

End of year 2009

Scott Market Report



2009 ends in upward trend

Welcome to the annual examination of the Outer Banks real estate market. In the minds of many Realtors, 2009 will go down in history as the year with the most depreciation ever. However, the drop in property values caused more buyers to enter the market. The last quarter of 2009 saw large increases in Outer Banks residential sales. Local Realtors are seeing signs of this momentum continuing into the new year.

Unfortunately distressed properties are still affecting median sales prices. According to MLS statistics these short sales and bank sales represented 59% of the market in December. This was almost double the recent market trend. Until these distressed properties are cleared from the market, increases in sales prices are unlikely.

Good news for sellers is also on the listing front. Absorption rates are as low as they have been in years. This does not mean a seller's market will return soon but at least we have turned a corner towards a more healthy market. Good values are not yet scarce but we may have a day soon when this occurs.

Low interest rates, low prices and the Federal tax incentive should continue to fuel this increase in sales activity. Buyers looking to purchase in the next year or so should take a serious look at the market now. Many economists are pointing towards an increase in interest rates when the government stops buying mortgage securities this spring. Buying soon should save buyers thousands of dollars in taxes next year and thousands in interest payments over the long run.

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,

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Dare Beaches North of Oregon Inlet: Houses -6.1% Lots -35% The average home sales price decrease was not too bad in this area when considering over 27% of the properties sold were distressed properties. Lot sales prices suffered considerably more.

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
	2009	508	\$410,103	196	92.5%		27.3%	2009	72	\$143,063	177
		-6.1%						-35%			
2008	486	\$436,451	197	93.9%		2008	74	\$222,845	270	88.6%	

Southern Shores: Houses 14.1% Lots -30% Buyers continued to stay in this market. As prices came down, buyers purchased larger homes in this area. Lot values also came down dramatically over last year as banks and private sellers reduced their prices to attract buyers.

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
	2009	53	\$570,487	202	92.5%		20.7%	2009	10	\$173,500	161
		14.1%						-30%			
2008	54	\$499,562	176	93.9%		2008	6	\$247,500	225	92.2%	

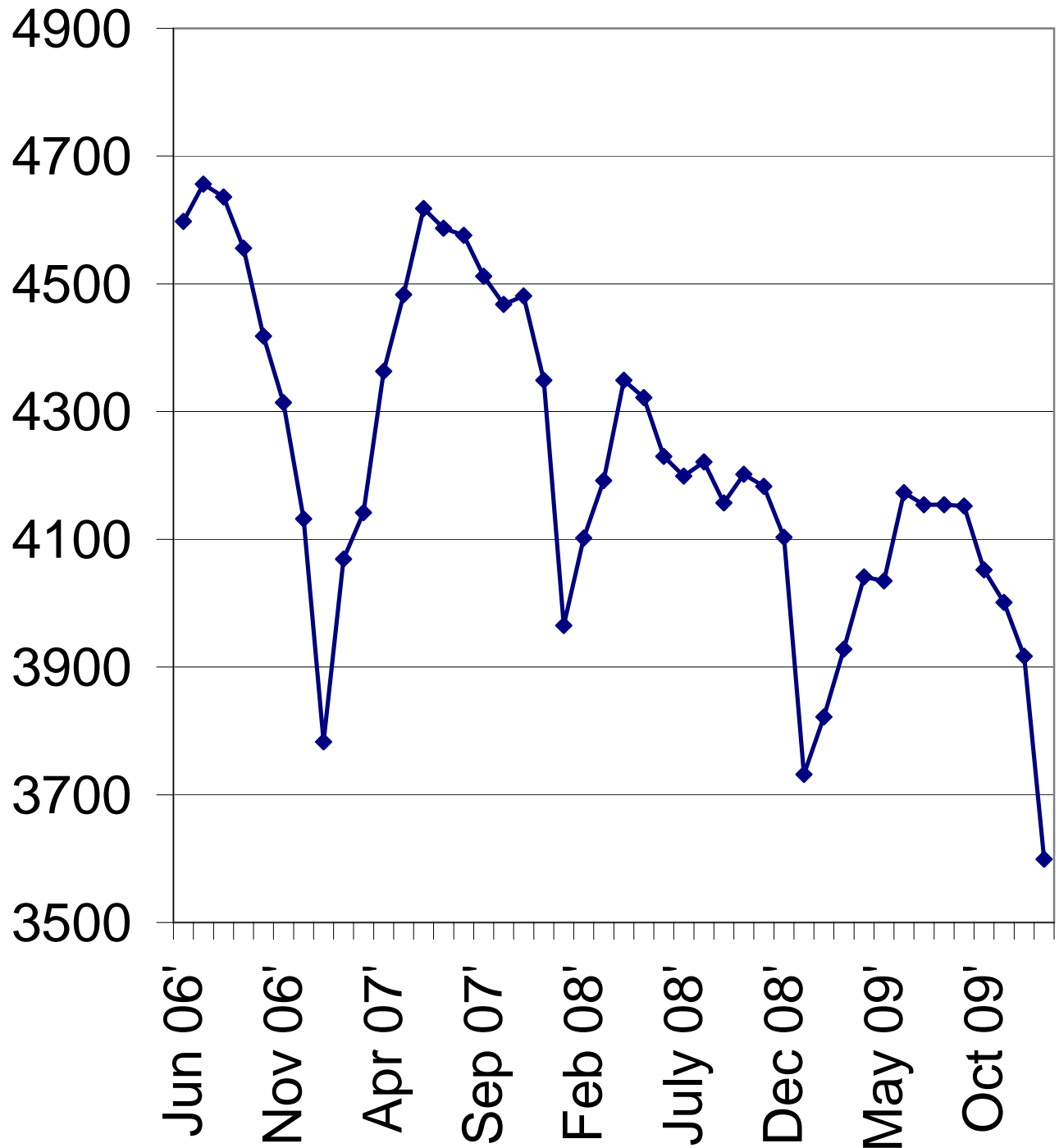
Kitty Hawk and Martin's Point: Houses 2.4% Lots -25.3% Distressed homes and lots were a significant part of this market. It was good to see an increase in lot sales over 2008 in this area. Banks sales of lots dominated this particular market. Home buyers still saw the value of this location and kept the average sales prices high.

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
	2009	62	\$418,712	196	92.3%		27.4%	2009	24	\$197,072	149
		2.4%						-25.3%			
2008	76	\$408,309	185	94%		2008	19	\$246,994	245	91.9%	

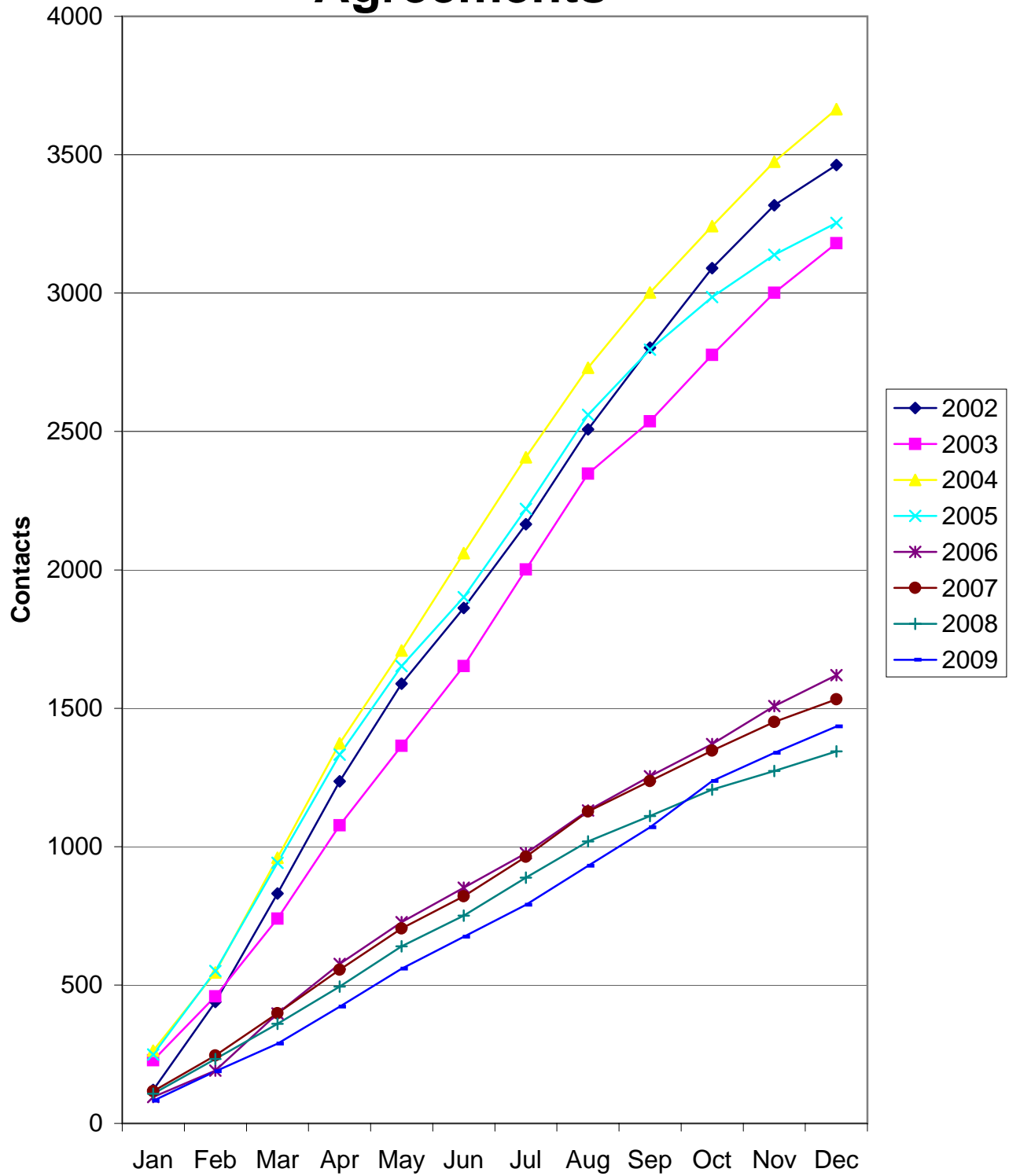
Duck: Houses 5.9% **Corolla Houses** -12.7% Duck holds the distinction of having the fewest distressed home sales in the area. Buyers in this area saw the value of property here and purchased more expensive properties. In Corolla, more buyers purchased properties as prices came down. Distressed properties have become a larger part of the Corolla market this year.

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
	2009	73	\$673,865	226	92.1%		8.2%	2009	115	\$668,297	242
		5.9%						-12.7%			
2008	80	\$635,853	222	93.6%		2008	106	\$766,155	238	90%	

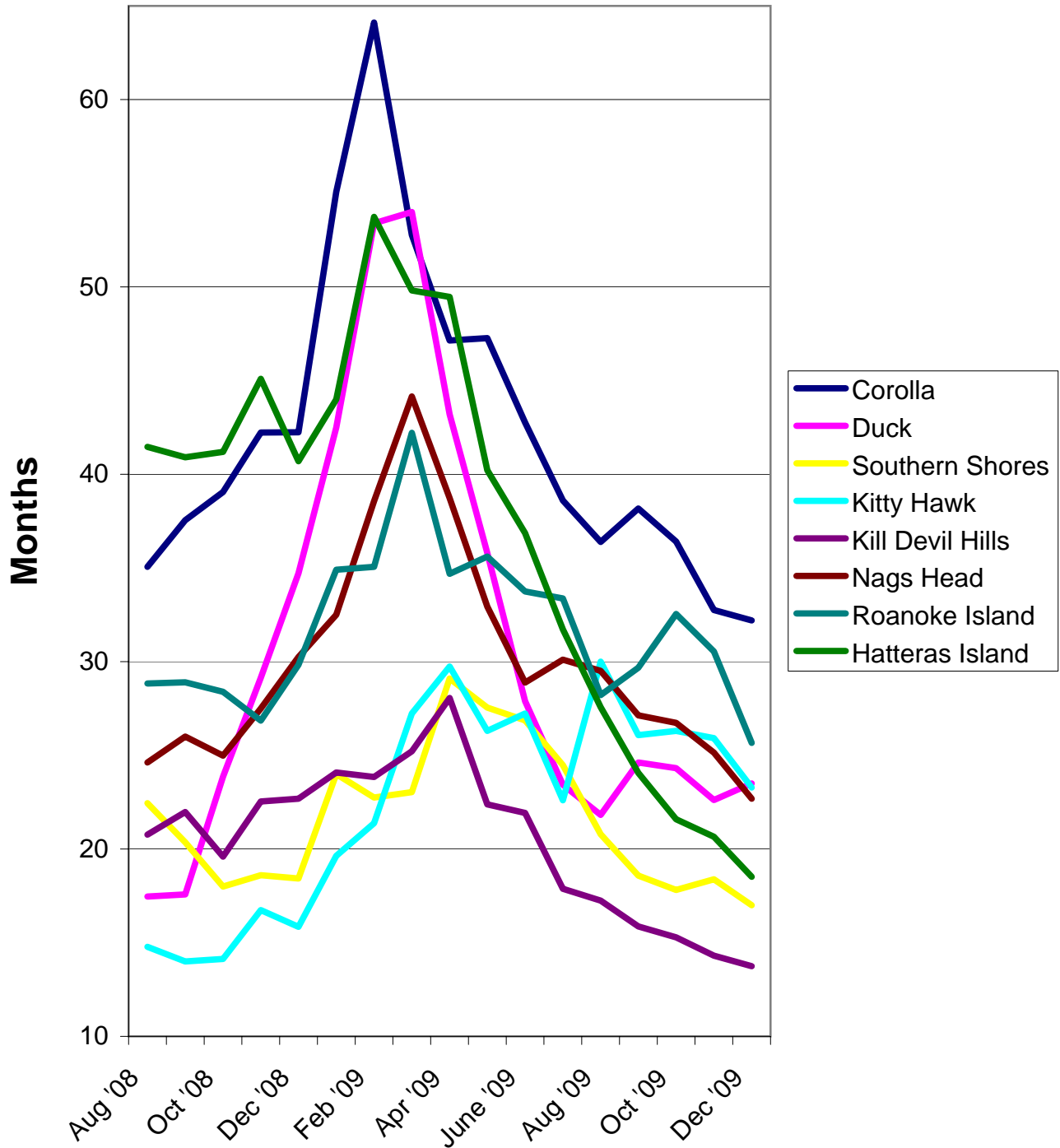
Total OBX MLS Listings



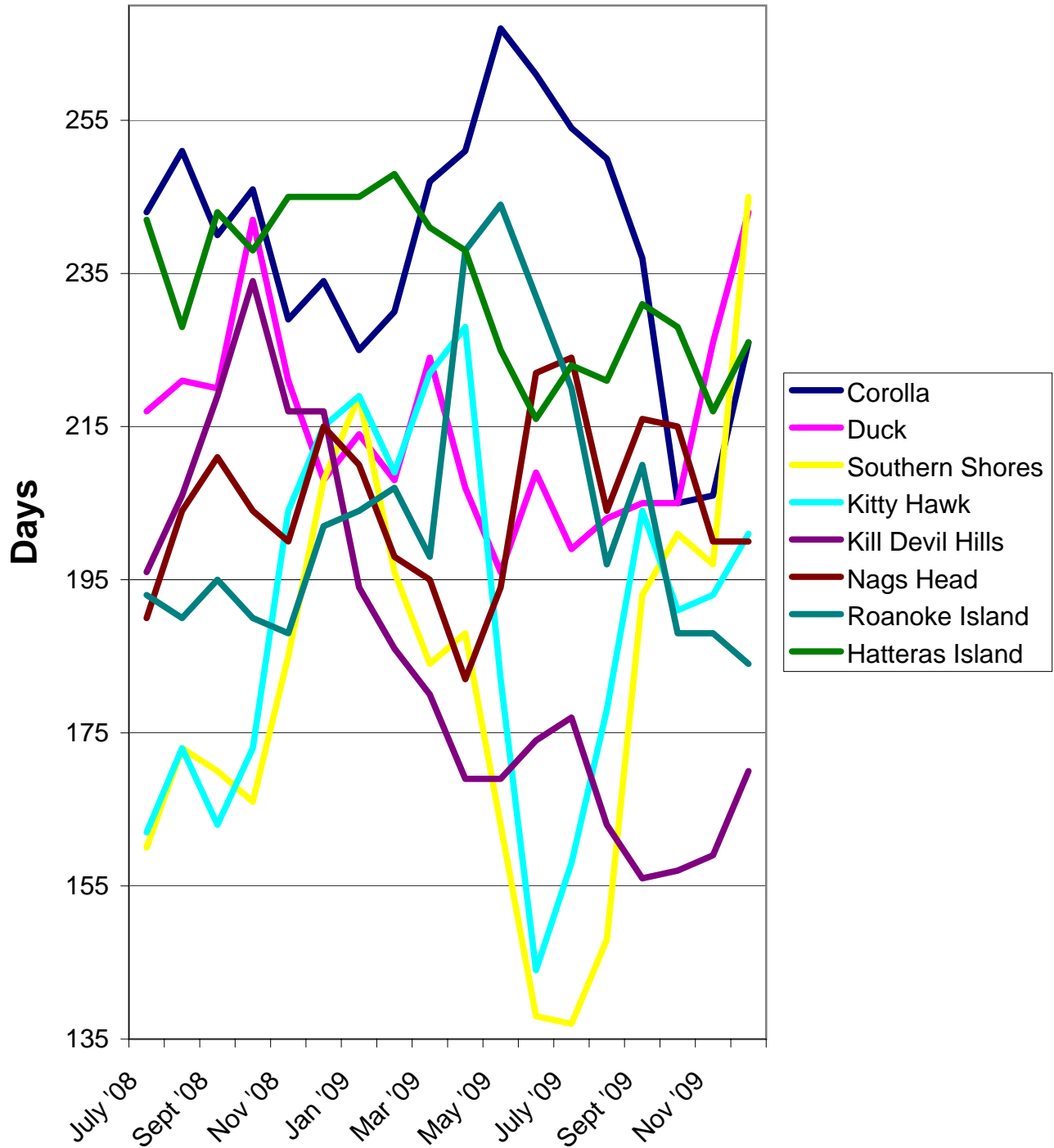
Total OBX MLS Sales Agreements



OBX Absorption Rates (residential listings/residential sales)



OBX Days on Market (residential sales)





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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