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Property players more optimistic in Q4 but risk of cooling measures looms large: NUS poll

Real estate executives flag fresh market curbs as the biggest concern in the next six months as new launches clock strong sales

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SENTIMENT among real estate players in Singapore continued to improve in the fourth quarter of 2024, with more new residential projects expected to be pushed out and launch prices seen pitched "moderately higher", a quarterly poll indicated.

But the risk of fresh market curbs is top of mind for property executives, with almost 80 per cent of those surveyed in the fourth quarter pointing to government intervention as a top risk in the next six months.

According to a quarterly survey by the National University of Singapore's Institute of Real Estate and Urban Studies (Ireus), the Composite Sentiment Index – a barometer of general prevailing sentiment – inched up to six in the fourth quarter, from 5.9 in the previous quarter.

The Current Sentiment Index, which follows changes in sentiment over the past six months, rose to 6.2, from 5.9 in the quarter before. It bottomed out at 4.2 in Q3 2023, after the Additional Buyer's Stamp Duty rates were hiked in April that year, and have steadily risen ever since.

The Future Sentiment Index, which tracks sentiment changes in the next six months, increased slightly to 5.9 in Q4, from 5.8 in the third quarter.

Ireus noted that market sentiment improved in the fourth quarter as investment confidence grew, in light of lower interest rates and inflation.

Sentiment was also boosted by strong take-up rates for the slew of new condominium projects launched last November, added Dr Sing Tien Foo, the provost's chair professor of real estate at NUS Business School.

Some 3,375 private homes were launched that month, with buyers sweeping up 2,557 units – more than treble the previous year and the highest sales figure since March 2013.

These include the 916-unit Chuan Park, which sold nearly 80 per cent of units over its launch weekend, and the 846-unit Emerald of Katong, which clocked a take-up rate of 99 per cent on the launch day.

Buying momentum continued – albeit at a slower pace – into the start of 2025. Developers sold 1,083 new homes in January, boosted by the launch of The Orie in Toa Payoh, which sold 668 units or 86 per cent of its 777 available units at launch.

February is set to see a higher tally.

Last weekend, integrated development Parktown Residence in Tampines sold 1,041 units, more than 87 per cent of its 1,193 units, during its launch. Elta in Clementi, meanwhile, moved 326 units, about 65 per cent of its 501 units.

Another four projects are being marketed this month – the 760-unit Aurelle of Tampines executive condominium, Aurea at The Golden Mile with 188 units, the 477-unit Lentor Central Residences, and Ariana East Residences in Tanjong Rhu with 107 units.

The Future Sentiment Index, which tracks sentiment changes in the next six months, increased slightly to 5.9 in Q4, from 5.8 in the third quarter. PHOTO: YEN MENG JIIN, BT

Commenting separately on the new sales market, Savills Singapore executive director of research and consultancy Alan Cheong said that demand for private residential properties will likely continue to be driven by the savings pool from the late baby boomers and early Gen-X groups, as well as public housing upgraders.

"With the 9.7 per cent year-on-year price increase for resale public flats in 2024, versus the 3.9 per cent increase for private residential property, we are seeing the gap between the two housing segments narrowing, making it easier for upgraders to cross the bridge to private housing," he added.

Analysts expect private residential prices could rise between 4 and 7 per cent in 2025. "However, if this sharp increase triggers the implementation of an effective measure to cool the market early in the year, prices by year's end may fall modestly by 1 per cent," he noted.

Some 77.8 per cent of property players surveyed in the NUS' Q4 survey pointed to government intervention aimed at cooling the housing market as a top risk in the next six months. This was more than the previous quarter's 38.7 per cent.

Inflation, interest rates fears

Concern over rising inflation/interest rates has also risen significantly – to 40.7 per cent in Q4, from 6.5 per cent in Q3. There was growing concern about tighter financing in the debt market too, at 44.4 per cent in the fourth quarter, from 22.6 per cent in the previous quarter.

Ireus' director Professor Qian Wenlan cautioned that the government has not ruled out the possibility of more property cooling measures. In a media interview in January, National Development Minister Desmond Lee had called for more time to let existing measures take effect on the market. "Let the supply and demand-side measures work their way through. We are not averse to putting in new measures if necessary, because we need to ultimately make sure that there's no property bubble, whether it's on the private side or on the public housing sector."

An unnamed respondent expects developers to "leverage prevailing pent-up demand, improved sentiment and current sales momentum" ahead of any potential government intervention.

Some 80 per cent of those surveyed therefore anticipate more project launches in the next six months. A majority of respondents – 66.7 per cent of them – expects new launch prices to be moderately higher, from Q3's 35.3 per cent.

Real estate players were most positive on the suburban (that is, non-central) residential market in Q4, with a current net balance of 67 per cent, from Q3's 35 per cent. It also had the highest future net balance of 52 per cent, up from 29 per cent in the previous quarter.

Current and future net balance percentages 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.

Improved confidence

Confidence in the prime residential sector – which had consistently seen a negative net balance since hitting a low of negative 68 per cent in Q3 2023 – improved in Q4, with a current net balance of 4 per cent, from negative 23 per cent in the quarter before.

Among other real estate markets, business park/hi-tech spaces remained the worst-performing sector in Q4, with a current net balance of negative 26 per cent. Sentiment was also negative on the office sector, with current and future net balance coming in at negative 7 per cent, respectively.

The other sectors – prime and suburban retail, industrial/logistics, and hotel/serviced apartments – are expected to perform better in the future. Future net balance for these sectors ranged between 11 and 26 per cent.