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Small completed apartments continue to lag bigger units in price

Sub-index for small units of up to 506 sq ft in S'pore eased 0.7% from Dec 2015 to April 2016: NUS index

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PRICES of completed small condo units and apartments continued to lag behind the price of larger units, shows the latest data from the National University of Singapore.

Based on the latest flash estimates for April 2016 for NUS' Singapore Residential Price Index (SRPI) series, the sub-index for small units of up to 506 square feet islandwide has eased 0.7 per cent since December last year. In comparison, the sub-index for the Central Region (excluding small units) fell 0.3 per cent while the sub-index for Non-Central Region (again excluding small units) even managed to post a marginal 0.1 per cent increase over the same period.

The Central Region is defined as Districts 1-4 (including the financial district and Sentosa Cove) and the traditional prime residential districts of 9, 10 and 11 by the NUS' Institute of Real Estate Studies, which produced the SRPI series tracking the prices of completed non-landed private homes.

The Overall SRPI dipped 0.1 per cent between December 2015 and April 2016.

Market watchers were not surprised by these findings. R'ST Research director Ong Kah Seng said the more notable price drop for completed small units is due to the increased completion of such properties since 2014 – especially in the suburbs. "These small suburban condo units and private apartments are not sufficient for a typical household of four to live in; and yet they encounter weak leasing demand due to competition from nearby HDB flats put up for subletting which offer almost twice the space for the same monthly rental quantum." There has been an increase in the pool of HDB flats put up for subletting by upgraders, he noted.

"In the face of continued weak leasing demand for small condo units, HDB flat dwellers who have invested in such properties are more motivated to put them up for sale at attractive prices," Mr Ong added.

For April 2016, the SRPI posted month-on-month increases, a reversal of the m-o-m declines in March – in all four categories. The Overall SRPI improved 0.3 per cent last month, after easing 1.1 per cent in March, based on the revised index value for that month.

NUS' sub-index for Central Region also appreciated 0.4 per cent last month, contrasting with a 0.8 per cent drop in March.

In the Non-Central Region, too, prices inched up 0.2 per cent in April, after sliding 1.3 per cent in March.

NUS' sub-index for small units islandwide also advanced slightly, by 0.2 per cent, last month – after retreating 0.1 per cent in March.