NUS National University of Singapore

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SINGAPORE PROPERTY

Local property players upbeat on prime, suburban residential sectors **REAL ESTATE / 11**

Local property players upbeat on prime, suburban residential sectors amid overall sentiment pickup

But global slowdown and weaker domestic outlook remain top concerns: NUS

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PROPERTY players in Singapore have turned distinctly more optimistic on the prime and suburban residential sectors as new home sales surged in the second quarter, amid a pickup in overall sentiment in the real estate trade.

The National University of Singapore's (NUS) Real Estate Sentiment Index – a quarterly barometer of general prevailing sentiment – rose to 5.7 in Q2 from 4.3 in the previous quarter, improving as the market adjusted to widespread tariffs imposed by the US.

Residential sectors led the recovery. Industry players were most favourable towards the prime housing market in Q2, with current net balance swinging dramatically to a record 35 per cent, from minus 25 per cent in the first quarter.

Market watchers had been largely pessimistic on the prime sector for several quarters, with sales depressed by high additional buyer's stamp duty and a dearth of foreign buyers. The outlook has turned, after a slew of Core Central Region launches saw strong sales.

The prime residential sector's future net balance rose to 23 per cent in Q2, reversing from minus 50 per cent in the previous quarter.

The suburban residential market's current and future net balances rose to 27 per cent each, a reversal from Q1 when the current net balance was minus 4 per cent and future net balance was minus 25 per cent.

July surge

Urban Redevelopment Authority data shows sales of new private homes surged in July after four straight months of decline. Excluding executive condominiums, developers sold 940 new private homes, up a robust 63 per cent year on year, and rising from 272 units transacted in June.

In its report on the Q2 index, NUS said: "Survey findings suggest that developers are gearing up to tap this forthcoming demand, with 62.5 per cent of developers polled anticipating more units to be launched over the next six months, up from 35.7 per cent for the preceding quarter."

Some 44 per cent of developers surveyed now expect prices to rise, up from 29 per cent in Q1.

Half of those polled believed prices would remain the same, down from 64.3 per cent. Only 6.3 per cent expected prices to fall.

With the exception of prime retail, suburban retail and business park/hi-tech space, all other sectors showed an uptick in current sentiment.

Overall sentiment in Singapore's real estate trade improved in Q2.

The rebound follows a shock-driven plunge last quarter, after the roll-out of tariffs by US President Donald Trump heightened economic uncertainty. The Q2 sentiment score was comparable to pre-tariff levels of 5.9 and six recorded in Q3 and Q4 2024, respectively, the survey noted.

Professor Qian Wenlan, director of the Institute of Real Estate and Urban Studies, said: "Companies here took advantage of the 90-day tariff pause to front-load their shipments, which in turn boosted the economy."

She added that in the first half of 2025, the economy outperformed expectations, expanding 4.3 per cent year on year, driven by broad-based growth across manufacturing, wholesale trade and the transportation and storage sectors.

In July, developers sold 940 new private homes, excluding exec condos, up 63% on the year. PHOTO: TAY CHU YI, BT

The Current Sentiment Index, which tracks changes in sentiment over the past six months, rebounded to 5.7 from 4.2 in Q1. The Future Sentiment Index, which indicates sentiment changes over the next six months, similarly rose to 5.7 from 4.5 in the previous quarter.

"Amid a tense and uncertain economic landscape, residential property here appeals to investors as a safe haven that is resilient against headwinds and the erosive effects of inflation" said Prof Qian.

Land costs topped developers' concerns, followed by labour and building material costs. Financing and professional service fees were also cited.

"While developers will continue to land-bank for business sustainability, they are likely to be more selective and cautious given prevailing market challenges and global uncertainties," said a survey respondent. "Government land sale sites will be preferred over private sites due to current pricing misalignment between sellers and developers, and the complex private market landscape."

Market players remain wary

Prof Qian said: "While we see optimism in certain quarters, the overall market sentiment is still one of caution."

A slowdown in the global economy was flagged by 80.8 per cent of respondents as the top risk, slightly lower than the 87.5 per cent in Q1. Concerns over job losses and a weaker domestic economy followed closely, rising to 73.1 per cent from 70.8 per cent.

Half of the respondents pointed to rising construction costs, while 42.3 per cent highlighted the risk of cooling measures – a marked increase from 29.2 per cent in Q1.

Other risks included inflation and interest rates (23.1 per cent), excessive new launches and the risk of a property price bubble (19.2 per cent), and increased land supply and tighter financing in the debt market (15.4 per cent).