

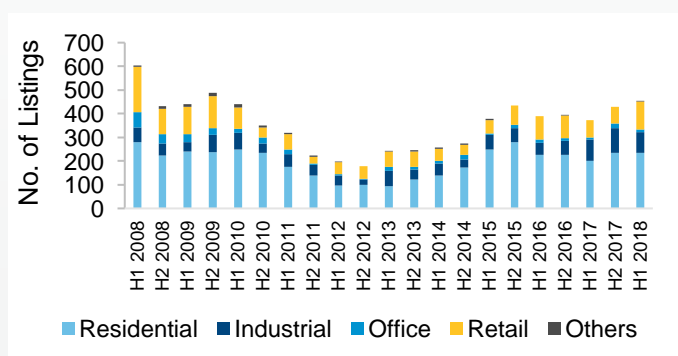
## Highest auction listings since 2009

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**Total listings put up for auction in H1 2018 increased by 21.7% YOY to 454, the highest since H2 2009. More owners have taken to listing via auctions to maximise exposure, while mortgagee listings grew at a slower pace given the improved economy. Total sales value fell 23.6% as mortgagee sales value edged down marginally by 5.3% YOY. With the implementation of new cooling measures in the residential sector, we may well see investors' interest shifting to strata-titled commercial units and shophouses. We recommend auction as a good platform to seek or sell these properties for optimal exposure and pricing.**

The properties put up for auction totalled 454 listings (including re-listings) in H1 2018, up by 21.7% compared to H1 2017, driven by mainly retail and residential listings. On a half-yearly basis, this is the highest level recorded since H2 2009.

### Auction listings by sector



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

Listings from all sectors, except industrial, increased on a YOY basis. In H1 2018, the number of retail listings rose 60.3% YOY to 117. Residential listings rose 15.8% YOY to 234 while industrial properties put up for auction in H1 2018 fell 1.1% YOY to 87 listings, from H1 2017's 88 listings. Office listings rose to 13 from 10 a year ago.

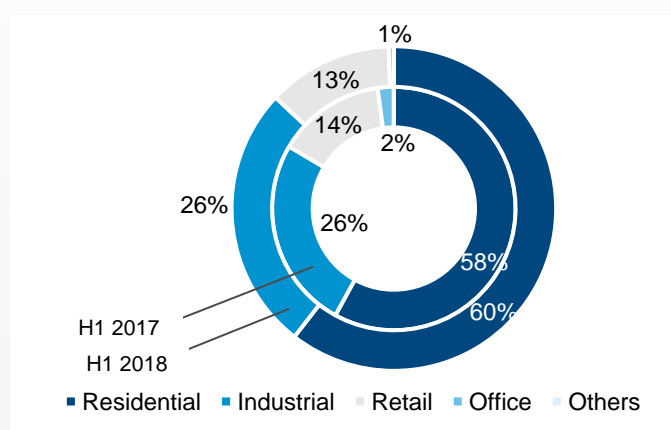
Residential listings accounted for the lion's share at 51.5% of the total listings, while industrial and retail properties made up 19.2% and 25.8% of the listings, respectively. Office properties constituted the smallest proportion at 2.9%.

### Slower mortgagee listings growth

With the pick-up in the economy over the past year, mortgagee listings growth slowed down significantly. Based on Colliers International's research, a total of 200 mortgagee listings were put up for auction for H1 2018, up 6.4% YOY and 8.1% HOH. This is a drastic slowdown from the 28.5% and 23.7% YOY growth in H2 2017 and H1 2017 respectively.

We still see a slight increase in mortgagee listings in residential and industrial properties, while those for office and retail properties fell.

### Comparison of mortgagee listings by sector (H1 2018 vs H1 2017)



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

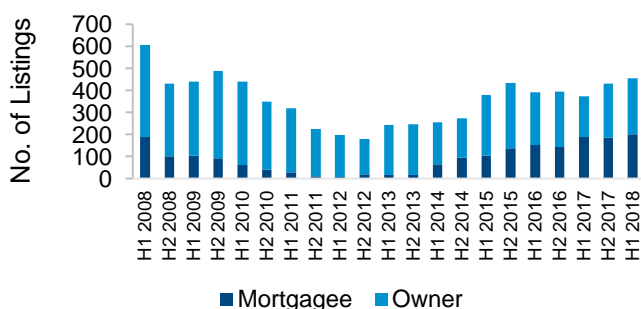
A total of 53 industrial mortgagee listings were recorded in H1 2018, up 10.4% YOY and 29.3% HOH. It also set a record for the highest number of industrial properties put up for auction under mortgagee sales on a half-yearly

basis since 2008. This reflects a persistently weak industrial leasing market amidst record stock of industrial properties completed since 2014, including abundant strata-titled units.

Residential mortgagee listings grew 11.0% YOY to 121 listings. Retail mortgagee listings fell 7.4% YOY and rose 38.9% HOH to 25 listings in H1 2018. The increase in these segments could be partly due to more new players in the auction market such as brokerage firms.

In contrast, owners' listings rose a strong 37.3% YOY and 3.7% HOH to 254 listings in H1 2018, reflecting an increased interest from owners as they believed auctions would give their properties maximum exposure and the ability to garner the best price. All sectors, except industrial, increased YOY with office and retail doubling YOY. Industrial owners' listings dropped 15.0% YOY to 34 listings in H1 2018.

### Auction listing by types of seller



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

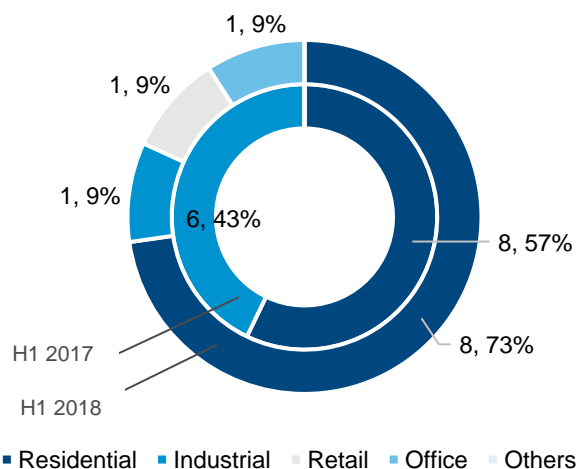
## 5% YOY increase in number of properties sold at auction

Overall the number of properties successfully sold at auction edged up 5% YOY to 21 properties in H1 2018 compared to 20 in H1 2017. However, it was a 25% decline from H2 2017's 28 properties. This fall was due to fewer residential and retail properties transacted during auctions. Please note our data for auction sales do not include those properties which were sold before or after the auction.

Of these 21 knocked down, 11 (or 52.4%) were mortgagee properties, down 21.4% YOY from H1 2017's 14 mortgagee sales and down 50% HOH from H2 2017's 22 mortgagee sales.

Of these 11 successful mortgagee sales, eight were residential while one office, one retail and one industrial property were sold. In particular, the success rate for industrial mortgagee sales fell from H1 2017's six transactions.

## Comparison of number of mortgagee sales by sector (H1 2018 vs H1 2017)



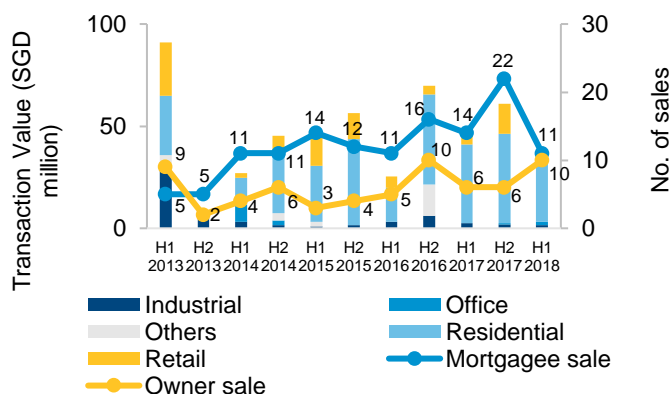
Source: Colliers International Singapore Research

## H1 2018 auction sales value declined after a strong 2017

For H1 2018, the aggregate value of properties sold at auctions stood at SGD35.3 million (USD 26 million). This was 23.6% lower than H1 2017's SGD46.2 million (USD 34 million), and 42.2% lower than H2 2017's SGD61 million (USD 44.9 million). We believe this is due to the lower quantum per unit that was transacted during H1 2018, compared to H1 and H2 2017. H1 2018's auction sales volume was relatively evenly distributed between Q1 (44.4%) and Q2 (55.6%).

Specific transactions include the five non-landed residential properties totalling more than SGD6.8 million (USD5 million) which closed in Colliers International's H1 2018 auctions. Our largest deal during H1 2018 was the sale of one condominium unit at SGD2.7 million (USD2 million). In comparison, Colliers International's sales volume in 2017 was SGD37.5 million from 13 successful transactions, including the sale of a Good Class Bungalow (GCB) at SGD11.4 million (USD8.4 million) in April 2017.

## Breakdown of auction sales by type of sale and sector



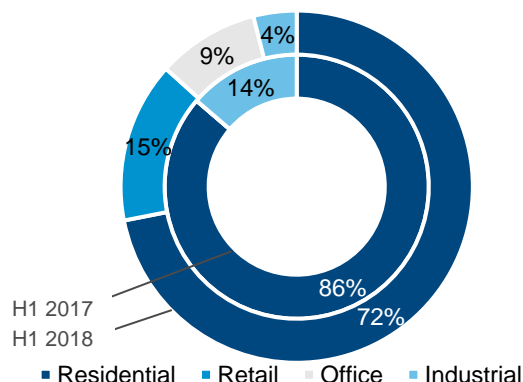
Source: Colliers International Singapore Research

Breaking down total H1 2018's auction sales value by sectors, the 17 residential units knocked down were worth SGD29.5 million, accounting for the lion's share 83.5% of the total value. The single HDB shop sold for SGD2.7 million, or 7.7% of total auction sales value. One strata office unit was transacted during auction for SGD1.7 million (or 4.8%). Meanwhile, the two industrial properties sold for SGD1.4 million or 4% of the total auction sales value.

Breaking down H1 2018's auction sales volume by type of seller, mortgagee sales accounted for 51.2% of the total value, compared to H1 2017's 41.9%. However, mortgagee sales value in H1 2018 dropped slightly by 5.3% YOY to SGD18.3 million.

For the 11 successful mortgagee sales worth SGD35.3 million, 72% of the value were residential, 15% retail, 9% office and 4% industrial.

## Comparison of mortgagee sales value by sector (H1 2018 vs H1 2017)



Source: Colliers International Singapore Research

## Outlook

We expect auction listings to continue growing, driven by increased owners' listings across most sectors.

Mortgagee listings may plateau or grow at a slower rate with less distress in residential and office markets as these underlying markets picked up strongly over the past two quarters. Industrial and retail property markets may also start to stabilise by end-2018.

On July 6, the government implemented new cooling measures to raise the additional buyer's stamp duty (ABSD) and tighten the loan-to-value (LTV) limits on residential purchases. Investors could well turn to strata-titled commercial units and shophouses as alternatives.

Despite the measures, we believe collective sales owners who had successfully sold their homes in the past two years of collective sales fever, are still likely to seek immediately-available replacement homes in the auction market. Thus, we predict H2 2018 will see higher overall auction sales than H1. This should bring 2018 auction sales to SGD85-90 million (USD62-66 million), versus the SGD107 million auction sales seen in 2017.

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