

Prices of completed condos down 0.3% in February: NUS

Residential price index also falls due to slide in central region, including financial district and Sentosa Cove

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PRICES of completed private non-landed homes in Singapore dipped 0.3 per cent in February from January, going by flash estimates of the National University of Singapore (NUS) Institute of Real Estate Studies.

This signalled a 5 per cent drop in NUS Singapore Residential Price Index (SRPI) from a year ago and a 9.4 per cent fall from the peak in July 2013.

The main drag to the NUS SRPI in February published on Monday came from the Central Region, which NUS defines as covering districts 1-4 (including the financial district and Sentosa Cove) and the traditional prime districts 9, 10 and 11.

The sub-index for Central Region (excluding small units of up to 506 square feet) fell 0.7 per cent month-on-month in February. The NUS sub-index for small units of up to 506 sq ft showed a 0.2 per cent decline in prices.

ERA Realty key executive officer Eugene Lim said: "There is still some holding power on the part of sellers because the interest rate increase is not painful yet."

But any rebound in sales volumes in March after a muted month that encompassed the Chinese New Year holiday is unlikely to buck up prices, Mr Lim said, projecting a 5-8 per cent drop in prices for the whole of this year.

The post-Chinese New Year period before the Lunar seventh month in August



Consultants note that monthly reporting of non-landed residential prices is becoming more volatile amid sharply reduced market transactions. ST FILE PHOTO

typically marks a window of buying interest, Mr Lim said. These are critical months to watch, he added.

Observations from Century21 Singapore chief executive Ku Swee Yong were more sullen. Mr Ku believes that as the Sibur (Singapore interbank offer rate) continues to trend up, more sellers will find themselves in a tight spot and may let go of their units at lower profits.

"If developers are willing to be moderate in pricing their new units, sellers of completed homes will take the cue even though resale prices are already typically 10-20 per cent lower than the new sales market," he said.

NUS on Monday also published the revised index values for January 2015 as

more data became available, showing the overall price index fell 0.9 per cent month on month, smaller than its earlier reported 1.6 per cent fall.

Consultants note that monthly reporting of non-landed residential prices is becoming more volatile amid sharply reduced market transactions.

This rings even more true for the NUS shoebox sub-index as fewer data points tend to increase the degree of error in an index, Mr Ku observed.

The number of sales transactions involving units in the fixed basket tracked by NUS was 273 units in February, of which only three were shoebox units.

But under NUS SRPI methodology, prices for untraded units in the basket are

marked-to-market based on sales signals observed in the vicinity. Each month, the values of the properties tracked are estimated using regression analysis of transacted prices observed.

Its pre-determined basket comprises private condominium projects that received their temporary occupation permit in the past 10 years, and projects with fewer than 40 units are left out since they are less liquid.

Mr Ku said, however, that in a market with thin transactions and few data points, users of property price indices should take note of the broader trend over time, "but we cannot take the face value of the index of each month on which to base our conclusions".