NUS National University of Singapore

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Co-living here to stay amid soaring housing costs: NUS poll

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PROPERTY players in Singapore expect the co-living market to continue growing, especially amid skyrocketing housing costs and growing inflationary pressures, according to a quarterly survey.

And more than half of the survey respondents believe that co-living will become a permanent fixture in the local property market.

For its Q4 2022 poll, the National University of Singapore Real Estate (NUS+RE) sought the views of the country's real estate sector, including developers, on the future of the co-living market in the Republic. NUS+RE represents the Institute of Real Estate and Urban Studies and the Department of Real Estate. When asked if co-living was "just a passing fad", half of the survey respondents thought the market was here to stay, while around one in five thought it was simply a "transient phenomenon".

Over 60 per cent of respondents held the view that those who are new to the workforce, with a lower household income, were more likely to opt for a co-living space – particularly in the face of mounting cost pressures in the rental, private and public housing markets.

A small portion of the respondents believe that homeseekers would see co-living as an alternative to renting.

The results follow a strong year for the co-living market, with operators experiencing high occupancy rates throughout 2022, with some in excess of 95 per cent.

Demand for co-living spaces remained robust last year as rental prices surged and homebuyers saw their purchasing power crimped by inflation and new property curbs. The tight housing situation, caused by construction delays brought on by the pandemic, pushed some – including those waiting to collect their keys and expatriates who had returned to Singapore once travel restrictions eased – into the co-living market as well.

Sing Tien Foo, the provost's chair professor of real estate at NUS, highlighted that this could signify the start and "subsequent maturation of a third market" in Singapore, besides the traditional rental and sales markets.

"That said, the government-regulated supply of new public flats via build-to-order exercises will serve as a price-moderating mechanism for private markets," he said. "Even as co-living continues to make headway as a viable option, homeownership will remain firmly within reach of most."

The poll findings also indicate that developers are more likely to collaborate with co-living operators instead of having a direct stake in the business operations – something the vast majority of respondents, at 72 per cent, agreed on.

On the other hand, an unnamed respondent felt that developers who were holding on to more vacant units might be more likely to enter the co-living market. But the respondent added the caveat that developers would still prefer to sell units in projects that are under construction, to avoid incurring a higher additional buyer's stamp duty on the land.

Sing said the survey responses show that the co-living market remains "very new" in Singapore.

"In the near future, before strategic acumen and operational skills in the area become more established and widespread, it would make more sense for developers to focus on their core expertise for the time being," he said.

Still, Sing has high hopes for the co-living market, now more competitively priced than rental homes. "Amid soaring inflation and the rising costs of living, such accommodations offer residents a community lifestyle, which at the same time addresses issues relating to affordability and availability."