

Drop in prices of completed private apartments

Wong Siew Ying

The prices of completed private apartments in the resale market fell last month, in a sign that the marginal increase in April was just a blip.

Overall resale prices slipped 0.8 per cent last month from April due to declines across all segments, according to flash estimates from the NUS Singapore Residential Price Index (SRPI) yesterday. Last month's fall followed the revised 0.2 per cent increase in April over March.

Analysts said April's positive data was likely spurred by the brisk new home sales recorded in March.

"The buzz in developer sales in March rubbed off on buyer sentiment for resale properties in April. There is usually a laggard spillover effect of the developer sales to the resale market," said R'ST Research director Ong Kah Seng.

Last month's price trends showed that buyers remained cautious and more selective while sellers have adopted more realistic price expectations.

Said PropNex chief executive Is-



Private apartments in the Scotts Road and Cairnhill area. Prices of completed condo units in the central region witnessed a relatively modest decline, falling 0.5 per cent last month compared with April's 0.4 per cent rise. ST FILE PHOTO

mail Gafoor: "Overleveraged property owners who lack holding power are forced to sell now, and fast. Such 'serious sellers' are more open to price negotiations."

Some of these owners may be pressured to sell, given the lacklustre rental market. The rise in the supply of completed condos in recent years has weakened rentals, while cuts in accommodation budgets for expatriate staff – given the slower economic outlook – have crimped demand.

The decline in prices of completed condo units last month was broadbased, and was led by small units – those up to 506 sq ft. These

fell by 1.1 per cent last month after declining 0.1 per cent in April. Resale prices of non-landed homes in the non-central region slipped 1 per cent last month compared with the 0.1 per cent increase in April.

Century 21 Singapore chief executive Ku Swee Yong said: "Non-central units are pricing in response to the lower prices of new launches and new executive condominiums."

Prices of completed condo units in the central region witnessed a more modest decline, falling 0.5 per cent last month compared with April's 0.4 per cent rise.

"Centrally located units have been subject to bargain hunting among astute buyers looking to pick up good-quality properties at the current reasonable prices, and this has contributed to some form of price support for the segment," said ERA Realty Network key executive officer Eugene Lim.

Analysts said they expect resale prices to remain on a "downward trajectory" for the rest of the year, with the vote by Britain to leave the European Union adding to the uncertainty and volatility in the global market.

wongsy@sph.com.sg