

Small completed apartments worst price performer in 2015

Price index for units of up to 506 sq ft islandwide fell 4.3% last year, according to NUS flash estimates

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PRICES of completed small condo units and apartments have gone from being the most resilient segment in an NUS price index during 2013 and 2014 to being the worst performer last year.

Based on the latest flash estimates for December 2015 from the National University of Singapore (NUS) for its

Singapore Residential Price Index (SRPI) series, the sub-index for small units of up to 506 square feet islandwide slipped 4.3 per cent last year.

This is a larger drop compared with declines of 3.6 per cent in the index for the Central Region (excluding small units) and 3 per cent for the Non-Central Region (again excluding small units).

The Central Region is defined as Districts 1-4 (including the financial district and Sentosa Cove) and the tra-

ditional prime residential districts of 9, 10 and 11 by the NUS' Institute of Real Estate Studies, which minted the SRPI series tracking prices of completed non-landed private homes.

The Overall SRPI shed 3.3 per cent in 2015.

DTZ South-east Asia chief executive Ong Choon Fah said the finding was not surprising. "When these small apartments and condos are completed, people get to see just how small they are. And we are starting to find small units in the suburbs; it is a question of who is going to occupy them. If they are put up for rental, potential tenants may find that for the

same rental outlay, they can lease a much bigger HDB flat."

In 2014, the small unit SRPI eased 4.1 per cent, which was a smaller drop compared with the declines of 5.6 per cent in the Central Region, 4.5 per cent in the Non-Central Region and 5 per cent for the Overall index.

In 2013, the small unit index was the star performer, rising 3 per cent. Prices in the Non-Central Region were flat, while those in the Central Region fell 1.9 per cent. The Overall SRPI fell 0.9 per cent in that year.

For December 2015, the Overall SRPI dipped 0.4 per cent over the previous month. Prices fell 0.6 per cent

in the Central Region and 0.2 per cent in the Non-Central Region. The small unit index was flat.

Mrs Ong is not sanguine about prospects for completed small condos and apartments in the suburban areas. As more of these are completed, and if their owners do not wish to live in them or find it challenging to get a tenant, they may be prepared to cut their loss or take a small profit if there is one and sell their property. "Whether these properties are occupied or not, there is still a holding cost; you have to pay your maintenance charges, property tax and mortgage instalment."