Singapore property developer sentiment worsens in Q3: survey

SENTIMENT among developers here weakened in the third quarter of this year, going by the Real Estate Sentiment Index (RESI) that was derived from a survey.

The biggest concerns are an expected slowdown in the global economy, and rising inflation and interest rates. The majority of respondents felt that the government should lift or tweak the existing cooling measures over the next six months.

The RESI is jointly developed by the Real Estate Developers' Association of Singapore (Redas) and the Department of Real Estate at the National University of Singapore (NUS). A total of 64 respondents took part in the third-quarter survey.

The Current Sentiment Index, which tracks changes in developer sentiment in the past six months, dipped to 3.7 in Q3 from 3.9 in Q2. The Future Sentiment Index that tracks changes in sentiment over the next six months slipped to 3.7 from 4.0 in Q2.

The Composite Sentiment Index, an overall derived index, dipped to 3.7 from 3.9 in Q2. The indices range up to 10 each, with 5.0 being the neutral point. The last time the composite index was above 5.0 was in Q4, 2010.

NUS associate professor Sing Tien Foo noted that the weak market sentiment has spilled over to prime retail and office sectors in this year's Q3. "More respondents have called for the removal of some of the cooling measures, such as ABSD (additional buyer's stamp duty) and SSD (seller's stamp duty) to arrest the worsening market condition."

Sentiment for the prime retail sector remained solemn in Q3, with developers' sentiment over the past six months (current sentiment) marking a minus 57 per cent net balance, which is the difference between the proportion of respondents who chose positive options and those who chose negative options in the survey. Developers' sentiment for the sector over the next six months ("future sentiment") was also a negative 57 per cent net balance.

In the prime residential sector, "current sentiment" was a negative 50 per cent net balance while "future sentiment" was a negative 52 per cent. The office sector showed negative 48 per cent for "current sentiment" and negative 58 per cent for "future sentiment".

Some 92.2 per cent of the respondents expect weakness in the global economy to hurt market sentiment in the next six months. Some 76.6 per cent of the respondents also cited rising inflation and interest rates as potential risks. About 42.2 per cent expect the property market to face excessive supply from new launches.

In the Q3 survey, 60 per cent of the respondents expect a moderate decline in residential property prices in the next six months, up from 52.4 per cent in the Q2 survey. About 82.3 per cent of the respondents felt that developers should cut prices of new launches to move unsold stock.

For a new question posed on cooling measures, 83.1 per cent of the respondents felt that the government should lift or tweak existing measures over the next six months.

Some 60.8 per cent felt that the ABSD should be lifted and more than half indicated that the SSD should be lifted.

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