listings and excluding properties sold outside of auction) in Q2 2022.** Owner sale listings recorded a 121.4% q-o-q spike to 62, a reversal after three consecutive quarters of decline. This exceeded the number of mortgagee sale listings this quarter, which recorded a more marginal 6.4% q-o-q increase to 50.
- **An increase in both landed and non-landed residential listings** largely contributed to the overall growth in listings, while retail and industrial owner sale listings also witnessed an increase in inventory. Out of the 118 listings, 50 (42.4%) were recorded in June when the Federal Reserve announced the most aggressive benchmark interest rate hike since 1994 at 0.75 percentage points.
- **Success rates continued a double-digit percentage streak to hit 11.0% in Q2 2022.** A total of thirteen properties were knocked down in Q2 2022 for a gross sales value of S\$30.2 million, up from nine properties for S\$21.1 million last quarter.

- With mortgagee sale properties (usually listed near their valuation) at prices palatable to investors, **a total of 10 out of the 13 properties sold during auction in Q2 2022 were mortgagee sales.** Riding on heightened owner-occupier demand amid tight private housing supply, all but one of the successful mortgagee auction sales were residences.
- **Suburban properties in the eastern part of Singapore were noticeably sought after,** with four non-landed homes located in the Pasir Ris, Tampines and the Bedok planning areas selling at prices at or below S\$1.0 million. In the Central Region, a condominium was also sold at The Sail @ Marina Bay (D1) for S\$2.43 million, while a 3-bedroom apartment in Reflections @ Keppel Bay (D4) was sold for S\$2.65 million, 3.9% above the opening price.
- **Growing domestic wealth and a desire for larger living spaces, even amid scarcity of landed supply and escalating prices,** might have directed buyers to the auction market. In Q2 2022 for instance, a 4+3-bedroom semi-detached home at Seletar Hills Estate was sold for S\$6.33 million, while a corner terrace at Verde View was sold for S\$2.30 million. Both these new listings were sold during their first round of auction.

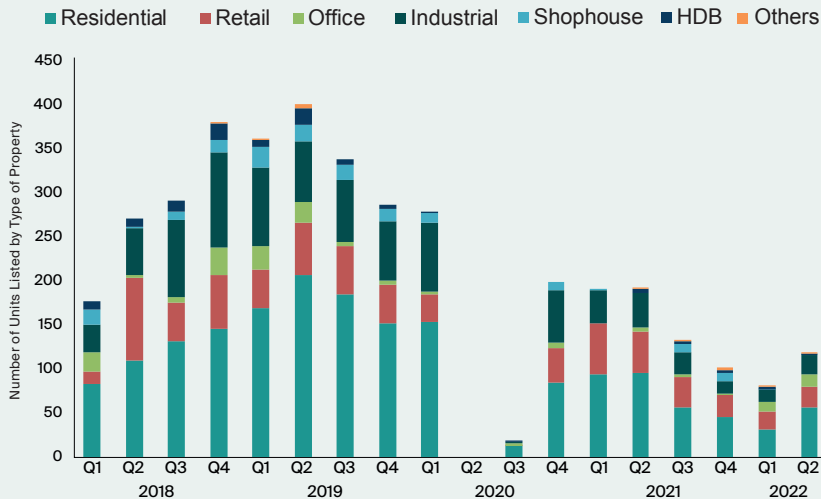
- **Separately, a ramp up B2 factory** at E9 Premium located in Woodlands Industrial Park E9 changed hands at S\$595,000.



### Mortgagee sales

- **There were 50 mortgagee sale listings in Q2 2022.** Despite the more subdued overall increase from 47 mortgagee listings last quarter, residential listings increased by 38.1% q-o-q from 21 to 29 this quarter. While all-time high rents (based on URA residential rental indices) have cushioned mortgage instalments, a combination of rising interest rates, individual financial stress and business failures also contributed to existing listings.

## Exhibit 2: Total Number of Listings by Property Type



Source: Knight Frank Auctions and Knight Frank Research

## Owner sales

- ◆ **The inventory of owner sale listings more than doubled in Q2 2022, expanding by 121.4% q-o-q to 62 against 28 in the previous quarter.** Almost all segments saw more listings as both buyers and sellers became more receptive to using auction as a mode of sale. Residential listings rose to 22 from seven in Q1 2022, while industrial listings rose to 13 listings from four over the same period.
- ◆ **While some owners previously chose to sell their properties independently, the expectation of further domestic interest rate hikes** and the prospect of better closing prices in a healthy market, have led others to explore the auction route.
- ◆ **Out of the 22 residential owner sale listings, half (11) were located in the prime districts 9 and 10.** As borders reopened from April onwards with the Vaccinated Travel Framework, investors who have held onto these prime properties are possibly putting them up for auction to test demand from international investors.
- ◆ **A ground-floor shop unit at Katong Shopping Centre** was the only owner sale this quarter. The freehold shop unit was sold for S\$720,000 or S\$3,186 psf, a 6.3% discount to the initial opening price. According to caveats lodged, units situated at the first floor have sold at an average psf of S\$3,406 psf over the past five years.

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- ◆ **Separately, different types of sale were also successfully carried out at auction.** For instance, Arc at Tampines recorded an MCST sale at S\$945,000, 5.0% more than the opening price. A sheriff sale of a medical suite at Mount Elizabeth Medical Centre also attracted multiple interested bids, and eventually sold at S\$8.44 million, 1.9% above the initial opening price of S\$8.28 million.

## Market outlook

- ◆ The stress on mortgage payments brought about by the ongoing rise of interest rates throughout 2022 can lead to more listings in the coming months. Coupled with looming economic uncertainties, the number of mortgagee listings is expected to increase in the remaining quarters of the year, after dropping to a trough in Q1 2022.
- ◆ Likewise, the number of owner listings are also likely to grow as more become open to the reach and the transparency of the auction process, and might wish to take advantage of the healthy private residential to divest, especially with growing overall success rates.

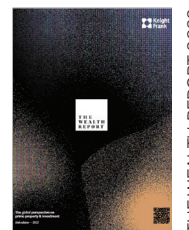
\*URA Realis, data downloaded as of 12 July 2022

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