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ST PHOTO: DESMOND WEE

Private resale prices fall further

January prices slide 1.6%; experts see overall trend as one of declining values

By **RENNIE WHANG**

RESALE prices of private homes continued to cool in January, falling at their fastest pace in at least two years. Experts say the lack of buying activity leading up to the end-of-year festive season may have spilled over into the new year but the overall trend is one of declining values.

Prices fell 1.6 per cent in January over December following a revised 1 per cent fall in that month over November, according to the Singapore Residential Price Index (SRPI) yesterday.

"Prices are still expected to trend downwards, though it will likely be a sub-1 per cent rate of decline," said SLP International executive director Nicholas Mak.

The last time prices declined at a 1.6 per cent pace was in February 2012, possibly caused by the introduction of the Additional Buyer's Stamp Duty in December 2011, said Mr Mak. However, it could have been an anomaly as prices then rose over the next four months.

The SRPI, which is compiled by the National University of Singapore, tracks a basket of completed non-landed private home sales.

January's price slide was led by homes in the central area, which plunged 1.9 per cent in January after falling 1.6 per cent in December. Non-central units posted a 1.4 per cent slide in January, far more than the 0.5 per cent drop in December.

"Buyers are cautious about the increasing number of suburban condominium completions from last year... Prices (for the segment) are expected to continue sliding," said R'ST Research director Ong Kah Seng.

The trend of central home prices weakening at a faster rate than suburban homes over the past three years could start to change gradually later this year, said SLP's Mr Mak.

"As the price gap (between central-area and suburban homes) narrows, it would slow down the rate of decline of prices for central-area homes," he added.

Prices of shoebox apartments – units of 506 sq ft or less – fell 0.6 per cent, reversing a 0.5 per cent gain in December.

Compared with January last year, prices fell 6.3 per cent, with home prices in the central area falling 6.6 per cent, suburban homes falling 6 per cent, and small units falling 4.1 per cent.

"There is still some buying demand for small units, with some budget-conscious investors looking at price quantum rather than per sq ft prices. This could lend support for small-unit prices," said Mr Mak.

Mr Ong tipped resale prices to fall by up to 7 per cent this year, assuming cooling measures are not lifted in the second half. If measures are loosened, the price falls could be up to 5 per cent, he said.

"Any scaling back of cooling measures... would not result in a rapid rise in resale private home prices," he said.

"Investors understand there is a substantial amount of private residential completions that will intensify leasing competition, while those buying homes for their own occupation would generally prefer to buy (in the primary market), rather than an older, completed property in the resale market."

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