

## Singapore moves to curb property market speculation

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SINGAPORE: Singapore will release more land for development and make it harder for home buyers to defer payments, steps aimed at curbing speculation in the housing market and that drove down property stocks on Monday, Sept 14, according to Reuters.

With immediate effect, banks and developers will not be allowed to offer loans on homes under construction where the borrower need only put down as little as a 5 percent cash downpayment and defer repayment of the principal until after building is completed.

The government also said it will reinstate its "confirmed list" of land sales in the first half of 2010 and increase the supply of land available to developers.

"Given the current market conditions, the government has decided to adopt several measures to temper the exuberance in the market and pre-empt any speculative bubble from forming," National Development Minister Mah Bow Tan said in Parliament.

Singapore's actions come as some Asian governments warn of speculative bubbles in real estate markets and said they may take steps to cool an overheated market. For instance, Bank of Korea said on Thursday it would lift interest rates if home prices climbed further.

Mah's announcement in Parliament caused property stocks to fall sharply, with City Developments falling as much as 5.6 percent. CapitaLand fell 3.4 percent while Keppel Land was down 4.3 percent by 0640 GMT.

Home prices in Singapore have soared in recent months, with transactions hitting record monthly highs, as buyers flock to showrooms for new apartments.

"We are currently seeing signs of heightened speculative activity, although the level of speculation is not yet extreme," Mah said.

Song Seng Wun, regional economist at CIMB, described the Singapore government's action as a further sign that authorities are becoming concerned about the rise in home prices, but added the measures themselves appear relatively muted.

"It's a tentative step... More significant would be if the government raises the 5 percent downpayment," he said.

"It looks like the government is going down the softly-softly route first before seeing if it needs to bring out the big stick." - ReutersR