

“Strong buying sentiment in the auction market has been and will continue to be fuelled by both owner-occupiers and pandemic-era investors.”

SHARON LEE, HEAD, AUCTION & SALES



Singapore Research

Auction

Q4 2021

THE AUCTION MARKET SET TO BE MORE ACTIVE IN 2022

MARKET SNAPSHOT

115 (Q4 2021) **670** (2021)
 23.3% ▼ Q-O-Q
 35.4% ▲ Y-O-Y
 TOTAL NUMBER OF AUCTION LISTINGS

\$15.7 MILLION (Q4 2021)
\$85.9 MILLION (2021)
 22.6% ▼ Q-O-Q
 193.0% ▲ Y-O-Y
 GROSS SALES VALUE

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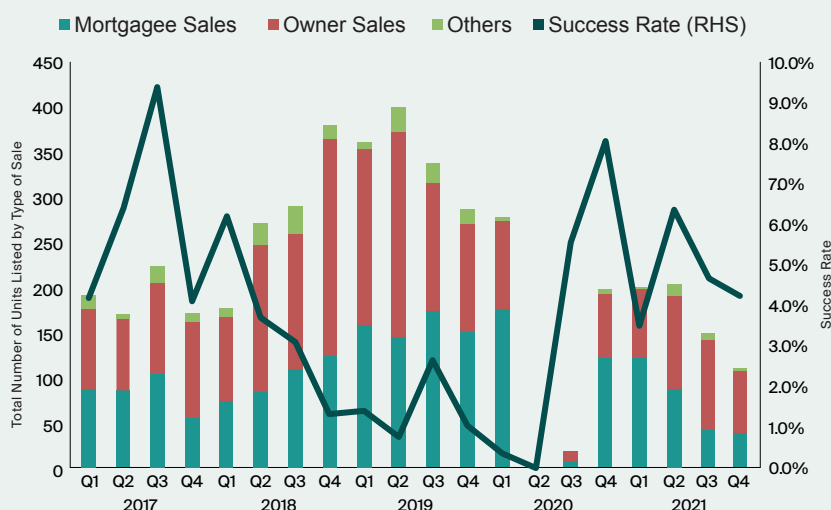
Auction sale listings and success rates

- Auction listings declined by 23.3% q-o-q to 115 listings (including repeat listings and excluding properties sold outside of auction) in Q4 2021, rounding off the year with a total of 670 listings for 2021. Overall, auction listings in 2021 were 35.4% more y-o-y, attributed to a spike in owner sale listings which almost doubled y-o-y to 352 as some normality resumed in the auction market.
- Both owner and mortgagee sales listings dipped in Q4 2021, declining by 28.0% q-o-q to 72 listings and 9.5% q-o-q to 38 listings respectively (Exhibit 1). However, on a yearly basis, only total mortgagee sales listings dipped by 5.6% to 289 in 2021. While disrupted auction processes contributed to an overall dip in 2020 mortgagee listings, the drop in 2021 in contrast was likely an outcome of certain real estate sectors such as industrial and residential being on the path to recovery and improvement.
- Success rates (including repeat listings and excluding properties sold outside of auction) during auction improved to 4.8%, translating to 32 sales in 2021 due to optimism from buyers, up from 3.6% in 2020. As a result, the total gross sales value almost tripled to S\$85.9 million with larger ticket properties sold under the hammer in 2021. Additionally, many of these listings were known to have been sold outside of auction after gaining publicity from the auction process.

Mortgagee sales

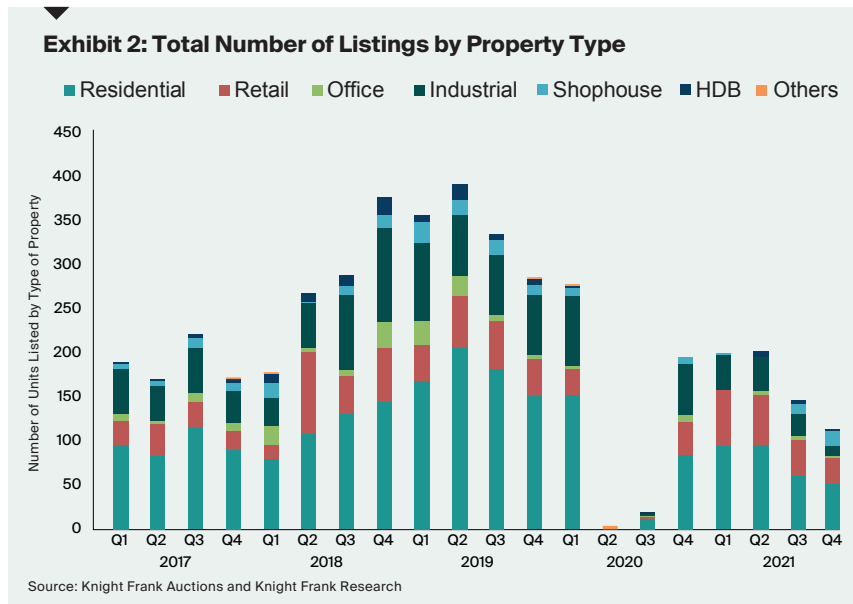
- Mortgagee sale listings declined each subsequent quarter in 2021 to 38 in Q4 2021 and 289 for the whole of 2021. Despite the auction cancellations in Q2 and Q3 2020, the total mortgagee listings in 2021 were still 5.6% lower than in 2020. Banks' inventories of auction properties shrank, especially for industrial listings with recovery in the manufacturing sector leading GDP growth in 2021.
- There were 65 industrial mortgagee listings in 2021, down from 97 in 2020. Expanding Small-and-Medium Enterprises (SMEs) bolstered demand for owner-occupied industrial space, especially in better locations. For instance, a ramp-up factory at Northstar @ AMK sold for S\$1.05 million, 19.3% above its opening price.
- Residential properties made up 47.4% (137) of total mortgagee listings in 2021. Among the residential listings, about 83.2% (114) were non-landed properties. About a quarter of the non-landed listings were in Districts 9 and 10 at an average opening price of S\$2,218 psf. This was some 7.3% lower than the average psf of S\$2,393 for transactions in 2021*, presenting a value opportunity to buyers.
- Of the 38 residential mortgagee listings in Q4 2021, a 1-bedroom condominium at D'Oasia transacted at S\$700,000. At the luxury end of the market, high-value sales included a 4-bedroom duplex condominium in The Berth by the Cove that sold for S\$3.76 million, 4.4% above its opening price riding on a resurgence of demand in Sentosa Cove.

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



Source: Knight Frank Auctions and Knight Frank Research

◆ **The retail market was the only sector where listings rose, to 84 in 2021 from 52 in 2020. Growth in the consumer-facing sector was stunted by recurring COVID-19 restrictions.** In Q4 2021, a ground floor shop unit in the mixed-use development The Midtown transacted for S\$1.07 million at about S\$3,654 psf, 2.8% below its opening price.



Owner sales

- ◆ **Owner sale listings almost doubled to 352 in 2021, against 180 in 2020.** Listings increased across all sectors, with strata retail units rising almost sixfold from only 17 in 2020 to 101 in 2021.
- ◆ **Residential properties made up about 41.2% (145) of total owner listings, with a higher proportion of landed listings compared to mortgagee sales.** All landed properties listed by owners had opening prices of above S\$2.5 million, with more than half above S\$5.0 million as owners generally held on to higher prices.
- ◆ **Despite only two owner sale listings transacted during auction in 2021, many more were sold outside of auction.** For instance, a shophouse at 666 North Bridge Road changed hands at a negotiated price of S\$4.5 million in Q4 2021, down from the initial listing price of S\$4.98 million. Buyers are increasingly negotiating outside of auction under private treaties in order to enjoy more time flexibility in organising financing.

Contact us for insights, research and real estate opportunities.



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◆ **Separately, an intermediate townhouse at 8 Nassim Hill was sold as a sheriff sale for S\$9.1 million or S\$2,004 psf, lower than the project's historical average unit price of \$2,793 psf.** Located in the prime Tanglin neighbourhood, townhouses in the development were rarely transacted with the last recorded sale in 2013.

Market outlook

- ◆ In the latter half of 2022, buyers might try and lock in interest rates before the eventual gradual hike. Given the cooling measures, buyers might also feel that prices of residential properties will level off to match their price expectations in 2022. As for other non-residential properties, investors might be keen to secure strata-commercial or shophouse assets before possible spillover effects from the residential sector lead to further price increases.
- ◆ We expect auction listings to increase, with extended credit support or loan relief measures by the government gradually lifted in 2022. For instance, borrowers with property loans who applied for relief would have had to resume full loan instalment repayments after 31 December 2021. Given these prevailing circumstances and investor interest during a period of post-pandemic rebound, success rates in 2022 are projected to be around 5%, similar to 2021.

*URA Realis, data downloaded as of 17 January 2021.

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