

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

2018 Second Quarter Results | kiawahisland.com | 800.277.7008

Best First 6 Months of Sales Since 2007

Real estate sales volume on Kiawah Island in the 2nd quarter of 2018 were the highest the Island has seen in years. Outpacing national economic and real estate trends, a robust first three months of sales on Kiawah was extended by an extremely busy April, May, and June, resulting in the best first half of the year as measured by total dollar volume (\$188 million) and total property sales transactions (147) since 2007.

Sales of single family homes drove much of the transaction volume over the past six months. The \$87.5 million in single family home closings in the 2nd quarter was a \$24 million increase over the 2nd quarter of 2017, representing a year-over-year increase of 38%. The dollar volume of cottage and villa sales also increased by more than 30% over the 2nd quarter of 2017.

Due to rising material and labor costs, developer and resale lot sales in the 2nd quarter did not enjoy the same success as the finished home sales. While lot sales were up significantly over 1st quarter of this year, they were flat relative to the 2nd quarter of last year.

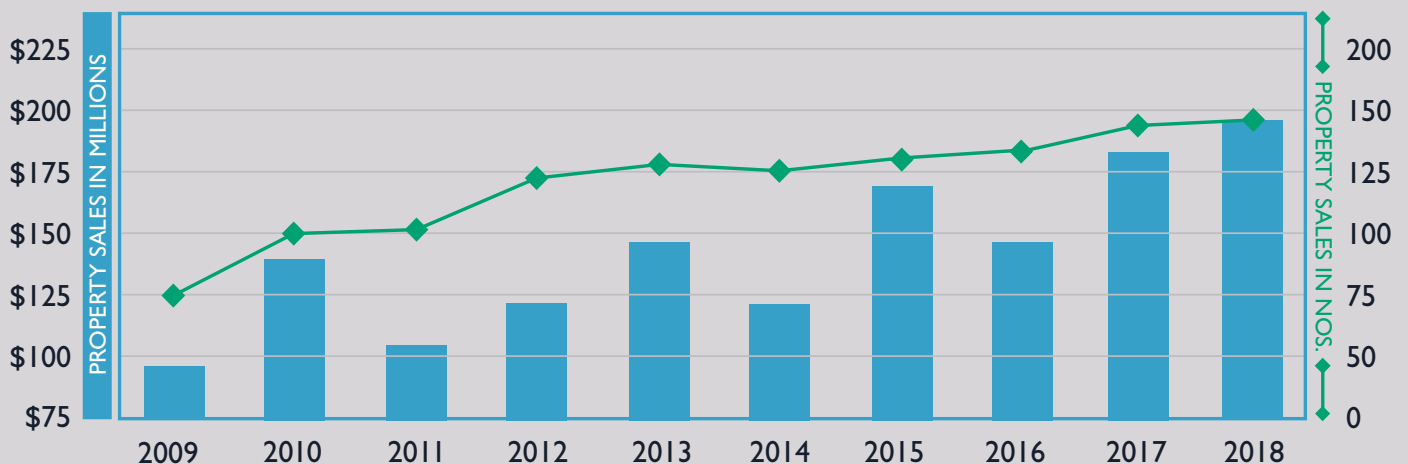
Kiawah Island's strong home sales results in the first half of the year also outpaced national luxury home sales trends. Realtor.com's mid-year luxury home index noted that million-dollar sales in the 91 markets covered in the report were up a combined 25% over last year, the biggest jump observed since January 2014. "We've seen a substantial increase in buyer demand for high-end homes," said Javier Vivas, director of economic research for Realtor.com. "Continued growth in high-paying jobs and stock market inertia have reignited many luxury markets this year."

Compared to other luxury 2nd home/vacation home markets, Kiawah Island is one of the few that saw year-over-year increases in transactions and dollar volume. One such market often compared to Kiawah is Massachusetts' Nantucket Island. Transactions on Nantucket through June were up just 4% (225 vs 216) but dollar volume did jump 20% (\$480 million vs. \$399 million). Sea Island and Palmetto Bluff saw significant

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10 YEAR SALES TRENDS ON KIAWAH ISLAND

(All property closings through June each year)



SECOND QUARTER 2018 ISLAND-WIDE SALES CONT.

decreases in transactions year over year while transactional volume in the Hamptons was flat.

Closer to home, Charleston's luxury market is seeing the impacts of limited inventory. According to data from the *Charleston Post & Courier*, sales volume in the market (which includes Kiawah Island) was up just 3% for January through June. That same article noted that the number of homes for sale across the region has declined 11.5% from the middle of last year.

What's next? Kiawah Island Real Estate is cautiously optimistic about the rest of 2018 as the luxury housing market is buoyed by the strength of the US economy, the Dow

Dollar Volume	2017	2018	Change
Kiawah Island	\$163M	\$188M	+16%
Nantucket	\$399M	\$480M	+20%
Sea Island	\$96M	\$65M	-68%
Palmetto Bluff	\$47M	\$47M	flat
Hamptons	\$1.6B	\$1.8B	+8%
Transactions	2017	2018	Change
Kiawah Island	139	147	+6%
Nantucket	216	225	+4%
Sea Island	50	36	-72%
Palmetto Bluff	73	54	-26%
Hamptons	891	878	flat

Comparable market activity January 1 through June 30

Jones' historic highs, low unemployment, and low mortgage rates.

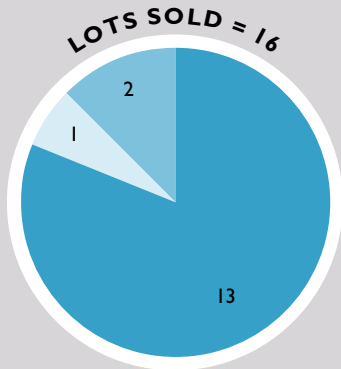
Sales "surges" like Kiawah's second quarter are the basis for optimism and the Fall on Kiawah is known to be quite active as well – so demand should continue to outpace supply. This type of optimism is not limited to Kiawah: the National Association of Realtors' "Investment & Vacation Home Buyers 2018" report contained results of a national survey, where 72% of vacation property owners and 71%

of investment property owners stated that they believe now is a good time to buy. We concur.

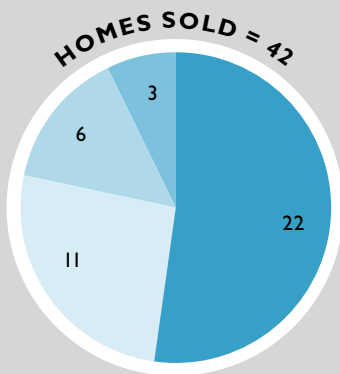
KIAWAH ISLAND SALES: First Half 2017 vs. First Half 2018

		2017	2018	Change
ALL TRANSACTIONS	Properties Sold (closed)	139	147	+6%
	Dollar Volume	\$163,172,431	\$188,569,924	+16%
HOMES	Properties Sold (closed)	51	69	+35%
	Dollar Volume	\$94,307,894	\$138,431,711	+46%
	Median Sales Price	\$1,500,000	\$1,350,000	-10%
VILLAS AND COTTAGES	Properties Sold (closed)	55	57	+4%
	Dollar Volume	\$32,743,532	\$34,177,213	+4%
	Median Sales Price	\$500,000	\$475,000	-5%
LOTS	Properties Sold (closed)	33	21	-36%
	Dollar Volume	\$35,921,000	\$15,956,000	-56%
	Median Sales Price	\$650,000	\$395,000	-39%

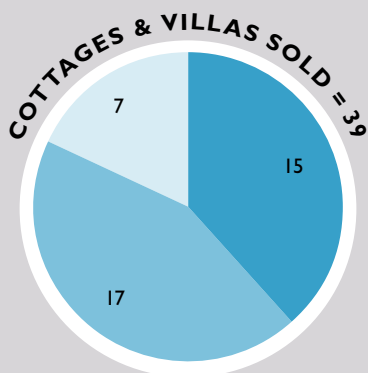
SECOND QUARTER 2018 SALES



- <\$1 Million – 13
- \$1-2 Million – 1
- >\$2 Million – 2



- <\$1.5 Million – 22
- \$1.5-2.5 Million – 11
- \$2.5-5.0 Million – 6
- >\$5.0 Million – 3



- 3 Bedroom – 15
- 2 Bedroom – 17
- 1 Bedroom – 7

There are no 4 Bedroom sales YTD.

NOTABLE SALES ON KIAWAH ISLAND

SOLD WITHIN 30 DAYS
PRICE: \$1,375,000 (100% of list price)

262 Governor's Drive



view: Golf	square feet: 3,426
bedrooms: 4	bathrooms: 5.1

Located on Osprey Point's 7th green, this traditional shingle-style home is located past the second security gate.

SOLD WITHIN 43 DAYS
PRICE: \$2,250,000 (100% of list price)

60 Surfsong Road



view: Ocean	square feet: 3,700
bedrooms: 5	bathrooms: 4.1

Privately tucked away on a large homesite, this three-story home blends seamlessly into its natural setting.

SOLD WITHIN 26 DAYS
PRICE: \$812,500 (97% of list price)

480 Fiddlers Reach



view: Woods	square feet: 1,400
bedrooms: 3	bathrooms: 3

Beautifully remodeled with custom finishes and details, this home offers three bedrooms each with their own full bathroom.

SOLD OFF MARKET
PRICE: \$10,000,000

203 Sand Fiddler



view: Ocean	square feet: 7,117
bedrooms: 6	bathrooms: 7.1

This home sits along the stunning ocean front near the Kiawah Island Club's Beach Club and sold off market for \$10 million.



KIAWAH ISLAND HITS RECORD-BREAKING \$1 BILLION INVESTMENT

While 2018 has produced some incredible numbers, none are more significant than the eye-popping capital improvements total that Kiawah Island stakeholders are investing into the Island. Between the new senior living community coming to Freshfields, Kiawah Island Golf Resort's new hotel, conference, and amenity expansion, as well as other significant renovation activities, Kiawah Partners' investment in new development and enhanced Club amenities, Northwood's new retail and restaurant offerings at Freshfields, and Kiawah Island resident homebuilding activity, the total current investment into the Island totals more than \$1 billion. Combine that with the funds already committed by the major stakeholders for future projects and you'll find investment into the Island is not slowing down. There has never been a more exciting time at Kiawah.

HOW THESE INVESTMENTS BREAK DOWN:

[1] \$558 MILLION in property owners' construction and renovation activity among private homes from January 2017 through present day.

[2] \$200 MILLION estimated investment by Kiawah Island Golf Resort into amenity improvements, including a 150-room hotel slated to open in 2020, a 24,000 square-foot conference center, cottages overlooking The Ocean Course, new Cougar Point clubhouse, the Sanctuary Chapel, and more.

[3] \$125 MILLION Senior Living Facility featuring a 200-unit community for seniors aged 55+ in Freshfields Village, consisting of independent living units, assisted living units, and memory care units.

[4] \$75 MILLION to build the first private residence club on Kiawah offered by Timbers Kiawah Ocean Club & Residences. Slated to open in October 2018.

[5] \$32 MILLION investment into state-of-the-art amenities by Kiawah Partners, including Cassique and River Course renovations, Sporting Club, Marsh House facility and expansion of the park in Ocean Park, Golf Learning Center, and Kayak and Boathouse in Cassique.

[6] \$10 MILLION from the Town of Kiawah Island for landscape capital improvement projects, infrastructure repair projects, including the newly completed Town Hall, and beach renourishment projects.

[7] \$12 MILLION from Kiawah Island Community Association for Sandcastle renovations, the purchase of the Beachwalker Center, and landscape and infrastructure projects.

[8] \$10 MILLION invested by Northwood Retail into Freshfields Village.

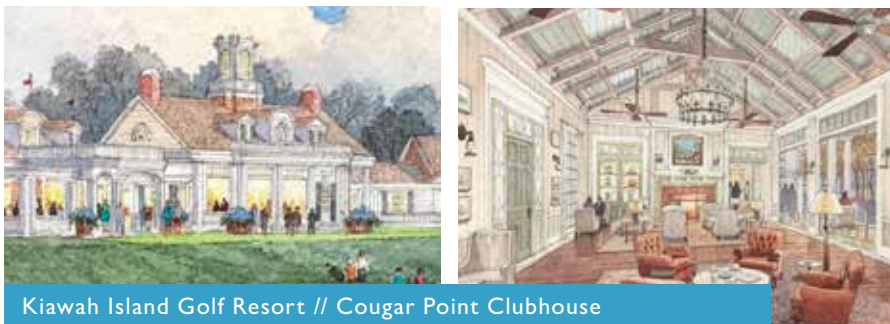




Senior Living Community at Freshfields Village



Timbers Kiawah Ocean Club & Residences



Kiawah Island Golf Resort // Cougar Point Clubhouse



Kiawah Island Golf Resort // West Beach Conference Center

LUXURY SENIOR LIVING COMMUNITY PLANNED FOR KIAWAH ISLAND

A \$125 Million Investment

Kiawah Partners, in partnership with Big Rock Partners, an industry leader in new-generation senior living, has announced plans for a senior living rental community in Freshfields Village. The new Island amenity will feature a movie facility, multiple pools, a state-of-the-art fitness facility with yoga studio, and multiple food and beverage options.

“This is a meaningful use for the land,” said Kiawah Partners Chris Randolph. “We’ve been listening to Kiawah property owners and know that senior living options are a top priority for them. We wanted to give them a senior living option that was on-par with the rest of Kiawah’s offerings.”

The senior living community will allow current Kiawah property owners to downsize without losing touch with their social circles on Kiawah and many Kiawah Island Club Members will also be able to maintain their Club membership if they move to the new community.

Construction on the community is scheduled to begin in Q4 2018 and the community is currently slated for completion in Q1 2020.

KIAWAH ISLAND FOR-SALE INVENTORY COMPARISON SECOND QUARTER 2015 - 2018

The for-sale inventory is an area to consider in any real estate market as the supply and demand affects pricing and absorption.

	2015	2016	2017	2018
Total \$	\$748MM	\$786MM	\$802MM	\$753MM
Homes	\$464MM	\$494MM	\$551MM	\$520MM
Cottages & Villas	\$97MM	\$105MM	\$83MM	\$75MM
Lots	\$187MM	\$187MM	\$168MM	\$157MM
Total #	553	582	571	524
Homes	190	219	226	216
Cottages & Villas	161	158	145	123
Lots	202	205	200	185

Figures as of June each year.

PRESIDENT'S NOTE

We couldn't have asked for a better start to 2018. As you read in the report, sales activity for the first half of the year was the best we have seen since 2007 resulting in the lowest inventory levels on Kiawah in 11 years. The first quarter trend of increasing sales volume carried over stronger than we expected into the second quarter, and it's not slowing down.

Our low inventory only confirms the fact that our Island is seeing the highest demand in over a decade. Unparalleled investments, ongoing improvements, and soaring sales are providing property owners and prospective buyers a community unmatched anywhere else in the United States.

But the exciting first half of 2018 doesn't just lie within the numbers; Kiawah Island Real Estate has expanded its partnership with the famously effective advertising firm, Grey NY, to create a new brand platform to set Kiawah above and apart from other luxury destinations, including a new website. Now, our fresh new look and feel to the property buying experience online will digitally communicate the Kiawah experience to people all over the world. With this unparalleled momentum in full swing, our brand repositioning is creating a real estate experience that sets Kiawah Island Real Estate apart from the rest.

As always, our team of experts is available seven days a week, and unlike other agents, we focus only on finding buyers for Kiawah Island properties. We look forward to seeing what the second half of the year will bring.

~ Chris Drury, President



Kiawah Island Real Estate

IN THE NEWS

Travel + Leisure published their 2018 World's Best Awards, and readers voted Kiawah Island no. 3 in "The Top 10 Islands in the Continental U.S." Sister city Charleston was ranked no. 1 in the United States for the sixth year in a row in the same survey.

