

## Singapore developer sentiment shows slight bump in Q2

THERE has been a marginal improvement in the market sentiment of real estate developers in the second quarter of this year although it remains weak, according to the latest NUS-Real Estate Developers' Association of Singapore (Redas) Real Estate Sentiment Index survey.

The Current Sentiment Index, which tracks changes in sentiment over the past six months, inched up to 3.9, from a score of 3.8 in Q1. A score below five suggests worsening market conditions, while a score above five indicates improving conditions.

Meanwhile, the Future Sentiment Index - which measures sentiments towards the market outlook over the next six months - edged up to 4 from 3.7 in the prior quarter, indicating that those polled were more optimistic about the outlook for the next six months.

The Composite Sentiment Index, an indicator of the overall real estate market sentiment in Singapore, came in at 3.9 in Q2, up from 3.8 in Q1 which came after six quarters of declines.

"Lately, sentiment seems to be slightly lifted by the hope that General Election (GE) is imminent and expectations of possible policy changes after GE," one survey respondent was quoted as saying.

The net balances in the current and future sentiment are negative for all real estate sectors in Q2, the survey highlighted. The worst performing real estate sectors were prime residential, suburban residential, as well as the prime retail sectors.

"The negative net balances for all the real estate sectors show pessimism in the market outlooks," said associate professor Sing Tien Foo of NUS's Department of Real Estate. "It may need some positive drivers to boost growth."

Nearly 74 per cent of developers expect either a moderate increase in new residential launches or for levels to hold steady in the next six months. Nineteen per cent indicated they would "launch moderately less units" - a slight uptick from the 17.1 per cent which said as much in the last survey in Q1.

On price changes, about 52 per cent of the developers forecast a moderate decrease in residential property prices in the next six months, while around 38 per cent expect the price to remain stable - up sharply from 16.5 per cent in Q1.

Among the potential risks flagged which could weigh on market sentiment in the next six months are a slowdown in the global economy, rising inflation/interest rates, as well as excessive supply from new property launches.

The quarterly survey polls senior executives of Redas member firms.

<http://www.businesstimes.com.sg/real-estate/singapore-developer-sentiment-shows-slight-bump-in-q2>