

# Developers not to cut prices massively, but will be more “flexible”

Christopher Chitty • July 13, 2018



Despite the government’s introduction of new property cooling measures, developers have no plan of slashing home prices massively.

GuocoLand group chief financial officer Richard Lai revealed that the company has “no intention” to cut property prices, although they will be “more flexible” when selling homes that are less attractive to buyers, reported Today Online.

He noted that with mass-market properties, developers will not be affected so much by the higher Additional Buyer’s Stamp Duty (ABSD) since there will be more first-time Singaporean home buyers.

For high-end properties, developers expect buyers and investors, most of which are foreigners, to take a wait and see stance.

“The higher-end market products will have a different target market and, therefore, will have very different reactions than the more mass-market ones,” explained Lai at the OCBC Global Treasury Economic and Business Forum held at The Ritz-Carlton hotel.

In a surprise move, the government raised the ABSD rates on residential property purchases on 5 July.

Analysts expect developers to be hard hit by the new measures due to the increased land acquisition costs – they now face a 25 percent duty based on land cost, up from 15 percent previously.

Lai, on the other hand, maintained a positive outlook on the effect of the new curbs on profit margins and prices.

“If we compare (with figures from) a year ago, I would say that our margins have improved a lot, so if I have to absorb five percent (in duty), it’s not going to hurt us badly. It means that we will make less money, but it doesn’t mean we’ll end up losing money.”

However, he added that “whether are we going to do that is another question altogether”.

“Are we going to be a little bit more lenient in pricing in view of the new measures? Yes, we have to be more flexible. But are we going to do massive cuts? No. For the less advantageous units, we’ll have to be more flexible.”

**Christopher Chitty, Senior Content Producer at PropertyGuru, edited this story.**