

Analysts say Singapore's property boom cooling

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SINGAPORE - Singapore's booming residential property sector is finally showing signs of cooling but projects including the two integrated resorts developments should underpin long-term prices, analysts say.

The market was described by real estate giant Jones Lang LaSalle as the world's hottest in 2007, when the city-state's property prices surged 31 per cent overall.

But this year the sector has not escaped wider concerns over a US-led global economic slowdown and inflationary pressures.

Private home prices rose 0.4 per cent in the second quarter, the slowest increase in four years, the government's preliminary figures showed last week.

The second-quarter rise was also much slower than the 3.7 per cent increase recorded in the previous three months but prospective buyers waiting for huge bargains may be disappointed.

Property analysts say prices are likely to fall further in the third quarter but experts rule out massive declines because of the multiplier effect from two multi-billion-dollar gaming resorts now under construction.

Housing demand is expected to pick up when the first integrated resort opens next year, employing thousands, said Chua Yang Liang, head of Southeast Asia research with Jones Lang LaSalle.

Some of the workforce for the resorts will likely come from foreign countries, creating possible demand for housing, he said.

"To staff these people, you need housing so there will be a potential effect," Chua told AFP. Foreigners currently make up more than 20 percent of Singapore's 4.6 million population.

The Marina Bay Financial Centre, a new financial district under construction which will also feature luxury apartments, should also underpin the market in the longer term, analysts said.

Tay Huey Ying, director for research with Colliers International real estate consultants, said prices are not about to spiral downwards even though second quarter figures indicate the residential property market may have peaked.

"Singapore's positive mid-term prospects on the back of the completion of the two integrated resorts and the Marina Bay Financial Centre will help to prop prices up," said Tay.

Values may hold, or decline by no more than three percent, in the third quarter but overall for 2008 home prices could still rise four to eight percent, said Tay.

Analysts from DTZ real estate consultancy said buyers are still interested in project launches.

"Some residential projects are enjoying sell-out status while others are being well received," said Margaret Thean, DTZ's executive director for residential.

Government approval for the two integrated resorts in 2005 was one of the major factors behind the revival of Singapore's property market, which had been stuck in a rut stemming from the 1997 Asian financial crisis.

Efforts to woo wealthy foreigners to take up residence in Singapore, along with an all-out bid to attract skilled foreign migrants, also drove the property market revival, analysts said.

The rebound left many expatriates struggling to cope with soaring rents which in some cases doubled over the past year. - AFP/vm

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