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Resale prices for non-landed private homes down 0.3%

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SINGAPORE — The decline in resale prices of completed non-landed private homes picked up pace last month, according to Singapore Residential Price Index (SRPI) flash estimates released on Tuesday (March 28), with analysts saying the downtrend is expected to remain intact as the recent easing of cooling measures is unlikely to bring about a market recovery this year.

The SRPI, published by the National University of Singapore's Institute of Real Estate Studies, showed that overall prices fell 0.3 per cent in February from the previous month, following the revised 0.1 per cent decline in January. Prices of homes in the central region, excluding small units, led the decline last month as they fell 1 per cent. Home prices in the non-central region, excluding small units, rose 0.3 per cent, while prices of small units — those with a floor area of 506 sq ft and below — decreased 0.6 per cent.

"The SRPI Central contracted the most among the four indices this February. It gave up all the gains made in January. It also indicated that the 0.5 per cent month-on-month increase in January was not sustainable. The same situation is repeated for the SRPI for small units," noted Mr Nicholas Mak, Head of Research & Consultancy Department at SLP International Property Consultants.

"The statistics released today indicates that the bottom of the private residential resale price cycle is still not in sight yet. The recent property policy announced by the Government on 10 March 2017 is unlikely to make the price recovery occur this year. At the current rate of decline, the overall SRPI could drop by between 3 and 4 per cent for the whole of 2017," he said.

For homes purchased from March 11 onwards, the owner will not have to pay Seller's Stamp Duty (SSD) if he or she sells the property more than three years from purchase, down from four years previously, the Government said on March 10. The SSD rates will also be lowered by 4 percentage points for each tier — to 4 per cent for properties sold in the third year; 8 per cent for those sold in the second year; and 12 per cent for those sold within the first year.

Rules on the Total Debt Servicing Ratio (TDSR) framework were also relaxed. The Government said it will no longer apply the TDSR to mortgage equity withdrawal loans with loan-to-value ratios of 50 per cent and below.