NUS-Real Estate

REAL ESTATE SENTIMENT INDEX

1st Quarter 2024

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 outlook of the prime residential sector remains subdued. The ABSD still impacts demand from foreign buyers and investors. The work-from-home arrangement dampens office sentiment and encourages a flight to quality among firms. Hotels and serviced apartments were the star performers with strong demand from international business and leisure travelers."

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?

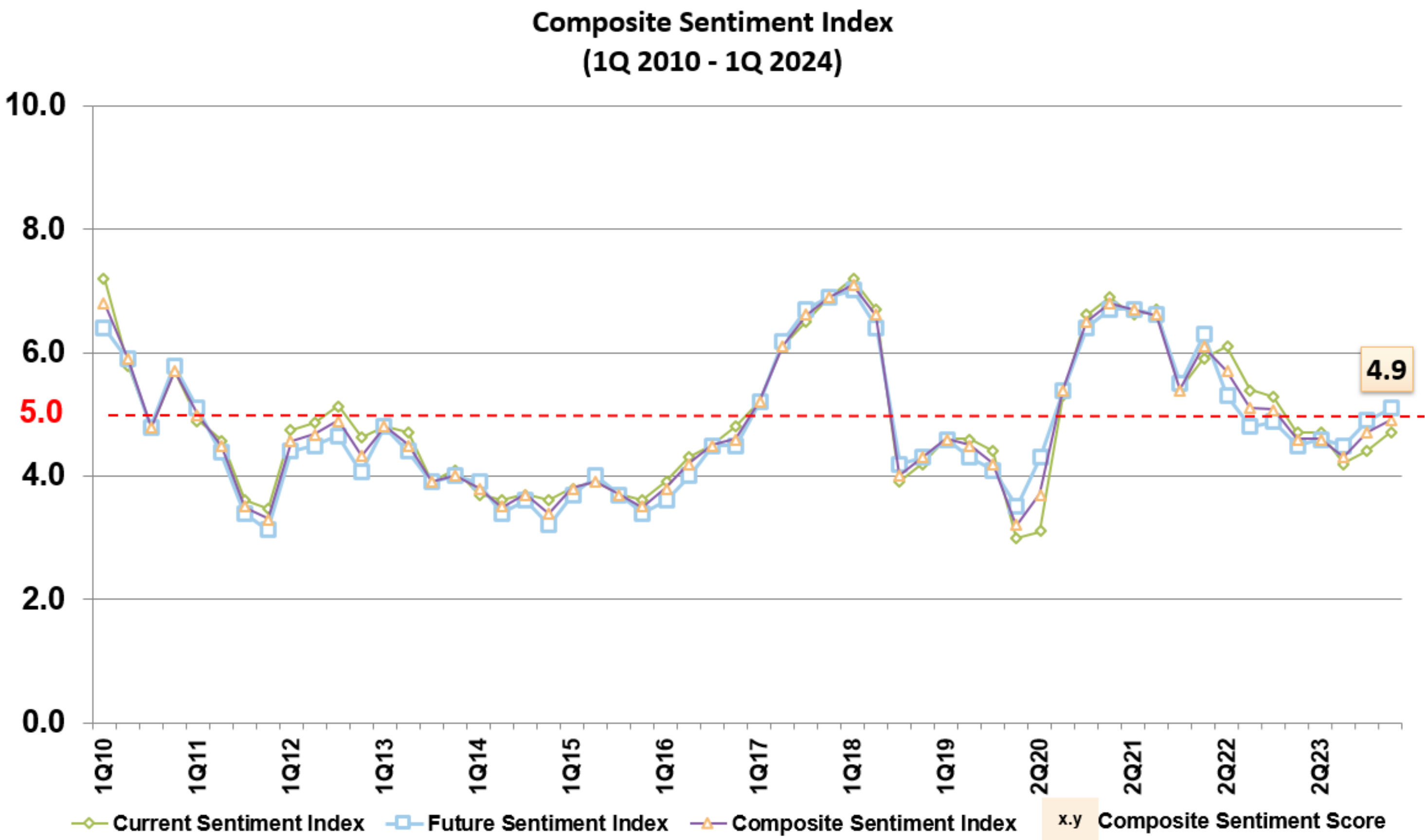
Current Sentiment Index#:
The Current Sentiment Index increased from 4.4 in 4Q 2023 to 4.7 in 1Q 2024.

Future Sentiment Index#:
The Future Sentiment Index increased from 4.9 in 4Q 2023 to 5.1 in 1Q 2024.

Composite Sentiment Index#:
The Composite Sentiment Index score rose from 4.7 in 4Q 2023 to 4.9 in 1Q 2024.

As domestic economic growth continues on an upward trajectory, market sentiments stabilise and continue to improve. For the first time after 5 consecutive months, the future sentiment index went above the neutral score of 5.0.

Exhibit 1: Real Estate Sentiment Index (1Q 2010 – 1Q 2024)



Source: NUS Real Estate

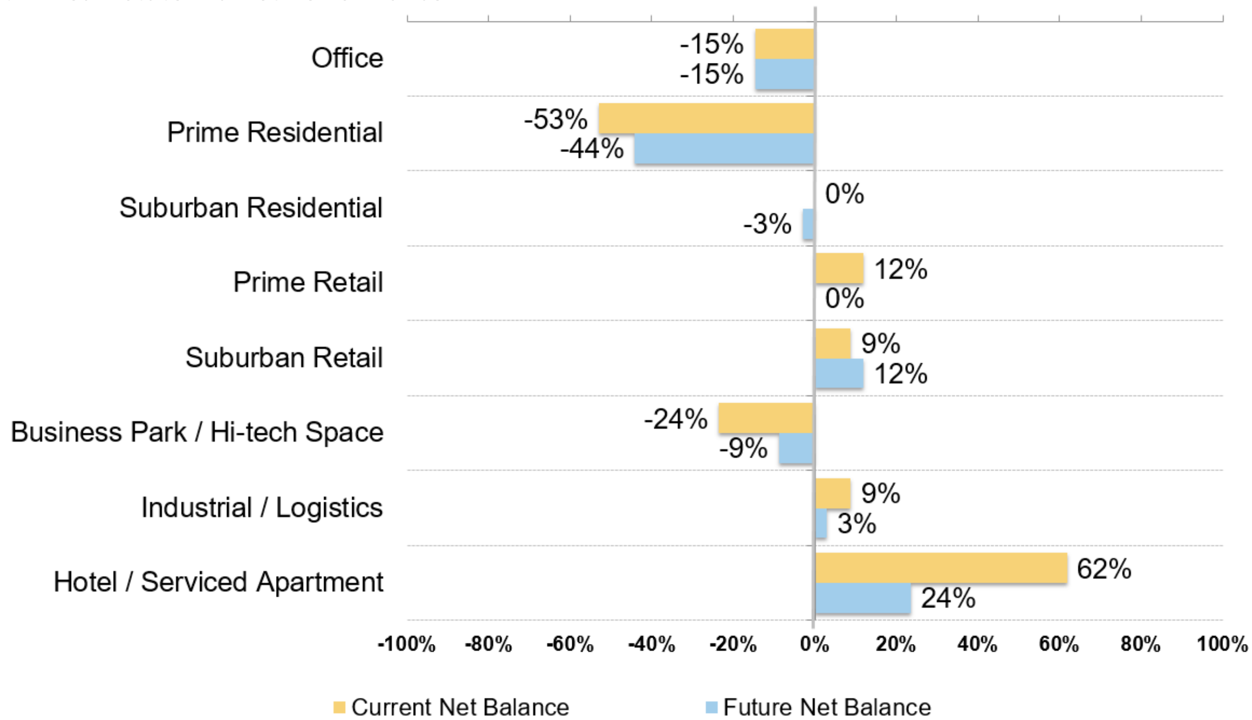
How would you rate the general performance (rental, price, occupancy, purchases etc.) of the sectors over the time periods shown?

The current net balances of Office, Prime Residential, and Biz Park/Hi-tech were negative, while Suburban Residential had a neutral current net balance of 0%. The rest had positive current net balances. The Hotel/Serviced Apartment sector continued to lead the field with a positive score of +62%. Suburban Retail came in a distant second at +9%, decreasing from +13% in the previous quarter. Prime Residential continued with the lowest current net balance at -53% in 1Q 2024.

Future net balance

The future net balances of the Office, Prime Residential, Suburban Residential, and Biz Park/Hi-tech sectors were also negative. Prime Residential had the worst future performance of -44%, followed by Office at -15%. Biz Park/Hi-tech and Suburban Residential had a future net balance of -9% and -3%, respectively. On the other hand, the Hotel/Serviced Apartment had the highest positive future net balance of +24%. Suburban Retail followed with a future net balance of +12%. Prime Retail was the only sector with a neutral future net balance of 0%.

Exhibit 2: Real Estate Market Performance



Source: NUS Real Estate

"The economic recovery is an important factor in the health of the property market. We are concerned with potential oversupply of residential apartments as the Government ramps up GLS supply over the last few [quarters]. Potential cooling measures is always a concern."

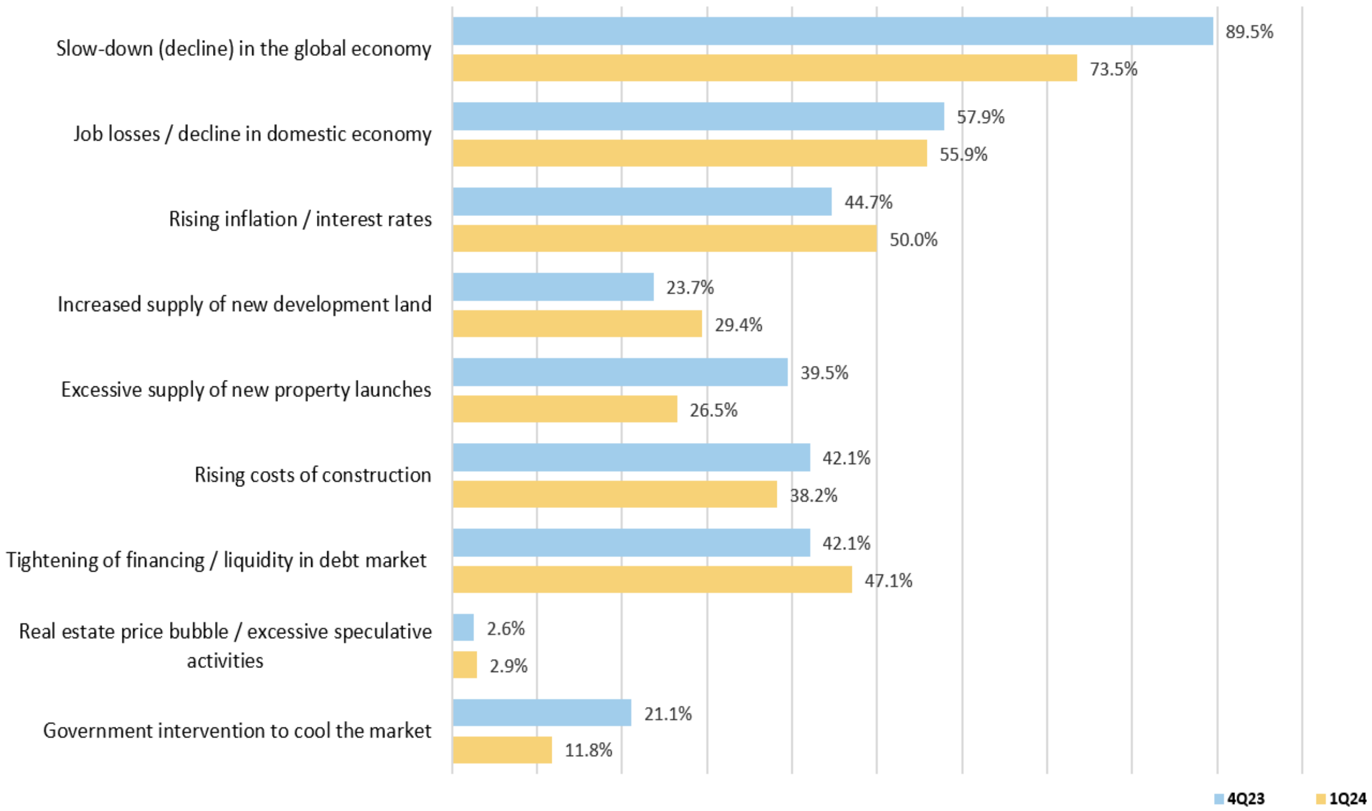
- Comments from Survey Respondents

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

73.5% of the respondents in the 1Q 2024 survey indicated that slow-down (decline) in the global economy was the top potential risk that may adversely impact sentiments over the next six months, a considerable decrease from 90% in the 3Q 2023. Job losses/decline in the domestic economy continued to rank the second at 55.9%, which decreased slightly from 57.9% in the last quarter. Rising inflation/ interest rates followed at 50.0%, increasing from 44.7% in 4Q 2023.

47.1% of the respondents raised concerns regarding the tightening of financing/liquidity in the debt market, while 38.2% of the respondents expressed concerns over rising construction costs. 29.4% of the respondents raised concerns regarding increased development land supply, increasing from 23.7% in the last quarter. Risks relating to excessive property launches decreased from 39.5% in 4Q 2023 to 26.5% in 1Q 2024. The risk of government intervention in the market and a real estate price bubble rank the lowest at 11.8% and 2.9%, respectively.

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 2024, 27.8% of developers expected a moderately or substantially higher number of units to be launched in the next six months, a decrease of 29 percentage points from the previous quarter. 72.2% expected the number of unit launches to remain relatively constant, a sizeable increase from last quarter's 42.9%. None expected the number of unit launches to decrease.

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

22.2% of the developers expected unit prices of new launches in the next six months to be moderately higher, falling from 42.9% in 4Q 2023. On the other hand, 72.2% expected new launch prices to maintain at the same price level, a sizeable increase from 47.6% in the last quarter. 5.6% expected unit prices to be moderately less.

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

22.2% of developers identified land and labour as the top concerns in 1Q 2024. 16.7% of respondents were very concerned about finance, which is lower than 20.0% in 3Q 2023 and 19.0% in the last quarter. 72.2% indicated concern about building materials while none expressed concern over professional services this quarter.

> *"Home buyers have become more resistant to high price points and discerning amid ample new project options. While developers are expected to adopt sensitive pricing strategies, major price corrections are unlikely due to previously committed land and development costs. Healthy household balance sheets and the prevailing low unemployment level are also expected to continue supporting demand and prices."*
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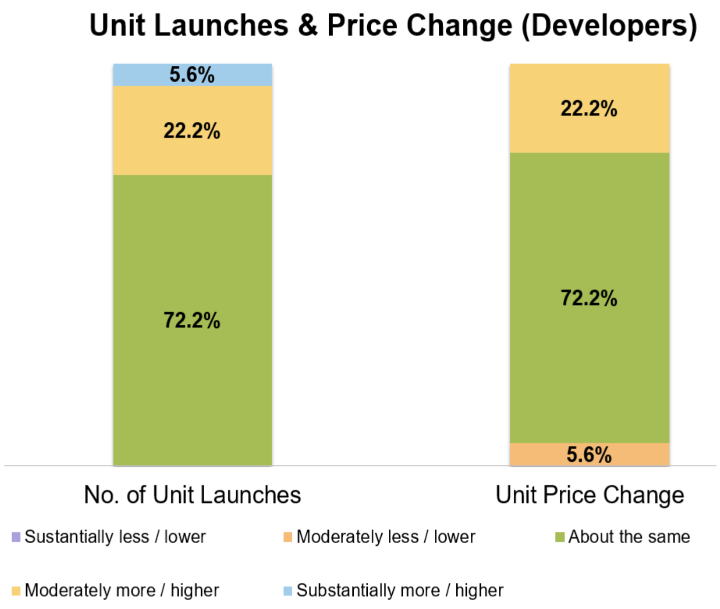
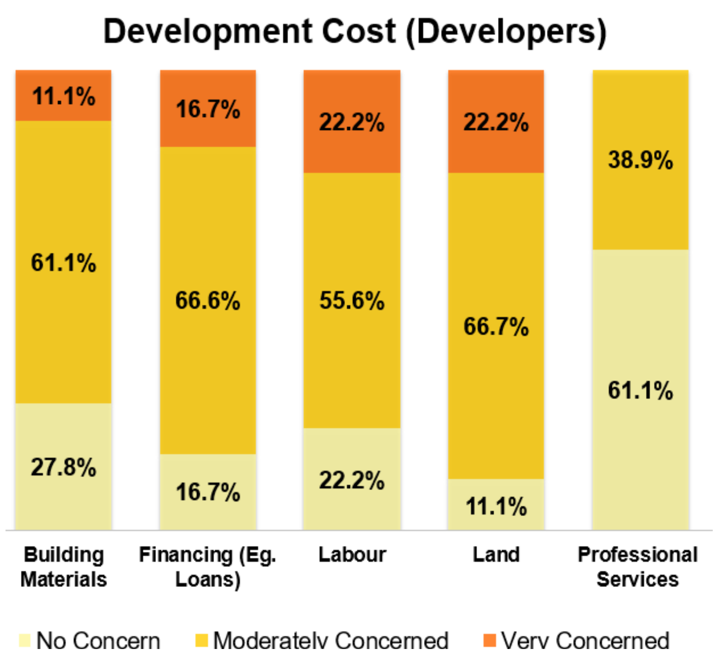
> ***- Comments from Survey Respondents***

Exhibit 4: Residential Launches & Prices



Source: NUS Real Estate

Exhibit 5: Level of concern relating to development costs



Source: NUS Real Estate

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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.