

## Excerpt



Buyers preview the Hundred Trees condominium project on Sept 25, 2009

## Govt takes fizz out of nascent property bubble

[SINGAPORE] After two recent warnings that it was keeping a close eye on things heating up in the private housing sector, the government yesterday announced cooling measures to “temper the exuberance in the market and pre-empt any speculative bubble from forming”.

The Confirmed List land sales will be reintroduced from the first half of next year. The interest absorption scheme (IAS) that helped revive home sales earlier this year after the global financial crash has been scrapped with immediate effect.

While some of the measures had already been anticipated by major developers, property veterans were still a bit taken aback by the speed of the response. In particular, the de-

mand-side measures – disallowing the IAS and the similar interest-only housing loans (IOL) with immediate effect – were expected only later. In addition, the property business has visibly quietened down at showflats over the past two weekends – indicating that buyer fatigue was setting in.

The Ministry of National Development (MND) said that “the government has introduced these measures now, because there are signs of increased speculative activity and private housing prices have also increased significantly since June 2009”.

MND added that a sample survey of recently launched projects showed that the take-up rate of the IAS was about 20-25 per cent.

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