

March 2019

# Scott Market Report



## It's been a good Winter!

The last few months have been promising for Outer Banks real estate activity. Sales for the first two months of 2019 have been better than recent years. Part of this trend may be due to the lack of snow storms and relatively calm winter weather. When a snowstorm is forecasted for a weekend anywhere between Virginia Beach and Boston usually buyers postpone their trips to view homes here. Rarely did that occur this winter. According to the Outer Banks Association of Realtors' MLS system. The number of transactions for the last three months was up over 5% compared to same period during the winter of 2017-18. Median prices were also up about 3% for the same time period. Average prices were very similar.

Inventory is slowly creeping up over last year's historical low levels. Over the past ten years, the trend has been for inventory to be at its lowest point in January and at its highest point in June or July. This increase in inventory is likely due to the fact that prices are slowly coming back. Many sellers now believe that they can sell their property for an acceptable amount. In this area where many buyers don't have to purchase and many sellers don't have to sell often sellers will hold their property off the market until prices rise.

The increase in median prices are likely the result of the increase in demand as well. This new demand should continue to help prices increase this spring.

Well priced properties continue to sell quickly and may sell for more than asking price in this market. Besides a good value, buyers want a property that is not going to be a large out-of-pocket expense. Homes with good rental income and major updates will sell quicker. If you are a buyer don't hesitate to make an offer on a good value or you'll likely miss it. Sellers receiving no showings or offers likely need a price improvement, an increase in rental income or improvements to the property.



Sincerely,

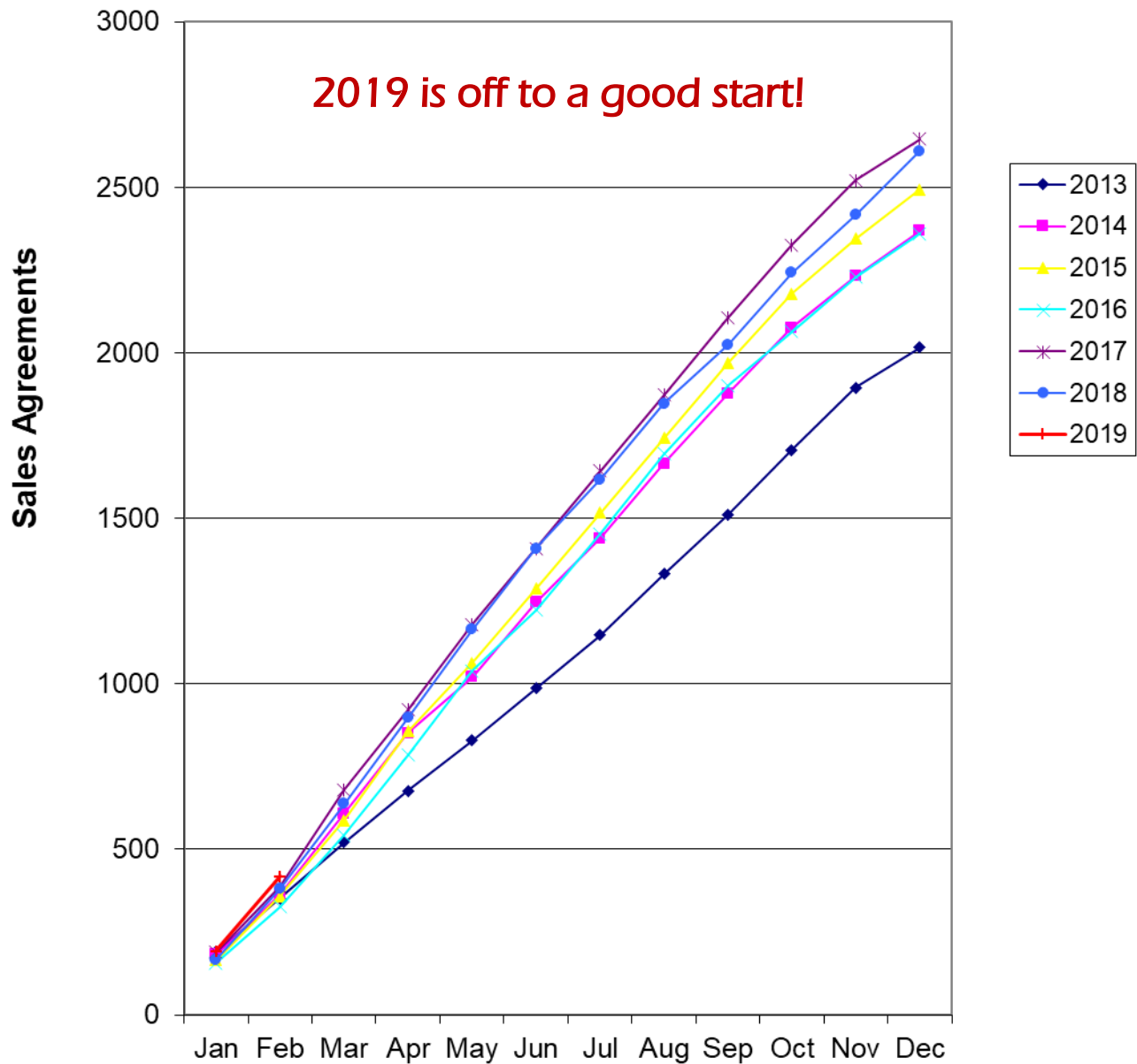
President ABRM,CRB,RRS,e-Pro,SRES  
Scott Team Realty

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

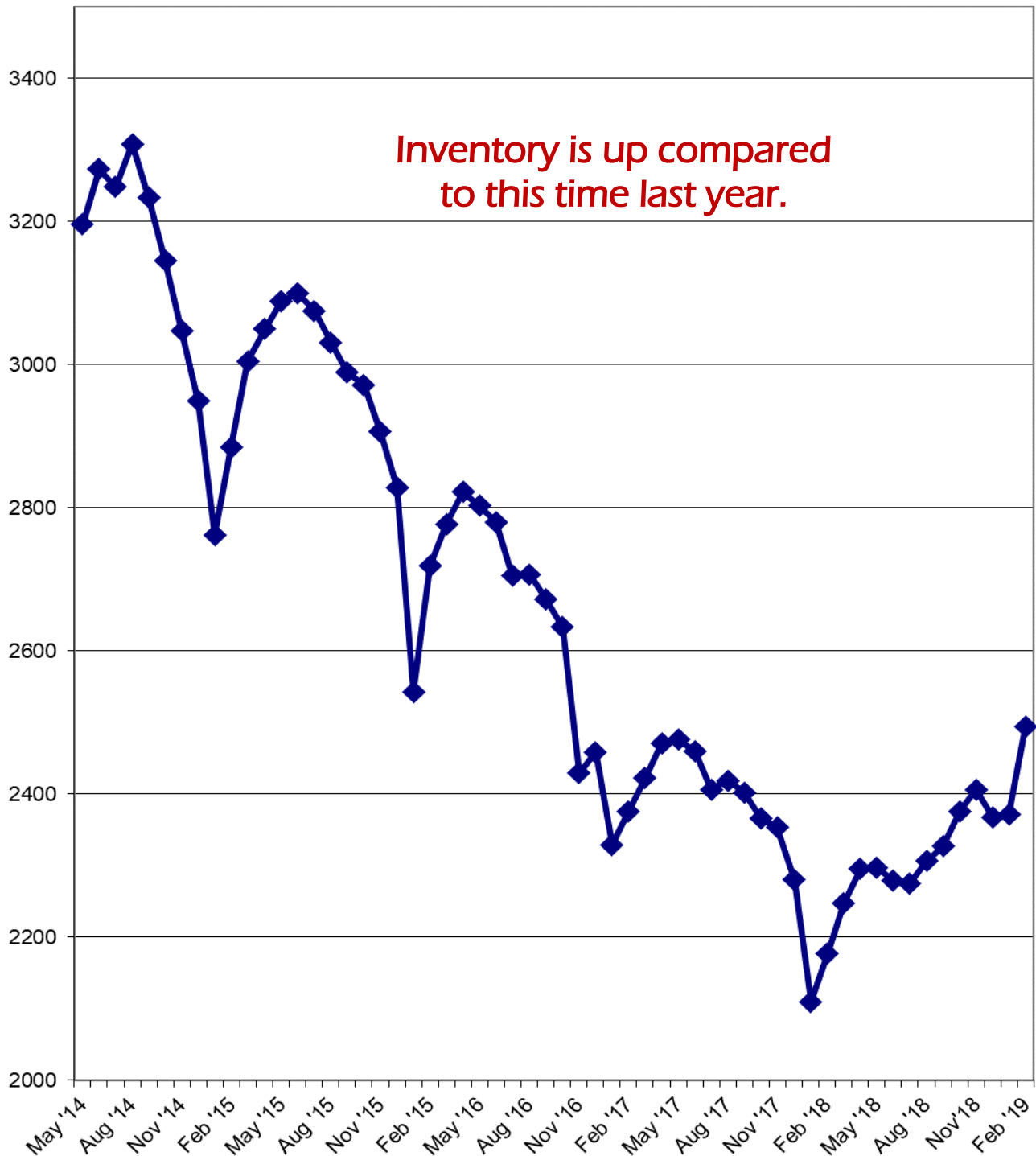
[http://scottrealtyobx.com/market\\_snapshot](http://scottrealtyobx.com/market_snapshot)

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

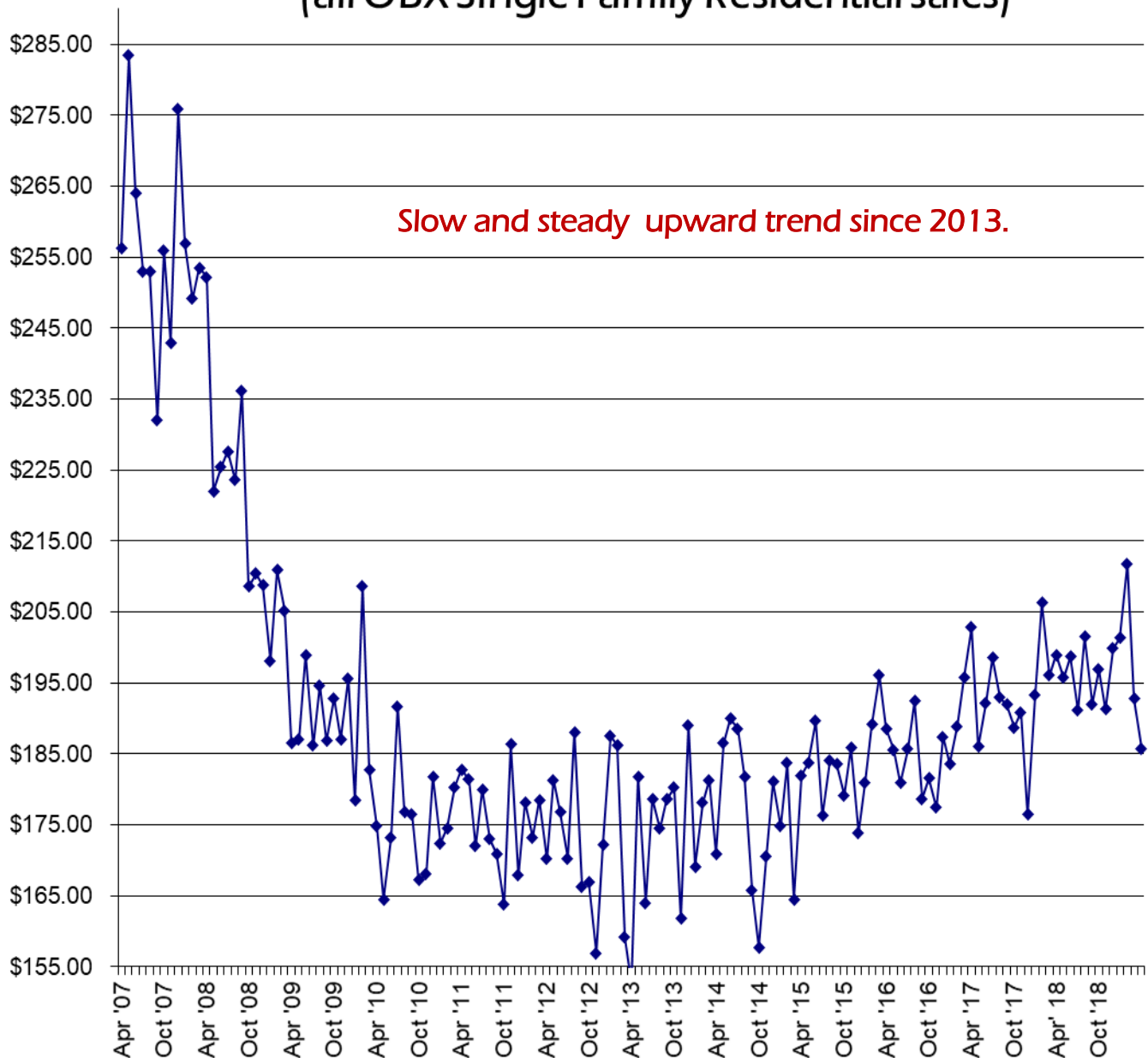
# Total OBX MLS Sales Agreements\*



# Total OBX Listings



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

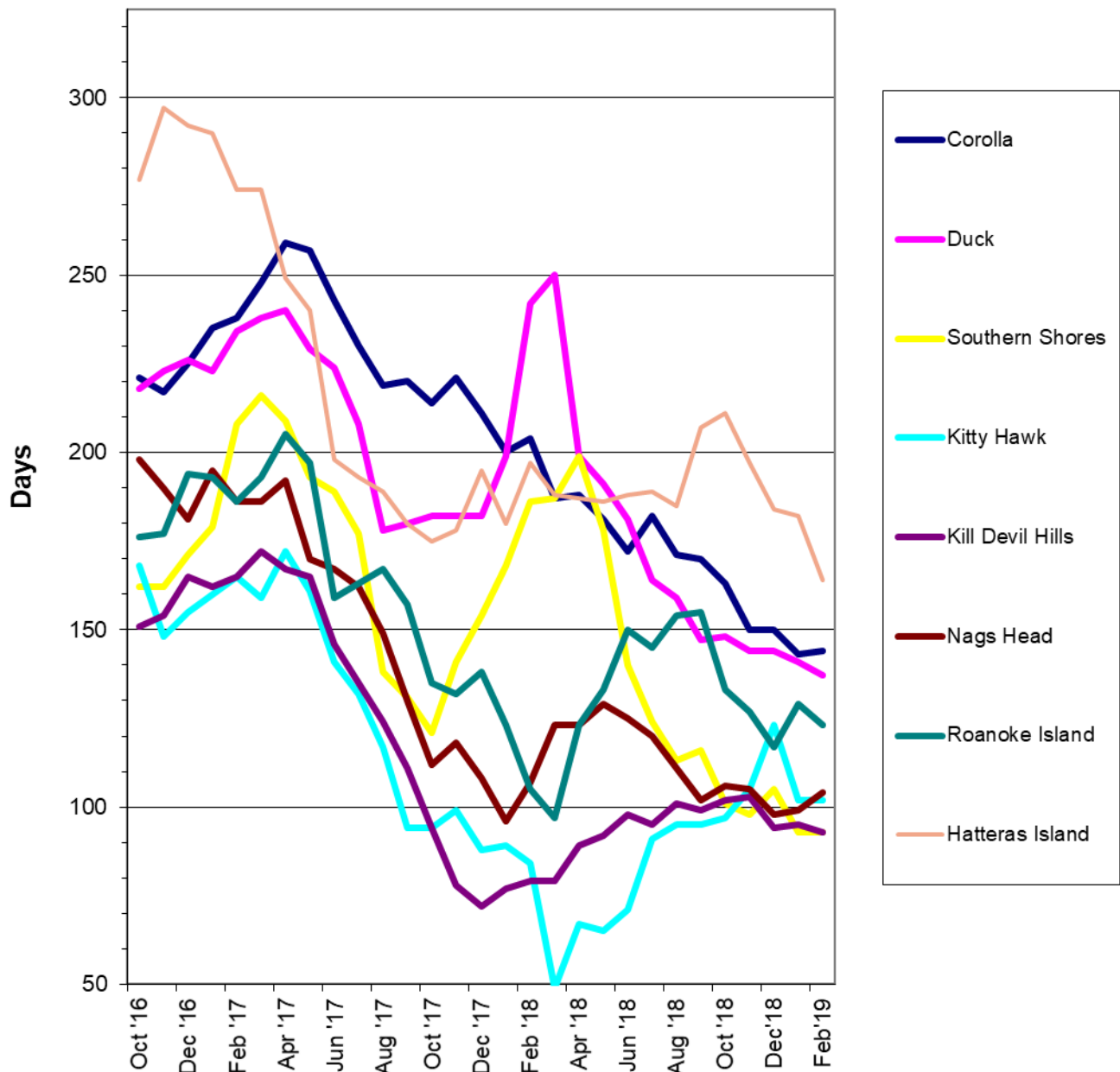


Data provided by the Outer Banks Association of Realtors

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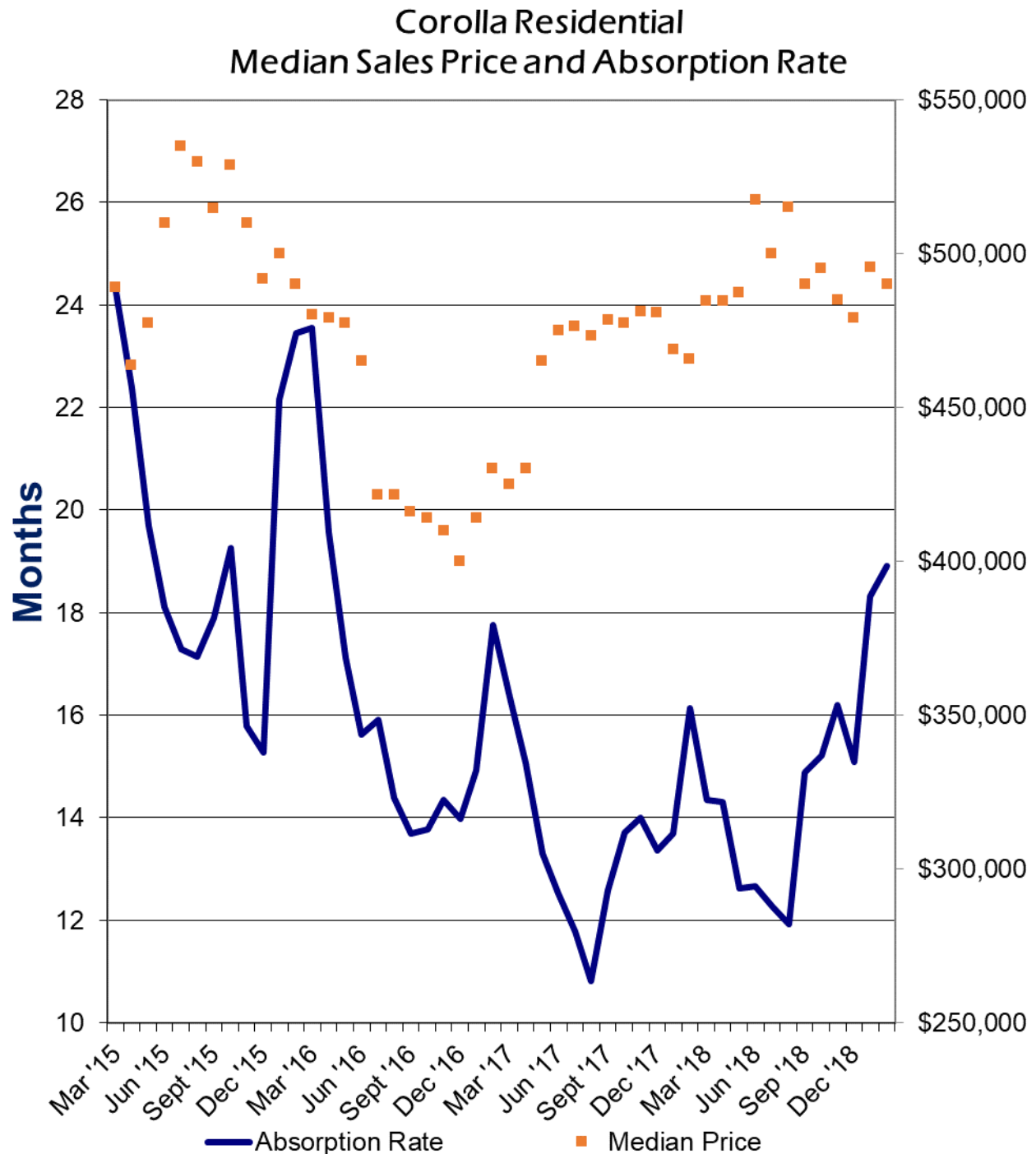
## OBX Days on Market (residential sales)



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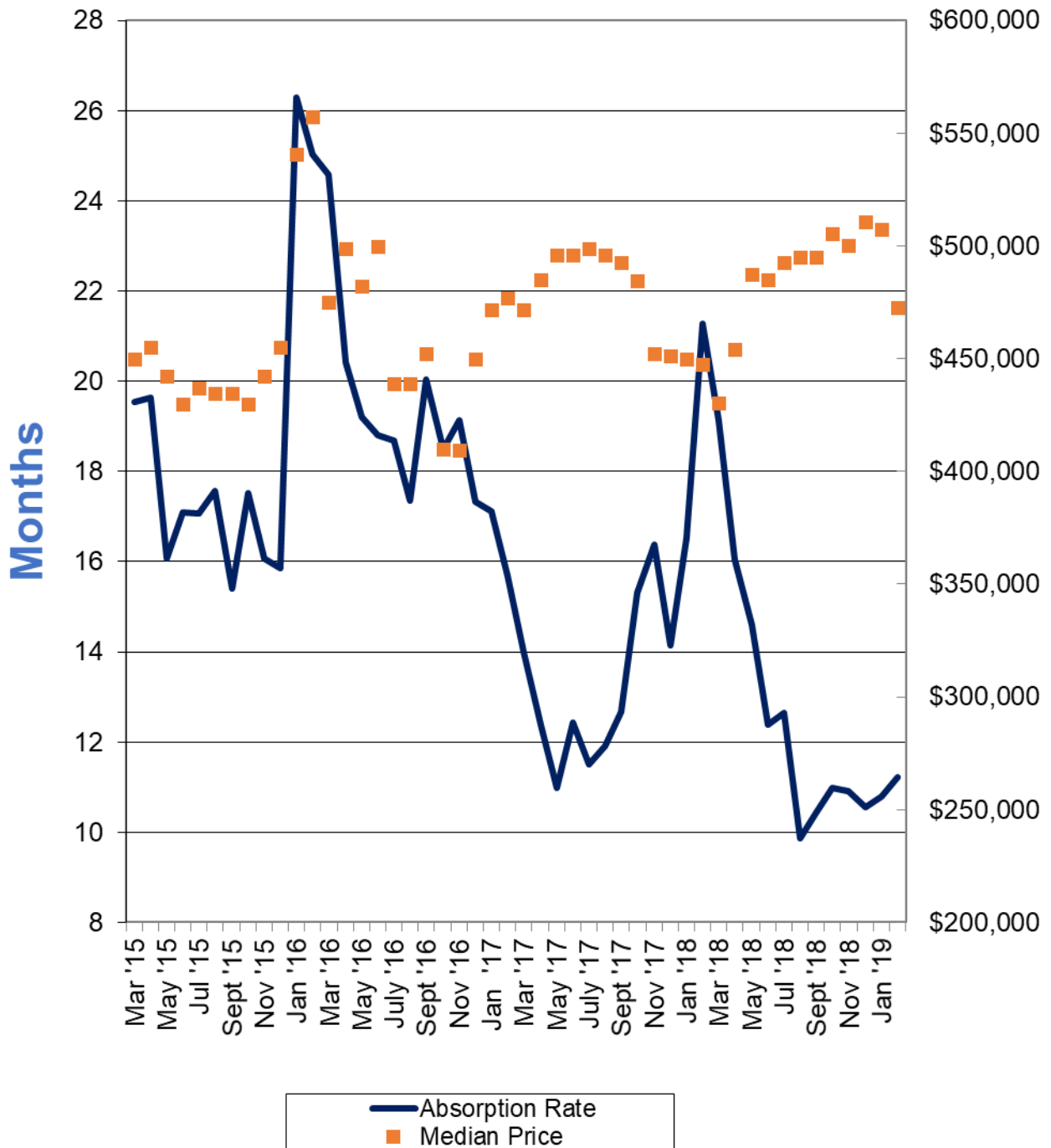


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## Duck Residential Median Sales Prices and Absorption Rates

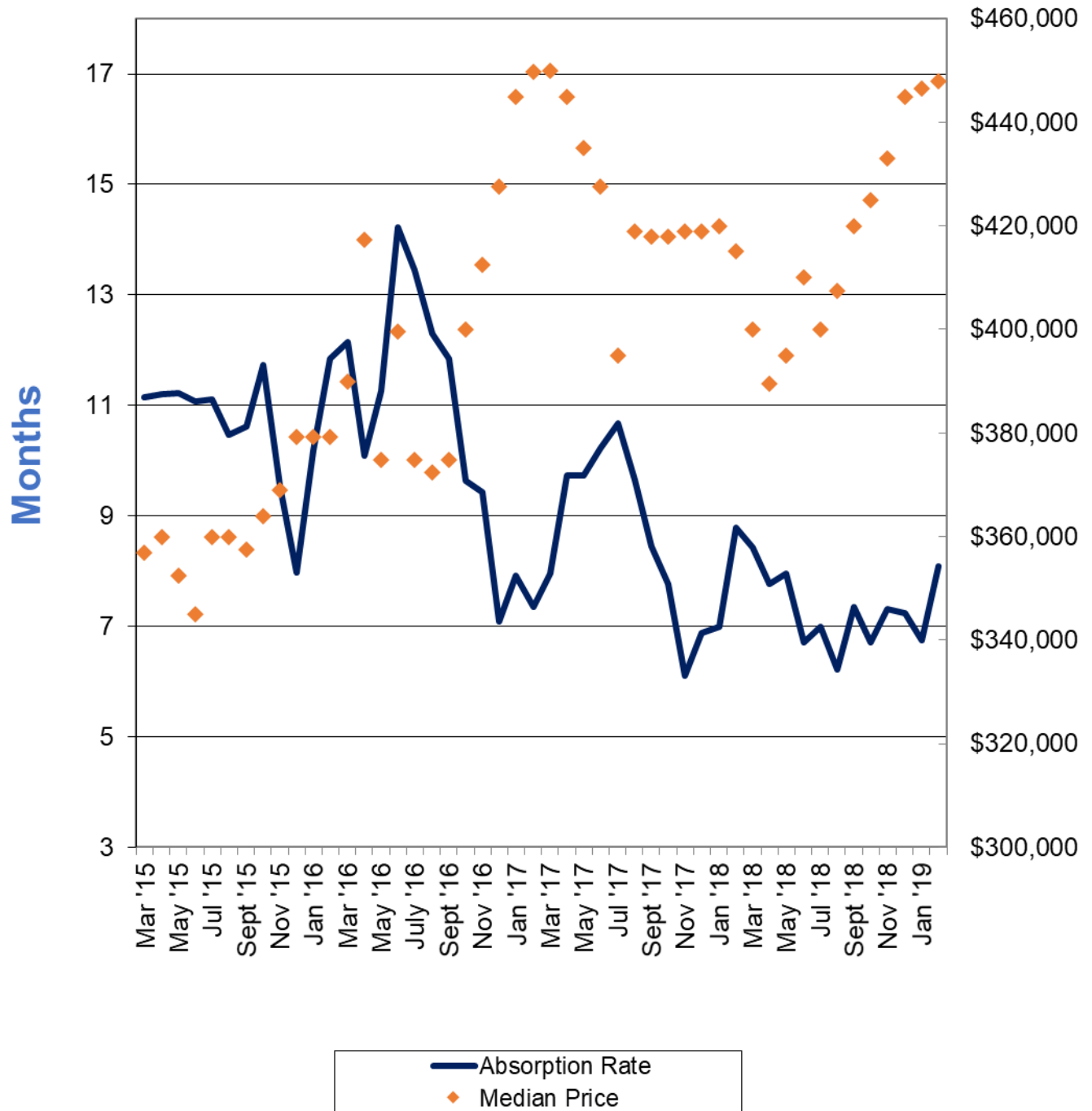


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## Southern Shores Residential Median Sales Price and Absorption Rate



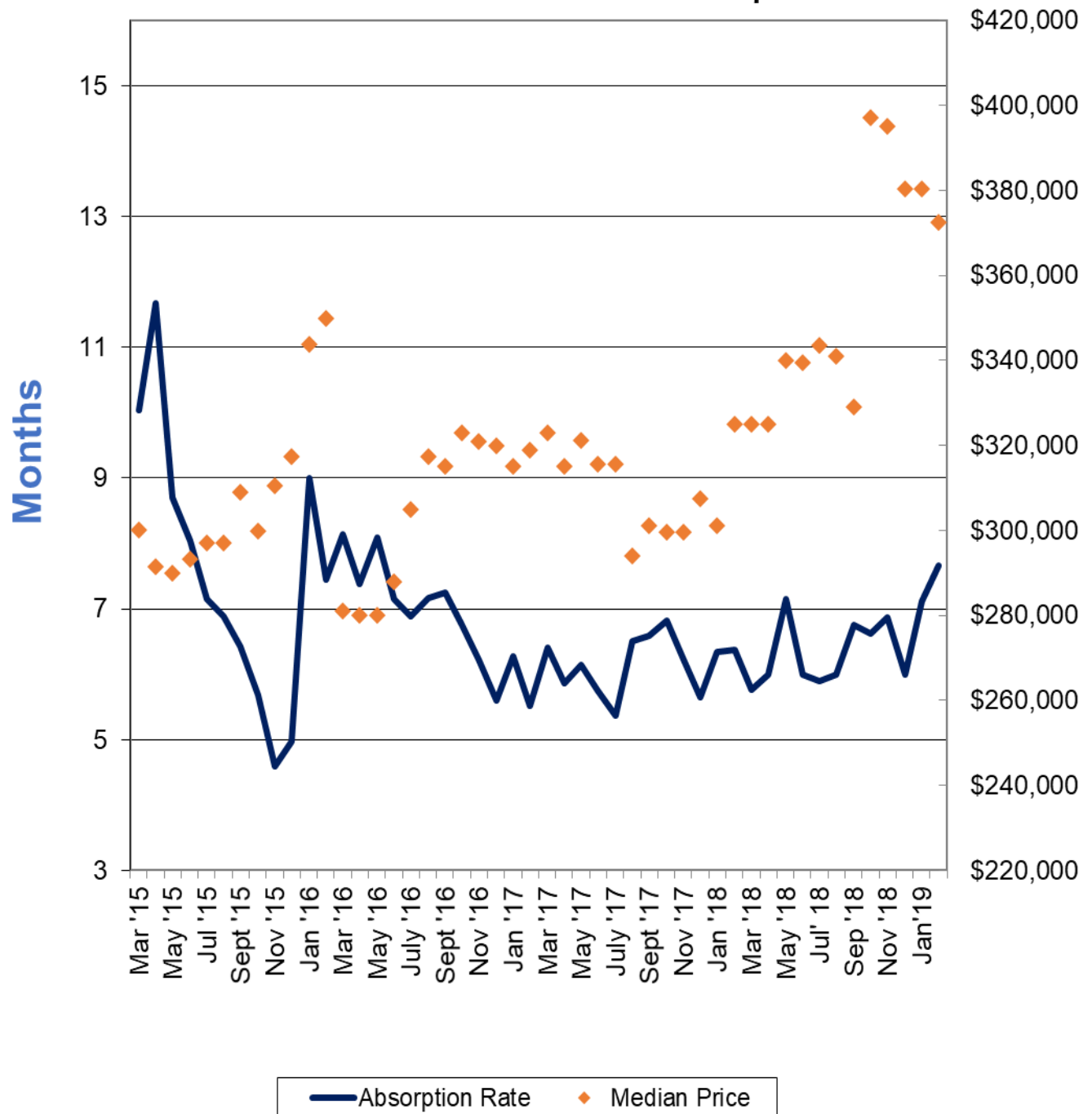
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## Kitty Hawk Residential Median Sales Price and Absorption Rate

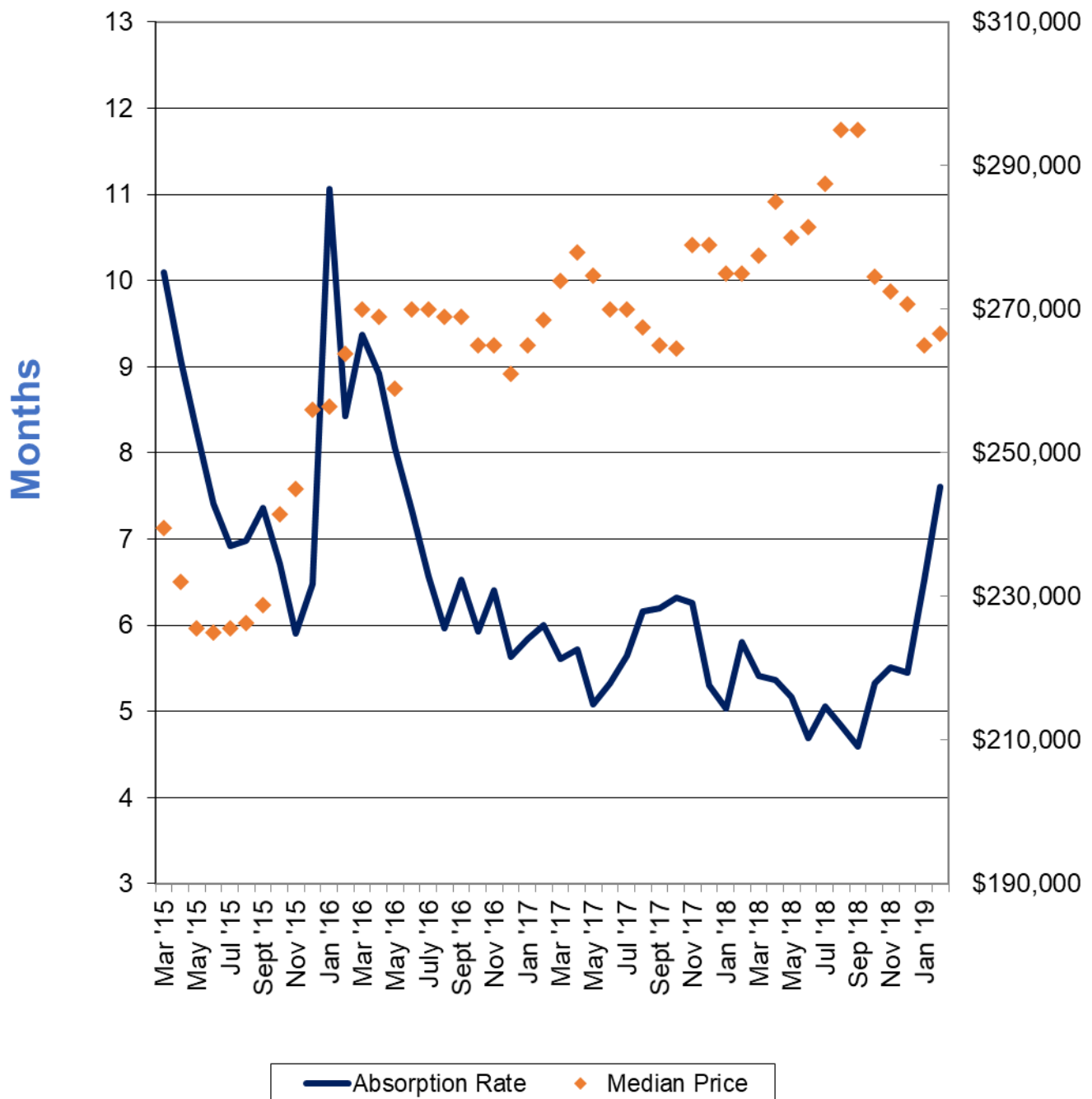


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## Kill Devil Hills Residential Median Sales Price and Absorption Rate

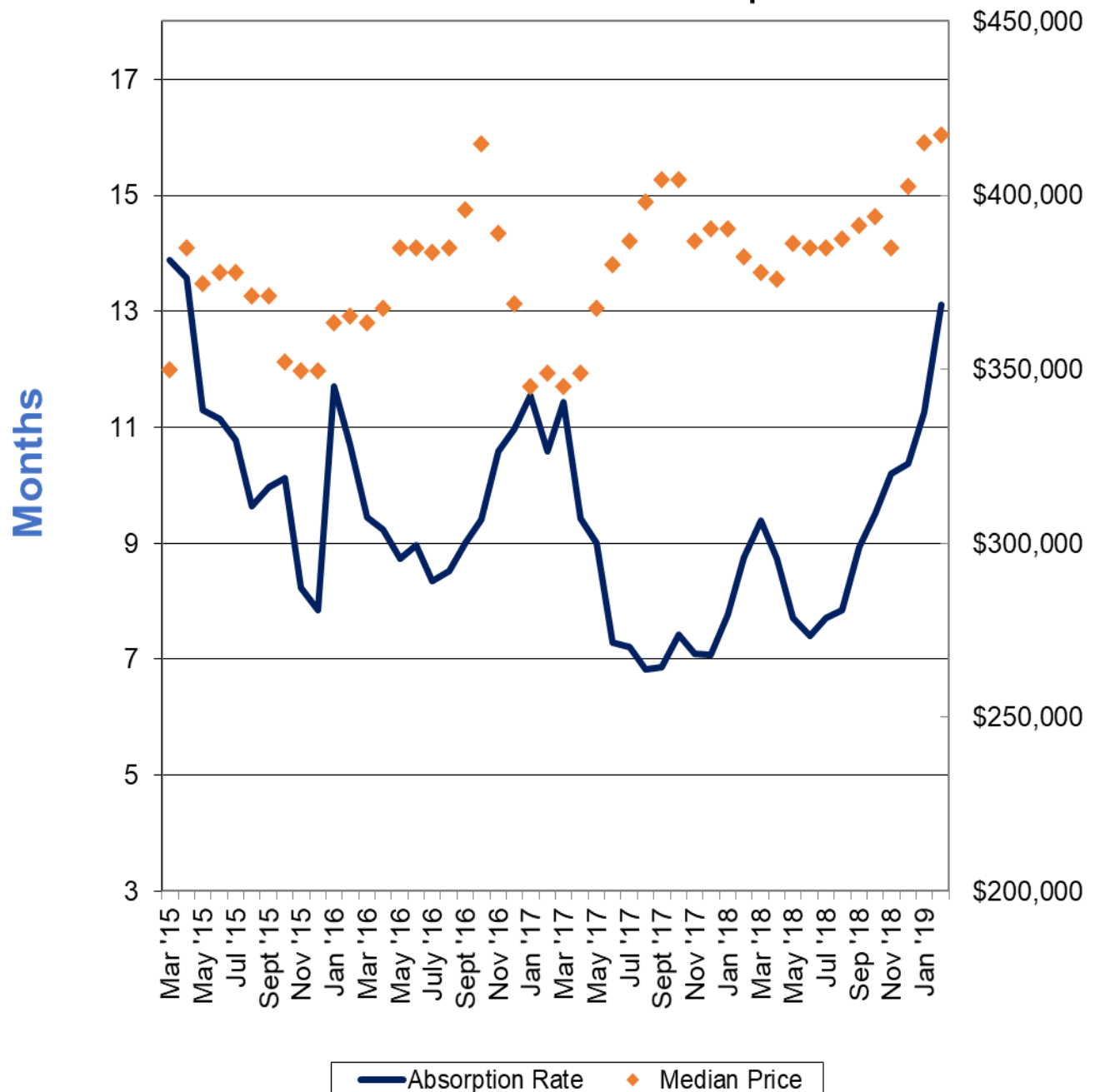


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## Nags Head Residential Median Sales Price and Absorption Rate

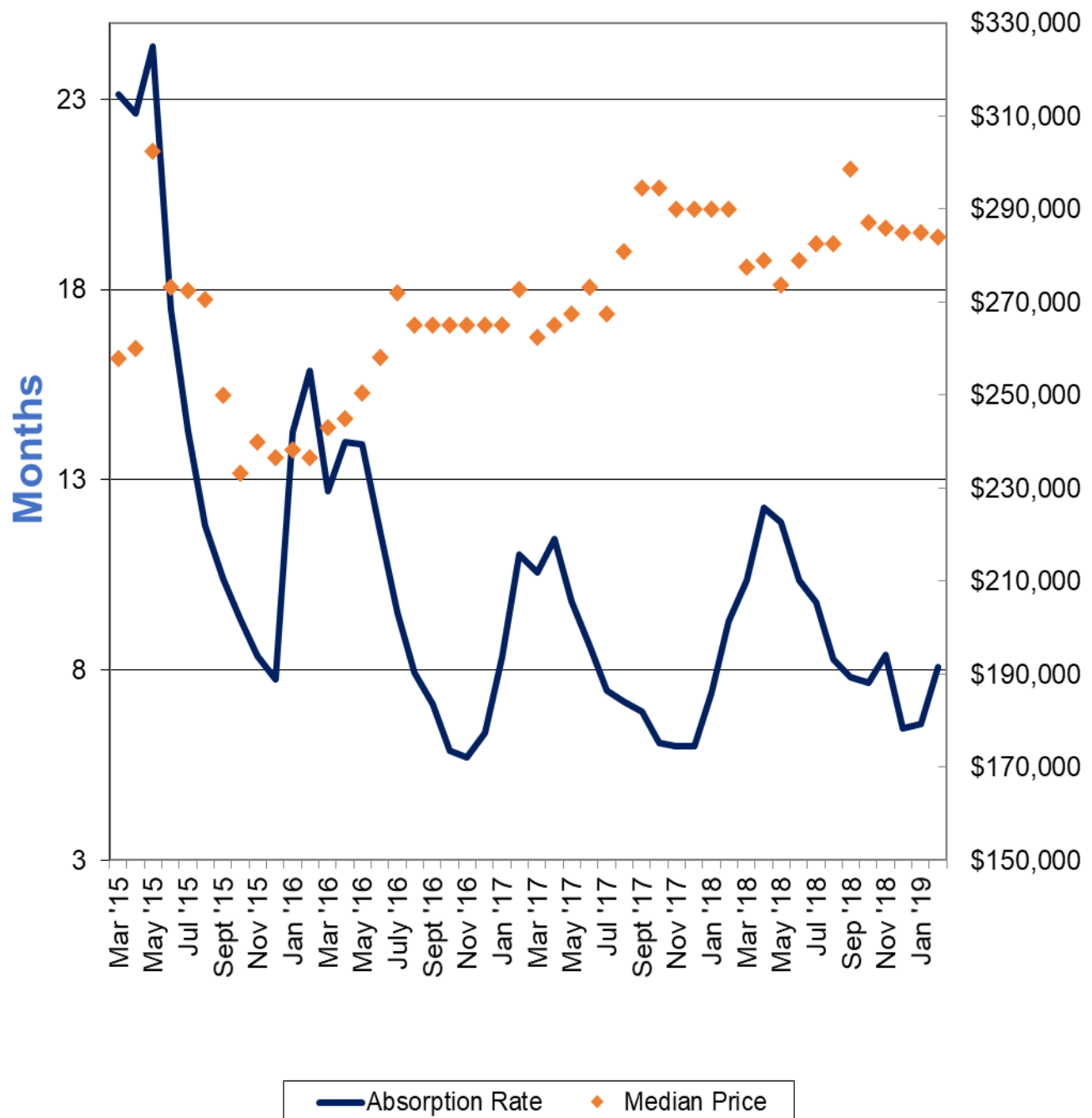


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## Roanoke Island Median Sales Price and Absorption Rate

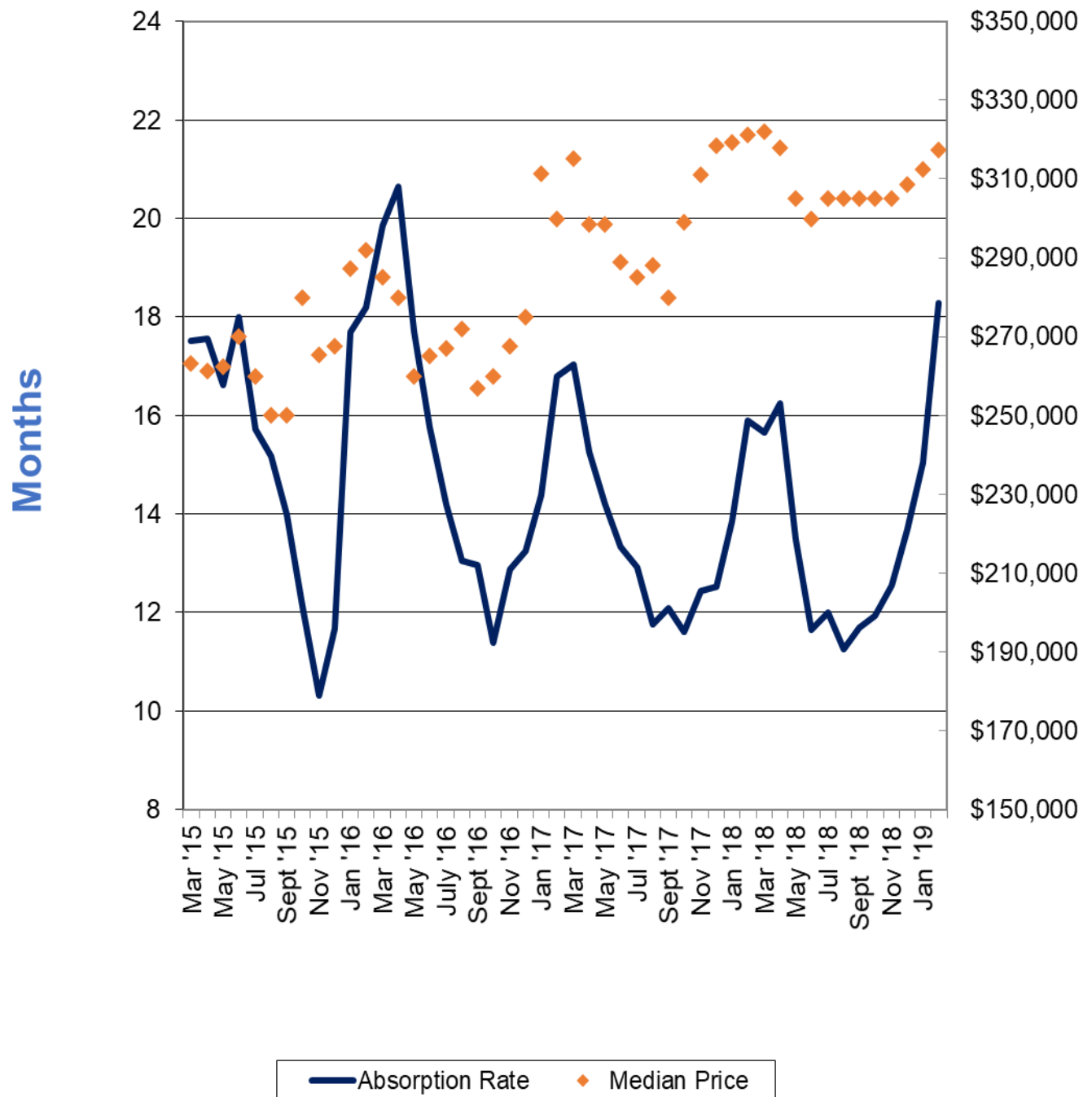


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## Hatteras Island Residential Median Sales Price and Absorption Rate



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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 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.

### **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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