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President's message: The buyers are out there

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Summer is coming, and most members of the Rhode Island Builders Association are undoubtedly making vacation plans. But there are some who are starting to see an increase in business activity. I'm one of them. In my company, we've seen business pick up over the last month. There are more sales contracts, people are turning up for open houses, and they're in buying mode. There are plenty of people out there who have money and are in a strong position because they didn't overextend themselves when money was freer and easier. These people have good credit, and there is money available for them to buy homes.

As a matter of fact, total housing starts nationally were up 8.2% in April over March, according to the National Association of Home Builders. While still well below last year's figures, the bump was fueled largely by an active multifamily market, and it still means that builders were busier. Â

I recently had lunch with a very experienced banker my company deals with regularly. He was curious about how RIBA members perceive the market right now, and our conversation was fascinating. He pointed out that in the downturn of the late 1980s and early 1990s, especially during Rhode Island's credit union crisis, there was a great deal more trouble with real estate loans than there is today.

At least 60% of real estate loans at that time "had a mark on them" - they were in trouble. Today, he said, that's true for less than a handful of loans. He also pointed out that there is a much more stable market atmosphere than he has seen in previous downturns, at least so far.

From where I sit, I can echo his sentiment. Buyers are very aware of the state of the market, and they are very savvy. In turn, the developers I know are simply being extra careful to make good decisions and not to do anything foolish. As a result, the activity we're seeing now will set the stage for the fall, when many of these new units will be delivered. Enjoy the summer, but you might want to plan to be a little busier than you thought you would be.

Don't expect any slowdown to last too long, because the buyers are out there. Remember: Every downturn sets the stage for the next boom!

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