

Aug.—Sept. 2010



Scott Market Report

Better Sales Continue

Welcome to the monthly examination of the Outer Banks real estate market. This report is based on sales data found in the Outer Banks Association of Realtors' MLS. Yearly sales agreement totals now surpass every year since 2005. Sales agreements for July were up close to 30% compared to the same month in 2009.

Distressed properties are still having a large affect on sales prices. According to MLS statistics, these short sales and bank sales represented 34% of the residential sales in July. As of this writing there are over 100 bank owned residences for sale in the local MLS. That is close to the total number of sales for a month. Until these distressed properties are cleared from the market, increases in sales prices are unlikely.

Good news for sellers is that absorption rates are surprisingly low. No town has a higher rate than last year at this time and some have a rate half of what it was then. The absorption rate is the period of time it would take for all the inventory to be sold at the current rate properties are sold if no other inventory came on the market. Once this number consistently stays below a year we should again see appreciation. Sellers who can wait should hold on for a while longer.

Low interest rates and low prices will continue to fuel this good sales activity. Buyers looking to purchase in the next year or so should take a serious look at the market now. Many of the good distressed properties need work and buying now allows time for the new owner to make improvements while enjoying today's low interest rates. Rates are now in the 4.5% range.

We hope you find this report useful and informative. Feel free to call Scott Team Realty with any questions or comments regarding it. Also, find all our reports under the company archives section of the news and activities section of our web site.



Sincerely,

President ABRM,CRB,RRS,e-Pro,SRES
Scott Team Realty

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Dare Beaches North of Oregon Inlet: Houses -3.7% Lots +38.9% Despite the number of home sales going up significantly in this area, average sold prices dropped. This is likely due to the number of distressed properties that sold in this market segment. This first half of the year saw more desirable lots selling for higher prices. However lot sales were still few and far between.

HOUSES						LOTS					
	# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed		# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed
2010	320	\$401,542	191	92.3%	33.2%	2010	32	\$194,719	238	89.1%	18.7%
		-3.7%						+38.9%			
2009	231	\$415,446	189	91.4%		2009	33	\$140,137	182	89.4%	

Southern Shores: Houses -15.8% Lots +88% Home prices in Southern Shores were greatly affected by a large proportion of distressed properties. Well priced bank owned properties here also caused the list price to sales price ratio to go up. Twice as many lots were sold in this town compared to last year. These sales were generally of more desirable lots which caused the average sales price to go up substantially.

HOUSES						LOTS					
	# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed		# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed
2010	39	\$497,414	258	96.2%	51.2%	2010	10	\$282,180	432	88%	0%
		-15.8%						+88%			
2009	23	\$590,589	138	90%		2009	5	\$150,000	209	89.6%	

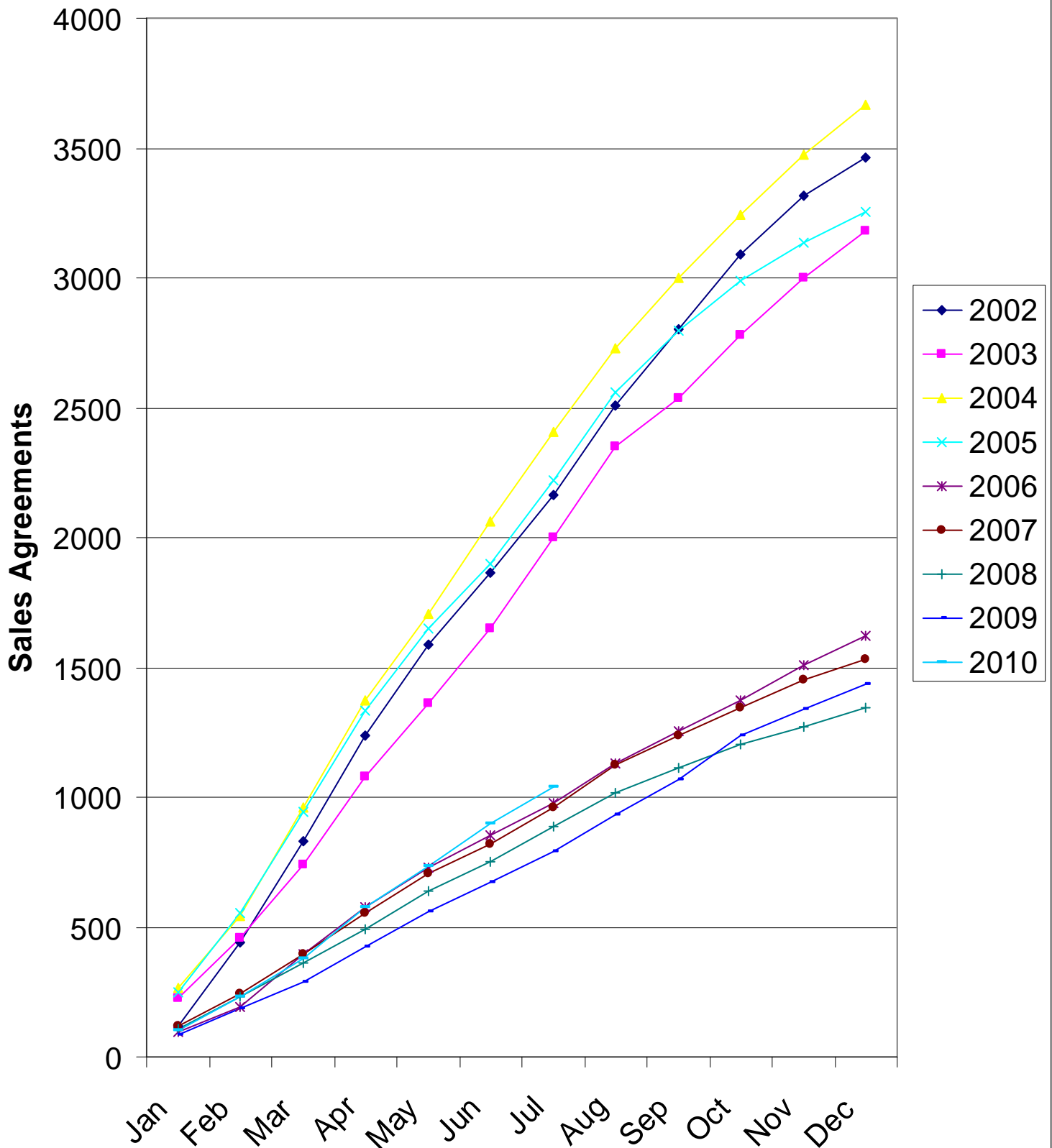
Kitty Hawk and Martin's Point: Houses -28.1% Lots -49.3% Similar to most areas, distressed sales greatly affected the average sold price. However, these lower prices caused many buyers to get in the market which resulted in more sales. On the other hand, buyers generally rejected lot prices which resulted in very few sales of lots in this area.

HOUSES						LOTS					
	# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed		# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed
2010	42	\$300,733	184	94.7%	30.9%	2010	4	\$98,675	80	93.3%	50%
		-28.1%						-49.3%			
2009	31	\$418,008	176	93.8%		2009	11	\$194,550	120	92.1%	

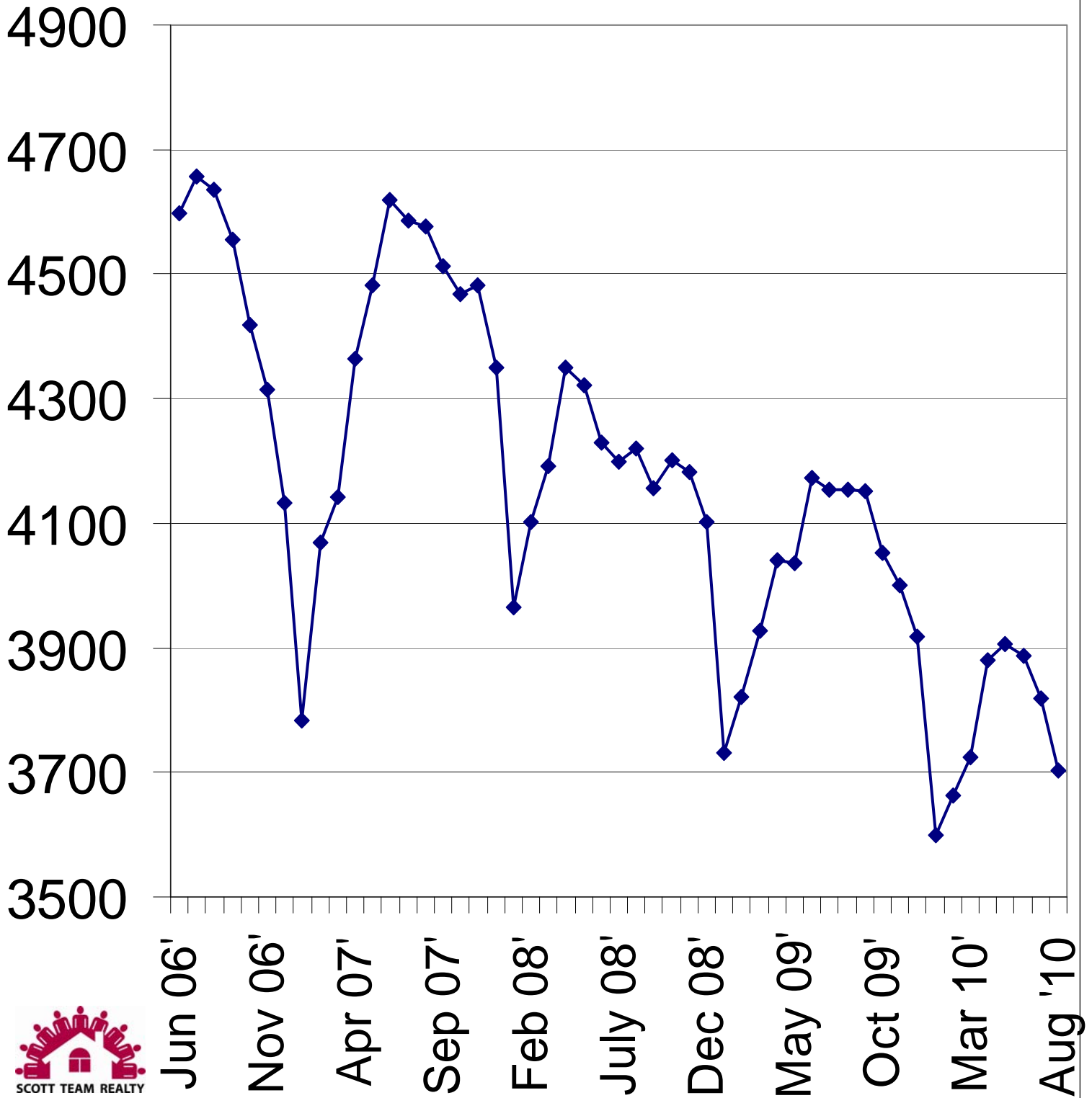
Houses in Duck and Corolla Duck -7.2% Corolla +9.1% The number of Duck homes sold was up slightly but the sales prices continue to go down in this market segment. Corolla saw large growth in the number of sales but many of these were distressed sales. Buyers focused on driving bargains on more expensive homes closer to the ocean. This caused the average sales price to go up.

DUCK						COROLLA					
	# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed		# Sales	Average Sold Price	Average Days on MKt.	List Price to Sold Price	Distressed
2010	43	\$625,022	225	91.4%	23.2%	2010	73	\$681,217	276	89.8%	30.1%
		-7.2%						+9.1%			
2009	37	\$672,889	209	93.3%		2009	55	\$624,155	260	92.8%	

Total OBX MLS Sales Agreements

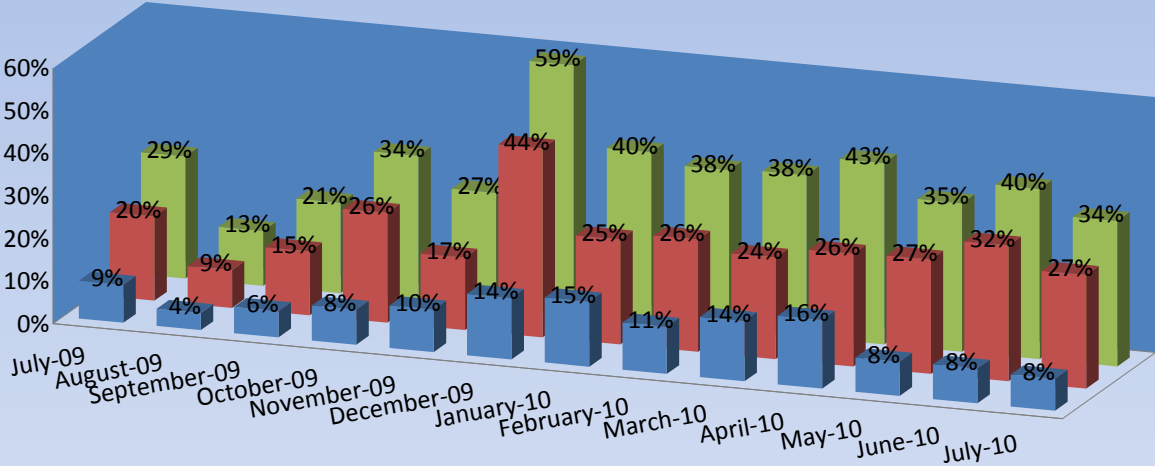


Total OBX MLS Listings



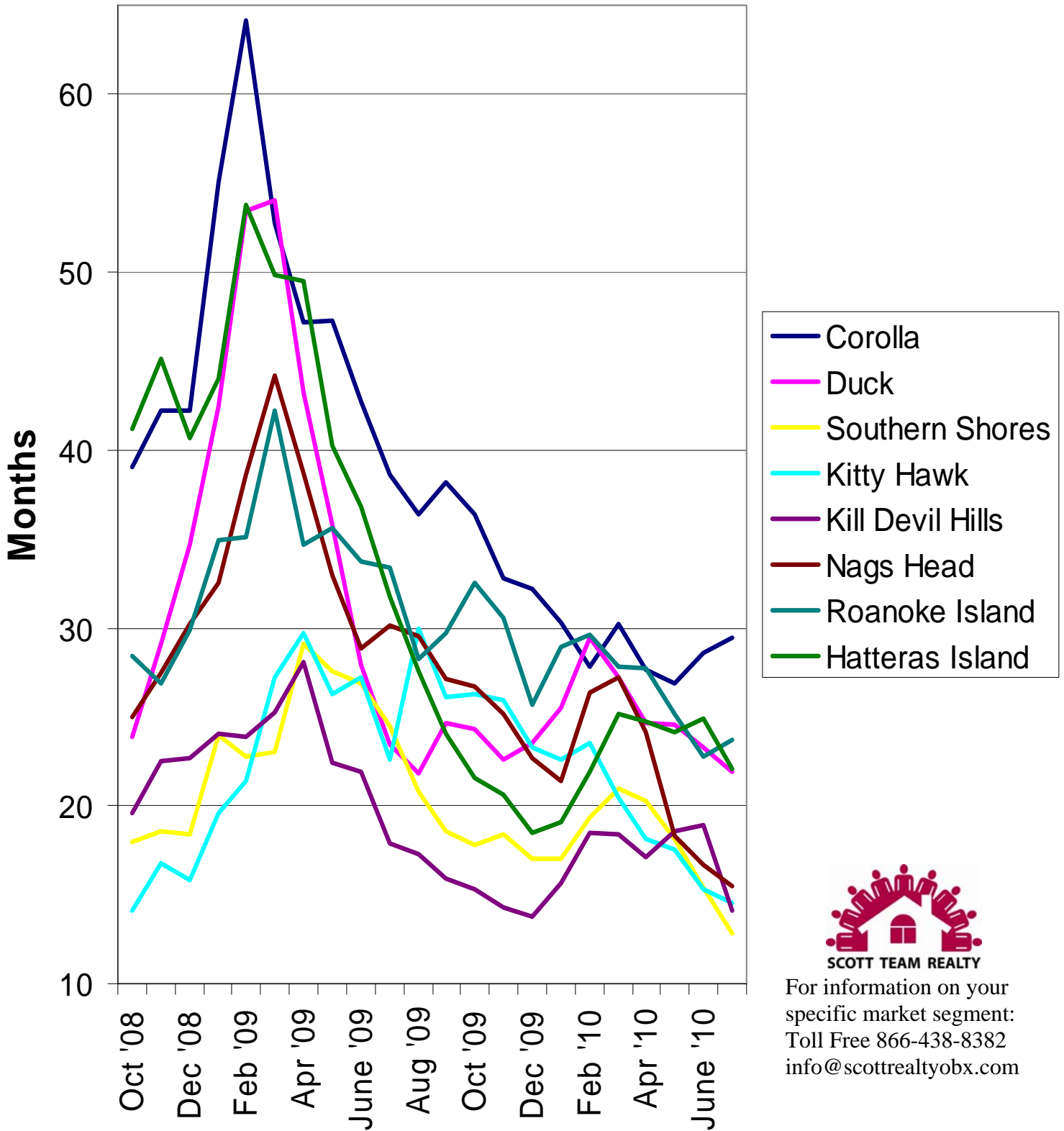
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Residential Property Distressed Sales



■ Percent Potential Short Sale ■ Percent Bank Owned ■ Total Percent

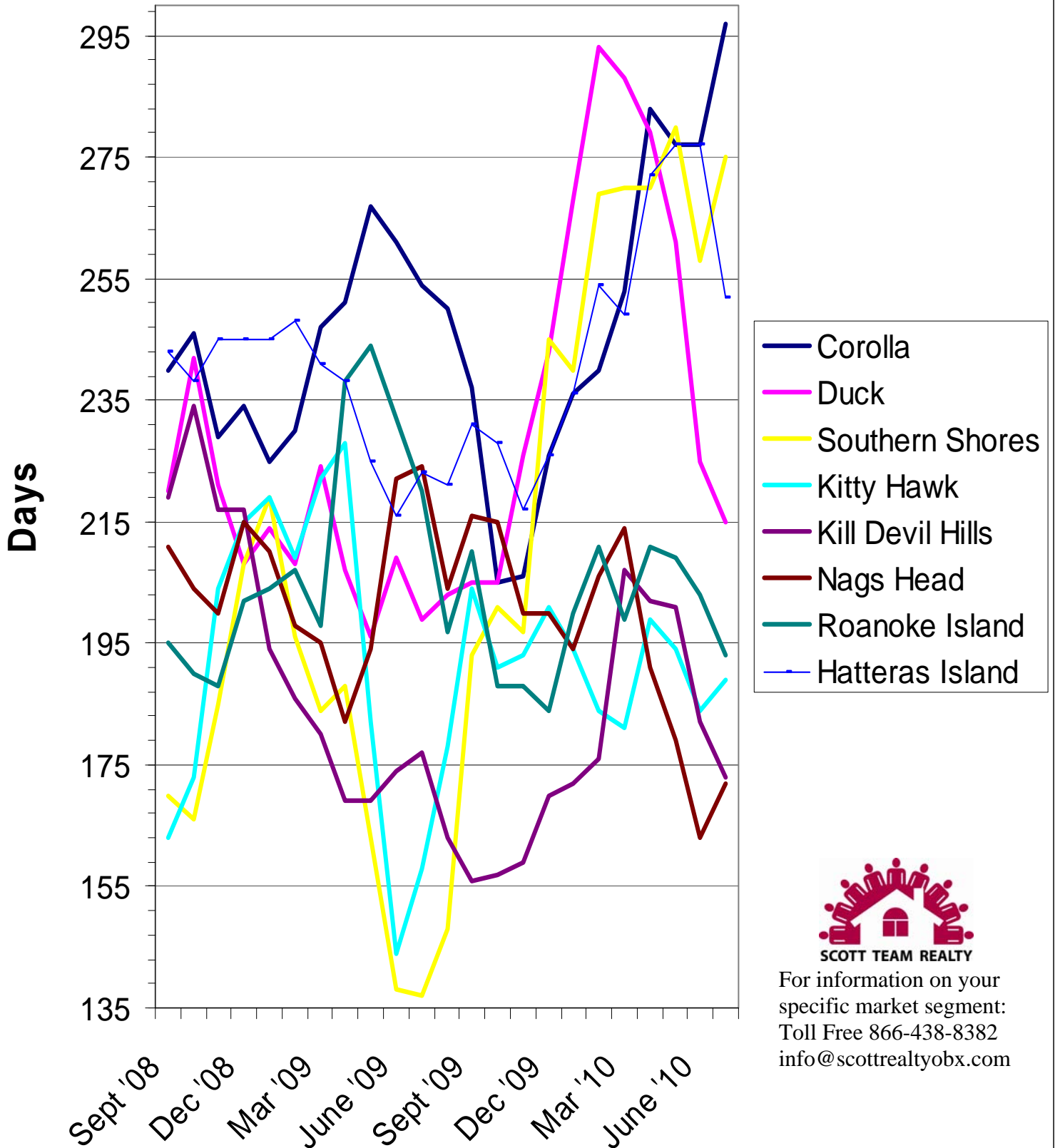
OBX Absorption Rates (residential listings/residential sales)



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OBX Days on Market

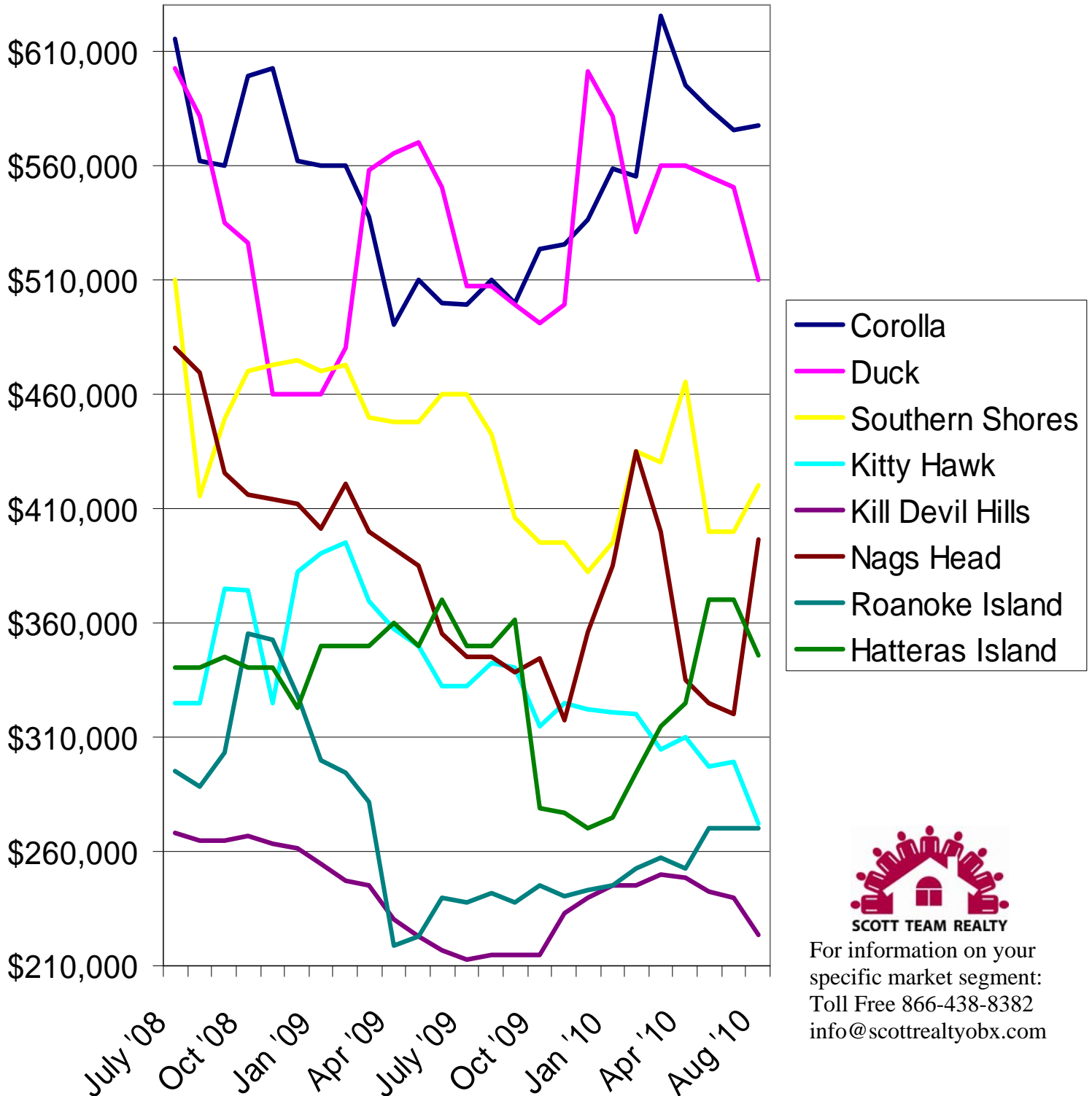
(residential sales)



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OBX Median Sales Prices

(residential sales)



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Market Indicator FAQs

Why should I care about market indicators?

The Outer Banks real estate market is unique. Unlike most metropolitan areas, the majority of Outer Banks sales are vacation and retirement homes. Vacation homeowners typically do not have to sell and vacation home buyers purchase for enjoyment instead of shelter. This unique market takes some time to understand before making intelligent buying or selling decisions. Knowledge is power and these indicators combined with the knowledge and experience of your Realtor will help you make the best buying or selling decision for your particular circumstances.

How are these market indicators calculated?

Data is gathered monthly from the Outer Banks Association of Realtors' Multiple Listing Service data base and compiled by F. Jeffrey Scott. The vast majority of real estate transactions on the Outer Banks come from this database. Each indicator is based on the last six month's sales activity. Using the sales information from the last six months allows trends to become evident while tempering very high or very low individual months. Sales activity including the number of active listings will be retrieved on or about the 15th of each month. By that date in each month all sales for the previous month should be entered by all Realtor members. Because the absorption rate number is dependent upon the number of listings in each market segment and the number of listings changes constantly this absorption rate may vary slightly depending upon when the active listing count was taken. These indicators focus only on residential sales of improved property. Land and commercial sales statistics can be obtained separately from Scott Team Realty.

What is Absorption Rate?

This indicator quantifies current supply and demand. It is the number of months it would take to sell the entire listing inventory at the current rate of sales. In other words if there are five residences currently on the market and one residence is being sold each month then it will take five months for all the inventory to be absorbed. When the absorption rate goes down, it means that there are more buyers and fewer sellers and is called a seller's market. When the absorption rate goes up, there are more sellers than buyers and the market favors the buyer. Most experts believe that an absorption rate of six months is a neutral rate that favors neither buyers nor sellers. Here on the Outer Banks where a much larger portion of all sales are vacation rental or second homes, the neutral absorption rate is closer to a year.

What is Average Days on the Market (DOM)?

This indicator shows the average time period it takes for the total number of sold properties to go under contract. It is calculated by adding up the total days between the day sold properties were listed and when they closed and then dividing it by the total number of properties. There are a few factors that may cause this number to be lower than the true number. Sometimes a property is taken off the market and is listed by another company. The DOM for this new listing will go back to zero even though it was for sale before. Also, this number only counts those properties that have actually sold. During every period, some homes are taken off the market without selling. Even though this number may be slightly lower than the actual number, it will paint an accurate picture of the DOM trend in each area.

Average DOM information is also helpful in determining the value of specific properties. Since the spring of 2003 almost all information on properties listed in the Outer Banks MLS has been kept in an electronic history

file. This information is easy for Realtors to access. Comparing the price changes and other activity of a specific property to the average DOM will give buyers and sellers a better feel for fair market value.

What is Median Sales Price?

This number is the actual sales price of a property in the middle of all the sales during that time period. For example if seven properties sold and they are put in order of highest to lowest price the sales price of the property in the fourth place would be the median sales price because there were three sales lower and three sales higher. This indicator shows changes in property values over the long term and in the short term it shows the price range where the majority of sales are occurring. Median prices vary greatly from each area of the Outer Banks. Duck and Corolla currently have the highest median sales prices over \$500,000 and Kill Devil Hills has the lowest median sales prices at close to half that number. Even when using six month's worth of sales activity, median sales prices can sometimes vary significantly between reporting periods. It is a good idea to look at a few months at a time to get a better feel for the current trends.

It is our goal that this information helps you to better understand the local real estate market. Please do not hesitate to call on Scott Team Realty for more detailed information on any particular market segment.

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