

Singapore's Home Sales Drop May Curb Price Gains: Southeast Asia

Written by Singapore Spot DotCom
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Singapore's biggest decline in home sales in 2 1/2 years may slow gains that pushed property prices to a record, easing concerns of further government curbs.

The island state's private residential property sales dropped 17 percent to 5,572 units in the three months ended June 30 from the previous quarter, according to data released by the Urban Redevelopment Authority yesterday. That's the biggest quarterly decrease since the three months ended December 2009.

"It's an indication that things are slowing down," Carolyn Goh, a spokeswoman at PropNex Realty, a Singapore-based real estate brokerage with 4,000 agents, said in an interview yesterday. "It looks like further cooling measures are unwarranted but it also depends on how the market responds in the second half."

Singapore has been attempting to rein in prices since 2009, when it barred interest-only loans for some housing projects and stopped allowing developers to absorb interest payments for apartments still being built. The government said last week it's prepared to enhance measures aimed at ensuring a "stable and sustainable" housing market, even as gains in home prices slowed this year.

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Home sales have climbed to 12,254 units this year through June 30, according to data from the authority. About 9,000 homes were sold in the first half of last year, according to PropNex. Suburban projects will be the "driving force" for developers in the second half of 2012, PropNex said.

June Sales

Home sales fell 20 percent to 1,371 units in June from a month earlier, according to yesterday's report. Private housing sales slid to their lowest this year from the 2012 peak of 2,496 units in April, according to the data.

Singapore's economy unexpectedly contracted last quarter as manufacturing fell. Gross domestic product dropped an annualized 1.1 percent in the three months through June from the previous quarter, when it climbed a revised 9.4 percent, the government said on July 13.

The city's residential prices rebounded to a record in the second quarter, a separate government report showed earlier this month. The property price index rose 0.4 percent in the three months ended June 30 after falling 0.1 percent in the previous quarter.

"Price resistance amid record high prices would likely keep July's sales volume at below the

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sizzling levels seen from February to April 2012,” Chia Siew Chuin, director of research and advisory at Colliers International, said in an e-mailed statement yesterday, predicting second-half sales will be between 8,000 and 10,000 units.

Stocks Rise

The measure tracking property stocks in Singapore was little changed yesterday, declining less than 0.1 percent. The gauge climbed 26 percent this year, twice the advance in the Singapore benchmark Straits Times Index. (FSSTI)

The increase in stock prices came even as more housing measures were introduced in December. Foreigners and corporate entities have to pay an additional 10 percent stamp duty. The extra levy is 3 percent for permanent residents purchasing a second home and for citizens buying their third property.

The government earlier imposed a 1 percent duty on the first S\$180,000 (\$142,000) of the property price, 2 percent on the next S\$180,000 and 3 percent for the remainder. In January 2011, the government also raised down-payment requirements for second mortgages and extended the period homeowners must hold their properties to avoid a sales transaction tax to deter speculators.

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“Sales have been unnaturally high from January to May,” said Nicholas Mak, executive director at SLP International Property Consultants, a real estate consulting company. “It’s good news that the sales have come off a little as it might now take some pressure off on additional government measures, now that prices have stabilized and sales are down to more sustainable levels.”

Private home price growth slowed to 0.3 percent in the first half, compared with a 6 percent increase for the whole of 2011, the Ministry of National Development said in a statement on its website last week.

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