NUS National University of Singapore
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More expect Govt to act to cool S'pore property market: Survey

Fears of new cooling measures hitting the private housing market and soaring construction costs have emerged as the chief concerns of property market players.

The issues arose in the latest survey that polled around 50 senior executives in the real estate sector in the fourth quarter of last year.

It found that the possibility of government intervention to cool the market has become a major concern, cited by 44.7 per cent compared with 19.2 per cent in the previous quarter.

Respondents also pointed to the risk of a real estate price bubble or excessive speculative activity.

The concern jumped from 5.8 per cent in the third quarter to 25.5 per cent, noted the poll by the National University of Singapore Real Estate, which represents the Department of Real Estate and the Institute of Real Estate and Urban Studies at the university.

Private home prices defied the pandemic to rise by 2.1 per cent in October to December last year – the steepest quarterly increase since the second quarter of 2018 when they jumped 3.4 per cent before property cooling measures hit in July that year.

Deputy Prime Minister and Finance Minister Heng Swee Keat said last month that the Government is paying close attention to the property market "to ensure that it remains stable". As the economic outlook remains very uncertain, "we do not want to see the property market run ahead of underlying economic fundamentals".

The survey also showed more concern over the rising cost of construction, with 85.1 per cent citing it as a risk versus 76.9 per cent in the previous quarter.

One respondent said: "Construction costs are expected to increase in the next six months due to shortage of manpower, supply disruptions of building materials and tighter regulations imposed on construction sites.

"This could potentially lead to persistent demand-supply mismatch in the near term."

About 58 per cent of property developers surveyed expected prices of new homes to be moderately higher, while 29 per cent expected them to remain the same.

About 54 per cent of developers also expected the number of units to come on the market to be moderately or substantially more in the next six months.

The study's composite sentiment index, a derived indicator for the overall real estate market sentiment, continued to climb upwards to 6.5 in the fourth quarter from 5.4 in the previous three months, indicating an optimistic outlook for the market heading into this year. THE BUSINESS TIMES