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NEWSLETTER

Singapore Property: At Its Peak, Or Poised for the Next Climb? The Great Debate

THE COMMON QUERIES

If you've spoken to anyone about property recently, you've heard it: "Prices are crazy," "It's not worth it anymore," "The market has to crash soon." This sentiment is real, especially for aspiring homeowners looking at eye-watering price tags for private condos.

Yet, when we step back and look at the cold, hard fundamentals, a different picture emerges. It creates a frustrating puzzle for buyers: are we staring at a market peak, or is this just a new, permanent plateau from which the next climb will begin?

Let's break down the two sides of this great debate.

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The Bear Case: Why It Feels Like the Peak

This is the number one concern. With private condo prices at record highs and high interest rates, the Monthly Instalment for a mortgage has skyrocketed. For many, the math simply doesn't work anymore, pushing the dream of private property out of reach. The pool of eligible buyers is shrinking.

The government has made its priority clear: stability. The 60% ABSD for foreigners is the most dramatic example. It has effectively turned off a significant source of demand at the top end of the market. The message is unambiguous: speculative froth is not welcome. As you astutely noted, while these measures are in place, they act as a powerful drag on price acceleration.

Globally, geopolitical tensions and economic volatility persist. Locally, while the economy is resilient, any downturn impacts bonuses, job security, and ultimately, the confidence to make a million-dollar commitment.

With a large supply of new completions, the red-hot rental market is softening. For investors relying on rental yield to service their mortgage, this is a worrying sign that could deter future investment purchases.

This perspective concludes: prices have been pushed to their logical extreme by past exuberance and are now due for a correction, or at best, a prolonged period of stagnation.

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The Bull Case: Why the Fundamentals Suggest Otherwise

This argument looks past short-term sentiment to the structural forces underpinning the market.

Land sales by the government remain firm. Developers are still buying land at high prices, and they must sell their finished projects at a profit. This baked-in cost alone sets a high price floor for new launches for the next 2-3 years.

Labour, materials, and compliance costs remain elevated. There is no cheap way to build a quality development today.

The Demographic Drumbeat

Singapore's population continues to grow with latest data standing at 6.11 million, with an influx of talented professionals and a steady stream of new citizens. These are not speculators; they are people who need homes. Underlying demand, especially from HDB upgraders with substantial equity, remains robust.

The Interest Rate Pivot

This is a potential game-changer. While rates are high now, the US Federal Reserve has signaled that the next move is likely down. When interest rates fall, mortgages become more affordable overnight. This could unlock a wave of pent-up demand from buyers who have been waiting on the sidelines, potentially creating a new surge.

Singapore as a "Safe Haven"

In a turbulent world, Singapore's political stability, strong rule of law, and property rights make it a premium "safe deposit box" for capital. The 60% ABSD is a high wall, but it also signals the exclusivity and stability within. As you brilliantly pointed out, the government can "turn the tap" back on anytime by tweaking ABSD, creating instant demand if the market over-corrects.

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THE GOVERNMENT'S ROLE: THE ULTIMATE WILD CARD

This is what makes Singapore unique. The property market isn't purely free; it's meticulously managed. The government isn't trying to crash the market—it's trying to prevent a bubble and ensure long-term stability. Their tools are powerful:

Solution A

They can suppress demand (with cooling measures).

Solution B

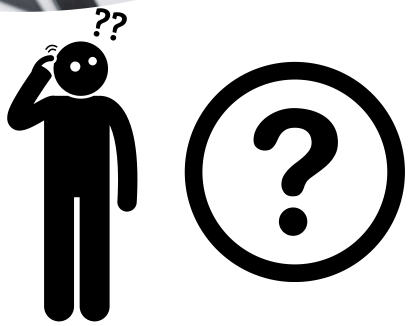
They can control supply (through GLS land sales).

Solution C

They can influence affordability (via HDB policies and grants).

100% Success Rate

Their goal is a "soft landing," not a boom-bust cycle.



SO, WHAT SHOULD A BUYER DO?

Trying to time the absolute peak or trough is a fool's errand. Instead, base your decision on your personal circumstances and a long-term horizon.

If you are an owner-occupier

Don't try to speculate. If you find a home you love, can comfortably afford the downpayment and the mortgage even at current rates, and plan to live in it for the long term (5-10 years), then market cycles matter less. You are buying a home, not just an asset.

If you are an investor

The game has changed. The era of quick flips is over. Focus on solid fundamentals: location, unique selling propositions, and long-term rental yield potential in a market where capital appreciation may be slower and more gradual.

"THE FINAL WORD"

Has Singapore property reached *a* peak? Perhaps a cyclical one. But has it reached the permanent peak? The relentless pressure of rising costs, solid demographics, and the potential for policy easing suggest that the long-term trajectory for well-located, quality properties in Singapore is still inclined to move higher. The climb may just become slower, steadier, and more regulated.

We so often hear people lament, "If I knew, I would have bought." It's a common refrain in property circles. The key is to make an informed decision based on fundamentals, not fear—so you aren't the one saying those same words ten years from now.

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