



Property Mom

IS A RECESSION LIKELY TO CAUSE A PROPERTY MARKET CORRECTION?

#PROPERTY PROGRESSION PLANNING

DATA DRIVEN. PURE FACTS. NO HYPE.

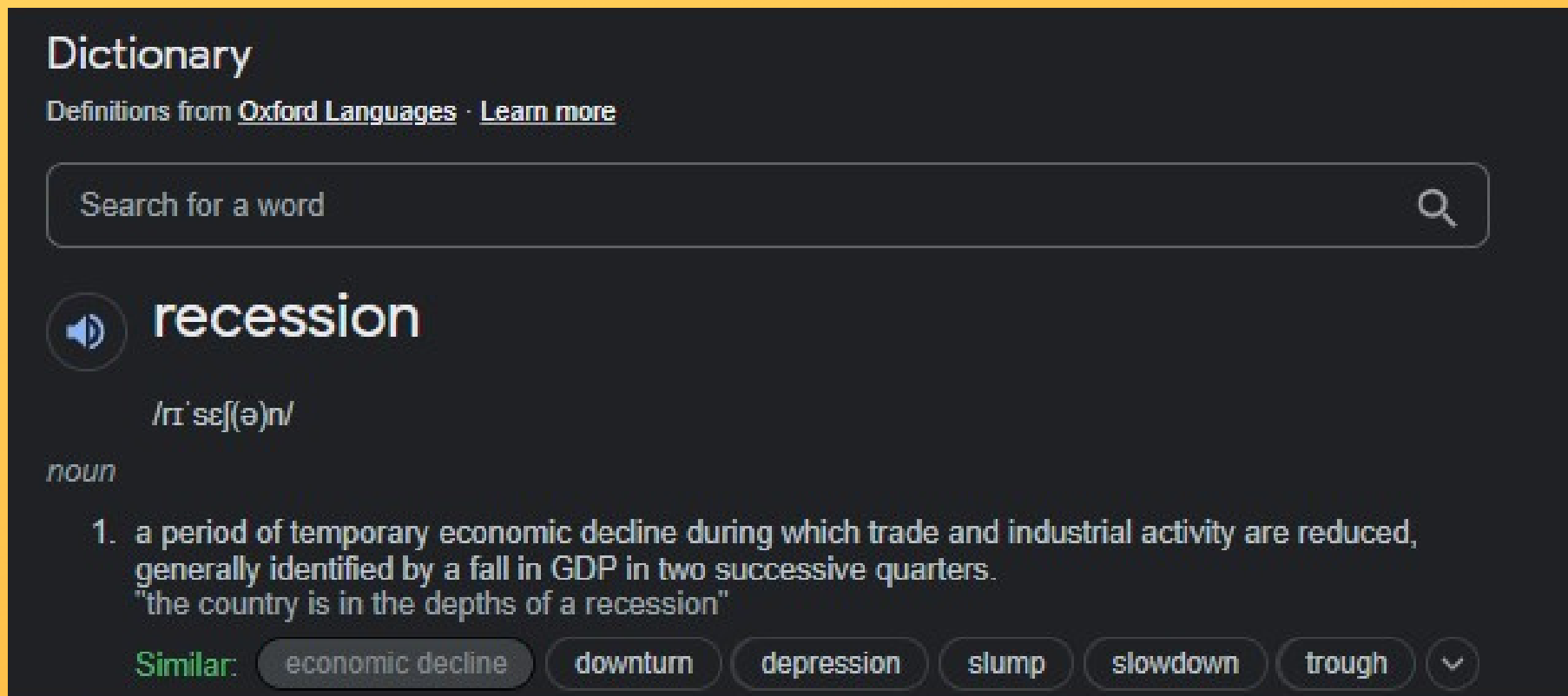
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The R Word


The alarm bells of a possible recession are ringing across the world as inflation, global conflict and supply chain issues, and rising interest rates bring about new fears for the global economy.


What is defined as a recession?

According to Oxford Languages, the world's leading dictionary publisher, it is a period of economic decline usually identified by a fall in GDP in 2 successive quarters.



Dictionary
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 **recession**

/rɪˈsɛʃ(ə)n/

noun

1. a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters.
"the country is in the depths of a recession"

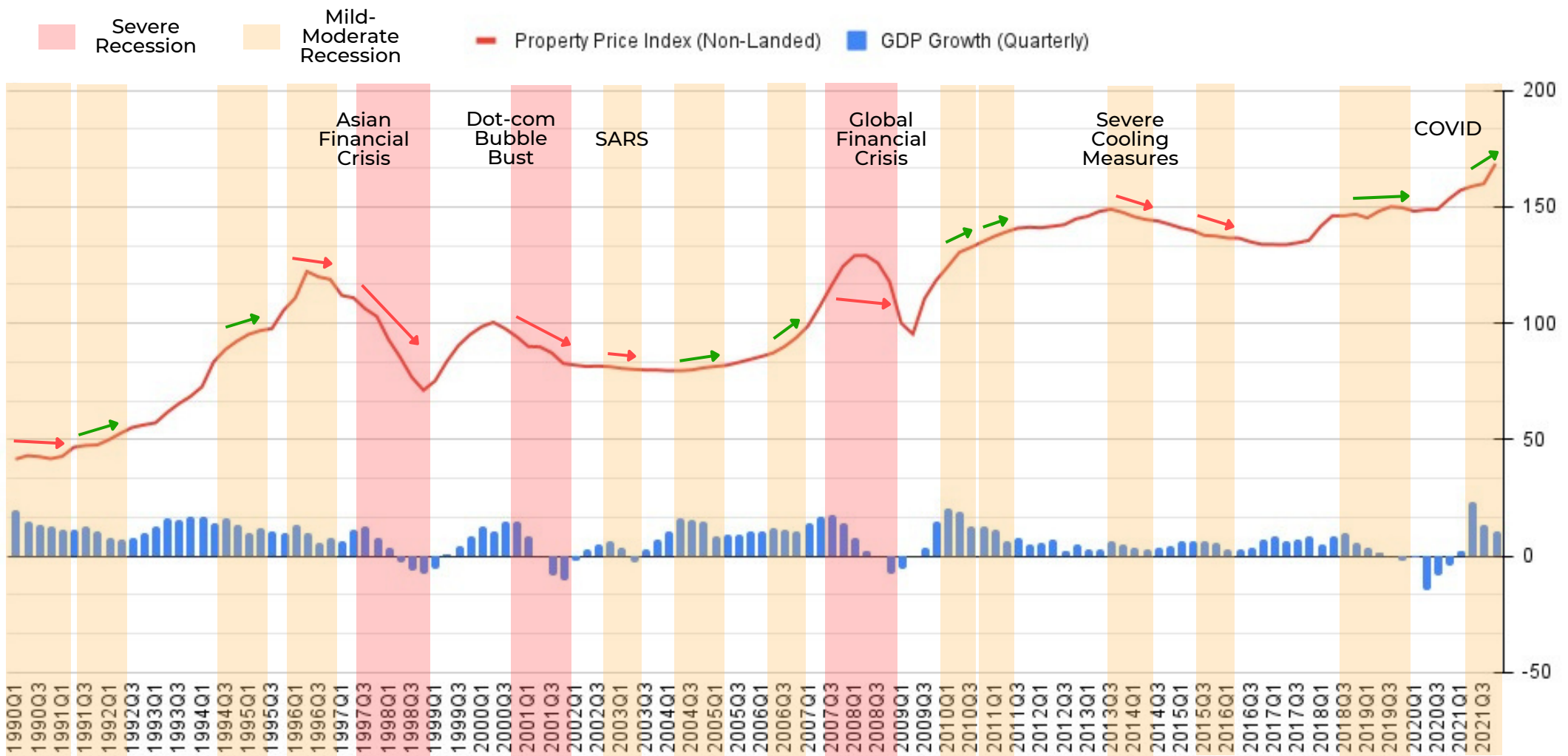
Similar: [economic decline](#) [downturn](#) [depression](#) [slump](#) [slowdown](#) [trough](#) 



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Does a recession naturally equate to a property market correction?



Since 1990, where 2 or more successive quarterly declines in GDP occurred, there has been 8 out of 16 (50%) instances where the property market declined.

However, out of these 8 instances where market declined, the 3 most severe ones were due to major financial crises (Highlighted in red).

In the past few months, despite world leaders sounding the alarm bells for a possible recession, the general tone has stopped short of forecasting a major recession or a financial crisis.

If we look at the 5 instances of market declines due to a mild-moderate recession versus the 8 instances where market increased while GDP declined, a higher probability exists that we will continue to witness market growth even if a recession occurs, as long as it remains subdued and without surprises.



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Summary

Despite the events in the market in 1H2022, we re-iterate our research that all market correcting events bear the characteristics of bringing **sudden shocks** to the market.

In our view, current events such as recessionary fears, rising interest rates and monetary tightening policies, peaking levels of inflation and the Ukraine-Russia conflict are unfolding slowly, giving the market ample time to absorb shock waves and enable the powers that be to take pre-emptive measures.

In the event a recession occurs, we have no reasons yet to expect a major one that can cause property prices to correct sharply.

As such, we continue to hold a neutral to bullish outlook on the market as of this date of writing due to the stronger holding power among Singapore property owners, a noticeable return of foreign demand, high employment rate, increasing labour and raw materials costs, low upcoming supply and still high property rental yields.

Dated: 8th June 2022



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For investment property recommendations or an in-depth discussion on optimizing your property portfolio, reach out to us for a Property Progression Planning consultation.

A P3 consultation covers the following:

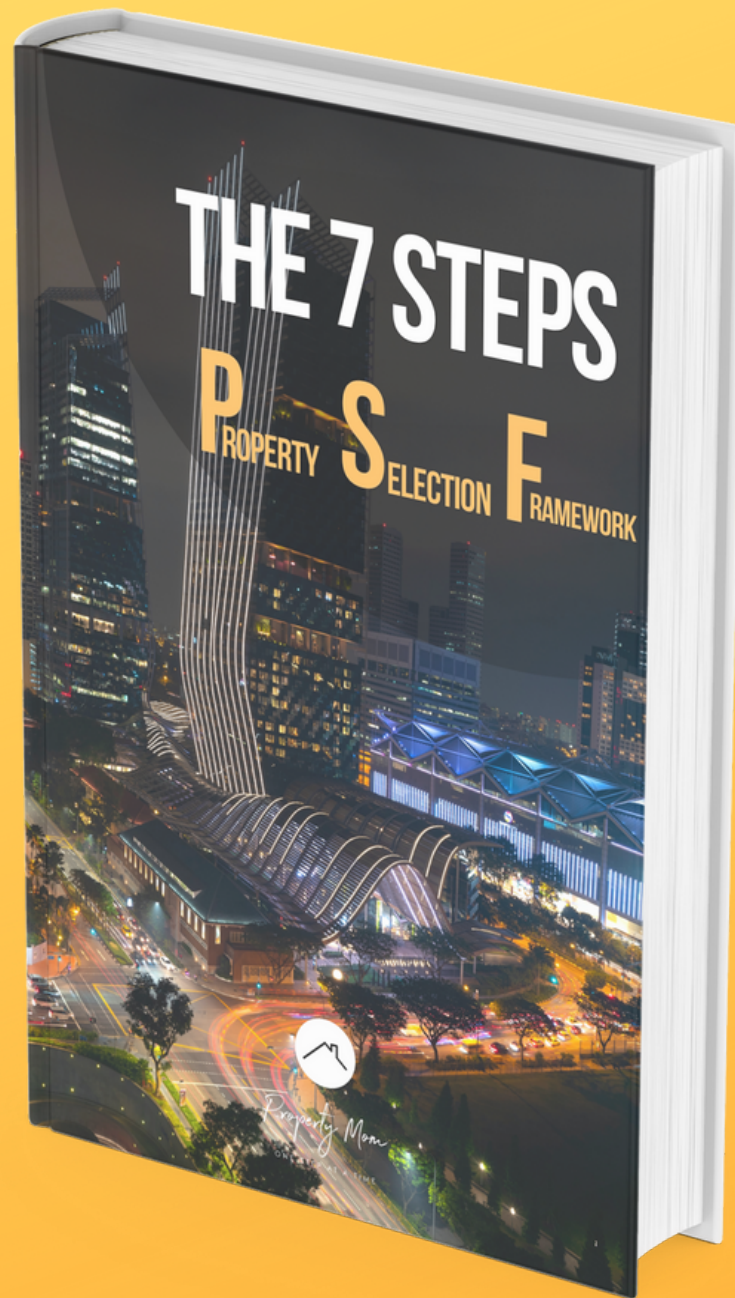
- An in-depth financial affordability assessment and timeline planning
- Highly relevant investment insights
- Entry and exit strategies
- A clear and customised investment road map
- A curated list of best buys in today's market with good growth potential & minimal risks
- Selecting units with the highest potential in upcoming new launches
- Finding out if your property has stagnated in price and your options
- Marketing plan for finding a buyer for your property fast



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Learn how a simple 7-Step Framework has helped thousands of investors profit from low risk & high profit potential properties



Contact us to find out more.



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