For almost 95 per cent of senior executives in real estate firms, rising construction costs have joined increasing inflation and interest rates as the top two potential risk factors in the next six months, according to the Real Estate Sentiment Index survey published by the National University of Singapore Real Estate. ST PHOTO: KUA CHEE SIONG

More developers here expect prices of new launches to rise: Poll

71% expect unit prices in the next six months to be moderately or substantially higher

Home buyers may have to brace themselves for more expensive private homes from new launches as about 71 per cent of developers expect their unit prices in the next six months to be moderately or substantially higher, the results of a poll revealed.

That compares with about 60 per cent in the same poll three months ago.

The Real Estate Sentiment Index (Resi) survey is published by the National University of Singapore Real Estate, which represents the university's Department of Real Estate and its Institute of Real Estate and Urban Studies (Ireus).

Their latest first-quarter survey also showed that 24 per cent of developers expect new launch prices to remain at the same price level, while only 5 per cent expect prices to be substantially lower.

In last year's fourth-quarter poll, 35 per cent expected prices to remain the same.

In terms of future launches and sales, about 65 per cent of developers polled in this year's first-quarter survey expect moderately more units to be launched in the next six months, while some 15 per cent anticipate a moderately lower number.

Meanwhile, rising construction costs have joined rising inflation and interest rates as the top two potential risk factors in the next six months for almost 95 per cent of senior executives in real estate companies.

Government intervention to cool the market as a potential risk factor continued to decline, dropping to 25.6 per cent in the first quarter of this year from 39.5 per cent in the preceding quarter. It was 62.8 per cent in the third quarter of last year.

The proportion of respondents indicating a slowdown in the global economy as a potential risk also increased the most compared with the previous quarter, rising from 44.7 per cent to 79.5 per cent.

Correspondingly, about 64 per cent of respondents highlighted the tightening of financing and liquidity in the debt market as a potential risk, a slight decline compared with the fourth-quarter's 65.8 per cent. It stood at 32.6 per cent in the third quarter of last year.

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The Resi study's composite sentiment index, a derived indicator for overall real estate market sentiment, improved after Singapore reopened its borders and further eased Covid-19 safe management measures, rising from 5.4 in the fourth quarter of last year to 6.1 in the first quarter of this year.

"However, the rise in inflation could potentially be disruptive as costs of oil and other raw materials escalate," said Ireus deputy director Lee Nai Jia, adding that rising interest rates will make mortgage loans and other forms of debt funding more onerous.

"Real estate has often been perceived as a good hedge against inflation.

"The positives from increased demand are likely to offset the negatives from the government measures and uncertainty."

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