Slight rise in private resale home prices

Such units usually cost less than new ones and are easier to finance: Expert

By CHERYL ONG

DEMAND for suburban units and shoebox apartments helped private resale home prices inch up in August.

Prices rose 0.1 per cent, down a touch from a revised 0.4 per cent price increase from June to July, according to the Singapore Residential Price Index (SRPI) yesterday.

The SRPI is compiled every month by the National University of Singapore, which monitors a basket of completed non-landed projects excluding executive condominiums.

Consultants said they expected the modest price increase given new rules that have made it harder for borrowers to take on a mortgage.

R’ST Research director Ong Kah Seng said more buyers are finding themselves sidelined by the loan curbs while investors who can still afford a property are looking for cheaper options.

He noted that resale properties usually cost about 20 per cent less than new ones and are easier to finance under the revised borrowing rules.

Investors might also be opting for resale units as they can be leased out immediately, compared to new units still under construction, he added.

Prices of resale shoebox units – they are around 500 sq ft – rose by 1 per cent in August over levels in the previous month, down from a 2.1 per cent increase from June to July.

This was partly supported by the trend of buyers looking for homes with a lower total quantum, thanks again to the loan curbs.

“The total debt servicing ratio also encourages buying a lower-cost property on a quantum basis,” said Mr Ong.

“Those looking to buy a two-bedroom apartment, but find that their income cannot grant them a sufficient loan, will start thinking of buying a one-bedroom apartment,” he added.

Excluding small units, prices of suburban resale private units inched up 1 per cent in August over July. This was up from a revised increase of 0.4 per cent from June to July.

However, the SPRI also showed that prices of centrally located homes dipped 1.1 per cent from July, reversing a 0.4 per cent price rise from June to July.

This comes on the back of a large stock of unsold units and soft rental demand for completed homes in the city centre.

This means resale prices of city centre homes are expected to continue to dip gradually, analysts said.

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