

October 2016

# Scott Market Report



## Outer Banks Home Sales Continue Despite Weather

Three tropical events have somewhat affected sales since the summer season. Often times buyers will cancel their plans to look at property when a hurricane or tropical storm is forecasted. This happened over Labor Day weekend with Tropical Storm Hermine and Hurricane Matthew in October. Tropical Storm Julia was also close by for the weekend of September 17. Despite all this bad weather the number of sales agreements written in the month of September was close to what we had during the prior September. For the year, written sales agreements are also very similar to what they were in 2015. Bad weather years don't happen that often. The [archives of the National Hurricane Center](#) show that it has been at least four years since this many storms came close to us.

According to the Outer Banks Association of Realtors' September report, the number of residential sales for the year is off just 1% but average prices and median prices are up. The number of land sales is actually up 6%. The fact that our market is holding its own is a good sign. Will this year be as good as 2015? It's hard to say but if we just stay close then it should be considered a successful year.

Absorption rates continue to go down as the inventory dwindles. You can see in this report that they vary between seventeen months in Corolla to just six months in Kill Devil Hills. Why the large discrepancy? There are many factors but probably the biggest one is that Corolla is almost all second and vacation homes. Without a strong primary residential market there is less demand. Demand begins to pressure prices in this market when there is somewhere between six and eight months worth of inventory.

Well priced properties sell quickly and may sell for more than asking price in this market. If you are a buyer don't hesitate to make an offer on a good value or you'll likely miss it. Sellers receiving no showings or offers likely need a price or condition improvement.



Sincerely,

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

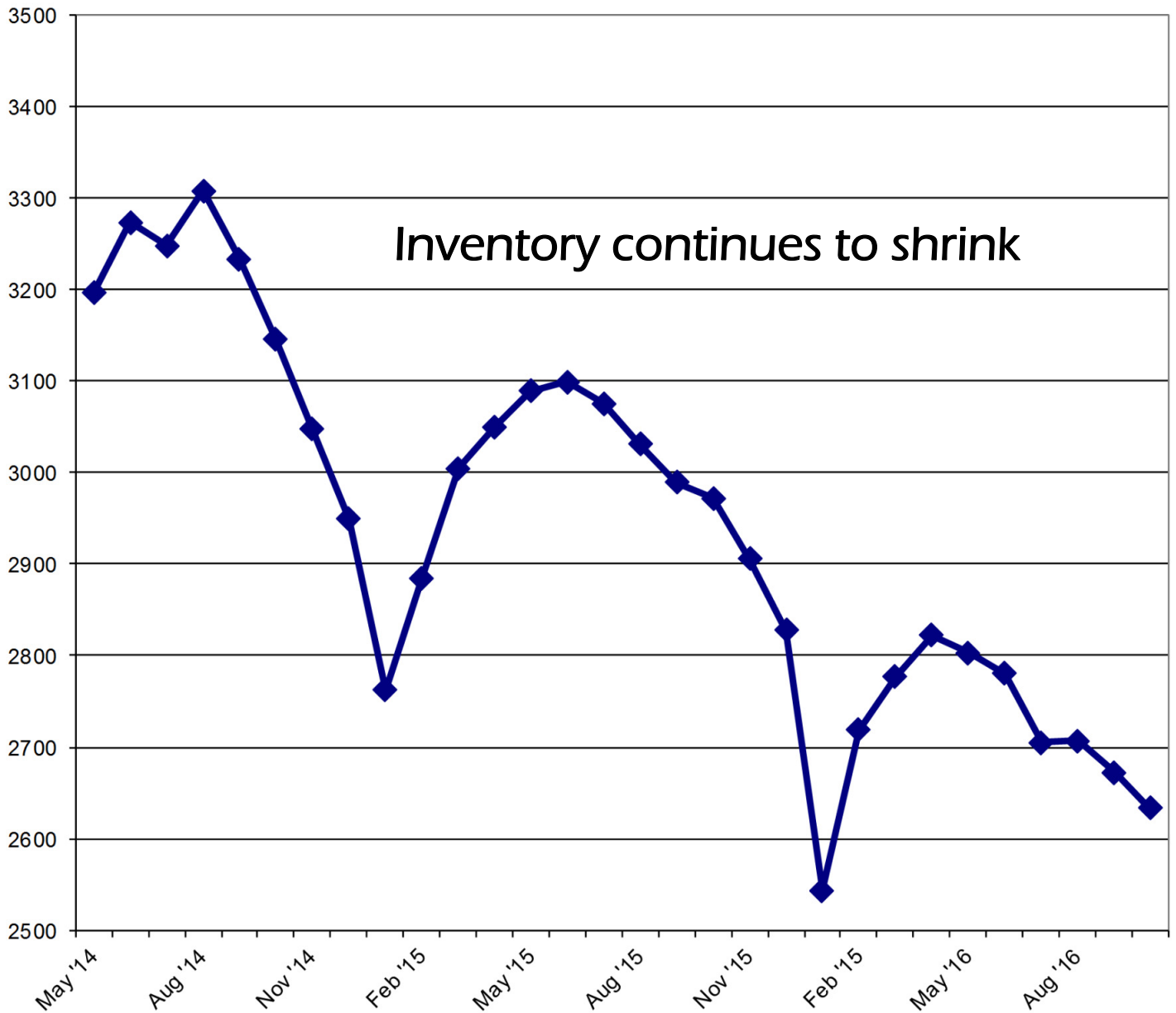
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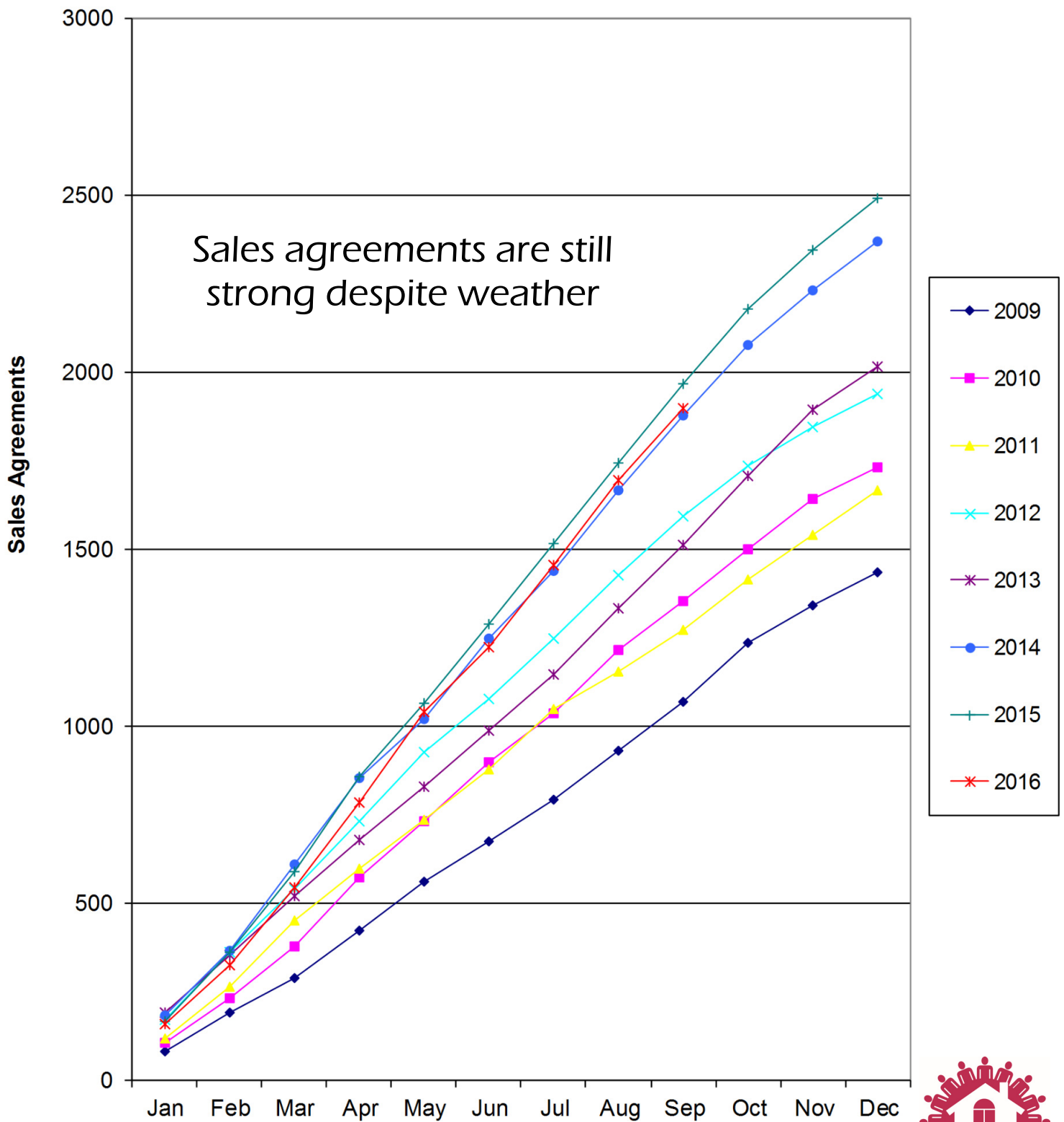
Scott Team Realty 5535 N. Croatan Hwy Southern Shores, NC 27949  
Toll Free 866-438-8382 Local 252-261-1500 <http://scottrealtyobx.com>  
Information herein obtained through the OBAR MLS



## Total OBX Listings



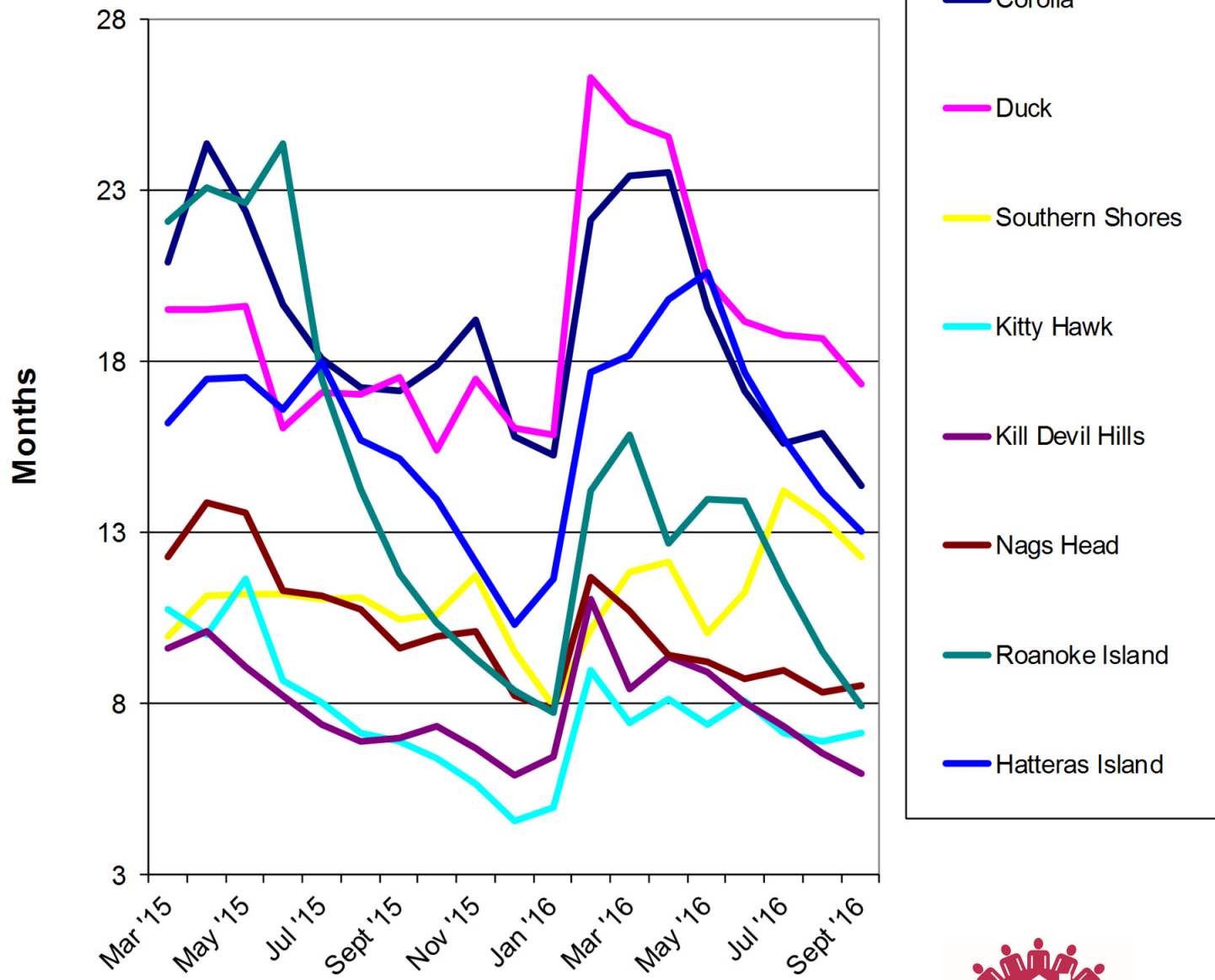
# Total OBX MLS Sales Agreements\*



\*Includes all properties in under contract and under contract continue to show statuses.  
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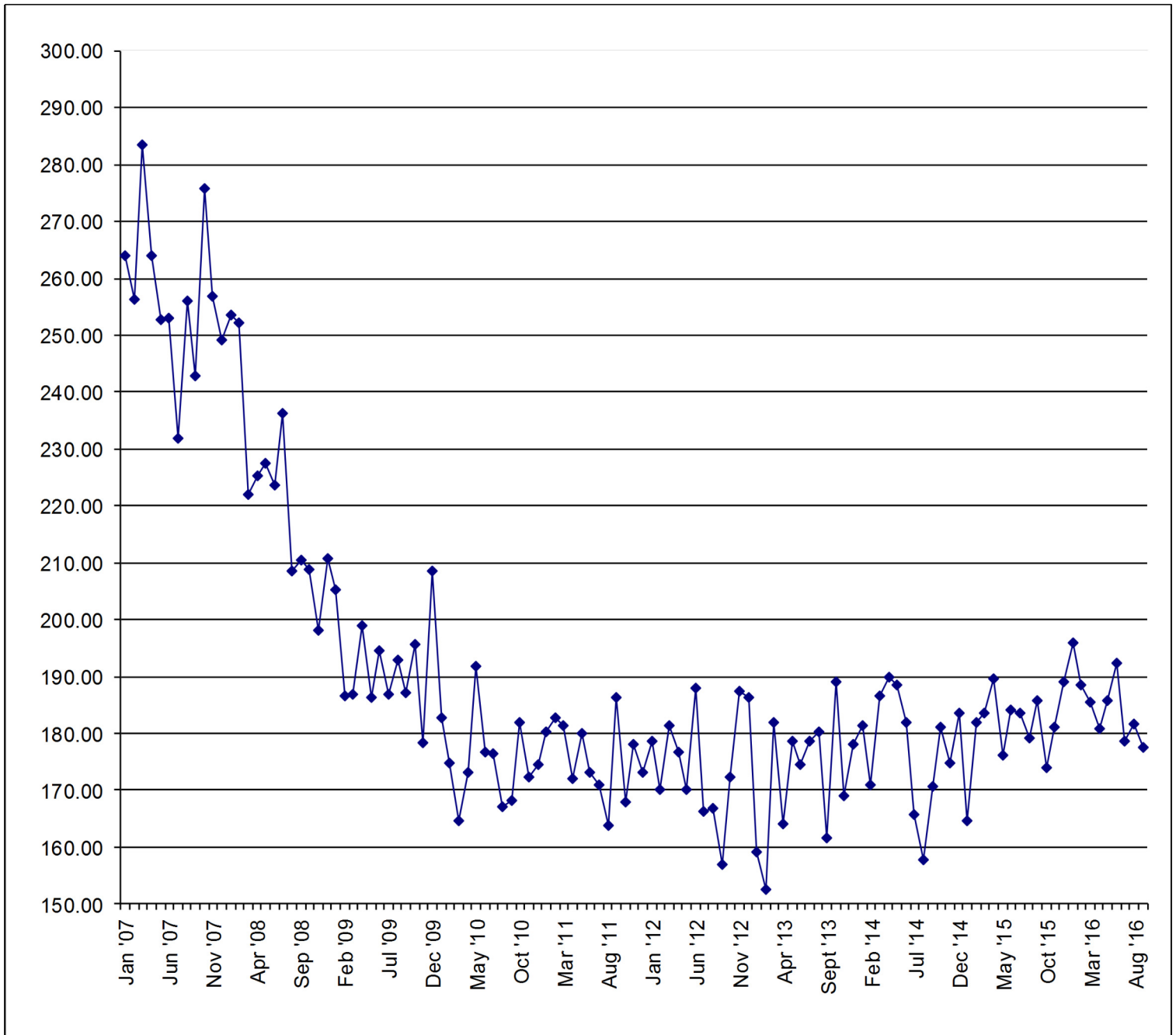
# OBX Absorption Rates

(residential listings/residential sales)



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# Monthly Average Sold Price Per Square Foot (all OBX Single Family Residential sales)



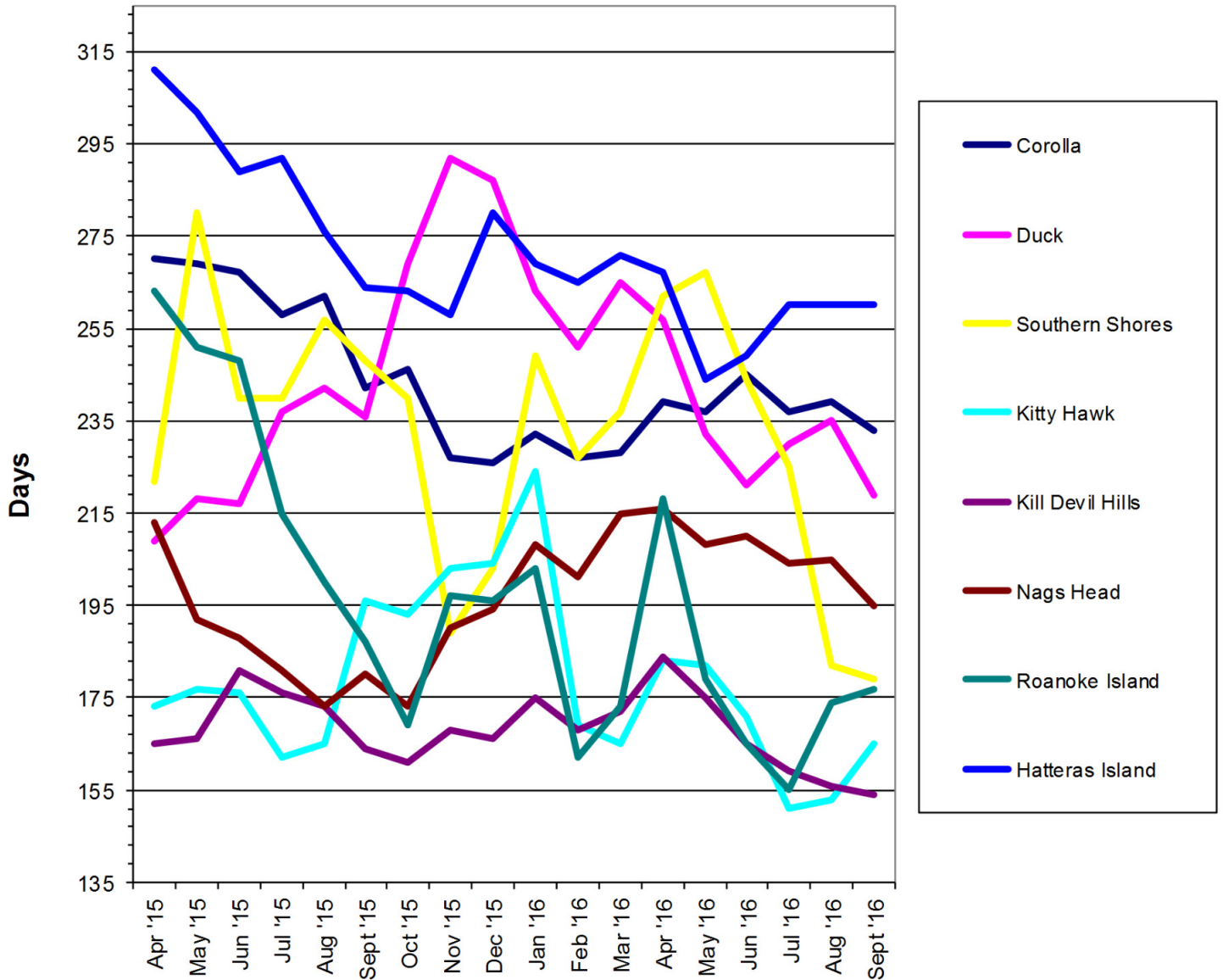
Data provided by the Outer Banks  
Association of Realtors



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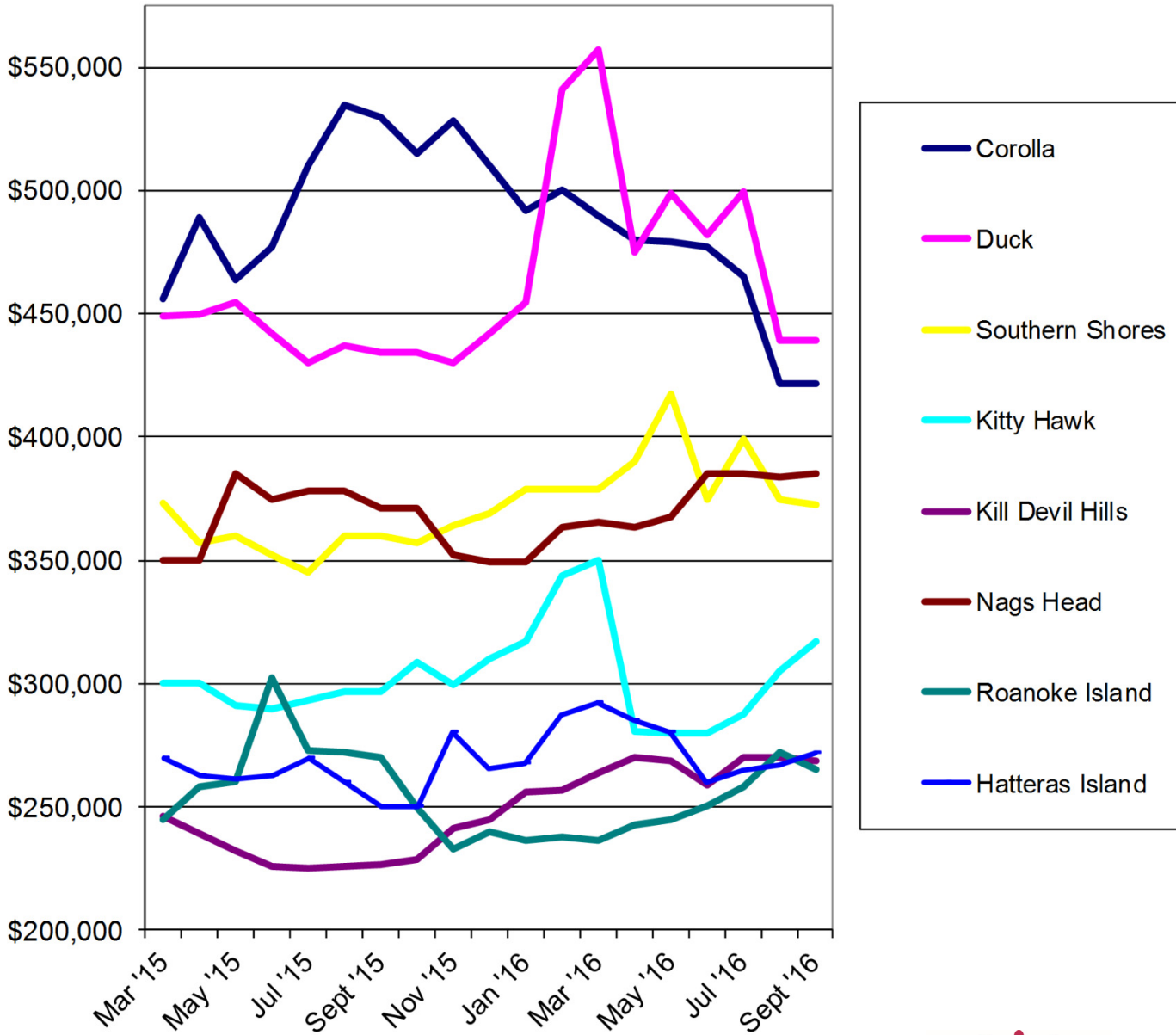
# OBX Days on Market (residential sales)



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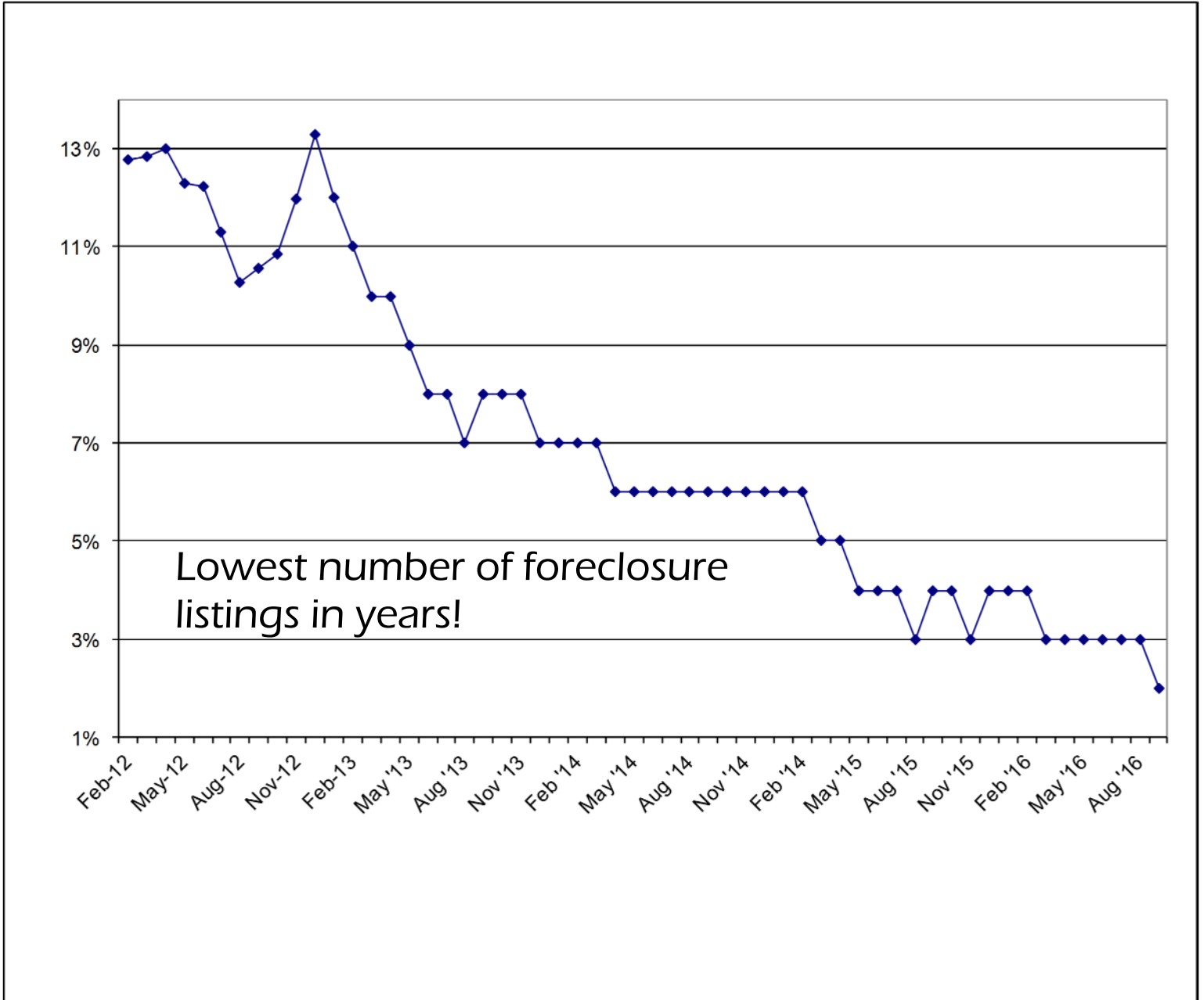
# OBX Median Sales Prices

(residential sales)



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# Active OBX Distressed Inventory (Measured as a percentage of the whole)



Data provided by the Outer Banks Association of Realtors



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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.

### **How are Sales Agreements calculated?**

Sales agreements are calculated by first searching for properties that are in the following statuses: under contract, under contract continue to show and sold. Once those listings are identified they are sorted by contract date. Contract date does not show up on under contract continue to show listings so those are sorted by status change date. All listings that have either the contract date or the status change date in a particular month are counted towards the total number of sales agreements.

### **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.

### **How is the sold price per square foot calculated?**

Each month the average sold price is divided by the average heated living area for all the sold residences (including condominiums, townhouses and co-ownerships). This is a good general indicator for the direction of over all market. It is best to look at trends over an extended period of time since each month this number could vary by as much as 25%. Also, since it includes all types of residences sold do not use this number for a specific type of property. For example, the sold price per square foot will be much more for an ocean front house than a residence on a major highway. This is because ocean front land is much more valuable than a residential land on a busy road. Scott Team Realty can help you with finding the average sold price per square foot for your specific market segment.

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.

Email: [info@scottrealtyobx.com](mailto:info@scottrealtyobx.com)

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