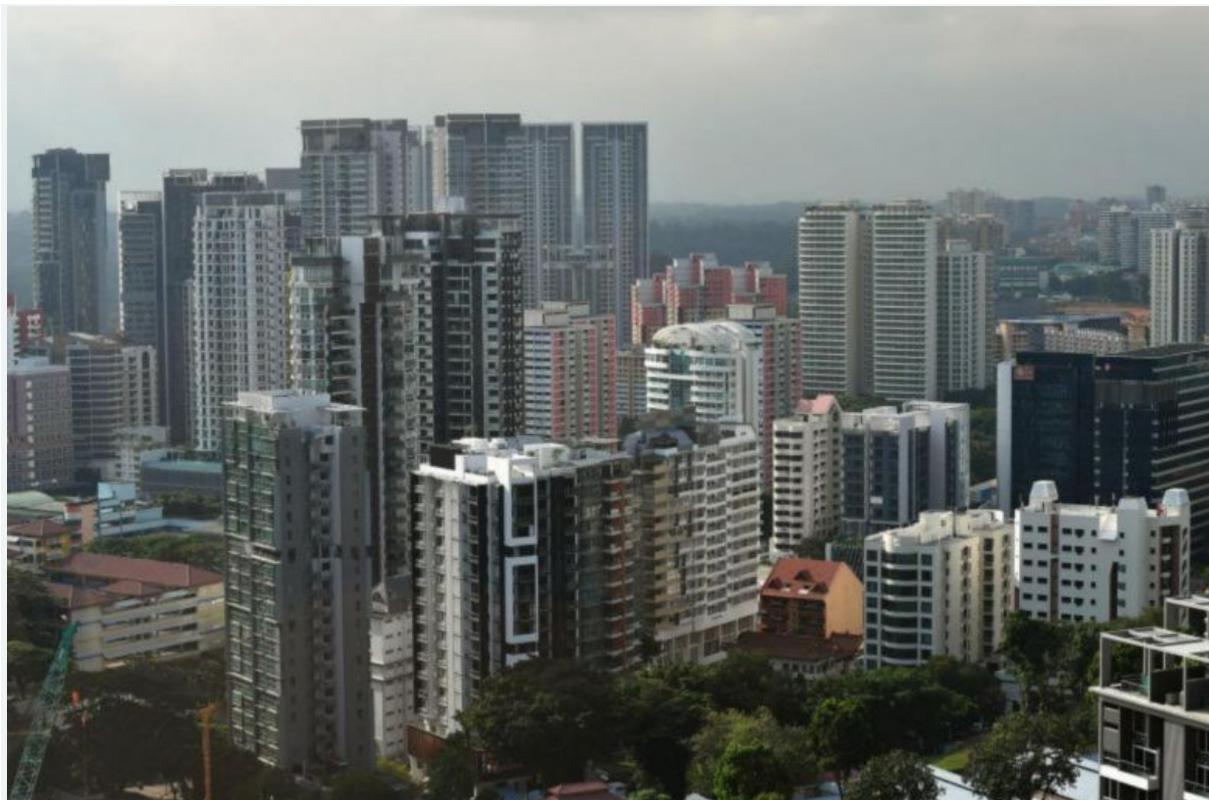


Singapore property cycle has stabilised, says Lawrence Wong



Minister for National Development Lawrence Wong said Singapore will continue to monitor prices and has a suite of available tools at its disposal to ensure stability. PHOTO: ST FILE PUBLISHED

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Cooling measures have done their job, he says; analysts expect curbs to remain for now

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Singapore's property cooling measures have achieved what they were meant to do, said Minister for National Development Lawrence Wong, but most analysts do not expect them to be lifted in the near future.

Mr Wong told Bloomberg that almost a year after intervening to stem soaring property prices, Singapore has stabilised the property cycle. The measures are now in their 11th month.

"The property market last year, before the cooling measures were put in place, we saw prices rising very sharply," Mr Wong said in an

interview with Bloomberg Television's Ms Haslinda Amin in Singapore. "There was a very real risk that prices would outpace fundamentals, and I think if that had happened, then eventually it would lead to a destabilising correction, and I think everybody would be worse off."

"It was, as we had stressed then, not to bring down prices but to stabilise and moderate the cycle, and I think we have achieved that effect."

"We welcome investors to our property market, but what we want to ensure is that demand, regardless of whether it is local demand or foreign demand, doesn't cause the prices to move at a pace that outstrips fundamentals," Mr Wong said.

JLL senior director for research and consultancy Ong Teck Hui does not expect the cooling measures to be relaxed any time soon, while another analyst said the measures were "timely", given that the "risks of a financial market shakeout have increased with the escalating US-China trade war and Brexit uncertainty".

Had the measures not been implemented, the impact of rising geopolitical uncertainty on the property market would have been more severe, said the analyst, who declined to be named. He also said the prices had stabilised for only a short period so far. "Real estate has a longer cycle. It will take at least two to three years to see if they are working," the analyst added.



The local property market has gone through several rounds of cooling measures, including the latest round that kicked in on July 6 last year to raise the Additional Buyer's Stamp Duty (ABSD) rates and tighten the loan-to-value (LTV) limits on residential property purchases.

The ABSD rates for Singapore citizens and permanent residents buying their second and subsequent residential property were raised by 5 per cent for all individuals. LTV limits were also tightened by five percentage points for all housing loans granted by financial institutions.

Since the measures were implemented, transaction volumes have dropped and the private residential price index has shown two consecutive quarters of decline. "So, it seems to be a happy situation from policymakers' point of view. But it doesn't make it easier for developers who have to deal with oversupply, or home owners trying to sell their homes," Mr Ong said.

The total number of unsold completed and uncompleted units has been picking up every quarter since the second quarter of 2017, when it hit a multi-year low of 16,929. As of the first quarter of this year, it stands at 37,799 units, according to JLL.

"I won't read too much into his comments at the moment. This is more a health check one year on," Mr Ong said of Mr Wong's remarks.

Ms Tricia Song, head of research for Singapore at Colliers International, believes the measures will continue to ensure that the market remains sustainable.

"It is premature to predict whether the measures would be eased, but for now at least, we do not think there will be another round of cooling measures any time soon, barring any unforeseen events."

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