

# The Boston Globe

## The wave of buyers to the Ocean State hasn't crested

Rhode Island continues to be a bargain for Bostonians, but the influx is fueling a home price creep.

By **Cameron Sperance** Globe Correspondent, Updated August 16, 2023, 10:17 a.m.



Rhode Island saw a surge in out-of-state buyers during the pandemic. And it's still making homes — what else — more expensive than ever.

The housing market in Massachusetts may have quieted down (a little) from the frenzy seen early on during the pandemic, when potential buyers waged war against one another by bidding well over asking and waiving contingencies. But real estate agents in Rhode Island are still

seeing a highly competitive environment, as buyers continue to flock to the state for its affordability, big-city amenities, and quality of life.

Higher mortgage rates have put a damper on the market nationally and locally, but don't expect things to go back to the way they were in the Ocean State pre-pandemic. The soaring out-of-state demand also means first-time buyers and others with smaller budgets are often priced out and staying put in their existing homes, exacerbating a supply-demand imbalance in the state.

“The multiple-offer situations that we were dealing with and still are dealing with are insane,” said [Sally Hersey](#), president-elect of the [Rhode Island Association of Realtors](#) and a realtor with Williams & Stuart Real Estate. “I submitted an offer for a buyer last weekend, went in crazy strong, and they got 18 offers on a house they had listed for around \$430,000. We were roughly \$40,000 over asking and did all kinds of special little extra options, and we didn't get it.”

Single-family and condo sales in Rhode Island peaked in 2021 — at 11,709 and 2,790, respectively, according to data from The Warren Group. But prices have continued to climb: The median sale price for a condo this year to date is \$321,750 — up \$99,250 since 2019. For a single-family home, it's \$400,000 — up \$128,000 since 2019.

Out-of-state buyers accounted for 25 percent of Rhode Island's home sales last year, Hersey said. That trend continued this year, and Zillow search data indicate users from the Boston metropolitan area

accounted for nearly a quarter of all page views for listings in Providence.

And the out-of-state buyer pool grows deeper the higher you go up the pricing food chain: Non-Rhode Island residents accounted for 45.5 percent of all home sales that exceeded \$1 million in the state last year, according to the Multiple Listing Service.

“Rhode Island competes on affordability, even though our prices have increased like the rest of the world,” Hersey said. “You get more bang for your buck in Rhode Island than Massachusetts, New York, New Jersey, and Connecticut.”

The roads aren’t entirely paved with gold bricks in Rhode Island, however. The state routinely [ranks among the worst in the country for starting a business](#). But more people are waking up to the fact

that the Ocean State offers many similar amenities — and road and rail connectivity — as its pricier neighbors here in the Northeast.

Downtown revitalization in Providence spurred the opening of more restaurants and shops amid an [increase in residential development](#). There’s also the vitality of the higher education scene, thanks to Brown University, Providence College, the Rhode Island School of Design, and more.

[T.F. Green International Airport](#) in Warwick is also on a growth streak: [Breeze Airways designated the airport as an operating base](#)

and added nonstop flights to cities like Los Angeles and Jacksonville, Fla.

“For such a small state, it really has a lot of amenities,” said Neil Berenson, who moved with his husband, Jason Archambault, from Boston’s South End to [Providence’s East Side](#) in October 2020. “You can pretty much have a very similar life and even maybe a little bit of an easier, more convenient life in Providence.”

A variety of factors fueled the move: to be closer to his husband’s office in Providence, a desire for more space than what they had in a South End condo, and the convenience: Not only is Providence still on [Amtrak’s Northeast Corridor](#), but it is also the same distance as Boston to Provincetown, where the couple has a summer home.

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## Home prices soar

Median sales prices in Rhode Island have continued their meteoric ascent. A look at the market in the second quarter and the percentage change year over year.

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### Single-family homes

**\$430,000 (+2.4%)**

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### Condominiums

**\$363,750 (+13.7%)**

Buyers aren't the only ones drawn to Providence. Ricardo Rodriguez, a longtime Boston-based Coldwell Banker real estate agent, expanded his [Ricardo Rodriguez & Associates](#) team to Rhode Island last [year amid the soaring demand in the market](#). Young professionals, young families, and real estate investors from Boston and New York have been the biggest share of his out-of-town buyers to date, Rodriguez said.

“When you look at an average unit in Boston right now, it's around a million dollars,” Rodriguez added. “In Providence, it is half of that.”

Those interviewed for this story noted that Rhode Island isn't without its problems — especially when it comes to the same supply-and-demand imbalance Greater Boston experiences.

The median \$430,000 sales tag for a single-family home in Rhode Island in the second quarter may seem like a steal compared with the ask in Greater Boston — [\\$910,000 in July](#), according to the [Greater Boston Real Estate Board](#) — but it is still a hefty surge in price historically.

“Where I feel bad is the more average and first-time home buyers that are priced out of the market right now. They don't stand a chance if they're not putting [in] big sums of money or doing all kinds of crazy things, which I never suggest, like [waiving inspections](#) or waiving [mortgage contingencies](#),” Hersey said. “I mean, they're practically giving up their firstborn to get a house.”

Offering a ray of hope, Hersey said she sees prices stabilizing in Rhode Island in the mid-\$400,000s. But that doesn't exactly help buyers shell-shocked by the current market who remember four years ago when the median home price didn't even crack \$300,000.

Where do those buyers go now?

“They're not going. That's the problem with the limited inventory: They can't find what they're looking for,” Hersey said. “A lot of them are just staying put and waiting this market out.”

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