**Essay Question 47**

**The Urban Redevelopment Authority (URA) announced that prices of private residential properties in Singapore rose by 1.3% in the third quarter of 2011, but the rise in the prices has been slowing for eight consecutive quarters. At the same time, it reported that the total supply of new private residential properties nearing completion was at a record high.**

**Source:** <http://www.ura.gov.sg/pr/text/2011/pr11-135.html>**, accessed 28 October 2011**

**Discuss the different supply and demand factors and their likely importance in determining the reported changes in the prices of private residential properties in Singapore. (A Level 2013 H2 Q2) [25]**

Introduction

* State that the reported changes in the price of private residential properties can be examined from the demand and supply analysis
* It can also be observed that there is an increase in price level
* State that certain dd/ss factors are significant in influencing this change in price

Main Body

**1. Explain why price of private residential properties rises, given the above situation**

(⭡DD>↑SS)

– Develop causation/draw diagram/description of diagram

**2. Identify and explain the demand factors that will influence the change in price**

–Evaluate the significance

**3. Identify and explain the supply factors that will influence the change in price**

–Evaluate the significance

**4. Evaluate whether the dd/ss factors are more significant in influencing the change in price**

Conclusion

In sum, the understanding on how the market price and output for goods like private residential properties can be understood with the knowledge on demand and supply factors that influence the market. It is also imperative to understand the significance of demand and supply factors to measure the extent of impact on the price trend.