Robust Singapore housing market sparks fears of more curbs

Survey result comes from 40-50 senior execs in real estate sector who watch market closely

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WHILE overall sentiment in Singapore's real estate market improved in the third quarter this year, worries seem to be growing over possible government intervention for private residential properties.

That's according to the latest Real Estate Sentiment Index published by the National University of Singapore Real Estate (NUS+RE), which represents the Department of Real Estate and the Institute of Real Estate and Urban Studies at the university.

The quarterly survey polled about 40-50 senior executives in the real estate sector who are closely following the pulse in the markets.

More respondents became concerned that there might be government intervention to cool the residential property market in the next six months, with the proportion jumping to 19.2 per cent, from 5.8 per cent in the second quarter.

On Thursday, NUS+RE said this was the highest quarter-on-quarter increase among the risk factors.

On the other hand, the proportion of respondents who believed tighter financing and liquidity in the debt market will be a potential risk factor in the next six months shrank to 38.5 per cent, from 46.2 per cent in Q2.

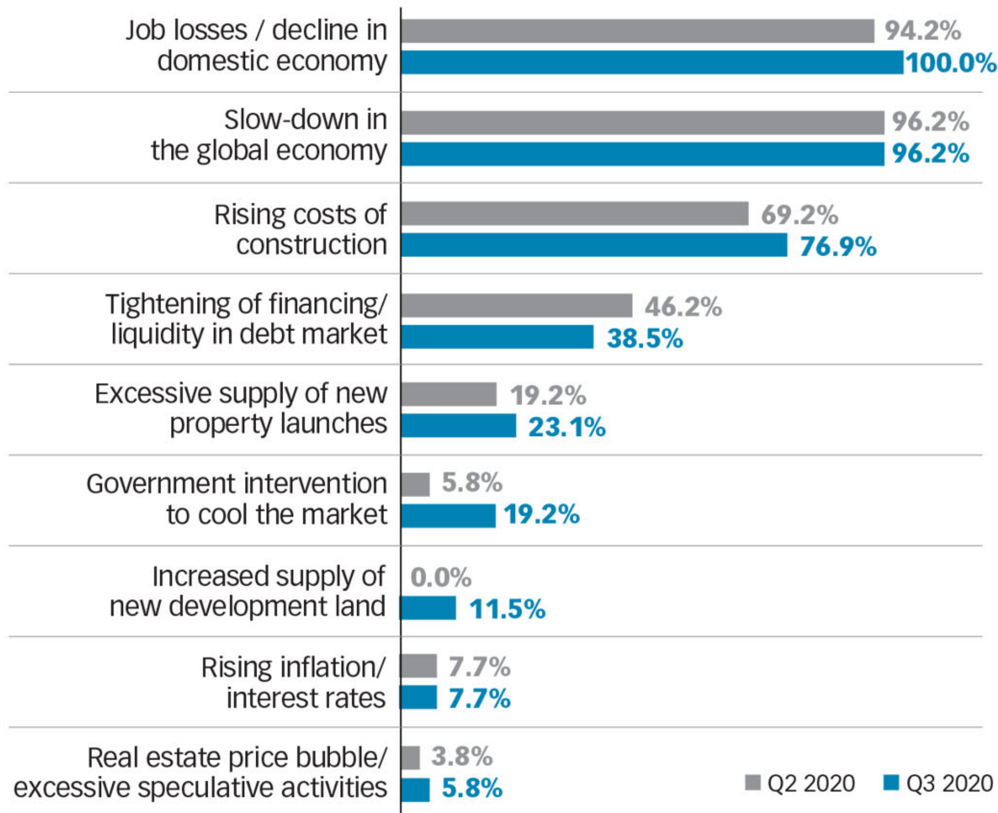
Nearly all those surveyed agreed that job losses and the Singapore and global economic slowdown would be the top risks that may put a dent in market sentiment in the next six months.

Some said that these risk factors may put pressure on real estate prices and sales.

As for high construction cost, a bigger proportion (76.9 per cent) also perceived it as a potential risk factor, up from 69.2 per cent in Q2.

Potential Risks

Senior executives surveyed foresee the following risk factors may potentially depress market sentiment in the next six months.



Source: NUS Real Estate

Meanwhile, the recent clampdown on the re-issuance of options to purchase (OTPs) may just have a marginal negative impact on the new sale prices and volumes of private homes, according to about 63-85 per cent of the respondents.

Most of those polled also said that HDB upgraders, compared to other buyers, will likely be the most affected by the OTP curbs.

The authorities last month clamped down on the continual re-issuance of OTPs upon expiry, which had effectively allowed buyers to defer purchases and payments.

In terms of future launches and sales, close to half of property developers surveyed by NUS+RE expected more residential units to come to the market in the next six months.

Said one respondent: "In the near term, decisions of sale launches are expected to accelerate as the supplies from the land-sale transactions that took place two to three years back are expected to meet their deadlines."

Another respondent noted that there could be more launches as some had been deferred earlier due to the Covid-19 pandemic.

Still, some 28 per cent of developers anticipated no change in the number of units launched.

Nearly seven in 10 developers also believed prices of new residential launches will stay at current levels, in the next six months.

Meanwhile, the work-from-home trend may only have a slight influence on homebuyers' preferences for the attributes and features of their homes, said six in 10 respondents.

Still, if preferences are to change, more buyers are now likely to favour spaces that can be repurposed or they may want more rooms to facilitate work-from-home arrangements, according to 42-54 per cent of the respondents.

19.2% of respondents in Q3 – up from 5.8% in Q2 – fear government intervention to cool the private housing market in the next six months. BT FILE PHOTO

The NUS+RE study found that overall sentiment in the real estate market "improved significantly" in general during the third quarter this year as the number of new coronavirus cases appeared to come under control.

The study's composite sentiment index, the derived indicator for the current overall market sentiment, rose to 5.4 in Q3, from 3.7 in Q2. The last time the index crossed the 5.0 level was in Q2 2018.

However, the recovery in sentiment was not broad-based. While it improved for suburban residential properties, the outlook for offices, retail and hospitality remained subdued, as the latter three sectors continued to be adversely affected by safe-distancing measures and travel restrictions amid the pandemic.

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