Real Estate Sentiment Index (RESI)

**Press Release**

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**Developers' sentiment remains weak**

The 1Q16 NUS-REDAS Real Estate Sentiment Index (RESI) Survey shows that the Composite Sentiment Index, a derived indicator for the overall real estate market sentiment in Singapore is still below 5.0. The score went up to 3.8 in 1Q16 from 3.5 in 4Q15. The Current Sentiment Index increased to 3.9 in 1Q16 from 3.6 in 4Q15; and the Future Sentiment Index increased to 3.6 in 1Q16 from 3.4 in 4Q15. A score under five indicates deteriorating market conditions, while scores above five indicate improving conditions.

The three sectors with the lowest net balance scores in the 1Q16 are the office, suburban residential and prime retail sectors. The office sector was the worst performing sector with a current net balance of -63% and a future net balance of -69%. The suburban residential sector showed a current net balance of -50% and a future net balance of -58%; while the prime retail sector showed a current net balance of -64% and a future net balance of -57% in 1Q16.

A "current and future net balance percentage" is used to indicate current and future sentiments about real estate development and market conditions in Singapore. It is the difference between the proportion of respondents who have selected the positive options ("better" and "increase") and the proportion of respondents who have selected the negative options ("worse" and "decrease").

84.4% of the respondents surveyed in 1Q16 expect the global economy to slow down, and 68.8% of them expected that job losses and declines in domestic economy will adversely impact market sentiment in the next 6 months. 46.9% of them indicated that the property market will face rising inflation, rising interest rates and tightening of finance and liquidity.

33.3% of the developers surveyed in 1Q16 expect new launches to increase moderately and 52.8% expect to hold at the same level in the next six months. 13.9% of them indicate that they will launch moderately less units, which is lower than the 23.0% reported in the last quarter. On price changes, 47.2% of the developers anticipate a moderate decrease in residential property prices in the next six months. In 1Q16, 44.4% of them expect price to hold, which is an increase by 11.6% from the number reported in the last quarter.

*"There is a slight upturn in the current and future sentiment in the property markets. However, the general mood of the market is still weak as the sentiment scores still fall in the deteriorating range, which is below 5.0,"* says Associate Professor Sing Tien Foo of NUS' Department of Real Estate.

58.4% of the respondents indicated that the property market condition will worsen further if the government stance of keeping the cooling measures stays. 55.8% of them felt that the ABSD and TDSR adversely dampen demand.

One of the respondents commented that "*"Given that cooling measures have remained unchanged and the overall sentiment remains muted, the market is unlikely to be strong enough to withstand any increase in prices. Developers are likely to maintain or lower prices moderately to move units."*

For Full Report: http://www.redas.com/resi.html

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