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No relief to inventory shortage in state's housing market according to Rhode Island Assn. of Realtors

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Agueda Del Borgo

Warwick, RI While still rising, the appreciation in Rhode Island's median single-family home sales price continued to moderate in August according to the Rhode Island Association of Realtors. While up year-over-year by more than 20% earlier this year, the median home sale in August was \$405,000, an increase of just 3.9% from August 2021.

Sales activity continued to fall for the seventh consecutive month, dropping 11.4% from 12 months earlier. The number of days a home stayed on the market remained unchanged at 29 days, as did the 1.8-month supply of inventory – which remained well below that of a balanced market indicated by a six-month supply of homes available for sale.

“Though inventory is increasing slightly, options are still extremely sparse. That, and the increase in mortgage rates, is reducing the number of buyers in the market. However, there may be options, even with increased rates, to lock into stable housing payments through home ownership and in doing so, gain the chance to build wealth through equity. They should also be aware, if they're waiting for prices to fall substantially, that likely won't happen any time soon given the housing shortage that still exists,” said Agueda Del Borgo, president of the Rhode Island Association of Realtors.

Though condominiums sold in August saw a 15.6% increase in median price from 12 months earlier, at \$313,338, they proved to be a much more affordable entry point for those struggling to own their own home. The days a condominium remained on the market fell to 27 from 32 in August 2021 and sales dropped by 17.7%.

At \$424,500, the median price of multifamily homes continued to be the highest of the three sectors, largely driven by demand from investors seeking to capitalize on rising rents. Days on market fell to 25 from 29 in August 2021, a 13.8% drop and closed sales fell by 10.8%.

“In the past five years, the median cost of multifamily homes has increased 93%, compared to 56% for single-family homes and 42% for condominiums. Clearly, they've been viewed as a good investment and as long as rents continue to rise and outweigh the costs of ownership, they will continue to be,” commented Del Borgo.

The Rhode Island Association of Realtors releases sales data each month pulled from Realtor-assisted sales transacted through the association's subsidiary, State-Wide Multiple Listing Service. The Association reports year-over-year statistics to avoid fluctuations from seasonality. It cites median, rather than average prices and sales, as high and low outliers can significantly skew averages. Market trend information can be found on RIRealtors.org.