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Weak August sales hit prices of private homes

Geraldine Goh

The reluctance of home buyers to make deals last month was partly behind a fall in the prices of completed private apartments.

Values declined 0.6 per cent in August, compared with the previous month, offsetting a 0.3 per cent rise in July over June, according to the NUS Singapore Residential Price Index (SRPI) out yesterday.

The biggest fall came in the non-central region, with prices dipping 0.9 per cent. "August coincided with the seventh lunar month," said Mr Ong Kah Seng, director of R'ST Research. "Buyers tend to hesitate in purchasing private homes unless the prices are very attractive.

"Also, in July, there was much buzz in developer sales, and this might have soaked up a fair amount of home-buying interest. As such, in August, we see some contraction in home-buying sentiments, or buyers were reluctant to pay high prices for completed homes."

He noted buyers remain highly selective, with some hoping for an attractively priced or discounted developer sale. He added that the gradual price decline is set to continue.

Prices of units in the central region remained unchanged as in July, while those of small units islandwide – up to 506 sq ft in size – fell 0.1 per cent. Compared with a year earlier, values of small units fell the most with a 4.5 per cent drop. Prices of completed private apartments in the central region fell 0.9 per cent year-on-year, while those in the non-central region slid 2.2 per cent.

The overall SPRI index last month was 1.6 per cent lower than in August last year.

"Prices of centrally located properties have been inching upwards in recent months, possibly indicating that the market for prime properties may have found its footing," said Mr Eugene Lim, key executive officer of ERA Realty Network.

"Buyers are mainly those who are taking a longer-term perspective and those who have taken advantage of stabilising prices to pick up value buys in prime locations.

"More buyers... have decided... to commit to a purchase as the Government has made it clear that the cooling measures will not be removed for some time... Any upside in prices is expected to be very limited as loan caps remain in place and uncertainties surface in the economy."

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