



# nerej

## President's message: Housing roadsigns point to better times

May 07, 2008 - Rhode Island

Anyone who's in business has to keep things in perspective - always. That's really critical in uncertain times. That means watching the "road signs" carefully as we proceed. And it means using good judgment.

What do the "signs" say, and where do they point? Are we reading them correctly? Can we trust them? After all, nobody can predict the housing market for sure. There are plenty of "gurus" who are wrong, and there are some in the media who simply don't know the housing industry, or just act like they have a vested interest in bad news.

One sign none of us in the Rhode Island Builders Association should miss recently came from our annual Home Show, which took place at the Rhode Island Convention Center, Providence, in March. While the number of attendees was down from last year, our member exhibitors were pleased with how serious those who visited the show really were. There was genuine and immediate interest in remodeling. But the sign I'm thinking of was picked up by our homebuilder exhibitors.

It was this: People are interested in new construction, but they're holding off while they see how the credit and housing markets are going to settle over the next year. That means that, once people perceive that the economy is on the way up again, there will be unsatisfied demand that we will need to be ready for.

There are still more signs, and they point to the possibility that the market already may have bottomed out. With the "deadwood" shaken out of the housing and credit markets, there are signs that things could be on the upswing already.

As I write this, the dollar is higher in European trading. While many believe a recession has begun, there is speculation among some economists that the downswing will not be as serious - and will not last as long as originally thought. In a recent article in these pages, Rhode Island lenders assured us that money is still very much available for both builders and buyers with good credit. As a matter of fact, interest rates are at historic lows.

Couple all this with the fact that, here in Rhode Island, restrictive land-use regulations have held back new construction. This in itself has created pent-up demand.

To read the signs properly, it's often best to pay attention not to the daily headlines but to how the housing market has performed during and after other slowdowns.

With that in mind, I believe the signs are clear: Don't get too used to things being slower than usual, because every slowdown paves the way for the next boom. And that might be closer than you think!

Thomas McNulty is the president of the Rhode Island Builders Association, East Providence.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540