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NUS-Redas index shows easing in developer bearishness in Q2

By Melissa Tan
melissat@sph.com.sg
@MelissaTanBT

Singapore

DEVELOPER sentiment in Singapore improved slightly in the April through June period from the first three months of the year but it was still gloomy overall, the latest NUS-Redas real estate sentiment index report released on Monday showed.

The report, which came out a week after the Monetary Authority of Singapore said the property cooling measures would stay in place, also found that 52.9 per cent of property developers surveyed expect a "moderate decrease" in residential property prices in the next six months.

The index, which polled developers, consultants, financial institutions, professional firms and service providers who are members of Redas – the Real Estate Developers' Association of Singapore – indicated that overall real estate market sentiment in Singapore rose to 4.2 in the second quarter from 3.8 in the first quarter.

A score below five indicates deteriorating market conditions and scores above five signal improving conditions.

"Sentiment still falls below the neutral line," National University of Singapore associate professor Sing Tien Foo said in the report. "It is thus interesting to see if the improved developers' market outlook will persist in the next few quarters."

The three sectors that Redas members who responded to the survey felt worst about were the prime retail sector, office sector and industrial and logistics sector, the report said.

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It added that 94.7 per cent of the respondents in Q2 expect the global economy to slow down and 70.2 per cent of them flagged job losses and a declining domestic economy as potential risk factors in the second half of the year.

About 56.1 per cent of the respondents thought the gloomy economic outlook would have a "moderate" impact on unsold units and prices in 2017.

The Q2 survey was conducted in June. MAS managing director Ravi Menon said at a press briefing on July 25 that property prices have adjusted "only modestly" after a run-up that was stronger than that of income growth, and that it was not yet time to ease the curbs. "There is still some way to go, to entrench the gains in stabilising the property market and restoring household debt sustainability."

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