

Strong auction sales

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Total listings put up for auction in H1 2017 were down marginally YOY and HOH, but mortgagee listings have increased 23.7% YOY and 30.6% HOH, driven mainly by industrial and retail property listings. Meanwhile, total sales value jumped 83% YOY as more landed residential properties were knocked down, pointing to a convergence of price expectations between the buyers and sellers. We expect the auction market to remain vibrant, and close the full year of 2017 at SGD95-100 million (USD69 - 72 million), up 0-5%YOY. We recommend buyers to consider the auction market as an alternative to acquiring suitable properties for their own use.

Property listings for auction fell in H1 2017

The property listings put up for auction totalled 373 listings (including re-listings) in H1 2017, down by 4.6% compared to H1 2016.

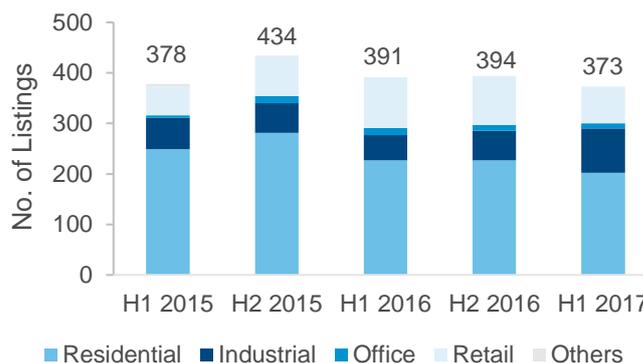
Residential listings accounted for 54.2% of the total listings, while industrial and retail properties took up 23.6% and 19.6% of the listings, respectively. Office properties constituted the least at 2.7%.

Listings from all sectors, except industrial, declined on a YOY basis. In H1 2017, the number of office and retail listings declined 28.6% YOY and 27% YOY to 10 and 73 listings, respectively. Residential listings fell by a lower 11% YOY to 202 listings.

Industrial properties put up for auction in H1 2017 jumped 76.0% YOY to 88 listings, from H1 2016's 50 listings. The spike could be due to the persistently weak industrial leasing market amidst higher supply. Some investors have put their properties for auction in H1 2017 to find buyers, while banks have also put more up as

mortgagee listings as owners have defaulted on mortgages.

Property listings put up for auction by sector

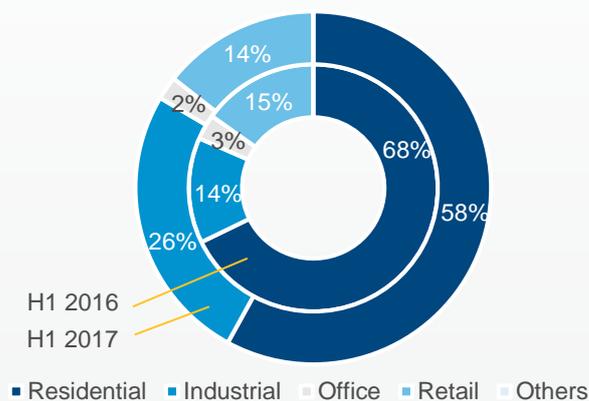


Note: Include re-listings
Source: Colliers International Singapore Research

Mortgagee listings on a rise

Based on Colliers International's research, a total of 188 mortgagee listings were put up for auction for H1 2017, up 23.7% YOY and 30.6% HOH. The increase was largely driven by industrial and retail properties.

Comparison of mortgagee listings by sector (H1 2017 vs H1 2016)



Note: Include re-listings
Source: Colliers International Singapore Research

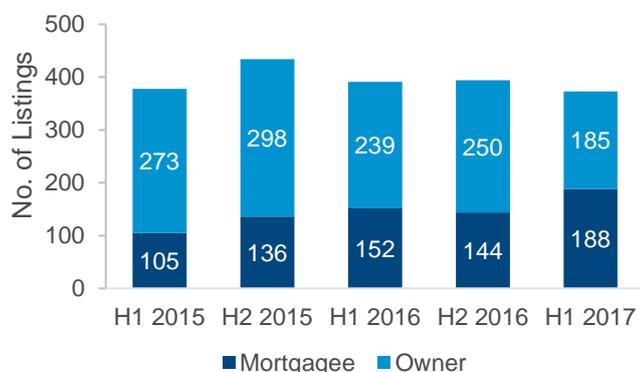
A total of 48 industrial mortgagee listings were recorded in H1 2017, 2.3x and 92% more than H1 and H2 2016, respectively. It also set a record for the highest number

of industrial properties put up for auction under mortgagee sales on a half-yearly basis since 2010.

Retail mortgagee listings increased 17.4% YOY, 68.8% HOH to 27 listings in H1 2017. Strata retail units continued to form bulk of the mortgagee listings and increased 30% YOY to 26 listings in H1 2017. This could be due to the increased strata retail supply and the challenging overall retail environment.

On the other hand, owners' listings fell 22.6% YOY to 185 listings in H1 2017. We observed YOY declines in owners' listings across all sectors except industrial. Industrial owners' listings grew 37.9% YOY to 40 listings in H1 2017.

Property listings put up for auction by types of sellers



Note: Include re-listings
Source: Colliers International Singapore Research

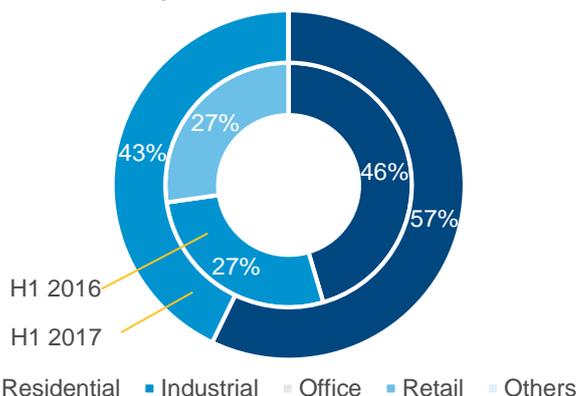
The number of properties sold at auctions in H1 2017 up 25% YOY

Overall the number of properties successfully sold at auctions grew 25% YOY to 20 properties in H1 2017. However, it was a 23.1% dip from H2 2016's 26 properties. This fall was due to a reduction in residential properties transacted during auctions from 17 sold in H2 2016 to 13 sold in H1 2017.

Of these 20 knocked down, 14 (or 70%) were mortgagee properties, up 27.3% YOY from H1 2016's 11. However, it was a 12.5% drop from H2 2016's 16 mortgagee sales.

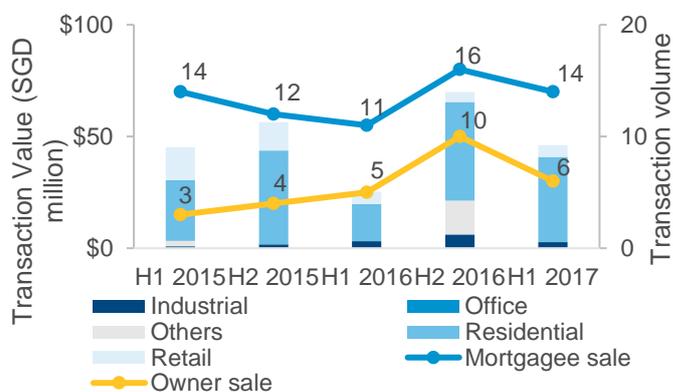
In H1 2017, residential properties formed 57% of total successful mortgagee sales, while industrial constituted the rest with 6 mortgagee sales. No retail or office mortgagee properties were knocked down in H1 2017.

Comparison of mortgagee sales by sector (H1 2017 vs H1 2016)



Source: Colliers International Singapore Research

Breakdown of auction sales by type of sale and sectors



Source: Colliers International Singapore Research

H1 2017 auction sales value soared 83%YOY

For H1 2017, the aggregate value of properties sold at auctions stood at SGD46.2 million. This was 83% higher than H1 2016's SGD25.9 million, but a 33.9% decline from H2 2016's SGD69.8 million.

Q2 contributed two-thirds of H1 2017's auction sales, and came mainly from the estate sale of 86 Chestnut Avenue, a Good Class Bungalow (GCB) at SGD11.4 million in April 2017.

Breaking down H1 2017's auction sales by sectors, residential auction sales accounted for the lion's share 83% of the total value (or SGD38.3 million). With the sale of a shophouse, the retail sector concluded at SGD5.2 million (or 11%), while industrial auction sales contributed SGD2.6 million or 5.7% of the total transaction value.

Interestingly, all the industrial properties knocked down in H1 2017 were mortgagee sales, totalling SGD2.6 million, -16.7% from H1 2016.

In comparison to 2016, we observed that there was an increase in the number of landed properties sold in H1 2017. Seven landed properties were knocked down in H1 2017, while only three landed housing units were sold during the entire year 2016. This pointed to a convergence of price expectations of buyers and sellers as prices of landed homes have declined more than the benchmark private home price index over the past year and more buyers are finding the entry price points to be reasonable.

Breakdown of the total value of properties sold at auctions by sector



Source: Colliers International Singapore Research

Outlook

We expect mortgagee listings to rise in H2 2017 compared to H1 2017. This could be driven by industrial and retail strata-titled units that were acquired during the height of the cycle in 2013-2015 but have since been experiencing weak leasing conditions.

With the bulk of upcoming industrial supply expected to

be completed by end of 2017, including a number of leasehold multiple-user industrial projects, this is likely to exert further pressure on achievable rents in those localities. Individual investors could look to auctions as an effective avenue to dispose their properties.

On the residential front, the positive sentiment about-turn since February 2017 could motivate more owners to put their properties up for auction to seek maximum exposure and pricing. The auction market will provide an alternative avenue for genuine buyers to look for suitable properties in the resale market.

We forecast H2 2017 to see slightly higher auction sales than H1 2017. This should bring the FY2017 auction sales to SGD95 -100 million (USD69 - 72 million) for FY2017, up 0-5% compared to FY2016.

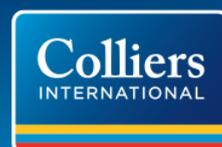
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