Dip in resale prices of completed condos in Dec

By MELISSA TAN

RESALE prices of completed condominiums dipped last month partly owing to the effects of the festive season and school holidays.

They fell 0.3 per cent from November, according to the flash Singapore Residential Price Index (SRPI) released yesterday.

The decline marks a turning point as it comes on the heels of a revised 1.7 per cent price rise from October to November.

The SRPI is compiled every month by the National University of Singapore (NUS), which monitors a basket of completed non-landed private home sales excluding executive condominiums.

Homes in the central region led the fall, with prices sliding 1.3 per cent from November to December, excluding small apartments. It was a significant reversal of their revised 2.2 per cent rise from October to November.

The fall outweighed a price increase for suburban homes, which continued their upswing.

Excluding small units, suburban condo resale prices inched up 0.5 per cent last month from November after climbing a revised 1.3 per cent from October to November.

RST Research director Ong Kah Seng said this was partly because investors recognise that resale homes in locales with new projects that will revitalise the area will enjoy healthy leasing demand from tenants such as expatriates with limited housing allowances.

Prices of completed small apartments – 506 sq ft or smaller – were unchanged last month after rising a revised 1.1 per cent from October to November.

But prices of small units could rise in January because of lower loan-to-value (LTV) ratios which took effect on Jan 12, part of a seventh round of property market cooling measures. This means buyers will need to pay more cash out of pocket.

"Buyers are likely to adjust their budgets downwards because of the lower LTV ratio and look to buy smaller units," said DWG senior manager Lee Sze Teck.

Mr Lee said the overall fall in the SRPI for December was surprising since official numbers from the Urban Redevelopment Authority showed a jump in home prices for the fourth quarter of last year. He said it could be due to NUS revising the base year for index calculations.

This is the first month that the index has used March 2009 as its base period. "The SRPI and its sub-indices bottomed then and this change better reflects the movement in price," NUS said in its report. The base period was previously December 2001.