NUS-Real Estate

REAL ESTATE SENTIMENT INDEX

1st Quarter 2025

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.

National University of Singapore
Institute of Real Estate and Urban Studies / Department of Real Estate
3 Research Link, Innovation 4.0
Singapore 117602
URL: https://ireus.nus.edu.sg/
Tel: 6516 8288 | Fax: 6774 1003

1st Quarter 2025

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"This sentiment survey coincided with the announcement of the US tariffs imposed on many trading partners of the US. The effects on the market sentiment cannot be fully eliminated."

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 decreased from 6.2 in 4Q 2024 to 4.2 in 1Q 2025.

Future Sentiment Index#:

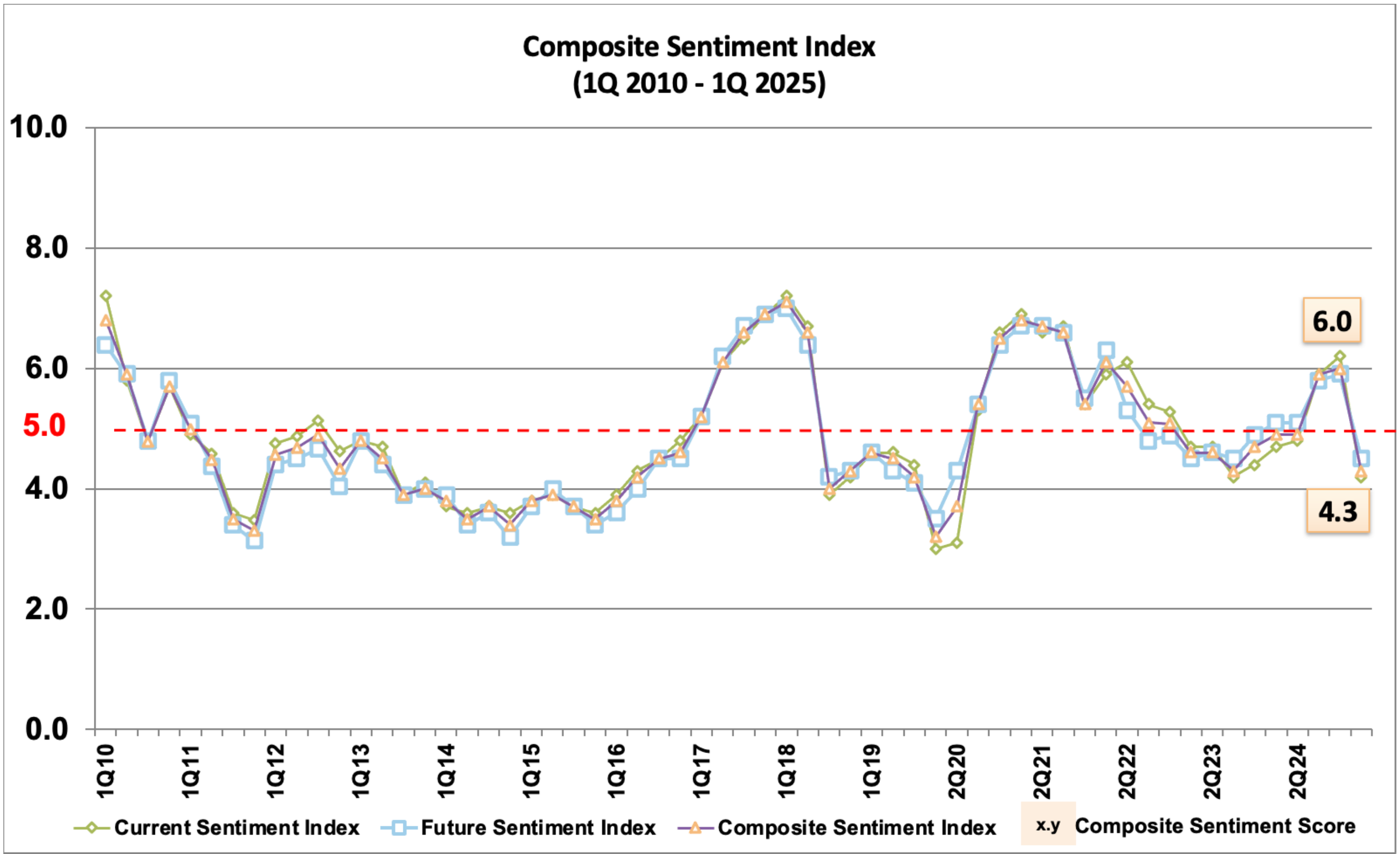
The Future Sentiment Index decreased from 5.9 in 4Q 2024 to 4.5 in 1Q 2025.

Composite Sentiment Index#:

The Composite Sentiment Index score decreased from 6.0 in 4Q 2024 to 4.3 in 1Q 2025.

As early as January 2025, the Trump administration had clearly signalled its intention to impose tariffs – which were progressively rolled out over the course of the following few months. Amid heightened economic uncertainty on such a massive scale, sentiment plummeted in 1Q2025.

Exhibit 1: Real Estate Sentiment Index (1Q 2010 – 1Q 2025)



Source: NUS Real Estate

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

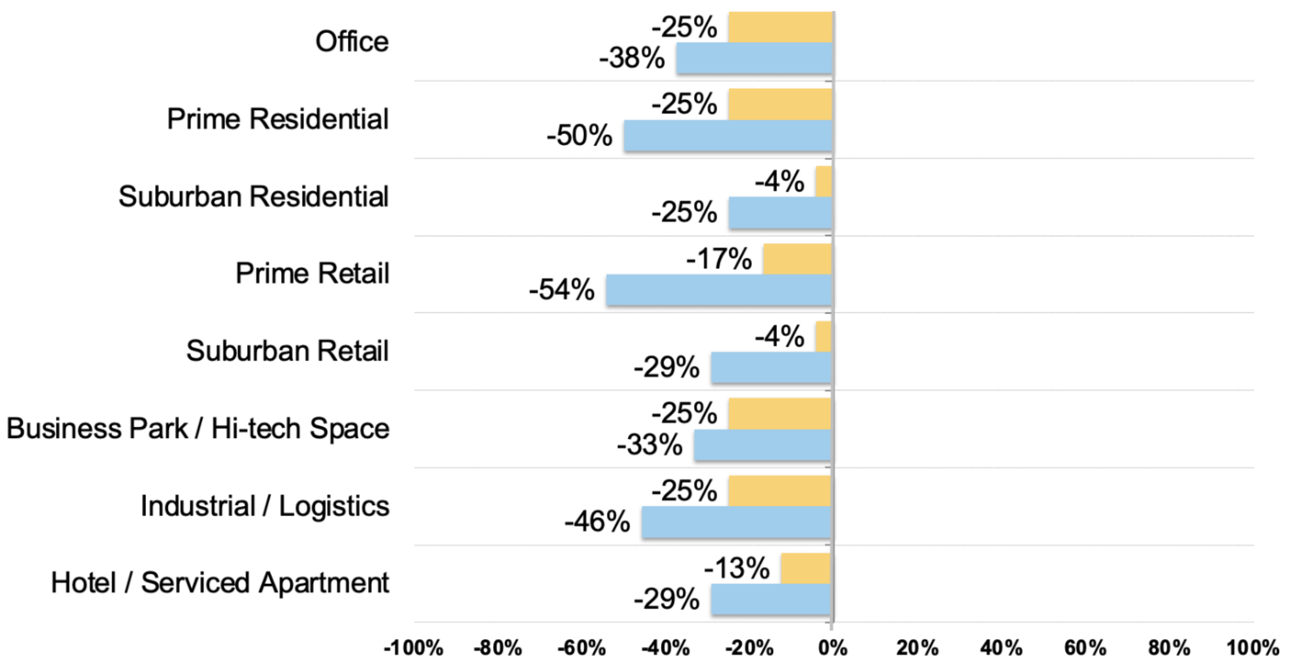
Current net balance

All sectors had negative current net balances. The Suburban Residential sector maintained its position at the top of the chart at -4%, sharing the position with Suburban Retail. Hotel/Serviced Apartment followed with -13%, falling from +26% in 4Q 2024. Prime Retail had a current net balance of -17%, while Office, Prime Residential, Business Park/Hi-tech Space, and Industrial/Logistics had similar current net balances of -25%. Business Park/Hi-tech Space was the only sector with a current net balance that improved, showing an uptick from -26% last quarter.

Future net balance

All sectors also had negative future net balances. Suburban Residential had the highest future net balance with -25%, falling drastically from +52% last quarter. Suburban Retail and Hotel/Serviced apartments ranked second with -29%, decreasing from +26% and +11% respectively in 4Q 2024. Business Park/Hi-tech Space followed with -33%, decreasing from a neutral future net balance of 0%. Office decreased from -7% last quarter to -38%, while Industrial/Logistics fell from +19% in 4Q 2024 to -46% this quarter. Prime Residential had a future net balance of -50%, decreasing from +11% last quarter. At the bottom of the chart, Prime Retail fell from +15% to -54% this quarter.

Exhibit 2: Real Estate Market Performance



Source: NUS Real Estate

"There is a general slowdown due to increased cautiousness."

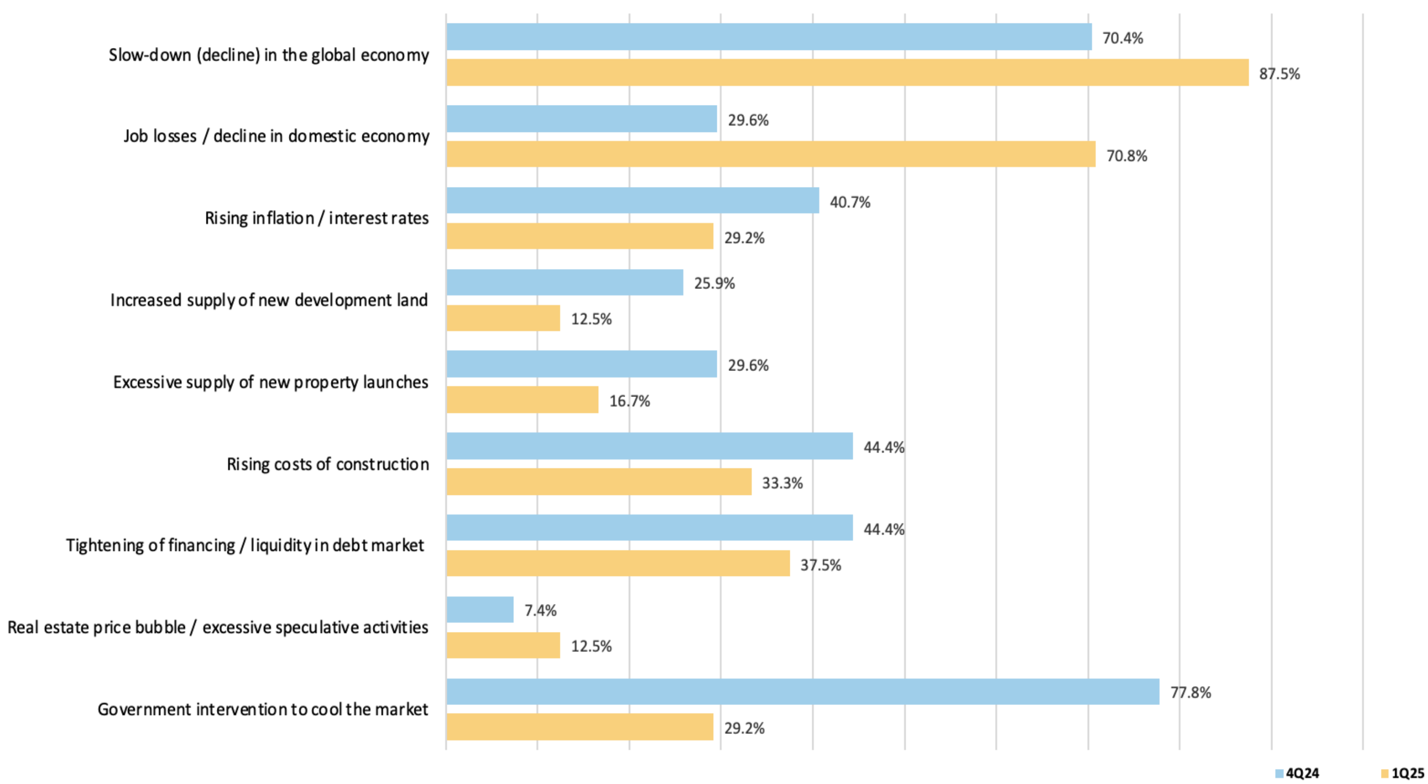
- Comments from Survey Respondents

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

Slow-down (decline) in the global economy was the top potential risk that may adversely impact sentiments over the next six months, with 87.5% of respondents indicating so in the 1Q 2025 survey, increasing from 70.4% in 4Q 2024. Job losses/decline in the domestic economy followed, with 70.8% of respondents indicating so, increasing considerably from 29.6% last quarter. Tightening of financing/liquidity in the debt market garnered concerns from 37.5% of respondents, while 33.3% expressed concerns regarding rising costs of construction, decreasing from last quarter's 44.4%.

29.2% of respondents indicated concerns over both rising inflation/interest rates and government intervention to cool the market. 16.7% raised concerns regarding the excessive supply of new property launches, decreasing from 29.6% in 4Q 2024. 12.5% of respondents expressed concerns regarding the increased supply of new development land and the risk of a real estate price bubble, the former decreasing from 25.9%, while the latter increased from 7.4% last quarter.

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?

35.7% of developers expected a moderately higher number of units to be launched in the next six months, a decrease from 46.7% last quarter. 50.0% expected the number of unit launches to remain relatively constant, a considerable increase from last quarter's 13.3%. 14.3% expected a moderately lower number of units to be launched, doubling from 6.7% in 4Q 2024.

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

28.6% of the developers expected unit prices of new launches in the next six months to be moderately higher, decreasing from 66.7% in 4Q 2024. On the other hand, 64.3% expected new launch prices to remain at the same price level, increasing significantly from 26.6% last quarter. 7.1% of the developers expected unit prices to decrease substantially, a slight increase from 6.7% in 4Q 2024.

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

Labour costs was the top concern, with 84.6% of developers expressing concern. 76.9% were concerned about land costs, while 71.4% of developers were concerned about building materials costs. 61.5% indicated moderate concerns over costs of professional services and costs of financing were ranked as the least worrying cost, with 50.0% expressing no concern.

> *"Despite current global economic uncertainty, developers remain selective in their land acquisition activities (preferring established residential markets), as reflected in recent tender outcomes. However, with unsold inventories dwindling, developers' demand for land is likely to grow, and could be unleashed when economic visibility improves."*
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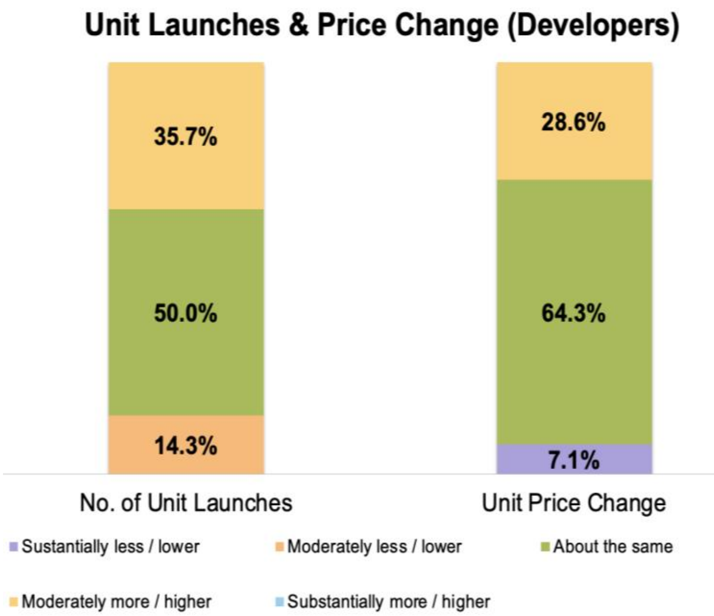
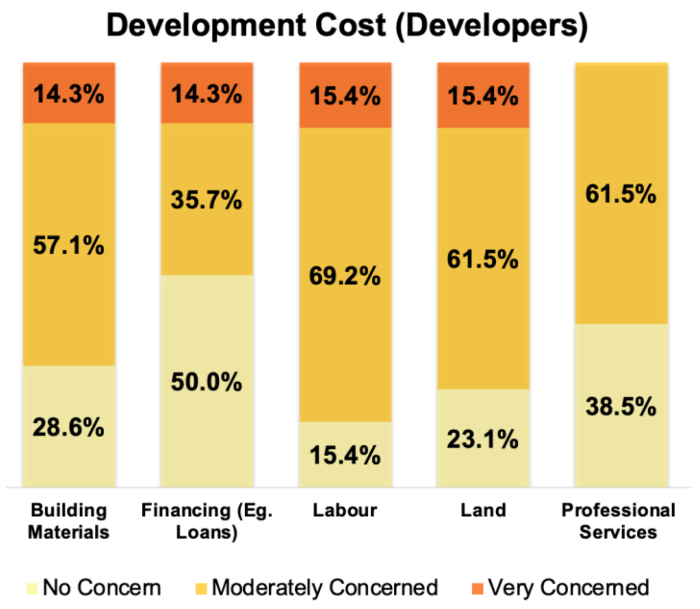
> ***- Comments from Survey Respondents***

Exhibit 4: Residential Launches & Prices



Source: NUS Real Estate

Exhibit 5: Level of concern relating to development costs



Source: NUS Real Estate

For enquiries, please contact:

Ng Xi Min
Research Assistant
ximin.ng@nus.edu.sg

Wong Wei Chen
Manager
weichen@nus.edu.sg

Sing Tien Foo
Provost's Chair Professor of Real Estate
bizstf@nus.edu.sg
6516 4553

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.