Private resale home prices remain flat

Index shows prices up 0.9% last month, indicating cautious mood

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RESALE prices of private homes rose a touch last month, reversing a slight dip in September, but the overall trend suggests a period of flat values.

The new Singapore Residential Price Index (SRPI) flash figures out yesterday showed that prices rose 0.9 per cent last month, rallying from a 0.1 per cent dip in September.

The overall SRPI – which tracks a basket of completed non-landed projects – points to a cautious market, with monthly price movements mostly fluctuating within a range of just one per cent or less this year.

Prices of centrally located homes, excluding small apartments of less than 500 sq ft, posted a gain of 1 per cent last month compared with the 0.4 per cent dip in September.

Non-central area values rose 0.8 per cent, building on September’s 0.1 per cent increase. Prices for small apartments inched back 0.9 per cent after a 3.5 per cent drop in September.

Experts offered various reasons for the trends seen in the SRPI index, which is compiled by the National University of Singapore.

DTZ’s head of Asia-Pacific research Chia Chor Hoon noted that the index’s ups and downs could be due to its nature as a monthly snapshot, and there were fewer caveats lodged in October.

Chesterton Suntec International research head Colin Tan said the fluctuation could be due to prices reaching a turning point.

“The underlying trend is still up ever so slightly. This is to be expected as there is still positive economic growth,” he added.

He suggested that there could be a to and fro between the HDB resale and private resale mass market segments, which could have led to the varying impact on prices.

Savills’ research and consultancy associate director Alan Cheong also highlighted the high correlation between new and resale prices.

“Developers who command some sort of pricing power when they launch new projects will invariably bootstrap prices in the neighbourhood,” he said.

“What this means is that if prices of new units increase too much, it will divert demand to the resale market, which then reacts by increasing prices.”

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