

Completed condo prices down 1.2% in Dec: NUS index

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PRICES of completed non-landed private homes in Singapore fell 1.2 per cent in December from November, based on flash estimates from the National University of Singapore (NUS) for its Overall Singapore Residential Price Index (SRPI).

R'ST Research director Ong Kah Seng said this was within expectations, given the slow festive year-end coupled with the continued loan curbs under the total debt servicing ratio (TDSR) framework. Buyers' interest in resale units may also have been waning in December as they were holding out for new project launches in the new year.

Both Central Region and Non-Central Region non-landed resale properties also saw price declines in December.

The sub-index for Central Region (excluding small units of up to 506 square feet or 47 square metres) fell 1.7 per cent month-on-month. Central Region is defined as districts 1-4, including the financial district and Sentosa Cove, and the traditional prime districts 9, 10 and 11.

The sub-index for Non-Central Region (excluding small units) fell 0.8 per cent last month.

Mr Ong said investors are still cautious at the high-end segment, with expatriates on reduced housing allowances downsizing or becoming more realistic in their accommodation options.

Suburban condo and apartment units aren't having a better time, as more project completions in 2014 are expected to force landlords to cut asking rentals, he added.

Only prices of small apartments and condo units (of up to 506 sq ft) islandwide bucked the downward trend, by rising a marginal 0.5 per cent, after falling 2 per cent in November.

Mr Ong said: "There is overall instability in the small units segment, as new completions of small units rose in 2014 and are set to rise further. Owners of completed small units are also no longer able to leverage on the strong leasing demand for small apartments to ask for high prices from investors as buyers now have more choices."

Previously, in 2013, owners of newly completed small units leveraged on the expected reduction in future supply of small units from developers to demand higher rentals from tenants.

This was because from late 2012, the government placed a cap on the number of "shoebox" homes that could be built at each condo development outside the central city area. This was to discourage their rapid growth in the suburbs.

NUS's revised index values for November also show the Overall SPRI falling 0.4 per cent month-on-month. The Central Region sub-index fell 0.5 per cent, while that for the Non-Central Region dipped 0.2 per cent.