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Singapore real estate players upbeat in Q3 but flag job losses, cooling measures as top risks

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SENTIMENT among real estate players in Singapore continued to improve in the third quarter of 2025, buoyed by easing financial conditions and economic growth.

But job losses and a potential decline in the domestic economy are top of mind for property honchos, according to a quarterly poll published on Monday (Nov 17).

The National University of Singapore's (NUS) Real Estate Sentiment Index – a quarterly barometer of general prevailing sentiment – rose to 6.1 in Q3 from 5.7 in the previous quarter.

The Current Sentiment Index, which tracks changes in sentiment over the past six months, rose to 6.1, from 5.7 in the quarter before. The Future Sentiment Index, which indicates sentiment changes over the next six months, increased to six from 5.7 in the previous quarter.

Professor Qian Wenlan, director of the Institute of Real Estate and Urban Studies, noted: "The US Federal Reserve's rate cut on Oct 29 was widely anticipated by the market and this expectation is reflected in the sustained optimism we see across our key sentiment indices."

She added: "With our Future Sentiment Index scoring a healthy six, it suggests that respondents are sanguine about the cost of credit and capital in the near term."

Only 10 per cent of survey respondents cited rising inflation and interest rates as a concern in Q3 – a stark decline from the 23.1 per cent recorded in the previous quarter.

Meanwhile, only 5 per cent flagged tightening financing and liquidity in the debt market as a risk, down from 15.4 per cent in the preceding quarter.

Concerns about a global economic slowdown also receded, falling to 70 per cent from 80.8 per cent previously.

Amid the robust economic landscape, sentiment rose across most real estate sectors, led by prime residential, which recorded a current net balance of 60 per cent in Q3.

Suburban residential followed at 40 per cent and hotel/serviced apartments at 37 per cent.

Office property sentiment turned positive for the first time in two years, rising from minus 12 per cent in Q2 to 10 per cent in Q3.

"With inflation holding steady, real wages in Singapore grew 3.2 per cent in 2024, the highest since 2019," said Prof Qian.

"In tandem, the labour market has been tight, with the unemployment rate staying at a low 2 per cent in Q3. These fundamentals – namely employment and affluence – are the prerequisites for a thriving housing market."

While Singapore's domestic economy outperformed expectations in Q3, with gross domestic product growth reaching 2.9 per cent on the year according to advanced estimates, concerns about potential job losses and a slowdown in the domestic economy were top concerns for property players.

These key risks were cited by 75 per cent of respondents in the Q3 survey, up slightly from 73.1 per cent in Q2.

Other potential risks also weighed on respondents' minds. Government intervention to cool the market was cited by 60 per cent of respondents, up from 42.3 per cent in the previous quarter. Meanwhile, 55 per cent cited rising construction costs, up from 50 per cent.

Concern over increased supply of new development land, excess new property launches and a potential price bubble eased, with each cited by 15 per cent of respondents.

The survey indicated that 70 per cent of developers expected a moderately higher number of units to be launched in the next six months, up from 56.2 per cent in Q2. Meanwhile, 50 per cent anticipated that unit prices of new launches would be moderately higher over the same period, rising from 43.7 per cent in the previous quarter.

The survey also found that developers were most concerned about labour costs (90 per cent). Concerns about both labour and building materials followed (80 per cent), along with worries about professional service costs (70 per cent). Financing was a concern for 50 per cent of respondents.

While current market conditions are favourable to support higher prices and transaction volumes, Prof Qian cautioned that the geopolitical outlook is still uncertain.

"Notwithstanding a temporary truce negotiated between the Trump administration and Beijing on the sidelines of the recent Apec Summit, the global landscape is still risky for an export-oriented economy like Singapore, so households should still practise prudence, especially for major financial commitments."

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