

# Central Region condo prices ease the most from 2013 peak: index

**SRPI comparison shows that month on month, islandwide prices of small units slipped 1.1% in June**

## Singapore

FROM their peak in May 2013, prices of completed private apartments and condos in the Central Region have fallen 12.7 per cent, based on National University of Singapore's (NUS) June 2015 flash estimates for its Singapore Residential Price Index (SRPI) series released on Tuesday.

This was the worst showing among the four index categories in the SRPI series.

Central Region is defined as districts 1-4 (including the financial district and Sentosa Cove) and the traditional prime districts 9, 10 and 11, by the university's Institute of Real Estate Studies (IRES), which minted the SRPI series tracking prices of completed non-landed private homes (excluding executive condos).

After the Central Region subindex, the second biggest price drop was posted by the subindex for completed small apartments and condos (up to 506 square feet) islandwide, which has eased 9.9 per cent after peaking in August 2013.

This was followed by an 8.6 per cent drop in the Non-Central Region subindex from its peak in April 2013. The indices for Central and Non-Central regions exclude small units.

NUS's data shows that the Overall SRPI has shed 10 per cent from its high in July 2013.

R'ST Research director Ong Kah Seng forecasts higher volatility for prices of completed private homes in the Non-Central Region in the months ahead. "In months when there is more buzz for developer sales, it may also rub on to the resale market and spur potential buyers who have set their minds on picking up a completed property in the secondary market, to firm up their decision and make a purchase."

NUS's month-on-month comparisons showed that islandwide prices of completed small apartments and condo units slipped 1.1 per cent in June after falling 1.5 per cent in May. "The price dips for small units reflect increasing instability in this segment, as there has been a step-up in completions of small private apartments/condo units since last year," said Mr Ong.

He suggested that some HDB flat owners (families) who bought a shoebox unit for investment in the 2010-2012 period may have kept

their units empty upon the project's completion as they were unable to find tenants who met their rent expectations.

Moreover, these investors may find these shoebox units too small for their own families to live in. As a result, the price falls for completed small private apartments/condos as reflected in the SRPI may have come from such HDB flat owners releasing their small condos for resale, after leaving the units empty for a while, said Mr Ong. That said, singles who bought a small condo unit may find it spacious and comfortable enough to live in.

NUS's subindex for the Central Region rose 0.3 per cent month-on-month in June, contrasting with a fall of 0.7 per cent in May.

The subindex for the Non-Central Region fell 0.9 per cent last month, following a drop of 0.4 per cent in May.

The Overall SRPI dipped 0.3 per cent last month, following a 0.6 per cent drop in May.

On a year-on-year comparison, the biggest decrease of 4.8 per cent was posted by the Central Region subindex, followed by a 3.8 per cent decline for small apartments. The Overall SRPI was 3.2 per cent lower in June this year, compared with the same month last year. In the Non-Central Region, prices fell 1.6 per cent.