

# Prices of completed condos down 0.4% in Dec

The drop in prices of completed private apartments was slower last year than in 2014, according to new flash estimates out yesterday.

The overall NUS Singapore Residential Price Index (SRPI) eased an estimated 0.4 per cent last month, taking the full year fall to 3.3 per cent, compared with a heftier 5 per cent slide in 2014.

This is similar to the slower rate of price decline recorded in the Urban Redevelopment Authority's property price index, out last week, with prices sliding 3.7 per cent last year – less than the 4 per cent fall in 2014.

“Given no other extreme factors, a trough may be in sight as supply runs low and prices reach an equilibrium,” said Mr Desmond Sim, real estate firm CBRE's research head for Singapore and South-east Asia.

He noted that the market has been showing some positive signs in that unsold stock has been diminishing. He said: “In the next 12 months, there will be fewer launches due to a cutback in land supply. If underlying demand holds at around 7,000 units, as in this year and last year, we will see a further correction in the volume of unsold stock.”

Prices of completed private apartments in the central region fell 3.5 per cent last year, less than the 5.7 per cent fall in 2014, according to the SRPI.

Prices of completed private apartments in the non-central region fell 3.0 per cent last year, compared with 4.5 per cent in 2014.

Mr Sim said it is not surprising that prices in the central region again weakened more, as these units are typically larger, come with a heftier price tag, and may involve more discounts. The central region also tends to see fewer transactions, which means less price support.

Prices of completed small units – defined as up to 506 sq ft in size – fell the most last year. They declined by 4.3 per cent, more than the 4.1 per cent price fall in 2014.

This reflects weaker demand for these units and limited investment appeal, as investors are finding them harder to rent out than expected, said Ms Alice Tan, Knight Frank Singapore head of research and consultancy.

“When the leasing market is weaker, tenants have ample options and would prefer bigger spaces for just slightly higher rents. Many of the smaller units were also recently completed in less prime locations, in the city fringes and suburbs, and may find it harder to attract tenants,” she said.

Overall though, experts said they believe the price drop will continue to be par for the course this year, with headwinds like the stock market downturn and dim economic outlook affecting buyer sentiment.

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