

Supply glut unlikely to happen, condo prices may see healthy growth: JLL

Romesh Navaratnarajah • July 23, 2018



More than 50,000 unsold units are forecasted to enter the market in the coming years.

A glut is unlikely to occur in Singapore's private housing market despite the pessimistic outlook of the Real Estate Developers' Association of Singapore (REDAS), which believes that the new property curbs could erode market confidence and exacerbate the high supply situation, reported *Channel NewsAsia*.

Based on statistics from JLL Singapore and the Urban Redevelopment Authority (URA), 50,526 units of unsold private homes are forecasted to enter the market in the coming years. These include developments yet to obtain planning approvals as well as government land and en bloc sites acquired until June 2018.

JLL Singapore's research head Tay Huey Ying thinks these units can be absorbed by the market as long as home builders launch their units in intervals before the five-year deadline to sell all homes in a project.

"Developers would have a tendency to want to spread out launches over a longer period of time to tap demand over different periods of time, as well as to release units in smaller quantities to test the market in terms of pricing," she said, adding that developers typically have deep pockets and can cope with some delay in launches as seen in the past.

JLL noted that on average, 12,159 units have been sold by home builders in the last 10 years, with sales this year expected to hit 8,000 to 9,000 units. Based on the projected unsold stock, around 12,632 homes can be launched for sale per year from 2018 to 2022 if the existing unsold inventory is paced out.

Furthermore, private condo prices in Singapore could see healthy growth despite the new cooling measures barring headwinds like the US-China trade war, further interest rate hikes by the US Federal Reserve and additional cooling measures if prices continue to increase beyond 3.0 percent every quarter.

"Moving forward, given that the government is intent on keeping home price increase in tandem with economic fundamentals, we are looking into the future where home prices could potentially grow by three to four percent per annum," added Tay.

Romesh Navaratnarajah, Senior Editor at PropertyGuru, edited this story.