Non-landed resale prices on the rise in Jan

By MINDY TAN

RESALE prices of completed private apartments and condos fared slightly better in January compared to December, according to the latest figures from the National University of Singapore.

The university’s January flash estimate for the Singapore Residential Price Index (SRPI) suggested that prices of small units (up to 506 sq ft) islandwide was the star performer for the month, rising 2.6 per cent, reversing a dip of 0.7 per cent in December.

“The larger month-on-month increase for small units could have been due to buyers trading down to smaller and more affordable units after the recent cooling measures,” said Lee Lay Keng, head of Singapore research at DTZ.

Resale prices of homes (excluding small units) in the Central Region rose 0.7 per cent month-on-month, reversing a 1.5 drop in December.

The Central Region is defined as Districts 1-4 (including the financial district and Sentosa Cove) and the traditional prime residential districts of 9, 10 and 11.

Conversely, the sub-index for the Non-Central Region (excluding small units) dipped 0.1 per cent, reversing a gain of 0.8 per cent in December.

Buoyant suburban developer sales in January could have drawn buyers’ attention away from resale homes, said Ong Kah Seng, director at R’S’T Research.

“Some buyers who rushed for the discounts and incentives that developers were giving for projects launched in the aftermath of the cooling measures were actually those who have been shopping for resale properties,” said Mr Ong.

The overall SRPI rose 0.3 per cent in January, after dipping 0.2 per cent the previous month.

“Notwithstanding cooling measures implemented in January, buying interest for resale properties is supported by low interest rates and current leasing conditions which are generally positive. There are also limited recent new completions, although new physical completions will rise significantly from 2013.”

The SRPI series, which is administered by NUS’s Institute of Real Estate Studies (IRES), tracks prices of completed non-landed private homes but excludes executive condos.

Looking ahead, head of research and consultancy at SLP International Nicholas Mak said he expects the residential property price index for the Central Area to gradually decline by 1-3 per cent in 2013, due to property market curbs and weaker demand.

“The housing demand in the non-central area is expected to remain strong, therefore the residential property price index for this area is expected to display an upwards trend in the coming months,” he added.

R’S’T’s Mr Ong said that buyers’ interest for resale homes is likely to hold in the coming year, given on-going low interest rates and continued price gap between resale homes and developer sales.

“Developers will be giving more discounts, incentives and price cuts but there is a limit to the extent that can be given, as various developers have keen interest to position their projects as either flagship or premium-feature projects, since winning a site is often a consequence of stiff competition,” he said.