



Scott Market Report

Recovery Signs Abound

Signs are not hard to find that the years of disappointing sales and prices are finally coming to an end for the Outer Banks real estate market. In 2015, the Outer Banks Association of Realtors statistics showed an increase in the number of sales and a decrease in the number of properties for sale. Over the last ten years, the over abundance of beach properties for sale was a key factor in lower values of local real estate. Demand is now affecting values in some areas more than others.

A market segment where demand has recently pressured prices is entry level lots. In 2014, over ten entry level lots sold on the sound side of Kill Devil Hills for less than \$60,000. In 2015 only two lots sold for less than \$60,000 in this area and some similar lots were going for as much as \$70,000! Higher valued properties saw much less of an impact in 2015.

Another positive trend is the decline in distressed properties. Bank owned property made up less than 5% of the inventory for most of the year. Recently as 2013, distressed properties made up more than 10% of the active inventory. There are still some foreclosures and short sales occurring but they are having little impact on the Outer Banks real estate market.

Overall, the sold price per square foot is still well below what it was ten years ago and we have not seen an appreciable increase in average sales prices in many market segments. Similar demand and supply is likely to result in increases in these key appreciation indicators.

Sellers who don't have to sell have a decent chance of getting more money in year or two. Buyers may not see these prices if they wait another year. For more information on anything to do with Outer Banks real estate please contact Scott Team Realty.



Sincerely,

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

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

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Information herein obtained through the OBAR MLS



Dare Beaches North of Oregon Inlet: Houses **-6.4** Lots **-4.9** Mixed signals can be found in the beaches north of Oregon Inlet. There were fewer distressed sales and more home sales overall but the average prices have not shown improvement yet. What's holding this market back? In 2015 it was likely the amount of properties for sale. Lower inventory and continued demand may affect values here in 2016.

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
	2015	795	\$377,732 -6.4%	236	94.9%		6.4%	2015	114	\$185,910 -4.9%	289
2014	732	\$403,513	192	94.9%	11.3%	2014	141	\$195,300	327	87.4%	12.7%

Southern Shores: Houses **-9.1%** Lots **-14%** Similar number of sales occurred in Southern Shores compared to 2014. Average days on the market went up because some of the older inventory finally sold. More lots were sold than many recent years but not quite as many as 2014. One reason values have not adjusted up is because of the over abundance of inventory.

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
	2015	97	\$444,475 -9.1%	257	94.4%		8.2%	2015	27	\$164,831 -14%	353
2014	98	\$488,792	190	94%	8.1%	2014	32	\$191,415	357	79.7%	6.2%

Kitty Hawk and Martin's Point: Houses **0%** Lots **+3.9%** Demand has increased nicely in this market segment but not enough to impact values. Distressed sales were down significantly which may have helped values stabilize in this market segment. Lot sales in this market segment showed a healthy gain in average sales prices. Days on the market went up as old inventory finally sold.

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
	2015	120	\$358,712 Even	234	94.8%		9.1%	2015	29	\$129,593 +3.9%	311
2014	112	\$358,358	173	95%	16.9%	2014	25	\$124,711	271	92.2%	28%

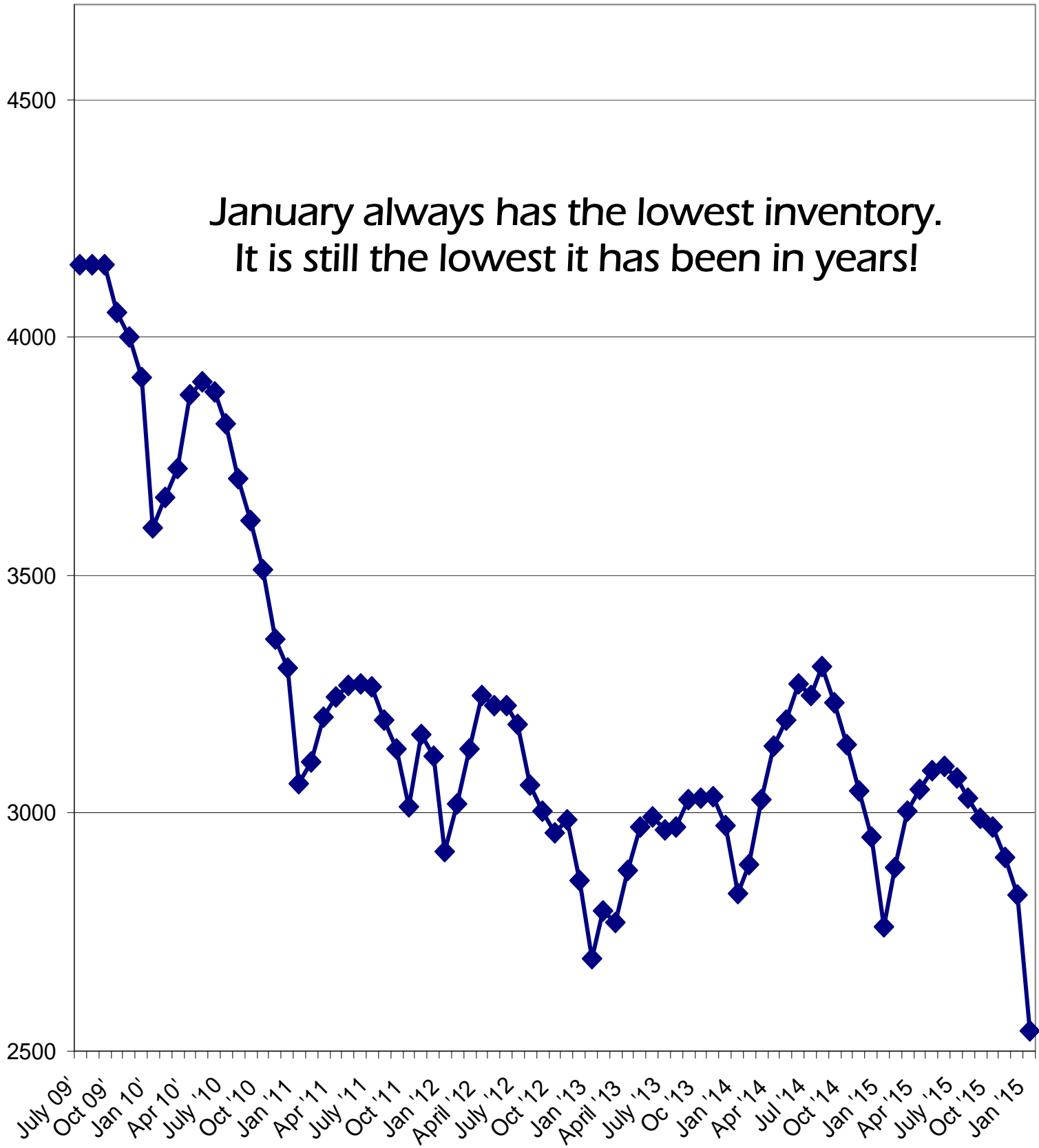
Duck: Houses **-19%** Corolla Houses **0%** Duck saw more smaller homes sell in 2015 than 2014. That is likely the main reason for such a large drop in average sold price. Duck also had the smallest distressed inventory of any area. Corolla had a stable year with very little change in any indicator except for the number of sales. This increase in demand bodes well for 2016.

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
	2015	100	\$496,289 -19%	307	93.6%		3%	2015	218	\$661,192 Even	299
2014	96	\$611,259	255	93.3%	5.2%	2014	177	\$662,618	261	94.2%	10.7%

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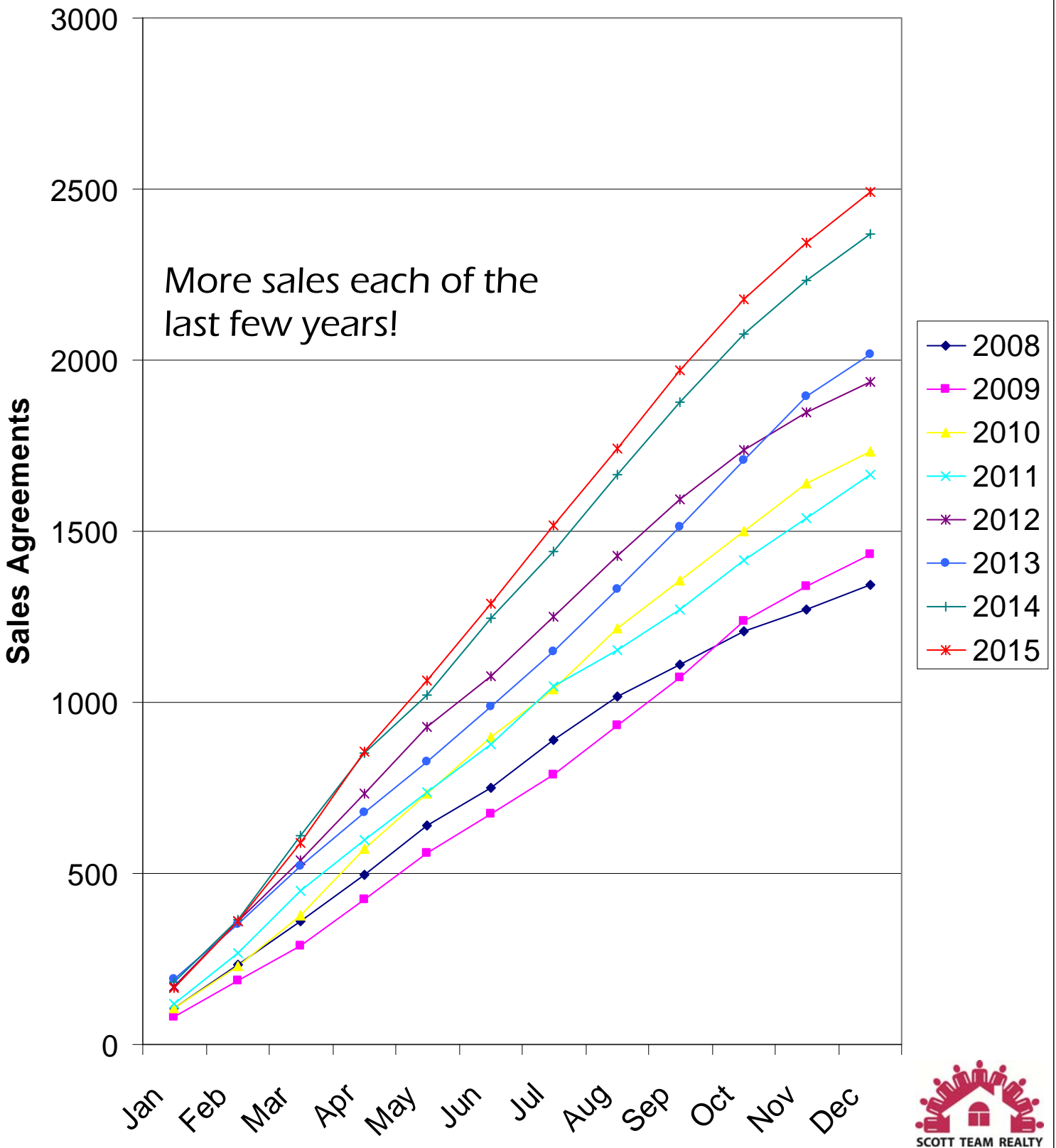
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Total OBX Listings



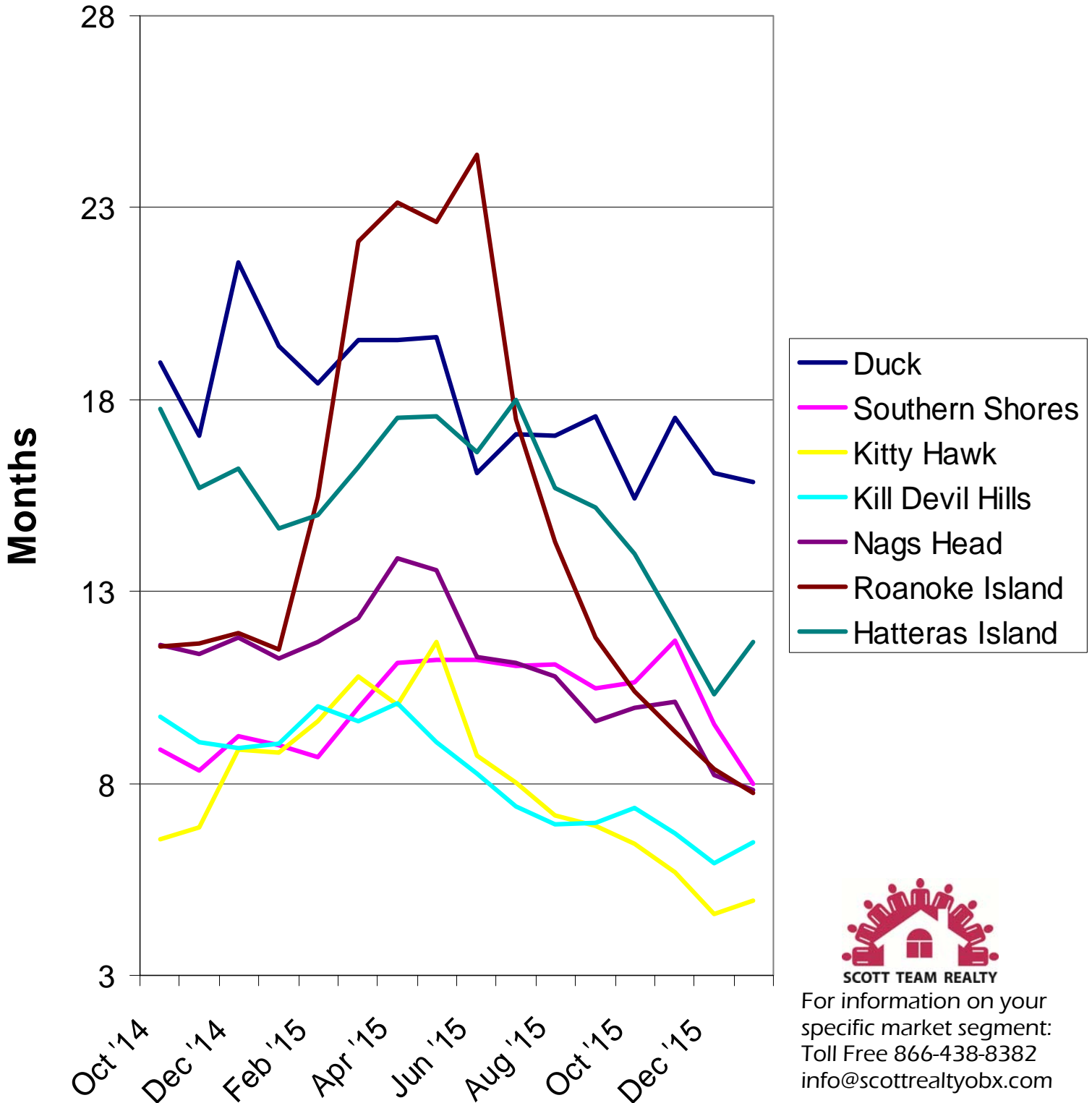
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Total OBX MLS Sales Agreements*



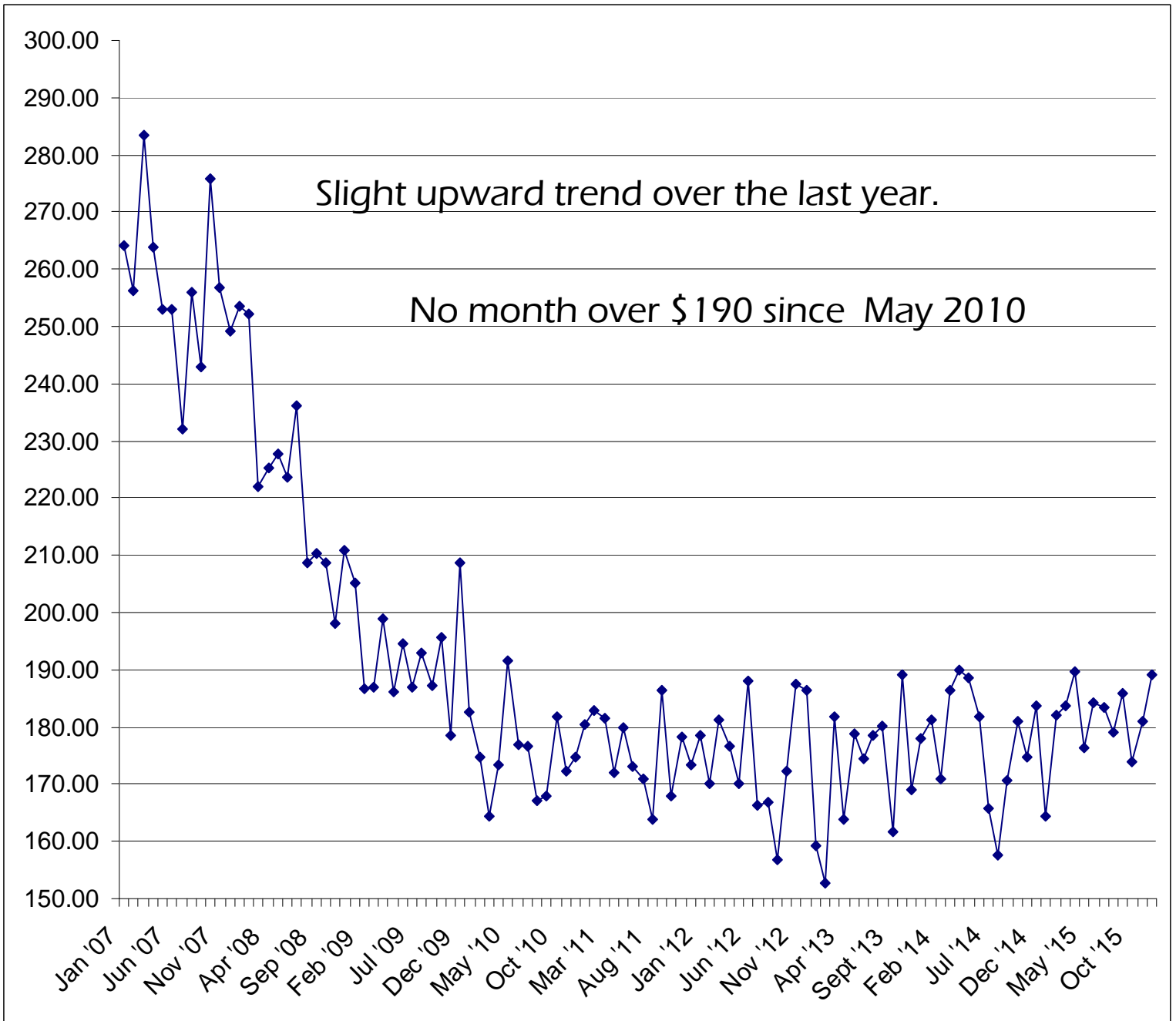
*Includes all properties in under contract and under contract continue to show statuses.
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OBX Absorption Rates (residential listings/residential sales)



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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

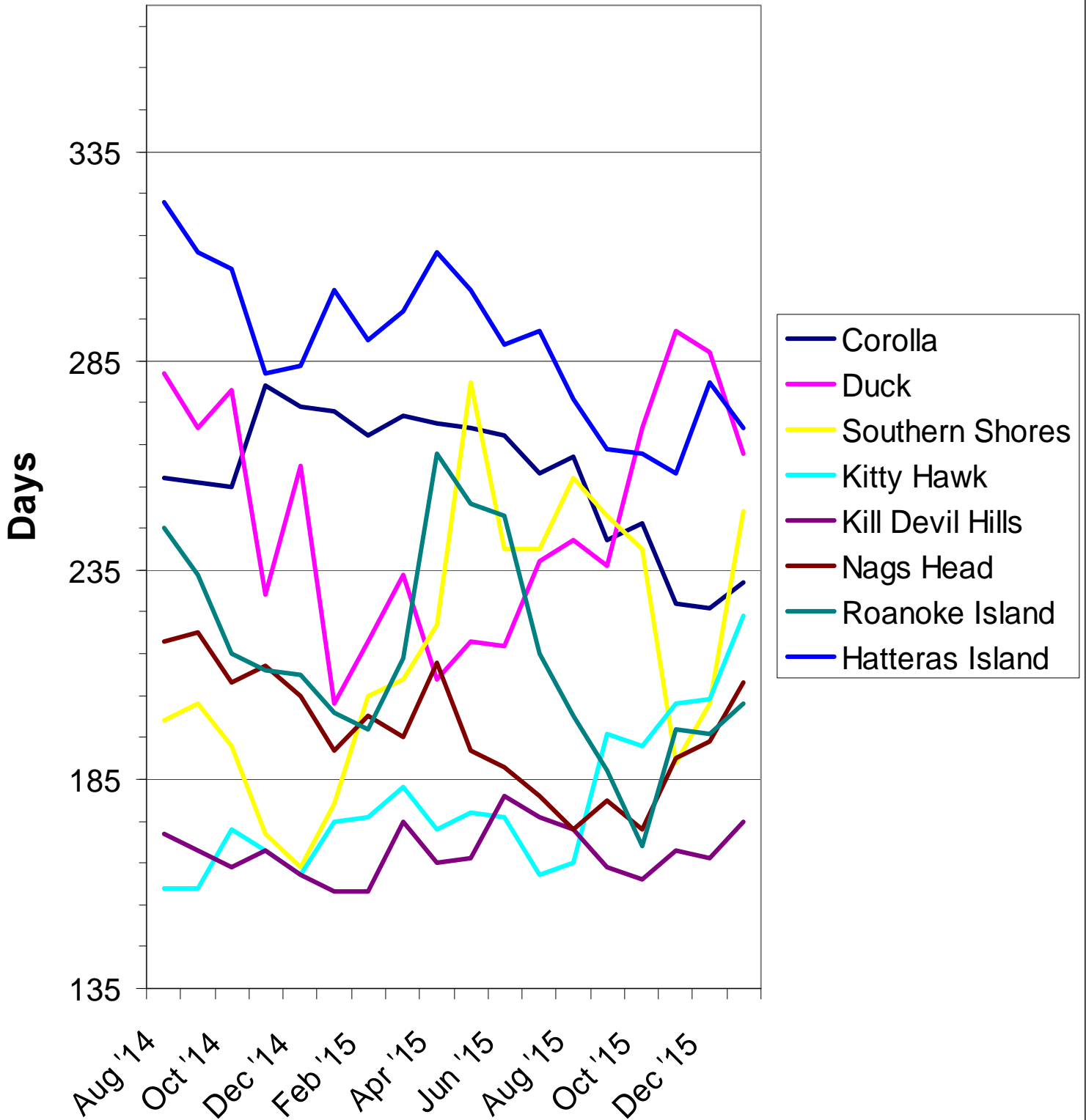


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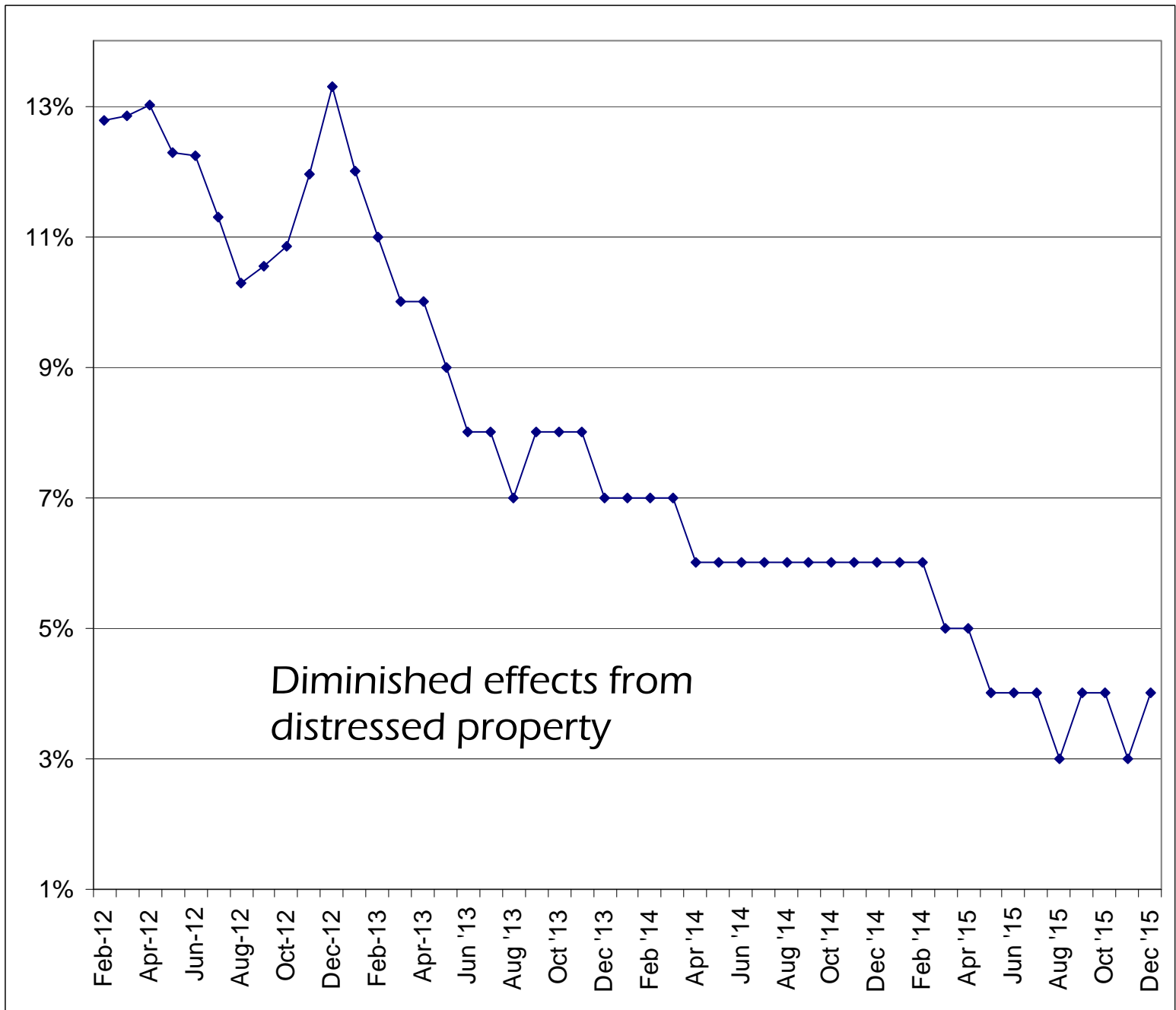
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OBX Days on Market

(residential sales)



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



Data provided by the Outer Banks Association of Realtors

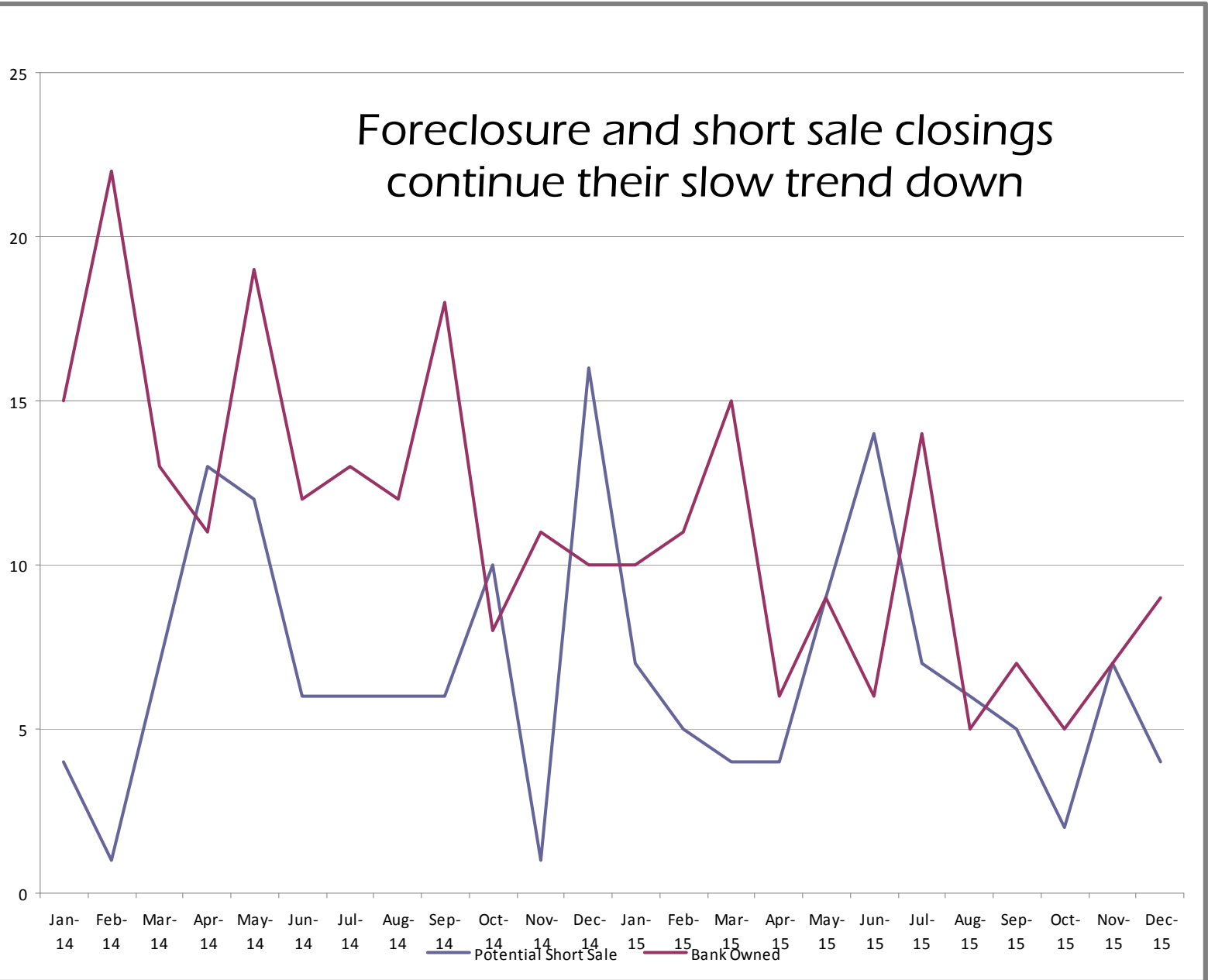


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Total Outer Banks Residential Distressed Sales (Percent of total Sales)

Foreclosure and short sale closings
continue their slow trend down



Graph provided by the Outer Banks
Association of Realtors

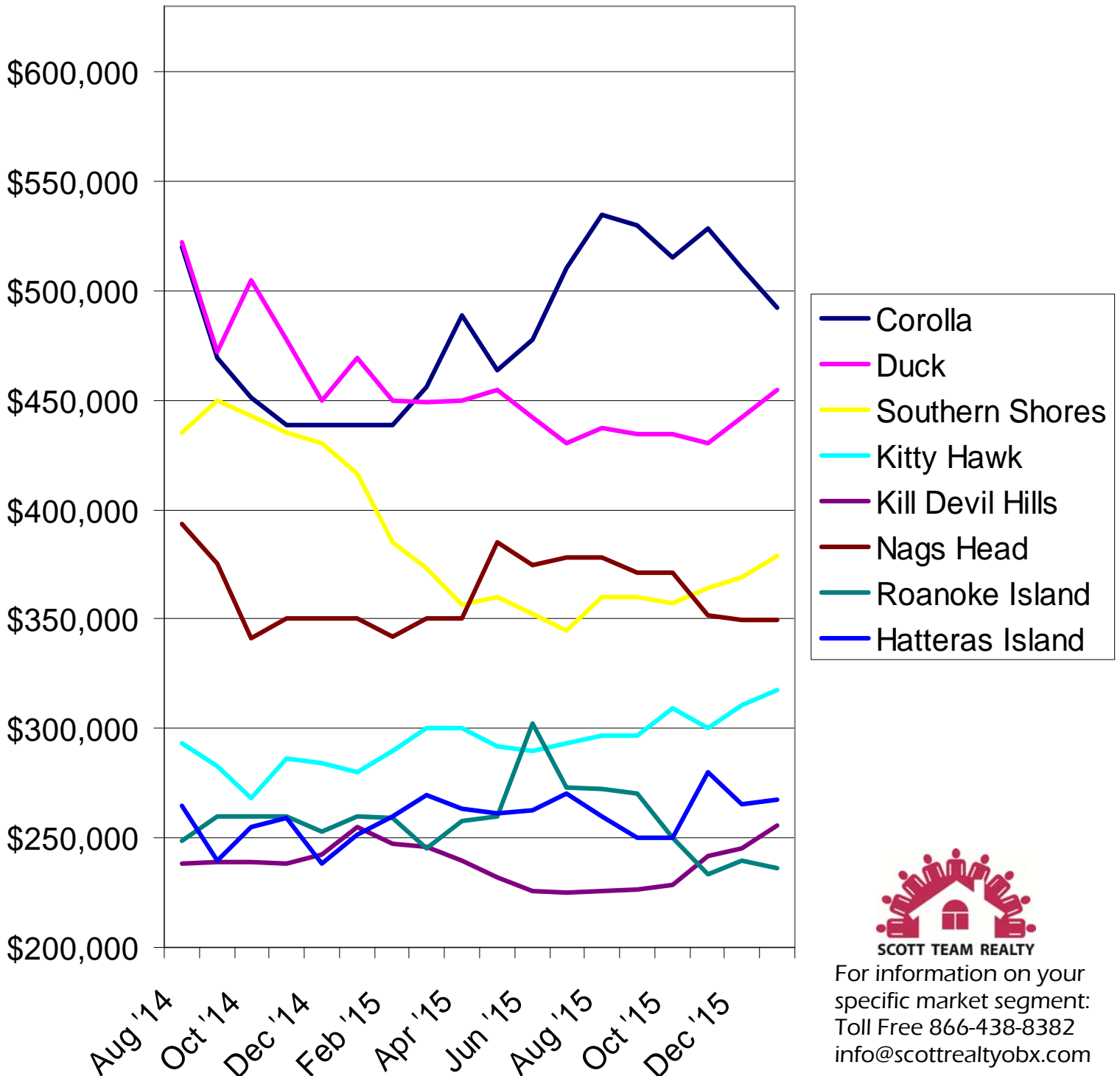


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OBX Median Sales Prices

(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 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.

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.

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