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## **Rhode Island's housing market shows sign of recovery in first quarter with single family home sales rising 22% from last year**

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Rhode Island's housing market showed signs of recovery in the first quarter with single family home sales rising 22% from last year. Fifteen hundred single family homes were sold last quarter, the highest number of first quarter sales since 2007.

The number of single family sales sold through foreclosure or short sale accounted for 34% of all sales, having increased 32% from the year prior. The prevalence of these distressed sales led to a decrease in median price of overall single family resales. Single family homes sold for a median price of \$173,250 last quarter, down from \$195,000 in the first quarter of 2011. Foreclosure and short sales, which generally occur in the lower priced market, tend to drag down the median price.

The first quarter single family median price of convention sales, which exclude distressed sales, was \$215,000, 24% more than the median price of all sales including foreclosure and short sales. Though R.I. foreclosure sales are on the upswing, industry researcher Realty Trac recently reported that foreclosure filings decreased during the first quarter compared to the same time period in 2011. That trend indicates that foreclosure inventory could be diminishing.

Newport, Jamestown, Charlestown and Westerly saw an increase in both sales volume and median price of single family home sales in the first quarter, indicating that the second home market may be coming to life. Realtors are concerned that a proposal to impose a 13% tax on short term private home rentals could dampen R.I.'s housing market, particularly month-to-month, student rentals, and the second home market, believed to be a substantial component of the state's housing supply.

"We're vigorously fighting the governor's proposal to tax homeowners if they rent their home out for fifteen days or more a year. A lot of our homeowners depend on that income to make their mortgage payments on their second homes, or in some cases, their only home. They already pay income and sales tax. An additional tax will certainly discourage investment in R.I. and that's the last thing we want to see now," said Jamie Moore, president of the Rhode Island Association of Realtors.

Rural areas like North Smithfield, Foster, Burrillville, North Kingstown, Coventry and West Greenwich, also saw both rising sales and prices in the single family home market.

The multi-family market saw a 13% increase in sales and a 4% drop in median price, from \$120,000 to \$115,000. Like the single family market, prices were affected by an increase in the number of distressed sales year to year, of 8%. 55% of all multi-family sales involved distressed properties from January through March.

Condominium sales rose by almost 4% while median price fell 21% to \$135,000. The number of distressed condominium sales increased 51% from the previous year and accounted for 35% of all condo sales in the first quarter.

"We'll see more price stabilization as the distressed properties are sold. We're getting there, little by

little. Fellow Realtors statewide are telling me that they're seeing more activity in the market. They're feeling more confident and it appears that consumers are as well," said Moore.

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