

End of year 2012

Scott Market Report



OBX Real Estate Making a Comeback!

Welcome to the annual examination of the Outer Banks real estate market. 2012 was the best year for Outer Banks real estate since the boom year of 2005. The additional sales in just about every market segment has made a significant dent in excess inventory. Fewer choices have not yet had a big impact on property values but we could begin to see appreciation happening this year.

Despite more good market news than in years past, distressed properties are still holding back a truly healthy market. Distressed inventory remains between 10% and 14% of total active inventory. Short sales and bank owned properties represented over 32% of all properties sold in the MLS in 2012. Until distressed properties are a much smaller part of our market we are unlikely to see much appreciation.

The strongest market segments are those properties priced under \$300,000 and those properties that have a good rental history. Most buyers today want to make sure the monthly expense of owning an Outer Banks home is easily managed.

Sellers concerned about pricing their property have more information today on current market values than in recent years. The first new tax assessments since 2005 are now available and there are more sales that sellers can use when comparing their home. When priced properly and marketed effectively, savvy buyers today are quick to make a buying decision.

We hope you find this report useful and informative. Feel free to call Scott Team Realty with any questions or comments.

Sincerely,

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





Dare Beaches North of Oregon Inlet: Houses +1 Lots +17% Beach property saw a large increase in demand in 2012. This demand helped keep values stable for residences in this area. There were still too many distressed sales to see healthy appreciation in homes but that may come soon. Fewer distressed lots appears to have had an effect on average sold prices on lots.

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
	2012	696	\$386,397 +1%	216	93.5%		23.5%	2012	97	\$170,632 +17%	283
2011	605	\$382,205	226	92.8%	31.5%	2011	93	\$145,439	272	83.7%	22.5%

Southern Shores: Houses +1% Lots -1% Increased demand helped keep sales prices up in Southern Shores and buyers are more likely to see stable or increasing values here as the list price to sold price is creeping up. If this much activity continues and distressed properties continue to decline then a healthy market for this area is close by.

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
	2012	90	\$484,031 1%	207	94.4%		24.4%	2012	16	\$193,188 -1%	291
2011	58	\$478,825	239	92.7%	25.8%	2011	14	\$195,077	362	87.9%	0%

Kitty Hawk and Martin's Point: Houses -8% Lots +27.8% Distressed properties affected these areas more than most other Dare Beach areas in 2012. Part of this may have been due to impacts of Hurricanes Irene and Sandy. Much of the distressed lot inventory was cleared out in 2011 and 2012. It is likely that average sales prices on lots in this area will continue to improve in 2013.

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
	2012	99	\$322,492 -8%	210	95.5%		35%	2012	19	\$140,937 +27.8%	391
2011	81	\$348,995	221	93.3%	31.6%	2011	25	\$110,218	195	81%	32%

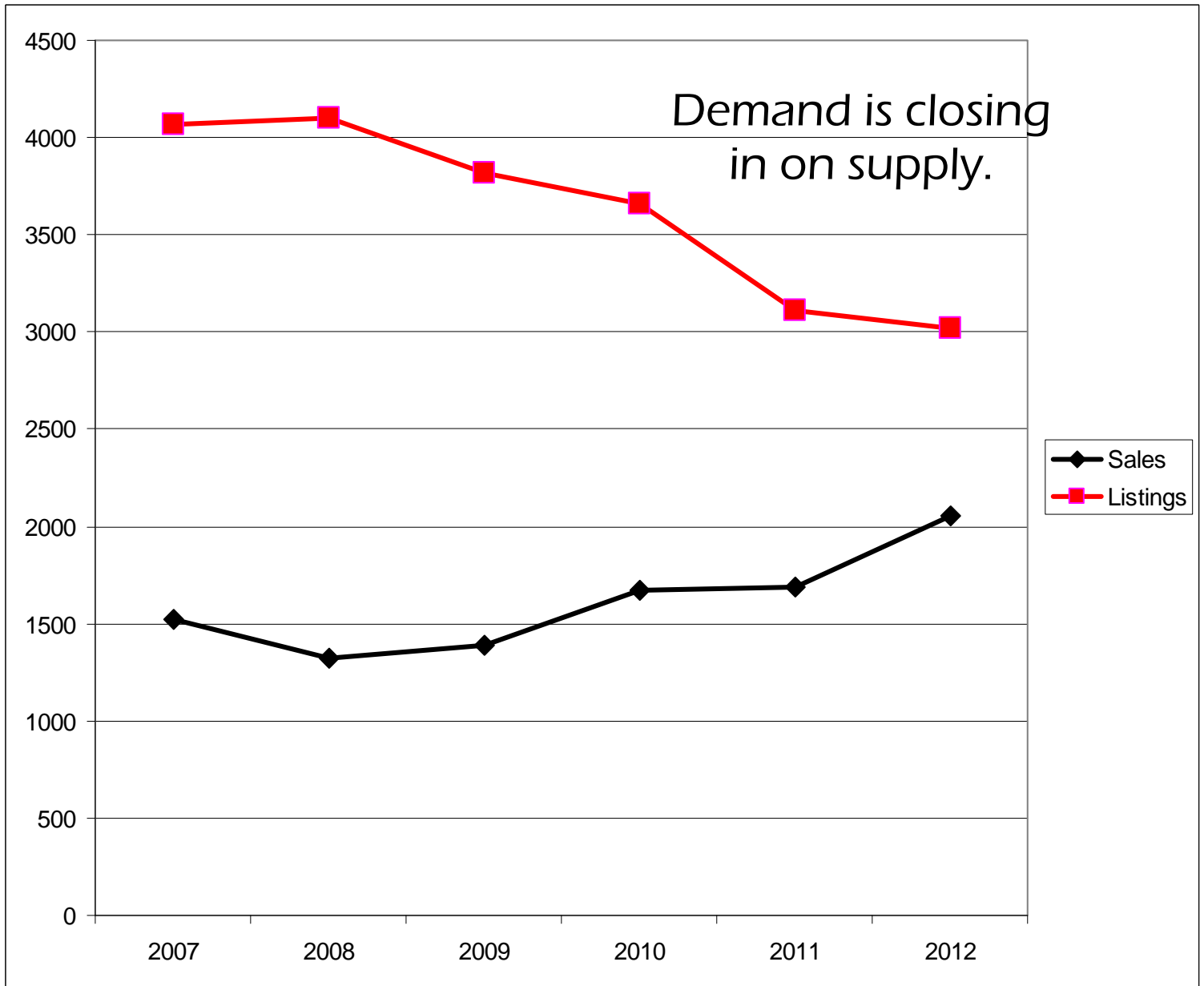
Duck: Houses -25.8% **Corolla Houses** Even Many more buyers today are counting on the rental income to help them with their Outer Banks purchase. This may be one reason for the large decline in average sales prices of Duck homes. Typically less rental income is generated from a similarly priced house in Duck compared to most other Dare County towns. Demand in Corolla is also increasing.

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
	2012	100	\$525,285 -25.8%	298	92.2%		10%	2012	205	\$674,283 0%	247
2011	76	\$661,055	318	91%	19.7%	2011	173	\$670,806	265	92.6%	25.4%

Request a custom market snapshot for any OBX market segment here:

http://scottrealtysobx.com/market_snapshot

Total Outer Banks MLS Sales and Inventory



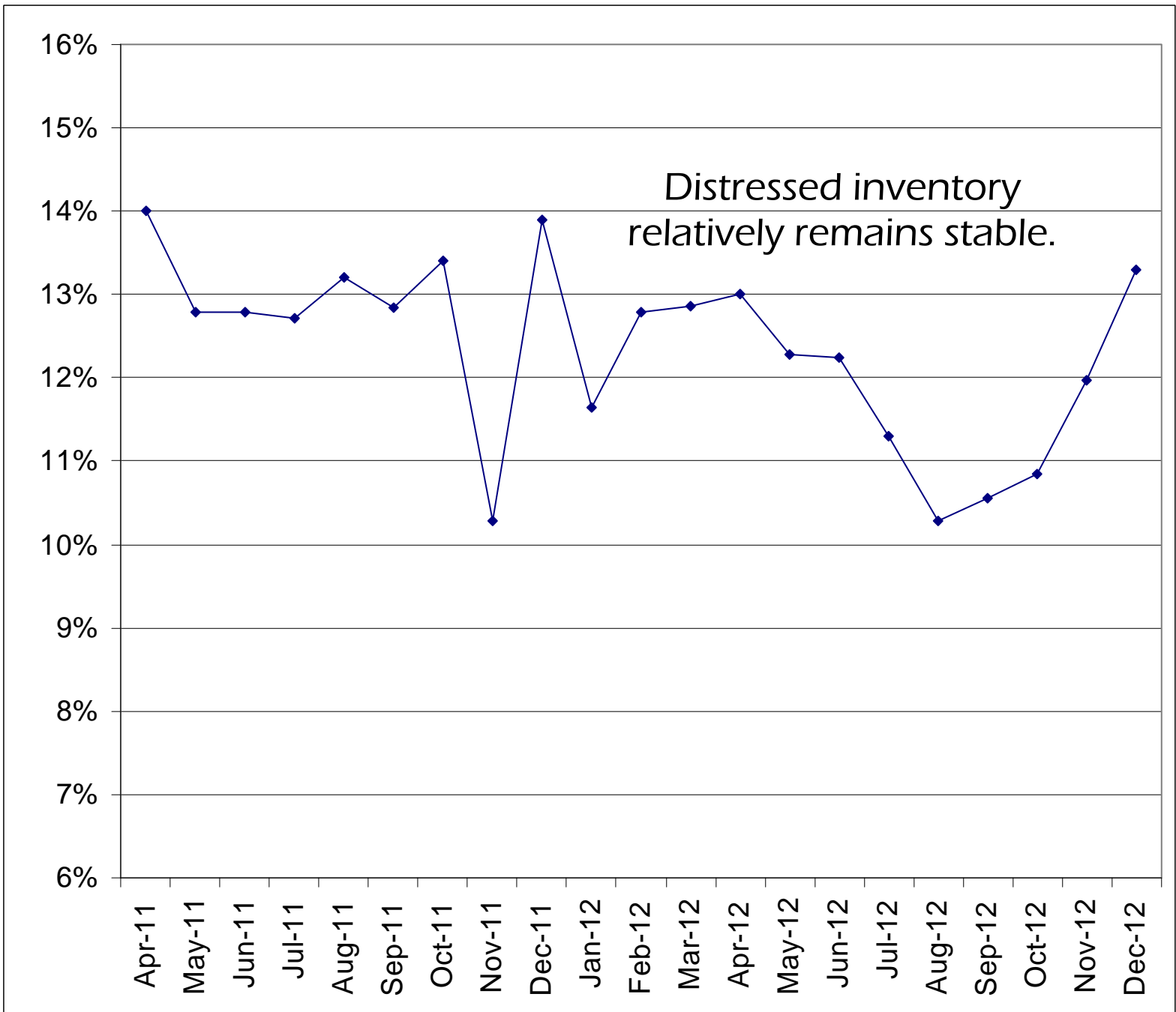
Annual Sales from OBAR MLS. Inventory from OBAR MLS collected in mid February of each year.



For information on your specific market segment:
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Total Active OBX Distressed Inventory



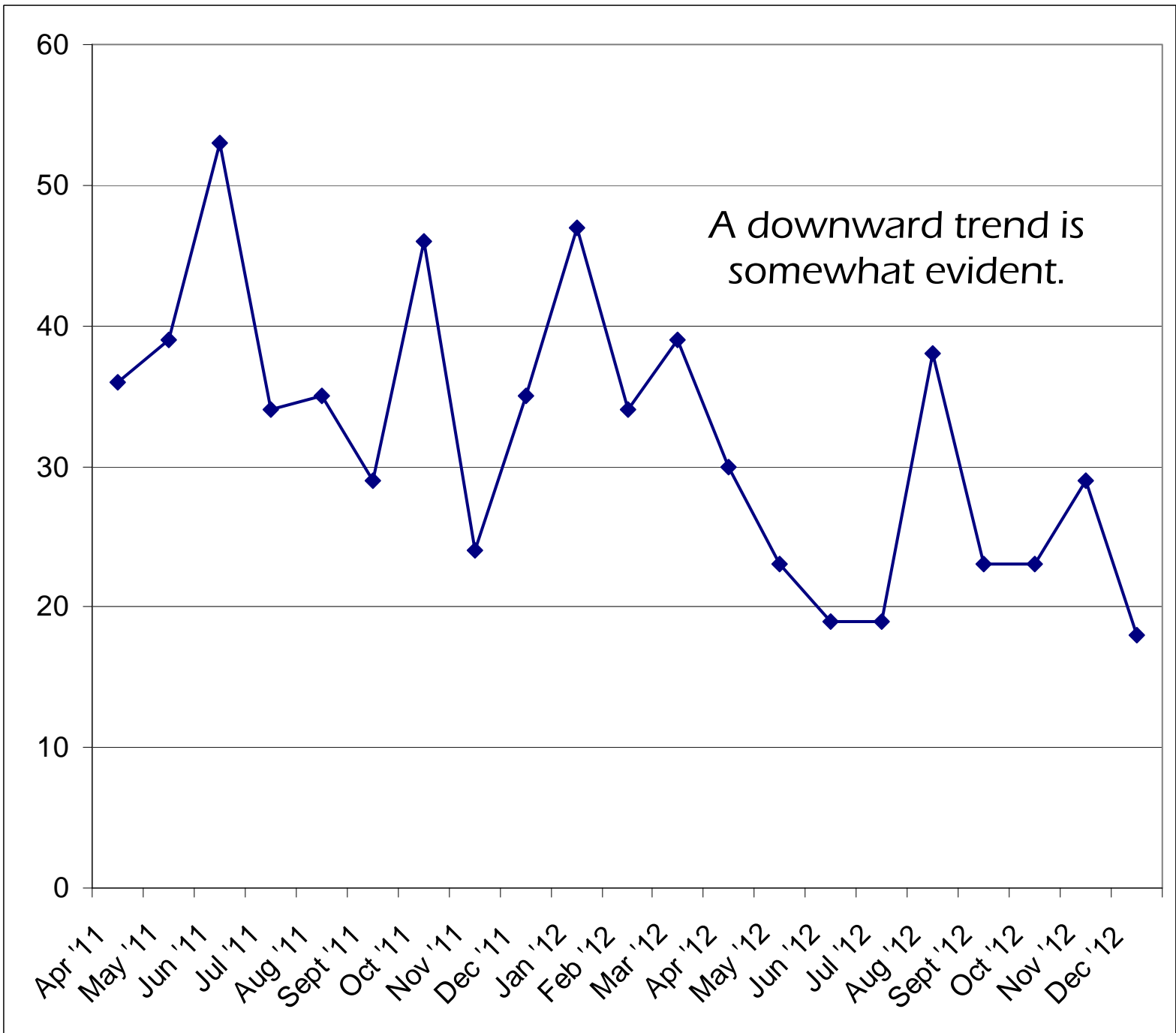
Data provided by the Outer Banks Association of Realtors



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Dare County Foreclosure Filings



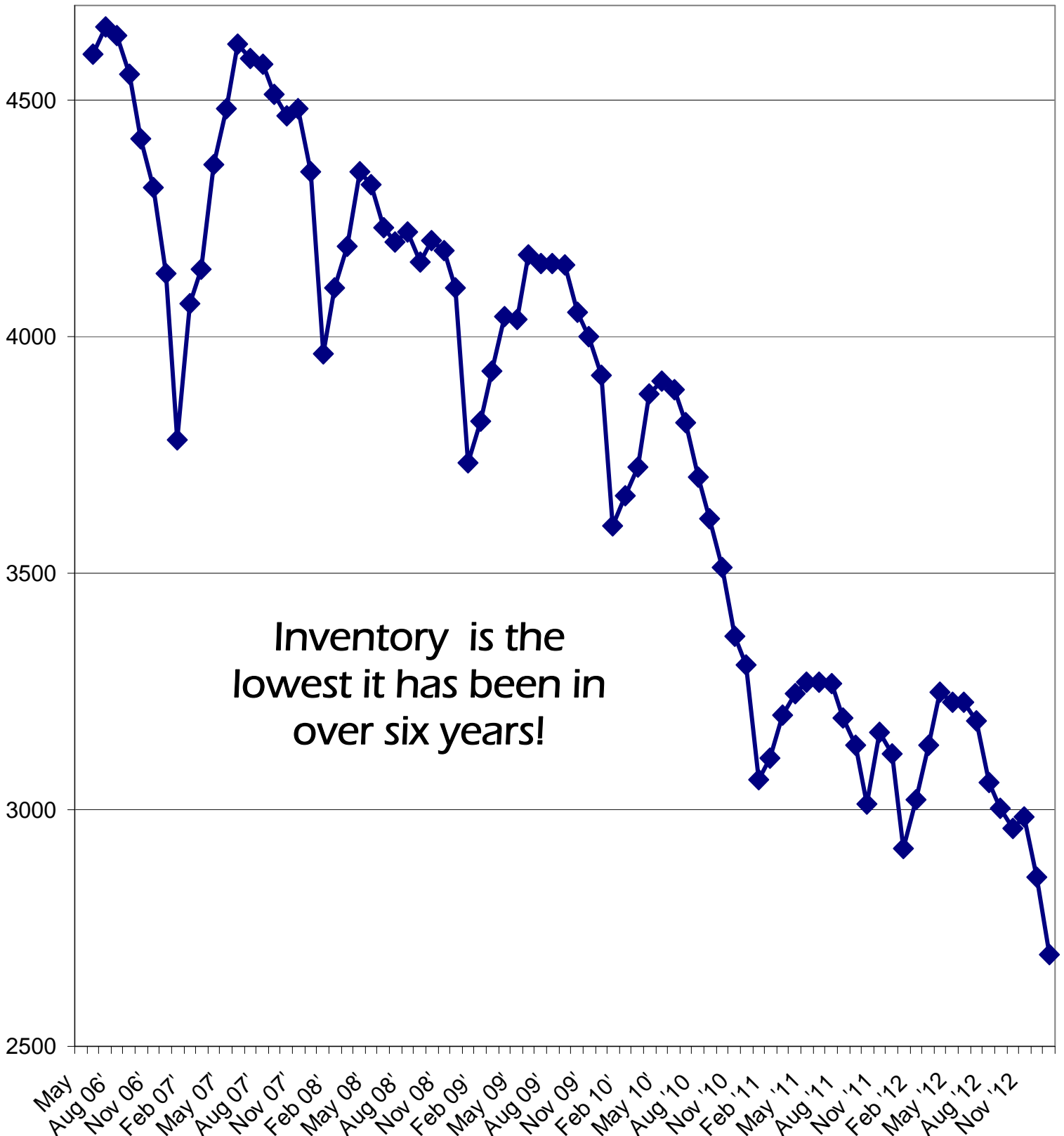
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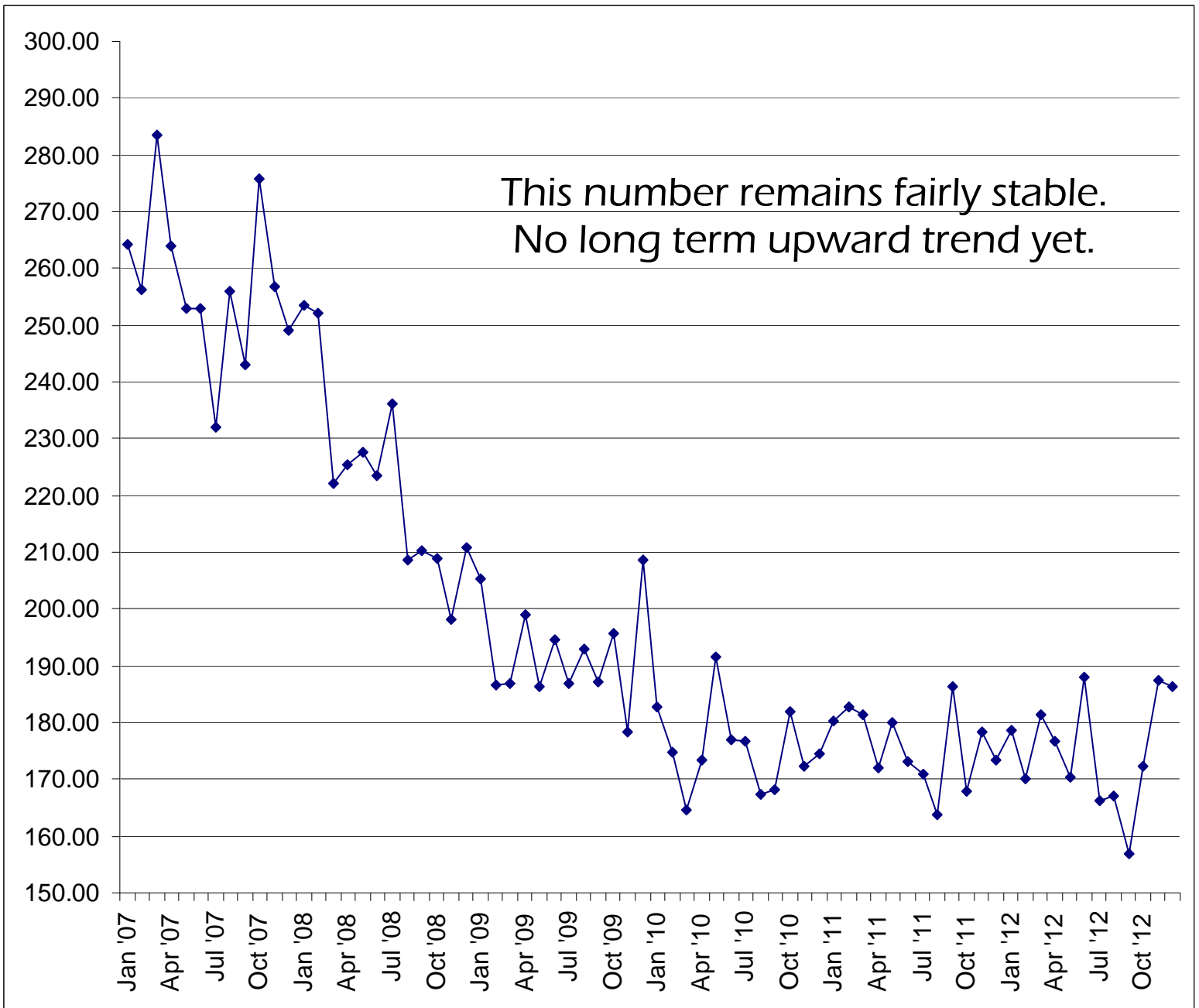
Total OBX Listings



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



Data provided by the Outer Banks
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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 forth 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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