

Private apartment resale prices dip again

But 0.3% decline in Feb an
improvement over Jan fall

By CHERYL ONG

RESALE prices of private apartments continued their slide last month, though they fell at a slower pace compared with January.

The Singapore Residential Price Index (SRPI) declined 0.3 per cent last month compared with January, flash estimates out yesterday showed.

It was, however, a slight improvement over January's dip of 0.9 per cent from December.

Earlier estimates had indicated a 1.6 per cent drop in January prices.

The SRPI, which is compiled by the National University of Singapore's Institute of Real Estate Studies, comprises sub-indices covering prices in the central and suburban regions, along with small units.

Softer demand for condominium units in the city centre dragged the index down, with the steepest drop of 0.7 per cent last month, following a 1.2 per cent slip in January.

Prices of suburban units remained unchanged, after falling 0.7 per cent in January.

Shoobox units – defined as those with floor areas of up to 506 sq ft – shed 0.2 per cent last month, giving back some gains after eking out a 0.2 per cent increase in January.

While the figures were a reflection of the slow buying activity brought on by the Chinese New Year holidays last month, buyers were patently more cautious in the luxury segment, said Mr Ong Kah Seng, director of R'ST Research.

The fewer new property launches during the festive season could have led buyers to “consider resale units more actively” too, Mr Ong added, lending some support to prices.

Compared with the same period a year ago, resale prices of private condominiums have fallen by 5 per cent.

In the last 12 months, the index has recorded price slips of about 0.4 per cent each month, said Mr Nicholas Mak, executive director at SLP Research.

He expects the pace of decline to be similar for the rest of the year, bringing the full year's dip to between 4 per cent and 6 per cent.

Property cooling measures have created an “environment” of cautious buying, experts said, as tougher mortgage financing rules have dampened sentiments.

“But it has also created the expectation among buyers that prices will continue to slip. Whatever sellers are asking for, buyers will counter-offer with a lower price,” added Mr Mak.

Compared with the same period a year ago, units in the prime central districts have suffered the biggest fall of 6.3 per cent, while suburban units slipped by a smaller 3.8 per cent.

Prices of shoobox units have softened by 3 per cent from the same period a year ago, but experts believe that it remains an “untested” segment of the market as a significant number are still being completed in suburban projects.

“The only draw for tenants renting small apartments is that they don't have to (form a group to share it), but this comes at a high price as shoobox apartment rents are excessively high.

“In some cases, all it requires is for the tenant to pay slightly more, or even a similar rent, for a slightly less conveniently located two-bedroom apartment,” noted Mr Ong.

Intense leasing competition from a mounting number of newly-completed units – particularly in areas which are farther afield – could also lead to investors offloading units, he added.

“Investors of newly-completed units cannot afford to leave their units vacant for too long, so they will ultimately sell their suburban condominium at realistic prices.”

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