

SINGAPORE PROPERTY

Singapore real estate execs turn pessimistic in Q1 as inflation fears mount: NUS poll

Residential sector is a rare bright spot as sentiment towards commercial real estate weakens

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REAL estate honchos turned markedly more pessimistic about the property market in the first quarter of 2026, as mounting inflationary pressures and higher borrowing costs emerged as key concerns.

A quarterly survey released on Tuesday (Jun 23) by the National University of Singapore's Institute of Real Estate and Urban Studies (Ireus) found that macroeconomic concerns loomed large among the executives polled during Q1.

This was even as the domestic housing sector showed resilience.

Ireus director Professor Qian Wenlan attributed the bleaker outlook to the ongoing crisis in the Middle East, with its "cascading effects on surging energy costs, persistent inflation and elevated interest rates".

Previously optimistic sentiment in Singapore has been overtaken by "an anticipation of dire exogenous risks", she said.

Potential risks

Rising inflation and interest rates shot to top of mind for property players, with 80 per cent of the survey respondents citing them as a concern in Q1 – up sharply from 11.8 per cent in Q4 2025.

Seventy-five per cent of the respondents also flagged a slowdown in the global economy as a

top potential risk factor, higher than the 70.6 per cent in the previous quarter.

Other risks included rising cost of construction, identified by 65 per cent of the respondents, and job losses or a decline in the domestic economy, cited by 60 per cent.

The quarterly survey showed that overall sentiment among senior executives at real estate firms fell below the neutral threshold of 5.0 for the first time in recent quarters – declining to 4.9 in Q1 from 5.8 in Q4.

"With the (overall sentiment) slipping below the neutral threshold, it is clear that the industry is shifting from an expansionary mindset to one of defensive consolidation as businesses shift into a 'risk-off' stance," said Prof Qian.

Sentiment sank the most in the business park and high-tech space segment. The suburban retail outlook swung from positive to negative, and sentiment towards prime retail outlook continued to decline.

The hospitality outlook also slid into negative territory.

Ireus' Current Sentiment Index – which follows changes in sentiment over the past six months – slipped to a "pessimistic" 4.9 in Q1, from a "sanguine" 6.1 in the previous quarter.

Meanwhile, the Future Sentiment Index – which measures such changes over the next six months –



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eased to 5.0 in Q1 from 5.5 in the prior quarter.

Compared with Q4, fewer respondents identified government cooling measures, concerns over a real estate price bubble and speculative activity, as well as an oversupply of new property launches, as potential risks.

Across sectors, Ireus noted that the residential market was a "rare pocket of stability amid the broad-based pullback" in Q1.

The suburban residential segment led market sentiment during the quarter, with both the current

and future net balances at 15 per cent. The net balance represents the difference between the proportion of respondents with positive and negative sentiments.

"Forthcoming demand from domestic homebuyers continues to anchor this segment, underscoring structural resilience in the domestic housing market even as external economic pressures mount," said Ireus.

Half of the developers polled still expected the pricing of new residential launches to "lean moderately higher over the next six

months". Still, the survey noted that industry players were less optimistic on the prime residential segment, which scored a current net balance of 5 per cent, substantially lower than Q4's 41 per cent.

Prof Qian said the prime residential sector is inherently more sensitive to shifts in global capital and international buyer sentiment.

"With the Middle East crisis escalating global volatility and delaying anticipated interest rate cuts, institutional investors and high-net-worth individuals are shifting

towards a more defensive, capital preservation strategy," she said.

Ninety per cent of the developers surveyed were concerned about building materials costs. Land cost was also a major concern with 90 per cent of expressing so, "although none were very concerned", Ireus said.

Significant pullbacks

Sentiment across the commercial and industrial property sectors weakened noticeably in Q1, particularly in the business park and hi-tech space segment.

The sector ranked lowest overall with a current net balance of -25 per cent and a future net balance of -20 per cent.

Retail and hospitality sectors also had significant pullbacks. Sentiment towards suburban retail fell sharply to -15 per cent in Q1, while the prime retail outlook declined to -20 per cent.

Similarly, sentiment towards hotels and serviced apartments decreased to -15 per cent.

The office sector outlook softened, too, with the current net balance falling to zero per cent in Q1 from 12 per cent in Q4.

But given the "thin near-term supply pipeline and low Grade A vacancy, supply-and-demand dynamics are expected to prop up office space, (leading to) a positive future outlook of 15 per cent", Ireus noted.