

End of year 2013

Scott Market Report



2013 mirrors a good 2012

Welcome to the annual examination of the Outer Banks real estate market. According to the Outer Banks Association of Realtor's MLS data, 2013 was very similar in sales to 2012. The number of sales for most areas was within just a few percentage points plus or minus of the previous year. This made 2013 either the best year or the second best year for sales since the boom year of 2005. Despite this good news demand did not cause a measurable amount of appreciation. Inventory in most towns as high or higher at the end of 2013 than it was at the end of 2012.

One additional positive trend was the decrease in distressed properties. Banks are foreclosing on fewer properties than they did in 2012 and the bank owned inventory is lower than it has been in years. The previously reported year had distressed inventory staying above 10%. It is now staying closer to 8% of all properties listed. Short sales and bank owned properties represented over 32% of all properties sold in the MLS in 2012. In 2013 it was only 27% of all properties sold. Distressed sales will likely not completely go away this year but their impact on the overall market should be come less and less.

Similar to last year the strongest market segments are those residences priced under \$300,000. More than half of all residential sales were of homes under that number. If you are thinking about selling then there is enough recent sales information to pinpoint a likely sales price. If you are looking at purchasing, then make sure you keep an eye on the active listings that meet your criteria. The good values sell quickly.

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 almost even Lots -20% Sales of residences were incredibly similar to the prior year. The one area that showed improvement was the distressed sales. The number of lot sales increased by over 10% but on average they sold for less. Part of this may be due to builders purchasing more entry level lots for speculative homes.

| 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 |
|--------|---------|--------------------|----------------------|--------------------------|------------|------|---------|--------------------|----------------------|--------------------------|------------|
| | 2013 | 704 | \$384,004 -4% | 213 | 93.9% | | 18.6% | 2013 | 112 | \$137,085 -20% | 270 |
| 2012 | 696 | \$386,397 | 216 | 93.5% | 23.5% | 2012 | 97 | \$170,362 | 283 | 86.6% | 16.4% |

Southern Shores: Houses +3.7% Lots -10.8% Fewer sales occurred in this town. Minor changes occurred in average sales price, days on market and average list price to sold price for single family residences. The low demand for lots here affected average sold prices. There were no distressed sales of lots in this town. The lack of distressed sales should continue helping other indicators in the coming year.

| 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 |
|--------|---------|--------------------|----------------------|--------------------------|------------|------|---------|--------------------|----------------------|--------------------------|------------|
| | 2013 | 74 | \$502,256 +3.7% | 198 | 94.5% | | 18.9% | 2013 | 13 | \$172,341 -10.8% | 495 |
| 2012 | 90 | \$484,031 | 207 | 94.4% | 24.4% | 2011 | 16 | \$193,188 | 291 | 88.2% | 12.5% |

Kitty Hawk and Martin's Point: Houses -4% Lots -25% Demand for homes and lots in this area was considerably better than 2012. Distressed inventory and anxious sellers resulted in lower sales prices so the other reported indicators did not show much improvement. With the distressed inventory dwindling it is likely 2014 will result improvements to the market.

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|--------|---------|--------------------|----------------------|--------------------------|------------|------|---------|--------------------|----------------------|--------------------------|------------|
| | 2013 | 106 | \$309,683 -4% | 230 | 94.6% | | 22.8% | 2013 | 33 | \$106,815 -25% | 282 |
| 2012 | 99 | \$322,492 | 210 | 95.5% | 35% | 2012 | 19 | \$140,937 | 391 | 87.3% | 36.3% |

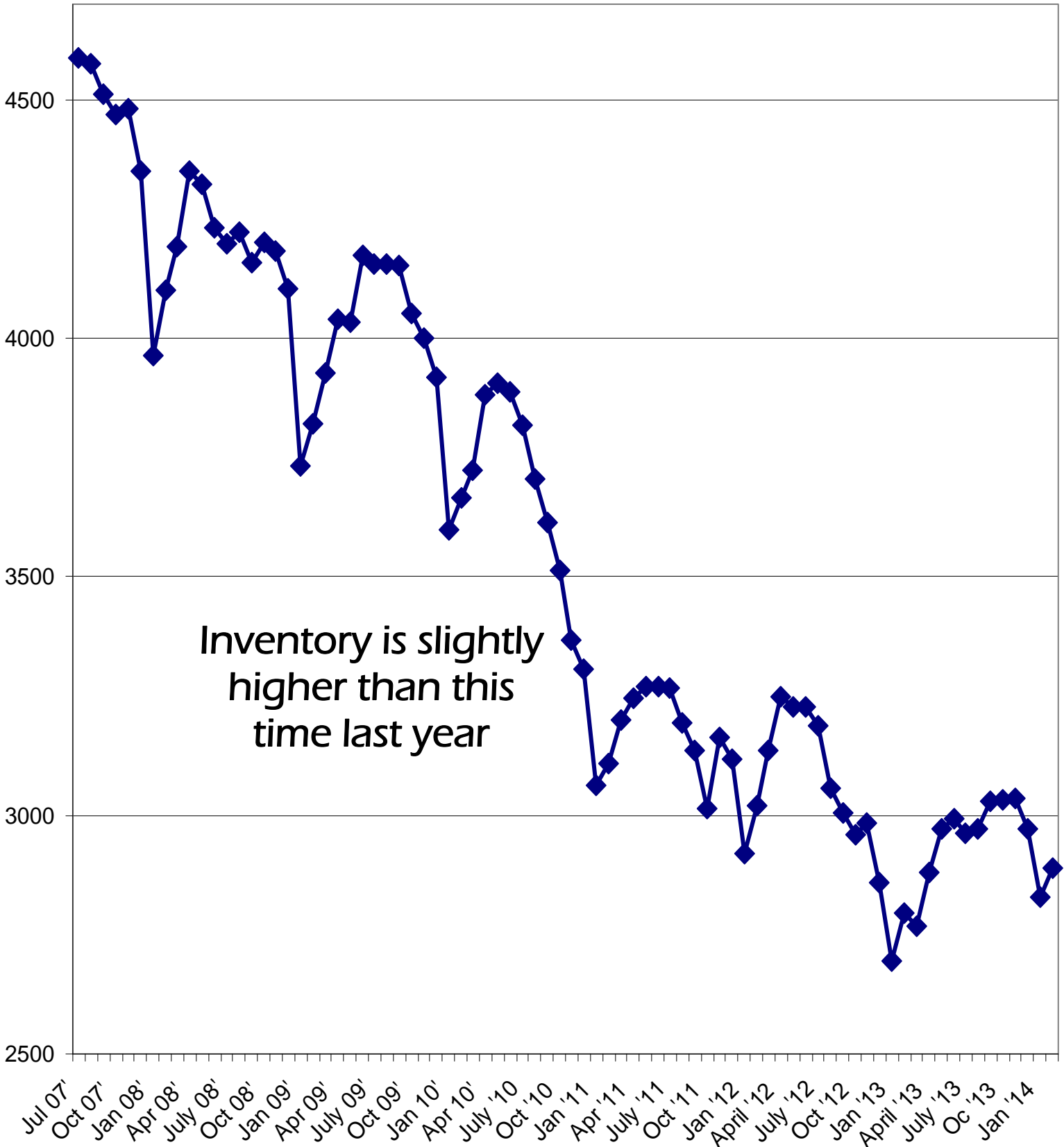
Duck: Houses +22.7% Corolla Houses -11% The number of sales in these towns was slightly lower than 2012. Average list price to sales price in both towns is the lowest of all the reported areas. Average days on the market is also higher than most other towns. Banks typically price properties lower than private owners. The lack of bank owned inventory may be one reason for this phenomena.

| 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 |
|------|---------|--------------------|----------------------|--------------------------|------------|---------|---------|--------------------|----------------------|--------------------------|------------|
| | 2013 | 95 | \$645,018 22.7% | 255 | 92% | | 9.4% | 2013 | 179 | \$606,666 -11% | 266 |
| 2012 | 100 | \$525,285 | 298 | 92.2% | 10% | 2012 | 205 | \$674,283 | 247 | 93.6% | 23.4% |

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

http://scottrealtyobx.com/market_snapshot

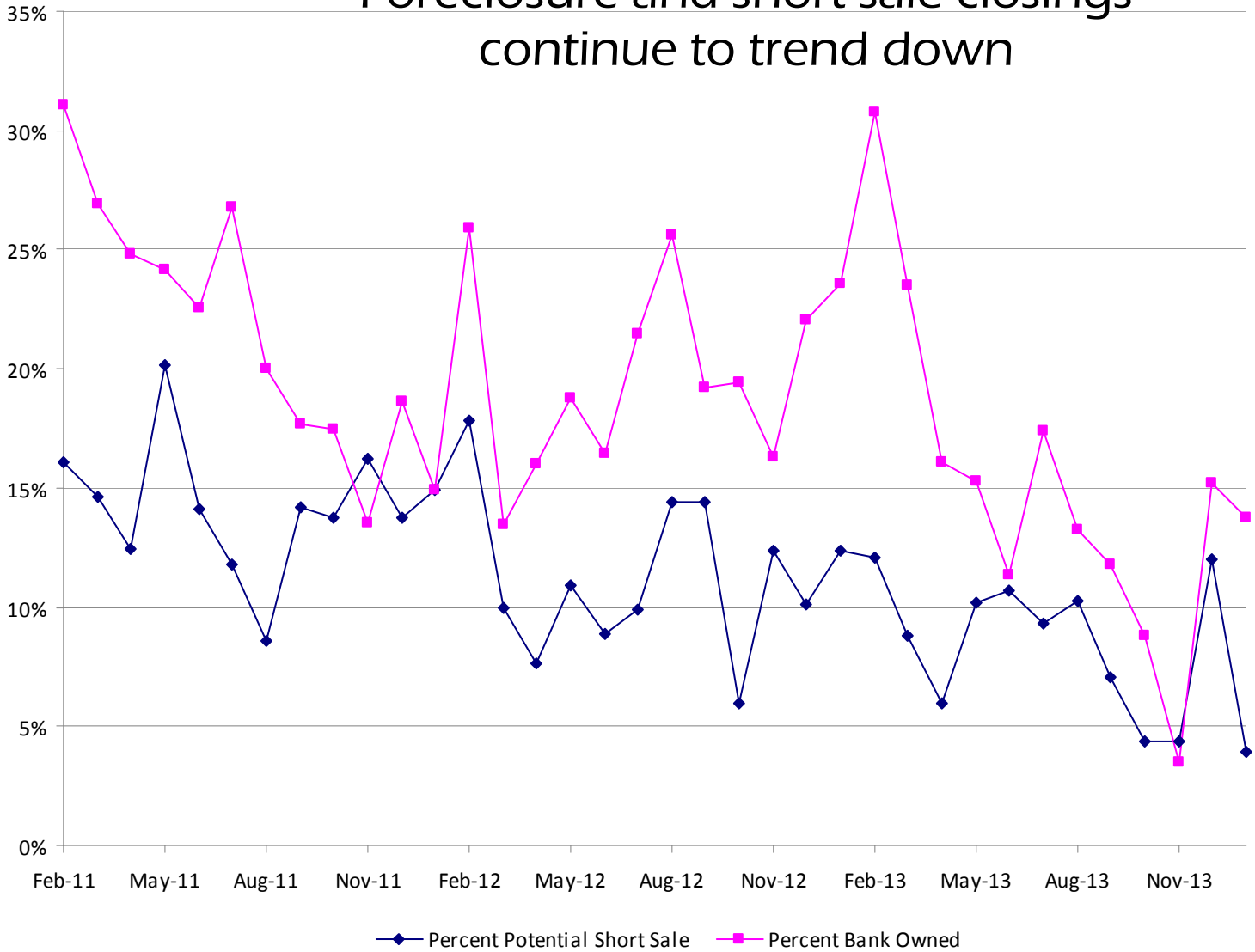
Total OBX Listings



Inventory is slightly higher than this time last year

Total Outer Banks Residential Distressed Sales

Foreclosure and short sale closings
continue to trend down



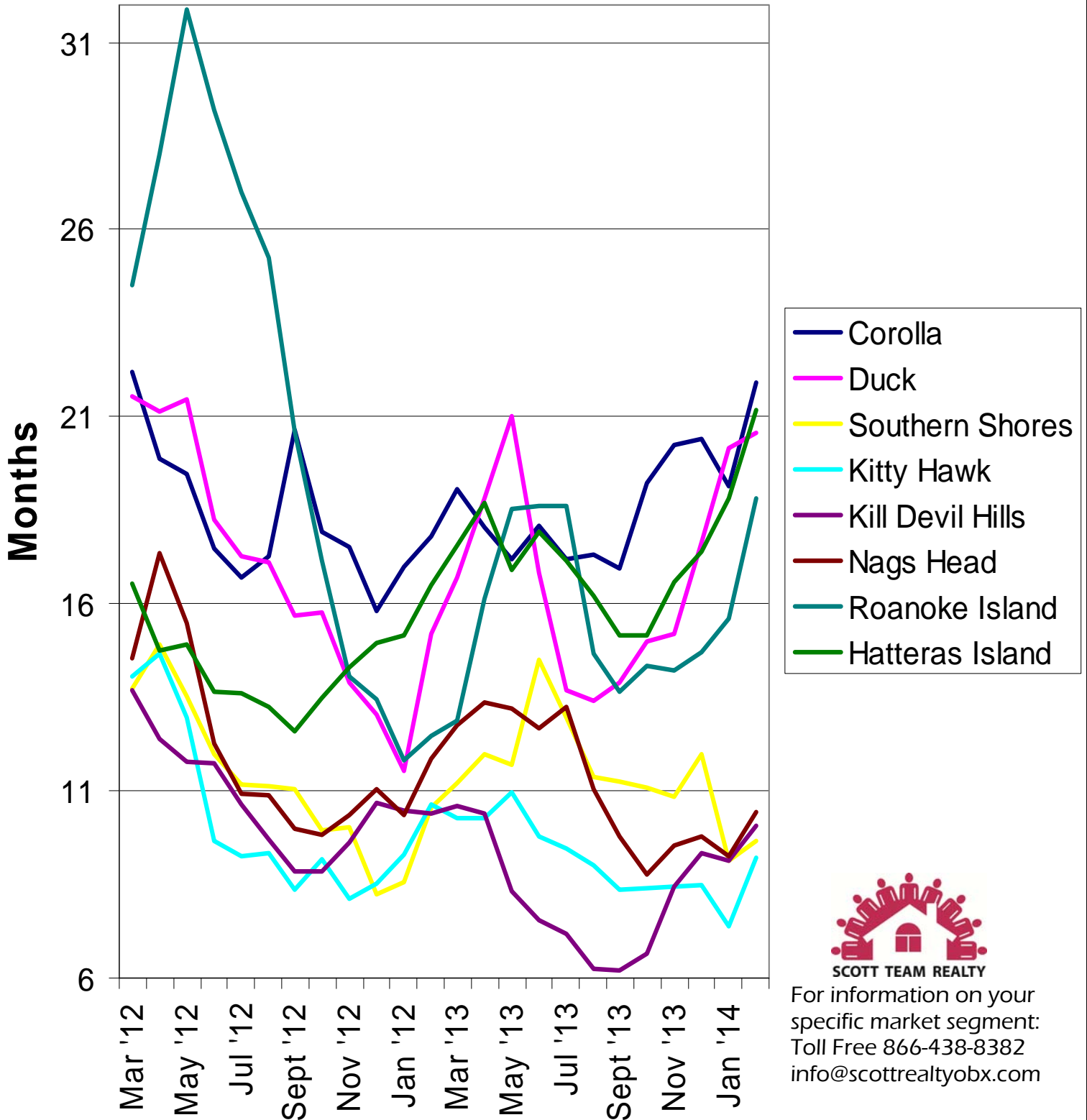
Graph provided by the Outer Banks
Association of Realtors



For information on your
specific market segment:
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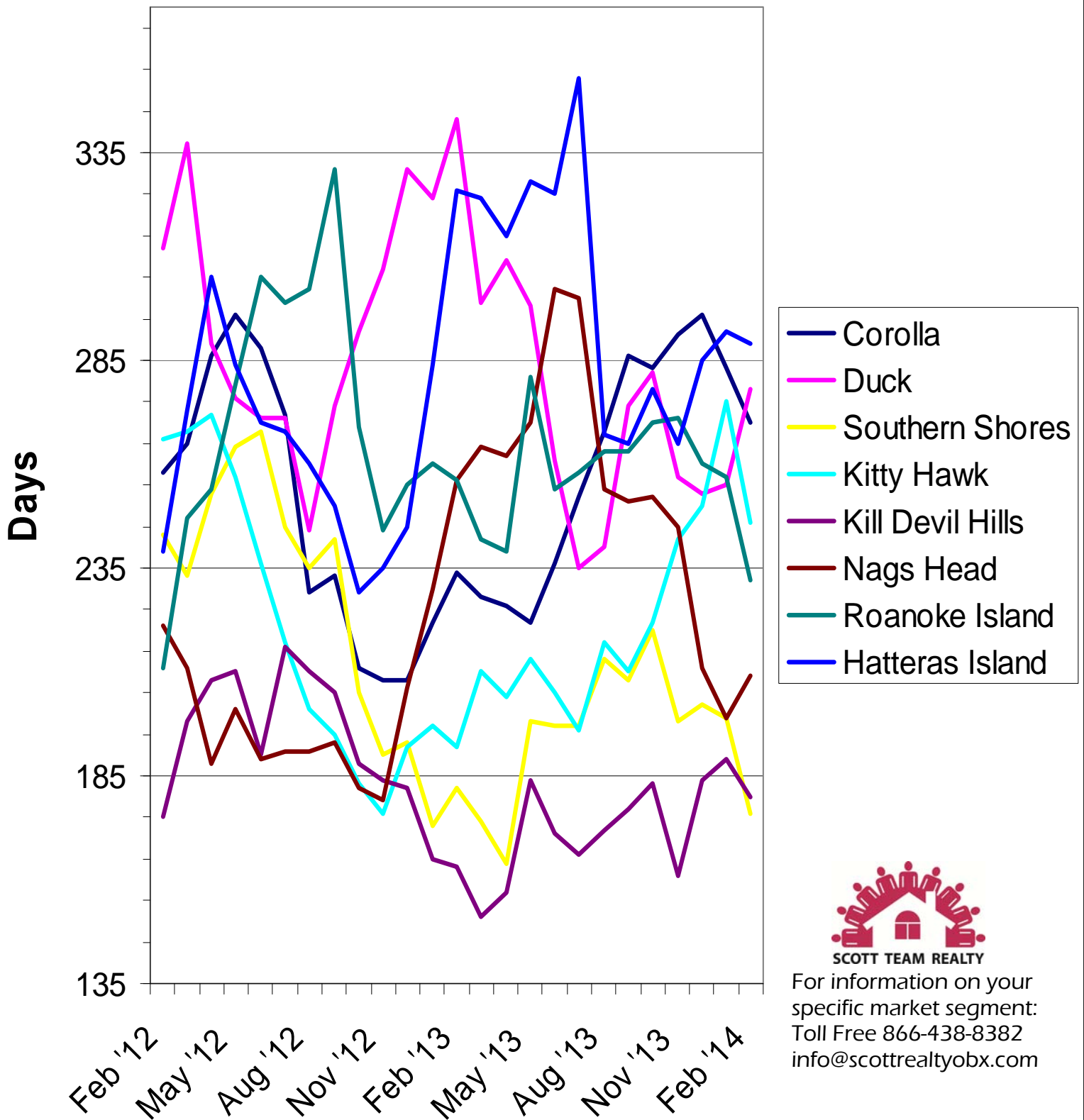
OBX Absorption Rates (residential listings/residential sales)



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OBX Days on Market

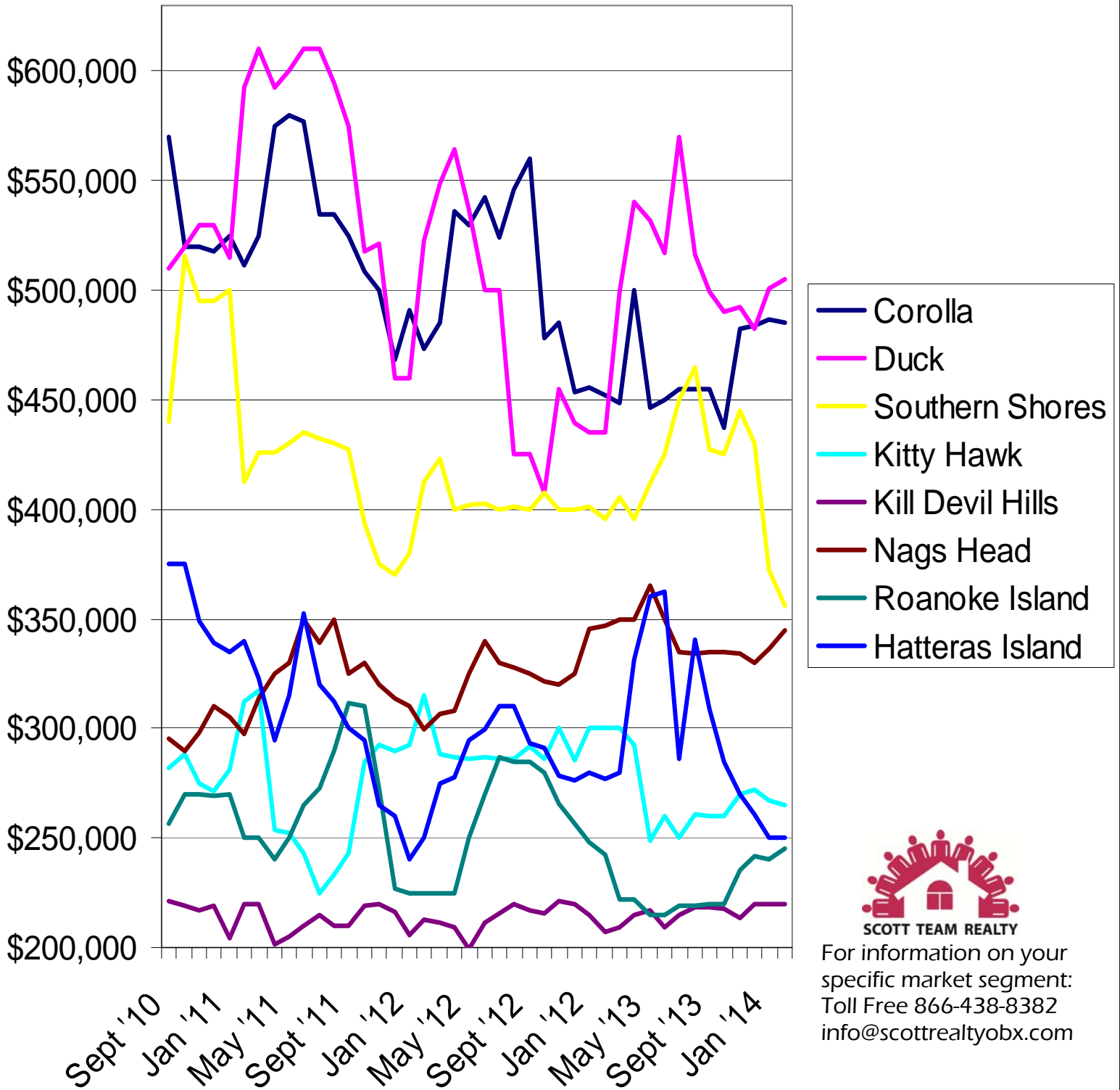
(residential sales)



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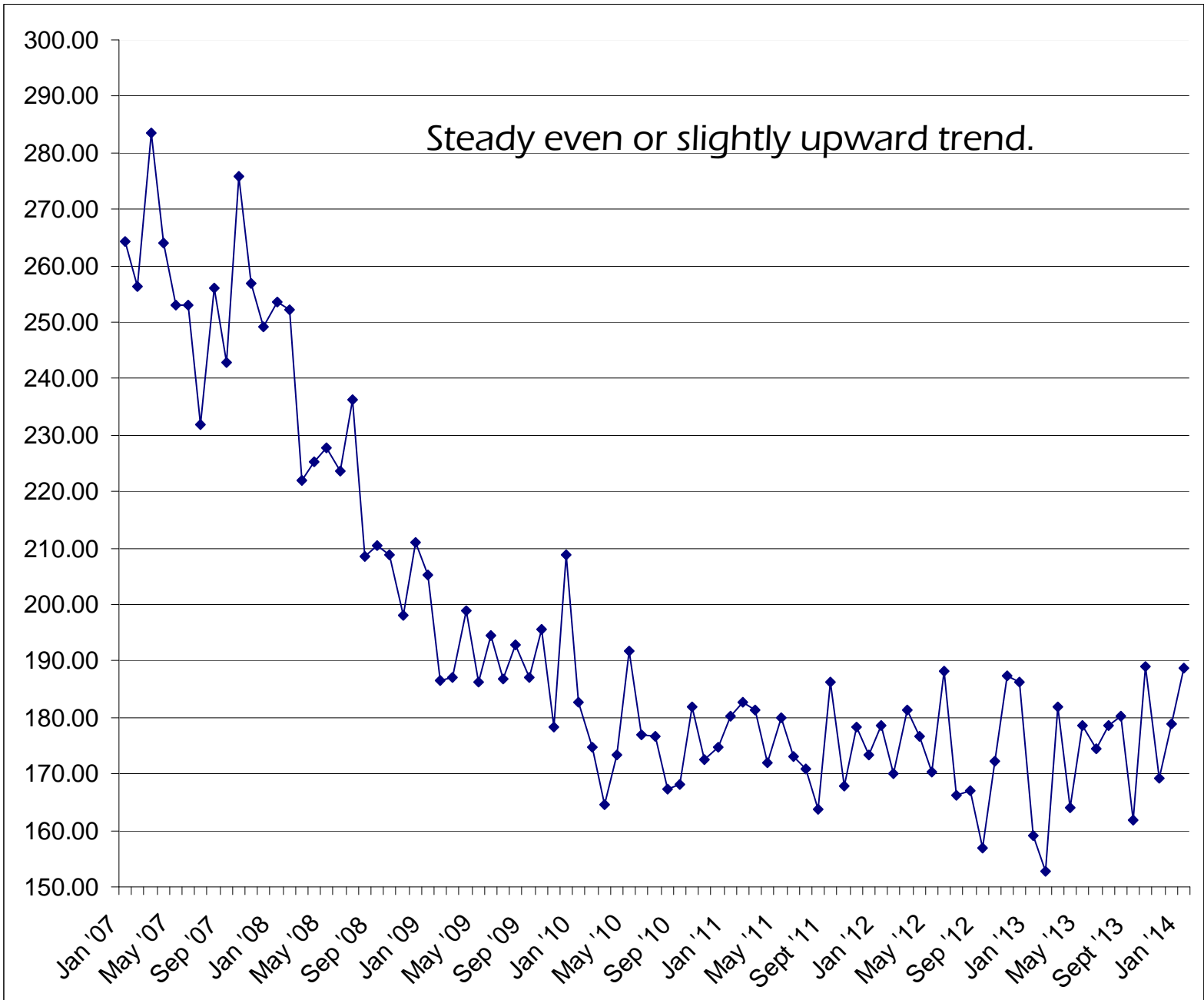
OBX Median Sales Prices

(residential sales)



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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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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.

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.

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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