

# Resale condo prices edge up 0.2% in March, flash estimates show

**But analysts say this small rise does not signal a recovery; prices of small units down amid abundant supply**

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## Singapore

PRICES of completed non-landed private homes in Singapore rose 0.2 per cent in March over February, according to the National University of Singapore (NUS) index's flash estimates released on Tuesday.

This was expected due to pent-up buyer interest after the Chinese New Year. Both property buyers and sellers take a break during the festive period, consultants say.

But March's price increase was very small, noted R'ST Research director Ong Kah Seng, which showed that sellers did not raise prices because they understood that buyers are now prudent, opportunistic and hunting for bargains.

"Buyers also prefer to reserve their TDSR (total debt servicing ratio) limits for purchase of developer sales, which are newer in design, and there might be potential for more price cuts in developer projects in the months ahead," he said.

SLP International executive director Nicholas Mak noted that the rate of decline of the price index appears to be slowing down, but it is unclear if the slowdown is sustainable.

"Monthly statistics can be rather volatile, so we will need to observe the changes in the index for the next few months before we can be certain. Such deceleration in the contraction of the price index had occurred before in August and October 2014. However, the trend reversed when the rate of price decline accelerated again in November 2014 to January 2015."

The sub-index for Central Region (excluding small units of up to 506 square feet) rose 0.1 per cent in March.

Central Region is defined by the university's Institute of Real Estate

Studies (IRES) as districts 1-4, including the financial district and Sentosa Cove, plus the traditional prime districts of 9, 10 and 11.

Mr Ong said this was not a sign of recovery for prime resale homes; neither was it a signal that prices there are stabilising. "The flat price was a random monthly occurrence amid cautious investor interest for high-end properties," he said.

The sub-index for Non-Central Region (again excluding small units) rose 0.3 per cent in March, which could be due to more transactions of smaller units taking place as a result of loan limits and affordability reasons. Such units would come with a higher per-square-foot price tag.

Islandwide prices of small apartment and condo units eased 0.4 per cent, however. These small units were in hot demand from 2010 to 2012 when they were launched in rapid succession, but resale prices of completed small units are now suffering from the market's huge supply.

The months ahead may see more price volatility for completed properties in suburban areas, Mr Ong said.

"In the months where there are new projects launched or expected to be launching at attractive prices, buyers will scale down their search for a resale unit. Only in months where there are limited project launches offered will buyers with ready financing capabilities consider resale properties.

"Resale property buyers are actually more savvy and actively do their homework and negotiate for lower prices, compared to buyers of condominiums from developers who can only accept or reject the prices set by developers."

IRES also published the revised index values for February, which showed overall prices falling 0.2 per cent from January, a gentler decline than the 0.3 per cent drop it had earlier estimated.