

Dec. 2013—Jan 2014

# Scott Market Report



## Slowly Improving Market

Outer Banks real estate sales through the Outer Banks Association of Realtors for the calendar year are still similar to 2012. Average sales prices and median sales prices are off slightly compared to last year but the average sales price per square foot of single family residences is steady or slowly rising. Probably the main reason for slow change is that the inventory is still too high to cause sales prices to rise.

Distressed properties are still part of this real estate market but they are a significantly smaller part of the market than they have been in recent years. Included in distressed sales are the short sales. Short sales have dropped to the lowest point since early 2009. Even though it is hard to prove, it feels like lenders would prefer to foreclose on a house today rather than allow a seller to sell it short.

The total number of sales agreements is higher than last year. This should result in a good start to 2014 and is needed to return to a healthy market. It is interesting to know that despite the slight increase in sales agreements that the active inventory did not start declining until December. Usually the Outer Banks MLS has its highest number of listings in June or July. The inventory then drops every month until January. In January it begins to rise again. This year the inventory did not go down until December. This caused the absorption rates to be higher this fall than they were a year ago in almost every town.

Buyers looking for values still have choices. Also, prices in most areas are as good as they have been in ten years! If you are considering a purchase, it may be hard to find a better time to get a good value. Thanks for taking the time to read this report. Please feel free to call on Scott Team Realty if we can help you with anything on the Outer Banks.



Sincerely,

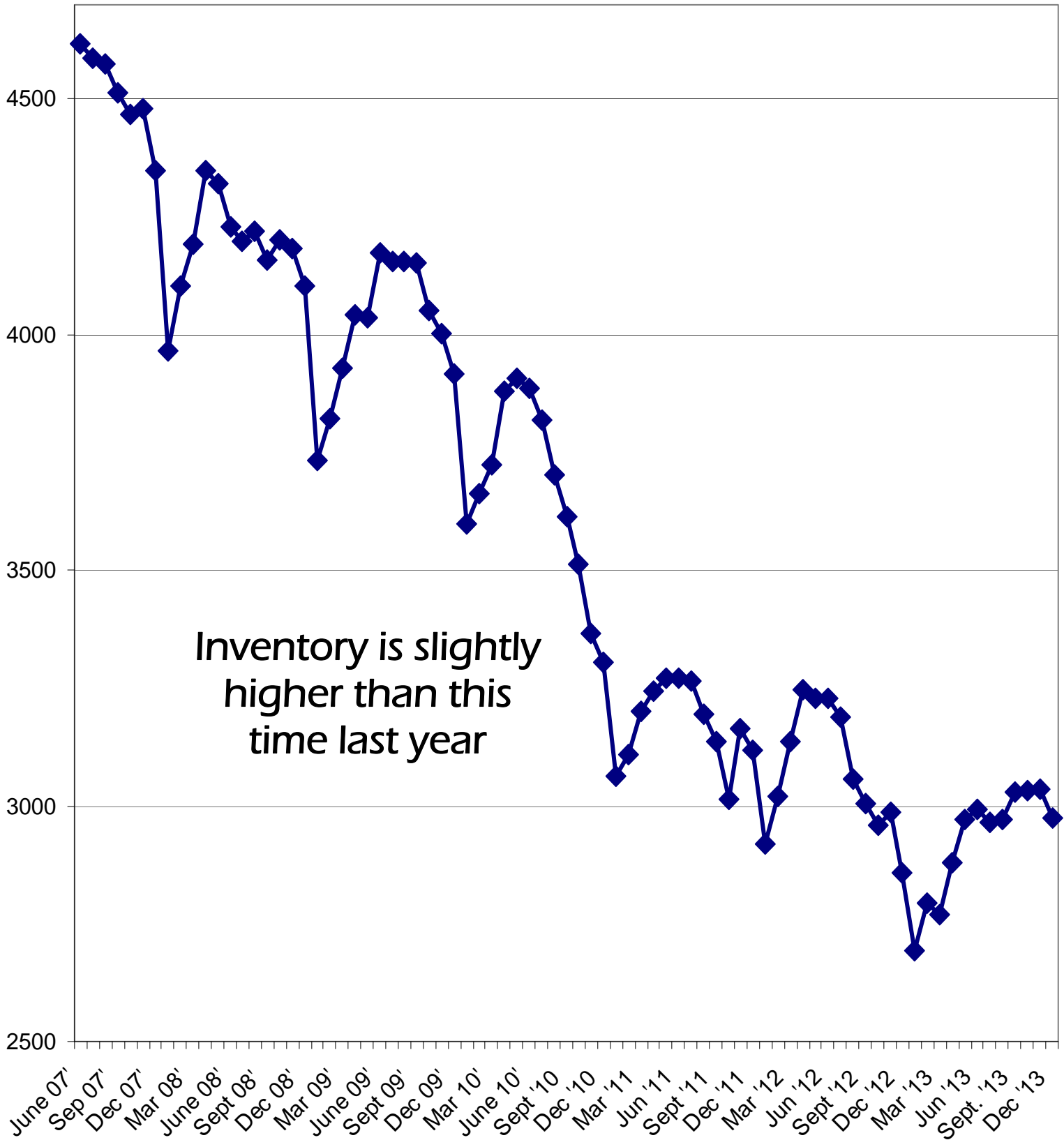
President ABRM,CRB,RRS,e-Pro,SRES  
Scott Team Realty

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

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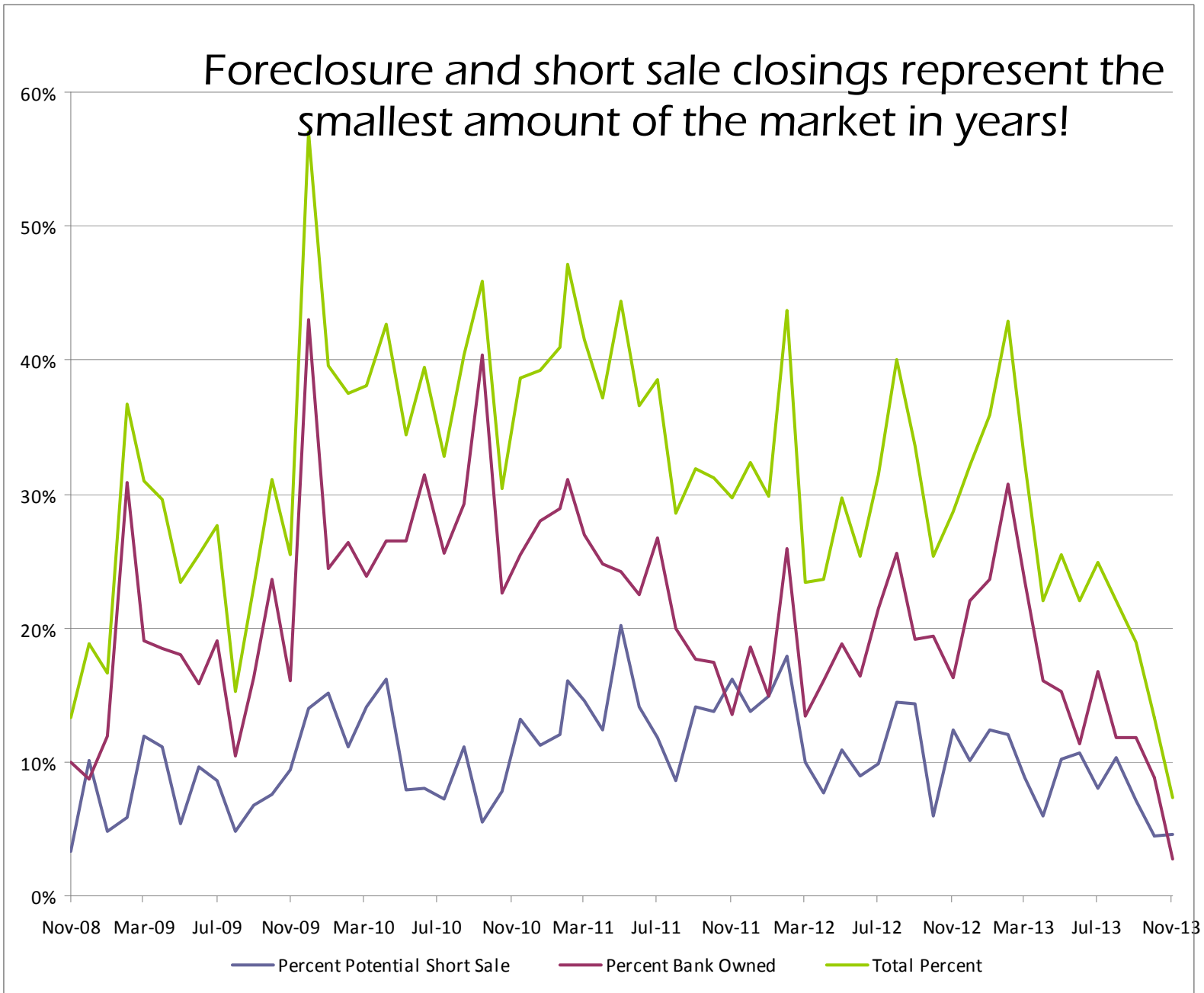
Scott Team Realty 5535 N. Croatan Hwy Southern Shores, NC 27949  
Toll Free 866-438-8382 Local 252-261-1500 <http://scottrealtyobx.com>  
Information herein obtained through the OBAR MLS

# Total OBX Listings



# Total Outer Banks Residential Distressed Sales

Foreclosure and short sale closings represent the smallest amount of the market in years!



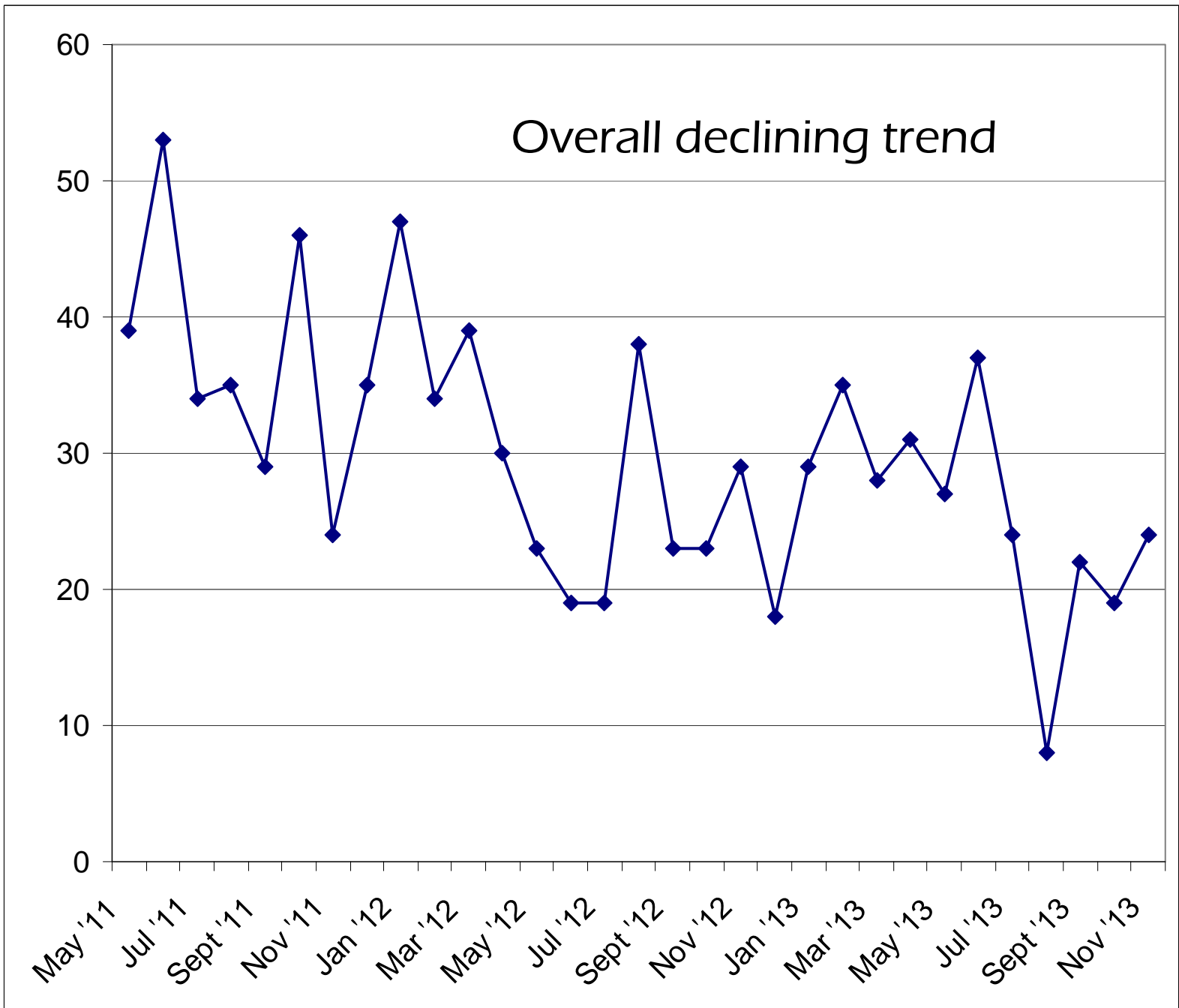
Graph provided by the Outer Banks Association of Realtors



For information on your specific market segment:  
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# Dare County Foreclosure Filings



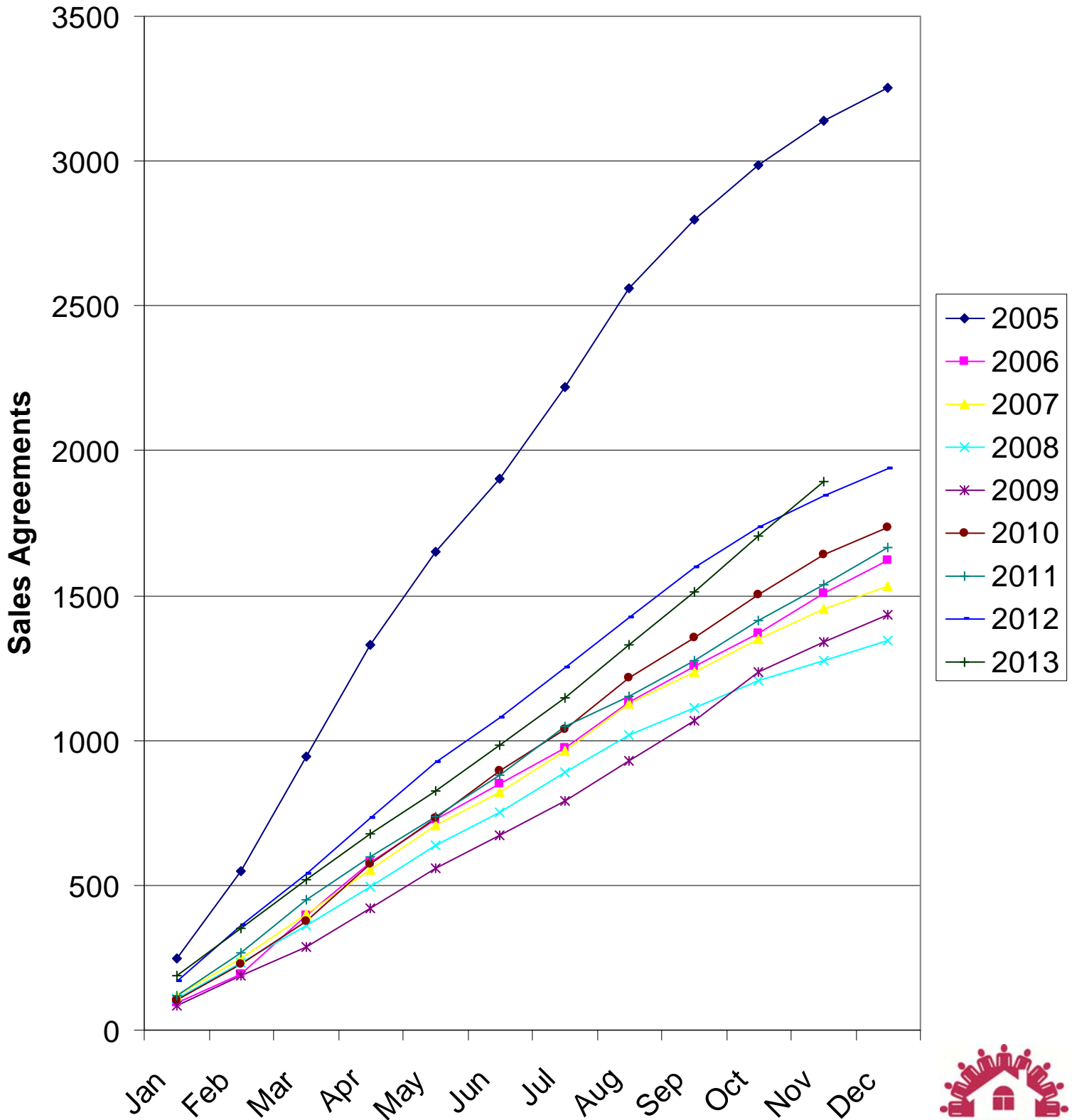
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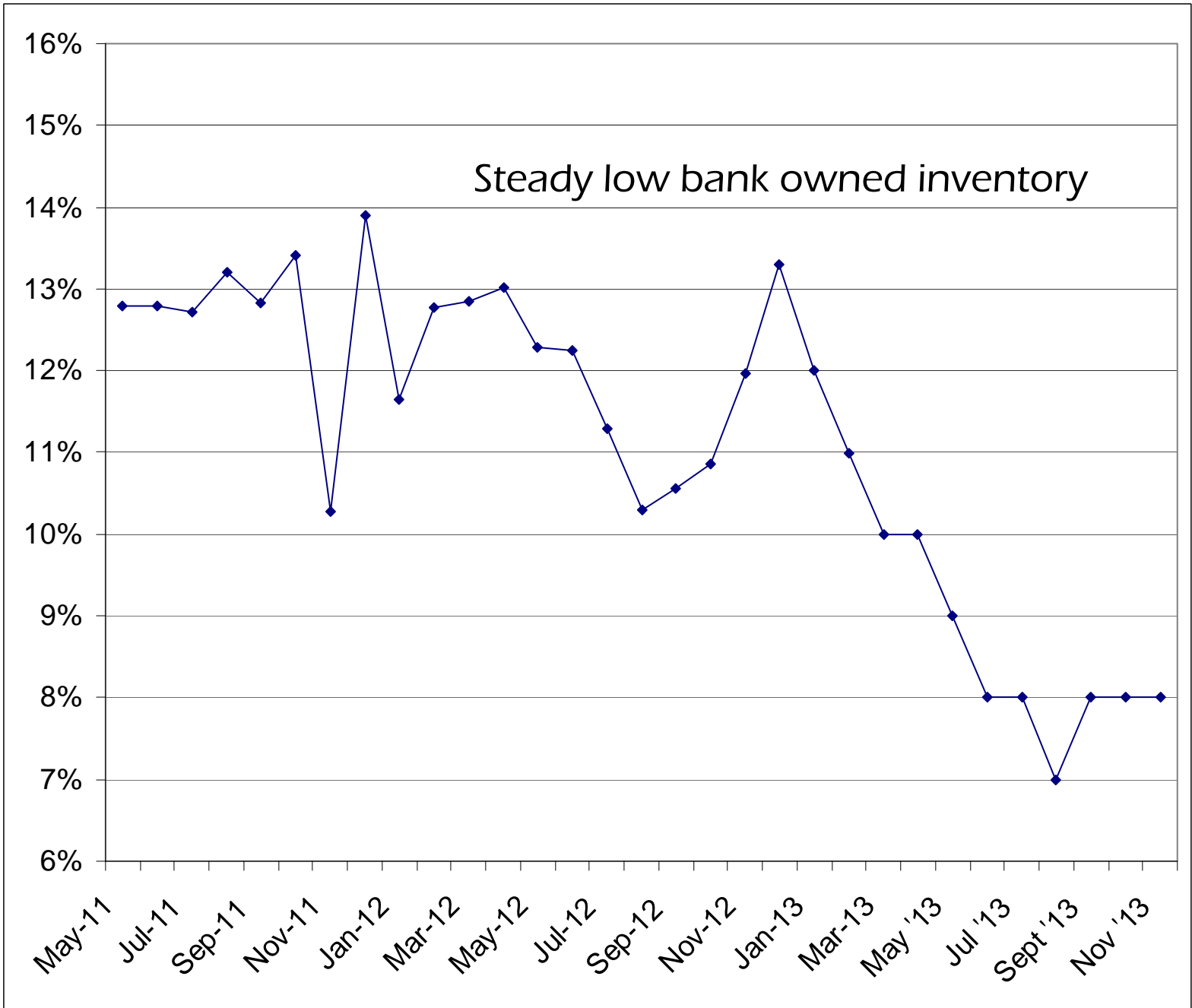
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# Total OBX MLS Sales Agreements



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



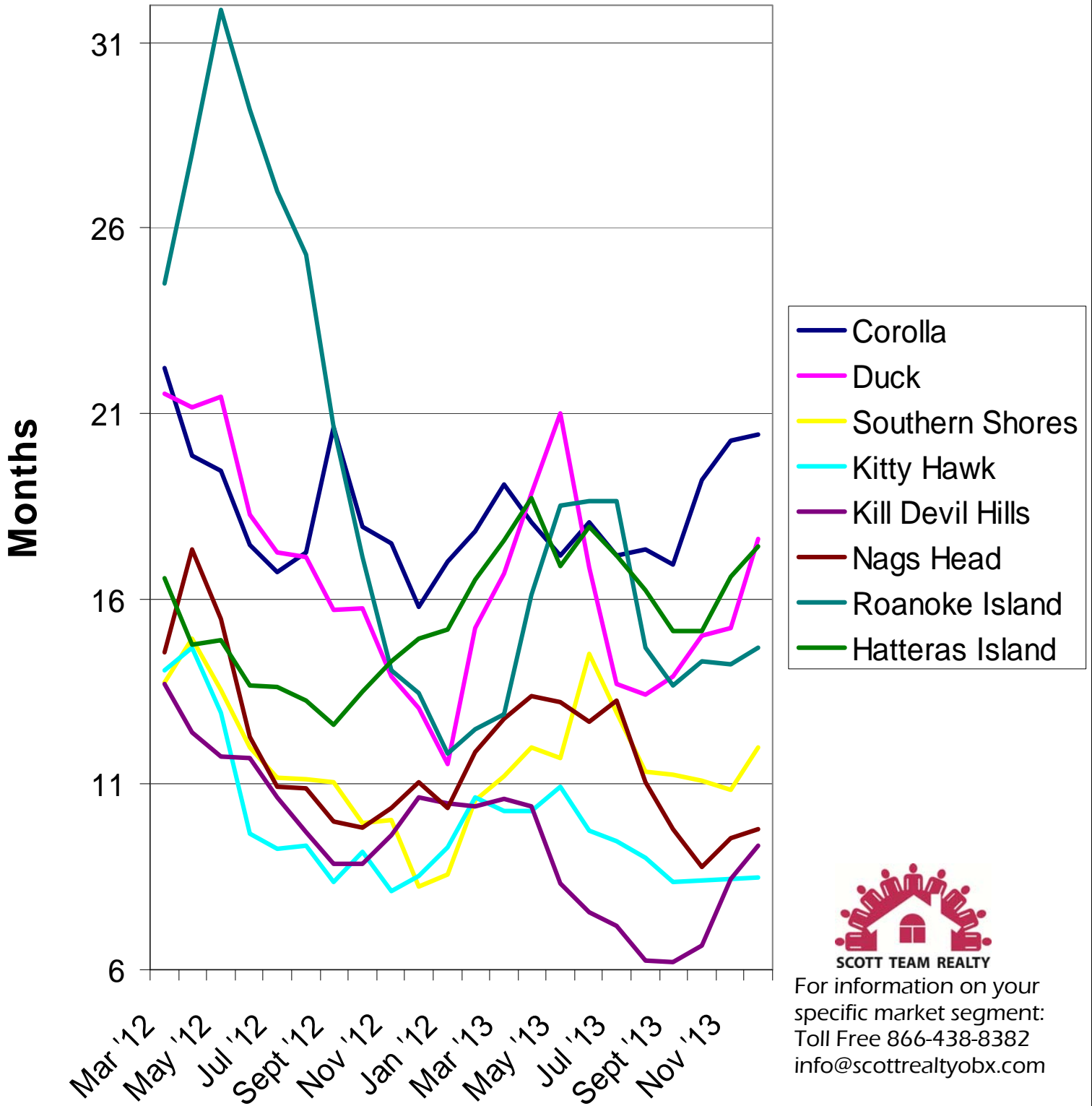
Data provided by the Outer Banks Association of Realtors



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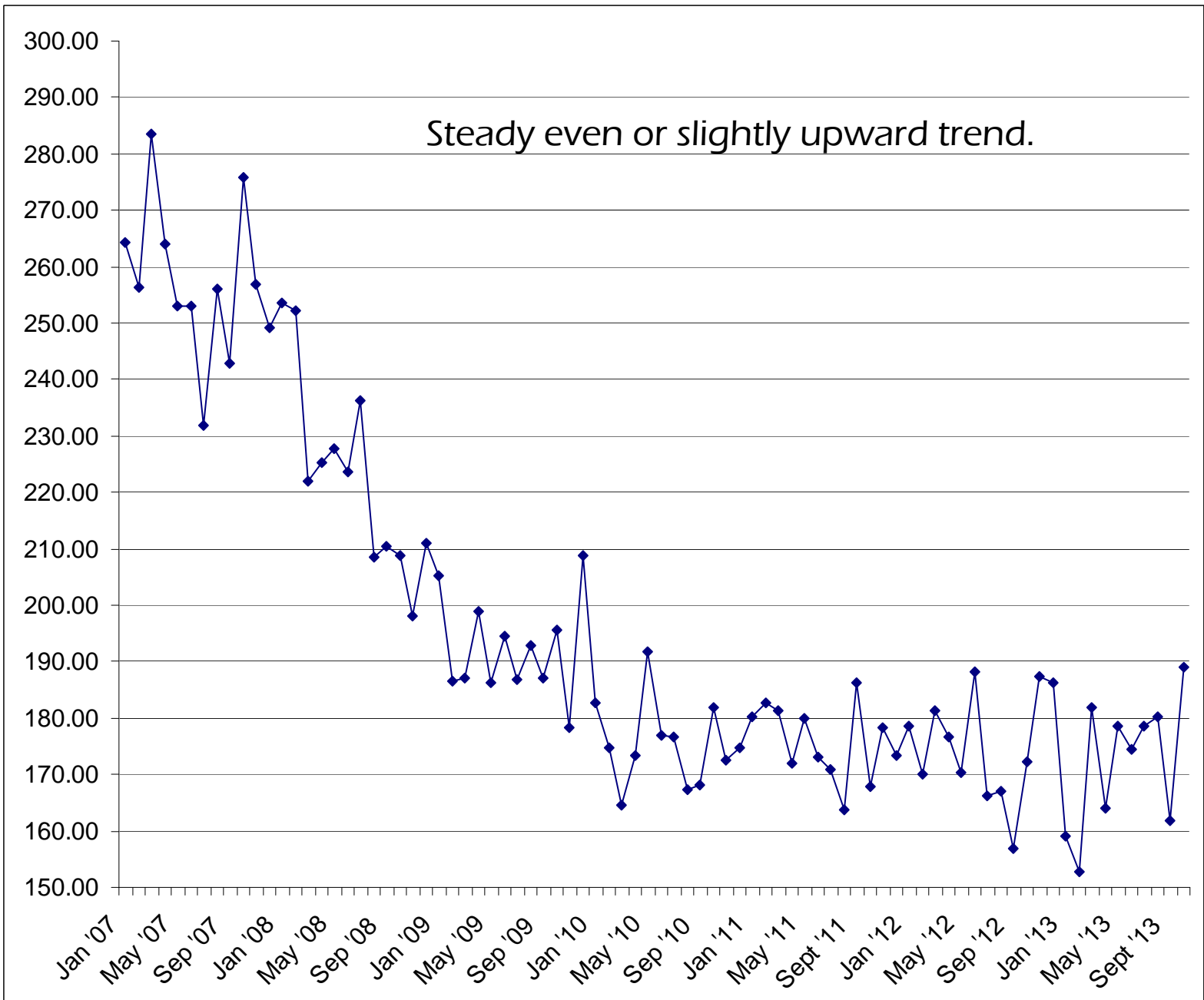
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# OBX Absorption Rates (residential listings/residential sales)



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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

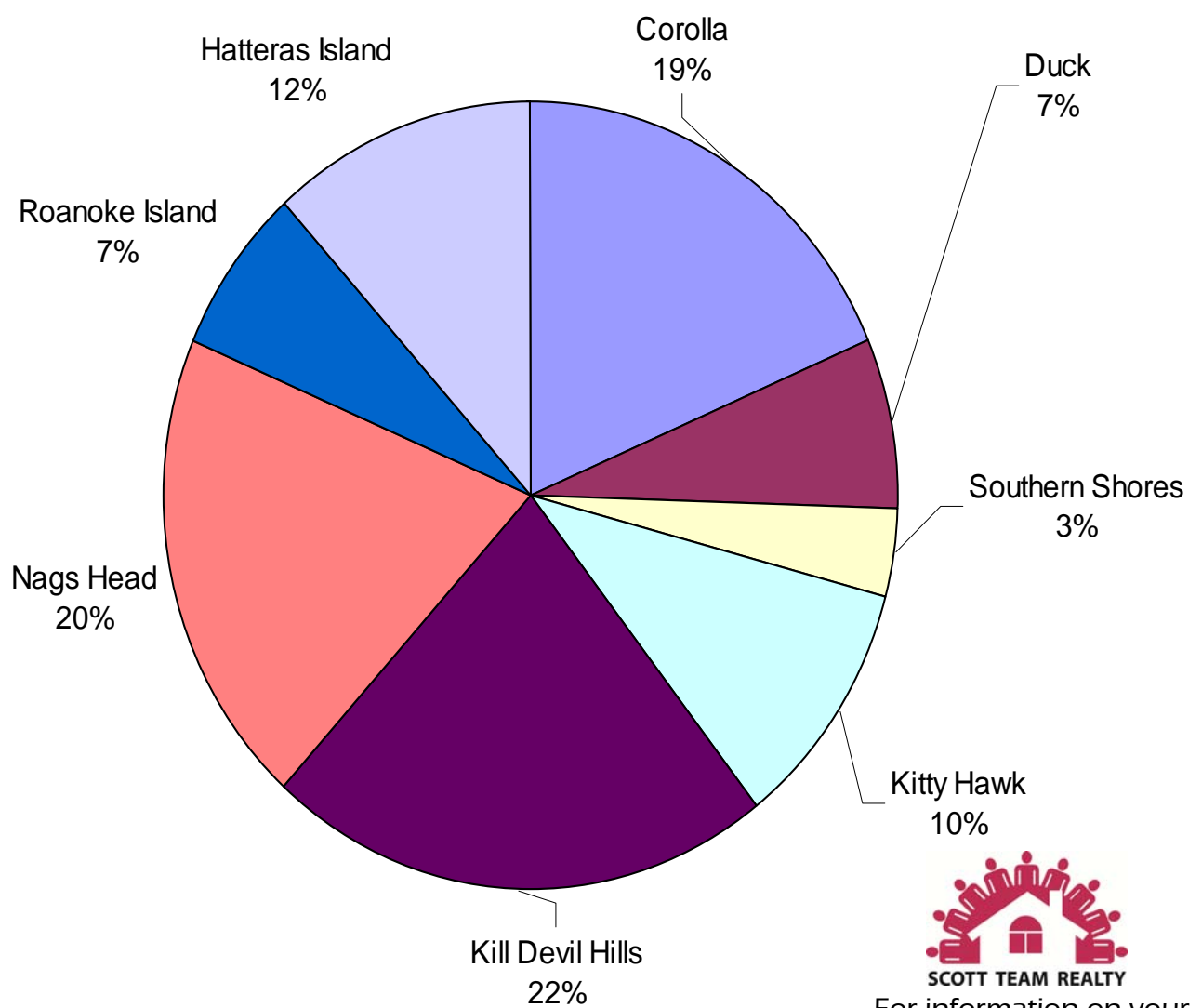


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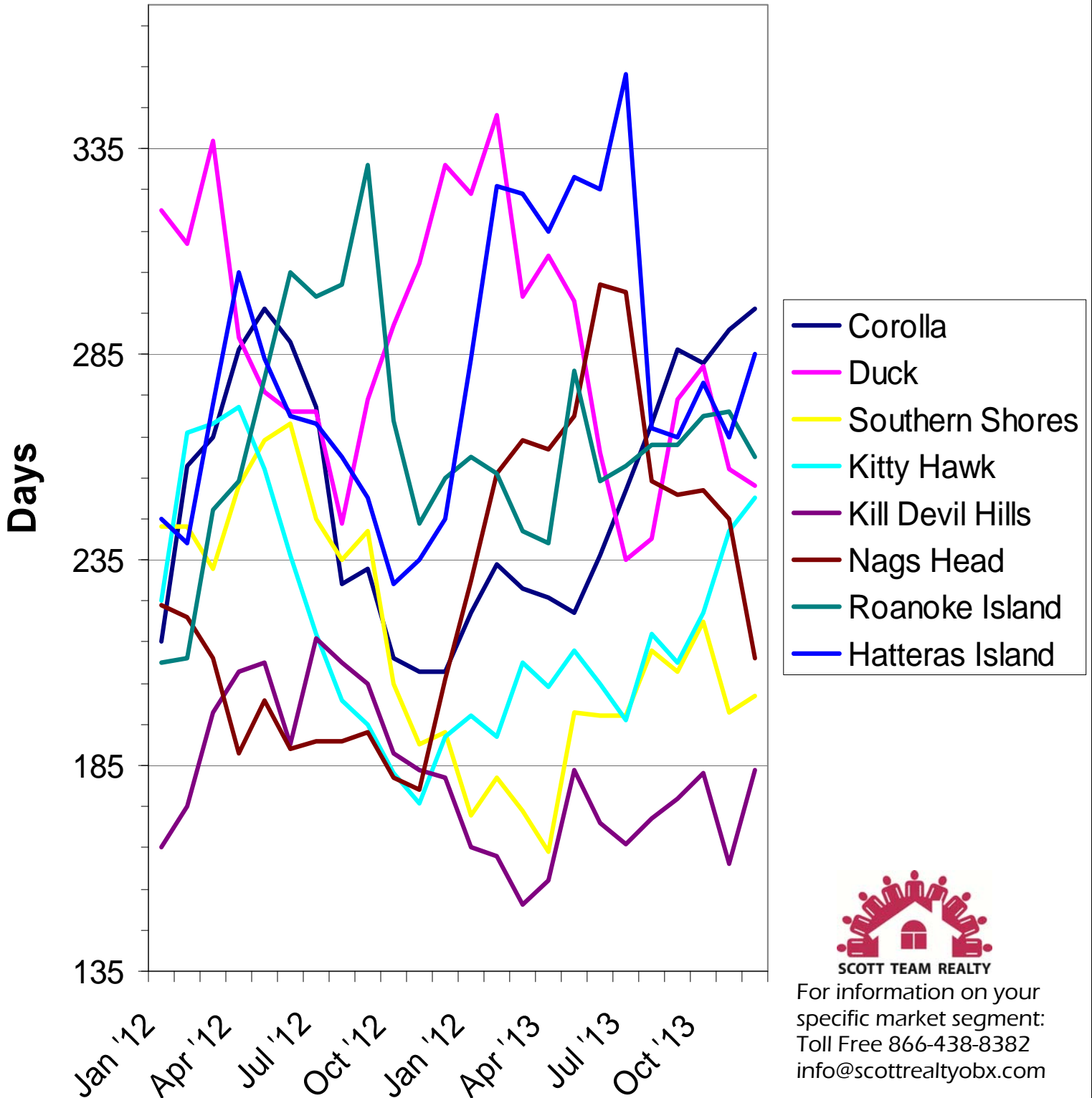
# OBX Residential Sales Market Share November 2013



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# OBX Days on Market

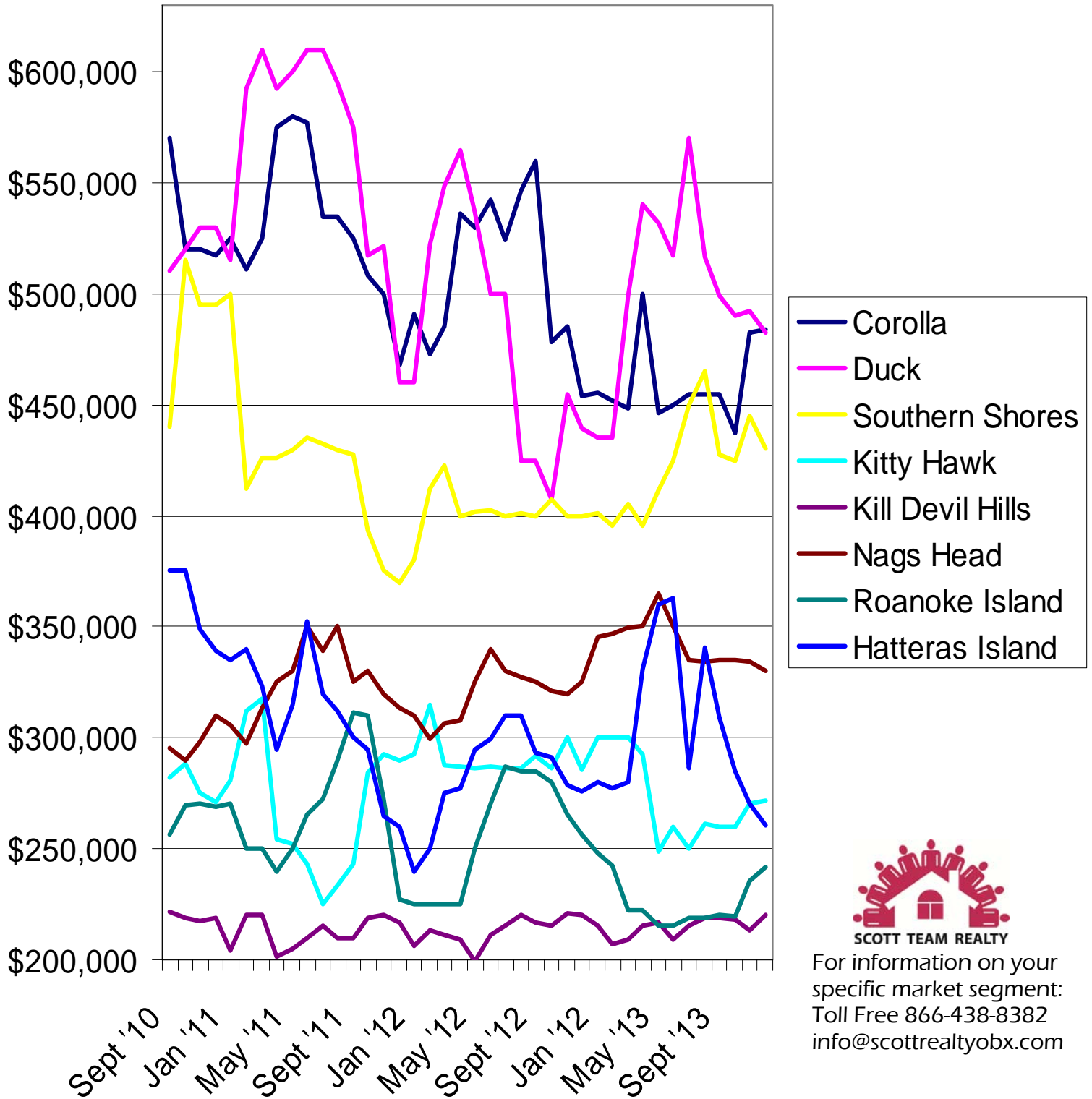
(residential sales)



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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 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.

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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