

RECORD AUCTION LISTINGS AMID SLOWER SALES

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Summary & Recommendations

- > The number of properties listed for auction hit a record high in 2018, driven by the residential and industrial sectors, and a record number of properties put up for mortgagee sales by banks.
- > However, the number of successful auction sales in 2018 declined by 27% yoy to just 35 transactions and the total transacted value fell 52% yoy to SGD51.0 million, as sellers' price expectations still exceed those of buyers.
- > We expect auction listings and sales to grow in 2019 with the residential cooling measures continuing to bite and more owners putting up non-residential properties for sale. We recommend auctions for a wider range of assets such as industrial, commercial units and shophouses.

1,088 listings

The total number of auction listings in 2018, an increase of 35% over 2017 and the highest annual level since the start of our database in 2008. Out of total listings, 518 or 48% were residential properties.

26.5%

The yoy increase of mortgagee listings in 2018 over 2017. The total number of mortgagee listings reached 472 in 2018, the highest annual level in our database. All sectors, except for office, recorded an all-time high on an annual basis.

3.2%

The success rate in 2018, a drop from 6.0% in 2017. The total number of auction sales in 2018 declined by 27% yoy to 35 transactions. Of these, 24 were mortgagee sales, comprising 16 residential units, six industrial units, one retail unit and one office unit.

SGD51.0 million

Total aggregate value of auction sales in 2018, which was down 52% from the SGD107.2 million transacted in 2017. Mortgagee sales value accounted for 60% of total auction sales value in 2018.

In view of the fresh property cooling measures implemented on 6 July 2018 that raised the additional buyer's stamp duty (ABSD) and tightened the loan-to-value (LTV) limit on residential purchases, we could see more sellers of residential properties exploring auction as a platform. We should also see more owners putting up their industrial and commercial units, and shophouses for sale as interest and prices pick up.

We expect overall auction listings to remain healthy in 2019, driven by both owners' listings as well as more mortgagee sales. With more varied assets up for auction, we expect successful auction sales volume and value to grow. We should see demand from many collective sale beneficiaries in the past two years as they turn to the auction market for immediately-available replacement homes.

Note: USD1 = SGD1.365 (end of 2018). Our data include results from all auction houses. Re-listings are included in auction listings. Properties sold before or after the auction are not included in auction sales. All deals mentioned have been approved for public release.

AUCTION LISTINGS

Record high on a yearly basis

Based on Colliers International’s research, the properties put up for auction in H2 2018 totalled 634 listings (including re-listings), up by 40% hoh and 47% yoy. This brings total auction listings in 2018 to 1,088, an increase of 35% over 2017 and the highest annual level since the start of our database in 2008. The annual growth in 2018 was driven mainly by residential listings, which rose by 19% yoy to 518, and industrial listings, which rose by 44% yoy to 277. Other sectors also saw an increase compared to 2017 with retail listings up by 72% yoy to 248 and office listings up by 32% to 41.

Residential listings continued to account for the lion’s share at 45% of total listings in H2 2018. However, this is a drop from 54% in H2 2017 and 52% in H1 2018, possibly due to the recent tax hikes in residential purchases following the cooling measures announced on 6 July 2018. For the full-year 2018, residential properties accounted for 48% of total auction listings.

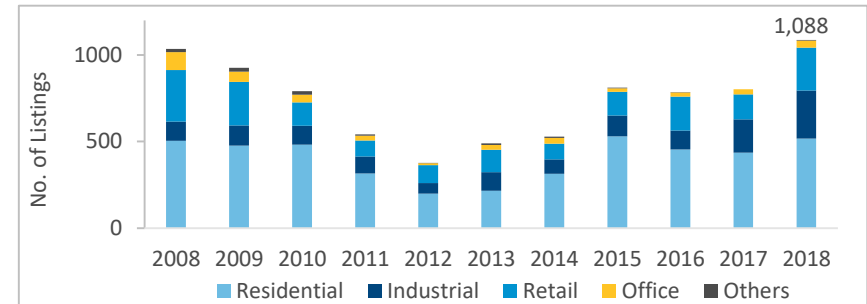
Owners’ listings remained strong in H2 2018 and rose 43% hoh and 48% yoy to 362, bringing full-year 2018 tally to 616, up by 43% from 2017. We believe the reason could be due to more mainstream brokerage firms entering the auction market and more owners opting to sell their properties via auctions as they believe auctions would give their properties maximum exposure and the highest chance to achieve optimal prices.

In view of the US-China trade tension and economic uncertainty, the growth in mortgagee listings accelerated with a total of 272 mortgagee properties put up for auction in H2 2018, up by 36% hoh and 47% yoy. This is a surge from the 8.1% hoh and 6.4% yoy growth in H1 2018, bringing total mortgagee listings in 2018 to 472, a 27% increase over 2017 and the highest annual level since our data started in 2008. All sectors, except for office, recorded an all-time high on an annual basis.

Industrial mortgagee listings saw the largest annual growth among all sectors in 2018, rising 64% yoy to 146 as the underlying leasing market for older conventional factories remained under pressure. Retail mortgagee properties recorded a 47% increment yoy to 66 listings while residential mortgagee listings grew 13% yoy to 258. Office mortgagee listings fell 82% yoy to only two properties, probably due to robust rental recovery.

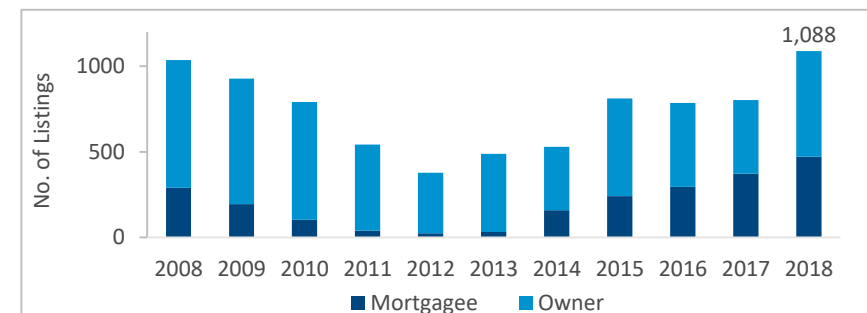
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All sectors, except for office, recorded an all-time high on a yearly basis for mortgagee listings.”

Number of auction listings by sector



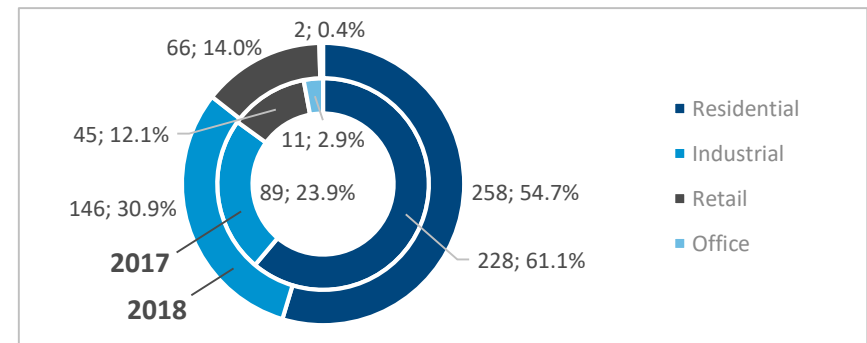
Source: Colliers International. Note: Includes re-listings

Number of auction listings by type of seller



Source: Colliers International. Note: Includes re-listings

Comparison of number of mortgagee listings by sector



Source: Colliers International. Note: Includes re-listings

AUCTION SALES

Fewer transactions in 2018 as residential sales slowed

Based on Colliers International’s research, the overall number of properties sold at auction in H2 2018 dropped by a third qoq and by half yoy to 14 properties. This brings the total number of auction sales in 2018 to 35 properties, a decline of 27% yoy from 48 properties transacted in 2017. We notice that the success rate dropped from 6.0% in 2017 to 3.2% in 2018, reflecting investors’ cautious approach and a widening price gap between buyers and sellers. Please note that our data for auction sales do not include properties sold before or after the auction.

Of these 14 properties knocked down at auction in H2 2018, 13 (or 93%) were mortgagee sales, up 18% hoh. This brings total mortgagee sales in 2018 to 24 properties, 33% below a very strong 2017. Of these mortgagee properties knocked down in 2018, 16 were residential, six were industrial while retail and office saw one transaction each. Residential saw the largest drop in number of mortgagee sales from 25 transactions in 2017.

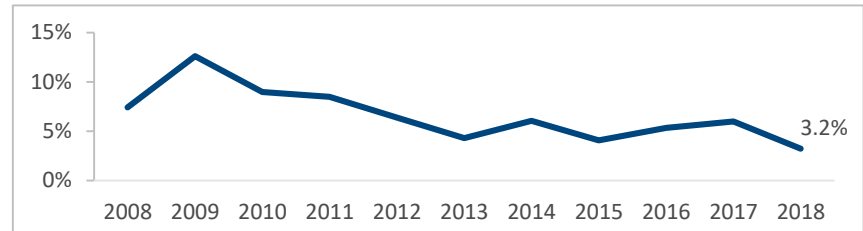
Residential accounts for 83% of 2018 auction value

Due to fewer properties being transacted, the aggregate value of properties sold at auctions in H2 2018 dropped 56% hoh and 74% yoy to SGD15.7 (USD11.5) million. Total aggregate value of auction sales in 2018 stood at SGD51.0 (USD37.3) million, less than half of the SGD107.2 (USD78.5) million transacted in 2017. Specific transactions during the year included the eight non-landed residential properties and two industrial units totalling SGD12.0 (USD8.8) million which were closed in Colliers International’s auction. Our largest deal in 2018 was the sale of one condominium unit at SGD2.7 (USD1.9) million.

The aggregate value of 26 residential properties knocked down in 2018 totalled SGD42.1 (USD30.9) million, accounting for the lion’s share, 83%, of the total auction sales value. Seven industrial units were sold for SGD4.4 (USD3.3) million, or 8.7% of total value. One HDB shop and one strata office unit were transacted for SGD2.7 (USD2.0) million and SGD1.7 (USD1.3) million, respectively. The mortgagee sales value stood at SGD30.7 (USD22.5) million, 46% below a strong 2017 even though 2018’s share was higher at 60% of total value.

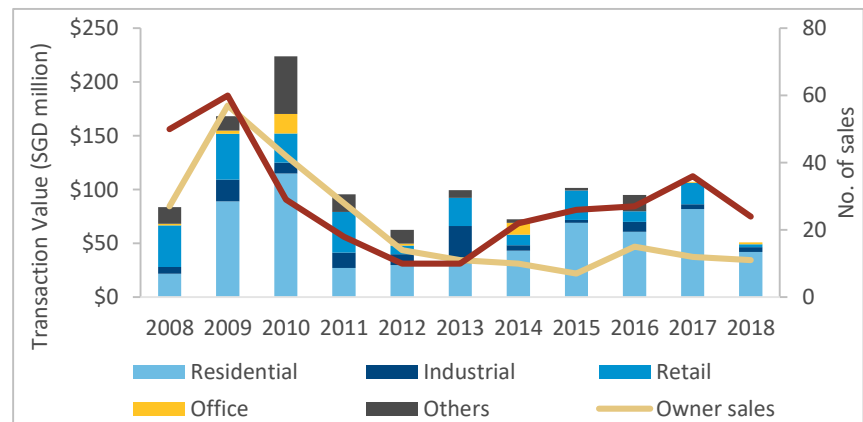
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Success rate by number of auction listings and sales



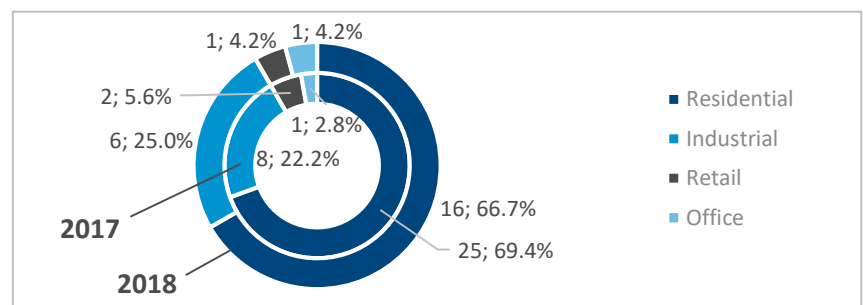
Source: Colliers International. Note: Includes only properties sold at auction

Auction sales by sector and type of seller



Source: Colliers International. Note: Includes only properties sold at auction

Comparison of number of mortgagee sales by sector



Source: Colliers International. Note: Includes only properties sold at auction

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