NUS-Real Estate

REAL ESTATE SENTIMENT INDEX

1st Quarter 2022

About Real Estate Sentiment Index (RESI)

With effect from 1Q 2020, National University of Singapore (NUS) Real Estate (NUS+RE), which collectively represents Department of Real Estate (DRE) and Institute of Real Estate and Urban Studies (IREUS) at NUS, will independently publish the Real Estate Sentiment Index (RESI) to provide an alternative measure of the private real estate market performance. The data collection, analysis and reporting will be independently conducted by NUS+RE. [*Note: The index jointly developed by NUS Real Estate and the Real Estate Developers' Association of Singapore (REDAS) was first introduced in 2010.*]

The quarterly structured questionnaire survey is based on the sentiments of senior executives of real estate 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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"The sentiment has improved amid uncertainties associated with rising interest rates and imported inflations. The broad-based recovery in the performance in all real estate sectors has been supported by economic growth and easing of border restrictions."

Professor Sing Tien Foo

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

Current Sentiment Index#:

The Current Sentiment Index increased from 5.4 in 4Q 2021 to 5.9 in 1Q 2022.

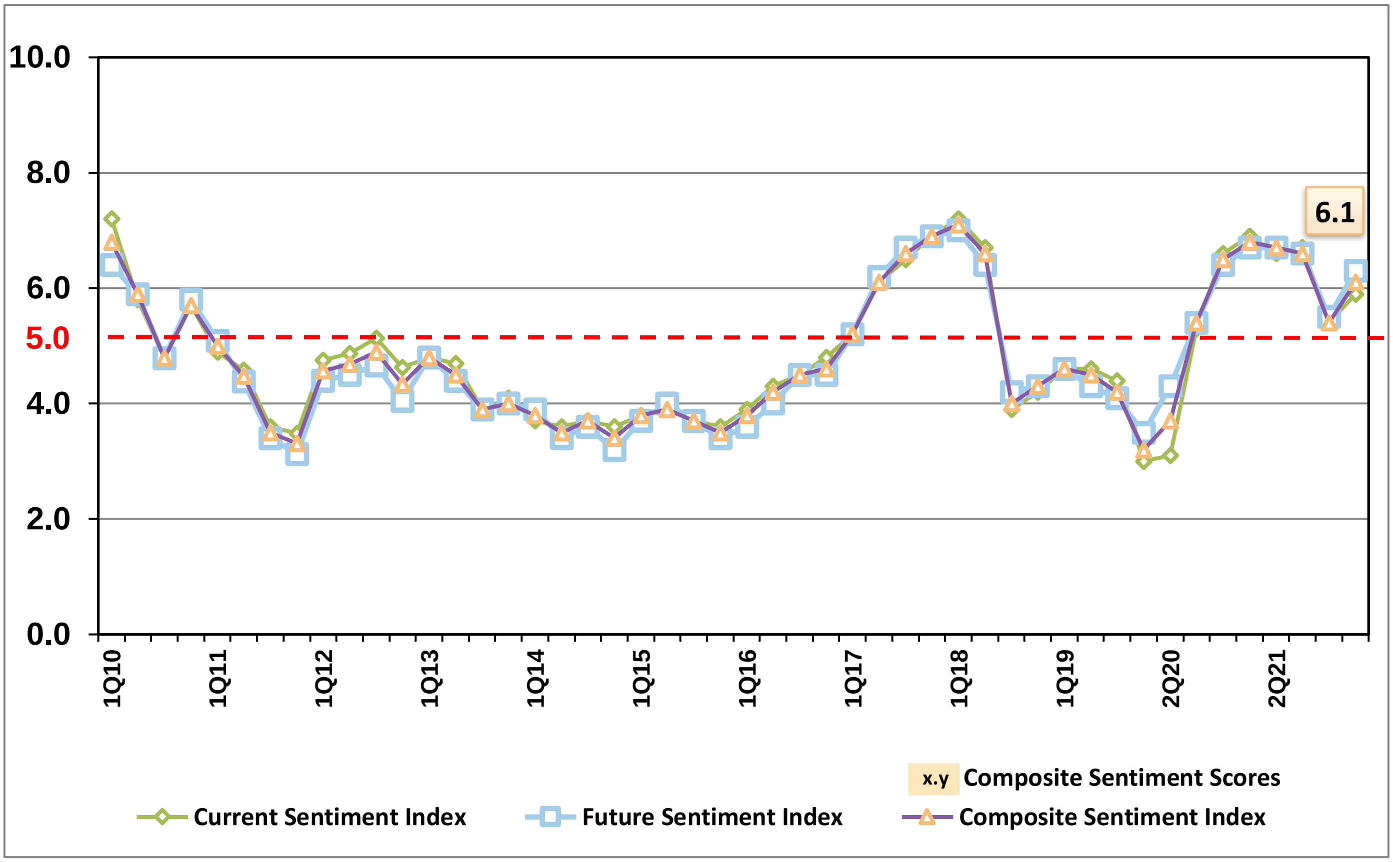
Future Sentiment Index#:

Respondents are expecting the market condition to improve in the next six months. The Future Sentiment Index rose from 5.5 in 4Q 2021 to 6.3 in 1Q 2022.

Composite Sentiment Index#:

The Composite Sentiment Index score rebounded after declining for 3 consecutive quarters, increasing from 5.4 in 4Q 2021 to 6.1 in 1Q 2022.

Exhibit 1: Real Estate Sentiment Index (1Q 2010 – 1Q 2022)



Source: NUS Real Estate

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

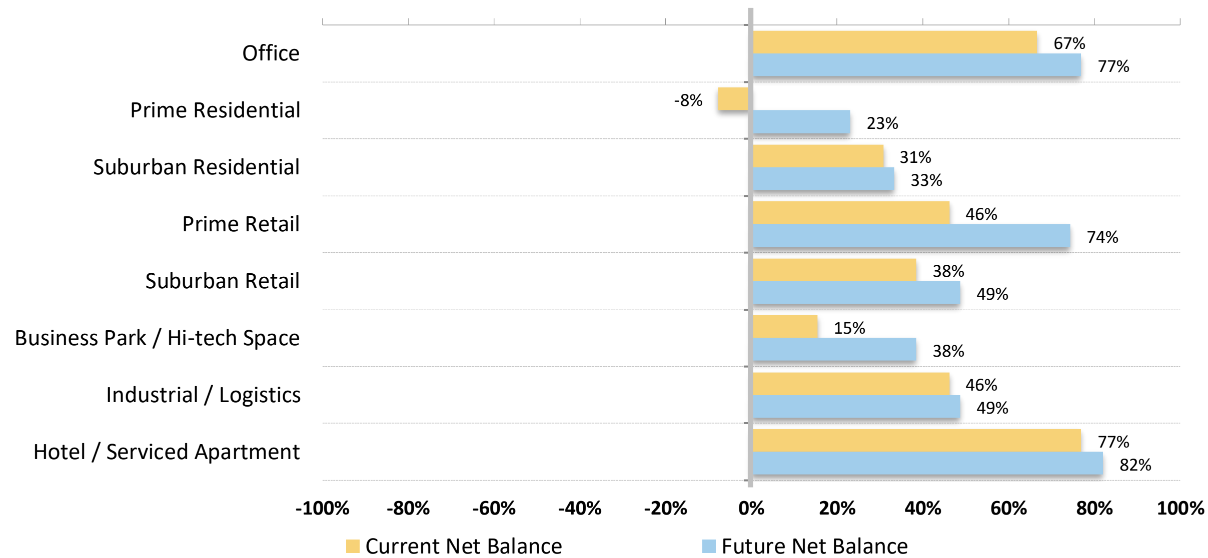
Current net balance

All the real estate sectors, except the prime residential sector, maintained a positive net balance in the 1Q2022 survey. The Hotel/Serviced Apartment sector had the highest current net balance of +77%. The Office sector takes the second spot with a current net balance of +67%, while the Prime Retail and Industrial/Logistics sectors are tied at the third spot with a current net balance of +46%. The Hotel/Serviced Apartment sector showed the largest improvement in current net balances, increasing from +30% in 4Q 2021 to +77% in 1Q 2022. The Office sector's current net balance also improved to +67% in 1Q 2022, compared to +35% in 4Q 2021. In contrast, the current net balance for the Prime Residential sector remained negative, although it improved from -13% in 4Q 2021 to -8% in 1Q 2022.

Future net balance

Most respondents are optimistic about the real estate market in the next six months, with all sectors recording positive future net balances. The Hotel/Serviced Apartment recorded the highest future net balance of +82%, followed by Office and Prime Retail, with net balances of +77% and +74%, respectively. The future net balance for Prime Residential improved the most, from -26% in 4Q 2021 to +23% in 1Q 2022. The Prime Retail sector increased from +30% to +74% in future net balances.

Exhibit 2: Real Estate Market Performance



Source: NUS Real Estate

"Singapore's economy is expected to gain pace as the border reopens. More activities are expected in the coming months "

- ***Comments from Survey Respondents***

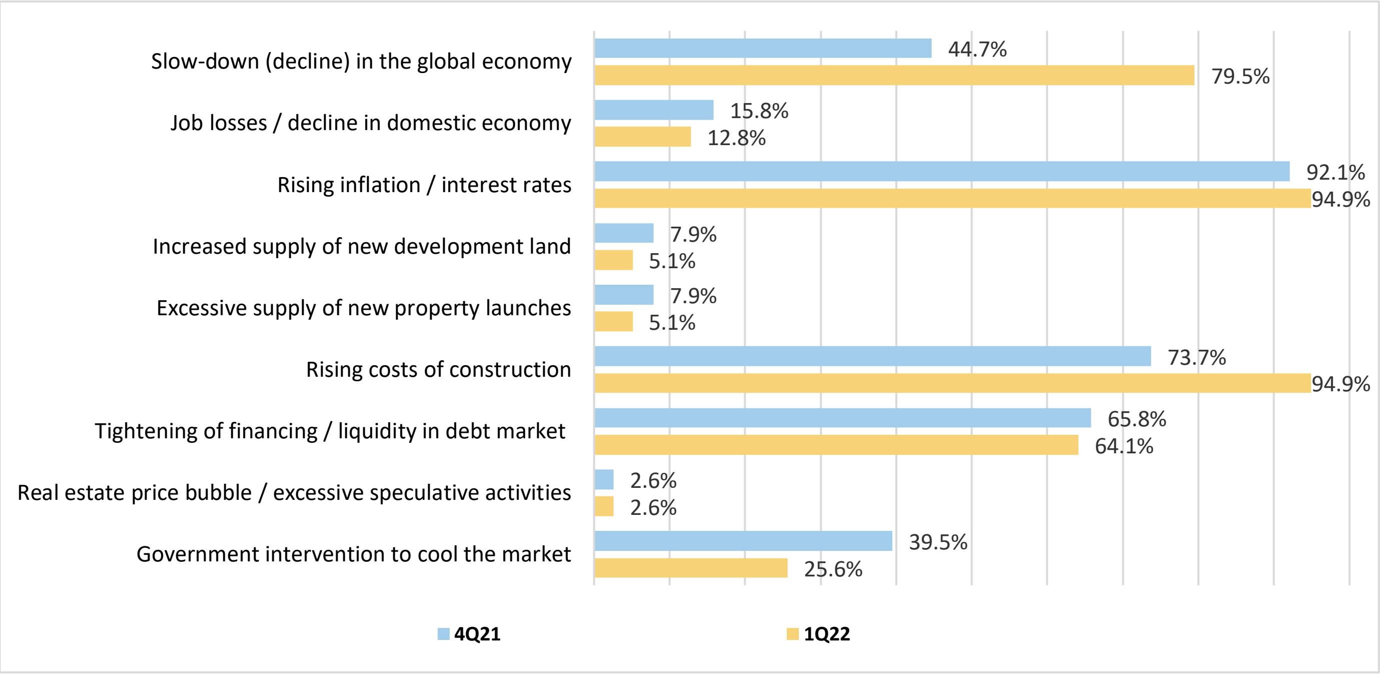
Do you foresee any potential risks that may adversely impact on market sentiment in the next 6 months?

In the 1Q 2022 survey, close to 95% of the respondents highlighted rising inflation/ interest rates and rising cost of construction as the top two potential risks that may adversely impact market sentiments over the next six months. The proportion of respondents indicating slow-down (decline) in the global economy as a potential risk increased the most compared to previous quarter, rising from 44.7% in 4Q 2021 to 79.5% in 1Q 2022. Rising cost of construction also rose from 73.7% in 4Q 2021 to 94.9% in 1Q 2022.

Correspondingly, about 64% of respondents highlighted tightening of financing/ liquidity in the debt market as a potential risk. There was a slight decline in potential risk compared to the previous quarter's sentiments of 65.8%.

In contrast, the government intervention to cool the market as a potential risk factor continued to decline. It dropped from 39.5% in 4Q 2021 to 25.6% in 1Q 2022.

Exhibit 3: Potential Risks



Source: NUS Real Estate

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

In 1Q 2022, about 65% of the developers expected moderately more units to be launched in the next six months.

About 15% of developers expected a moderately lower number of units to be launched over the next six months.

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

In 1Q 2022, about 71% of the developers expected unit prices of new launches in the next six months to be moderately or substantially higher. About 24% expected the prices of new launches to maintain at the same price level. In contrast, about 5% expected prices to be substantially lower.

What is your level of concern on development cost over the next six months?

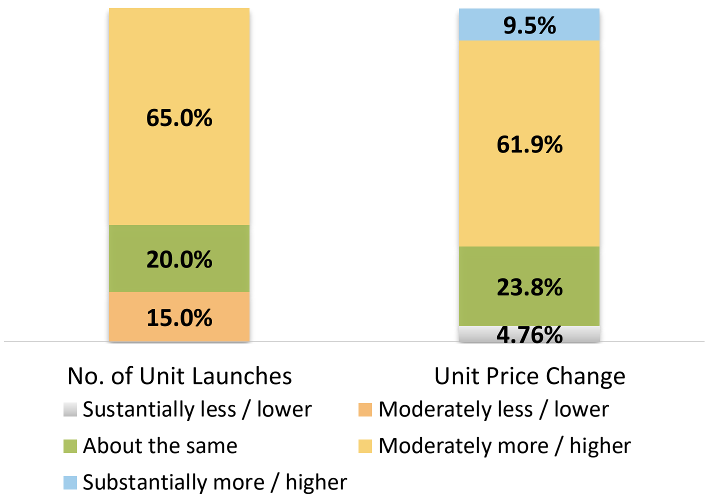
About 66.7% of developers surveyed highlighted building materials cost as the top concern. Similarly, about 61.9% of the developers indicated that they were "Very Concerned" about labour cost.

" Developers are likely to launch their projects in Q2 and Q3 before liquidity in the market tightens as interest rates goes up."

"December 2021 cooling measures have dampening effect on prices. On the other hand, construction costs have also risen quite substantially and are still volatile, developers would have to factor in the additional costs into their prices."

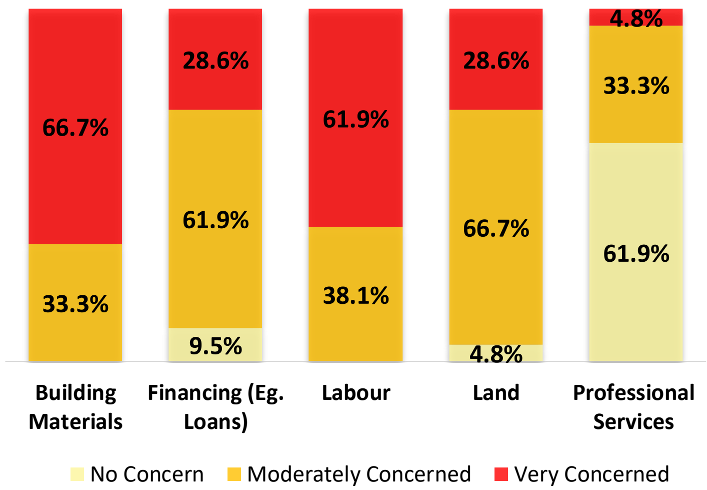
- Comments from Survey Respondents

Exhibit 4: Residential Launches & Prices



Source: NUS Real Estate

Exhibit 5: Level of concern relating to development costs



Source: NUS Real Estate

"Cost of materials are expected to increase due to supply chain disruptions and labour costs will continue to increase due to the ongoing COVID-19 pandemic. "

- Comments from Survey Respondents

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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 industry experts. 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 "decease"). 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 NUS Real Estate (NUS+RE)

The NUS Real Estate (NUS+RE) collectively represents Department of Real Estate (DRE) and Institute of Real Estate and Urban Studies (IREUS), at NUS.

Department of Real Estate (DRE) established in 1969 is part of the School of Design and Environment. With the mission to develop leaders and advance knowledge for the global real estate industry. DRE offers broad-based real estate education covering the areas of real estate investment and finance, urban planning and urban economics DRE has strong links with the local real estate industry and public agencies, and it has been in the business of producing industry leaders for the real estate industry in Singapore and beyond for more than 50 years.

'Institute of Real Estate Studies (IRES)' was established on 1 June 2006 as a university-level research institute with the mission to advance multidisciplinary research in real estate and urban fields. The Institute has been renamed as the ***Institute of Real Estate and Urban Studies (IREUS)*** with effect from 9 March 2018. The adding of '*Urban*' to the institute's name appropriately reflects the realities of the Institute's multi-disciplinary nature. It underscores the importance of staying relevant to our changing urban environment. The Institute promotes multidisciplinary collaboration and high-impact research on broad real estate issues in relation to, amongst others, finance, economics, urban development, wealth accumulation, demography, and environmental policies.