

Respite for prices of private apartments

Figures remain unchanged for June and July, but expert says this may be temporary lull before continuing decline

Rennie Whang

Prices of completed private apartments were unchanged in June and last month although this could represent a temporary lull before they drop further.

These properties are still about 3 per cent lower than a year ago and 9.8 per cent below their peak in July 2013, according to flash estimates for the NUS Singapore Residential Price Index (SRPI) out yesterday.

There were only marginal changes to the SRPI's indexes for central units, non-central units and small

units, noted Mr Nicholas Mak, SLP International executive director. "Overall, the SRPI appears to be moving sideways in July... (But) for the whole of 2015, the overall SRPI is expected to drop by 3 per cent to 4 per cent year on year."

Similar month-on-month anomalies have been seen before, he added. Over the past 12 months, the SRPI registered a month-on-month increase three times, only to keep declining in the subsequent month.

"If the overall SRPI were to enjoy a sustainable increase, both its (indexes) for central and non-central units need to rise together."

The SRPI for central units rose 0.2 per cent last month, after rising 0.6 per cent in June.

Prices for these units have fallen the furthest so far at 4.2 per cent from a year back and down an estimated 12.3 per cent from their peak in May 2013.

The recent price increase could be from an uptick in buying from bargain hunters, experts noted.

Prices of completed private apartments in the non-central region were down 0.2 per cent last month after falling 0.7 per cent in June.

They are down 1.9 per cent year on year and have fallen an estimated 8.6 per cent from their peak in April 2013.

The segment has been affected by the weak leasing market for suburban properties, as would-be



tenants take advantage of depressed rents to move to more central locations, said ERA Realty key executive officer Eugene Lim. Many condo completions are also in the suburbs.

For example, a two-bedroom older condo unit in Woodlands is being rented out at less than \$2,000 a month – similar to rents for a three-room Housing Board flat in the suburbs, he said.

Prices of small units were up an es-

timated 0.3 per cent last month, after falling 0.9 per cent in June.

They are down 2.9 per cent year on year and have fallen about 9.5 per cent from an August 2013 peak.

"Shoobox apartment rents and prices will be on the general downward trend, as the number of such completed properties grows, especially in suburban areas," said R'ST Research director Ong Kah Seng.

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According to experts, some would-be tenants may take advantage of depressed rents to move to more central locations.

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