Non-landed private home prices up 0.9% in October

Rise comes after three months of zero or negative growth, SRPI shows

By UMA SHANKARI
[SINGAPORE] The monthly Singapore Residential Price Index (SRPI) showed that prices of non-landed private homes climbed 0.9 per cent in October 2011 – reversing a three-month trend of zero or negative growth.

The index, which is compiled by the National University of Singapore, tracks prices of completed projects. It showed that prices were flat in July, and then fell 0.2 per cent in August and another 0.1 per cent in September.

The index is now at a fresh high. Analysts said that October’s climb in the index was caused by resale home prices catching up to those fetched by new launches.

“In the last 3-4 months, we have seen zero or negative price growth for resale homes, but during the same period, new launches continued to be priced strongly,” said Ku Swee Yong, chief executive of International Property Adviser. “Resale prices could now be catching up.”

Market sentiment also recovered somewhat in October, noted Knight Frank’s head of research and consultancy Png Poh Soon.

“We believe the increase (in October’s SRPI) could be a reflection of the improvement in market sentiment due to a broad-based recovery of the stock market, arising from possible positive developments in the European Debt Crisis. This could have led some to believe that the debt deal struck in Europe could be a sustainable solution,” said Mr Png.

“Coincidentally, there was also positive news coming out from the US and China, which also encouraged home buyers who might be looking to capitalise on the still low interest rate environment to purchase properties.”

Yesterday’s flash estimate showed that the SRPI Small index, which covers completed non-landed private homes island-wide of up to 506 sq ft, rose 0.9 per cent in October after falling 3.5 per cent in September. Analysts noted that the SRPI Small unit sub-index could be more volatile than the other indices as the sample size for the index is likely to be limited.

The estimates also showed that prices in both the “central” and “non-central” locations rose in October.

Prices of completed private apartments and condos (excluding small units) in the central region rose by one per cent, while prices in the non-central region (excluding small units) rose 0.8 per cent.

Looking ahead, Mr Ku said that resale prices could continue to trend upwards as new launches from developers set benchmark prices in certain locations.

And sellers could continue to up their asking prices because some units in new launches in the vicinity of their homes command benchmark prices, noted another market watcher.