**DATE: 14 JANUARY 2011**
**TITLE: NEW HOME LOANS AND PROPERTY LAUNCHES TO BE HIT**

*They are by no means the last should they fail to curb property market: Analysts*

SINGAPORE - A knee-jerk reaction to the latest round of property cooling measures is expected to hit banks and developers but industry players believe that normal service will resume.

For now though, banks here are likely to see a dip in new housing loan applications, while developers may postpone new launches.

Commenting on the latest measures, the Real Estate Developers' Association of Singapore (REDAS) said it expects these measures to discourage speculative demand but remains confident that the local "property market will continue to be underpinned by sound economic fundamentals and a favourable business environment".

Still, analysts expect developers to hold back on new launches.

Referring to the last round of cooling measures, which were rolled out on Aug 30 last year, Credo Real Estate managing director Karamjit Singh noted that, this time around, developers would also "hold back temporarily, as they assess demand and sentiment before launching their projects".

As a result, sales volumes would drop in the short term, he said.

Describing the latest measures as "a fourth and more decisive wave of prudential curbs", Barclays Capital economist Wai Ho Leong said any impact on prices may only be gradual.

Said Mr Leong: "We maintain that the risks for property prices and rents over the next four years are to the downside. Even so, the downward correction will occur gradually, given that Singapore is in the midst of a strong cycle of wealth creation, which has been fuelled by a surge in inward migration and rising asset values."

The cooling measures come at a time when home buyers have been keen to leverage on the low interest rates - and a fall in demand for mortgage loans could put further pressure on the profitability of banks here.



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OCBC Bank head of consumer secured lending Phang Lah Hwa said: "The new property measures will have an impact on new housing loan applications, as we expect potential home buyers to be more cautious and will take their time to review their options."

Ms Lui Su Kian, DBS Bank's senior vice-president and head of deposits and secured lending, noted that the measures would mean investors would have to commit higher cash amount for their downpayments.

But with the Chinese New Year - traditionally a quiet period for the property market - around the corner, Ms Lui noted that it would take some time before the impact could be ascertained.

RBS head of South East Asian equity research Trevor Kalcic said: "There is very likely to be a slightly negative impact on the banks ... but it won't be a material impact. The reason is that mortgages are a relatively small component of overall earnings."

Source: Today Online