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Prices of completed private units up 0.4% in May: NUS index

The central region sees the strongest monthly price increase since May 2013

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PRICES of completed private apartments and condominiums edged up 0.4 per cent in May, reversing a revised 0.8 per cent drop in April.

Excluding small units, prices in the central region – defined as districts one to four and the traditional prime districts 9, 10 and 11 – rose 1.3 per cent in May after a 0.4 per cent drop in April. Those in the non-central region dipped 0.3 per cent in May after a one per cent drop in April.

These are based on flash estimates by the National University of Singapore (NUS) for its overall Singapore Residential Price Index (SRPI) released on Wednesday.

Notwithstanding the month-on-month fluctuations, market watchers note that prices are seen gradually stabilising.

The overall SRPI has fluctuated within a tight range of between 140 and 142 since October 2016, SLP International executive director Nicholas Mak pointed out.

Prices in the central region also staged the strongest monthly increase since May 2013, he added. "Although it is too early to conclude that the residential resale property prices are headed for a recovery, if the SRPI Central (index) were to display a steady upward trend, it could indicate that the recovery of the property price index would be led by the property prices in the prime districts."

Mr Mak noticed that there has been an increase in enquiries in recent months from buyers interested in resale properties in the core central region (CCR).

Lee Nai Jia, head of South-east Asia research at consultancy Edmund Tie and Company, noted that there is a waiting fatigue for the additional buyer's stamp duty (ABSD) to be fine-tuned, and this is why more buyers are entering the CCR despite having to pay the ABSD.

"In general, we have observed that prices have stabilised and they have reached an equilibrium," he said. But prices of small units will remain under greater pressure, especially as more small units are completed.

"Notwithstanding, I anticipate that the downside may be short term with demand for smaller units expected to grow due to the ageing population, which results in more downsizing, and the increasing number of singles," Dr Lee said.

The main drag in May came from completed small units with a floor area of 506 square feet or below – they saw a 1.3 per cent price fall in May after a 0.6 per cent rise in April.

"In the second half of 2017, we anticipate prices to move up slightly by 0.5 to one per cent," Dr Lee said. "For 2018, assuming the interest rate hikes remain subdued and barring any economic shock, resale prices may appreciate one to 3 per cent."