

# Kiawah Island Property Report

A K I A W A H I S L A N D R E A L E S T A T E P U B L I C A T I O N

2016 First Half Results | kiawahisland.com | 800.277.7008

## First Half 2016 Island-Wide Sales

Real estate transactions on Kiawah Island in the first six months of 2016 were in line with the first 6 months of 2015, with the sales of mid- to lower-priced properties outpacing those at the higher end. The sale of two very high-end homes helped to drive the dollar volume totals in the first half of 2015 – which, in part, explains the drop in closed sales dollar volume for homes while their median sales price increased.

The cottage and villa market was particularly strong, with the number of closed properties up 22 percent and the dollar volume up 27 percent over last year.

Other communities where recent Kiawah buyers have “shopped” have had mixed results in the first half of 2016. A recent report in *Reuters* noted that sales in the Hamptons are off significantly (“*Luxury Home Sales*

*Plunge in Long Island’s Tony Hamptons*,” reported July 18, 2016), while another island/community that Kiawah tracks, Nantucket, has seen a solid increase in luxury home sales. Other luxury comp set communities had similar mixed results. One factor impacting luxury real estate, per a recent *Wall Street Journal* article:

“Stock-market volatility has made wealthy buyers more cautious, and there are fewer foreign buyers than last year due to the dollar strengthening and other economic issues overseas,” says Lawrence Yun, National Association of Realtors’ chief economist.

Overall, the Kiawah market is still strong – and community transactions are on pace with 2015 (which was Kiawah’s best year since 2007).

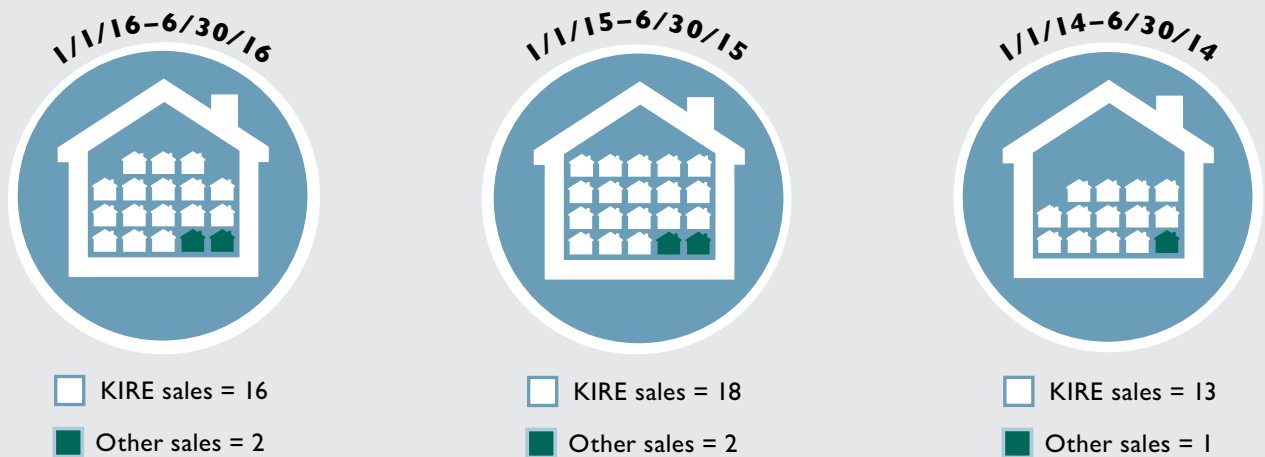
### KIAWAH ISLAND SALES: First Half 2016 vs. Previous Year

		2015	2016	% of change
<b>ALL TRANSACTIONS</b>	Properties Sold (closed)	129	129	0
	Dollar Volume	\$171,050,277	\$147,753,500	-14%
<b>HOMES</b>	Properties Sold (closed)	59	52	-12%
	Dollar Volume	\$126,356,507	\$103,673,350	-18%
	Median Sales Price	\$1,152,500	\$1,200,000	+4%
<b>VILLAS AND COTTAGES</b>	Properties Sold (closed)	41	50	+22%
	Dollar Volume	\$19,378,703	\$24,632,750	+27%
	Median Sales Price	\$403,000	\$385,500	-4%
<b>LOTS</b>	Properties Sold (closed)	29	27	-7%
	Dollar Volume	\$25,315,067	\$19,447,400	-23%
	Median Sales Price	\$466,667	\$449,000	-4%

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The 2015 mid-year report noted the activity in higher-end homes. While that market is slightly softer this year (a total of 18 closings of properties over \$2 million in the first six months of 2016, versus 20 in the first six months of 2015), Kiawah is still leading the entire Charleston region in sales of these higher-end properties. In fact, Kiawah Island Real Estate represented 16 buyers of \$2 million+ properties closed in the first six months of 2016, while no other real estate firm represented more than ten in the entire county.

## SALES OF \$2 MILLION+ HOMES ON KIAWAH ISLAND



		1	2	3	4	5	6	7	8	9	10	11	12
<b>KIAWAH ISLAND SINGLE FAMILY HOME CLOSINGS BY PRIMARY VIEW (1/1 - 6/30/16)</b>	GOLF	[Bar representing 12 closings]											
	GOLF / LAGOON	[Bar representing 10 closings]											
	WOODS	[Bar representing 9 closings]											
	LAGOON	[Bar representing 7 closings]											
	MARSH	[Bar representing 6 closings]											
	OCEAN	[Bar representing 2 closings]											
	OCEAN FRONT	[Bar representing 2 closings]											
	RIVER	[Bar representing 2 closings]											
	CREEK	[Bar representing 1 closing]											
		[Empty row]											

## SPOTLIGHT ON: NEW KIAWAH ISLAND PROPERTY

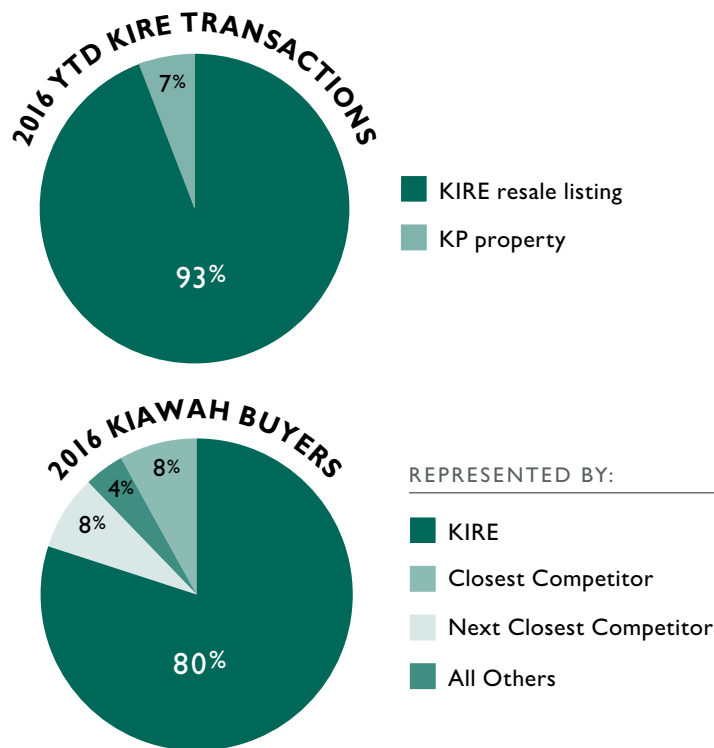
In its 40 years as a planned community, Kiawah Island has evolved from a developer sales enterprise where virtually all property sales were “company” lots to an established and respected community where over 10,000 transactions have taken place, the majority of which are “resale.” The inherent evolution from predominantly “company” property sales in the community to predominantly resales has gained momentum in recent years, to the point where over 90% of the transactions on the Island since 2010 have been resales.

That trend continued in the first six months of 2016, where of the 129 closings, just seven were Kiawah Partners “company” closings. Furthermore, those closings represented just 7% of Kiawah Island Real Estate’s 99 closed transactions – so 93% of the buyers generated or supported by KIRE’s marketing efforts purchased a KIRE resale listing.

The inventory of properties for sale in the community also reflects this trend. As the number of “company” properties remaining on the Island continues to decline, their share of the for-sale inventory does as well. As an example, at the end of 2009 there were 23 “company” lots on the market out of a total lots for-sale inventory of 172 – so about 87% of the lots for sale were resale. Today there are 25 “company” lots on the market out of a total lot inventory of 205 – so over 88% are resale.

Kiawah Partners has done extensive research to create new and unique built-for-sale offerings that don’t replicate existing inventory – these neighborhoods (including Garden Cottages, Marsh Walk, and Cassique Clubhouse Village for example) are designed to bring incremental new prospective buyers to the community, and/or create new options for existing Kiawah owners. Interestingly, the majority of buyers of many of these new neighborhoods are existing Kiawah owners – a testament to Kiawah Partners’ vision.

As of June 30, 2016, there were 47 “company” properties (lots and built-for-sale homes) available for sale in the community, out of a total for sale inventory of 582 – roughly 8%. These properties are a great complement to the broad and diverse inventory of resale properties on Kiawah Island.



## KIAWAH ISLAND REAL ESTATE SNAP SHOT

▲ 4%	HOME PRICES (\$) MEDIAN HOME SALES PRICE
▼ 12%	HOME SALES (#) NUMBER OF HOME SALES
▼ 7%	LAND SALES (#) NUMBER OF LOT SALES
▲ 22%	COTTAGE AND VILLA SALES (#) NUMBER OF COMBINED SALES
▲ 5%	INVENTORY FOR ALL PROPERTY TYPES

Compared to year to date 2015.

## KIAWAH ISLAND FOR-SALE INVENTORY COMPARISON MID-YEAR 2014 - 2016

	2014	2015	2016
Total \$	\$732MM	\$748MM	\$786MM
Homes	\$450MM	\$464MM	\$494MM
Cottages & Villas	\$ 98MM	\$ 97MM	\$105MM
Lots	\$184MM	\$187MM	\$187MM
Total #	561	553	582
Homes	191	190	219
Cottages & Villas	166	161	158
Lots	204	202	205

### PRESIDENT'S NOTE

Because 2015 was Kiawah's best year since 2007, we now face a tougher year-over-year comparison...and yet our real estate market remains healthy, with the number of properties sold equal to that of last year. This is in contrast to many luxury communities, including the Hamptons.

Our dollar volume is lower, which can be attributed to a few factors. We sold two properties in the first half of 2015 for a combined \$33 million, which accounted for nearly 10% of our total dollar volume for the year. And the US luxury real estate market, including Kiawah, has experienced some softness in sales for properties above \$2 million. By comparison, our market below the \$2 million threshold has been very strong.

Inventory is the primary factor holding our market back from a more bullish stance. Even with our healthy sales activity, we continue to see more properties coming to market, so our total inventory remains flat. Until these levels decline, our property values will hold steady.

As a side note, I'd like to dispel a myth. I've heard it said that the only sales we care about are our own company property sales. This is simply not true! In fact, only 7% of the 99 properties we closed through June were company properties, representing a slim (5%) of our total closed volume. We remain as dedicated as ever to resale listings, as they represent by far the majority of our business and our focus. As always, we exclusively represent Kiawah Island, keeping our focus squarely on you.

~ Chris Drury, President  
Kiawah Island Real Estate

