

Sentiment in property market ‘still weak’

Rennie Whang

Developers were slightly more positive about Singapore’s real estate market in the first quarter than they were late last year.

However, on balance, they expected things to get worse, according to the latest NUS-Redas Real Estate Sentiment Index survey.

The Current Sentiment Index rose from 3.6 in the fourth quarter to 3.9 in the first quarter, while the Future Sentiment Index rose from 3.4 to 3.6.

“However, the general mood of the market is still weak as the sentiment scores still fall in the deteriorating range,” Associate Professor Sing Tien Foo, of the National University of Singapore’s Department of Real Estate said in a statement.

A sub-five reading indicates expectations of deteriorating condi-

tions. A score above five reflects forecasts of improving conditions.

While sentiment across all eight property sectors was negative, it seemed to be poorest for office, suburban residential and prime retail sectors.

In terms of potential risks that could hurt sentiment in the next six months, 84.4 per cent of respondents said they expected the global economy to slow down, and 68.8 per cent expected job losses and declines in the domestic economy to affect sentiment.

Excessive supply through new property launches was also a potential risk, they said.

When asked about supply expectations, a third of developers expected the number of new launches to rise moderately and 52.8 per cent expected it to hold at the same level in the next half year. Just 13.9 per cent indicated they

would launch fewer units.

As for price changes, 47.2 per cent expected prices to fall in the next half year. Another 44.4 per cent expected prices to hold.

The majority of the respondents – 58.4 per cent – also indicated property market conditions would worsen if the Government maintained the cooling measures.

One noted that institutions have downgraded their outlook for global and Singapore growth.

“Singapore as an ‘open’ country is very susceptible to global ebbs. Singapore real estate market is going to be highly affected by these negative sentiments.”

However, “some short-term resilience could be expected in the capital market due to the low interest rate and large liquidity pool,” he added.

wrennie@sph.com.sg

IN THE DETERIORATING RANGE

The general mood of the market is still weak as the sentiment scores still fall in the deteriorating range.



**NATIONAL UNIVERSITY OF SINGAPORE
ASSOCIATE PROFESSOR SING TIEN FOO**