

REAL ESTATE SENTIMENT INDEX

Post-Cooling Measures

About Real Estate Sentiment Index (RESI)

The Real Estate Sentiment Index (RESI) is jointly developed by the Real Estate Developers' Association of Singapore (REDAS) and the Department of Real Estate (DRE), National University of Singapore. The quarterly structured questionnaire survey is conducted among senior executives of REDAS member firms. RESI measures the perceptions and expectations of real estate development and market conditions in Singapore. RESI comprises a Current Sentiment Index and a Future Sentiment Index, tracking changes in sentiments over the past and the next 6 months respectively, and a Composite Sentiment Index which is the derived indicator for the current overall market sentiment. RESI scores range from 0 to 10, reflecting the extent of pessimism or optimism of the survey respondents. A "net balance percentage" approach is adopted to derive the scores for key determinants of the real estate market sentiment.



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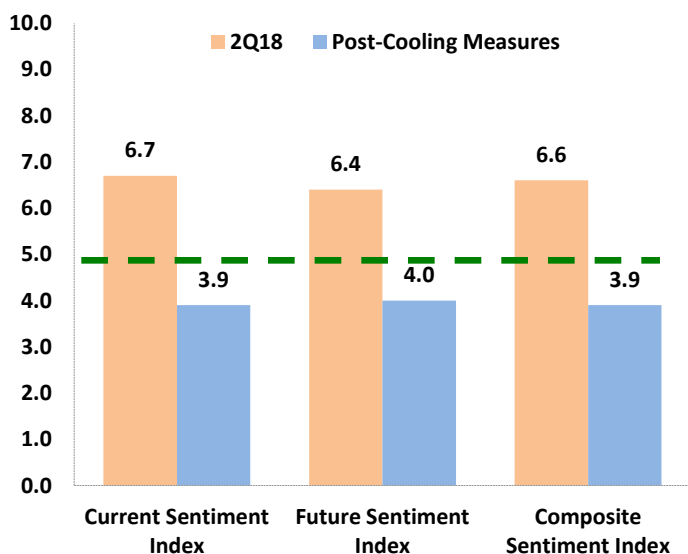
Post-Cooling Measures

How would you rate the overall Singapore real estate market (commercial, residential, hospitality etc.) conditions over the time periods shown?

The early 2Q18 survey has been completed before the new cooling measures were announced on 6 July 2018. To better reflect the sentiment of the market, a follow-up survey was conducted to seek respondents' revised assessment of the market sentiments taking into the impact of the new round of cooling measures.

The current sentiment index dropped from 6.7 to 3.9 while the future sentiment index declined from 6.4 to 4.0, after adjusting for the impact of the new cooling measures in July 2018. The post-measures composite sentiment index has been revised downward from 6.6 to 3.9 (*Exhibit 1*).

Exhibit 1: Comparison of Pre- and Post-Measures Sentiments



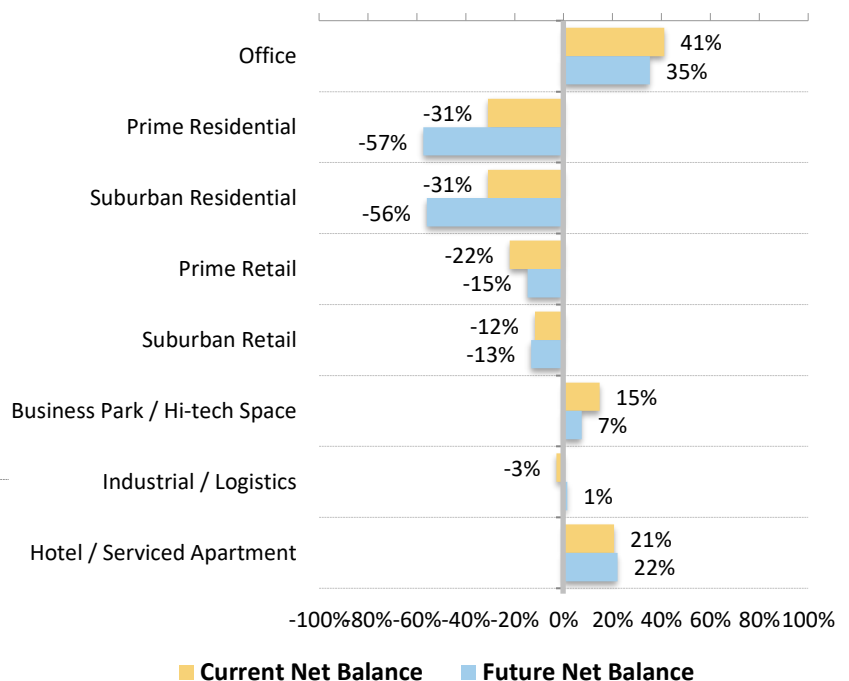
Source: NUS-REDAS Research

How would you rate the general performance (rental, price, occupancy, purchases etc.) of the sectors over the time periods shown?

After the cooling measures, the current and future net balances in all sectors, except for business-park / hi-tech space and hotel / serviced apartments, declined relative to the net balances reported in 2Q18. The current net balances of -31% and -31%, and the future net balances of -56% and -57% for the prime residential and suburban residential sectors, respectively, show that the two residential sectors are most affected by the cooling measures.

Office, business-park / hi-tech space and hotel / serviced apartments are the three best performing sectors and the only three sectors with positive current and future net balances after the cooling measures. The current balances for the three sectors are estimated at 41%, 15% and 21%, and the future balances at 35%, 7% and 22%, respectively (*Exhibit 2*).

Exhibit 2: Post-Measures Real Estate Market Performance



How would you rate the overall Singapore real estate market (commercial, residential, hospitality etc.) conditions over the time periods shown?

After the cooling measures, the respondents identify rising inflation and interest rates, excessive supply of new property launches, and slow-down (decline) in the global economy as the top three potential risks that may adversely impact market sentiment in the next 6 months, same as 2Q18 (*Exhibit 3*).

80.9% of the respondents were concerned about rising inflation and interest rates in the next 6 months, slightly up from 80.6% in 2Q18.

72.1% of the respondents were worried about excessive supply of new properties. Compared to 62.9% in 2Q18, 70.6% of the respondents were concerned about slow-down (decline) in the global economy.

Exhibit 3: Post-Measures Potential Risks

Risks	2Q18	Post-Cooling Measures
Slow-down (decline) in the global economy	62.9%	70.6%
Job losses / decline in domestic economy	14.5%	35.3%
Rising inflation / interest rates	80.6%	80.9%
Increased supply of new development land	38.7%	22.1%
Excessive supply of new property launches	62.9%	72.1%
Rising costs of construction	43.5%	35.3%
Tightening of financing / liquidity in debt market	46.8%	57.4%
Real estate price bubble / excessive speculative activities	21.0%	10.3%
Government intervention to cool the market	41.9%	54.4%

What are your expectations regarding the number of new residential units to be launched in the next 6 months?

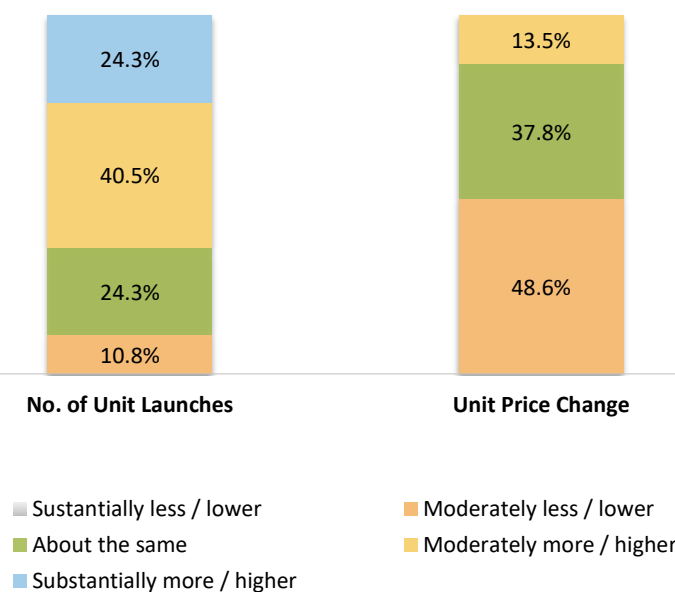
After the cooling measures, 65% of the developers expected new launches to be higher, which is down from 87.9% in 2Q18. 10.8% of them expected new launches to be moderately less after the cooling measures, while none of the developers anticipated new launches to decrease in 2Q18.

What are your expectations on the pricing of new residential launches in the next 6 months?

In terms of unit price change, only 13.5% of the developers anticipated residential property prices to increase in the next 6 months after the cooling measures, compared to 81.8% in 2Q18.

48.6% of them expected the price to drop after the measures, up from only 3% in 2Q18 (*Exhibit 4*).

Exhibit 4: Post-Measures Residential Launches & Prices



Source: NUS-REDAS Research

NUS-REDAS RESEARCH

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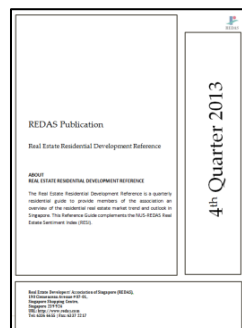
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Explanatory Note

The RESI is an objective and comprehensive measurement specifically gauging the confidence of senior executives in the Singapore real estate and development industry. The survey measures respondents' perceptions and expectations of current and future real estate market conditions. Respondents assess relative market conditions between now and in the past six months, as well as their expectations for the next six months. A standard format questionnaire is mailed out electronically to REDAS members. Respondents include developers, consultants, financial institutions, professional firms and service providers. The survey is thus representative of the overall Singapore real estate industry. The survey is conducted quarterly, in March, June, September and December.

A "net balance percentage" is used to indicate the overall direction of change in sentiment. This is the difference between the proportion of respondents who have selected the positive options ("better" and "increase") and the proportion of respondents who have selected the negative options ("worse" and "decrease"). A "+" sign in the scores denotes a net positive sentiment (optimism) and a "-" sign indicates a net negative sentiment (pessimism). The derived net balance scores are not weighted by the size of the respondents' business.

About REDAS

The Real Estate Developers' Association of Singapore (REDAS), established in 1959, is Singapore's premier business association in the real estate and development industry. REDAS represents some 250 members comprising developers, builders, real estate consultancies and allied professionals, bankers, REITs and fund managers. The Association actively engages regulators, policy makers and private sector partners to promote best practices and to support the growth of a vibrant and progressive industry for the creation of quality real estate in Singapore. REDAS regularly organizes activities such as networking sessions, seminars, charity golf tournaments and international business missions. To uphold the quality of products of members, REDAS also provide conciliation panel services for purchasers of residential property.

About NUS DRE

The NUS Department of Real Estate (DRE), first established as the Department of Building and Estate Management in 1969, is part of the School of Design and Environment (which also includes the Department of Architecture and the Department of Building). DRE aims to be the leading centre for real estate education and research in Asia with the mission to develop leaders and advance knowledge for the global real estate industry. The Department has a strong reputation in real estate research, especially in the areas of investment, finance, urban planning and economics. DRE has partnerships with leading global universities for research and other academic exchange. It also has strong links with the local real estate industry through collaborations in research and executive training.

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