

REAL ESTATE SENTIMENT INDEX

2nd 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.



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“Following a shock-driven plunge in 1Q 2025, sentiment appears to have moderated as the market acclimatises to the Trump tariffs. ‘Frontloading’ in the domestic economy during the 90-day pause, leading to a better-than-expected performance, would have buoyed sentiment too.”

Professor Qian Wenlan

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 4.2 in 1Q 2025 to 5.7 in 2Q 2025.

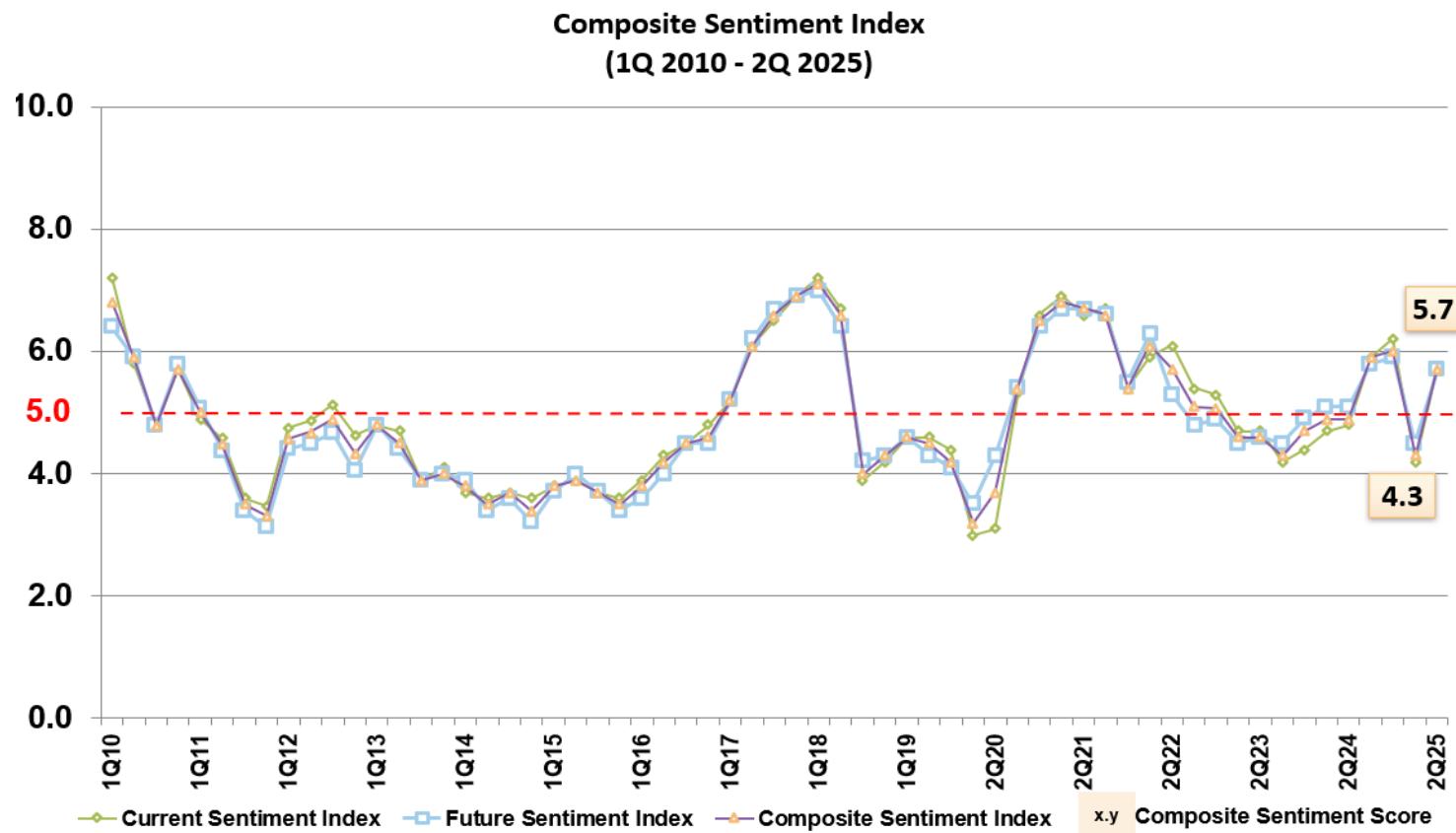
Future Sentiment Index#:

The Future Sentiment Index increased from 4.5 last quarter to 5.7 in 2Q 2025.

Composite Sentiment Index#:

The Composite Sentiment Index score increased from 4.3 in 1Q 2025 to 5.7 this quarter.

Market sentiments were cautiously positive as the domestic economy performed better than expected despite the slowdown in global economic growth and mounting trade risks.

Exhibit 1: Real Estate Sentiment Index (1Q 2010 – 2Q 2025)


Source: NUS Real Estate

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

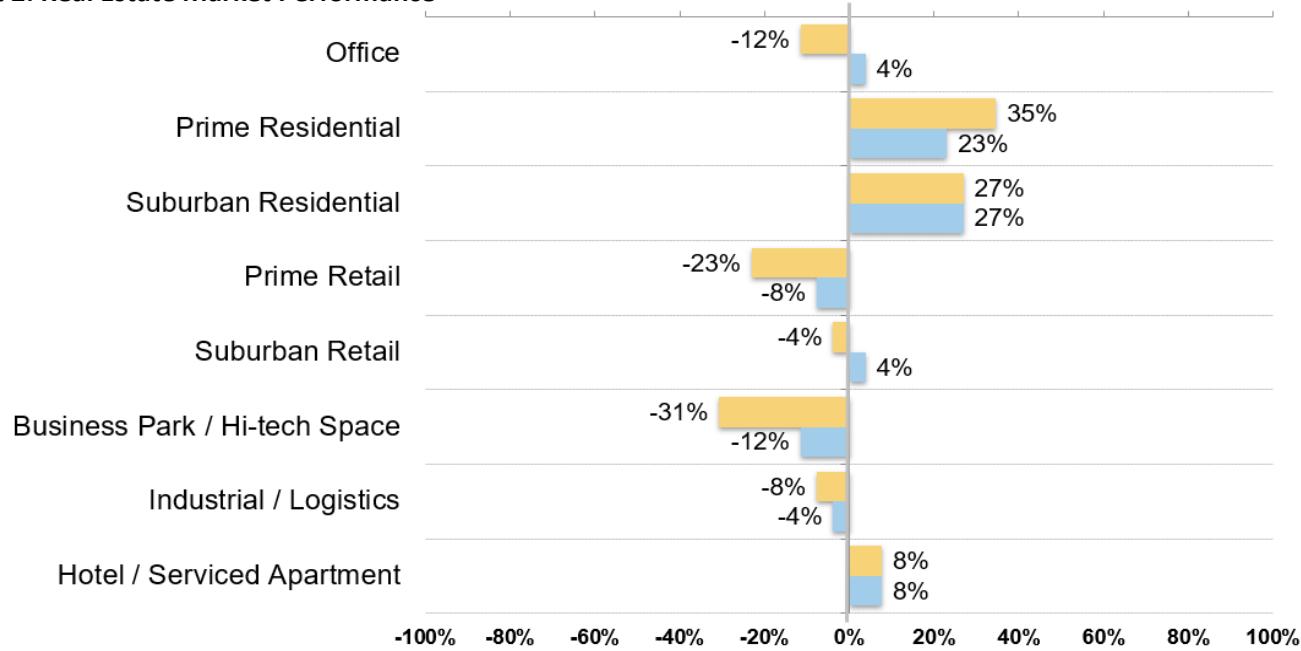
Current net balance

All sectors had negative current net balances except Prime Residential, Suburban Residential and Hotel/Serviced Apartment sectors. Prime Residential had the highest current net balance at +35% while Suburban Residential followed at +27% and Hotel/Serviced Apartment at +8%. Suburban Retail retained its current net balance of -4% from 1Q 2025, while Industrial/Logistics had a current net balance of -8%, easing from -25% last quarter. Office improved to -12% from -25% last quarter. Prime Retail, in contrast, decreased to -23% from -17% in 1Q 2025. Business Park/Hi-tech Space had the most negative current net balance, falling from -25% to -31% this quarter.

Future net balance

All sectors experienced an increase from last quarter. Suburban Residential topped the chart at +27%, increasing significantly from -25% last quarter. Prime Residential ranked second at +23% while Hotel/Serviced Apartment followed at +8%, increasing from -50% and -29% respectively. Office and Suburban Retail had similar future net balances at +4%. Industrial/Logistics increased from -46% last quarter to -4%. Prime Retail also grew from -54% to -8%. At the bottom of the chart, Business Park/Hi-tech Space increased from -33% to -12% in 2Q 2025.

Exhibit 2: Real Estate Market Performance



Source: NUS Real Estate

■ Current Net Balance

■ Future Net Balance

"Moderating interest rates, strong household balance sheets, a still-tight employment market, and flight-to-safety dynamics continue to support the private residential market. External geopolitical pressure is putting a lid on corporate occupiers and investors' sentiment, many awaiting clarity before embarking on major ticket items."

- Comments from Survey Respondents

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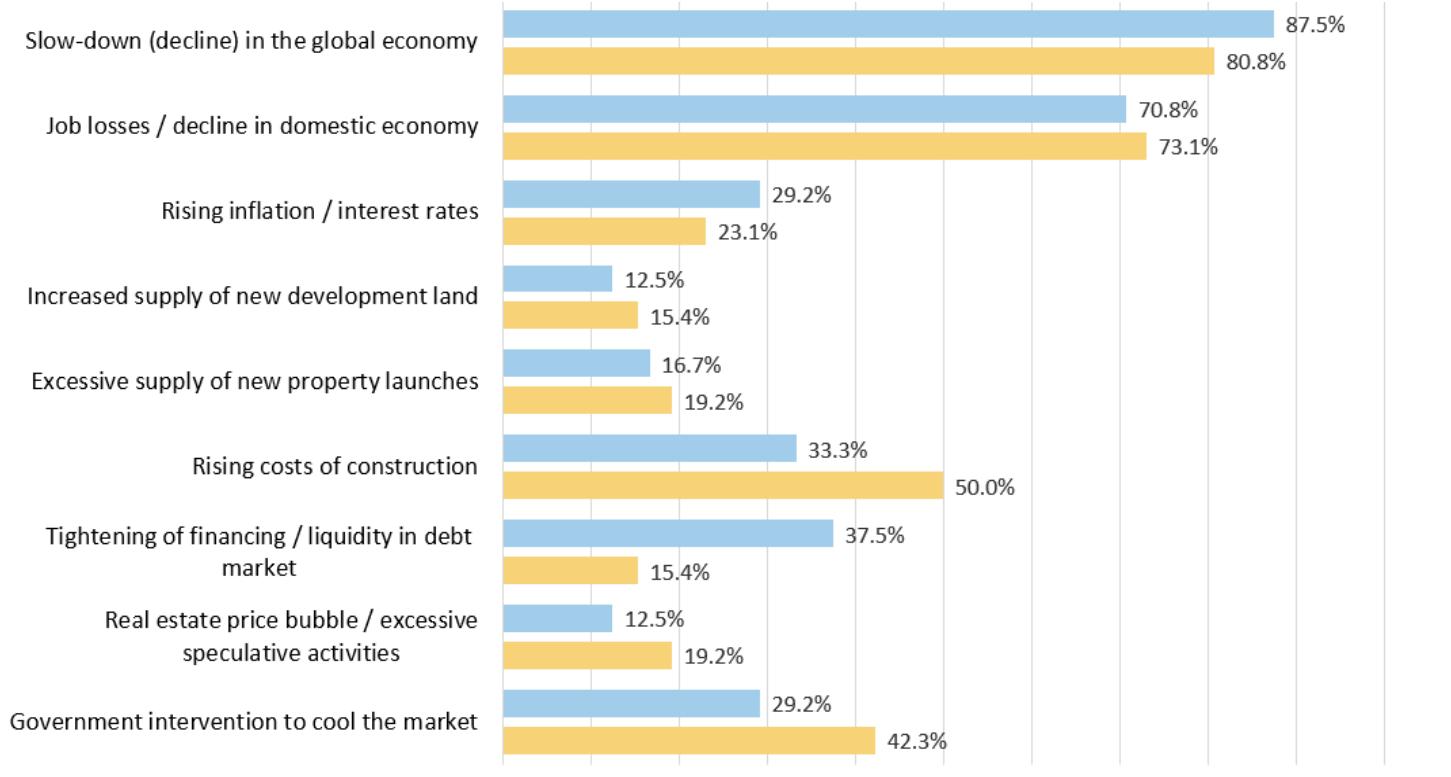
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Do you foresee any potential risks that may adversely impact on market sentiment in the next 6 months?

Slow-down (decline) in the global economy was the top potential risk that may adversely impact sentiments over the next six months, with 80.8% of respondents indicating so in the 2Q 2025 survey, decreasing slightly from 87.5% in 1Q 2025. Job losses/decline in the domestic economy followed with 73.1% of respondents indicating so, increasing from 70.8% last quarter. Half of the respondents expressed concerns regarding rising costs of construction while government intervention to cool the market garnered concerns from 42.3%, increasing from last quarter's 29.2%.

23.1% of respondents raised concerns over rising inflation/interest rates. 19.2% indicated concerns regarding both excessive supply of new property launches and the risk of a real estate price bubble, increasing from 16.7% and 12.5% respectively in 1Q 2025. 15.4% of respondents expressed concerns regarding the increased supply of new development land and tightening of financing/liquidity in the debt market, the former increasing from 12.5%, while the latter decreased from 37.5% last quarter.

Exhibit 3: Potential Risks



Source: NUS Real Estate



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

6.3% of developers expected a substantially higher number of units to be launched. 56.2% expected a moderately higher number of units to be launched in the next six months, increasing from 35.7% last quarter. 37.5% expected the number of unit launches to remain relatively constant, a decrease from last quarter's 50.0%.

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

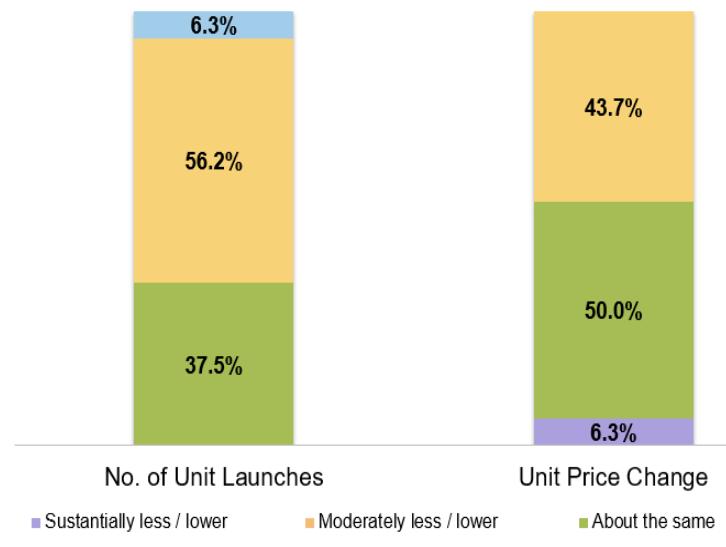
43.7% of the developers expected unit prices of new launches in the next six months to be moderately higher, increasing from 28.6% in 1Q 2025. On the other hand, 50.0% expected new launch prices to remain at the same price level, decreasing from 64.3% last quarter. 6.3% of the developers expected unit prices to decrease substantially, a slight decrease from 7.1% in 1Q 2025.

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

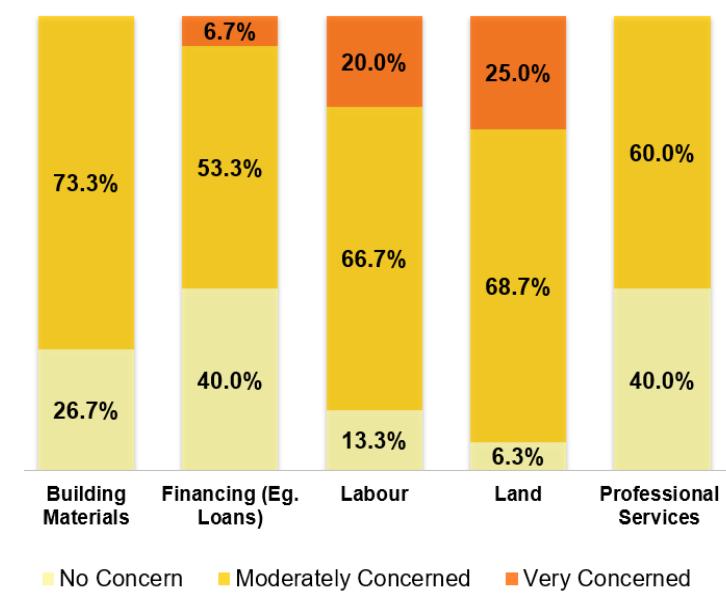
Land costs were the top concern, with 93.7% of developers expressing concern. 86.7% were concerned about labour costs, while 73.3% of developers were concerned about building materials costs. 60.0% indicated concerns over both financing and costs of professional services.

"While developers will continue to land-bank for business sustainability, they are likely to be more selective and cautious given prevailing market challenges and global uncertainties. GLS sites will be preferred over private sites due to current pricing misalignment between sellers and developers and the complex private market landscape."

- Comments from Survey Respondents

Exhibit 4: Residential Launches & Prices
Unit Launches & Price Change (Developers)


Source: NUS Real Estate

Exhibit 5: Level of concern relating to development costs
Development Cost (Developers)


■ No Concern ■ Moderately Concerned ■ Very Concerned

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 "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 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 multidisciplinary 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.

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