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There is also growing concern over "an excessive supply of new property launched"; there is a jump in respondents zeroing in on this as a risk factor – up to 41.9% in Q3, from 34.6% in the quarter before. PHOTO: YEN MENG JIIN, BT

Singapore real estate players markedly more upbeat in Q3: NUS poll

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PROPERTY sentiment among real estate honchos finally turned the corner in the third quarter of 2024, thanks to easing interest rates and a brighter economic outlook.

This comes after six straight quarters of neutral to "below neutral" sentiment, a survey by the National University of Singapore's Institute of Real Estate and Urban Studies (Ireus) found.

In Q3, the Composite Sentiment Index, a barometer of general prevailing sentiment, went up to 5.9. This was above the neutral score of 5.0, and significantly higher than the 4.9 score in the previous quarter.

The Current Sentiment Index – which follows changes in sentiment over the past six months – rose to 5.9, from 4.8 in the quarter before. It had bottomed out at 4.2 in Q3 2023, after the Additional Buyer's Stamp Duty rates were hiked in April that year.

The Future Sentiment Index – which tracks sentiment changes in the next six months – similarly climbed up to 5.8 in Q3, from 5.1 in the second quarter.

Ireus said that the increases in the indices reflect growing optimism in the market at large, even with ongoing geopolitical uncertainty.

The US Federal Reserve has made two cuts in interest rates since September, noted Ireus' director Professor Qian Wenlan. "With more cuts anticipated in the months ahead, we expect both credit availability and the costs of doing business to improve, which would in turn raise market sentiment."

Only 6.5 per cent of survey respondents cited rising inflation and interest rates as a concern in Q3. This was down from 19.2 per cent in the previous quarter and a stark contrast from the unanimous concern in both Q3 and the fourth quarter of 2022.

Market sentiment is less sanguine in the coming six months. Some 67.7 per cent of respondents flagged a slowdown in the global economy as the top potential risk factor, followed by job losses or a decline in the domestic economy; 41.9 per cent of respondents cited these as potential risks.

There was also growing concern over "an excessive supply of new property launched"; there was a jump in respondents zeroing in on this as a risk factor – up to 41.9 per cent in Q3, from 34.6 per cent in the quarter before.

In November alone, developers launched six new projects with 3,551 units among them, more than the 2,485 new homes marketed in the first six months of the year.

Slightly more than a third of respondents believed that the number of units launched in the next half-year will remain relatively constant. The same number reckoned that a moderately higher number of units will be marketed then.

The majority at 52.9 per cent expect new launch prices to maintain at the same price level, and 11.8 per cent expect prices to be lower.

An unnamed respondent said that with the school holiday and festive season just around the corner, "developers may have to launch with competitive pricing strategies to achieve better launch results".

The more favourable monetary environment aside, a positive performance in the suburban residential, hotel/serviced apartments and suburban retail sectors propped up the market sentiment in Q3, said Sing Tien Foo, the provost's chair professor of real estate at NUS Business School.

The three sectors posted a current net balance of 26 to 35 per cent in this quarter.

Prime residential and business park/hi-tech spaces were the two worst-performing sectors in Q3, with a net current balance of negative 23 per cent each. This continued a trend that emerged in the past several quarters.

Still, the survey showed that almost all real estate sectors are expected to perform better in the future. The exceptions are the office sector, with a future net balance of 0 per cent, and the business park/hi-tech space sector, with a future net balance of negative 13 per cent.

All other sectors from industrial and logistics to residential and retail recorded a future net balance of 6 to 35 per cent. Topping the list was hotel/serviced apartments, with a future net balance of 35 per cent, followed by suburban residential with 29 per cent.

The prime residential sector is likely to see the biggest change, reversing from a current net balance of negative 23 per cent, to a future net balance of 13 per cent.

Current and future net balance percentages are used to indicate current and future sentiment, with a negative net balance pointing to a poorer sentiment.

They are based on the difference between the proportion of respondents who selected the positive and negative options in the poll.

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