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Singapore may act to stall rising home prices

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Analysts say more cooling measures might be in store

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SINGAPORE: Singapore may be considering another round of measures to cool residential prices, according to market analysts, who see recent ministerial remarks as a signal for the possible move.

Comments made by the city-state's deputy prime minister indicate the government is keeping a close watch on property prices, Krishna Guha, an analyst at Jefferies Financial Group Inc, wrote in a note. Possible steps could include a tweak in additional buyer stamp duties, tightening of mortgage terms and an adjustment in average minimum home sizes for new developments, according to DBS Group Holdings Ltd.

Authorities will remain "vigilant" due to an uncertain economic outlook and "do not want to see the property market run ahead of the underlying economic fundamentals," deputy PM Heng Swee Keat said at an event with real estate developers on Monday.

Home prices in Singapore rose to the highest in more than two years in the quarter ending December, bringing the full-year increase to more than 2% for 2020.



Price control: DBS says possible steps include a tweak in additional buyer stamp duties and tightening of mortgage terms. — Bloomberg

City Developments Ltd, UOL Group Ltd and APAC Realty Ltd are stocks that will be potentially affected by any government measures, according to Yeo Kee Yan, an analyst with DBS. There will be a lower impact on Capitaland Ltd, given its low Singapore exposure, he wrote in a note titled "Look out for policy tweaks".

While launches and volumes may slow if there's another round of cooling measures, factors including low rates, ample deposits, and healthy capital market gains will prop up the market, Jefferies' Guha wrote. Pandemic-

related relief measures, expectations of a revival of the en bloc market as well as the sustained wage growth of residents over the past decade will also cushion the impact.

He maintains "buy" ratings on City Developments and Wing Tai Holdings Ltd on "attractive valuation, diversified revenue sources".

"Despite Covid-19, asset prices in the world have been going up. In our local property market, we are seeing renewed positive sentiments and some gathering of momentum in prices," Heng said. — Bloomberg