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Business is booming for Outer Banks real estate...

But how long will it last?

As of April 7th, 2021, the Outer Banks Association of Realtors released the March 2021 MLS Statistical Report. The total monthly real estate sales in the Outer Banks were up 86%. Residential sales increased by 87% and had a median sale price increase of 37%. Lot and land sales were also up by 74%, with a median sale price increase of 43%.

So, what does this data mean? For lack of a better term, the real estate market in the Outer Banks is booming. People are purchasing vacant land and residential properties at astronomical rates, and at much higher prices than in the past.

There is a drawback to this, however. Inventory in the Outer Banks is currently incredibly low. The total inventory of real estate in the Outer Banks was down 55% in March compared to 50% for the month of February. Lot and land inventory was down 26%, and residential inventory decreased by a staggering 72%.

As hot as things have been, there are concerns about how long the current level of real estate activity can continue. The inventory of properties coming on the market is not keeping pace with sales.

Currently, the median amount of time a property is listed on the market is roughly 16 days. In other words, properties are selling extremely fast. In the month of March, about 46 properties wound up under contract in less than one day.

Therefore, because the Outer Banks has experienced such a large decrease in residential housing inventory while demand remains high, both buyers and agents will suffer at the hands of

this super seller's market if they are not adequately prepared.

However, there are some things buyers and agents alike can do to simplify the process of purchasing real estate in the Outer Banks in the current market climate, such as:

Having all pre-qualification documents ready to go

Some sellers in the Outer Banks won't even allow potential buyers to view the property if they lack pre-qualification documents. Having documentation such as your proof of funds if you are offering cash and/or a pre-qualification letter if you are borrowing is *essential*.

Considering the listing price as the starting point

In a super seller's market, like the one the Outer Banks is experiencing, adequately priced properties typically receive multiple offers and can wind up triggering bidding wars. Because the seller is often likely to consider only the highest, cleanest offers, buyers should consider the listing price as the starting point and aim to bid slightly above the listed price to give them a leg up against their competition.

Looking for properties priced 10%–20% under your budget

This point goes hand-in-hand with considering the listing price as the starting point. If you are not prepared to offer over the listing price due to budget constraints, a good rule of thumb is to look for properties priced 10%–20% under your budget. This will give you extra room to offer above the listing price

(continued on next panel)

But how long will it last?

(continued from previous panel)

(and stay a solid contender in the case of a bidding war) all while staying within your ideal budget.

Waiving the due diligence period

Electing to waive the due diligence period means you are forgoing the right to terminate the contract prior to the due diligence deadline and be guaranteed to receive your earnest money deposit back. This is the least desirable option for the buyer but would be very attractive for a seller.

The due diligence period is specifically the time allotted to the buyer to complete all inspections, arrange financing and negotiate with the seller for any needed repairs.

As risky as it may be, waiving the due diligence period confirms to the seller that the buyer is buying the property “as is,” thus making that offer more attractive to the seller. A better alternative would be to make a more sizable due diligence fee to the seller.

Considering due diligence fees

Due diligence fees are funds paid to the

seller once an offer is accepted. This fee is non-refundable and allows the buyer to conduct inspections, appraisals, and surveys. Prior to the end of the due diligence period, the buyer has the option to terminate the contract under any circumstances. If the buyer terminates the contract during the due diligence period, the fee is not refundable and remains with the seller. At closing if all goes well, the fee will be credited to the buyer.

While not required, including due diligence fees in your contract offer can make you more attractive to sellers, as it shows how serious you are about the property and gives them confidence in you as the buyer.

What next?

There’s no telling what exactly will happen in the Outer Banks’ real estate market, but it is very clear that the inventory of homes cannot keep up with the number of potential buyers in the area presently. At the high rate that homes are selling and the incredibly low rate of new homes coming onto the market, it won’t be long before the Outer Banks runs the risk of having next to

no housing inventory.

Therefore, if you are one of the many potential buyers vying for real estate in the Outer Banks, it is absolutely essential to understand the challenges of the present market climate and to be prepared to go the extra mile to secure your home. Working with an experienced Realtor who can help you navigate the negotiation process is critical, and having your financing pre-qualified can give you a competitive edge.

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Data Source: The Outer
Banks Association of
Realtors/March 2021 MLS
Statistical Report



SOUTHERN TRUST
MORTGAGE
NMLS# 2921



Outer Banks real estate market update

Data obtained from OBAR MLS Jan. 1, 2021 through Apr. 1, 2021

Residential Q1 2021

- Residential units sold: 902, +80% change
- Residential sales volume: \$503.9M, +148%
- Residential average days on market: 77, down 39 days
- Residential average sales price: \$558,700, +37%

Land Q1 2021

- Vacant land units sold: 196, +90%
- Vacant land sales volume: \$30.4M, +153%
- Vacant land average days on market: 213 days, up 53 days
- Vacant land average sale price: \$155,000, +33%

Residential Unit Sales by Town Q1 2021

Area	Units Sold	Change over 2020
Corolla	153	+194%
Duck	64	+ 78%
Southern Shores	28	+ 12%
Kitty Hawk	39	+ 95%
Kill Devil Hills	131	+ 93%
Nags Head	89	+ 65%
Roanoke Island	52	+ 41%
Hatteras Island	152	+171%

- In the Village at Nags Head in 2020, Village Realty was the
 - #1 firm with 18 of the 56 listings sold (36%);
 - #1 firm with 13 buyer-side representations (26%);
 - #1 firm with the **MOST** rental homes represented; and
 - is **BETTER POSITIONED** to sell your property!

Just a Sampling of Our Listings for Sale



Nags Head, Hawk's Nest Oceanfront

5 weeks co-ownership yearly, 2,267 sf, updated kitchen & baths, coastal decor, oceanfront deck
4 BR, 3 BA • \$66,000 • MLS 114005



KDH, Colington Pointe

Sound & canal views, 1,587 sf, ready this spring, end unit, all master suites, extensive amenities
3 BR, 3.5 BA • \$399,900 • MLS 113494



Nags Head Semi-Soundfront

Stunning sound views, 2,917 sf, beautifully renovated & maintained, flooded w/light
4 BR, 3 BA • \$750,000 • MLS 113624



Croatan Surf Club Oceanfront Condo

Luxurious 1,438 sf, furnishings neg., ocean & pool views, elevator, unparalleled amenities
2 BR, 3 BA • \$485,000 • MLS 113047



Manteo Semi-Soundfront

Downtown, 5,860 sf, built 1870s, completely restored, marble & mahogany, 10 ft ceilings
5 BR, 4.5 BA • \$1,595,000 • MLS 111793



Ocracoke Island Canalfront

On Oyster Creek, dock at your back door, ship's ladder to loft-style BR, septic allows expansion
1 BR, 1.5 BA • \$425,000 • MLS 112753



Mann's Harbor Pondfront

Secluded, 2+ acres, custom built 2,690 sf, large kitchen, gas fireplace, screened porch, bonus rm
3 BR, 2.5 BA • \$534,000 • MLS 113576



S. Nags Head Oceanfront Condo

Penthouse offers amazing views, 1,280 sf, completely renovated top to bottom
2 BR, 2 BA • \$449,000 • MLS 113441



Nags Head btw the highways

Three lots from ocean, 2,506 sf, well-equipped rental machine, pool, hot tub, game room
5 BR, 4 BA • \$635,000 • MLS 113656



KDH, First Flight Retreat Condo

Penthouse w/fantastic ocean views, 1,012 sf, well-equipped, private terrace, pool, fitness ctr
2 BR, 2 BA • \$624,900 • MLS 112721



Ocracoke Island Canalfront

Canalfront w/dock, hammock, fish cleaning st., 1,568 sf, new HVAC, screened porch
3 BR, 2 BA • \$575,000 • MLS 110180



KDH, Colington Pointe

Top floor has views of sound & canal, 1,587 sf, new constr. all master suites, extensive amenities
3 BR, 3.5 BA • \$399,900 • MLS 113820

Just a Sampling of Our Listings for Sale



River Forest Manor ca. 1900, Belhaven
Riverfront, Italian carved ornate ceil., furnished, restored, 4.3 acres, 31 boat docks
9 BR, 9 BA, 7 PB • \$3,500,000 • MLS 112009



Croatan Surf Club Oceanfront Condo
Luxurious 1,492 sf, handsomely furnished, ocean views, elevator, unparalleled amenities
3 BR, 3 BA • \$745,000 • MLS 113082



Ocracoke Island Soundfront
Magnificent sound views, 2,580 sf, elevator, whole-house generator, 100' bulkhead, dock
4 BR, 2 BA • \$1,500,000 • MLS 114052



S. Nags Head Semi-Oceanfront
Beautiful rental machine, 3,102 sf, direct beach access, pool, tiki bar, theater, nicely furnished
5 BR, 5.5 BA • \$1,199,000 • MLS 113977



Ocracoke Island Harborfront Condo
Harbor/sound views, 1,150 sf, renovated 2018, prof. decorated, deeded deep water dock
2 BR, 2 BA • \$498,000 • MLS 110450



S. Nags Head Oceanfront
Near Coquina Beach, 4,316 sf on 100 ft wide lot, true 2nd home, generator, elevator, garage
5 BR, 4 BA • \$1,750,000 • MLS 113800



Croatan Surf Club Oceanfront Condo
Luxurious 2,003 sf, furnishings neg., on 2 floors, elevator, unparalleled amenities
3 BR, 3 BA • \$685,000 • MLS 113695



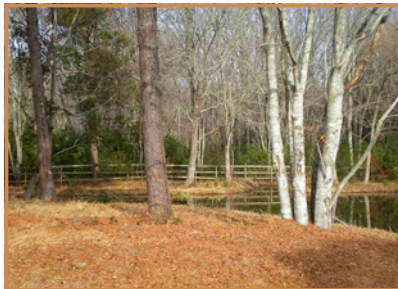
Hatteras Island, Avon Soundfront
Rare, secluded residential lot, 1.43 acres with canal, sound and salt marsh views
62,290 sf • \$199,900 • MLS 113723



Powell's Point Soundfront
Rare property w/378 ft frontage, safe harbor canal, boat ramp, 10 boat slips, 2,933 sf home
4 BR, 3 BA • \$824,500 • MLS 111137



Columbia, Country Estates Lot
Residential .86 acre lot with sound access. Columbia is a half hour drive to OBX beach
37,461 sf • \$25,000 • MLS 113186



Corolla, Villages at Ocean Hill Lot
Homesite backs up to nature preserve, ocean to sound community with great amenities
0.57 acres • \$75,000 • MLS 113885



Nags Head, Whalebone Beaches Lot
Ocean/sound views, fully approved cottage court w/6 houses, 24 BRs, pool, next to Sam & Omie's
34,000 sf • \$900,000 • MLS 99829