

Shoebox units lead non-landed home price slide in May

Prices of completed non-landed private homes in S'pore fell 0.6% in May from April, NUS index shows

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PRICES of completed non-landed private homes in Singapore fell 0.6 per cent in May from April, according to the flash estimate for the NUS Singapore Residential Price Index (SRPI).

This has translated into a 1.6 per cent decline over the first five months of this year.

The fall in May was sharpest among shoebox units of 506 square feet or below that saw a 1.3 per cent drop in prices. Excluding these small units, non-landed private homes in the central region slipped one per cent in May from a month ago. Units in the non-central region dipped 0.1 per cent in May, the sub-index shows. 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 9, 10 and 11.

"Shoebox apartment prices will be on a general downward trend as the number of such completed properties grows, especially in non-central region," R'ST Research director Ong Kah Seng projected. "There is also some sense of over-pricing and overly high rents for such small units on a per square foot basis, so investors will not accede to high asking prices by the owners looking to offload the small units."

Mr Ong noted that buyers are still cautious towards buying completed

properties due to substantial new completions that are intensifying leasing competition. He saw a correlation between dismal developer sales in May and sluggish transactions in the secondary market in the same month, following strong developer sales in April that created a positive spillover effect on resales in the same month.

Based on caveats lodged, 430 non-landed private homes were transacted in May, of which only 15 were shoebox units, the compilation by NUS IRES shows. This followed some 454 completed units that were transacted in April, of which 13 are shoebox units.

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The IRES revised its overall index reading for April, which now shows a 0.3 per cent drop in overall prices of non-landed private homes – its flash estimate earlier showed a 0.1 per cent drop in April over March.

Mr Ong noted that investors are typically not in a hurry to buy a completed property from around May to August when they may encounter seasonally weaker leasing activity in the second half of the year when the sale is completed and the unit will be put up for lease.