

End of year 2011

# Scott Market Report



## Signs of improvement in 2011

Welcome to the annual examination of the Outer Banks real estate market. 2011 started off strong and was looking to be the best year in real estate sales since 2005 until Hurricane Irene hit in August. This hurricane slowed business but did not kill it. Savvy buyers returned to the Outer Banks in the late fall determined to make a smart purchase.

Many Realtors see 2011 as the year that the market finally began to show some positive signs. Distressed properties represented a smaller portion of the overall market with foreclosure properties going below 20% of all sales for the first time in years. Inventory also reached lower levels. As of this writing there were more than 1000 fewer active listings on the market than there were at this time in 2007. Good values are not yet scarce but a day may come soon when this occurs.

Another indicator that points towards a stabilizing market is the sold price per square foot for single family residences. This number has remained fairly stable since the spring of 2010. If property values were dropping quickly this number would be steadily dropping.

With interest rates at all-time lows and prices at their lowest point in close to ten years, buyers have the opportunity to pick up a great value now. Sellers that have to sell can take heart that buyers are ready to purchase at the right price point.

We hope you find this report useful and informative. Feel free to call Scott Team Realty with any questions or comments regarding it. You can find all our reports under the market info tab on our company web site.

Sincerely,

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





**Dare Beaches North of Oregon Inlet:** Houses even Lots -23.2% Many of these residential sales indicators point towards a flattening of the local real estate market. Residential sales prices may have hit bottom. This may not be the case yet with lot sales.

HOUSES	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed	LOTS	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed
	2011	605	\$382,205 0%	226	92.8%		27.4%	2011	93	\$145,439 -23.2%	272
2010	632	\$383,992	197	92.3%	31.5%	2010	69	\$189,372	227	86.4%	17.4%

**Southern Shores:** Houses -6.9% Lots -41.3% Last year's number of residential sales was unusually high so the 58 sales is closer to what we have seen in the recent past. Distressed sales were a much smaller piece of the pie as well. Lot sales in Southern Shores are becoming scarcer because there are fewer undeveloped lots available.

HOUSES	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed	LOTS	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed
	2011	58	\$478,825 -6.9%	239	92.7%		25.8%	2011	14	\$195,077 -41.3%	362
2010	81	\$513,765	224	94.1%	40%	2010	15	\$332,200	403	85.6%	0%

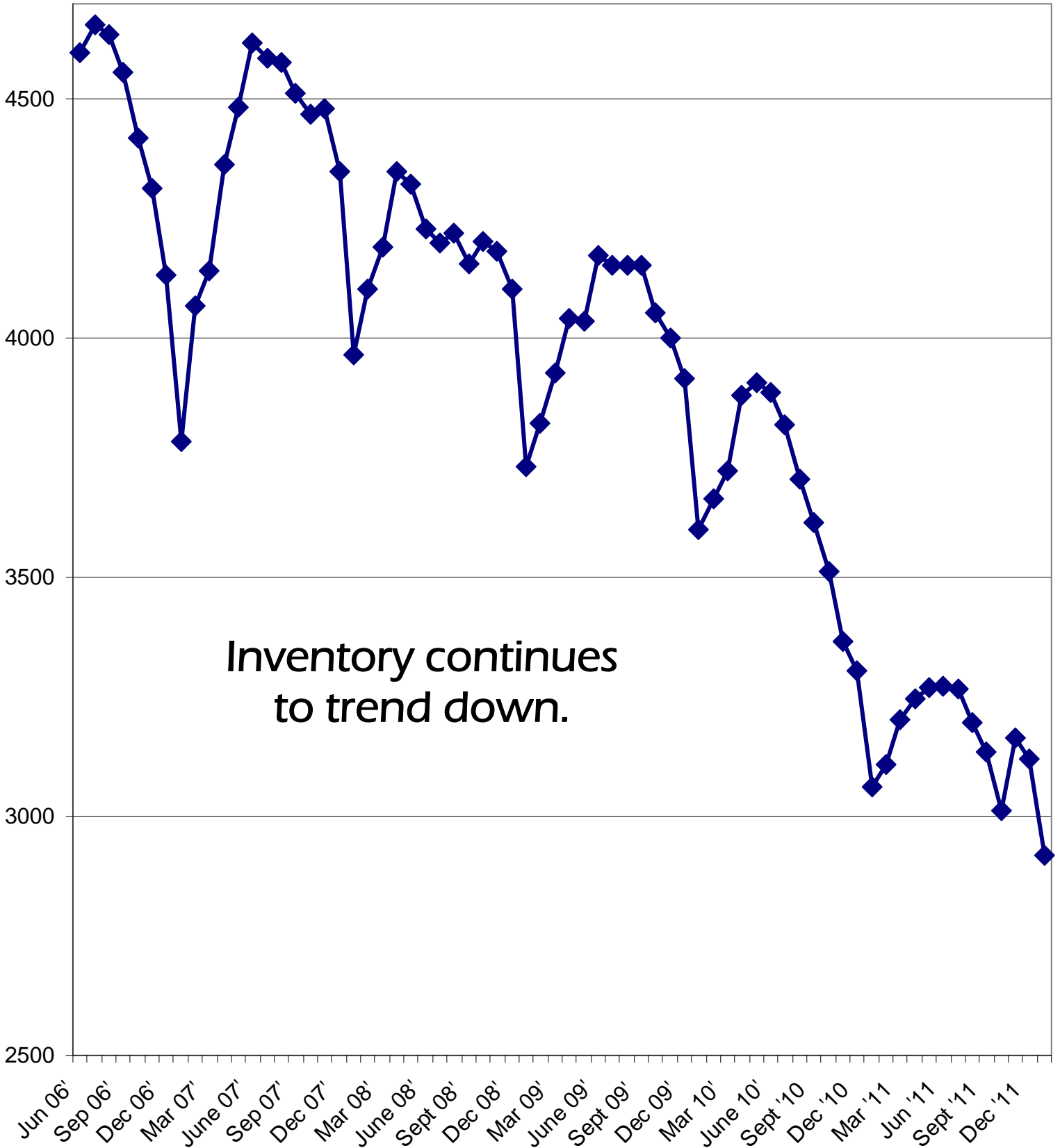
**Kitty Hawk and Martin's Point:** This market segment likely depicts the bottom of the market. Residential sales were steady and average sales priced even came up. Much of the distressed lot inventory has been sold which may portend for a leveling off of lot prices similar to home sales in this area in 2012.

HOUSES	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed	LOTS	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed
	2011	81	\$348,995 +8%	221	93.3%		33.3%	2011	25	\$110,218 -29%	195
2010	79	\$321,568	197	93%	31.6%	2010	16	\$155,350	199	88.2%	31%

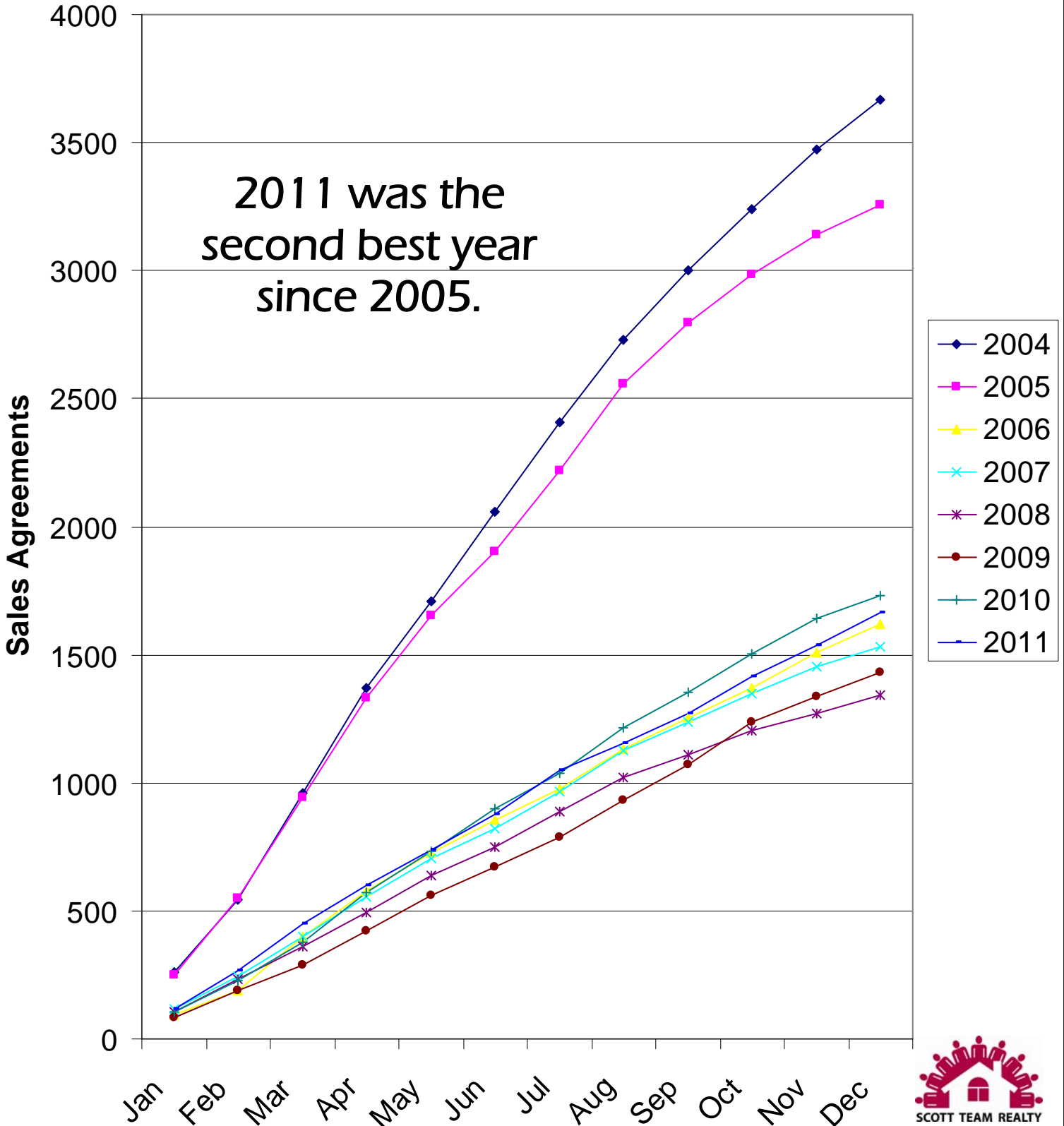
**Duck:** Houses +10.1% **Corolla Houses** +3% Residential sales in these market segments are also showing signs of a steady market. Average sales prices are up while the number of sold distressed properties has gone down. High average days on the market numbers show that there is still inventory in these areas that must be sold before values quickly appreciate.

DUCK	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed	COROLLA	# Sales	Average Sold Price	Average Days on Mkt.	List Price to Sold Price	Distressed
	2011	76	\$661,055 +10.1%	318	91%		19.7%	2011	173	\$670,806 +3%	265
2010	84	\$600,248	221	91.5%	26.1%	2010	148	\$651,247	258	91.9%	33.1%

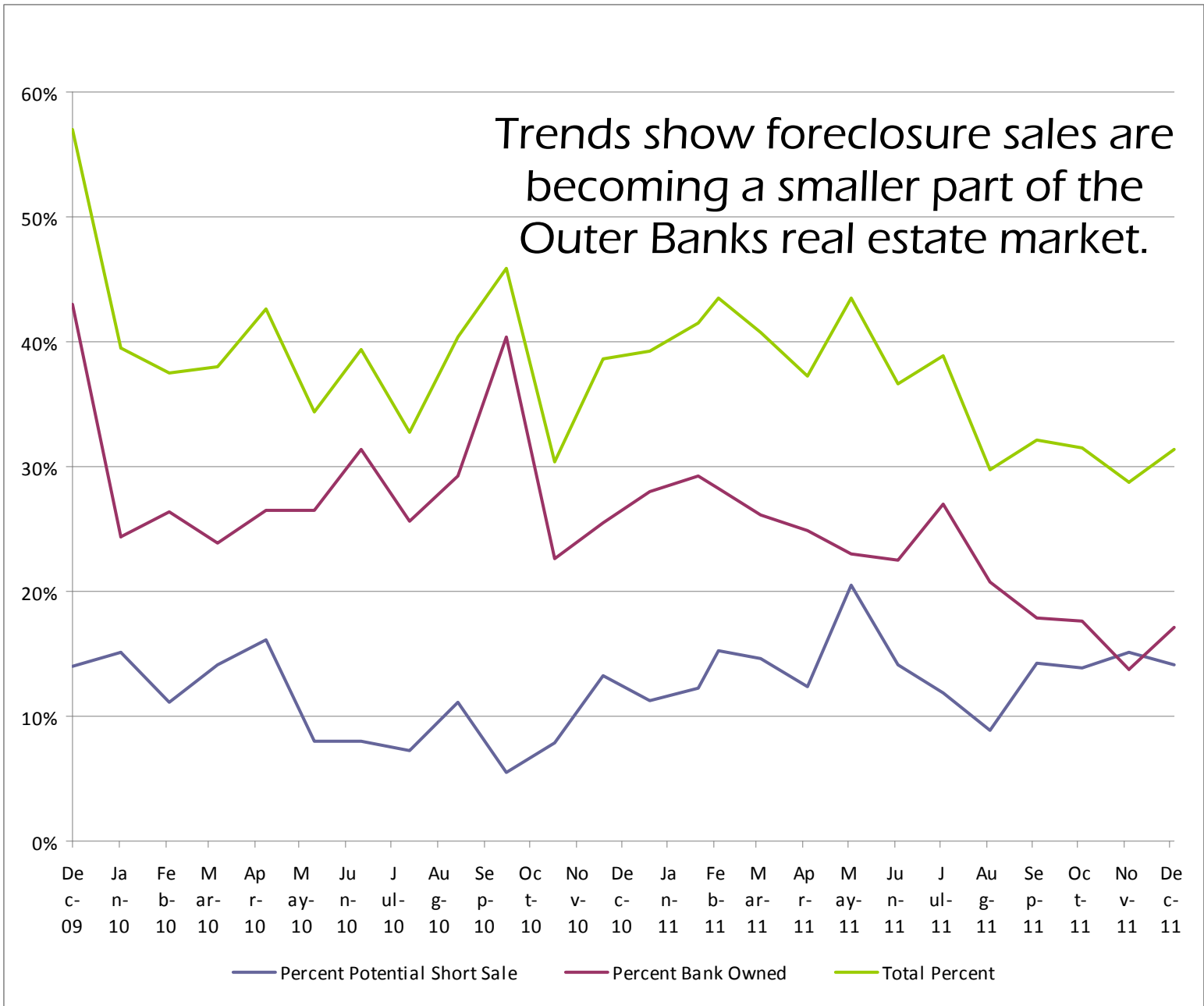
# Total OBX Listings



# Total OBX MLS Sales Agreements



# Total Outer Banks Distressed Sales

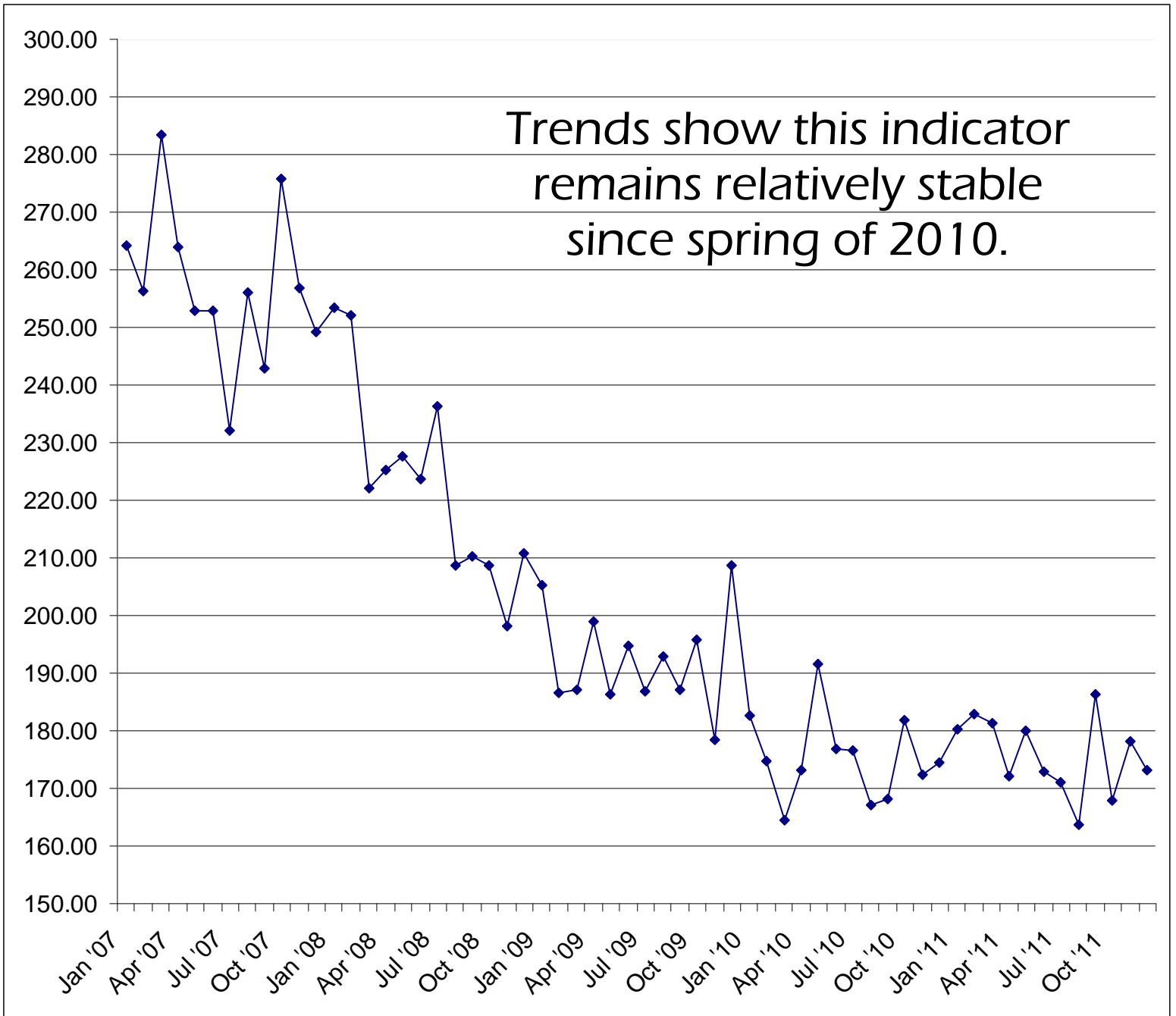


Graph provided by the Outer Banks Association of Realtors



For information on your specific market segment:  
 Toll Free 866-438-8382  
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# Monthly Average Sold Price Per Square Foot (all OBX Single Family Residential sales)

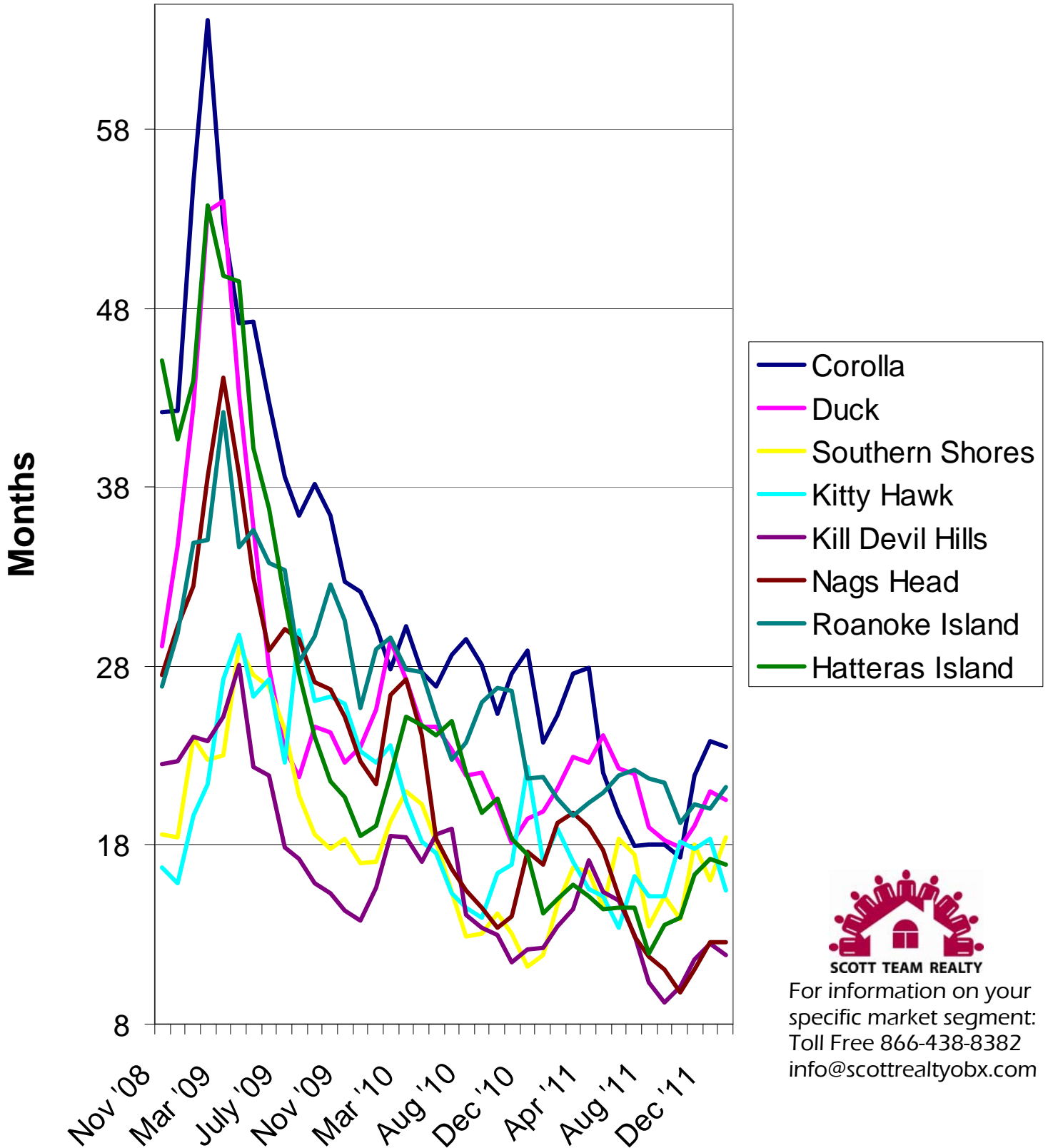


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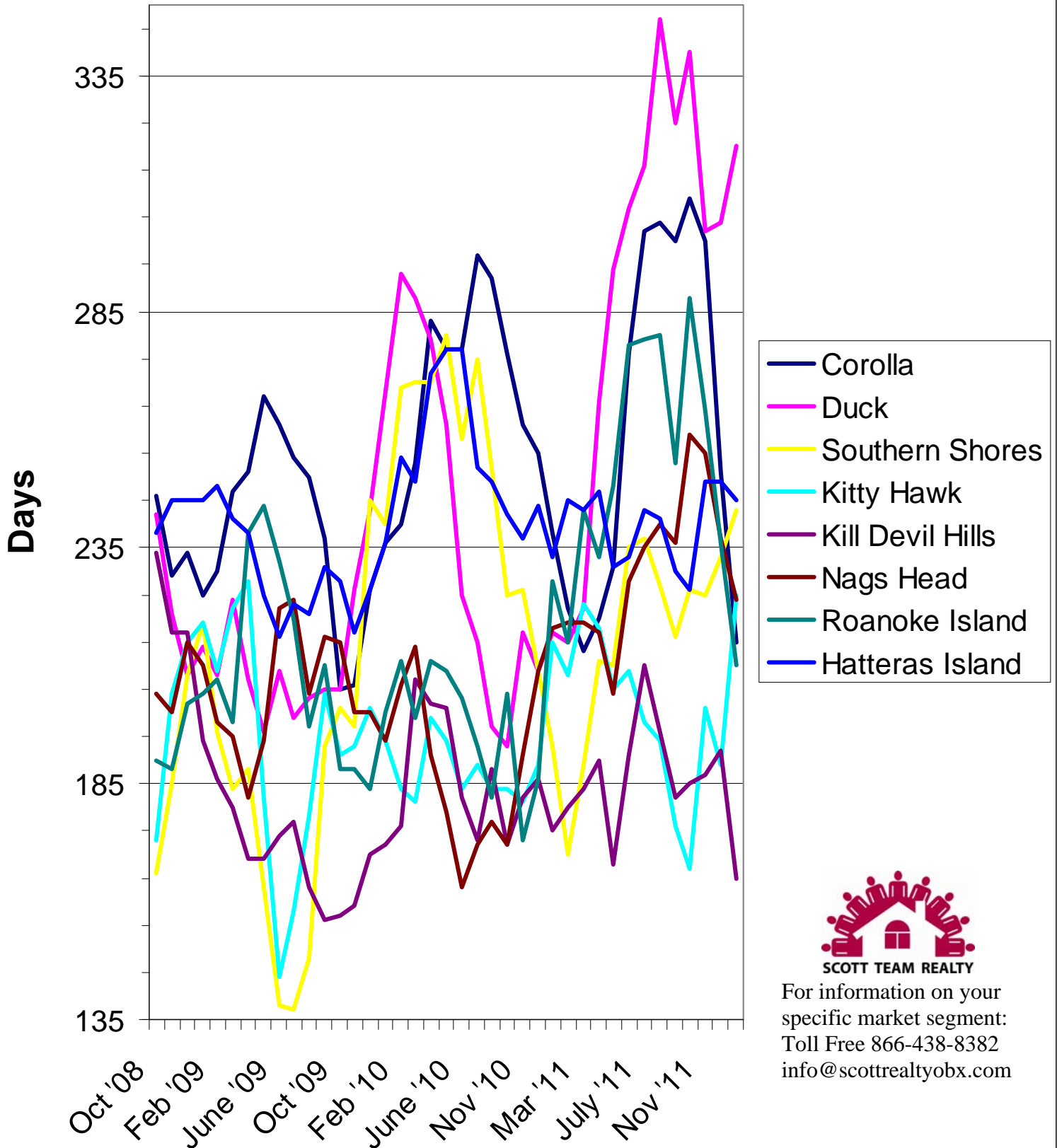
# OBX Absorption Rates (residential listings/residential sales)



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# OBX Days on Market

(residential sales)

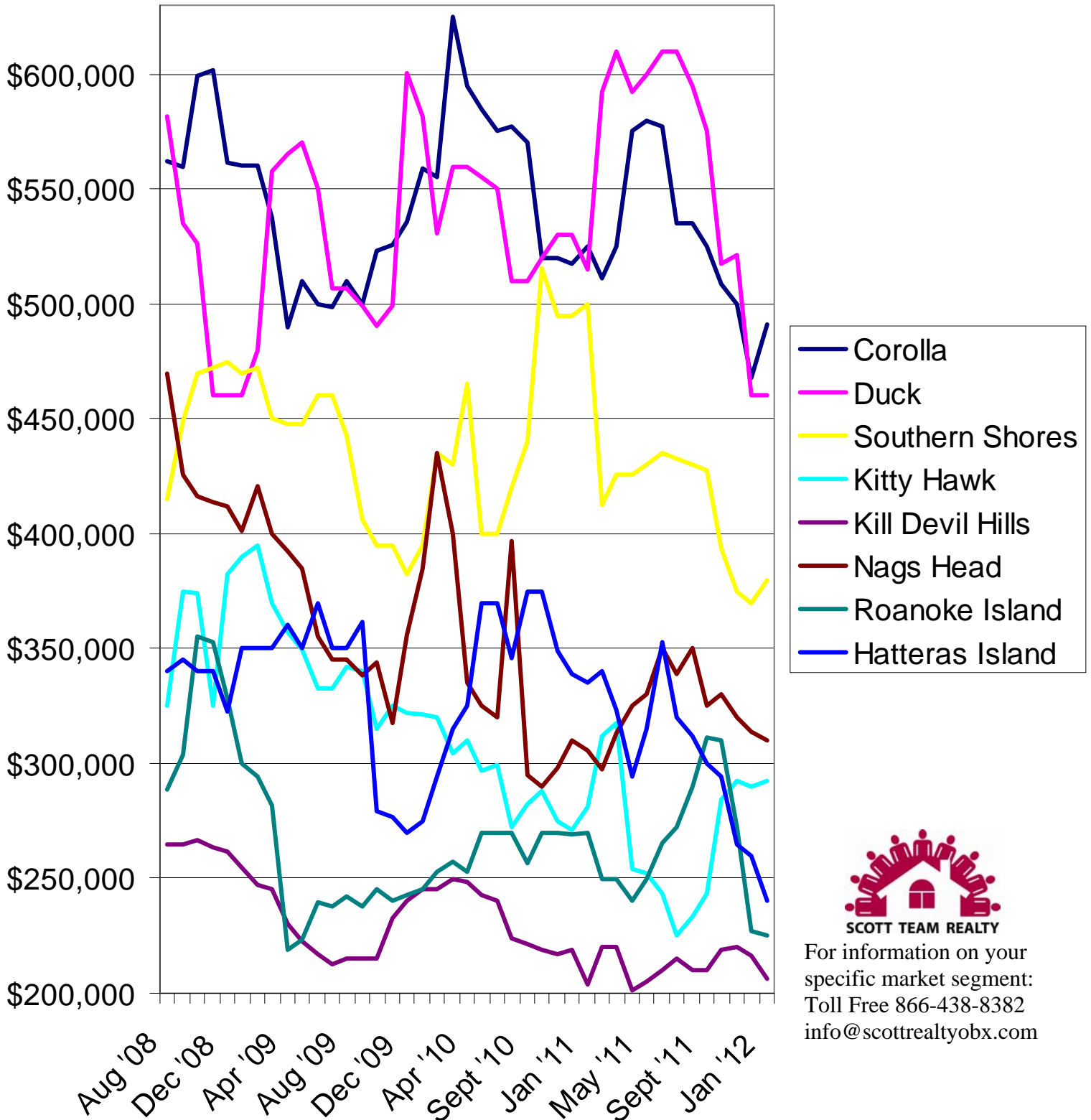


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# OBX Median Sales Prices

(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 15<sup>th</sup> 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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