

Surf City REAL ESTATE UPDATE

Summer's End 2016

RESEARCHED AND PRESENTED BY: Pat Sepanak, Broker/Owner of Sand Dollar Real Estate

Let's start off with a look at Surf City over the last couple of years. In 2012, Surf City, as well as the rest of LBI, started off with an upswing in price and activity after coming off several nationally tough economic years. The visit from 'Sandy' put an abrupt end to that rise and the market went into a holding pattern throughout most of 2013. The good news is that 'Sandy's' impact was much shorter lived overall than most thought in relationship to buyer interest. That is not to say that many homeowners aren't still in the rebuilding state with their LBI properties. 'Sandy' is and will continue to have an effect on this barrier island. Today's buyers are very acute to 'elevation' of their proposed purchase. How much damage from Sandy and how was it corrected? What will flood insurance cost today and down the road? These were not the questions being asked prior to October 2012; but questions that will be asked from here on out. It becomes paramount that a home seller has the answers to these questions with the appropriate documentation. Many older homes bayside never had elevation certificates done and today that can result in higher cost of flood insurance and wariness on the buyer's part. At times, prices have been adjusted down to compensate. This is partly what we are seeing in 2016, as prices have dropped a bit from the previous year. As more bayside homes enter the sales market, many with some prior flood damage and higher flood costs, buyers are calculating these costs into their buying decision. These sales then impact the overall Average Sales Price.

Surf City is based on a tourism economy. The town offers a variety of housing types and pricing in both sales and summer rentals. A very varied business community offers our visitors many things to do, places to eat and keeps the money in town. Easy access on and off the Island is another strong point in Surf City's favor. Surf City is one of six municipalities on LBI and it is all these towns collectively that make LBI, and LBI brings tourist and tourist dollars to our local business people, rental homeowners and in return keeps all our taxes down and allows for a higher level of community provided services.

SURF CITY COMPARISON REPORT

Year	# Units Sold	Average Sales Price (ASP)	Avg Days On Market	% Final Price to Sales Price
2012	50	\$770,311	163	94%
2013	39	\$688,785	143	95%
2014	45	\$753,656	153	96%
2015	57	\$891,514	162	95%
2016 -8/15	34	\$681,938	150	94%

Single family market (72% of LBI real estate market)

LBT - Brant Beach to North Beach Haven

COMPARISON TO OTHER LBI TOWNS

TOWN	SURF CITY	SHIP BOTTOM	LBT SOUTH	BEACH HAVEN
# SOLD	34	29	89	19
ASP	\$681,938	\$651,793	\$961,997	\$1,142,342*
DOM	150	121	150	133
% LP	94.6%	95.4%	95.1%	96.2%
ACTIVES	46	39	128	56
UC	17	11	22	7
# of Units	2566	2218	5600	2667

Time Frame: January 1 - August 15, 2016, Actives and UC are as of 8/15

Total # of housing units based on 2010 census data

* includes \$5.5M sale (2 units) w/o ASP = \$844,527

Overall, Surf City is performing as well as, and in some areas, a bit better than similar towns on LBI. Surf City does have a higher proportion of bayside homes than most of the other towns and therefore those sales would affect Average Sales Price.

2016 Summer Rental Market

The 2016 Summer Rental Market is nearly over and opinions are mixed. It appears, as in previous years, that mid week was quieter with traffic picking up Thursday through Monday. This would signify that the weekly renters were being over shadowed by the weekend homeowners. Whether the homeowners have taken their houses off the rental market or are finding their homes 'open' and therefore taking the extra time -- is unknown.

Consensus amongst several other realtors and business owners is that the weekly rental market was down. There could be several possible contributing factors:

- ◆ Haven't totally recovered from 'Sandy' - visitors selected other destinations for the summer of 2013 and are staying with their choices.
- ◆ LBI has much more competition because of our price point - cruise lines, all inclusive resorts, Disney and towns further south offering fancier/larger homes, lower prices and more amenities.
- ◆ Beach replenishment turned off some prospective tenants along with inaccurate press coverage.
- ◆ LBI has no formal out of area advertising campaigns with no collective means of funding one.

A well-kept property with the desired amenities did generally obtain a full rental season. However, those owners with homes showing their age will need to 'up their game' if they want a full season. A typical LBI tenant is looking a more upscale beach rental. It is important to treat your rental home as a business that needs to be in competitive condition and find ways to add additional value each year.

SUMMARY

It is my belief we have an Island in transition which was pushed even harder by 'Sandy' to reflect on our vulnerability and our future. LBI still has a few years to go to not only recover psychologically from 'Sandy' but also to make the transition to a more sought after resort area that equals and hopefully will eventually exceed other alternative vacation destinations.

Surf City has a strong business district. Stronger than some other towns on LBI. Often our Surf City visitors like that there is such variety and walking access to the shops, restaurants and galleries. This creates a strong tourism base both for day trippers and the rental market which adds to the value of your home.

Surf City also offers a variety of rental homes, from smaller less expensive cottages to higher end contemporaries. Something for everyone's budget.

As each town on LBI offers something unique, it is the uniqueness of all of LBI that will make this a preferred destination. Implementation of the LBI shuttle was well received and benefitted our tourists, our homeowners and certainly our businesses. As a trip 'up Island' or 'down Island' was a new adventure starting with a free ride to wherever, whenever and as often as you wished. A win/win for everyone.

A resort area has a lot of challenges due to the short season (approximately 100 days); and rental homeowners and shop keepers need to recognize this and develop their business plans accordingly. The year round community might feel a bit harried over those 100 days, but the Island is yours the rest of the year and we all know that the Fall is the best season of all on LBI -- and it is ours! Lights Off Soon.

Check Out LBIREALESTATENews.com for more information that keeps the LBI Homeowners in the know.

ONLINE MARKET EVALUATION - Fill out a short form about your LBI property and you will be sent an email report chock full of information about the LBI sales market with 'comps' and a detailed analysis explaining your property's price range of value. In a changing market, this is a must for our LBI homeowners.

LBI NEIGHBORHOOD TRACKER - For LBI Homeowners who want to know what is happening in their LBI neighborhood. Initially we fill your 'virtual cart' with information about all homes currently for sale in your neighborhood. Thereafter, all new listings and price changes will be added as they happen.



SAND DOLLAR REAL ESTATE

N. 3rd and Long Beach Boulevard, Surf City
Pat's Direct Line: 609-290-5360 Office: 609-494-1130
Email: SandDollaronLBI@att.net

