



Kiawah Island Housing Market Study

Final Report

August 2020

Table of Contents

- 3 Introduction
- 8 Study Summary
- 15 Key Themes
- 28 SWOT Analysis
- 33 Strategy Toolkit
- 40 Appendix
- 42 Performance Metrics and Baseline Conditions
- 57 Physical Assets
- 73 Experience
- 88 Brand and Appeal
- 100 Investment Value
- 118 Housing Forecasts
- 125 Stakeholder Responsibilities
- 138 SWOT Analysis
- 144 Strategy Toolkit
- 153 Additional Context/Methodology

Introduction



Introduction | The Town of Kiawah Island engaged HR&A to conduct a market study assessing the long-term health of Kiawah's housing market.

Kiawah Island is at a critical moment in its development as the island's housing market matures and property owners evaluate the long-term prospects of their investments in Kiawah. For over 40 years, Kiawah has been a market leader among master-planned residential resort communities across the United States, setting the bar and inspiring the creation of similar communities.

Kiawah is made up of a diverse group of owners, including full-time residents, second homeowners, and property investors. These groups have varied viewpoints and interests that reflect their experience on Kiawah. However, all share a common goal in ensuring the long-term health of the housing market and that Kiawah remains a market leader among master-planned residential resort communities. Balancing the varied viewpoints of each stakeholder group while uniting around shared interests is critical in realizing the value that each group brings to Kiawah's housing market.

The Town of Kiawah Island engaged HR&A to analyze the factors influencing property values on Kiawah and the long-term health of the housing market. This study sought to answer the following questions:

- 1. What are housing market conditions on Kiawah?**
- 2. How do conditions on Kiawah compare to what is happening in comparable communities elsewhere?**
- 3. What is influencing housing values on Kiawah?**
- 4. How can Kiawah be proactive in responding to challenges facing the housing market?**

Introduction | HR&A's scope of work entailed a data-driven research approach to understand and guide the Kiawah housing market.

Historically, there has not been a systematic, comprehensive data-driven approach to understanding housing market conditions and trends on Kiawah Island. This study, therefore, works first to establish a baseline of data that provides deep insights into market conditions, informed by stakeholder interviews, before detailing findings and recommendations.

This study's methodology and scope consisted of:

Interviews and Engagement

Conducted **interviews with a range of Kiawah stakeholders**, including full-time residents, part-time residents, business owners, and groups active on Kiawah to understand current conditions and identify priority areas for analysis. Formed and engaged an **Advisory Committee with KICA, Kiawah Partners, and KIGR** to discuss goals and priorities for the study and gather initial feedback.

Market Assessment

Conducted a market assessment to (1) **establish a baseline of market data**, (2) perform a **deep dive analysis on factors impacting property values**, and (3) evaluate Kiawah's **performance and brand relative to identified peers**. Collected and analyzed local data (from the Town, County, Kiawah Partners, KICA, and KIGR) and third-party data sources (e.g. the American Community Survey, Zillow, and AirDNA).

Stakeholder Assessment

Evaluated Kiawah's existing stakeholder structure among **entities with ownership or legal rights over Kiawah assets** and evaluated future changes based on evolving dynamics as the island matures.

Findings and Recommendations

Synthesized findings in a **SWOT analysis for Kiawah Island's physical assets, experience, brand and appeal, and investment value**. Translated findings to a **toolkit of recommendations**, structured as action items to drive programs, initiatives, or policies that will support Kiawah's long-term market health and ensure Kiawah remains an outstanding location for homeownership and quality of life.

Introduction | This study is structured to include a study summary as well as an appendix with detailed information across the topics studied.

The **Study Summary** provides:

1. An **overview of key themes** identified in HR&A's analysis.
2. An **evaluation** of the strengths, weaknesses, opportunities, and threats facing the housing market.
3. A **strategy toolkit** of action items to build long-term housing market health. These action items direct Kiawah stakeholders to proactively leverage local strengths while responding to identified challenges. These include tools to encourage reinvestment, market the island's lifestyle, and remain competitive with peer locations.

The **Appendix** provides more detailed information on housing market conditions, analyses of factors influencing housing values, an evaluation of stakeholder responsibilities, a SWOT analysis, and additional detail on strategy toolkit recommendations.

Introduction | Executive Summary

HR&A found that Kiawah's housing market is healthy, with stable property values and high-value new construction. In the coming years, as Kiawah continues to mature and approaches sellout of available lots, it will be increasingly important for stakeholders and owners to be proactive in maintaining market standing and positioning Kiawah's success for future generations. HR&A defined four drivers of market health and categorized findings and strategy toolkit recommendations within them.

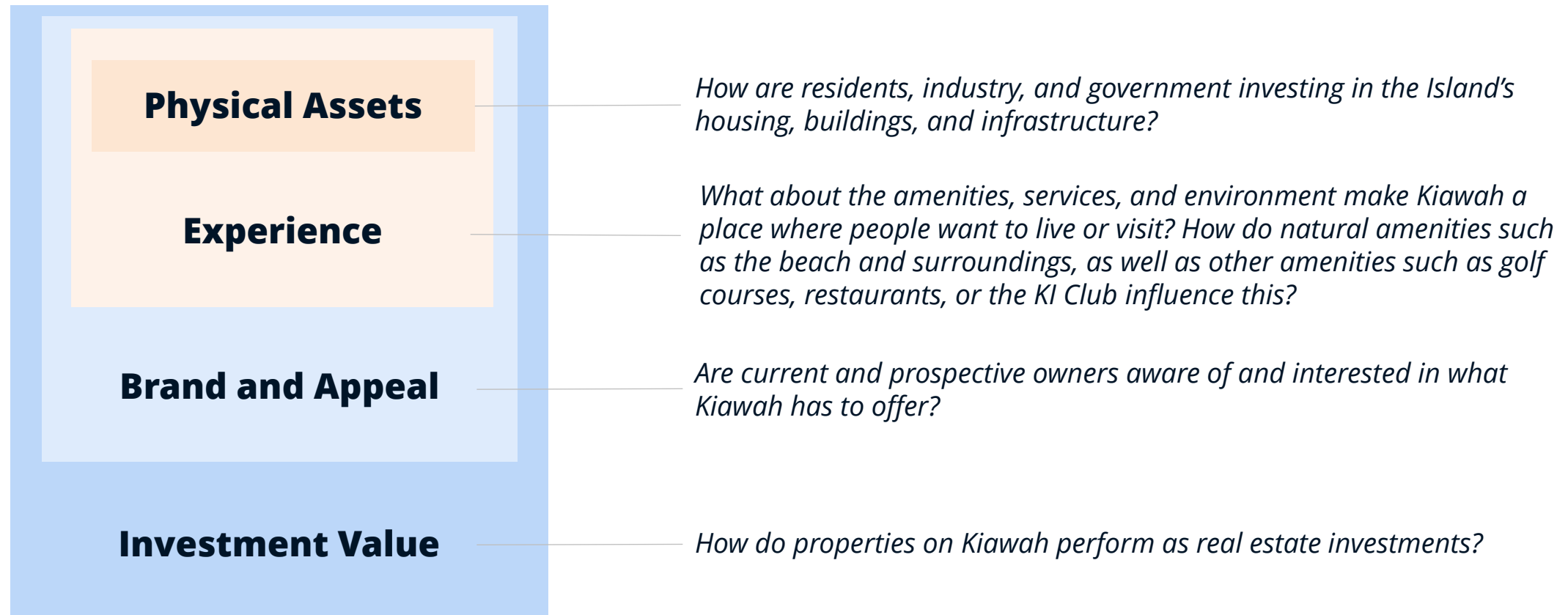
	Key Findings	Strategy Toolkit
Physical Assets	- Home values outperforming national peers, though undeveloped lot values are down - Culture of active capital investment in homes and amenities - Long-term challenge for exterior villa reinvestment - Parts of the island are susceptible to current and future flood risks	(1) Reinvestment - Focus on driving reinvestment, particularly for villa exteriors (2) Housing - Diversify housing types to attract younger buyers and accommodate various life stages (3) Development review - Shift future ARB control to KICA/Town; review permit process to streamline costs (4) Infrastructure - Continue infrastructure investments
Experience	- Incomparable location and environment - Flagship amenities define the Kiawah experience, but continued reinvestment is critical to maintaining a competitive advantage - The average age of Kiawah owners continues to skew older	(1) Competitive positioning - Conduct a competitive positioning evaluation of amenities every five years (2) Amenity facilities - Formalize a long-term reinvestment plan for amenity facilities
Marketing & Branding	- Kiawah has a well-established name, brand and market premium - STRs and hotels generate important exposure for Kiawah' housing - Kiawah Partner's lifestyle marketing is expected to reduce at sellout, and will require replacement to maintain current marketing levels	(1) Lifestyle marketing - Establish a nonprofit entity on Kiawah to receive SATAX nonprofit funding (2) Population - Attract new generations of buyers through marketing/programs or housing types
Investment Value	- STRs provide revenue to owners, but must be balanced with quality of life factors - COVID-19 is driving near-term activity, but long-term impacts not yet clear	(1) STRs - Monitor the growth and effects of STRs if they approach the current 20% cap in designated zones (2) COVID-19 - In response to COVID-19, increase marketing to capitalize on near-term demand

Study Summary



Housing values at a high-end residential resort community like Kiawah are influenced by four fundamental and interrelated drivers.

These four drivers reflect the key areas through which residents, owners, and visitors interact with the island.



These drivers can be further broken out into supporting factors, each of which are included in this study.

PHYSICAL ASSETS	EXPERIENCE	BRAND AND APPEAL	INVESTMENT VALUE
 Housing Stock	 Natural Amenities	 Marketing	 Cost of Homeownership
 Public and Private Facilities	 Recreational Activities	 Exposure	 Short Term Rentals
 Infrastructure	 Competitive Positioning vs. Peer Communities	 Consumer Preferences	 Macroeconomic Conditions

- **Physical Assets:** A core requirement for healthy property values is to maintain and elevate the quality of the housing stock, facilities, and public infrastructure.
- **Experience:** Beyond the physical infrastructure, people need to *want* to live on or visit Kiawah—and this requires providing softer benefits, such as natural and recreational amenities, at a competitive advantage over peers.
- **Brand and Appeal:** For Kiawah to continue attracting buyers and visitors, it must be appropriately marketed to a large yet targeted network of prospective buyers, in a way that is responsive to shifts in consumer preferences.
- **Investment Value:** Finally, to continue attracting capital, Kiawah must create value for investors, by ensuring that the cost of (and potential revenue from) owning is reasonable. However, investment value is also often driven by macroeconomic conditions outside the control of Kiawah entities.

Kiawah has established and maintained a premium position relative to peers.

Kiawah Island is regarded as a top-tier residential resort community. Its defined brand attracts homeowners and visitors, offering a comprehensive package:

- Incomparable location and environment
- Variety of flagship amenity options
- Unique luxury lifestyle
- Reputation as a premier regional and national destination



Kiawah's housing market has performed consistently well since the recession, relative to peers and regional housing market trends.

Kiawah's median home values rank highly among comparable luxury communities in the south and across the U.S. The unique attributes of Kiawah contribute to strong property values but may be tempered by the challenges of high building costs, reinvestment needs, or changing buyer trends.



\$1.2 million
median single-family home value, 2019



100 single-family home sales
on average per year, 2010-2019



1.8% growth
in housing value per year, 2010-2019



90% growth
in new construction permits, 2010 vs. 2019

Still, as Kiawah matures, stakeholders on the island must be proactive in addressing potential challenges to maintain market position.

Maintaining long-term market health and ensuring future success of Kiawah requires stakeholder collaboration and coordination to continue balancing varied interests in the community. Specifically, Kiawah stakeholders and owners must work to:

1. Drive
Reinvestment

*For facilities,
infrastructure, and
homes (particularly
villas exteriors)*

2. Maintain
Competitive
Positioning

*Evaluating peer
locations and changing
consumer preferences*

3. Sustain
Lifestyle
Marketing

*Considering roles for
TOKI, KICA, and KIGR
upon KP sellout*

4. Attract
Future
Generations of
Buyers

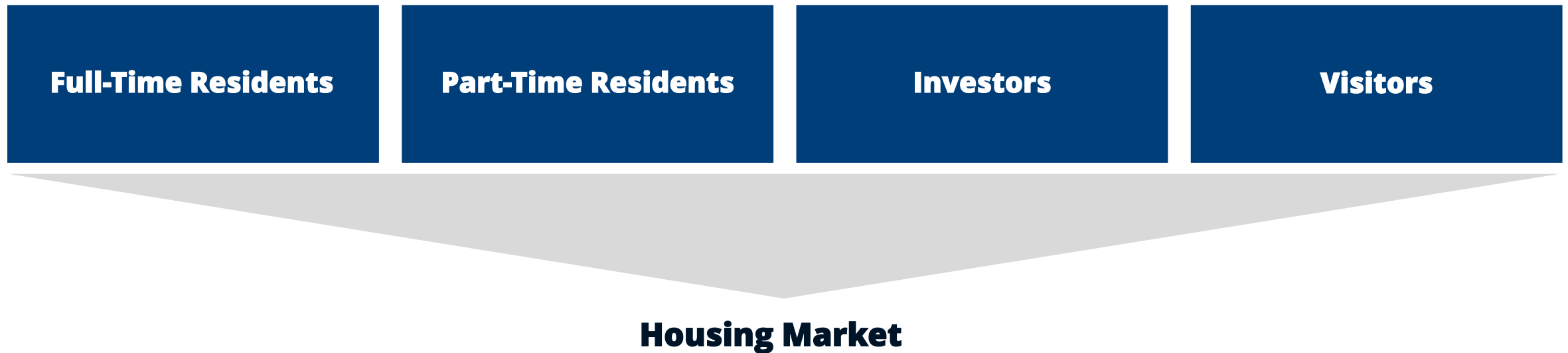
*Developing marketing
efforts and housing
product diversity*

5. Balance
STRs

*Balancing STR prevalence
between financial
opportunities and quality of
life preferences*

Additionally, Kiawah's diverse groups of property owners and visitors each play a role in supporting long-term market health.

Each of Kiawah's owner and visitor groups drives a component of market demand for housing on Kiawah. Collectively, these groups inform Kiawah's identity and the mix is part of what makes Kiawah unique relative to peer communities. Kiawah has succeeded in balancing the sometimes varied interests of these groups over time and it must maintain that balance to ensure long-term housing market health.



STUDY SUMMARY



KEY THEMES



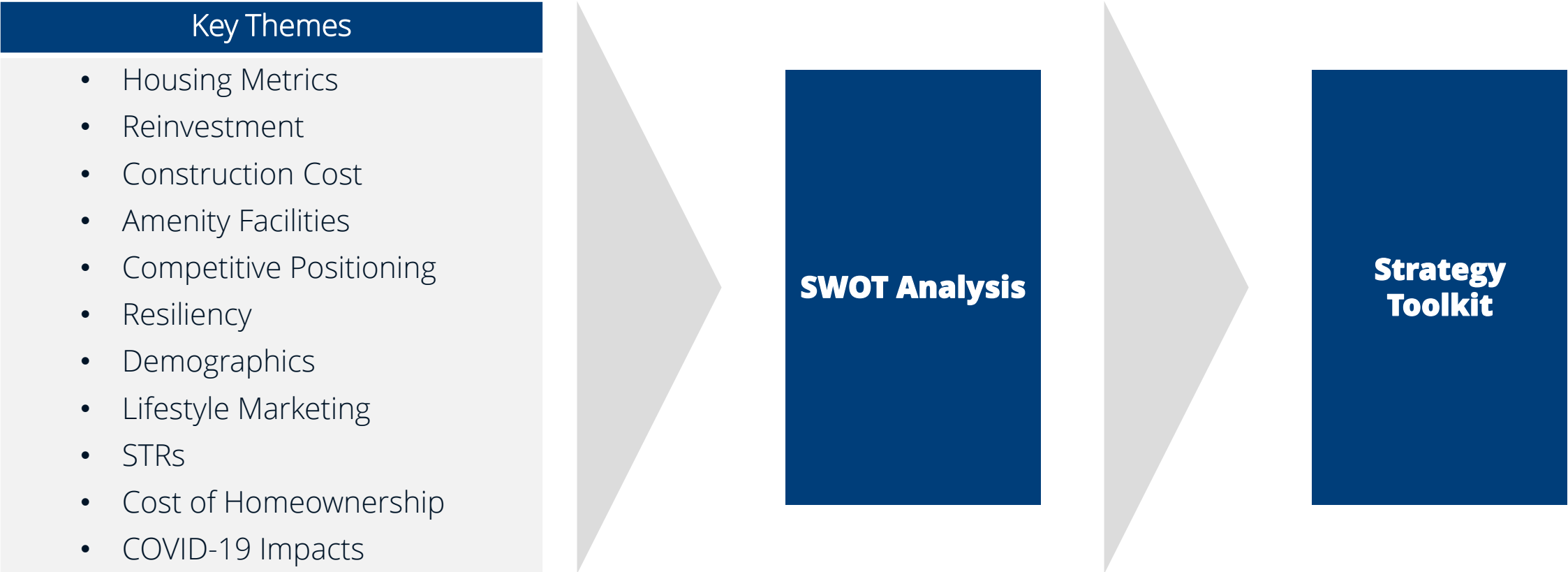
SWOT ANALYSIS



**STRATEGY
TOOLKIT**

Key Themes | A number of key themes emerged from this study to inform HR&A's recommendations.

Eleven themes across the study encompass the physical assets, experience, brand and appeal, and investment value on Kiawah. HR&A used the themes to determine the competitive strengths, weaknesses, opportunities and threats for Kiawah's housing market and create a strategy toolkit.



Housing Metrics | Kiawah’s housing market has exhibited positive trends since 2010 with the exception of undeveloped lots, which are declining in price.

FINDINGS

Following a significant price decline during the recession, which mirrored national trends, **Kiawah home prices have been stable and appreciated roughly at pace with inflation in recent years.** This trend has been consistent across Kiawah’s three main housing types. The price per acre of undeveloped lots, especially those without an ocean view, has not recovered since the recession, likely due to (1) inflated values leading up to the Great Recession, and (2) increasing construction costs.

Compared to a set of national peer high-end residential resort communities, **Kiawah outperformed peers throughout and after the Great Recession.**

IMPLICATIONS FOR KIAWAH

Overall, market fundamentals for Kiawah are sound. Home prices are stable and outperforming peers and other metrics aside from lot prices are positive.

	Trend Since 2010
Home Prices	Stable
Lot Prices	Declining
Total Sales Volume	Slightly Increasing
New Construction Value	Slightly Increasing
New Construction Volume	Significantly Increasing
Renovation Volume	Significantly Increasing
Renovation Value	Slightly Increasing
Rate of Absorption	Slightly Increasing
Peer Comparison of Home Values	Outperforming

Reinvestment | The value and volume of reinvestment has been rising, though renovations are more prevalent in single-family homes than villas/cottages.

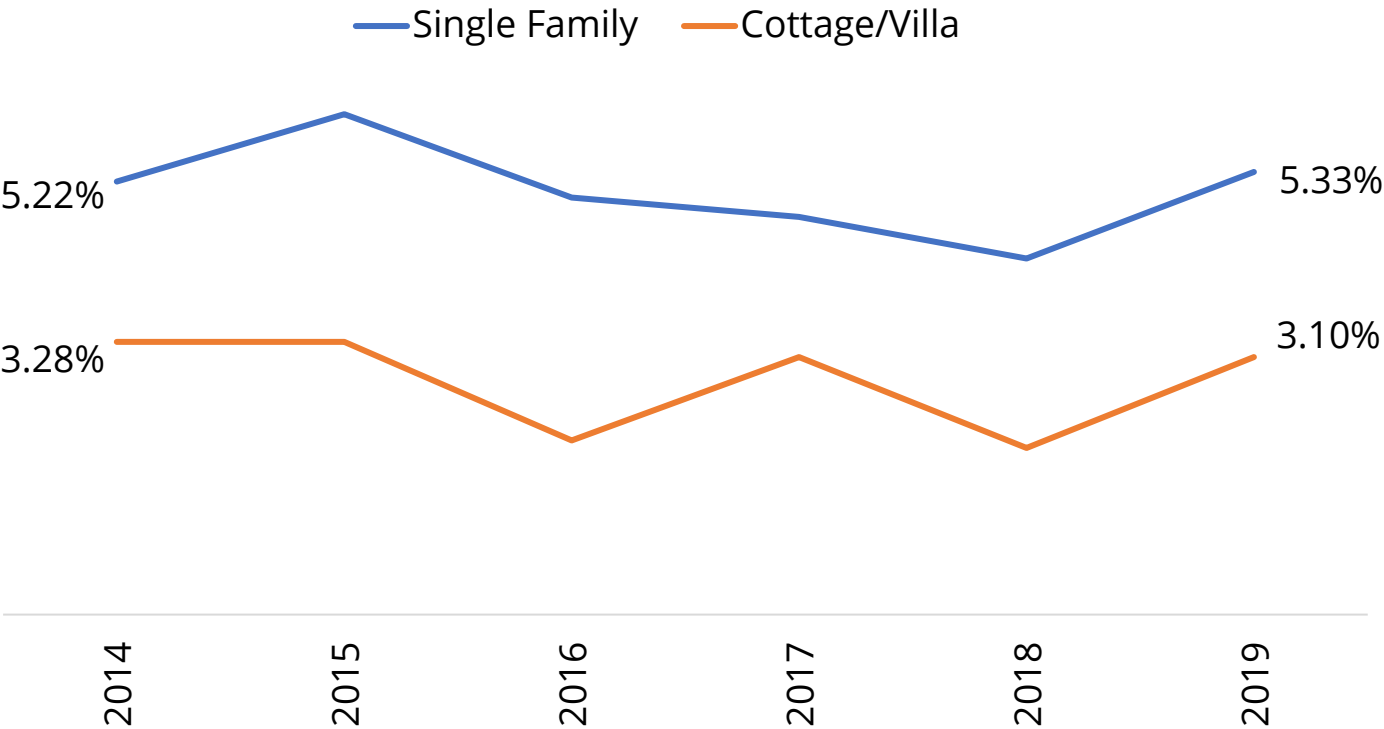
FINDINGS

Reinvestment levels for housing on Kiawah are healthy, with renovation permits having increased since 2010. However, **a greater share of single-family homes are renovated compared to villas and cottages**, with 138 single-family permits in 2019 compared to 34 for villas and cottages.

IMPLICATIONS FOR KIAWAH

As Kiawah matures, reinvestment is critical in maintaining property values and remaining current. The steady increase in ARB and Town of Kiawah permits is a positive signal of Kiawah homeowners’ commitment to reinvestment and upkeep. **Reinvestment in villas is more difficult under shared building ownership models** that require collective approval for investments, which poses challenges for long-term reinvestment and value in these properties as they age.

Annual Share of Housing Units with a Renovation Permit, 2014-2019



Source: Town of Kiawah permit data 2013-2019, Charleston County permit data 2005-2013, Kiawah Partners Transaction Data 2005-2019

Construction Costs | Construction costs are high and rising, which could suppress the appeal of new construction.

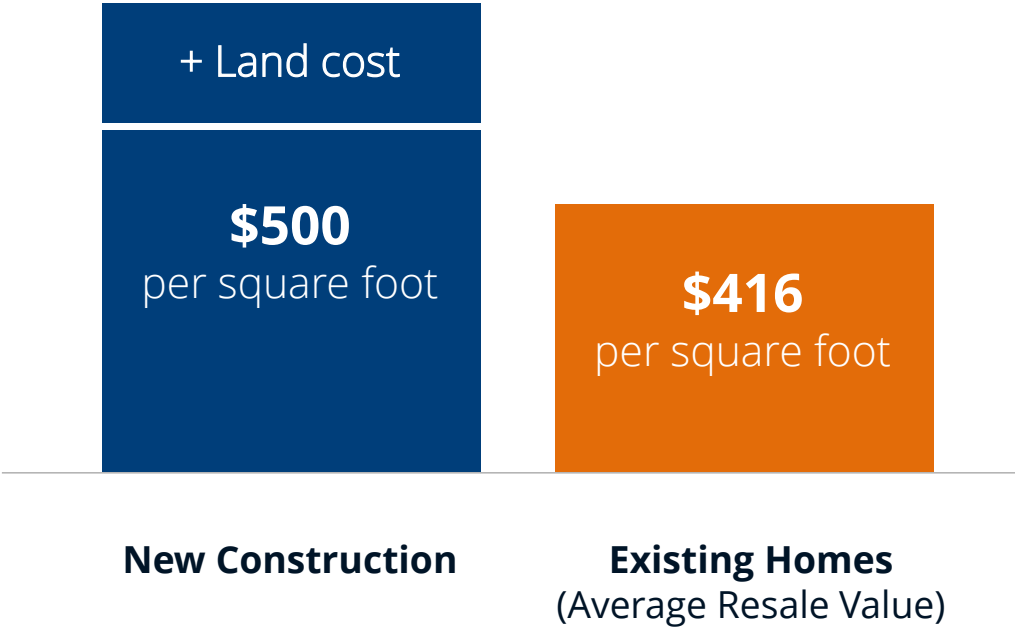
FINDINGS

Construction costs are higher on Kiawah Island—by about 30%—relative to elsewhere in the region, likely due to building codes requiring higher grade materials, a high share of non-local labor, and a restrictive permitting process. These costs have also been rising due to national increases in construction demand and costs of materials. In comparison, resale prices have remained stable in recent years.

IMPLICATIONS FOR KIAWAH

The difference in cost between purchasing an existing home or buying an empty lot for new construction **may lead to a decreased rate of new construction and a further devaluing of undeveloped lots.** The impact of Covid-19 and reduced regional construction costs could potentially mitigate or reverse this trend.

Cost of New Construction vs.
Sales Price of Existing Properties, 2020



Source: Builders on Kiawah Island; Kiawah Partners Transaction Data 2019

Amenity Facilities | There have been many positive recent investments on Kiawah across different stakeholders, and additional investments are planned.

FINDINGS

Stakeholders on Kiawah have continued to invest in its physical assets, with **a range of recent renovations and additions at the Sandcastle facility, the Resort, and the Beach Club**. The Town has also made major investments in resurfacing Beachwalker Drive and Kiawah Island Parkway. Though some planned investments may face delays from COVID-19, they are important to expanding the resiliency and diversity of the housing market.

IMPLICATIONS FOR KIAWAH

Reinvestment is a crucial aspect of remaining competitive with peer locations, and capital investments indicate stakeholders have an active long-term interest in Kiawah’s quality and see value in Kiawah. Recent proposals from KICA have had mixed support and may require further property owner engagement on how amenity reinvestments impact property values.

	KICA	Resort	Kiawah Partners
Recent	Sandcastle renovations	West Beach Conference Center built; Cougar Point Clubhouse renovations; Roy Barth Tennis Center renovations; Sanctuary Chapel built	Beach Club renovations; Marsh House construction; sporting club; boathouse; new B-Liner Restaurant
Planned		150-room West Beach Hotel; Cottages at Ocean Course (under construction)	West Beach Club Facility; 200-unit Senior Living Facility; Medical Facility with MUSC (Seabrook)



Competitive Positioning | Kiawah’s amenities and range of price points across housing types are generally in line with its peer communities.

FINDINGS

HR&A compared Kiawah to three direct peers across the housing market, accessibility, resorts, and amenities. None of Kiawah’s peers provide as much preserved nature with such proximity to a major city. Additionally, the KI Club and KIGR operate competitively to peers. **Kiawah’s single-family pricing is above Palmetto Bluff and Sea Pines but lower than Sea Island.**

IMPLICATIONS FOR KIAWAH

While KICA’s amenities are competitive with its peer association at Sea Pines, **for owners not part of the KI Club, amenities are not of the same caliber as peer locations like Palmetto Bluff**, where all owners are club members. This puts Kiawah at a competitive disadvantage for non-club members relative to locations such as Palmetto Bluff. When including KI Club and KIGR amenities, Kiawah’s amenities are well positioned against peers.

Kiawah Housing Market vs. Peer Communities

Location	Housing Units	Median Single-Family Sale Price	Median Single-Family Sale Price PSF
Kiawah	3,516	\$1,200,000	\$416
Sea Island	1,245	\$2,400,000	\$472
Palmetto Bluff	1,085	\$995,000	\$383
Sea Pines	7,742	\$815,000	-

Note: Median sales price represents sales from June 2019 through May 2020 for peer locations and January-December 2019 for Kiawah.
Source: ACS 2018 (housing units, STR), ESRI (Sea Pines), Zillow transaction data, Kiawah Partners

Demographics | Kiawah’s population is wealthier than peer communities and has skewed older in recent years. Kiawah has a lower share of full-time residents.

FINDINGS

Comparing Kiawah’s full-time residents to its direct peers highlights two notable differences: Kiawah is wealthier than peers and has a lower share of full-time residents. Additionally, Kiawah’s population has skewed older in recent years. The median age across all homeowners is 62 and the median age of Kiawah’s full-time residents has increased by five years since 2010 (from 63 to 68).

IMPLICATIONS FOR KIAWAH

As the average age of Kiawah’s population increases, it will **need to look toward attracting younger buyers** and ensuring future generations have continued interest in the island. Sea Island, like Kiawah, offers various fractional ownership sales to attract younger buyers. However, different from Kiawah, it also has a Junior Invitational Membership to its private club for people under the age of 45.

Kiawah Owner Demographics vs. Peer Communities

Location	Full-Time Resident Households	Share of Full-Time Residents	Median Age of Owners	Average Income of Owners
Kiawah	804	23%	62	\$912,000*
Sea Island	363	29%	63	-
Palmetto Bluff	890	82%	59	\$445,000
Sea Pines	3,652	47%	62	-

Note: The 2017 KIRE Property Owner Survey found an average income of \$912,000 for KI owners, based on 1,015 complete responses.
Source: ACS 2018 5-year estimates, ESRI, 2017 KIRE Property Owner Survey, Palmetto Bluff Property Owner Survey

Resiliency | While Kiawah benefits from an accreting beach, it must be proactive in communicating its competitive advantage and mitigate any buyers concerns.

FINDINGS

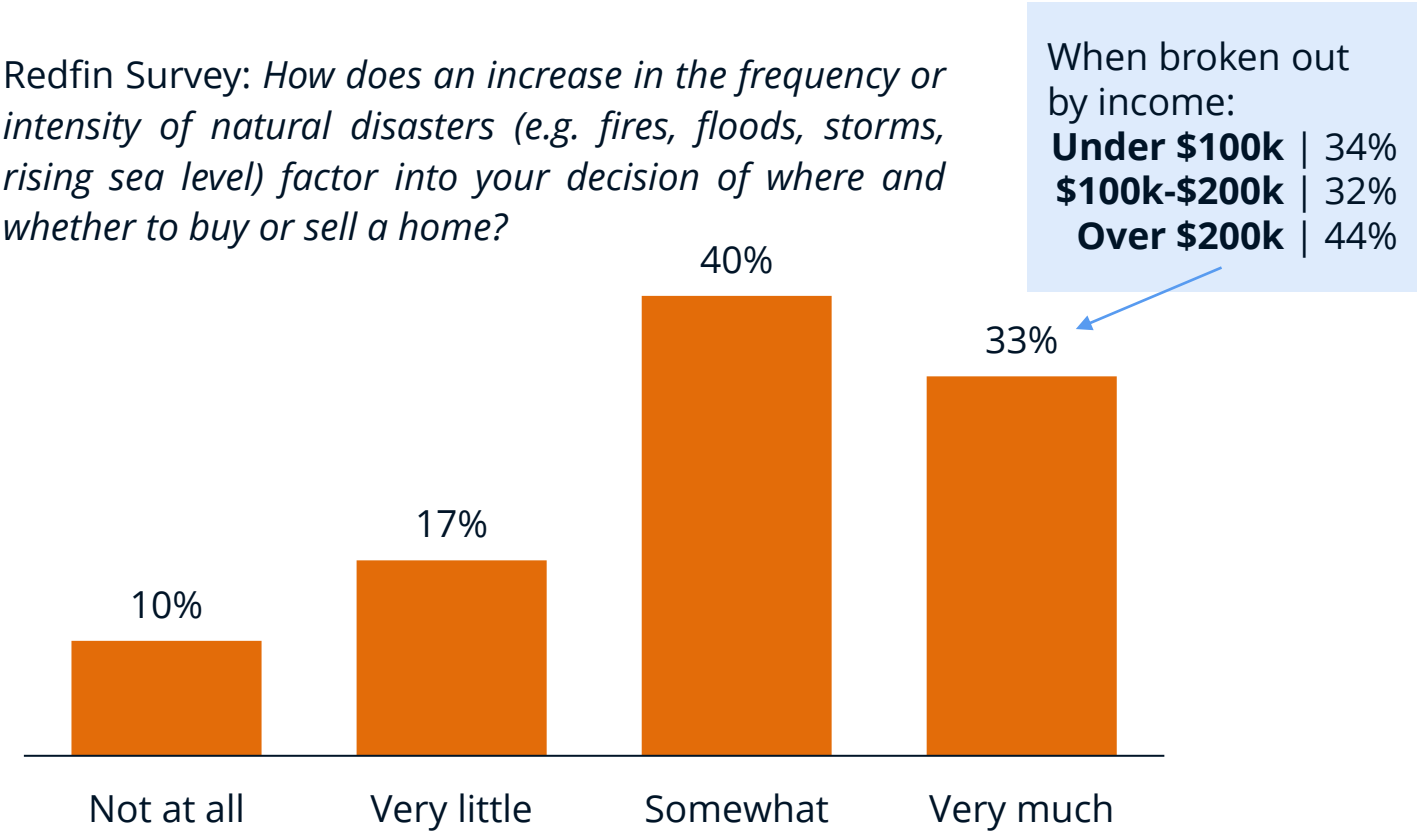
At a national level, **concerns about climate change, including flooding and sea level rise, factor into decisions for most home buyers and sellers.** TOKI's 2018 Flood Mitigation and Sea Level Rise Adaptation study brought together stakeholders to understand risks and recommend actions to mitigate future flooding. In May 2020, 82% of members voted to approve a \$2.9 million special assessment to optimize KICA's master drainage system and reduce flooding risk.

IMPLICATIONS FOR KIAWAH

The special assessment approval signals that Kiawah homeowners are supportive of KICA's proactive efforts to reduce flooding exposure. Communicating and marketing to prospective homebuyers the proactive actions taken to address risks will mitigate negative perceptions and provide a competitive edge against peer coastal communities.

National Homebuyer Climate Change Concerns, 2019

Redfin Survey: *How does an increase in the frequency or intensity of natural disasters (e.g. fires, floods, storms, rising sea level) factor into your decision of where and whether to buy or sell a home?*



Source: Redfin December 2019 Climate Change Survey

Marketing | Marketing plays a key role in attracting new visitors and buyers to Kiawah, and future changes will require updates to current marketing channels.

FINDINGS

Kiawah Partners and KIGR lead general lifestyle marketing to promote Kiawah Island, a **critical traditional marketing effort that exposes a national audience of potential future buyers to the island.** KIGR, anchored by the Sanctuary, provides additional marketing exposure for the island for visitors. State Accommodation Tax (SATAX) funds are distributed by the Town to promote tourism. Outside of formal marketing channels, visitors to STRs, the Sanctuary, and Andell Inn generate exposure to the island.

IMPLICATIONS FOR KIAWAH

As Kiawah reaches sellout in the future, Kiawah Partners is likely to decrease its lifestyle marketing stream. Kiawah will need to identify an alternative source for lifestyle marketing to maintain current marketing levels.

Kiawah’s Current Formal Marketing Channels

Type	Description	Primary Marketers
Lifestyle Marketing	General marketing for awareness of Kiawah / introduce lifestyle	Kiawah Partners, KIGR
Brokerage Marketing	Marketing of specific homes or lots for sale	KIRE, Pam Harrington Exclusives, Akers Ellis, etc.
Visitor Marketing	Marketing to attract visitors to the resort or STRs	STR owners and operators, KIGR, Andell Inn
Other Marketing	SATAX to promote tourism and visitors	Allocated by Town (to KIGR, Freshfields, etc.)

Short Term Rentals | STRs generate visitor exposure and supplementary revenue for homeowners but require balance with quality of life factors.

FINDINGS

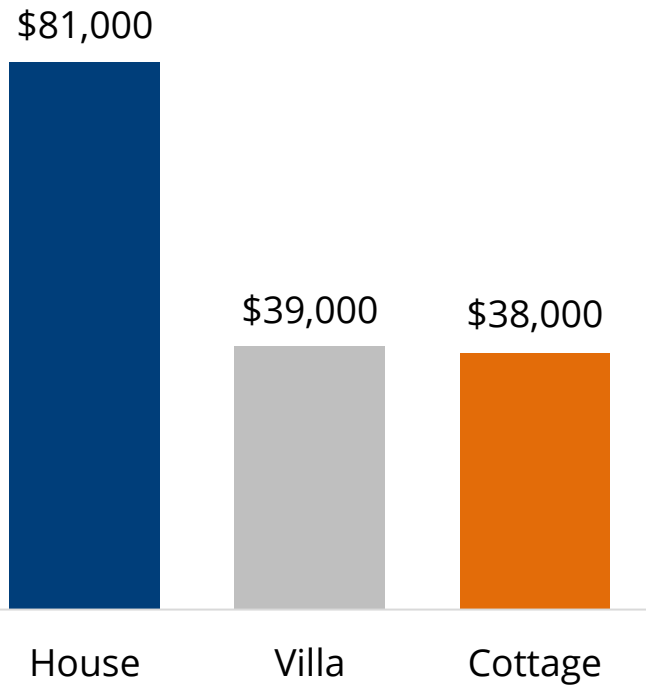
The share of single-family homes used as STRs has remained relatively consistent on Kiawah since the early 2000's (15% in 2002 vs. 17% in 2020 in R-1 and select R-2 zones) and is below the Town's current 20% threshold cap. STR usage across all housing types on Kiawah is 34%. Sea Pines has a higher share at 39%, while Sea Island and Palmetto Bluff have limited STRs at less than 10% of housing.

As with any community, regulation of STRs on Kiawah has been focused on finding a **balance that supports quality of life with financial opportunities**. Residents want to uphold the quality of life and privacy of their neighborhoods. At the same time, revenue generated by STRs provides a source of income for part-time residents and supports housing prices. For example, single-family STRs on Kiawah generate an average gross revenue of \$81,000 annually, which can allow prospective owners to purchase more expensive homes and thereby expand the overall potential buyer pool. However, based on high property values and homeownership costs, STR margins do not support owner-investors. **The market does not appear to have hit a “tipping point” where the share of STRs in place negatively impacts housing values.**

IMPLICATIONS FOR KIAWAH

Because the total share of STRs has not hit the island's 20% cap threshold, it is not possible to know the value impact of a future constricted supply if the cap were to be met. The Town has put into place a structure for periodic reviews of STR's effects on both the economic health of the island and the quality of life for residents.

STR Average Annual Gross Revenue by Property Type, Kiawah Island



Source: HR&A analysis of AirDNA data

Cost of Homeownership | Kiawah’s property tax rates and assessments for primary residents are similar to or lower than those of most of its direct peers.

FINDINGS

Charleston County has one of the lowest property tax rates in the country, but rates are significantly higher for second homeowners. KICA surveys indicate that residents feel the current annual KICA assessment is an appropriate rate, given the level of coverage and services provided.

IMPLICATIONS FOR KIAWAH

Kiawah benefits from a cost of ownership that is similar to or lower than peer communities. However, higher property tax rates for second homeowners in South Carolina puts Kiawah at a disadvantage relative to peer locations in states that do not have higher rates for those owners. While cost of ownership is not the sole factor in determining purchasing decisions, cost cannot exceed the perceived benefit of owning on Kiawah.

Sample Cost of Homeownership on Kiawah vs. Peer Communities

	Kiawah	Sea Pines	Sea Island	Palmetto Bluff
Sample Home Value	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Property Tax (primary – secondary)	\$3,900 - \$13,900	\$5,000 - \$14,300	\$10,500	\$6,500 - \$16,500
Assessment	\$2,600+ (KICA)	\$1,100+	\$14,100+	\$8,800+
Annual Cost of Ownership	\$6,500 - \$16,500+	\$6,100 - \$15,400+	\$24,600+	\$15,300 - \$25,300+

Note: Assessments for Sea Island and Palmetto Bluff include private club fees, since all residents are members of the private clubs in those communities.
Source: Charleston County Tax Estimator, Beaufort County Tax Estimator, Glynn County

COVID-19 Impacts | The full impact of COVID-19 is not yet known, though it has increased market activity in Kiawah in the short term.

FINDINGS

COVID-19 is having a profound impact on economic activity across the US and the world. **While the full impacts and economic ramifications are not yet known, it is clear that the pandemic will create ripple effects**, both positive and negative, for years to come.

There has been a **boon in recent housing market activity on Kiawah as people seek out vacation homes and retreats.**

IMPLICATIONS FOR KIAWAH

While Kiawah has benefited in the short term from increased visitation, **uncertainty in the future could slow market activity.** For example, a broader economic downturn or decline in the stock market would harm Kiawah's housing market. HR&A identified five key factors that will drive COVID-19 impacts on Kiawah going forward.

Key Factors Influencing COVID-19 Impacts on Kiawah

- 1 Economic impacts on stock market and expendable wealth
- 2 Ongoing appeal of vacation homes and retreats
- 3 Safety and availability of travel
- 4 General consumer confidence
- 5 Interest rates

STUDY SUMMARY



KEY THEMES



SWOT ANALYSIS



**STRATEGY
TOOLKIT**

SWOT | Strengths

PHYSICAL ASSETS

1. **Culture of active capital investment.** For properties on the island, homeowners as well as stakeholders (TOKI, KP, KIGR, and KICA) are active in capital investments, as shown in renovation activity for existing homes as well as reinvestment in public and private facilities/infrastructure such as the Sandcastle, West Beach Conference Center, B-Liner Restaurant, stormwater infrastructure, and landscape enhancements. As the island matures, reinvestment will be key to maintaining long-term market health.

EXPERIENCE

2. **Incomparable location and environment.** Kiawah's well-preserved landscape, ten miles of beach, access to urban charm of Charleston, and airport proximity are key draws difficult to replicate. Groups such as the Kiawah Conservancy and initiatives such as the Town's beach replenishment reinforce the island's natural assets.
3. **Top-tier flagship amenities, with opt-in structure for desired amenity level.** Kiawah is renowned as a market leader for its golf resort and desirable private club. While all owners have access to KICA amenities, they can also choose to access Governor's Club or KI Club membership (certain lots).
4. **Wealthy population.** Even when considered relative to peer locations, Kiawah's population is wealthy. Per a 2017 survey of property owners, the average annual income of full-time residents is \$571,000.

MARKETING AND BRANDING

5. **Well-established name, brand, and market premium.** Kiawah has an established high-end brand that is known nationally through marketing activity, word of mouth, and visitor experiences. Additionally, the high-end nature of The Sanctuary resort provides island-wide reputational benefits.
6. **Visitors to the Sanctuary and the island's STRs provide a pipeline of prospective buyers.** Per a property owner survey by Kiawah Partners and Permar Inc., 94% of first-time buyers since 2011 were heavily influenced to purchase based on previous vacation experiences on Kiawah.
7. **KI Club increases desirability of Kiawah.** Club membership properties have a value premium and the Club is a noted attractor of prospective buyers.

INVESTMENT VALUE

8. **Home values have outperformed national peers in recent years.** Following declines in home value during the Great Recession, home values on Kiawah bounced back more quickly and have performed better than peer communities in recent years.
9. **STRs support home values.** STRs provide revenue to homeowners, which in turn increases the buyer pool for properties and supports overall demand for housing on the island. In 2019, the average single-family home rented as an STR generated \$81,000 in gross revenue.
10. **Property tax rates are among the lowest in the Country.** For primary homeowners, the effective property tax rate in Charleston County is 0.38%, which is among the lowest effective rates in the country and provides a competitive advantage for primary homeowners.

SWOT | Weaknesses

PHYSICAL ASSETS

1. **Reinvestment hurdles for villa exteriors.** The rate of renovation and reinvestment activity is lower for shared ownership properties such as villas. As these properties age, reinvestment, particularly for exteriors that provide curb appeal, is critical for maintaining values.
2. **Parts of the island are susceptible to current and future flooding risks.** As identified in the Town's 2018 Sea Level Rise and Resiliency Adaptation report, there are several resiliency measures required to prevent an increase in chronic flooding on Kiawah. Addressing these challenges will be key to mitigating apprehension of potential buyers and establishing a competitive advantage over peer coastal communities.

EXPERIENCE

3. **Split amenity access between KI Club, Governor's Club and KICA amenities.** Amenities are not uniformly available on Kiawah, and the will to self-assess to improve KICA amenities is limited. KICA amenities are generally in line with community association amenities in other peer locations. However, this stratification of amenities puts non-KI club residents at a disadvantage when compared to some peer communities that are structured to provide all owners access to all amenities.
4. **Amenity structure may cause confusion for prospective buyers.** The split amenity options may appear confusing to potential buyers when navigating KICA, KI, and KIGR online materials.

INVESTMENT VALUE

5. **Unimproved lot value declining.** While home values have remained stable in recent years, the median lot value has decreased from \$1.2 million in 2011 to \$800,000 in 2019.
6. **Owner perception of value impacted by timing of purchase.** The timing of a home purchase heavily sways individual owner outcomes and has left some homeowners "underwater" relative to their purchase price. As an example, for homebuyers who purchased their home in 2007, home values still have not fully recovered from the impacts of the Great Recession. However, for a homebuyer who purchased their home in 2016, they have seen positive appreciation of 3%.
7. **Differentiated property tax rates hurt competitiveness.** Property tax rates in South Carolina are much higher for second homeowners, applied to 6% of the assessed value of the home, versus 4% for primary residents (equates to an effective rate of 1.38% vs. 0.38% for primary residents in Charleston County). As a community that is primarily made up of second homeowners, this differentiation puts Kiawah at a competitive disadvantage to peer communities in states where this differentiation does not exist.

SWOT | Opportunities

PHYSICAL ASSETS

1. **Diversified product types.** Kiawah stakeholders have done a good job of expanding product offerings through new product types such as fractional ownership under the Timbers model. While there is limited land available for new development, there is opportunity to continue expanding offerings to adapt to consumer interests and expand potential buyers, all while maintaining Kiawah's established reputation. This may be done through the development of 1) smaller homes with high-end design and finishes, 2) new product that provides an entry point for younger Kiawah buyers, or 3) housing targeted to specific consumer groups, such as a senior living facility, where there is available land.
2. **Medical facility and senior living facility.** Medical support services have been identified as a key missing amenity for Kiawah residents and visitors, and Kiawah Partner's planned medical facility and senior living facility will serve a key assets for aging population. The addition of a senior living facility will also provide benefit in terms of diversifying residential product type offerings.

EXPERIENCE

3. **Some aging amenity facilities.** While no comparable community exactly matches Kiawah's amenities, the facilities of newer communities compete on newness and novelty. As Kiawah's facilities age in years to come, continued capital reinvestment is critical to maintaining a competitive advantage. There are opportunities to engage property owners for continual reinvestment in KICA amenity facilities.

MARKETING AND BRANDING

4. **Allocation of State Accommodation Tax (SATAX) funds.** The Town receives about \$1.5 million annually through the SATAX, about 30% of which is currently allocated to a regional non-Kiawah-specific entity. More Kiawah-specific initiatives would support the general marketing and branding of the island.
5. **Exposure and reputational benefits from the 2021 PGA Championship.** Kiawah's hosting of the 2021 PGA championship presents an opportunity to capitalize on the national exposure that such a large event provides, both in terms of visitors that come to the island for the event as well as long-term interest in Kiawah.

INVESTMENT VALUE

6. **COVID-19 is driving near-term market activity.** As of mid-2020, COVID-19 has provided a near-term boon to housing market activity on Kiawah for buyers seeking to relocate from cities to residential resort communities. Given longer-term uncertainties, island stakeholders should capitalize on the near-term opportunities for prospective buyers through increased marketing, outreach, and attraction efforts.

SWOT | Threats

PHYSICAL ASSETS

1. **Long-term resiliency impacts.** The challenges identified in the Town's 2018 Sea Level Rise and Resiliency Adaptation report pose a long-term threat to the resilience of physical assets on Kiawah, and inaction could either discourage or necessitate reinvestment. Additionally, as actions are taken, it will be critical to communicate those actions broadly to mitigate any negative perceptions of prospective buyers.
2. **High and rising construction costs.** Historically, construction costs have been about 30% higher on Kiawah relative to inland areas of the Carolinas, and costs have increased since 2015 by about 25%. Average new home construction on Kiawah starts at about \$500 per square foot. While the full impacts of COVID on construction costs are not yet known, high construction costs could deter future investment or reinvestment.
3. **Increasing options for both different product types and newer master planned communities.** More than ever, prospective buyers in high-end residential resort communities have options. These options include both newer communities as well as diversified product types, to which Kiawah must be able to respond to competitively.

EXPERIENCE

4. **Increasing age of population.** Like many master planned communities, the age of Kiawah's population has increased over time. The median age on the island is 62 across all owners and 68 for full-time residents as of 2017. The average age of full-time residents has increased by 5 years since 2010 (from 63 to 68). Continued attraction of younger buyers is critical to ensuring future generations of buyers and continued interest.
5. **Amenity gap between KI Club and non-KI Club residents could impact home values.** Non-KI club residents have access to KICA amenities and also have the option for Governor's Club amenities, but the exclusivity to KI Club creates a differentiation that could harm non-club home resale values.

MARKETING AND BRANDING

6. **Reduced marketing by Kiawah Partners at sellout.** As Kiawah approaches sellout, island-wide marketing currently done by Kiawah Partners will likely decrease (though marketing for KIRE property brokerage will remain in place). The marketing gap created by Kiawah Partner's decreased activities will need to be filled to ensure continued brand awareness of Kiawah for potential visitors and homebuyers.

INVESTMENT VALUE

7. **Long-term impacts of COVID on the national economy.** While COVID-19 has provided a near-term boon to housing market activity on Kiawah, the long-term impacts of the pandemic, and corresponding consumer behavior are not yet clear. Should the broader national economy suffer a significant recession, there will be negative impacts for Kiawah to respond to.

STUDY SUMMARY



KEY THEMES



SWOT ANALYSIS



**STRATEGY
TOOLKIT**

Strategy Toolkit | Based on findings of the market analysis and SWOT assessment, HR&A developed action item recommendations for each category.

The strategy toolkit provides Kiawah and its stakeholders a set of recommended action items. These recommendations are intended to provide a suite of options for ensuring long-term health of Kiawah’s housing market. The identified action items will require the coordinated efforts by key stakeholders.



Strategy Toolkit | Physical Assets

ACTION ITEMS

Reinvestment	New Development
Exterior Villa Reinvestment • Capitalize on development of West Beach conference center: Establish a structure to prioritize renovated villa buildings for conference center visitor stays. • Leverage financial incentives to encourage reinvestment: Consider tools such as reductions in assessment fees, façade programs, or transitional loan/grant programs supported by Town or Kiawah reserves. • Educate villa owners and regime managers on collective benefits of reinvestment: Conduct outreach on reinvestment impacts and benefits, with Duneside Villas a positive recent example. Construction Costs • Streamline contractor/builder permitting process: Align and streamline contractor requirements between Town, KICA, ARB, and other entities to expand the pool of firms. Renovation Permitting • Reduce ARB deposits/fees associated with homeowner renovation permits: Lower burden to incentivize reinvestment through proper channels.	Housing • Shift oversight of the Architectural Review Board from Kiawah Partners to KICA or the Town at Developer sellout: Align ARB interests as Kiawah matures and approaches Developer sellout. • Ensure that housing stock accommodates various life stages through development of a senior living facility: Create housing that meets the evolving needs of Kiawah. • Attract future generations of buyers through development of high-quality diversified housing types: While remaining undeveloped land is limited, developing new villas, smaller single- family homes with high-end finishes, and fractional ownership units will expand the buyer pool. Infrastructure • Continue infrastructure investments identified in the Town's 2018 Sea Level Rise and Coastal Flooding report: Mitigate long-term risks from flooding and sea level rise. • Communicate Kiawah's resiliency investments to prospective buyers: Position investments as a competitive advantage over peer communities.

ACTION ITEMS

Competitive Positioning	Amenity Facilities and Services
• Conduct a competitive positioning evaluation every five years, led by KICA with support from KIGR, KP and the Town: Guide reinvestment strategy for facility amenities and services.	Facilities • Create and formalize a phased reinvestment plan for amenity facilities: Plan for and ensure continued future reinvestment in facilities. • Expand users and base of support for enhanced KICA amenities: Expanded user base will increase the ability to fund enhanced amenities. Services • Prioritize development of planned medical facility: Provide enhanced healthcare access to residents and visitors.

Strategy Toolkit | Marketing and Branding

ACTION ITEMS

Lifestyle Marketing	Aging Population
• Establish nonprofit entity on Kiawah to receive SATAX funding: Allocate a portion of the SATAX funds required to be allocated to a nonprofit to the new entity. The funds would be used to support lifestyle marketing of Kiawah as Kiawah Partner’s reduces its lifestyle marketing as it approaches sellout. The Town can still distribute some of its funds to regional partners.	• Continue exploring opportunities to attract new generations of buyers: Consider marketing, club programming, and the Kiawah experience in attracting future generations of buyers. • Evaluate KI Club’s legacy membership structure and consider other “junior” membership options: Market options for attracting future generations of Club members while maintaining connection to existing membership structure and requirements.

Strategy Toolkit | Investment Value

ACTION ITEMS

Short-Term Rentals	COVID-19 Impacts
• Monitor the growth and effects of STRs if they approach the current 20% cap in designated zones: Balance preferences and needs of residents and visitors, both of which play important roles in driving a healthy housing market on Kiawah.	• Increase marketing and outreach to capitalize on near-term interest in Kiawah housing: Capture near term demand and interest while bracing for potential future challenges pending broader national economic conditions.

ACTION ITEMS

Coordinated Stakeholder Action

1

Establish an action plan for undertaking recommendations

- The stakeholders should maintain momentum through prioritization of action items of interest and identification of next steps to advance programs or initiatives.

2

Hold standing quarterly meetings with the Town, KICA, Kiawah Partners, and KIGR

- Regular meetings between the key stakeholders will promote coordination and collaborative efforts that advance the action plan and support the long-term success of Kiawah's housing market.

Appendix



APPENDIX

42	Performance Metrics and Baseline Conditions
57	Physical Assets
73	Experience
88	Brand and Appeal
100	Investment Value
118	Housing Forecasts
125	Stakeholder Responsibilities
138	SWOT Analysis
144	Strategy Toolkit
153	Additional Context/Methodology

Performance Metrics and Baseline Conditions

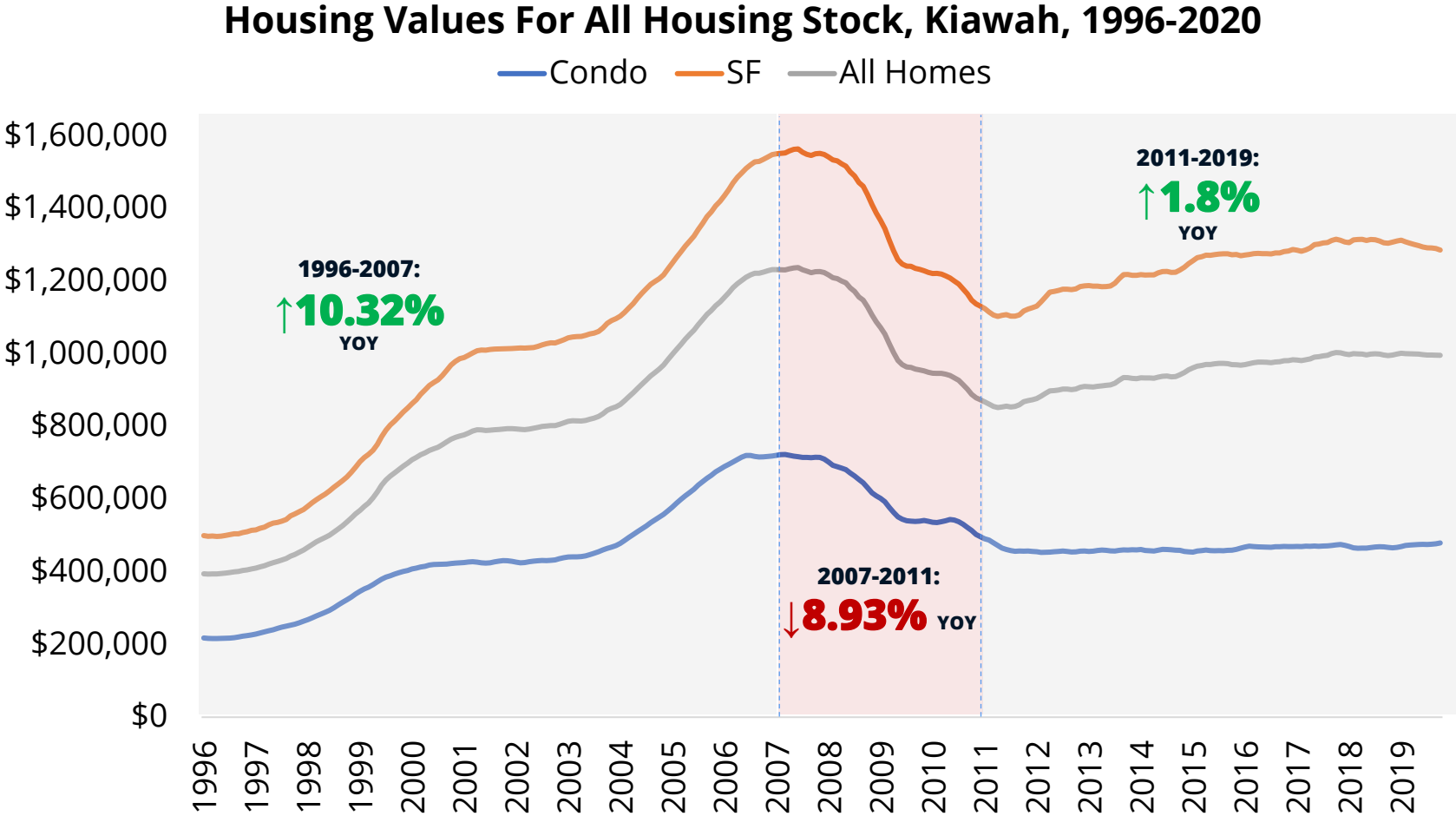


Performance Metrics | HR&A evaluated Kiawah’s housing market health using a variety of metrics that tell a nuanced story.

Since the recession, Kiawah’s housing market has performed well, with stable home prices and increasing sales and new construction volume. Further, the volume and value of renovation permits have increased, signaling important reinvestment activity. Undeveloped lots have experienced declining prices, along with a weaker absorption rate compared to homes. Kiawah’s housing market has outperformed a set of national peers in both value and growth.

Metric	Trend Since 2010
Home Prices	Stable
Lot Prices	Declining
Total Sales Volume	Slightly Increasing
New Construction Value	Slightly Increasing
New Construction Volume	Significantly Increasing
Renovation Volume	Significantly Increasing
Renovation Value	Slightly Increasing
Rate of Absorption	Slightly Increasing
Peer Comparison of Home Values	Outperforming

Home Prices | Following significant price decline during the recession, Kiawah home values have appreciated roughly at pace with inflation in recent years.



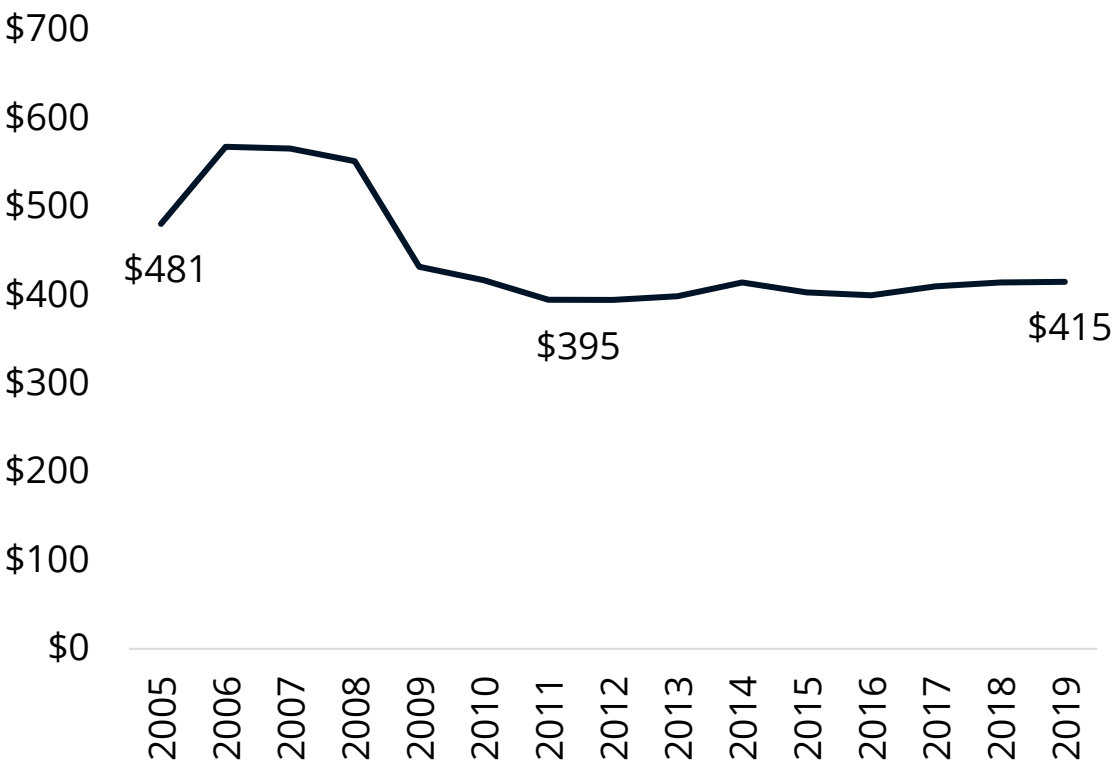
Stable Pricing Post-Recession

Kiawah’s housing prices climbed significantly in the early 2000s as part of the housing bubble. While much of this growth was lost in the recession, homes have experienced modest value growth since 2012. The steady 1.8% annual growth during that time is on par with inflation and grounded in strong market fundamentals.

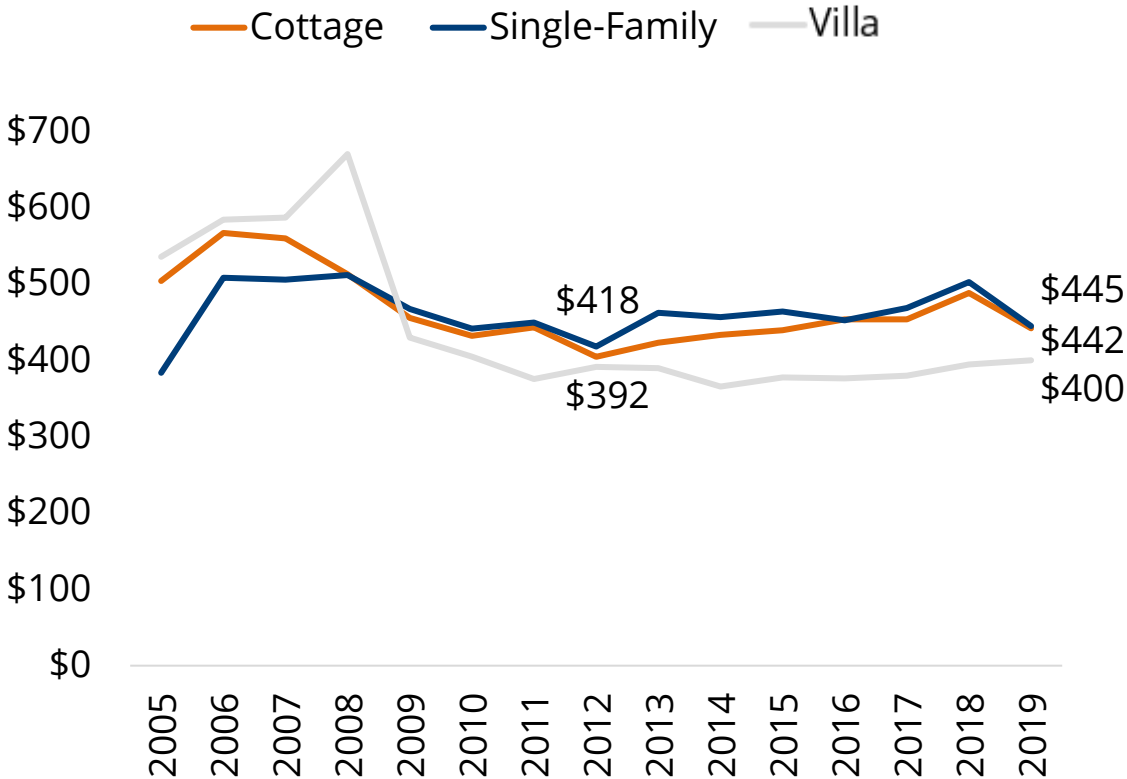
Note: Data shown accounts for all housing stock on Kiawah and is not specific to resales
Source: Zillow, unadjusted for inflation
HR&A Advisors, Inc.

Home Prices | Prices for transactions have been flat to slightly positive since 2010, with consistent trends across housing types.

Median Resale Price Per Sq. Ft., All Homes, 2005-2019

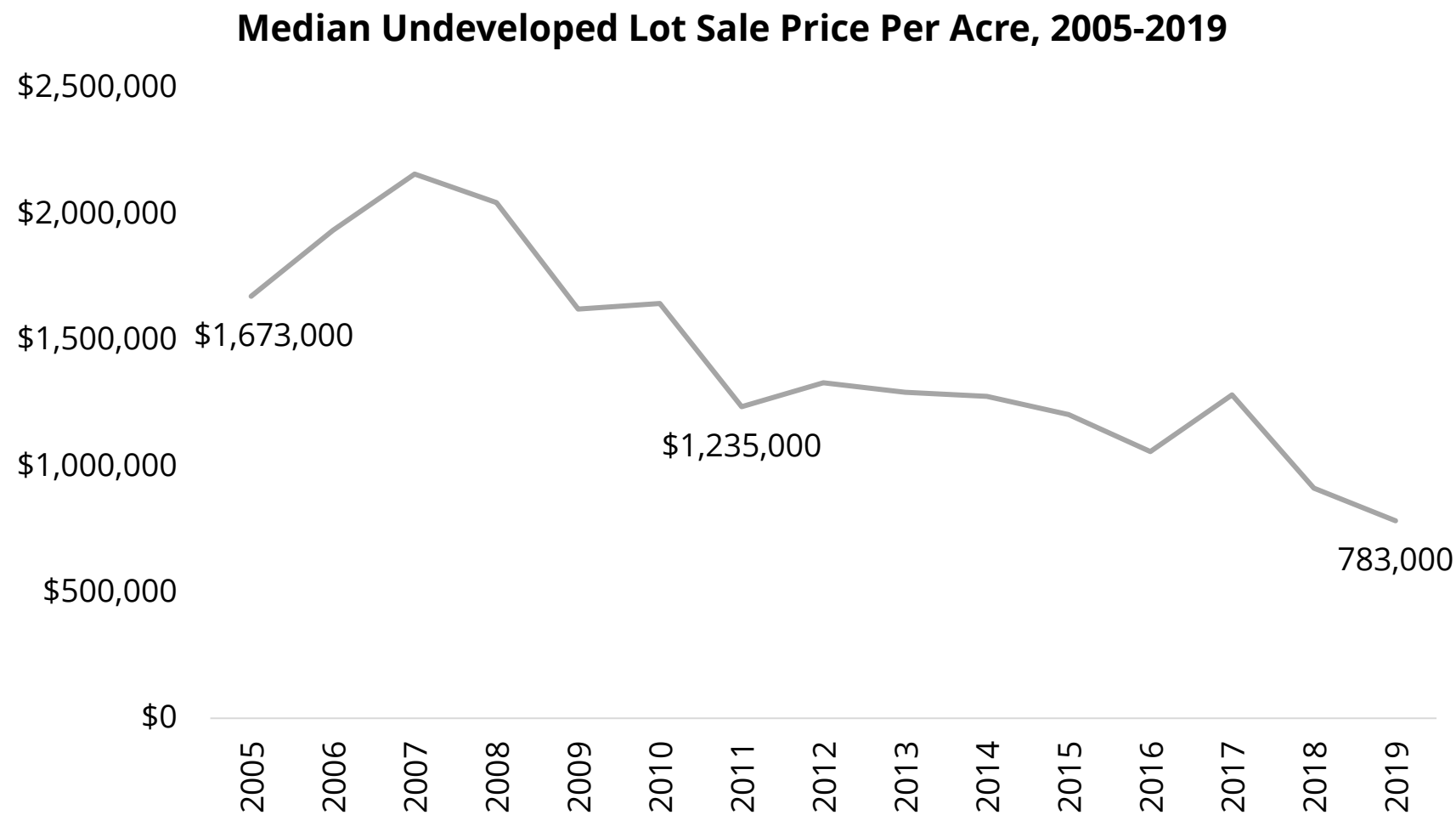


Median Resale Price Per Sq. Ft., By Housing Type, 2005-2019



Note: Single-family combined value is a weighted average between single-family resales and new construction values (new construction permit + cost of land).
Source: Kiawah Partners Transaction Data 2005-2019, not inflation adjusted
HR&A Advisors, Inc.

Lot Prices | The price per acre of undeveloped lots has not recovered since the recession.



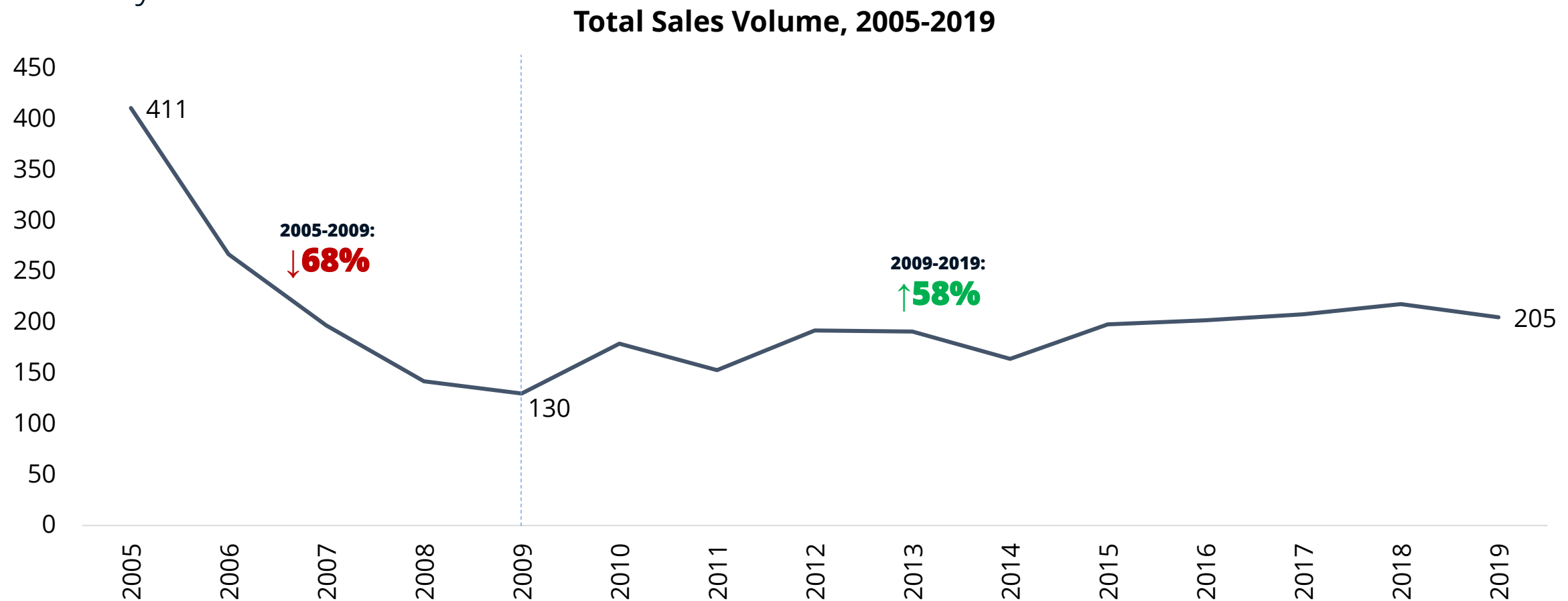
Declining Lot Prices

Among other factors, declining lot prices are driven by:

- Overinflated values during the mid-2000s housing bubble
- Increasing construction costs
- Limited selection of remaining lots on Kiawah Island

Source: Kiawah Partners Transaction Data 2005-2019, unadjusted for inflation

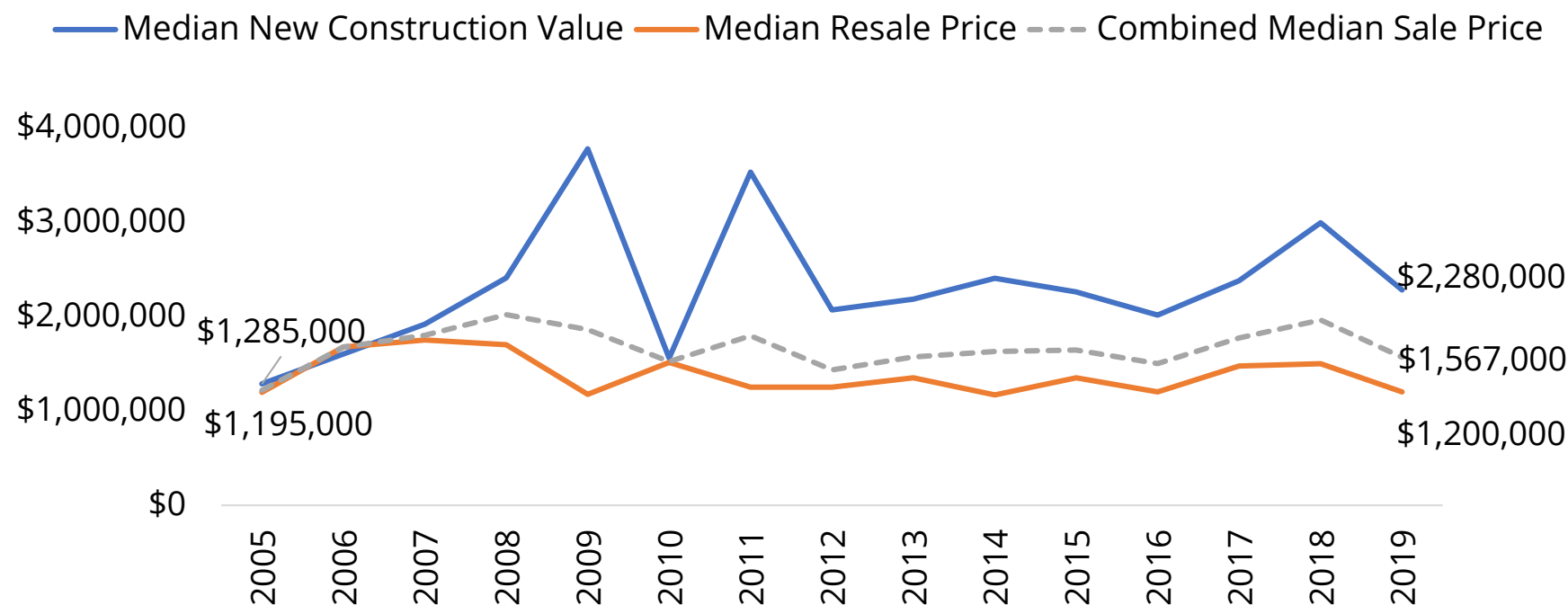
Sales Volume | Sales volume of existing housing units remains below pre-recession peaks, but has increased almost 60% since 2009 and been stable in recent years.



Note: Includes single-family homes, villas and cottages
Source: Kiawah Partners Transaction Data 2005-2019

New Construction Value | The value of new construction, which is not accounted for in standard transaction data, is consistently higher than resales.

Median Single Family Resale and New Construction Value,
2005-2019



High Value New Construction

New construction on Kiawah is occurring at the top of the market and would increase the median sales value on the island if included as part of typical transaction data.

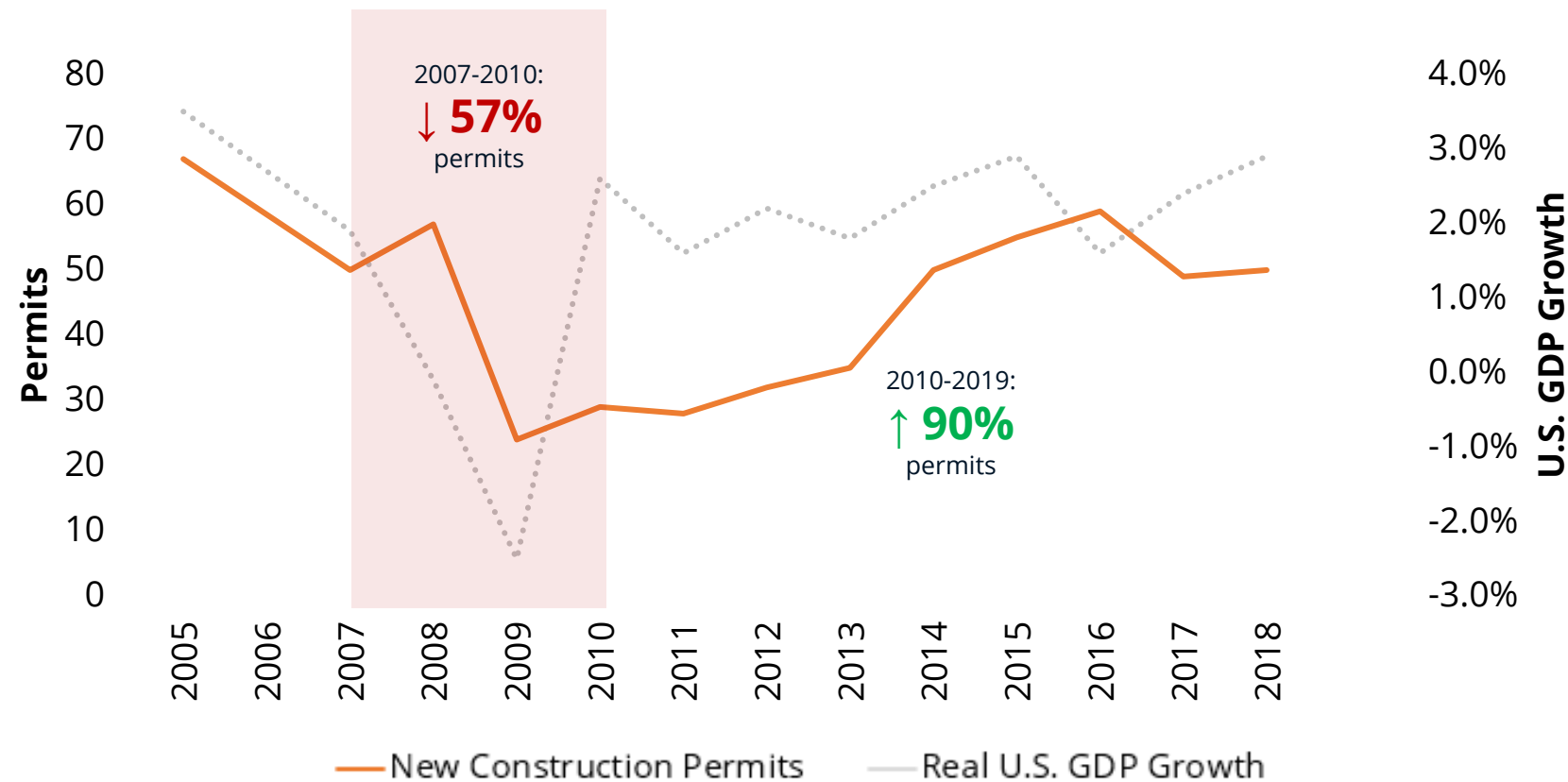
Note: New construction value is based on the sum of land cost and construction cost for new development, applied at year of building permit issuance. Combined median sale price is weighted to account for new construction permits that did not have corresponding land value and are thus not included in the new construction analysis.

Source: Kiawah Partners Transaction Data 2005-2019; Kiawah and Charleston County Permit Data; not inflation adjusted

HR&A Advisors, Inc.

New Construction Volume | Permits for new homes appear to align closely with broader national economic conditions.

Building Permits for New Homes vs. U.S. GDP Growth, 2005-2019

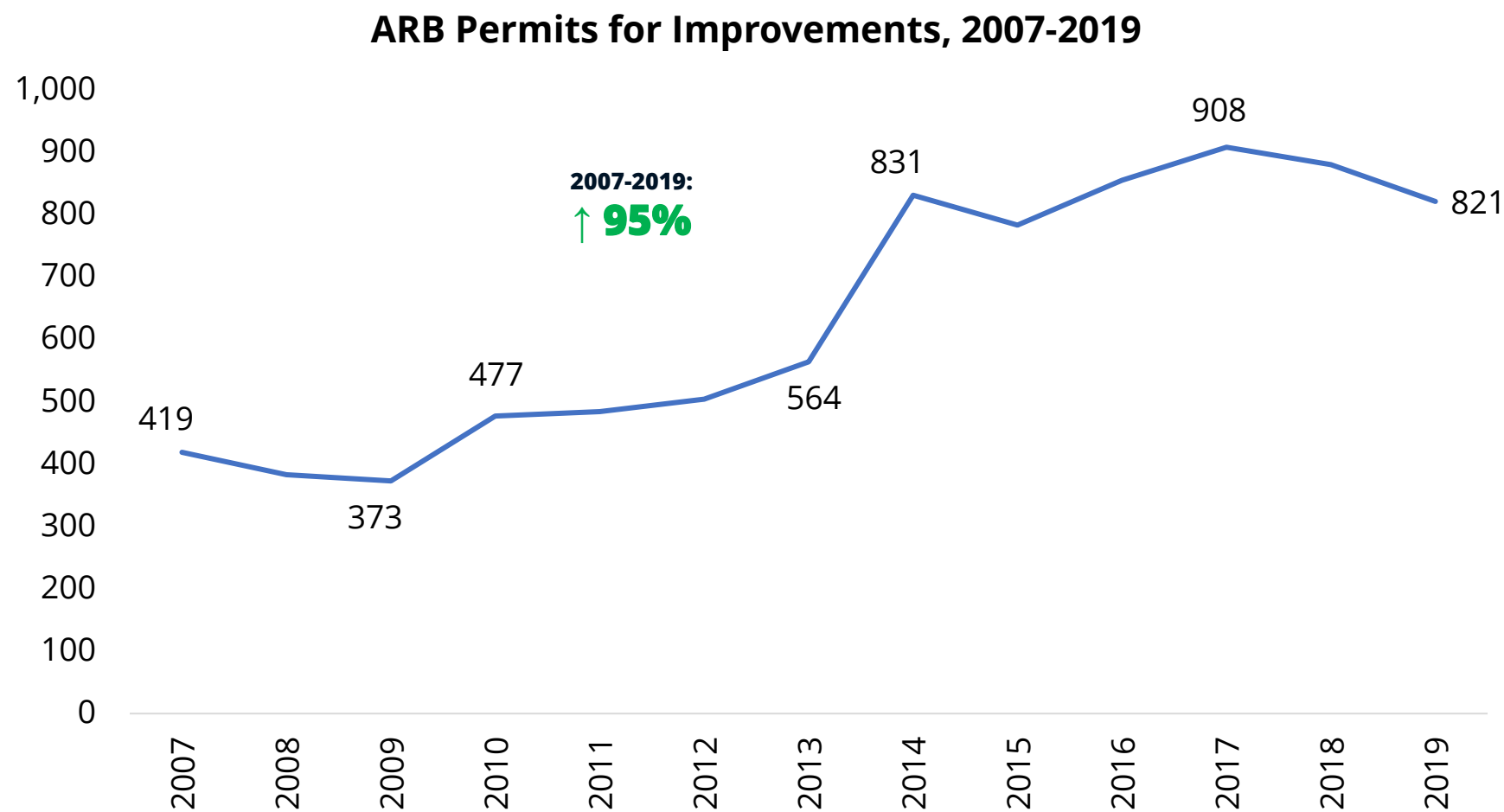


Increasing New Construction Volume

The significant decline in new construction activity during the recession began recovering and steadily increasing as broader economic conditions have improved.

Source: Kiawah and Charleston County Permit Data
HR&A Advisors, Inc.

Reinvestment Volume | Renovation/Improvement permits through ARB have nearly doubled since 2007.

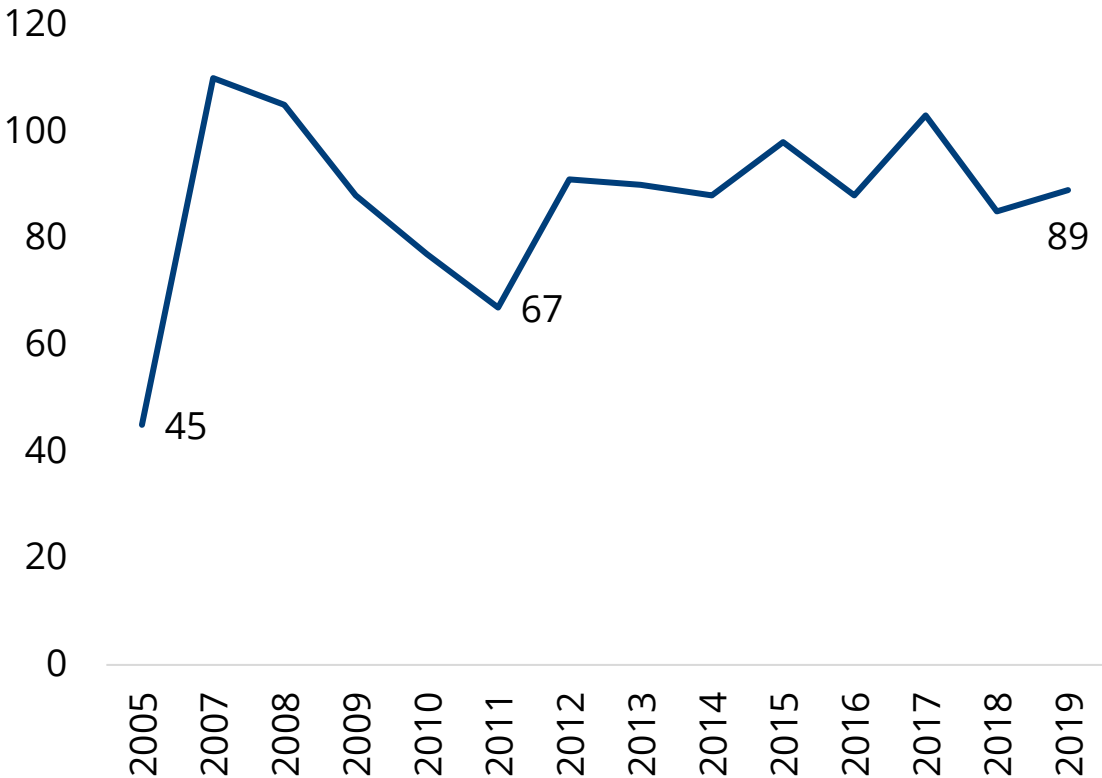


Increasing Renovation Volume

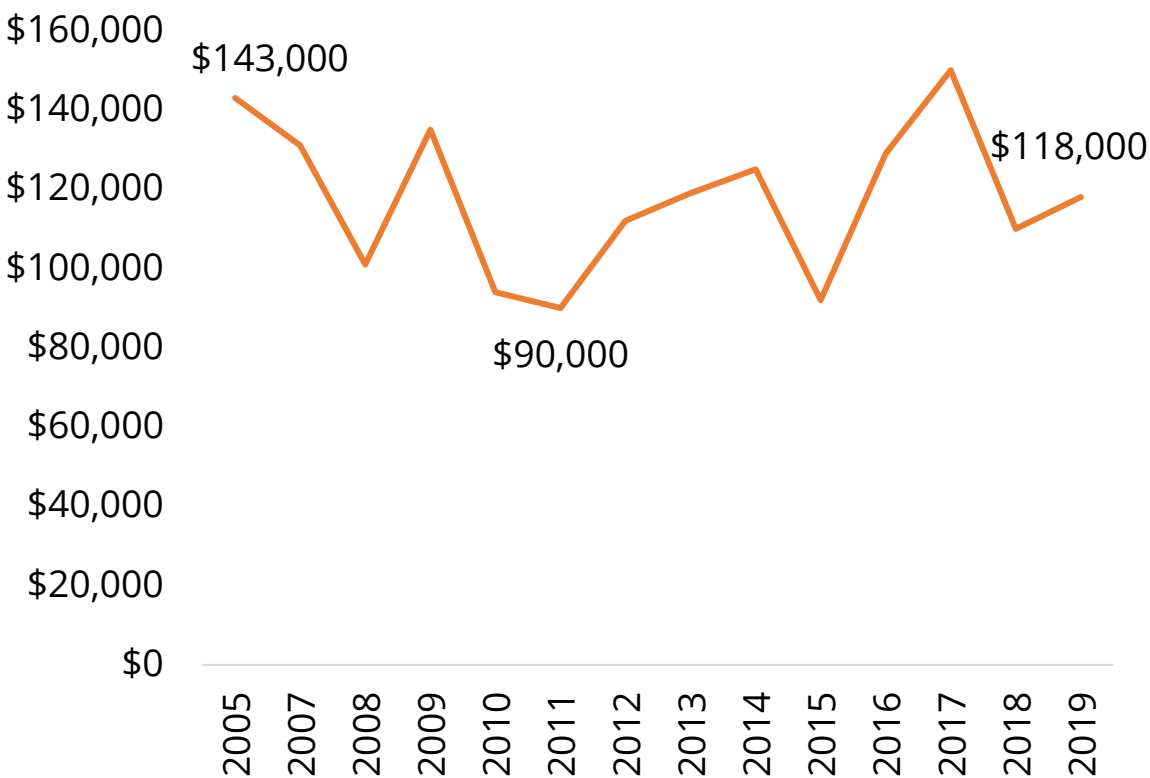
While growth in ARB permit volume slowed during the recession, the total volume has nearly doubled since 2007. The steady increase is a positive signal of Kiawah homeowners' commitment to reinvestment and upkeep.

Reinvestment Value | Renovation/addition permits over \$50,000 in value have been trending slightly upward since 2010—in total number and median value.

Number of Renovation Permits Greater Than \$50,000 in Value, 2005-2019



Median Value For Permits Over \$50,000 in Value, 2005-2019

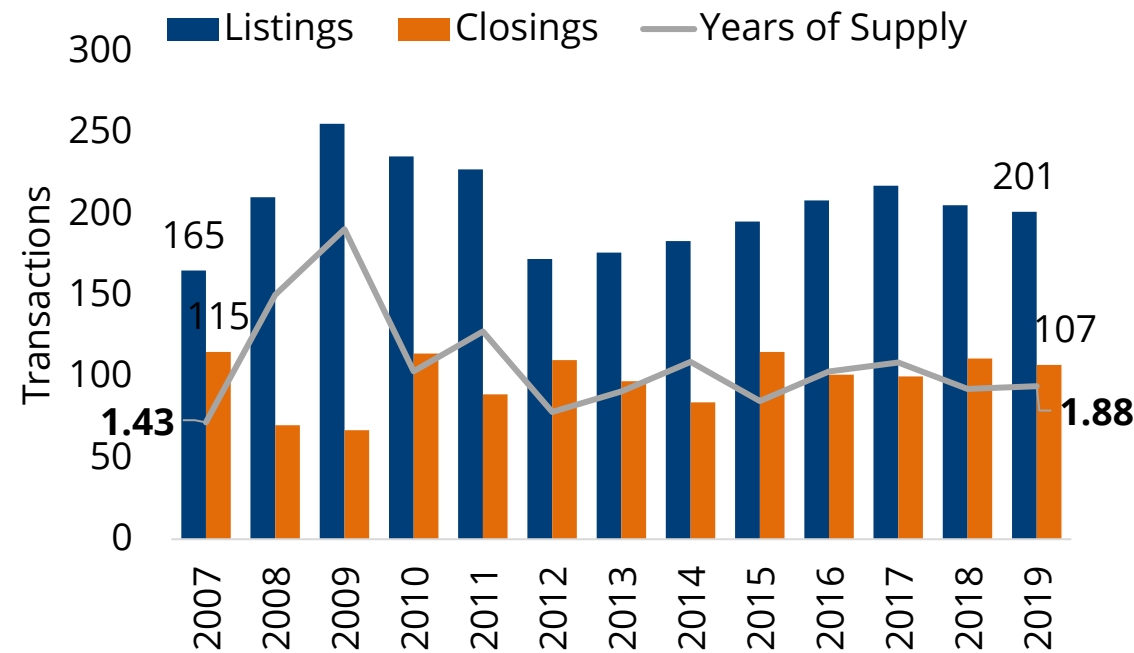


Note: Includes permits for single-family homes, villas and cottages
Source: Town of Kiawah permit data 2013-2019, Charleston County permit data 2005-2013

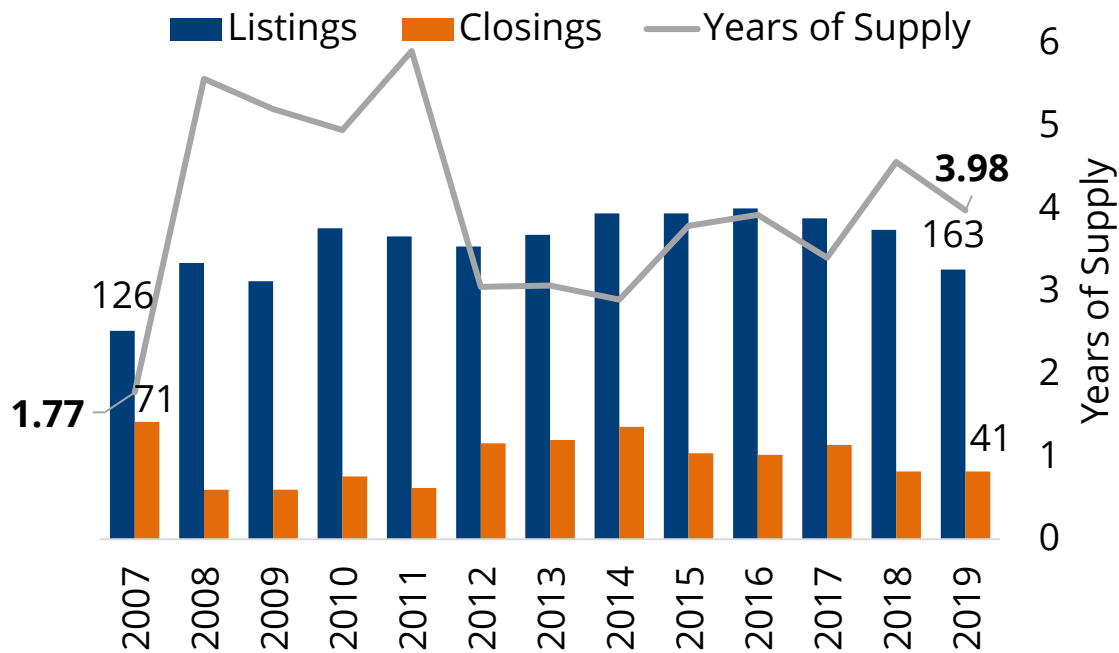
Absorption | “Years of supply” available for sale has remained level for homes and trending upward for lots since the recession.

A “years of supply” rate, also called absorption, measures the total number of closings relative to the total number of listings. A decreasing years of supply is indicative of increasing market demand. Since the recession, Kiawah’s total number of listings relative to total closings has decreased. Meanwhile the years of supply for undeveloped lots can be attributed to the limited selection of lots remaining on the island.

Single-Family Home Absorption, 2007-2019



Undeveloped Lot Absorption, 2007-2019

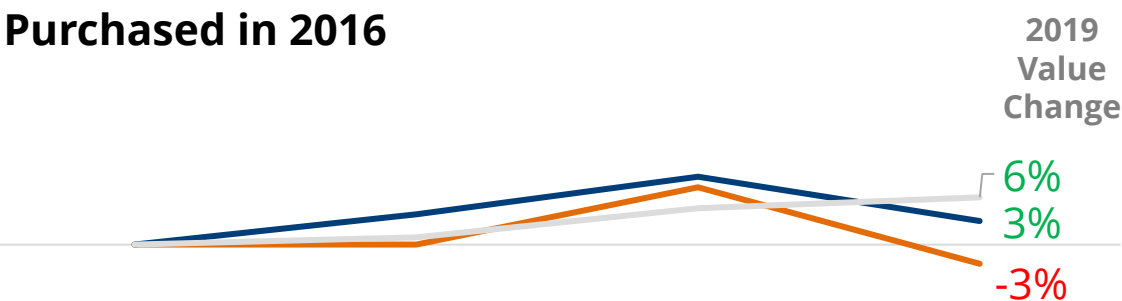
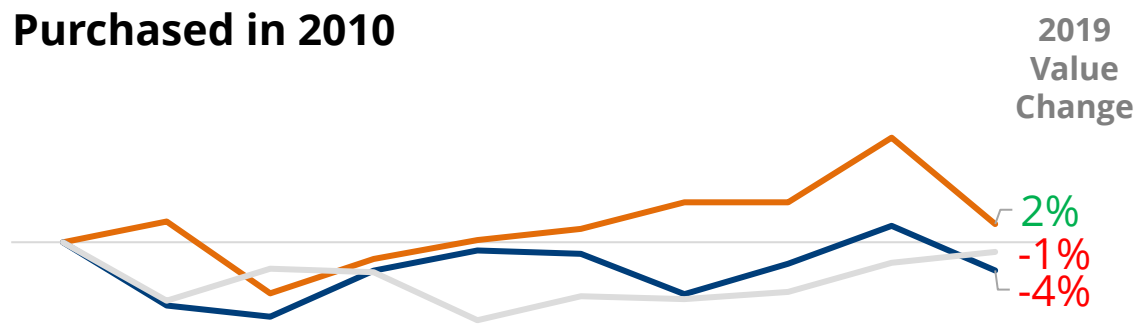
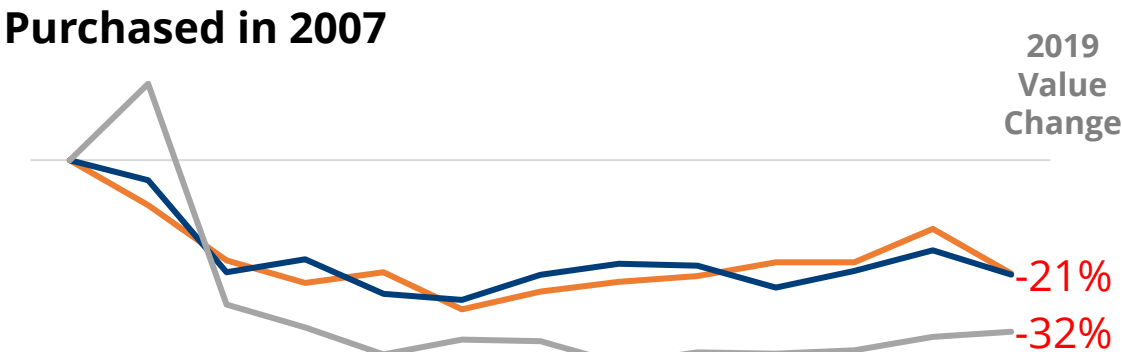
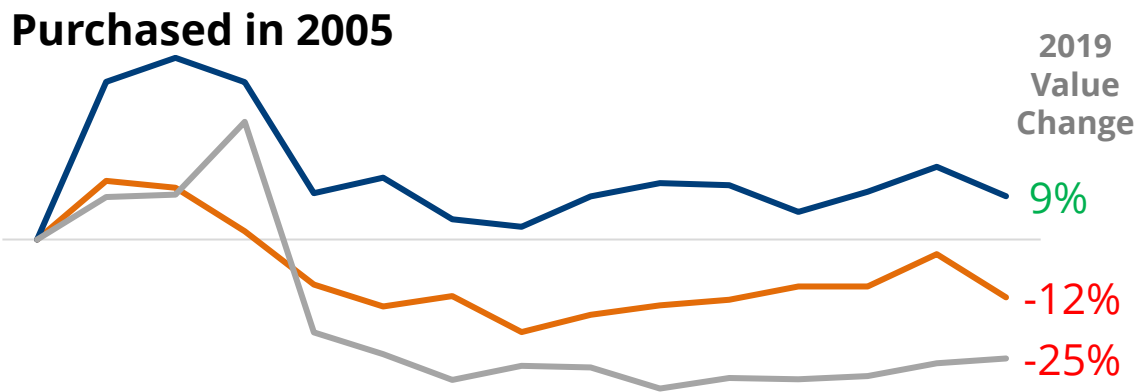


Note: Listings data represents active listings at the end of the first quarter each year.
Source: Kiawah Partners Transaction Data 2005-2019
HR&A Advisors, Inc.

Market Timing | The timing of home purchases significantly drives individual experiences of property value appreciation.

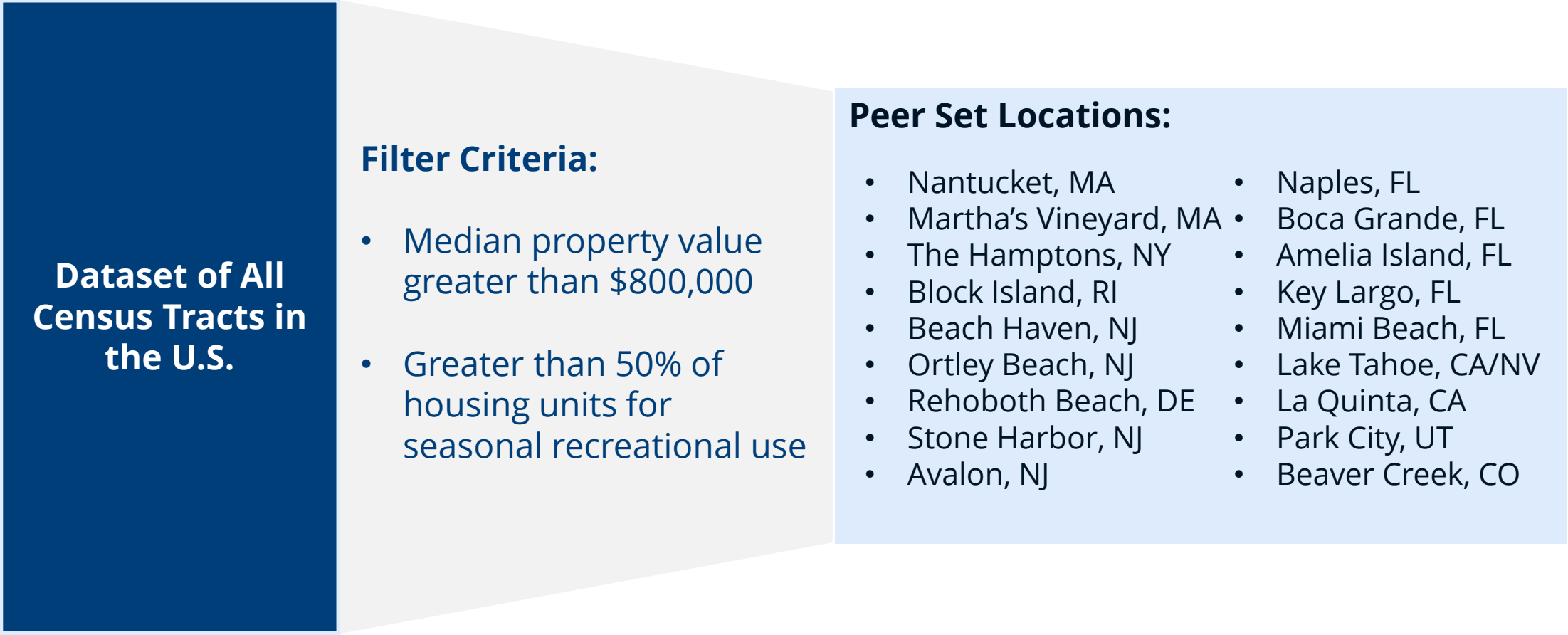
Home Value Change From Baseline to 2019, by Housing Type

Cottage Private Home Villa

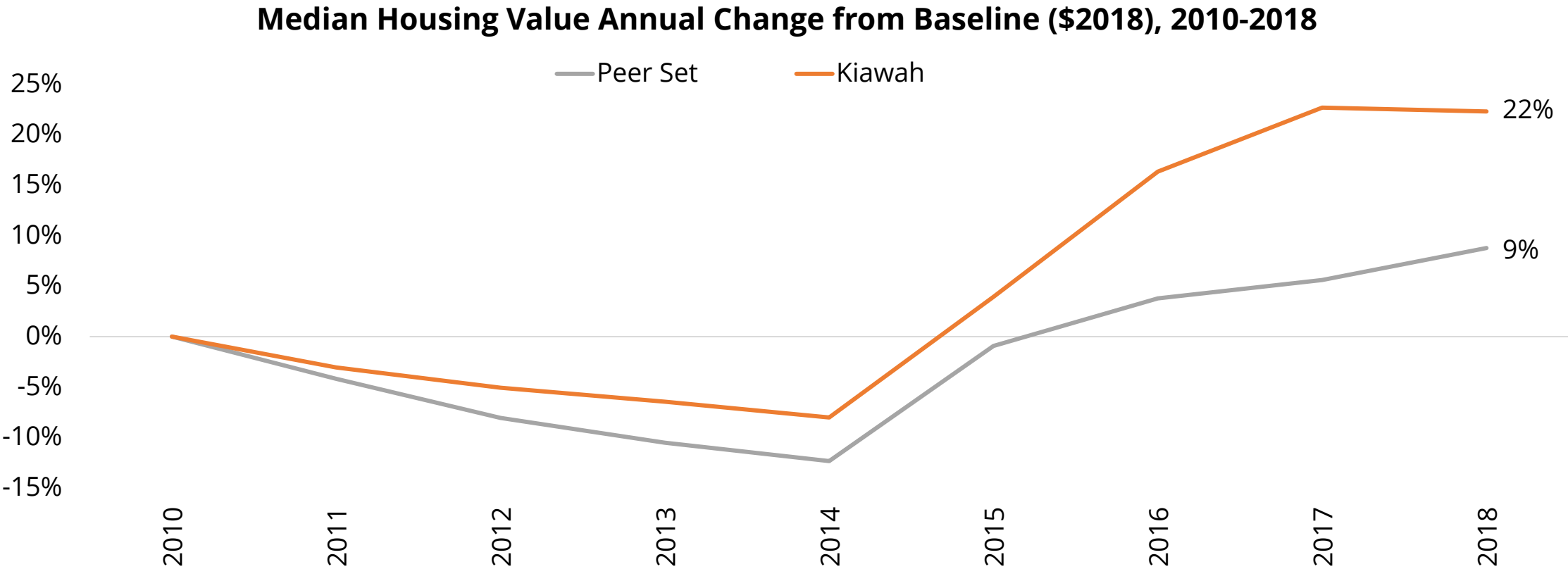


Source: Kiawah Partners Transaction Data 2005-2019, Not Inflation Adjusted
HR&A Advisors, Inc.

Peer Comparison | HR&A compared Kiawah to a broad set of peers across the U.S. with similarly high property values and seasonal use.



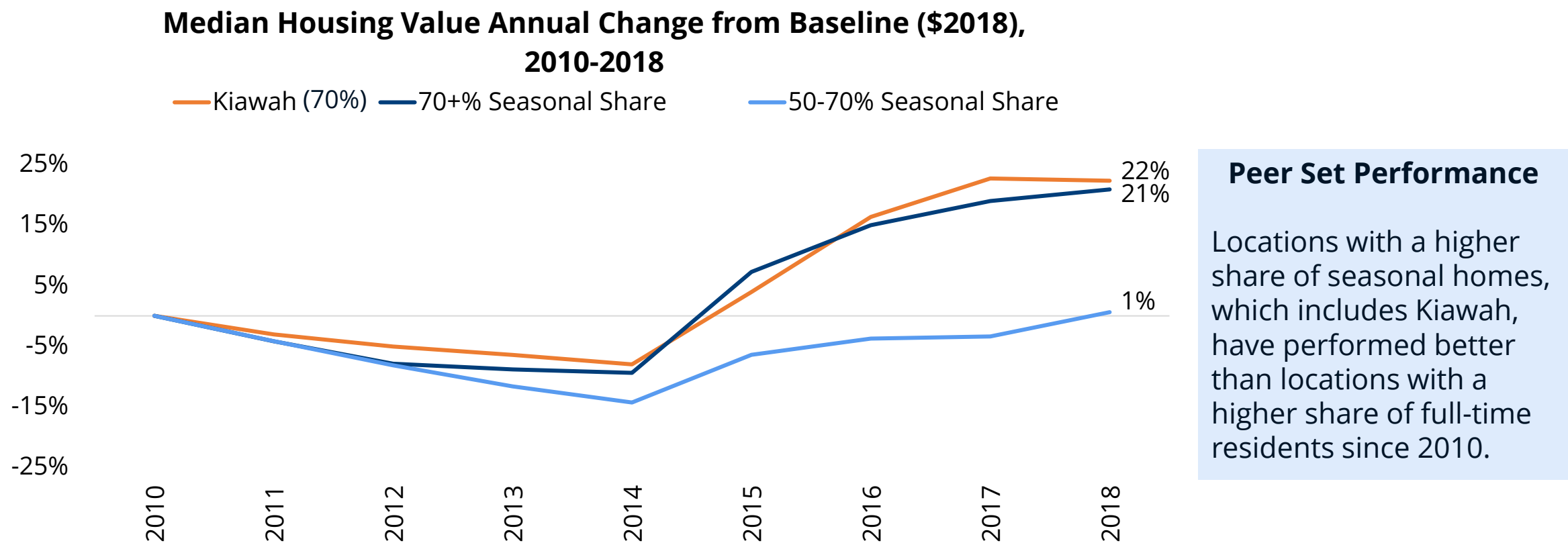
Peer Comparison | Kiawah’s median housing value has remained consistently above its peer communities, with a higher growth rate since the recession.



Note: Median value from ACS is representative of the entire owner-occupied housing market, rather than just the recorded transactions that occur each year. As a result, exact values may vary from other sources shown in this report.

Source: ACS 2010-2018 5-year data, inflation adjusted

Peer Comparison | Kiawah's growth tracks especially closely with its peer locations that have a high (70%+) share of vacation homes.



Note: Median value from ACS is representative of the entire owner-occupied housing market, rather than just the recorded transactions that occur each year. While this pool of data is different from the Kiawah Partners transaction data, the measurements shown here provide a consistent way to compare Kiawah to other housing markets.

Source: ACS 2010-2018 5-year data, inflation adjusted

Physical Assets



Physical Assets – Homes | Key Takeaways

Assessment and Implications

- **Construction costs are high and rising**, suppressing the appeal of undeveloped lots and new construction.
- **Reinvestment volume and values are high and rising**—Avg. permit values have returned to pre-recession levels.
- **Renovations and reinvestment are correlated with higher assessed values**, the value impact being highest for newer properties.
- **Reinvestment is more prevalent in single-family homes** compared to villas, which could pose challenges to the villa market in the long-term.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Construction costs	Low – Hard costs are driven by macroeconomic conditions and costs of labor, and are largely fixed barring changes to the building code, which are unlikely
Permitting and reviews	High – Ease and consistency of permitting through ARB and local jurisdictions, could encourage reinvestment
Homeowner interest	Medium – Town can educate owners and regime managers on impacts of renovation on value; interest may be dampened by poor economic outlook

Homes | Construction costs are higher on Kiawah Island than elsewhere in the region, and costs have steadily increased over time.

**Geographic
Premium:**

+30%

Estimated construction cost premium on Kiawah relative to the Carolinas region*

Driven By...

- Building codes requiring **higher grade materials** (e.g. storm windows)
- High share of non-local **labor**, and cost-of-living adjustments for local labor
- Restrictive **permitting** processes

**Growth
Over Time:**

+25%

Estimated increase in construction costs since 2015

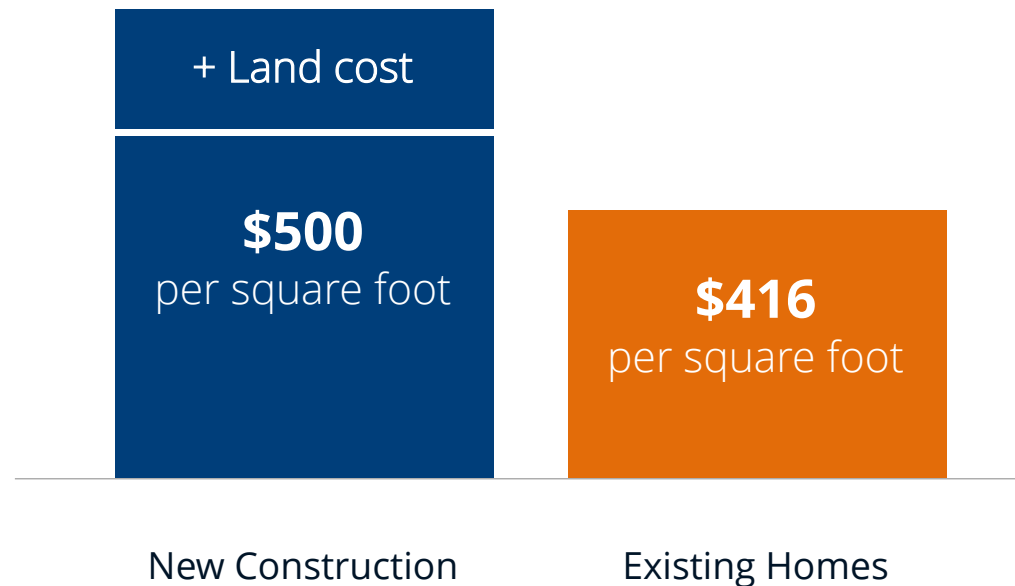
- National increases in **construction demand**
- National increases in **costs of materials**

*Non-coastal locations

Source: Builders active on Kiawah Island
HR&A Advisors, Inc.

Homes | As a result, new construction is relatively expensive compared to the construction costs faced by existing properties.

**Cost of New Construction vs.
Sales Price of Existing Properties, 2020**



Resale prices have remained relatively flat, while construction costs continue to increase.

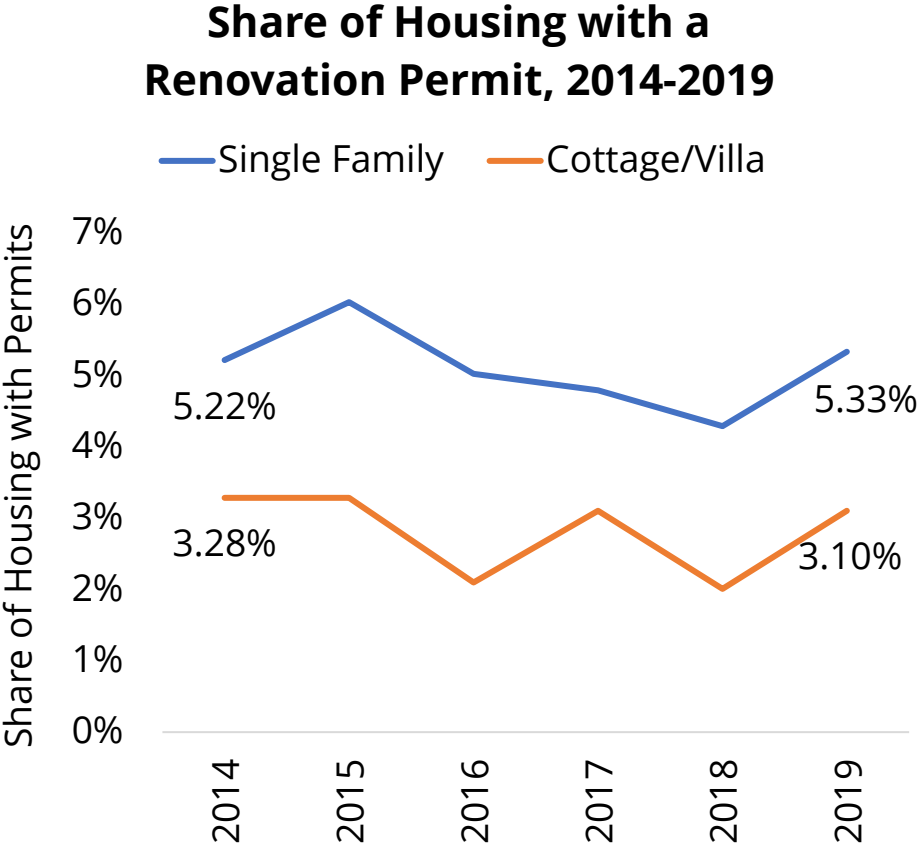
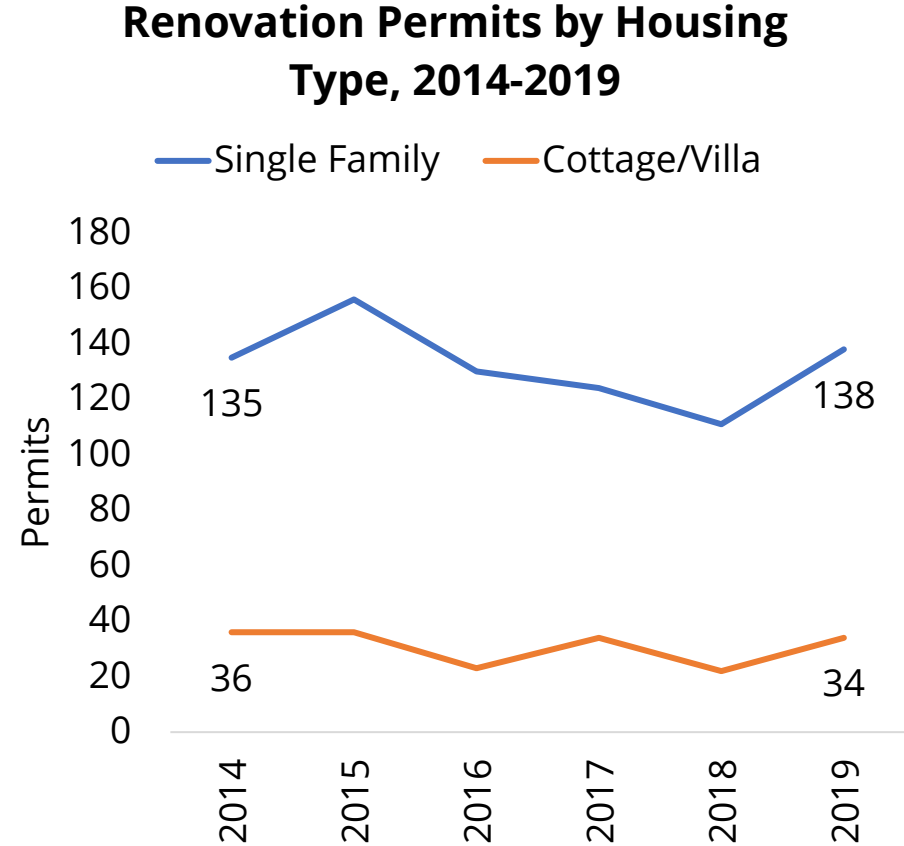
This growing difference may lead to a **decreased rate of new construction and a devaluing of undeveloped lots**. For prospective homebuyers, existing homes may become relatively desirable compared to buying and building upon lots.

Note: New construction cost represents a market average for construction costs, which may vary by home dependent on features, finishes, and design of a home. Existing home pricing based on median sale value derived from Kiawah Partners transactions data.

Source: Builders on Kiawah Island; Kiawah Partners Transaction Data 2019

HR&A Advisors, Inc.

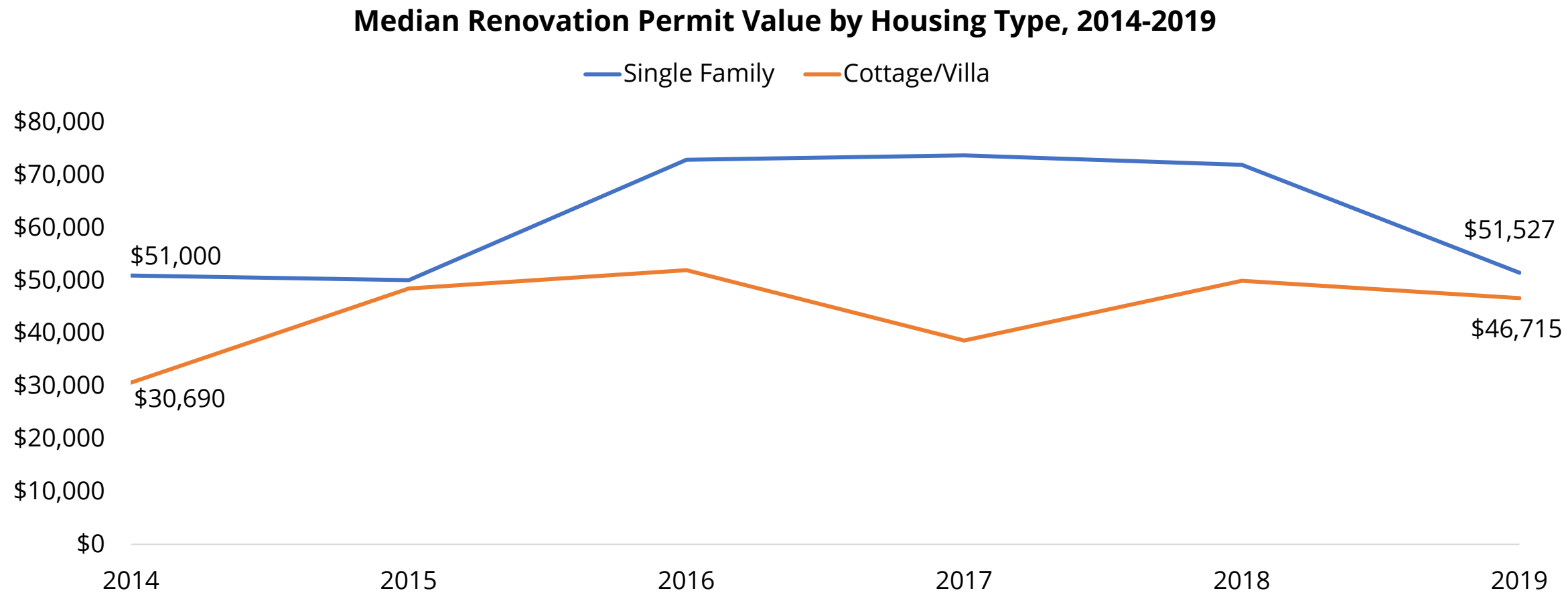
Homes | In the last five years, a greater share of single-family homes have been renovated, compared to villas and cottages.



Reinvestment in villas is more difficult under shared ownership, which **poses challenges for long-term reinvestment** in these properties as they age.

Note: Housing type is available for about 93% of permit data
Source: Town of Kiawah permit data 2013-2019, Charleston County permit data 2005-2013, Kiawah Partners Transaction Data 2005-2019

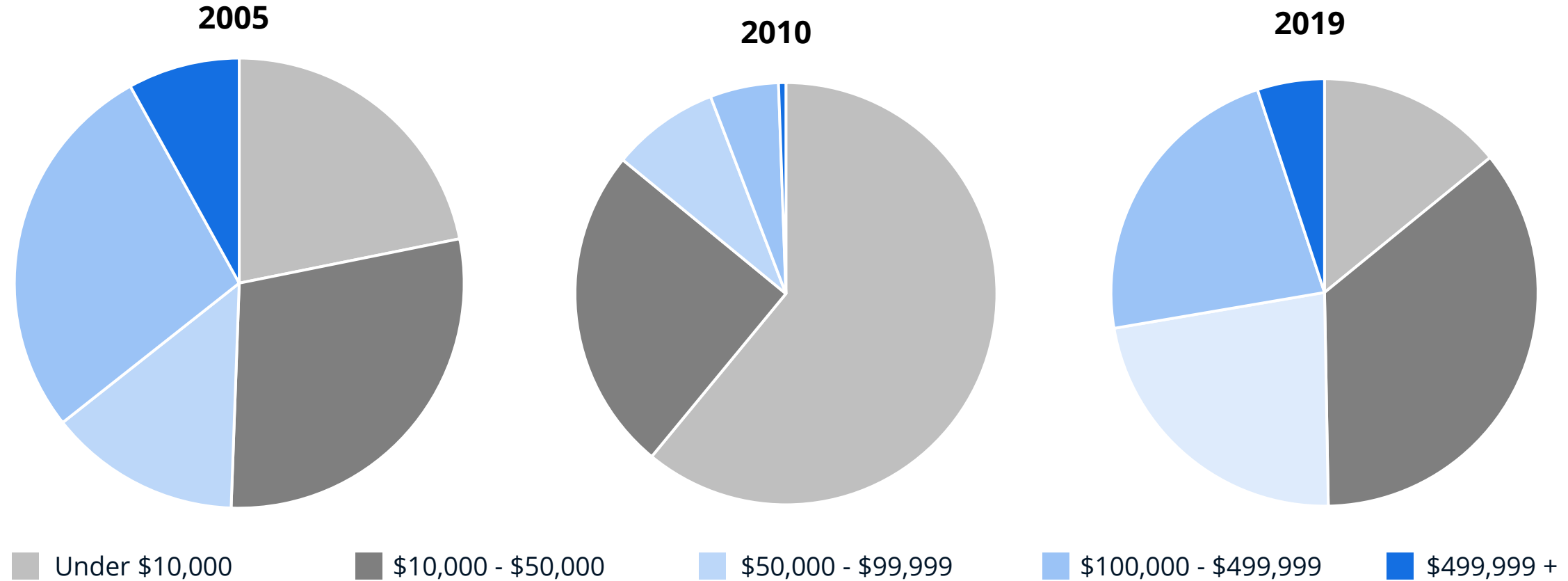
Homes | Single-family properties consistently have higher value permits, but values for cottages and villas have increased by over 50% since 2014.



Note: Permit values are assumed to be a conservative estimate of reinvestment values based on report figures in permit documents.
Source: Town of Kiawah permit data 2013-2019, Charleston County permit data 2005-2013, Kiawah Partners Transaction Data 2005-2019
HR&A Advisors, Inc. Kiawah Island Housing Market Study | 62

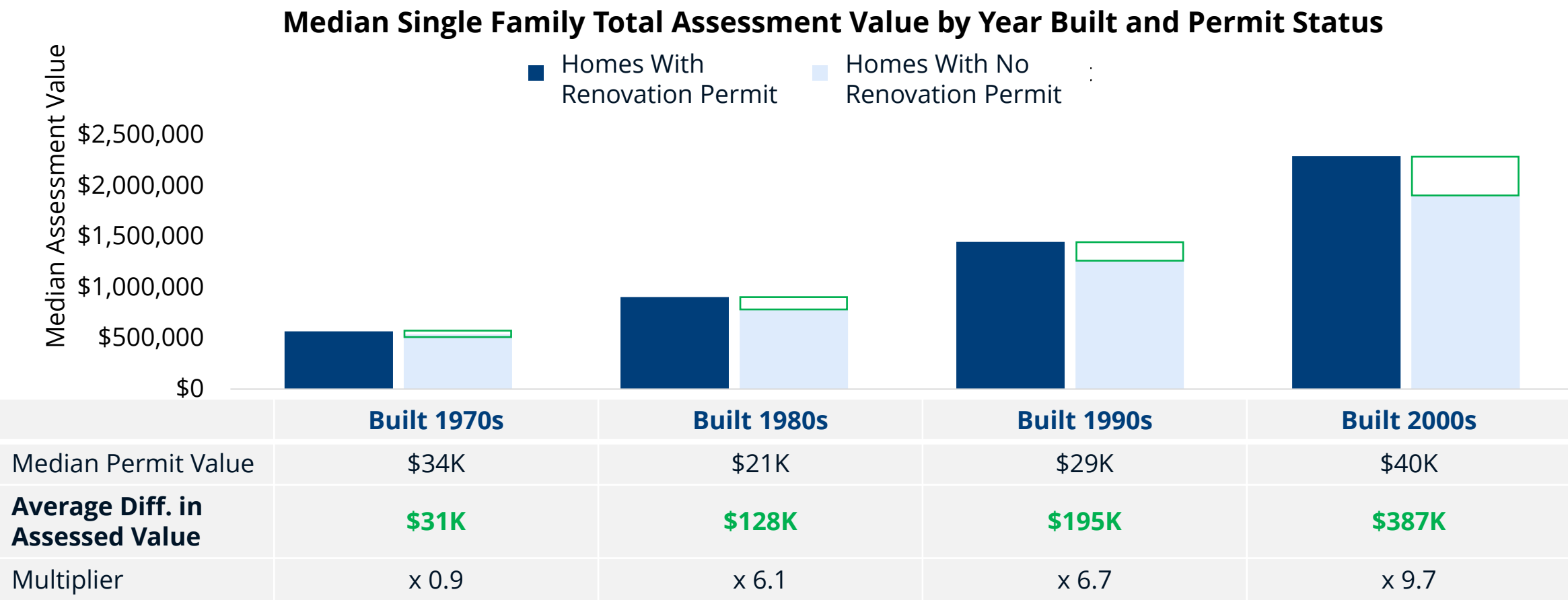
Homes | Renovation permit sizes shifted towards smaller permits during the recession, but have returned to larger value permits in recent years.

Renovation Permits By Value, 2005-2019



Source: Town of Kiawah Permit Data 2013-2019, Charleston County data 2005-2013

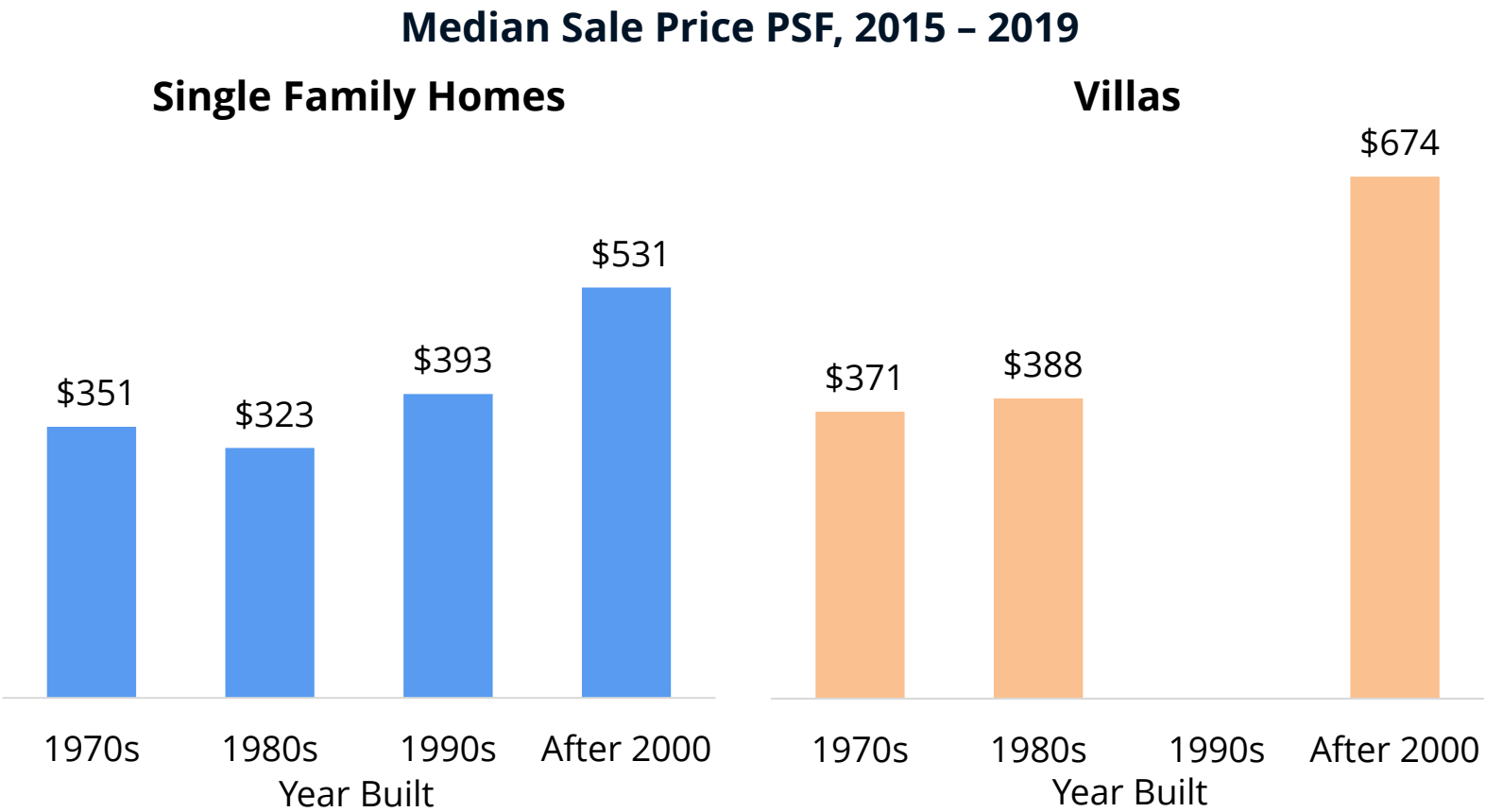
Homes | Properties with renovation permits have higher total assessment values. The bump in assessment value is greater the newer the property.



Note: Renovation permit homes include all homes that have received a permit (regardless of value) from 2005-2019.

Source: Town of Kiawah permit data 2013-2019, Charleston County permit data 2005-2013, Kiawah Parcel Data

Homes | There is a value premium for newer homes across housing types.



Note: There were no villas built on Kiawah in the 1990s. The median value for villas built after 2000 represents just one villa development, the Maritime Villas, with 24 units.

Source: Kiawah Partners Transaction Data 2005-2019, Not Inflation Adjusted

Physical Assets – KICA, Resort and Club Facilities | Key Takeaways

Assessment and Implications

- **Major capital investors on the island are active** and have long-term interests in Kiawah.
- **Recent Resort and Club investments have generally proven popular** and effective; B-Liner restaurant cited as recent positive example.
- **Proposed investments from KICA have had mixed success and support;** residents have been supportive where they see value but rejected some proposed assessments such as for new amenity facilities.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Construction costs	Low – Hard costs are largely fixed, driven by macroeconomic conditions and labor costs
Construction processes	High – Stakeholders control coordination to move projects forward
Investor interest and liquidity	Medium – Resort and Kiawah Partners cash flows and fundraising may be more sensitive to economic headwinds, but long-term outlooks compel sustained investment
Property assessments	Medium – Requires property owner engagement and support

Facilities | There are many positive recent and planned capital investments on Kiawah across different stakeholders.

Kiawah has continued to invest in its physical assets, with a range of recent renovations and additions at the Sandcastle facility, the Resort, and the Beach Club that have been accepted positively by residents and visitors. Planned investments may face delays from COVID-19 and its economic repercussions.

	KICA	Resort	Kiawah Partners
Recent	Sandcastle - \$5 million renovation to elevate the facility to a more club-like aesthetic, including a new pool (2018 – 2019)	West Beach Conference Center – 23,000 SF of pre-event and meeting space (2020) Cougar Point Clubhouse – Renovated clubhouse overlooking the 18 th hole (2019) Roy Barth Tennis Center – Resurfaced 12 existing courts built 10 new courts (2019) Sanctuary Chapel - Wedding ceremony venue (2020)	Beach Club Renovations – Replastered swimming pools and new furniture in pool deck area (2020) Marsh House – Gathering spot with infinity pool, outdoor grill, cocktail bar, and fire pit (2016) B-Liner Restaurant – New restaurant at the Beach Club with James Beard Award-winning chef (2019)
Planned		West Beach Hotel – 150-room luxury beachfront hotel (Development on hold) Cottages at Ocean Course – 4 4-bedroom cottages next to Ocean Course Clubhouse (under construction)	West Beach Club Facility – Oceanfront club facility in partnership with East West Partners (planned 2021) Senior Living Facility – 200-unit senior living center with a movie theater, fitness center, and swimming pools (planned 2020 construction start) Medical Facility – To be built in partnership with MUSC

Physical Assets – Public Infrastructure | Key Takeaways

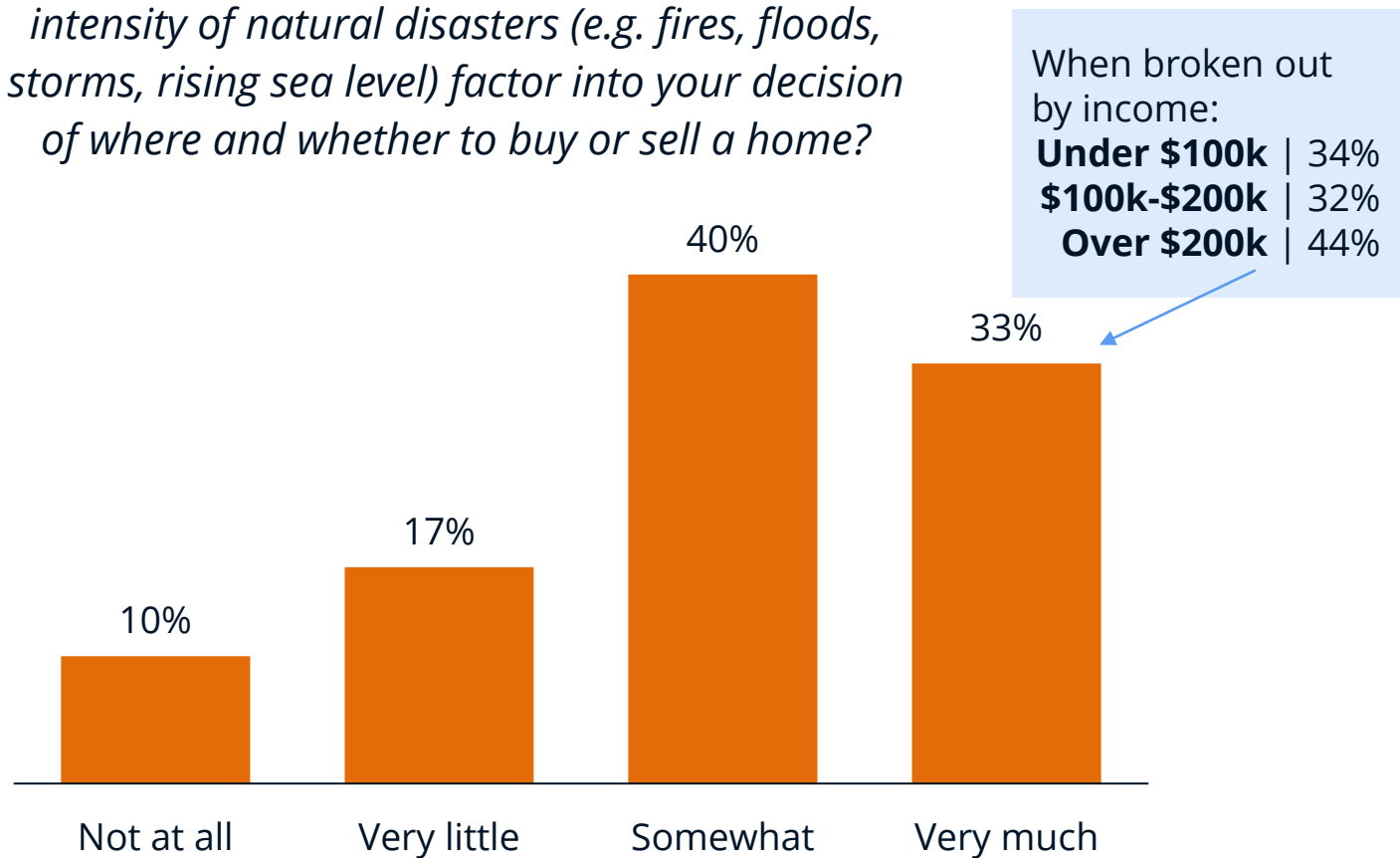
Assessment and Implications

- **Climate impacts are a concern for prospective homebuyers and sellers**, both nationally and locally.
- **Residents overwhelmingly approved an assessment** to invest \$2.9M in stormwater drainage upgrades.
- **Public infrastructure upgrades will build lasting value** for current and future residents and communicating these efforts will position Kiawah well relative to other coastal communities.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Property assessments	Medium – KICA must approve appropriations for infrastructure investment through a public vote
Public perception and faith	High – The Town of Kiawah can address perception challenges by clearly communicating the Town’s and KICA’s efforts to reduce exposure to climate risks

Public Infrastructure | Nationally, concerns about climate change, including flooding and sea level rise, factor into decisions for most home buyers and sellers.

Survey: *How does an increase in the frequency or intensity of natural disasters (e.g. fires, floods, storms, rising sea level) factor into your decision of where and whether to buy or sell a home?*



Key Survey Findings:

- **The perception of climate change risk affects housing values** in coastal communities—not only storm and flooding events themselves
- **Climate change affects home transaction decisions for 80% of respondents from South Carolina**, higher than the national average of 73%
- **Wealthy respondents earning \$200K+ were most concerned** about climate change

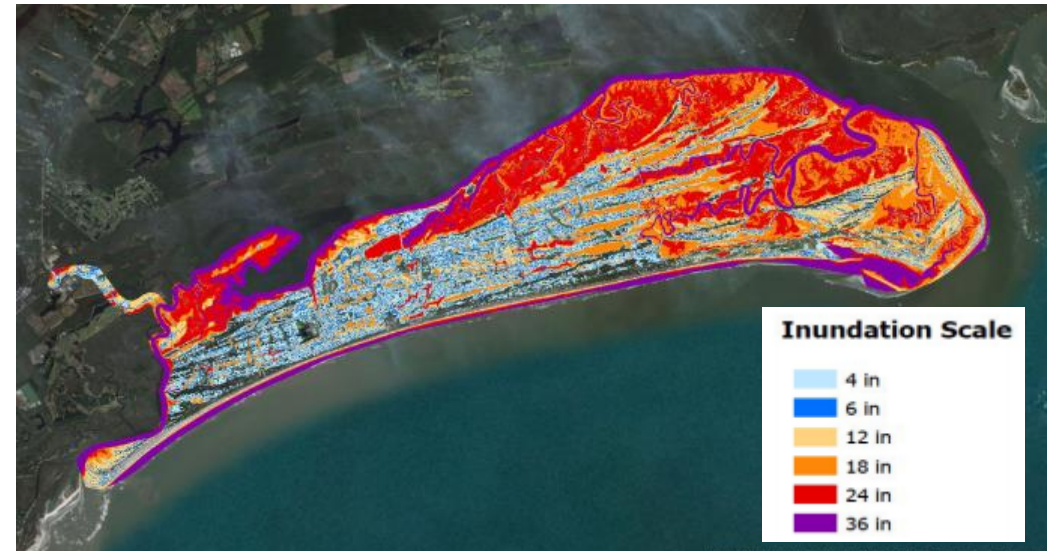
Source: Redfin December 2019 Survey: <https://www.redfin.com/blog/climate-change-concerns-homebuyers/>

Public Infrastructure | Locally, while Kiawah benefits from an accreting beach, flood mitigation and resiliency challenges may affect buyer perceptions.

Regional Impacts in the Charleston Area:

- **One-foot increase in sea level** seen in the last 100 years
- **1.5 – 2.5 feet of sea level rise projected for the next 30 – 50 years**, as an intermediate scenario
- **Several recent major storms and flooding events**, including Hurricanes Joaquin, Matthew, Florence, and Irma

**Kiawah Island 4-Foot Storm Surge
(Tropical Storm Irma 2017)**



Public Infrastructure | TOKI's 2018 flood mitigation study brought together key stakeholders to understand risks and form recommendations.

In the spring of 2017, the Town of Kiawah Island's Environmental Committee formed **a subcommittee to proactively identify how Kiawah is impacted by sea level rise**, assess Kiawah's vulnerabilities, and recommend actions to mitigate future flooding.

Key recommendations from the 2018 Flood Mitigation and Sea Level Rise Adaptation Report include:

- **educational programs** for property owners;
- **coordination** between the Town and KICA;
- identifying **trigger points for action**; and
- creating a **Resilient Specialist position**.

Seven Identified Infrastructure Focus Areas

1. Stormwater management system
2. Road system
3. Water and wastewater services; electrical services
4. Residences and landscapes
5. Beach
6. Salt marshes
7. Groundwater reservoir

Public Infrastructure | 82% of members voted to approve the recent \$2.9 million assessment to optimize KICA's master drainage system for flood mitigation.

The May 2020 vote signals that **Kiawah citizens are supportive of KICA's proactive** efforts to reducing flooding exposure. Communicating these types of investments and the positioning of Kiawah relative to other coastal locations will be key to mitigating potential negative impacts on the housing market resulting from prospective buyers concerns about exposure.

Water Management Initiative – Six Projects

- Increase capacity by adding sections of pipe
- Install a secondary outfall to one of the island's largest drainage basins
- Increase the height of a berm to lessen the frequency of tidal flooding
- Raise a 450-foot section of the KI Parkway and its curb inlets
- Install permanent pumps to support the Vanderhorst gate intersection
- Redesign of 2 small drainage basins impacting Governors Drive

Note: 59% of community members participated in the water management initiative vote.

Source: KICA Flood Mitigation Vote Result

Experience



Experience – Competitive Positioning | Key Takeaways

Assessment and Implications

- **Kiawah serves a wealthier demographic than peer communities and its population skewed older in recent years.** A key factor for Kiawah to address will be attracting future generations of owners. Peers have addressed this same challenge in a number of ways, including Sea Island’s Junior Club Membership for those under 45 years old.
- **The share of full-time residents on Kiawah is lower than peers,** making it more dependent on part-time owners and seasonal users.
- **Compared to local peers, Kiawah offers a competitive range of price points.** Single-family home values on Kiawah are higher than Palmetto Bluff and Sea Pines, and match the range of options on Sea Island.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Demographic makeup	Medium – Demographic makeup is influenced by branding and available product to meet consumer preferences

Competitive Positioning |

HR&A compared Kiawah to three direct peers across demographics, housing market, accessibility, resorts, and amenities.

Direct Peers				
Locations: - Sea Pines, SC - Sea Island, GA - Palmetto Bluff, SC Criteria: - Southern location - Island/water access - Resort location - Gated - Golf				
Location	Beach	Resort Location	Gated	Golf Attraction
Kiawah	X	X	X	X
Sea Island	X	X	X	X
Palmetto Bluff		X	X	X
Sea Pines	X	X	X	X

Competitive Positioning | Kiawah owners stand out as wealthier than direct peers and make up a smaller share of total residents.

- Comparing Kiawah’s owners to its direct peers highlights two significant differences:
- **Income:** Kiawah owners have much higher incomes than peer communities.
 - **Seasonality:** Kiawah has the lowest share of full-time residents, making it more dependent on second homeowners.

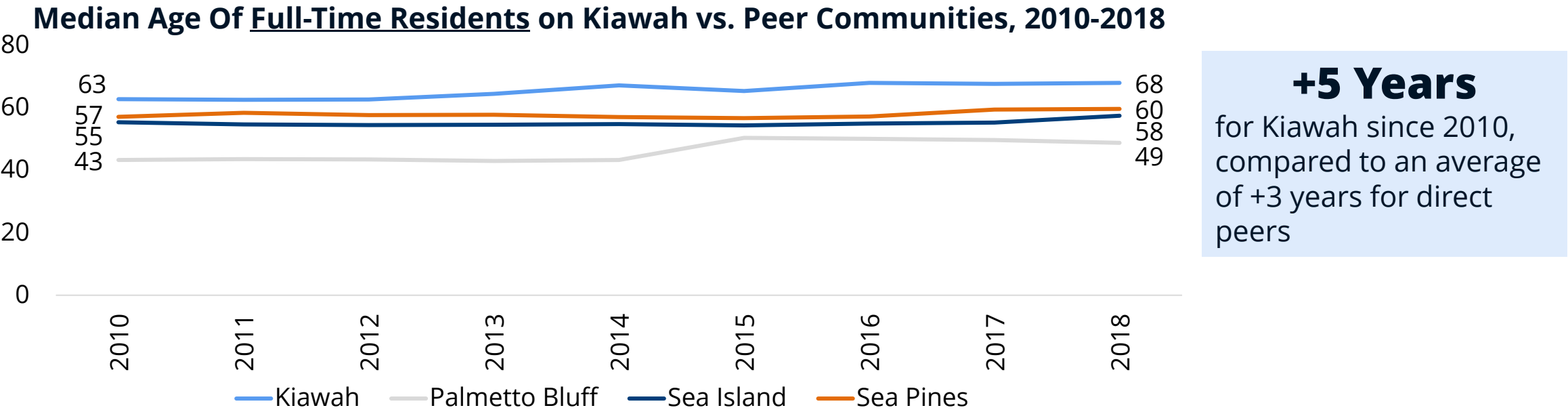
Kiawah Owner Demographics vs. Peer Communities				
Location	Full-Time Households	Share of Full-Time Residents	Median Age of Owners	Average Income of Owners
Kiawah	804	23%	62	\$912,000
Sea Island	363	29%	63	-
Palmetto Bluff	890	82%	59	\$445,000
Sea Pines	3,652	47%	62	-

Note: Sea Pines data from ESRI, which provides a demographic estimate based on ACS 2018 data. The 2017 KIRE Property Owner Survey found an average income of \$912,000 for KI owners, based on 1,015 complete responses.

Source: ACS 2018 5-year estimates, ESRI, 2017 KIRE Property Owner Survey, Palmetto Bluff Property Owner Survey

Competitive Positioning | While the median age of all owners on Kiawah is 62, the median age of full-time residents is 68 and has skewed older in recent years.

Looking at the change in age of Kiawah residents over time highlights that Kiawah’s population is continuing to age. Kiawah’s direct peer populations are also aging and face a similar challenge. Other communities have addressed the increasing median age in several ways, including updating housing product types, amenity offerings, and establishing new club membership options. For example, Sea Island offers a Junior Invitational Membership to its club for those under the age of 45, creating membership opportunities to younger families without requiring a real estate purchase on Sea Island.



Source: ACS 2018 5-year
HR&A Advisors, Inc.

Competitive Positioning | In the last year, Kiawah has had larger sales volume than Sea Island, with slightly older housing stock and lower median sale price PSF.

Kiawah’s median sale price over the last year was below Sea Island’s, with some of the difference resulting from housing type and size. Sea Pines is more similar to Kiawah with regards to STR usage, while Sea Island and Palmetto Bluff have a very low share of housing stock used as STRs.

Kiawah Housing Market vs. Peer Communities

Location	Housing Types	Housing Units	Sales Volume June '19 – May '20	Median Single-Family Sale Price	Median Single-Family Sale Price PSF	Median Year Built of Sales	STR as % of Housing Stock
Kiawah	Single Family, Villas, Cottages	3,516	205	\$1,200,000	\$416	1983	34% (17 % in R1/R2 areas)
Sea Island	Single Family, Condo/ Townhomes	1,245	42	\$2,400,000	\$472	1986	2%
Palmetto Bluff	Single Family, Cottage	1,085	89	\$995,000	\$383	2016	9%
Sea Pines	Single Family, Villas, Condos	7,742	562	\$815,000	-	-	39%

Note: Kiawah sales reflects January-December 2019. Sales volume and sale prices across the peer communities are for June 2019 to May 2020. Sea Pines data represents the entire housing market, not just sold inventory. More detailed Sea Pines pricing information is not available. Kiawah’s STR share is in R1/R2 areas.
Source: ACS 2018 (housing units, STR), ESRI (Sea Pines), Zillow transaction data, Kiawah Partners
HR&A Advisors, Inc.

Kiawah Island Housing Market Study | 78

Competitive Positioning | Kiawah’s range of price points across housing types is generally in line with its peer communities.

Kiawah offers high-end single-family homes priced at nearly \$8 million, but also has entry level product available through its villa and cottage housing stock. A diverse range in housing stock expands the potential buyer pool for the market and helps in attracting new buyers to the island.

Kiawah Housing Market Price Ranges vs. Peer Communities

Location	Housing Types	Low Price June '19 – May '20	High Price June '19 – May '20
Kiawah	Single Family	\$500,000	\$7,800,000
	Villas	\$215,000	\$2,045,000
	Cottages	\$440,000	\$875,000
Sea Island	Single Family	\$380,200	\$8,000,000
	Condo/Townhomes	\$487,500	\$2,270,000
Palmetto Bluff	Single Family	\$305,000	\$4,500,000
Sea Pines	Single Family	\$191,499	\$5,580,000
	Villas/Condos	\$46,000	\$2,250,000

Note: Cottages are differentiated in Kiawah Partners transaction data, but this information is not available on Zillow. Data excludes fractional sales.

Source: Zillow, Kiawah Partners Transaction Data

Experience – Amenities and Environmental Features | Key Takeaways

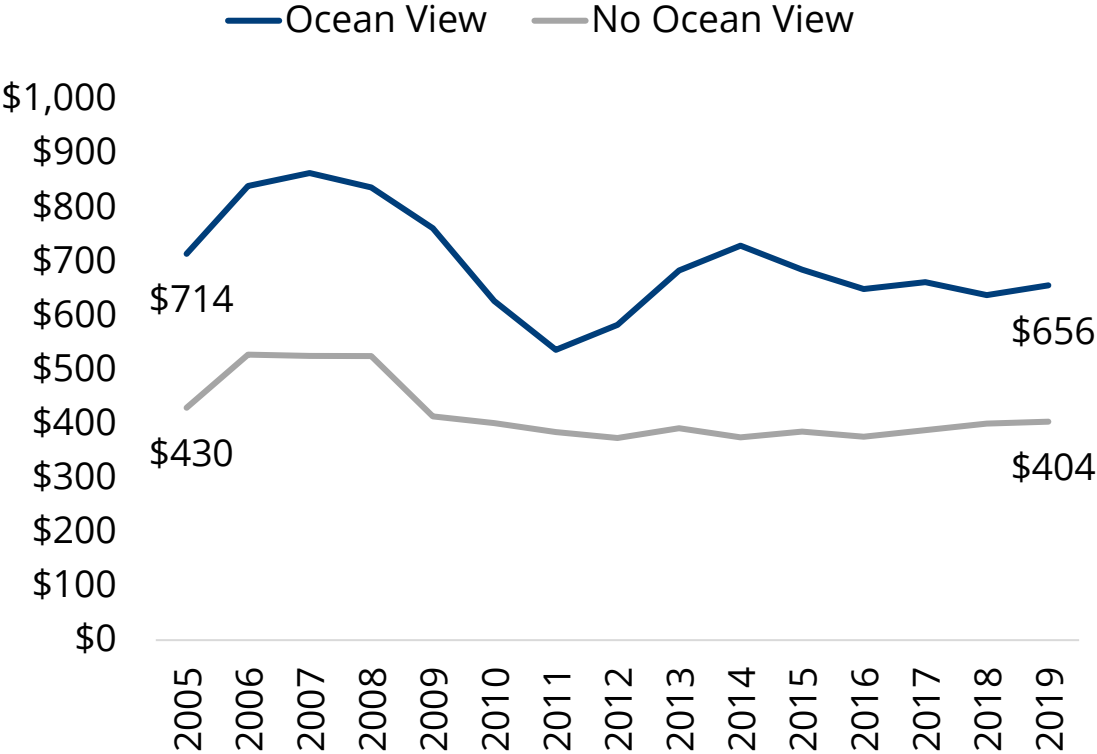
Assessment and Implications

- **At the property level, views and club membership matter** in driving and protecting property value.
- **Kiawah has a unique mix of ecological purity in proximity to city life**—It has twice the beachfront of peers while also being closer to a major airport.
- **Kiawah’s Club and Resort amenities are competitive with peers.** For owners not part of the KI Club or KIGR Governor’s Club, amenity access through KICA is less than peer locations such as Palmetto Bluff or Sea Island.

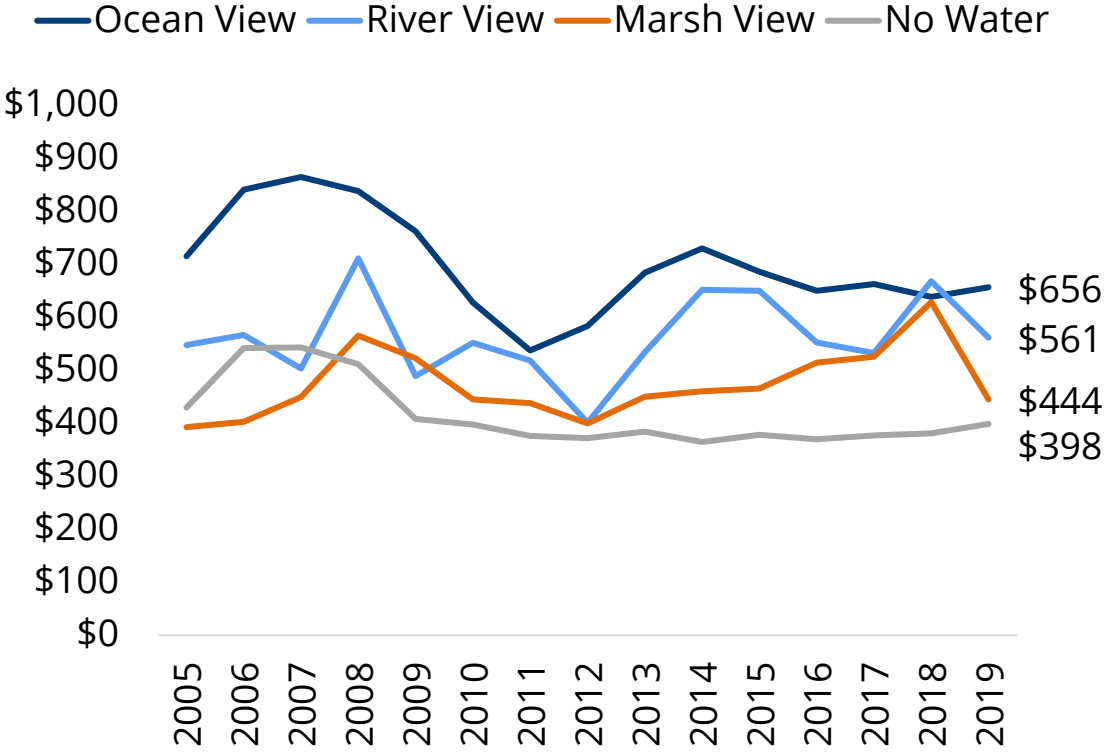
Key Underlying Drivers	Degree and Nature of Stakeholder Control
Views	Low – There are a set number of views, and the appeal of these are entirely dependent on consumer demand. Town can work to preserve beauty of each view.
Club Membership	High – Access to club membership must remain constrained to preserve exclusivity, but the rules of and appeal of membership are entirely in Kiawah Partners’ control
Natural Environment	Medium – While natural conditions are somewhat fixed and difficult for peers to recreate, stakeholder policies can support appearance of natural environment.
Club Amenities	High – Kiawah Partners can directly adjust its club offerings
Resort Amenities	High – Resort can directly adjust Sanctuary offerings

Amenities & Environment | Ocean view properties saw a larger price decline than non-ocean view properties in the recession, but have maintained their premium over time. Marsh and river view properties generate less premium.

Median Sale PSF by Ocean View, 2005-2019



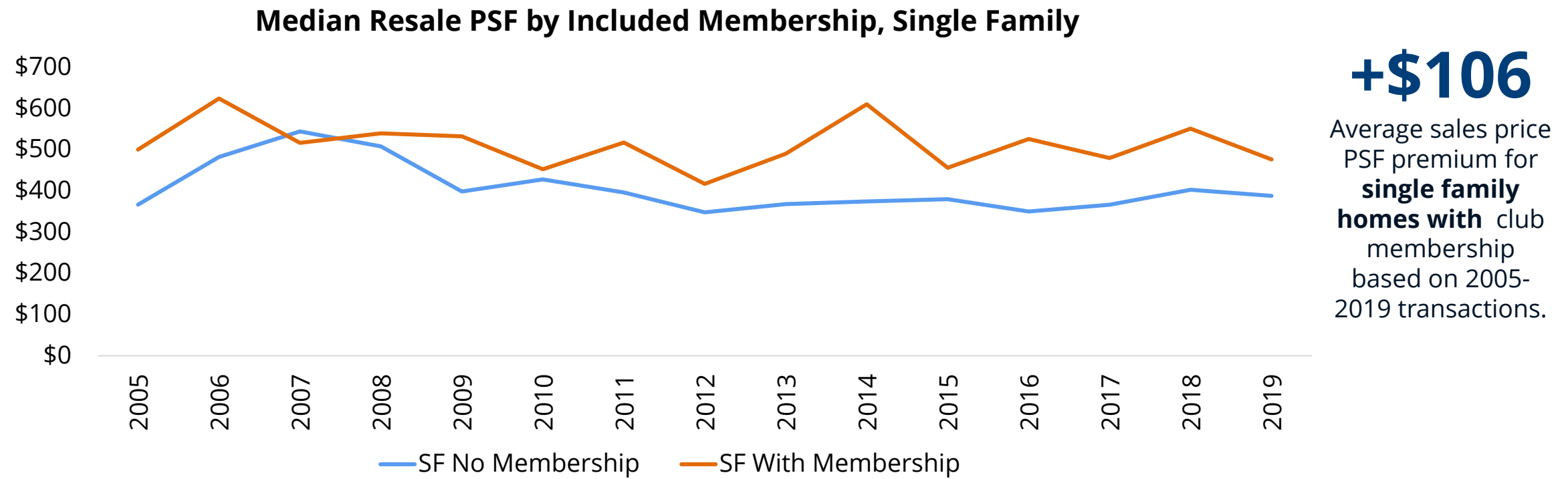
Median Sale PSF by View, 2005-2019



Note: Sale values include all single-family, cottage, and villa housing units
Source: Kiawah Partners Transaction Data 2005-2019, not inflation adjusted
HR&A Advisors, Inc.

Amenities & Environment | The “club membership premium” is evident for resold single-family homes.

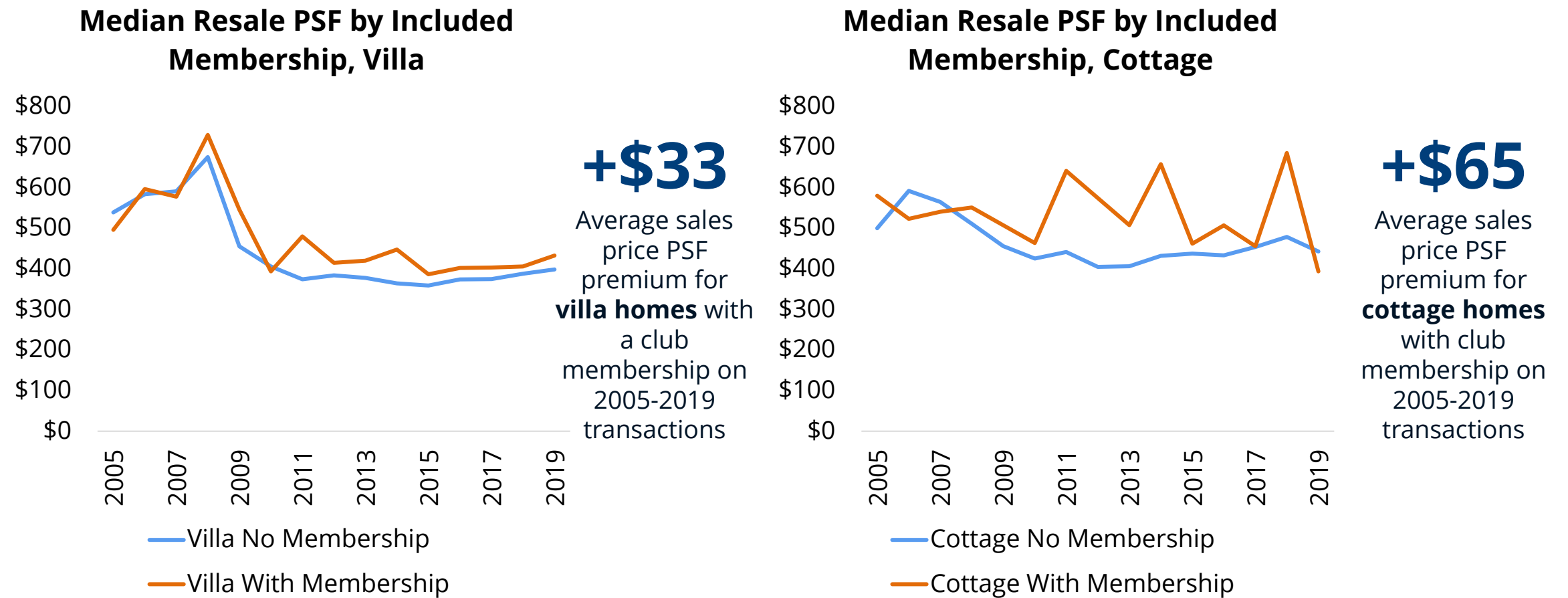
There has consistently been a premium on properties with a Kiawah Island Club membership. There are likely other factors that support this premium, such as views, the location, and age of the home, but there is a clear value differential of over \$100 per square foot on average that highlights the importance of the KI Club in strengthening Kiawah’s housing market.



Note: Pricing premium represents a correlation, though other factors such as age and location may influence the premium.

Source: Kiawah Partners Transaction Data 2005-2019, not inflation adjusted

Amenities & Environment | The “club membership premium,” while evident, is smaller and less predictable for resold villas and cottages.



Note: Pricing premium represents a correlation, though other factors such as age and location may influence the premium.
Source: Kiawah Partners Transaction Data 2005-2019, not inflation adjusted
HR&A Advisors, Inc. Kiawah Island Housing Market Study | 83

Amenities & Environment | Kiawah’s direct peers have comparable natural features, but none provide as much preserved nature and proximity to a major city.

Kiawah is a leader among peer communities in its natural environment, while still offering quick access to Charleston. It boasts 10 miles of beachfront, more than any of its direct peers, and a variety of paths and trails for owners and visitors. Kiawah’s natural habitat and wildlife is preserved by its stakeholders as well as the Kiawah Conservancy, an organization established by Island residents. The conservancy acts as a land trust, and since its establishment in 1997, has protected over 2,000 acres of barrier island habitat for future generations.

Kiawah Natural Environment vs. Peer Communities

Location	Beach Length	Walking/Biking Trails	Environmental Groups	Proximity to City
Kiawah	10 miles	19 miles of walking/biking paths; Kiawah Beachwalker Park, Heron Park Nature Center, multiple viewing towers	Kiawah Conservancy; Kiawah Island Nature Program	Charleston - 26 miles
Sea Island	5 miles	Walking/biking paths	Sea Island Nature Center	Savannah – 88 miles
Palmetto Bluff	N/A*	Walking/biking paths, 120-acre River Road Preserve	Palmetto Bluff Conservancy	Savannah – 25 miles
Sea Pines	5 miles	Sea Pines Forest Preserve, 10 parks on Hilton Head	Turtle Trackers	Savannah – 40 miles

*Palmetto Bluff has waterfront access on lakes and ponds, but no beach.
HR&A Advisors, Inc.

Amenities & Environment | The KI Club has historically been a market leader in amenities.

The Kiawah Island Club amenity offerings remain competitive with its peers, with a variety of facilities and three levels of membership. Club membership structures differ from other locations, some of which require a membership of all property owners, and others that allow non-property owner memberships for particular age groups.

Kiawah Island Club vs. Peer Community Private Clubs

Location	Facilities	Pools	Fitness & Athletics	Additional Offerings	Membership	Notes
Kiawah Island	Beach Club; Marsh House; Cassique & River Course Clubhouses	Junior Olympic pool; salt-water pool; infinity pool	Spa and Fitness center with squash courts, clay tennis courts, kayak dock; 2 top-ranked golf courses	Dining options, ballroom, golf learning center, sporting club, GoKiawah camps, boating, and paddling	3 tiers: Social, Club and/or Golf	Not required with ownership; Only available on select KI properties
Sea Island	The Cloister; Beach Club; Yacht Club	Adult-only pool, bridge pool, family pool	Spa and Fitness Center, 16 tennis courts, bike rentals, basketball court,	Private beach stretch, Sea Strike Bowling Alley, game room, playground, sporting club/hunting preserve	2 tiers: Beach & Sports or Full (includes golf)	Not required with ownership; non-owner options; Jr. membership
Palmetto Bluff	The Boundary; The Lodge	Indoor and outdoor pools; lap pool and recreational pool	Fitness Center, Canoe Club complex, Lawn & Racquet Club, croquet lawns, bike rentals	Equestrian, Bowling Alley, eligibility for Golf, Shooting, and Boat Clubs	2 tiers of golf membership	Required with ownership
Sea Pines	Country Club	Outdoor pool, indoor saltwater pool, children’s pool	Fitness Center, pickleball, bocce, tennis courts	Rotunda for events, social and kids programming	2 tiers: Clubhouse Social or Golf & Tennis	Not required with ownership; Young Professional Under-50

Amenities & Environment | Only Sea Pines has a similar community association entity to Kiawah, the Community Services Associates.

KICA's amenity offerings remain competitive with its peer association at Sea Pines, especially when considering the recently renovated Sandcastle Recreation Facility. However, for owners not part of the KI Club, amenity access is less than peer locations such as Palmetto Bluff, where all owners are members of the private club and have access to all club amenities.

Kiawah Property Owner Association vs. Peer Communities

Location	Facilities	Pools	Other Recreational Amenities	Services	Meeting & Event Space	
Kiawah – KICA	Sandcastle Recreation	Two pools, including adult-only infinity edge	Fitness center with class fitness room, picnic pavilion, playground, seasonal poolside café, 2 boat docks/ramps, kayak/canoe storage and launch	Gate access, maintenance, shuttle	Ballroom with space for 3 meeting rooms	
Sea Pines – CSA	Community Center; Tower Beach	Two outdoor pools for property owners	Picnic pavilion, Gallery for the Artists of Sea Pines, craft room/library	Gate access, maintenance, trolley, recycling facility, mosquito control	Community room and 2 conference rooms	

Amenities & Environment | Kiawah’s direct peers also offer top-class resorts, though Kiawah’s is among the largest and stands out for its golfing options.

The Kiawah Island Golf Resort operates competitively among its peers, offering a 5-star experience with a range of guestroom options, amenities, and dining. Kiawah boasts 5 championship golf courses, compared to 1-3 at its peer community resorts. The planned development of the hotel on West Beach will provide Kiawah with the most resort rooms among its peers once completed.

Kiawah Resort vs. Peer Communities

Location	Resort Name	Size	Special Features (+ Golf, Tennis, Pools, Fitness Centers, Bikes, Spa, Events)	Stars	Golf
Kiawah	Kiawah Island Golf Resort	255 rooms at The Sanctuary	Kayaking, Boating, Art Studio, Archery, 15 dining options	5-star	5 championship courses
Sea Island	The Resort at Sea Island	200 rooms at The Cloister; 58 rooms at The Lodge; 85 rooms at The Spa at Sea Island	Boating, Bowling, Falconry, Shooting, Equestrian, 11 dining options	5-star	3 championship courses
Palmetto Bluff	Montage Palmetto Bluff	170 guestrooms, suites, and cottages at Montage	Yachting, Shooting, Equestrian, Bowling, 8 dining options	5-star	1 championship course
Sea Pines	The Sea Pines Resort	60 rooms at The Inn & Club at Harbour Town	Marina, Equestrian, 3 dining options	4-star	3 championship courses

Brand and Appeal



Brand and Appeal – National Consumer Preferences | Key Takeaways

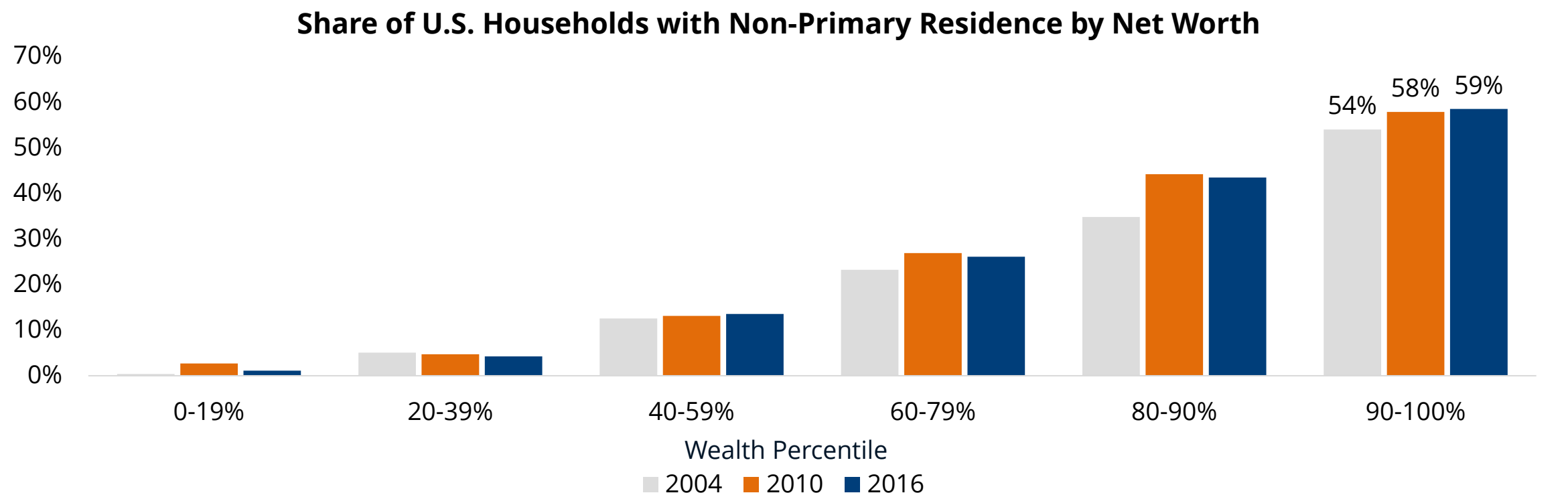
Assessment and Implications

- **The national rate of second home ownership has increased** for the wealthiest households since 2004.
- **The average value of non-primary residences owned by the top decile of wealthiest individuals is \$1M**, similar to current Kiawah single-family values. (In 2016, the top 10% of wealth included those with a net worth of at least \$2.4M).
- **Second home ownership nationally is highest for 55- to 74-year-olds**, matching Kiawah’s current demographics. Since the recession, there has been a national rise in second home ownership for the 35-44 age group, but a national decline among households under 34 years old.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Household wealth	Low – This is driven by macroeconomic forces—but there will likely always be a high-net-worth market
Attractiveness of second homes	Medium – This is shaped in part by tax policies and consumer preferences outside of Kiawah’s control, but Kiawah can take some measures to make second home ownership relatively attractive within the country

Consumer Preferences | Over half of the top 10% of wealthy U.S. households own second homes, with an increasing rate since 2004.

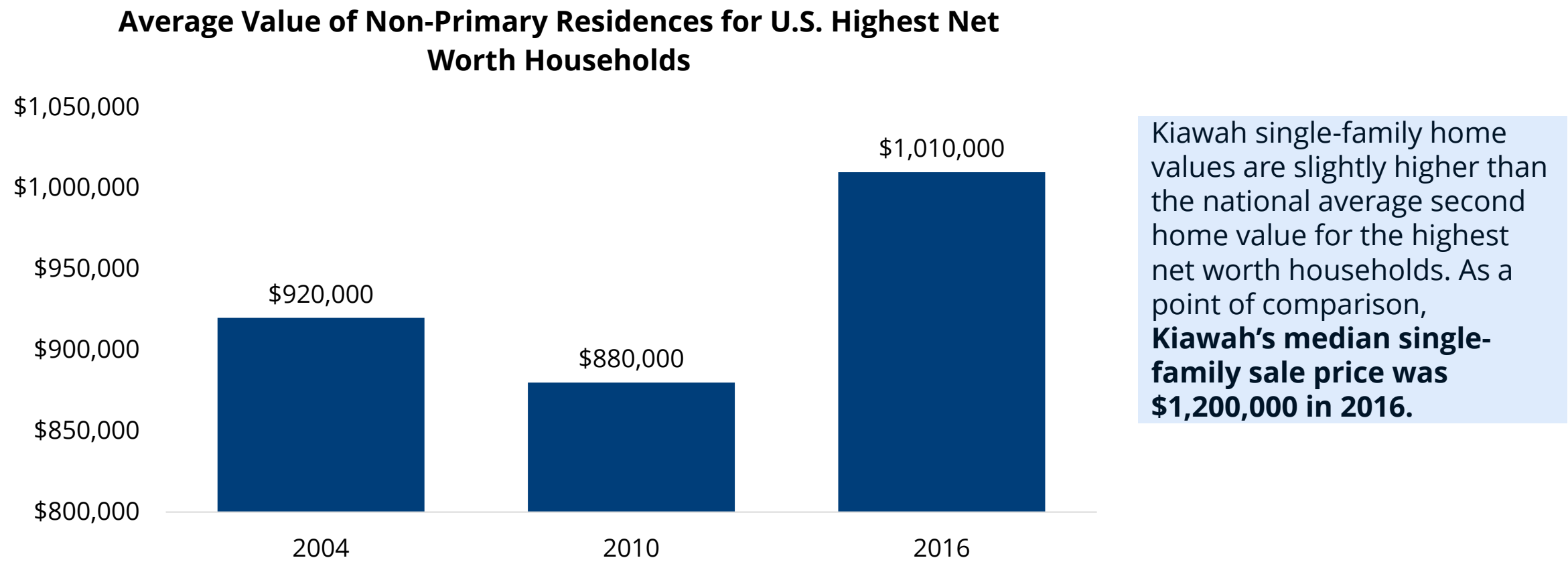
Nationally, second home ownership increases significantly for the highest net worth individuals, the demographic that Kiawah’s housing market typically attracts. This rising national trend in owning a second home is a positive trend for Kiawah’s continued appeal and value in the future.



Note: Households in the 90-100th percentile of net worth nationally made above approximately \$1.8M in 2004, \$2.1M in 2010, and \$2.4M in 2016.

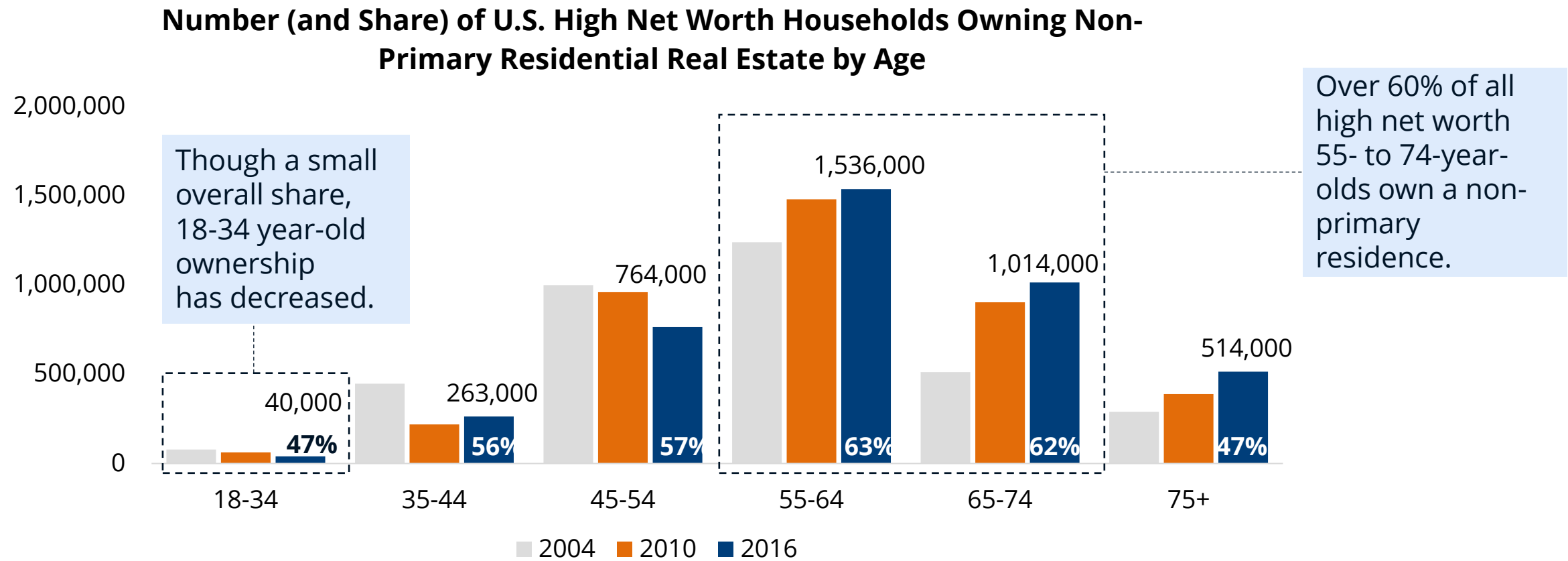
Source: 2004, 2010, 2016 Survey of Consumer Finances

Consumer Preferences | Second home values for the wealthiest U.S. households have increased above pre-recession levels, and are similar to current Kiawah values.



Note: Data only for households in the 90-100th percentile of net worth nationally, which is above approximately \$1.8M in 2004, \$2.1M in 2010, and \$2.4M in 2016.
Source: 2004, 2010, 2016 Survey of Consumer Finances

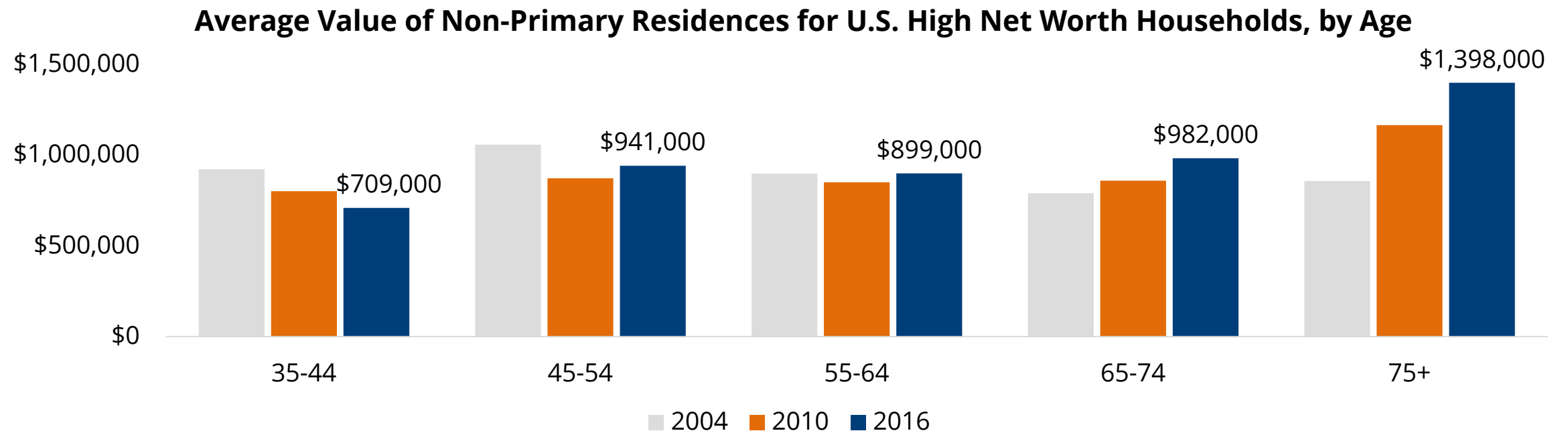
Consumer Preferences | Among the wealthiest U.S. households, second home ownership is highest for 55- to 74-year-olds. Second home ownership nationally has increased for age groups above 55 years old and declined for millennials.



Note: Data only for households in the 90-100th percentile of net worth nationally, which is above approximately \$1.8M in 2004, \$2.1M in 2010, and \$2.4M in 2016.
Source: 2004, 2010, 2016 Survey of Consumer Finances

Consumer Preferences | Nationally, average value of non-primary residences is highest for the oldest high net worth households. Values for the 35- to 54-year-old age group have declined, while all others have increased.

The average value of second homes in the U.S. for high net worth households over 75 years old is approximately \$1.4 million, in line with the median value of single-family homes on Kiawah. For households under 75, average second home values are below \$1 million, which may impact Kiawah’s efforts to attract its next generation of buyers.



Note: Data only for households in the 90-100th percentile of net worth nationally, which is above approximately \$1.8M in 2004, \$2.1M in 2010, and \$2.4M in 2016.
Source: 2004, 2010, 2016 Survey of Consumer Finances

Brand and Appeal – Marketing and Exposure | Key Takeaways

Assessment and Implications

- **Kiawah Partners contributes significantly to advertising efforts** with both general lifestyle marketing and specific brokerage marketing to support housing and development on Kiawah. As the island reaches sellout, KP will presumably reduce its traditional marketing, leaving opportunities for other stakeholders to step in.
- **The short-term rental housing market, which is managed by a range of companies, and the Sanctuary resort provide high visibility for the local housing market** by exposing Kiawah to a national audience of visitors—nearly 170,000 room nights are booked annually across the Sanctuary and short-term rentals.
- **The Town supports tourism-promoting activities** through allocation of the State Accommodation Tax, 30% of which goes to a regional nonprofit partner.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Resort and STR Occupancy	Medium – KIGR can continue investing in Sanctuary quality and the various property managers can increase STR marketing, but success is dependent on consumer demand
Marketing	High – All of Kiawah’s major stakeholders can contribute to the quantity and messaging of marketing materials; Kiawah Partners currently has the greatest capacity in this field, but that will shift as the island approaches sellout

Marketing and Exposure | Kiawah's various stakeholders provide critical marketing and branding that support tourism and the housing market.

Kiawah Partners

- General island lifestyle marketing
- KIRE brokerage marketing for individual listings

KIGR

- General island lifestyle marketing
- Resort / visitor marketing
- Real estate exposure through Sanctuary and STR visitors

Town of Kiawah Island

- Collection and allocation of State Accommodation Tax to promote tourism and visitors

Marketing and Exposure | Kiawah Partners plays a significant role in marketing Kiawah Island.

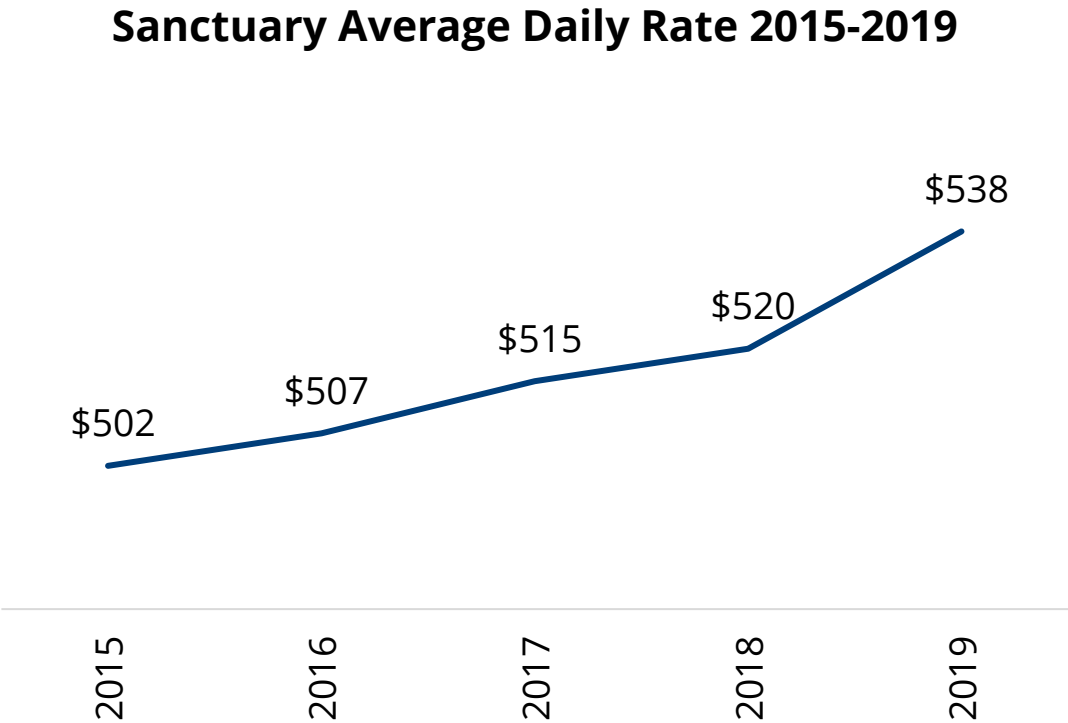
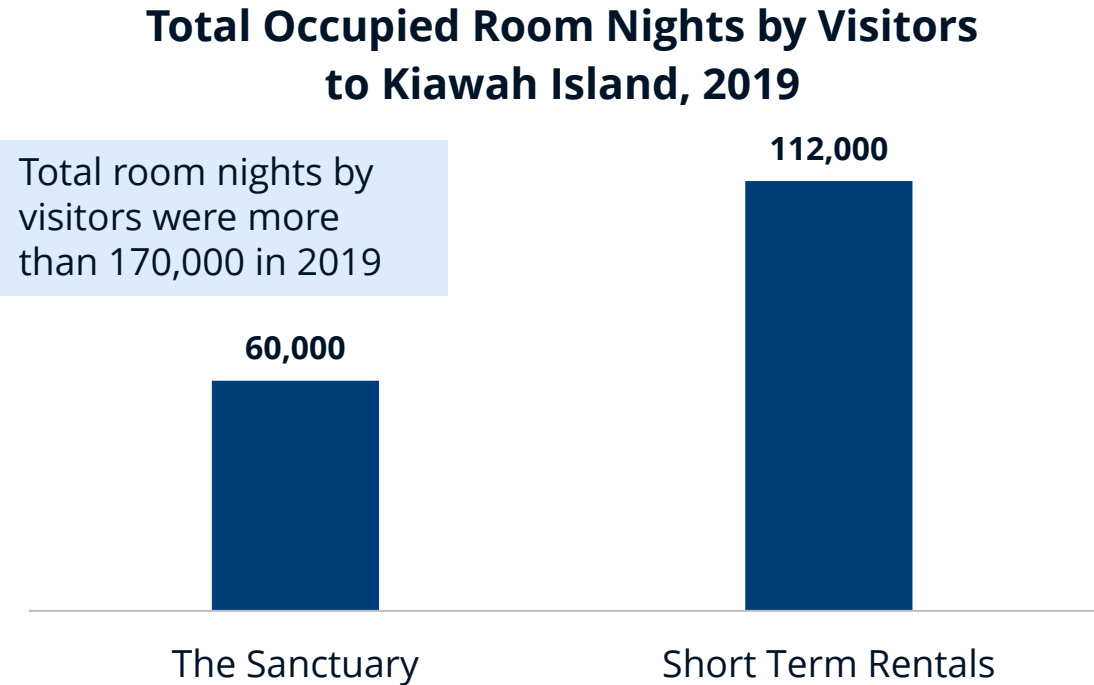
Kiawah Partners maintains two marketing streams: **(1) ongoing general marketing efforts to introduce the island and lifestyle to a broad audience** and **(2) KIRE brokerage marketing for existing home resales and listings**. With a public relations focus on multi-generational living, lifestyle, and nature, Kiawah Partners has recently introduced new Kiawah Island Club and Real Estate email communications, an improved website user experience, and a brokerage marketing restructure.

KP General Lifestyle Marketing	KIRE Brokerage Listings Marketing
Press & Publishing: <i>Forbes, Town & Country, Wealth Magazine, Golf Magazine, Southern Living, etc.</i> Digital Marketing: Premium online sites Island Experiential Events: Offers “discovery stays” through Netjets to target households and invite prospective buyers to KI Club events Off-Island Events: hosts events in “feeder markets” to introduce Kiawah to new groups	Listing: ListHub, Zillow, Realtor, Trulia, etc. On-Island Office Displays: Displayed for visitors Press & Publishing: Luxury print advertisements, Catalogue of Properties mailing Digital Marketing: Social media channels, KIRE website, KIRE Eblast, Mansion Global

As the island reaches sellout, **general marketing of the island by Kiawah Partners is likely to decrease**. However, marketing associated with the KIRE brokerage listings will remain in place.

Marketing and Exposure | Tourism and visitation to the island, through the Sanctuary and short-term rentals, reinforce Kiawah as a desirable destination.

The 255-room, 5-star Sanctuary hotel offers world-class facilities, including The Spa & Salon, a dozen dining options, indoor and outdoor pools, a fitness center, and upscale shopping that maintain Kiawah’s status as a highly desirable destination and extends reputational benefits to the remainder of Kiawah. Together with short term rentals, the Sanctuary provides an additional channel for creating awareness of Kiawah and exposing potential future homebuyers to the island.



Source: KIGR, AirDNA
HR&A Advisors, Inc.

Marketing and Exposure | There is evidence the Sanctuary's exposure of Kiawah to a national audience benefits the local housing market.

After the Sanctuary opened in 2004, Kiawah Island's average annual residential closing volume outperformed the market, increasing by a larger share relative to the remainder of the coastal South Carolina market (+35% on Kiawah compared to +22% elsewhere).

**Total Sales Volume (\$M) by Year
Following Opening of Resort on Kiawah,
Comparison of Kiawah Island vs. Coastal SC Counties**

	2004 Average Annual Volume Prior to Hotel Opening	2005-2007 Average Annual Volume Following Opening	Change in Volume Following Opening
Kiawah Island	\$358	\$483	+35%
Coastal SC Counties*	\$10,148	\$12,365	+22%

The opening of the Sanctuary in 2004 appears to have had a positive impact on Kiawah Island real estate and is representative of the impact the resort has in providing exposure to a wide audience of potential homebuyers.

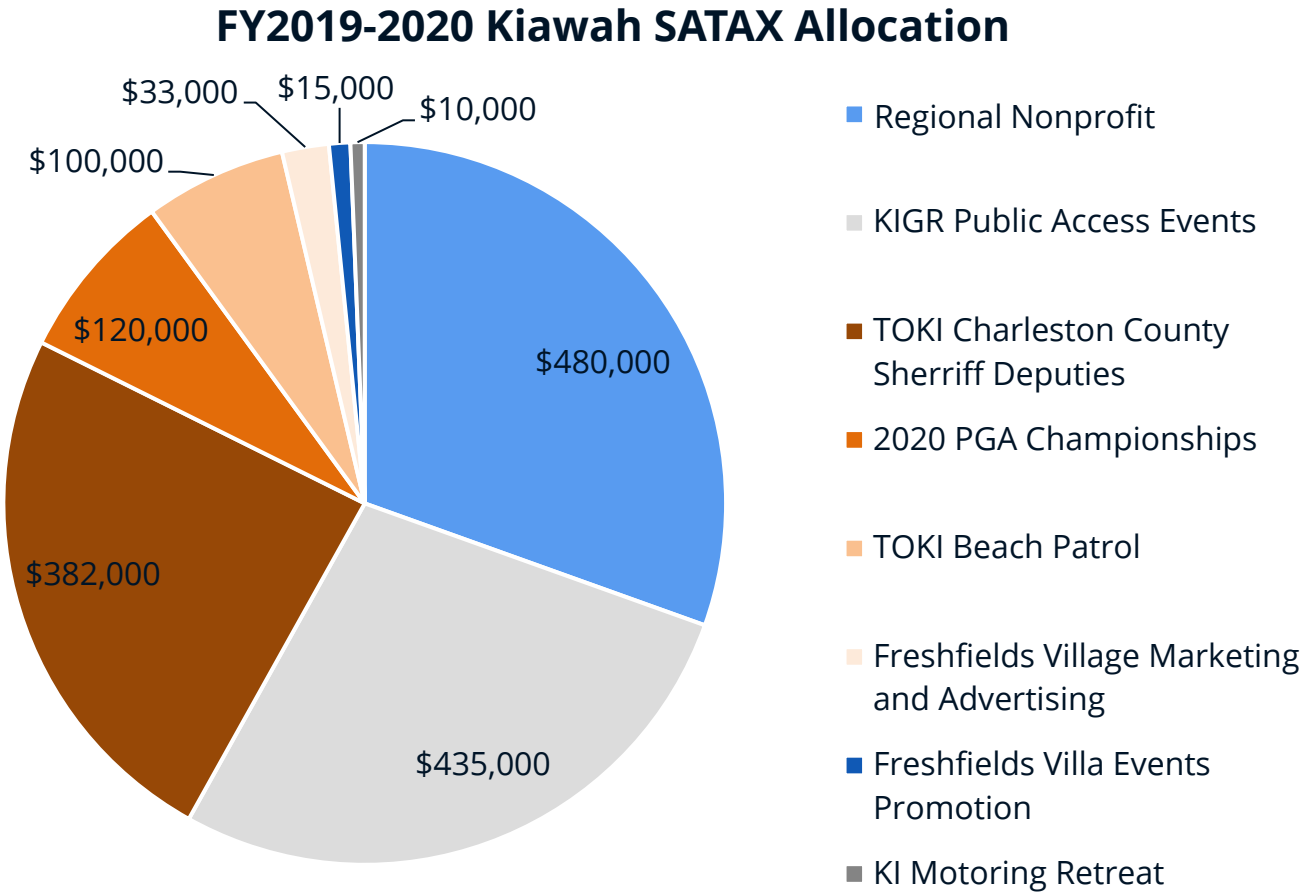
*Coastal South Carolina counties consist of Beaufort, Charleston, Georgetown and Horry Counties.
Source: Permar, Inc.

Marketing and Exposure | The Town also distributes ~\$1.5 million towards marketing Kiawah by allocating annual revenue from the State Accommodation Tax.

The Town of Kiawah Island receives and allocates revenue from the State Accommodations Tax (SATAX) generated by visitors. **30% of SATAX funds must be provided to a nonprofit organization that promotes tourism.** Currently, the Town provides these funds to a regional nonprofit. The remainder is allocated across various tourism-related expenditures, as outlined in state guidelines, to **other entities promoting tourism, programming, and safety.**

In FY2019-2020, Kiawah received \$1.6 million, granting \$480,000 to a regional nonprofit and allocating the additional \$1.1 million to a variety of tourist-promoting organizations on the island.

Source: Town of Kiawah Island
HR&A Advisors, Inc.



Investment Value



Investment Value – Cost of Homeownership | Key Takeaways

Assessment and Implications

- When compared to direct peers in the region, **property taxes and assessments on Kiawah are comparable or lower for full-time residents**. Recent SALT tax deduction changes do not seem to have impacted Kiawah’s market.
- South Carolina’s differentiated and **higher property tax rate for non-residents makes Kiawah less competitive relative to locations outside of South Carolina** in terms of cost of ownership.
- **Residents are selective about assessments**—They are willing to be assessed for things that protect physical assets and drive investment value but are more mixed in their support of KICA amenity investments.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
Property Taxes	Low – Stakeholders have no control over the state’s differentiated tax policy for primary and non-primary residents, or the county’s assigned tax rates
Assessments	Medium – KICA can adjust rates, but must meet member demand for services and amenities
Insurance	Low/Medium –Town can maintain 25% savings for residents’ flood insurance by continuing to receive high National Flood Insurance Program classification

Cost of Homeownership | Taxes, assessments and insurance all influence decision making on where to purchase and how much to spend.

Property Taxes

Primary vs. secondary residence

+

KICA Residential Assessment

+

Insurance

Flood insurance typically not included in home insurance

=

Cost of Homeownership

Cost of Homeownership | Charleston County has one of the lowest property tax rates in the country, but rates are significantly higher for second homeowners due to state policy.

Kiawah Island Effective Property Taxes

Primary Residence: 0.38%

Secondary Residence: 1.38%

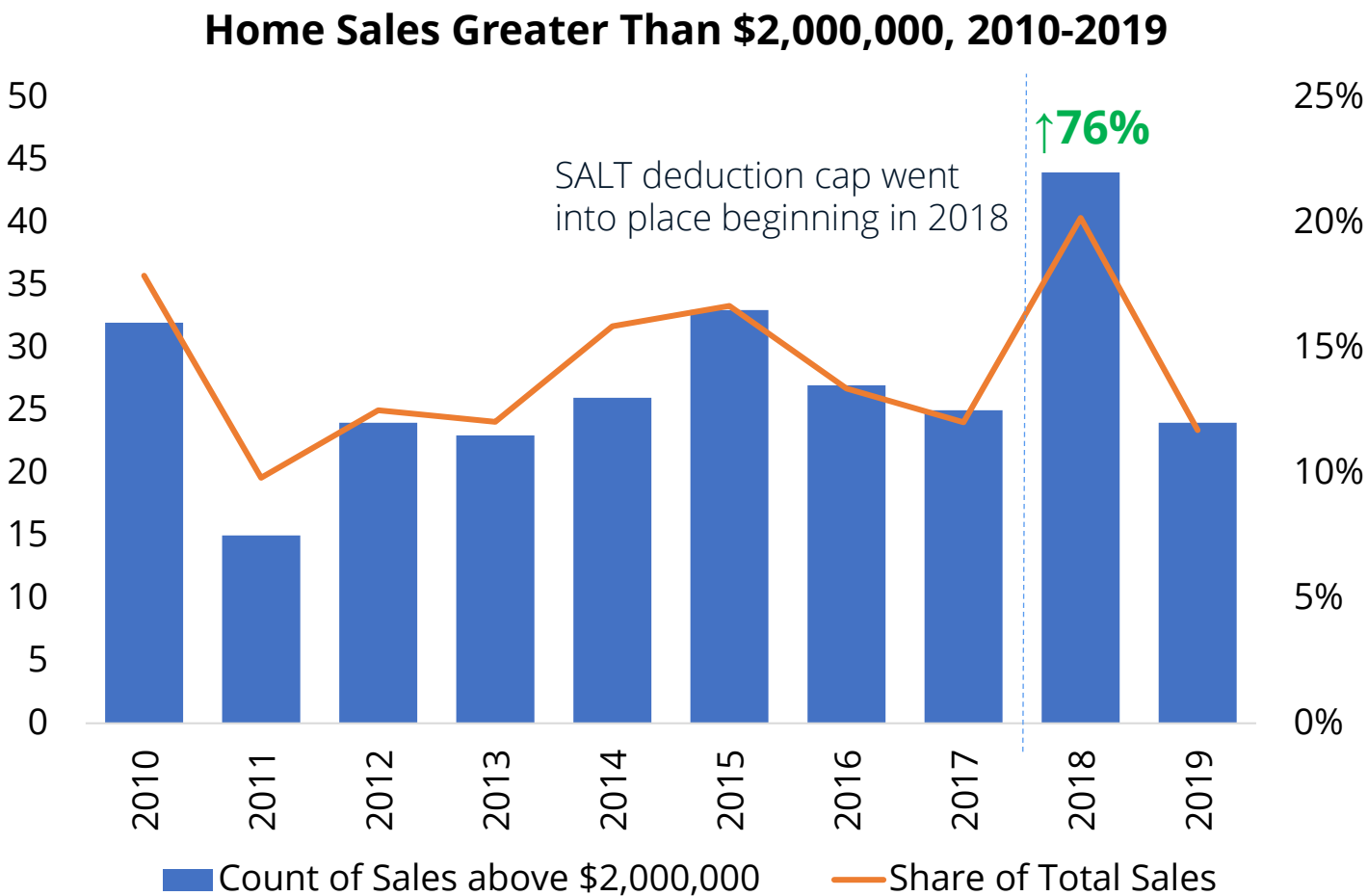
Sample Taxes on Kiawah by Housing Type and Owner Type			
Property Tax	Single-Family	Cottage	Villa
Sample home value	\$1,200,000	\$600,000	\$400,000
Annual taxes as a primary residence	\$4,700	\$2,400	\$1,600
Annual taxes as a secondary residence	\$16,700	\$8,400	\$5,600

In South Carolina, owner-occupied property is assessed differently than secondary homes or rental properties. While low tax rates for primary residences are an advantage for Kiawah, **the higher secondary home property tax rate makes Kiawah less competitive for attracting part-time residents** relative to other states where this disparity does not exist.

Note: Value estimated by the 2019 median sale for each housing type, rounded to the nearest \$100,000. Effective tax rates based on millage rate (.245 mills for first home, .118 for second home), assessment ratios (4% for first home, 6% for second home, and a County reduction (.0009). There is an additional \$50,000 assessment exemption for South Carolina residents over age 65.

Source: Charleston County Tax Estimator, Lincoln Institute of Land Policy

Cost of Homeownership | In Kiawah, the tax changes to SALT deduction do not seem to have made a difference in the sales volume of high-value homes.



The 2017 Tax Cuts and Jobs Act set a \$10,000 maximum state and local tax (SALT) deduction starting in the 2018 tax year (there was previously no limit). This change especially affects high-income households living in high-tax states, like Connecticut, New York and New Jersey.

The SALT cap makes homeownership more expensive and could discourage second home ownership, especially of higher value homes. However, Kiawah sales data shows that sales of high value homes did not decline after the SALT change was in place.

Source: Kiawah Partners Transaction Data 2010-2019
HR&A Advisors, Inc.

Cost of Homeownership | KICA assessments cover public safety, recreational amenities and other resident services.

Kiawah Assessment Totals for Improved and Unimproved Property

2020 Assessment	Improved	Unimproved
General	\$1,922	\$961
Amenity	\$189	\$95
Reserve	\$325	\$163
2019 Supplemental Hurricane Assessment	\$130	\$65
Total (all members)	\$2,566	\$1,284
Vanderhorst Gate (if applicable)	\$100	\$50
Ocean Park and The Preserve (if applicable)	\$1,302	\$651
Total	\$2,666 - \$3,968	\$1,334 - \$1,985

Source: KICA 2020 Annual Assessment Rates, 2019 KICA Community Survey Highlights
HR&A Advisors, Inc.

According to the 2019 KICA Community Survey Highlights, **71% of respondents believe the average \$2,400 KICA assessment is “about right”** given KICA’s overall scope of responsibilities.

There have been 2 other special assessments collected in the last 5 years for storms:

- 2016 Hurricane Matthew: \$125 - \$250
- 2017 Hurricane Irma: \$113 - \$225

Cost of Homeownership | Together, Kiawah’s property tax rates and assessment values are comparable to or lower than those of most of its direct peers for primary residents.

While property tax rates for a primary home on Kiawah are lower than any of its direct peers or sample Northeast peer locations, its second home rates are less competitive with peer locations—like Sea Island—that do not have this distinction.

Total Cost of Ownership for Kiawah and Select Peer Communities

	Kiawah	Sea Pines	Sea Island	Palmetto Bluff	Ortley Beach, NJ	Martha’s Vineyard, MA (W. Tisbury)
Sample Home Value	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Property Tax (primary – secondary)	\$3,900 - \$13,900	\$5,000 - \$14,300	\$10,500	\$6,500 - \$16,500	\$18,900	\$6,200
Assessment	\$2,600+	\$1,100+	\$14,100+	\$8,800+	N/A	N/A
Cost of Ownership	\$6,500 - \$16,500+	\$6,100 - \$15,400+	\$24,600+	\$15,300 - \$25,300+	\$18,900	\$6,200

Note: Sea Island and Palmetto Bluff assessment includes club fees, since all owners are club members. Sea Island has an initiation fee of \$75-100,000 based on membership type, along with an annual fee. Palmetto Bluff has a \$20,000 joining fee and annual fees include membership in the Palmetto Bluff Club and assessment for the Palmetto Bluff Preservation Trust.

Source: Charleston County Tax Estimator, Beaufort County Tax Estimator, Glynn County, Borough of Stone Harbor, Martha’s Vineyard Buyer Agents

HR&A Advisors, Inc. Kiawah Island Housing Market Study | 106

Cost of Homeownership | Insurance costs can drive up the annual cost of homeownership on Kiawah, though these are not in the control of local jurisdictions.

Home Insurance

Home insurance rates on Kiawah vary largely based on factors like the **age of the home, age of the roof, and distance from the ocean**. They typically include wind/hurricane coverage, but **not flood insurance**. Homes built in the late 80's or early 90's with their **original roof often face the highest coverage rates**. Secondary homes often have lower premiums due to lower personal property coverage.

Flood Insurance

Flood insurance rates can vary largely by the location of the home. The Town of Kiawah Island participates in the National Flood Insurance Program and was awarded a classification rating of 5, which **qualifies flood insurance policyholders for a ~25% savings**.

Home insurance on Kiawah typically **costs about .5% - 1% of the unit's value**.

Ranges for 2019 median units:

Villa: \$2,000 - \$3,500

Cottage: \$3,000 - \$5,500

Single-Family Resale: \$6,000 - \$12,000

Single-Family New Construction: \$11,000 - \$22,000 (up to \$40,000 for the most expensive homes on Kiawah)

Based on FEMA National Flood Insurance Program data, the **average total flood insurance cost on Kiawah Island was \$862** in 2019.

Source: Federal Insurance & Mitigation Administration National Flood Insurance Program (FIMA NFIP) Redacted Policies Dataset, Dunes Insurance, V Home Insurance

Investment Value – Short-Term Rentals | Key Takeaways

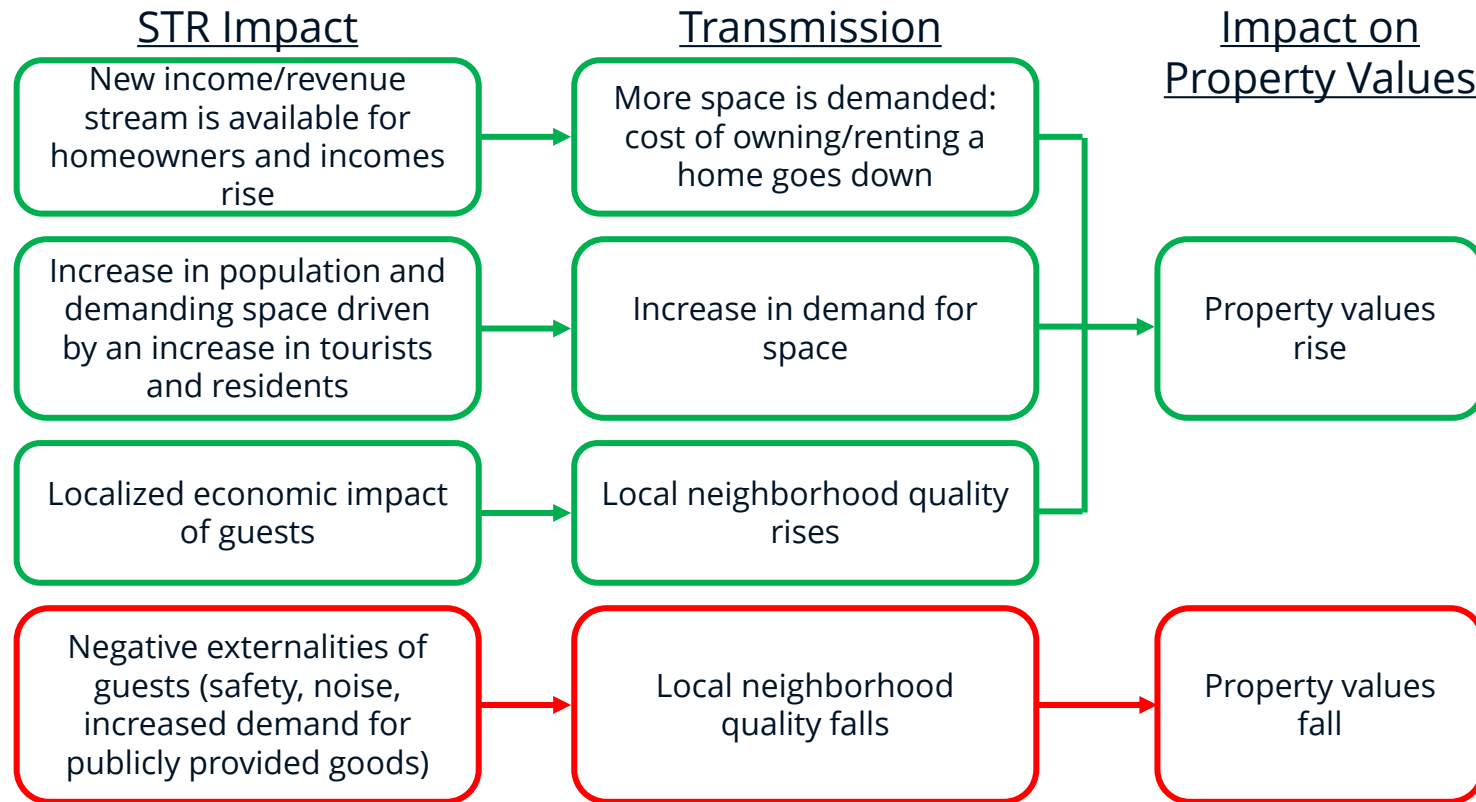
Assessment and Implications

- The share of single-family homes used as STRs has been consistent over time (15% in 2002 vs. 17% in 2019).
- **Home prices on Kiawah do not support purchases strictly as STR investments**, with the possible exception of some 1- and 2- bedroom villas. Market pricing is driven by the residential market.
- Value impact: For **villa and cottage neighborhoods, no correlation exists between share of STRs and home value**. For predominantly **single-family neighborhoods, a higher share of STRs is slightly correlated to decreased home value**, though other factors, like housing age, may also influence values.
- STRs do generate supplementary income for owners that **indirectly supports housing prices across the broader market**. As an example, single-family STRs generate an average of \$81,000 in gross revenue annually, which allows prospective owners to purchase more expensive homes and thereby expand potential buyer pools.
- **There is no indication that Kiawah’s STR cap threshold is impacting current property values negatively**. Because the total share of STRs has not hit the island’s 20% cap threshold, it is not possible to know the value impact of a future constricted supply of Kiawah if the cap were to be met.

Key Underlying Drivers	Degree and Nature of Stakeholder Control
STR Permits	High – Town sets an STR cap
STR Revenue	Low – Dependent on size and location of homes

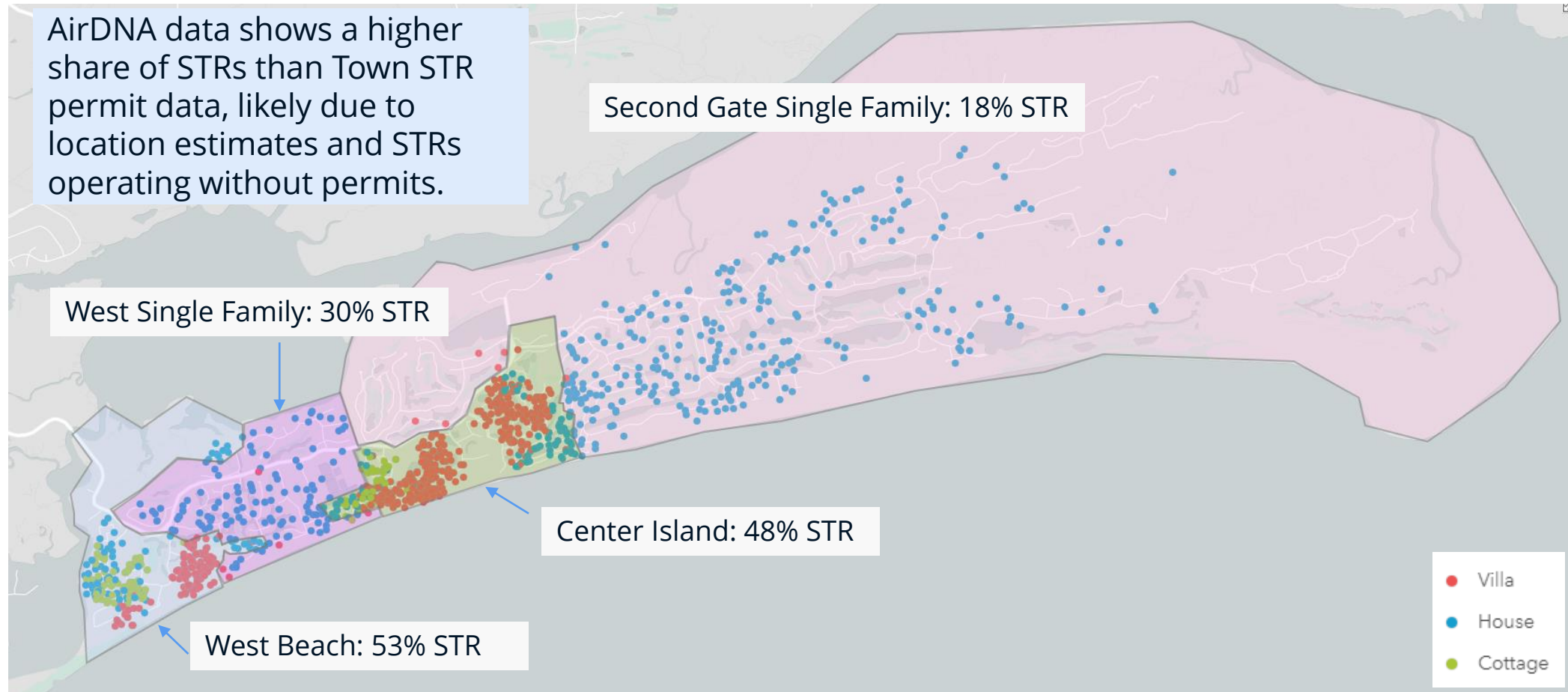
Short-Term Rentals | HR&A conducted an analysis of Kiawah's STR market to understand their influence on local housing conditions.

Impact of STR Activity on Housing Prices



STRs create both positive and negative impacts that can influence home values in locations where they are prevalent. While national research on the impact of STRs is mixed and dependent on market location, **STRs can support property values so long as negative externalities such as reduced safety, increased noise, or increased use of public goods do not overcome identified benefits.**

Short-Term Rentals | Current Town policy allows for up to 20% of homes in single family areas (zoned R-1 and R-2) to be used as STRs.

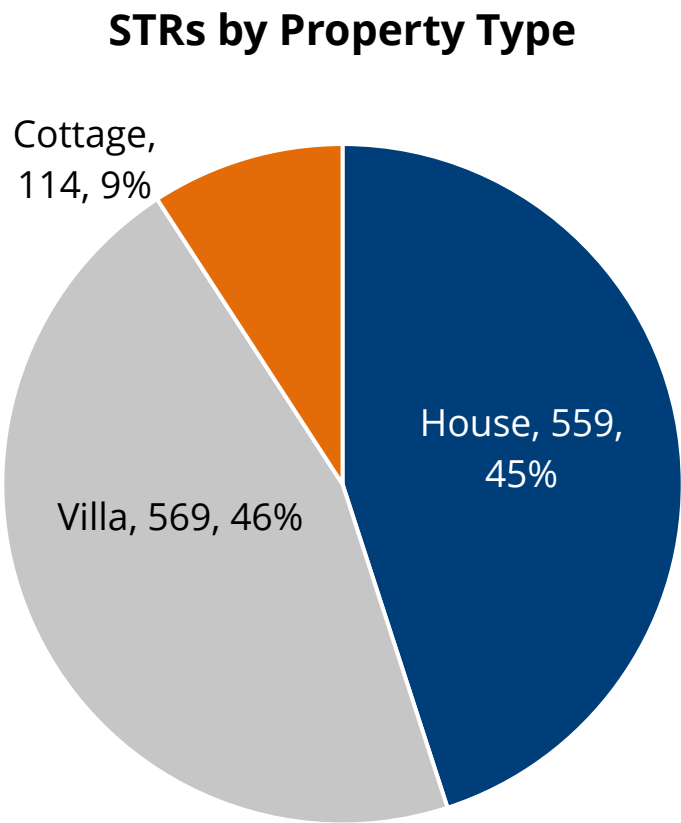


Note: Include STRs with reservations for more than 14 days/year, with a calendar that has been updated between April 2019 and March 2020. Based on AirDNA data, there are ~1,242 active STRs on Kiawah that are advertised on online platforms such as Airbnb and VRBO.

Source: AirDNA, Town of Kiawah STR Permit Data, HR&A analysis

HR&A Advisors, Inc.

Short-Term Rentals | In villa and cottage neighborhoods, where there is no cap in place, STR usage is more prevalent.

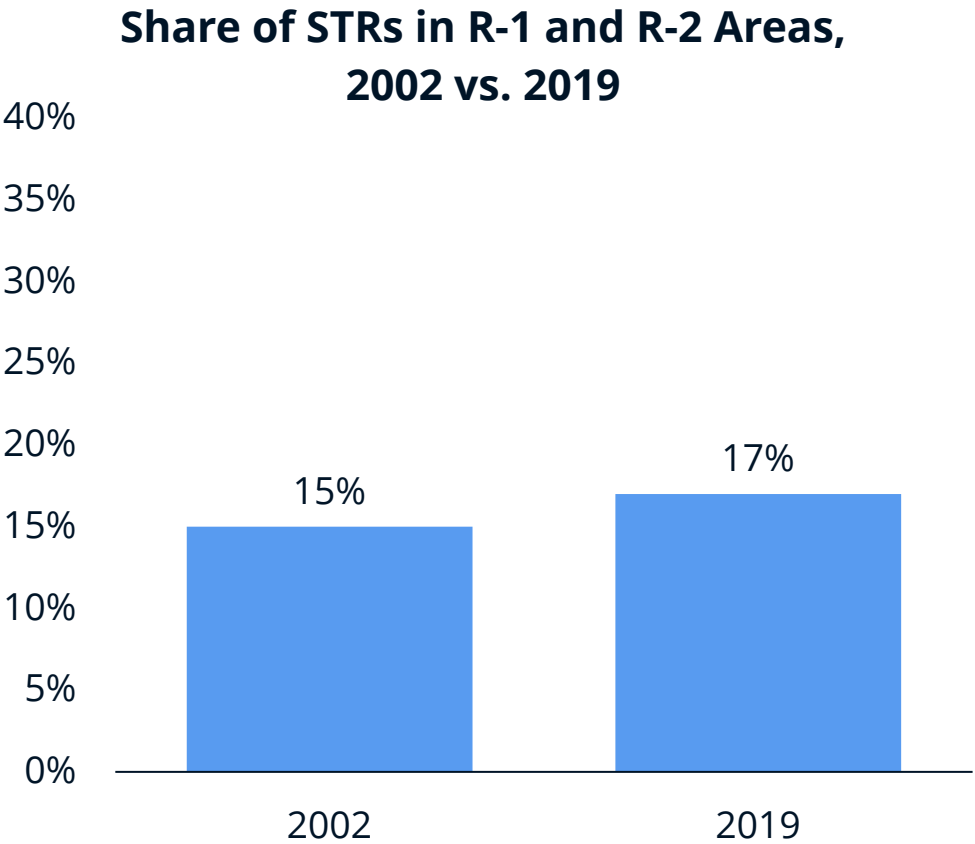


Single family homes make up approximately 70% of Kiawah’s housing units but only 45% of active STRs.

Note: “Active” refers to STRs with reservations for more than 14 days/year, with a calendar that has been updated between April 2019 and March 2020. Based on AirDNA data, there are ~1,242 active STRs on Kiawah that are advertised on online platforms such as Airbnb and VRBO.

Source: AirDNA, Kiawah Parcel Data, HR&A

Short-Term Rentals | The STR share has been stable since the early 2000's, despite significant changes to the industry, and has not reached 20% in R-1 and R-2 areas.

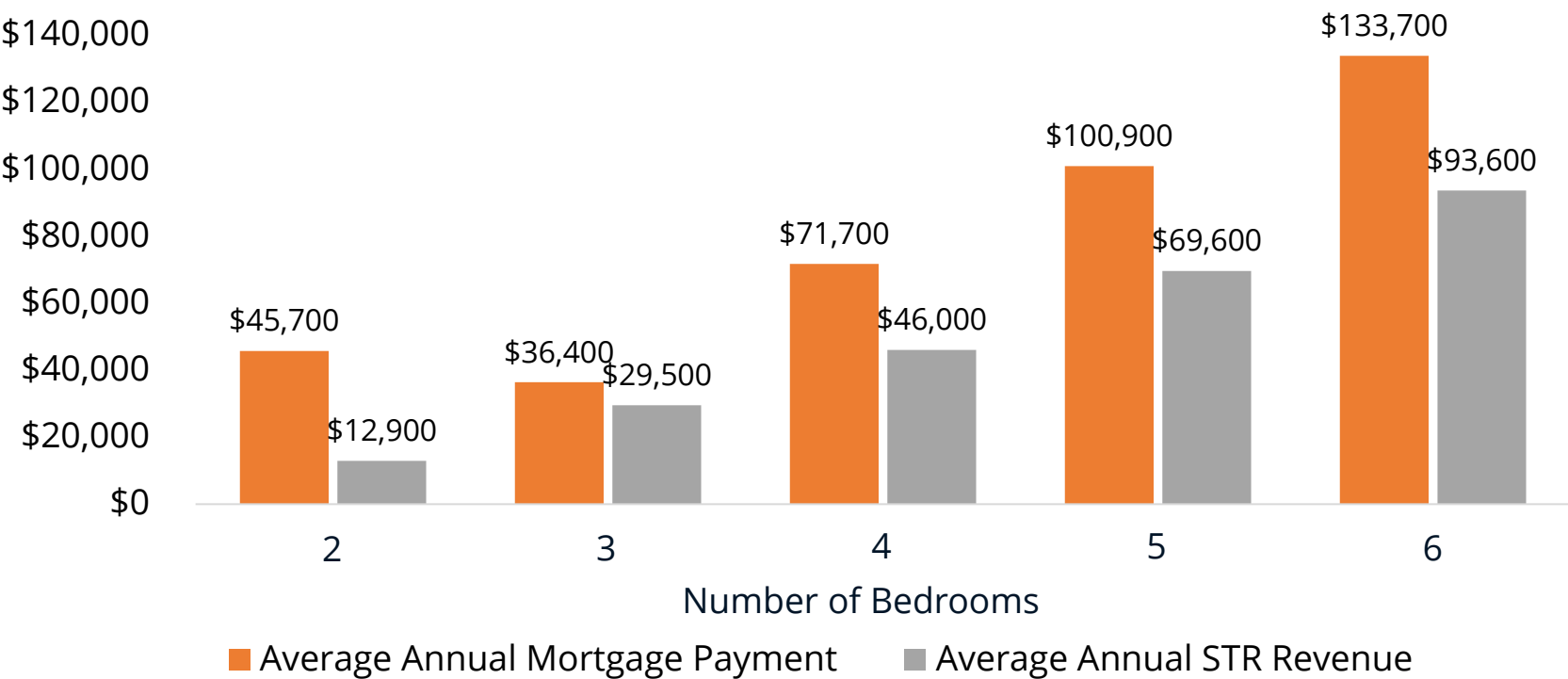


Because the 20% cap has not yet been reached, it is not possible to know definitively the extent to which restriction on STRs could impact value. However, HR&A's analysis examined current market dynamics to understand STR influence.

Note: Kiawah Island's 2002 STR Report reports the share of STRs in R-1. The 2019 share is across R-1 and R-2, based on Town Permit Data
Source: Town of Kiawah STR Permit Data, Town of Kiawah 2002 STR Report

Short-Term Rentals | Market dynamics discourage STR investment ownership, with an average annual mortgage exceeding the average annual revenues for STRs.

2019 Average Home Mortgage Payment vs. STR Average Annual Revenue for Single Family Homes, by Number of Bedrooms

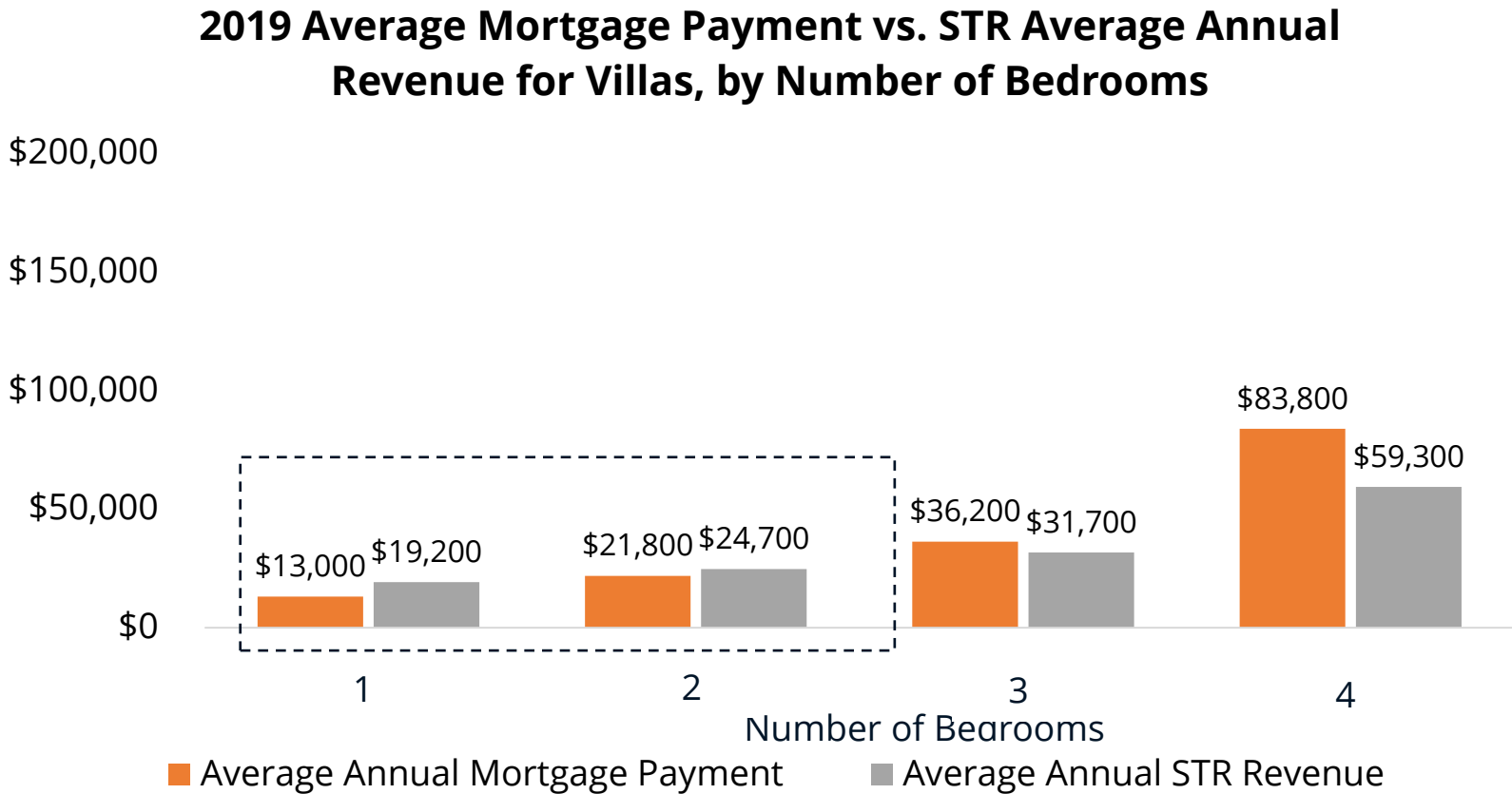


The Kiawah housing market generally **does not support purchasing and operating single family homes strictly as an investment for rental income**, even without accounting for furnishing or upkeep of a home.

Rather, STRs provide a source of supplementary income for owners.

Note: Mortgage payment assumes 20% down payment, 4% 30-year fixed interest rate; STRs revenues are based on units available for rent at least six months annually and includes an assumed management fee of 35% of base revenue. Analysis does not account for furniture or upkeep required under an investment model.
Source: AirDNA, Kiawah Partners Transaction Data
HR&A Advisors, Inc.

Short-Term Rentals | For villas, average annual STR revenue covers the estimated mortgage payment for 1-2 bedroom units, a more entry-level product type.



For smaller villas, **STR revenue could support investment ownership** for some units depending on costs associated with housing upkeep and furniture. However, this activity does not appear to be prevalent on Kiawah.

Note: Mortgage payment assumes 20% down payment, 4% 30-year fixed interest rate; STRs revenues are based on units available for rent at least six months annually and includes an assumed management fee of 35% of base revenue.
Source: AirDNA, Kiawah Partners Transaction Data, HR&A

Short-Term Rentals | Kiawah’s market does not generally support investment ownership, but STRs generate significant supplementary revenue for homeowners.

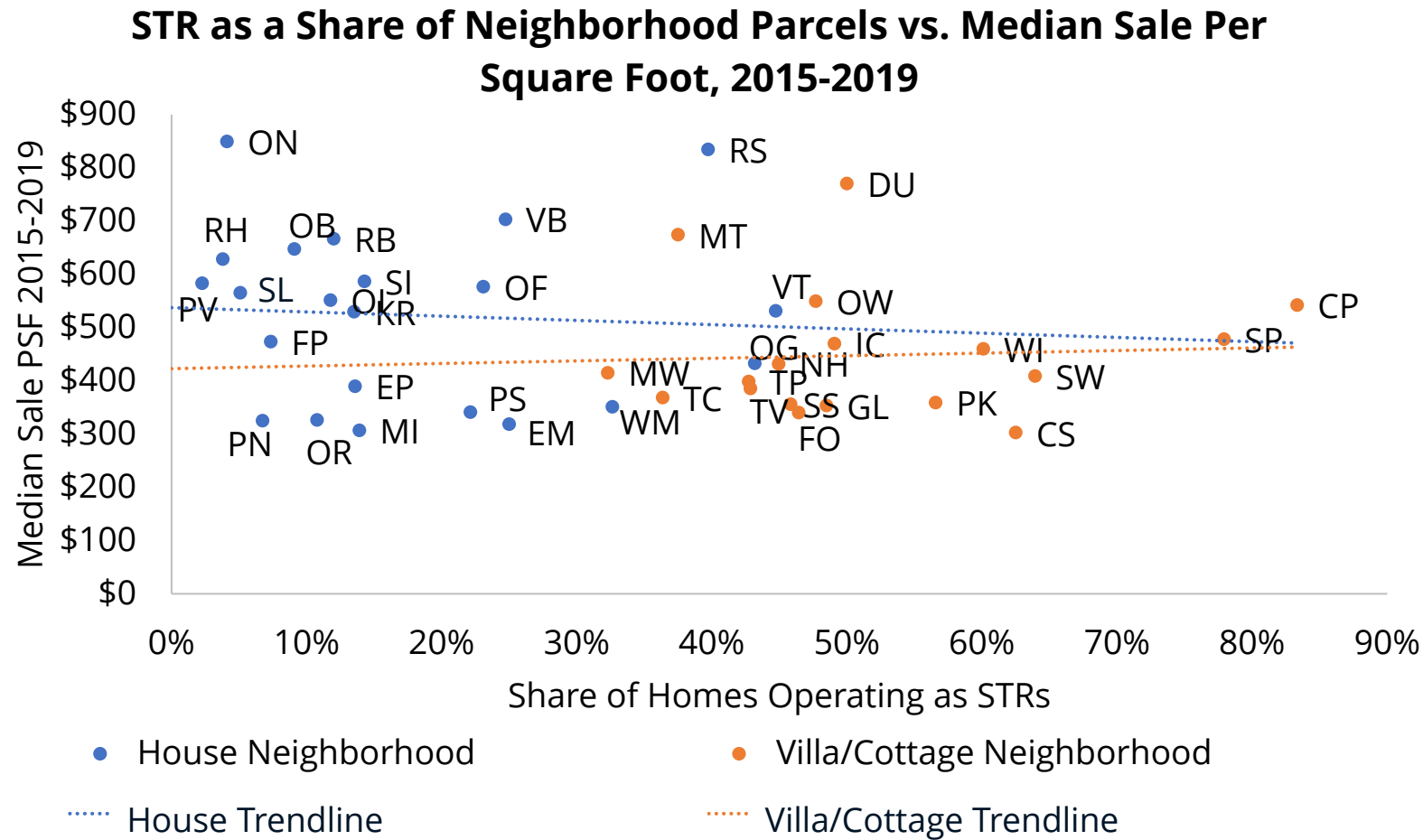
**STR Average Annual Gross Revenue by Property Type,
Kiawah Island**



Revenue generated by STRs provides a source of income that expands the potential buyer pool for homes, which supports the housing market. Single family homes on Kiawah used as STRs generate an average of \$80,000 in revenue annually. Cottages and villas each average just under \$40,000 in annual revenue.

Note: Includes STRs with reservations for more than 14 days/year, with a calendar that has been updated between April 2019 and March 2020
Source: AirDNA, HR&A

Short-Term Rentals | There is a slight negative correlation between the share of single-family housing available as STRs and housing prices. There is no correlation with villas.



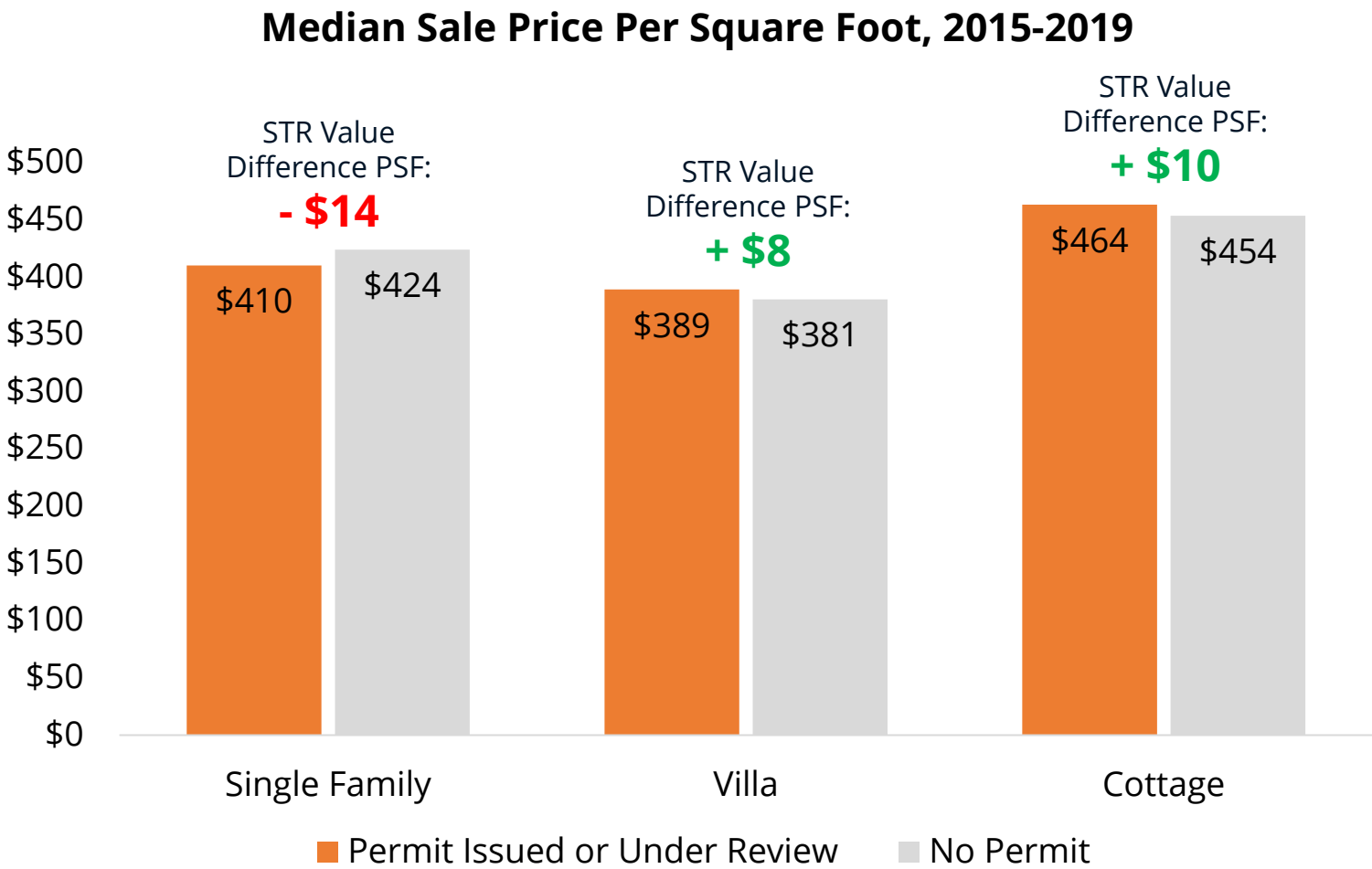
HR&A conducted an analysis by neighborhood on Kiawah to evaluate whether the prevalence of STRs is correlated with home values.

Values in villa and cottage neighborhoods, which have a much higher share of STRs, do not seem to be impacted by prevalence of STRs.

While single family homes show a slight correlation in decreasing value as the share of STRs increases, this is not necessarily indicative of causation.

Note: Analysis excludes neighborhoods with less than 20 homes. See appendix for full list of neighborhoods.
Source: AirDNA, Kiawah Partners Transaction Data 2005-2019, Kiawah Parcel Data
HR&A Advisors, Inc.

Short-Term Rentals | Holding an STR permit does not seem to have a significant impact on pricing of individual properties.



Because STR permits are not transferrable to new owners and have not yet reached their cap, holding an STR permit does not represent a significant source of value for properties.

Sales prices PSF are slightly higher for villas and cottages that have currently have STR permits and slightly lower for single-family homes that have STR permits, but not statistically significant for any housing type.

If the 20% cap is reached, future housing value growth could be impacted since new buyers would not be guaranteed an STR license.

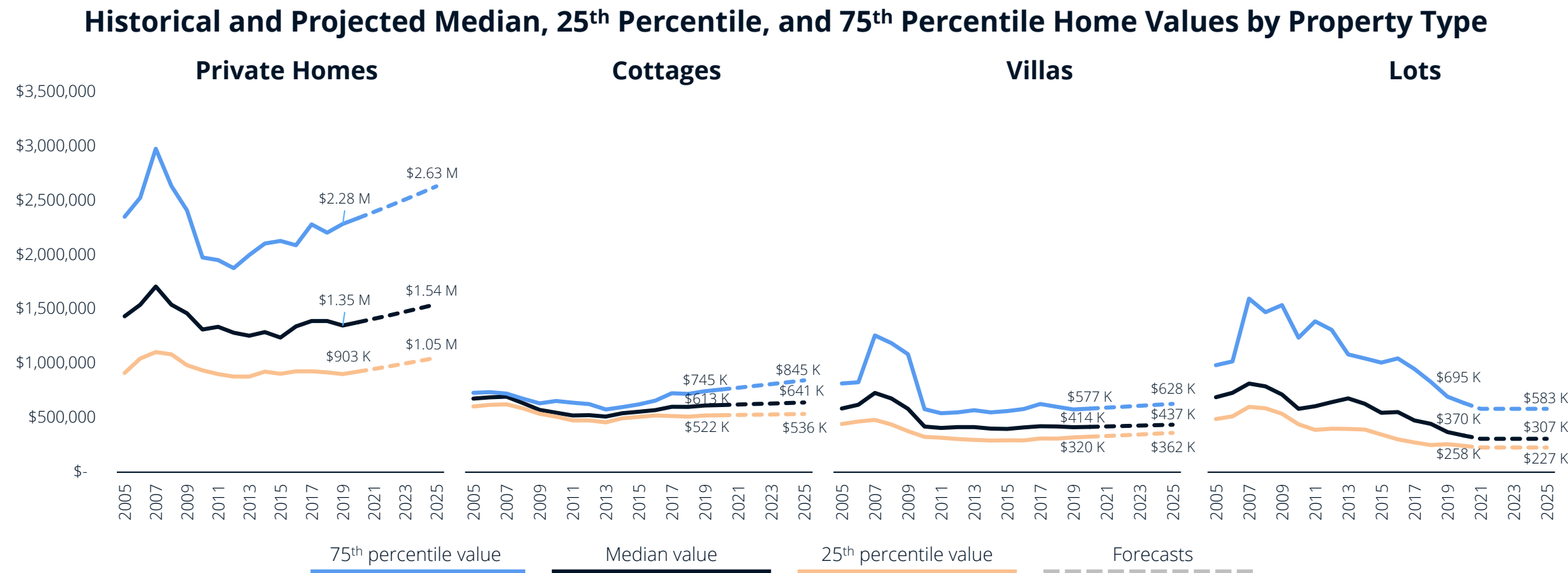
Source: Kiawah STR Permit Data, Kiawah Partners Transaction Data 2015-2019

Housing Forecasts



Housing Forecasts | Baseline Forecast

This baseline scenario assumes a steady rate of moderate growth through 2025 for private homes, cottages, and villas—a continuation of general growth in recent years. Lot values are assumed to continue slightly falling and then stagnating. These trends are presumably what we could have expected to see absent COVID-19.



Housing Forecasts – Future Scenarios | HR&A developed a series of future scenario models to account for the current uncertainty associated with COVID-19.

The future of housing values over the next several years will be influenced by a variety of variables, each of which presents a hypothesis around housing value susceptibility—or lack thereof—to COVID-19 impacts.

POTENTIAL FUTURE SCENARIOS

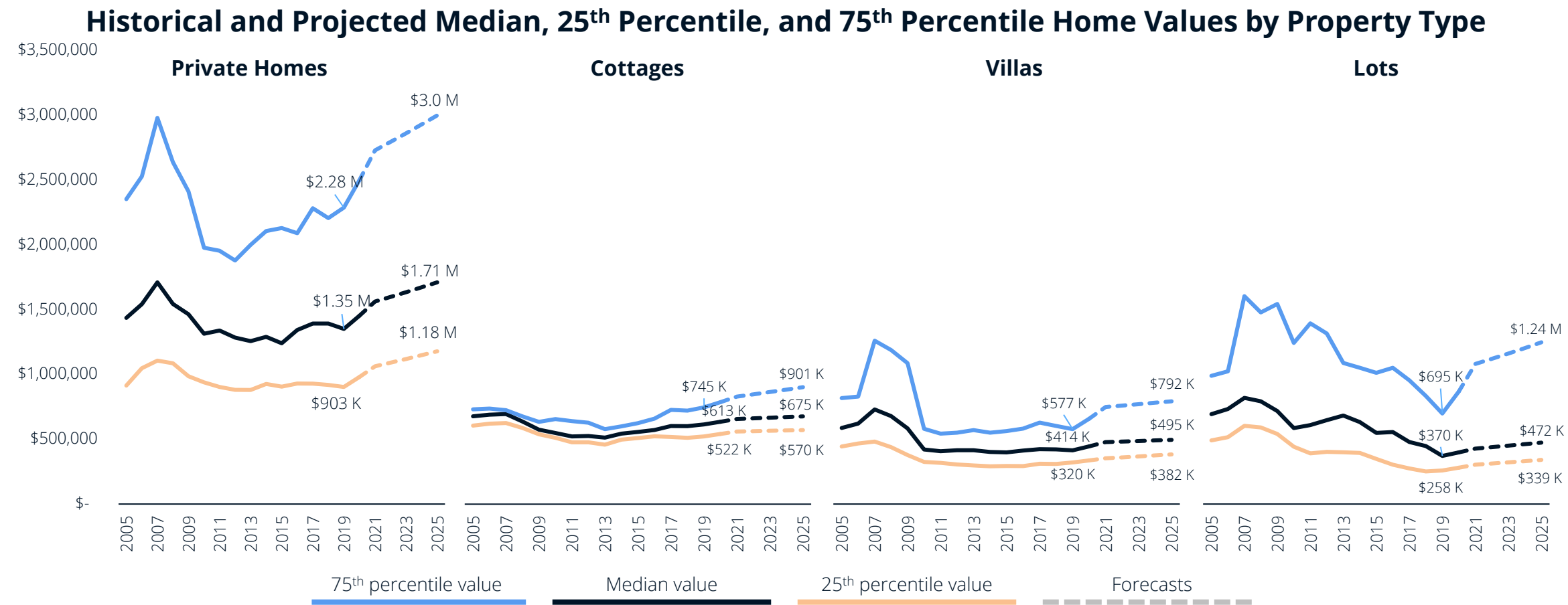
- 1 **Second Home Boom**
- 2 **Small Bump Ahead of Recession**
- 3 **Small Dip and Modest Recovery**
- 4 **Deep Recession**

FACTORS INFLUENCING FUTURE VALUES

- **Economic impacts on stock market and expendable wealth:** Though generally protected thus far, in the longer term, the extent to which the economic fallout will affect stock market performance and homebuyer wealth is to be determined.
- **Appeal of vacation homes and retreats:** Kiawah’s amenities, relative isolation, and natural environment are especially appealing in a pandemic environment. Whether this appeal is lasting or significant in a post-pandemic world is to be determined.
- **Safety and availability of travel:** The risks or increased difficulty of domestic air travel may limit the effective buyer pool available to Kiawah Island to be sourced more regionally.
- **General consumer confidence:** The climate of uncertainty created by the above factors may dampen buyer interest and delay deal closings for those who are still in the midst of a risky decision-making process.
- **Interest rates:** Buyers not directly affected by the pandemic are taking advantage of low interest rates and favorable mortgages. If interest rates push higher, that could dampen homebuyer activity.

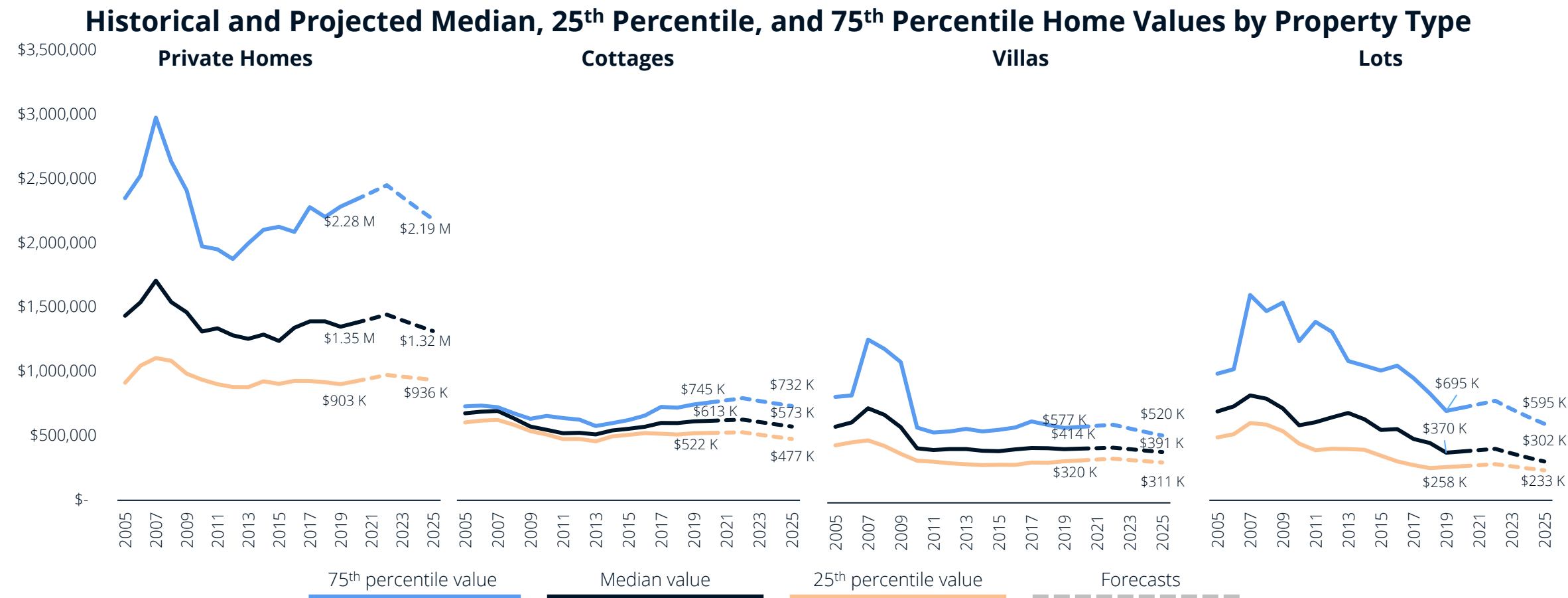
Housing Forecasts - Scenario Forecast | Second Home Boom

This is the most optimistic scenario, assuming **rapid growth through 2021, then moderate growth through 2025**. It assumes that homebuyers are not only shielded from short- and long-term economic impacts, but that the appeal of vacation homes—along with low near-term interest rates—will lead home prices to increase throughout the period.



Housing Forecasts - Scenario Forecast | Small Bump Ahead of Recession

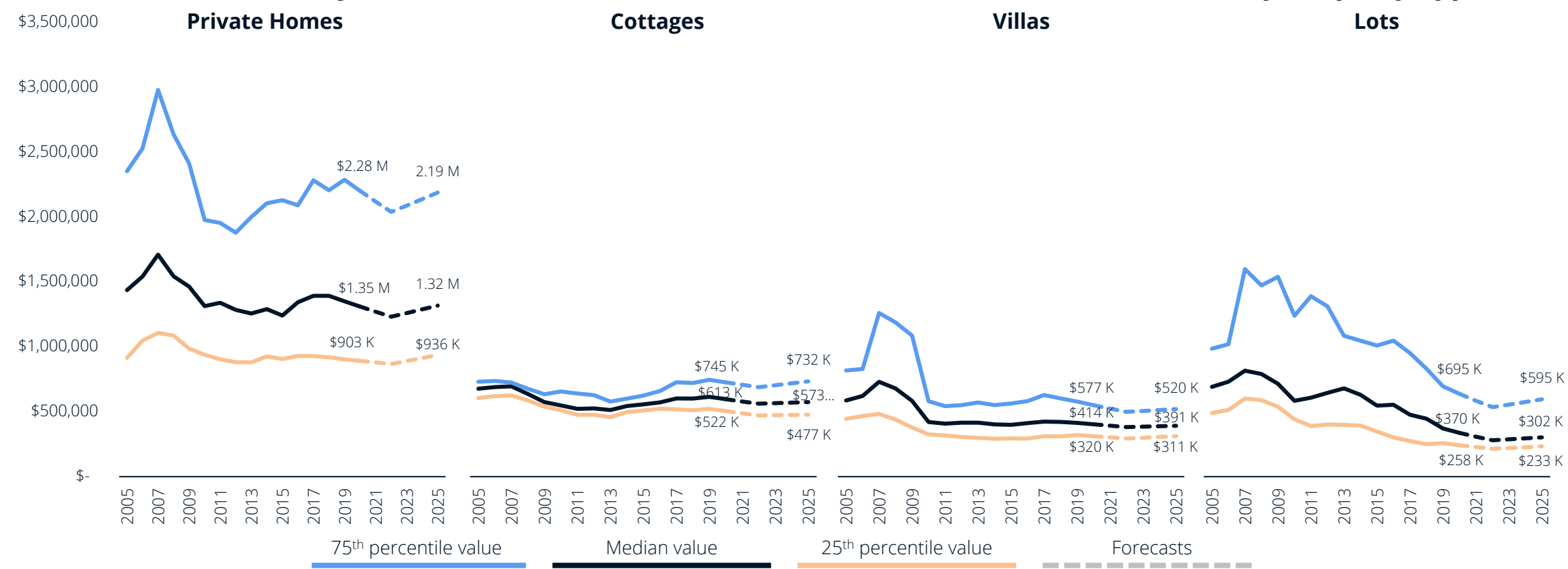
This scenario assumes **a moderate increase in values through 2022, followed by a period of moderate decline through 2025**. This scenario assumes that prices may grow slightly due to the near-term appeal of vacation homes and low interest rates, but that Kiawah will eventually experience the effects of a broader economic downturn.



Housing Forecasts - Scenario Forecast | Small Dip and Modest Recovery

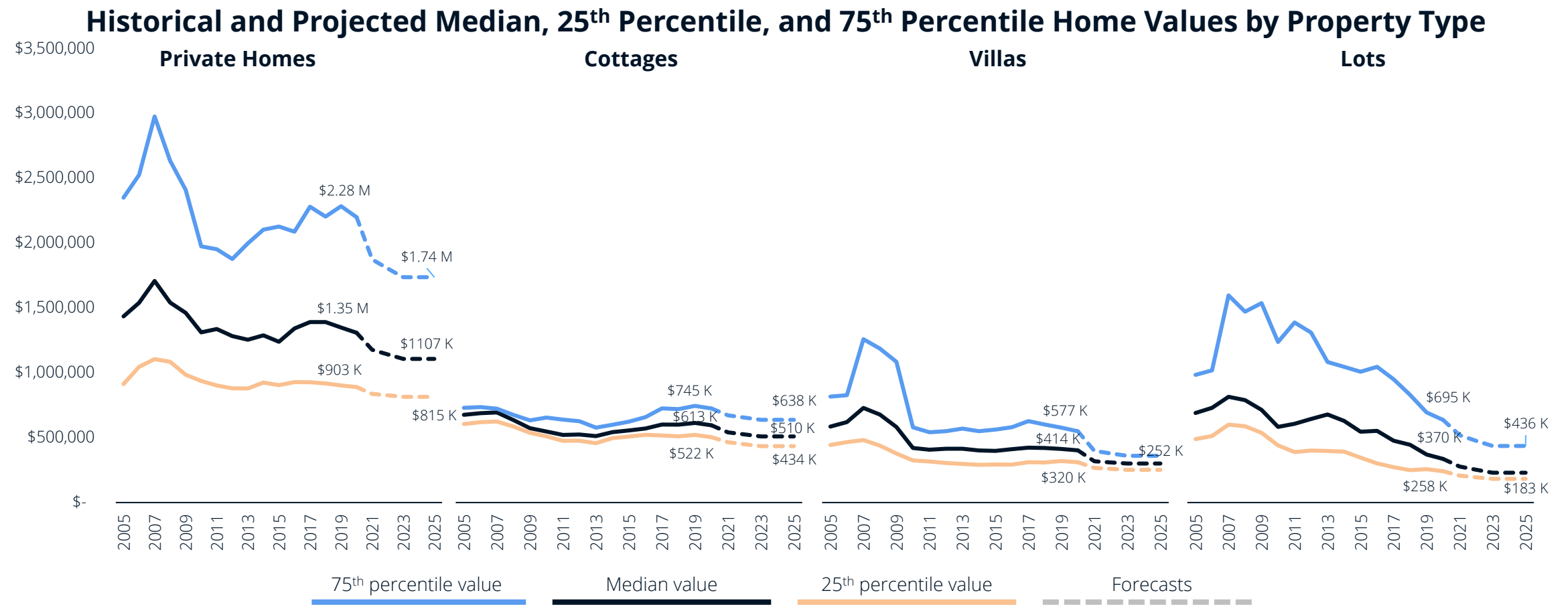
This scenario assumes a **moderate decline in values through 2022, followed by a period of moderate growth through 2025**. This scenario assumes prices will decline due to lessened travel and economic erosion—but that Kiawah will generally be shielded from long-term economic harm, leading values to resume baseline moderate growth.

Historical and Projected Median, 25th Percentile, and 75th Percentile Home Values by Property Type



Housing Forecasts - Scenario Forecast | Deep Recession

This scenario assumes a **period of value decline through 2023, followed by stagnation through 2025**. The scenario presents the most pessimistic outlook, one in which home values experience a steep erosion on par with that of the Great Recession, perhaps due to significant wealth loss and a national economic downturn.



Stakeholder Responsibilities



Stakeholder Responsibilities | Kiawah Island is home to four primary stakeholder organizations: the Town, KICA, Kiawah Partners, and KIGR.



Public entity

Primary constituents: residents
Additional groups served: part-time residents, visitors, prospective buyers



Private developer

Primary constituents: prospective buyers and club members



Community organization

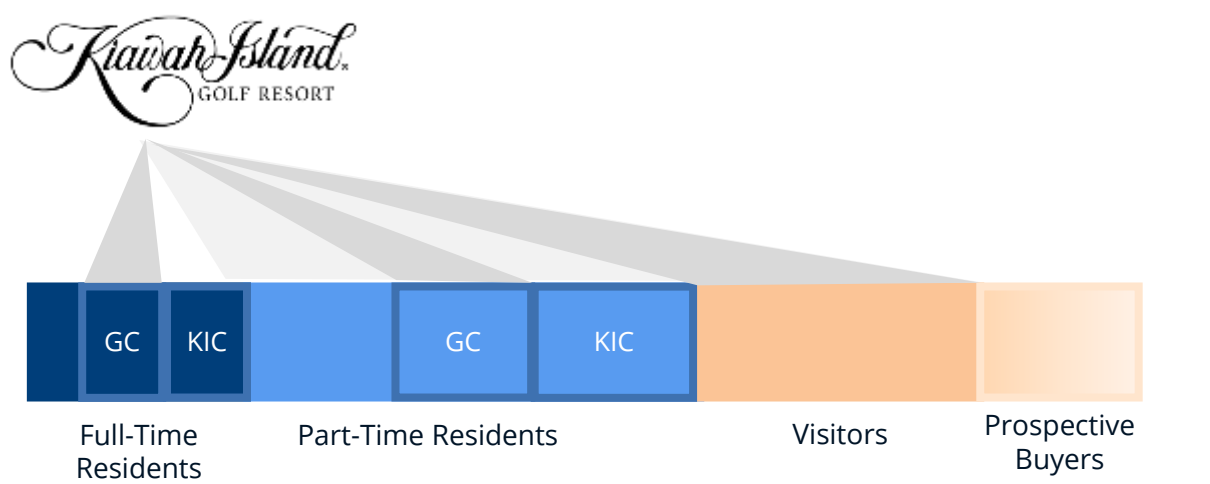
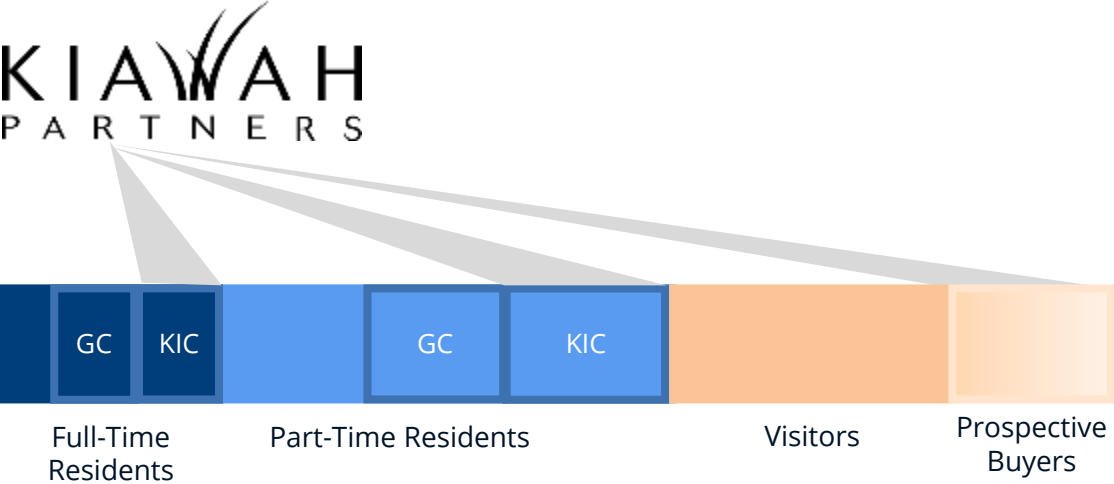
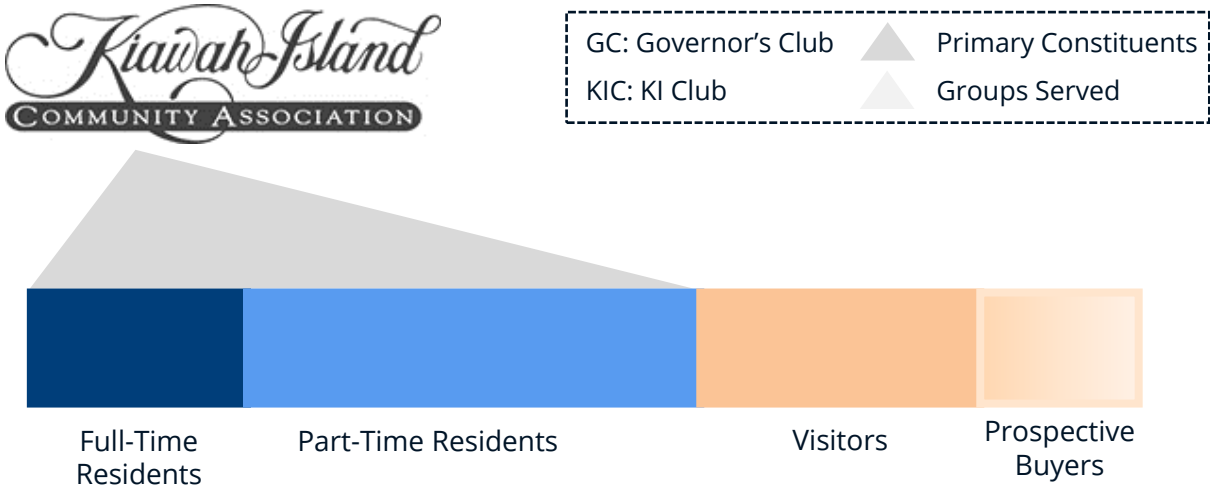
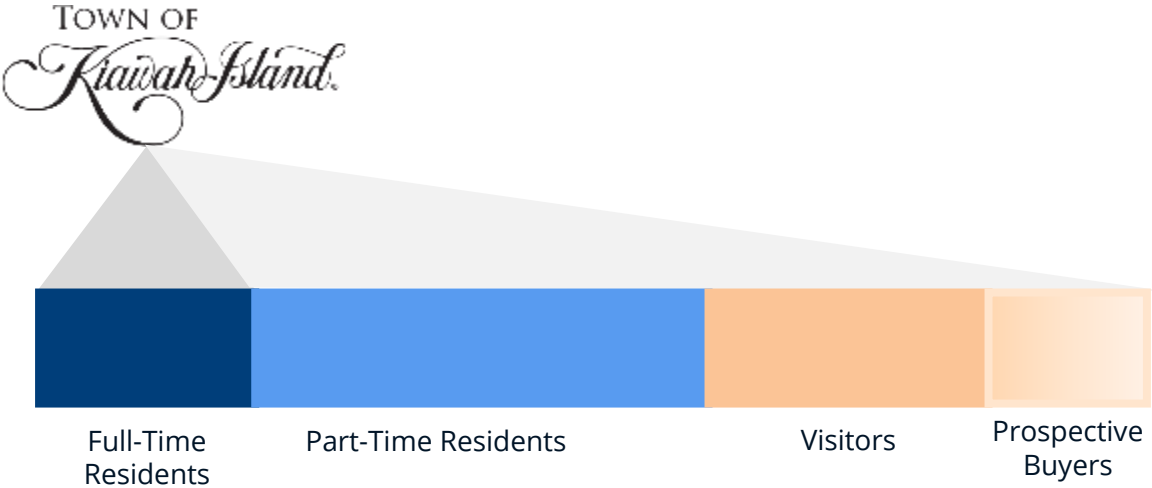
Primary constituents: all property owners



Private resort

Primary constituents: visitors, Governor's Club members

Stakeholder Responsibilities | Each entity focuses its efforts to a different, but overlapping, set of constituents and additional groups served.



Stakeholder Responsibilities |

Kiawah’s stakeholder responsibilities are spread among these four entities.

Stakeholder Mapping of Kiawah				
Role	Town of Kiawah	KICA	Kiawah Partners	KIGR
Maintenance and Upkeep	Beach; Garbage collection	Mailbox repairs, irrigation certification		
Physical Assets	Roads and landscaping (up to main security gate)	Roads and landscaping (behind main security gate), trails, shared-use paths, open space, stormwater infrastructure	Property development, Roads in the Settlement, two golf courses	Property development, five golf courses, Night Heron Park
Marketing and Branding	State Accommodations Tax allocation		Real estate marketing	Resort marketing
Planning and Building Services	Planning and zoning; Permits, inspections, plan reviews, enforcement	Landscaping guidelines and environmental standards (aligned with ARB guidelines)	Development; Architectural Review Board (ARB)	
Public Safety and Access	Charleston County police	Gate entry		Visitor access
Amenity Facilities		Homeowner spaces: Sandcastle Community Center and Beachwalker Center	Privately owned: KI Club facilities, golf facilities	Privately owned, but accessible to public: KI Resort, golf facilities
Short-Term Rentals	STR permits and limits, enforcement	Limited visitor enforcement		
Sources of Revenue	Accommodations and Hospitality Taxes, Licenses, Permits and fees	Resident assessments, Real Estate Transfer Tax	Home and lot sales, KI Club dues	Visitor spending, STR operating fees, Gov. Club dues

Stakeholder Responsibilities | Kiawah’s eventual sellout may lead to a shift in roles, fundamentally driven by a change in revenue sources.

As Kiawah reaches sellout, more property owners and visitors will lead to greater resident assessment revenue for KICA and stable taxes and fees for the Town of Kiawah. As Kiawah Partners experiences declining home and lot sales at sellout and has decreased interest in marketing and development/planning review, Kiawah will need to consider the role of TOKI, KICA and KIGR in replacing leadership for these responsibilities. The stakeholders could also consider adjustments to other areas where there are currently varied interests in services and goals, such as public safety, amenity facilities, and short-term rentals.

Implications of Kiawah Sellout

Role	Town of Kiawah	KICA	Kiawah Partners	KIGR
Sources of Revenue	Accommodations and Hospitality Taxes, Licenses, Permits and Fees	Resident Assessments, Transfer Tax	Home and Lot Sales, KI Club Dues	Visitor Spending, STR Operating Fees, Gov. Club Dues
Change Through Sellout:	~ Taxes and Fees	+ Assessment Base	X Home and Lot Sales + Club Dues	~ Visitor Spending ~ STR Operating Fees ~ Club Dues
Implications on Roles:			Decreased direct interest in lifestyle marketing and development review	
+ Increase ~ Stable X Decline				

Stakeholder Responsibilities | As a point of comparison, even amongst peers, Kiawah’s structure of stakeholder responsibilities is unique.

In considering future adjustments in stakeholder responsibilities, peer communities offer potential precedents for consideration. Kiawah’s stakeholder responsibilities are more decentralized than peers, but are most comparable to the stakeholder structure at Sea Pines. However, on Kiawah, more responsibility and legal rights are concentrated within a master developer separate from the resort. Neither Sea Island nor Palmetto Bluff have a resident association.

With a distribution in responsibilities among several entities, responsibilities on Kiawah benefit from expanded capacity in comparison to peer communities, but may be challenged by deconcentrated structure where varying interests arise.

Stakeholder Entities of Kiawah and Peer Locations

Kiawah Leadership Entity	Kiawah Island	Palmetto Bluff	Sea Pines	Sea Island
Government	Town of Kiawah	Town of Bluffton	Town of Hilton Head	Glynn County
Resident Association	Kiawah Island Community Association	-	Sea Pines Community Services Associates	-
Restricted Club			Sea Pines Country Club	
Development / Real Estate	Kiawah Partners	The Palmetto Bluff Company		The Broadmoor - Sea Island Company
Resort	Kiawah Island Golf Resort	Montage Palmetto Bluff	The Sea Pines Resort	
	Least Concentrated		Most Concentrated	

Stakeholder Responsibilities | Relative to Kiawah, responsibilities on Sea Island and Palmetto Bluff are more concentrated within their local resorts.

Comparison of Kiawah Stakeholder Responsibilities to Peer Locations			
	Palmetto Bluff	Sea Pines	Sea Island
Key Similarities with Kiawah	Combined developer and private club Palmetto Bluff’s club membership is managed by the developer Palmetto Bluff Company, similar to Kiawah Partners. Separate resort manager: A separate entity (Montage) operates the resort.	Divided club options: Private club in addition to resident association Community association duties: Like KICA, the Sea Pines Community Services Associates (CSA) oversees gate entry, maintains properties, offers a shuttle service, and operates a community clubhouse with pools, meeting space, and dining options.	
Key Differences from Kiawah	All owners are club members: Club membership in Palmetto Bluff is provided to all property owners and is automatic with payment of fee. Palmetto Bluff club membership does not include access to golf.	Combined resort and master developer: The Sea Pines Resort encompasses the resort and overall development Separate club governance from developer: Sea Pines has a separate and standalone Country Club entity that manages the private club option	Consolidated governance: Broadmoor-Sea Island Company manages development, private club, and resort. All owners have option for club membership: All property owners have access to membership, virtually all property owners are members. Directly governed by county: Sea Island is an unincorporated area of Glynn County.

Stakeholder Responsibilities | Responsibilities vary across Kiawah’s peer locations.

The Sea Pines Community Services Associates has similar responsibilities to KICA, managing gate entry, maintenance, and other property owner services. Sea Island and Palmetto Bluff have more concentrated management within the resort companies.

Stakeholder Roles of Kiawah and Peer Locations				
Role	Kiawah Island	Palmetto Bluff	Sea Pines	Sea Island
Maintenance and Upkeep	Town of Kiawah, KICA	Town of Bluffton, The Palmetto Bluff Company	Sea Pines CSA	Glynn County, The Broadmoor – Sea Island Company
Infrastructure	Town of Kiawah, KICA	The Palmetto Bluff Company	The Sea Pines Resort, Sea Pines CSA	The Broadmoor – Sea Island Company
Marketing and Branding	Town of Kiawah, Kiawah Partners, KIGR	The Palmetto Bluff Company, Montage Palmetto Bluff	Town of Hilton Head, The Sea Pines Resort, Sea Pines Country Club	The Broadmoor – Sea Island Company
Planning and Building Services	Town of Kiawah	Town of Bluffton	Town of Hilton Head	Glynn County
Public Safety and Access	Town of Kiawah, KICA	Town of Bluffton, The Palmetto Bluff Company	Town of Hilton Head, Sea Pines CSA	Glynn County, The Broadmoor – Sea Island Company
Amenity Facilities (all owners/residents)	KICA	--	Sea Pines CSA	--
Privately Owned Amenity Facilities	KIGR, Kiawah Partners	The Palmetto Bluff Company, Montage Palmetto Bluff	The Sea Pines Resort, Sea Pines Country Club	The Broadmoor – Sea Island Company
STR Regulation	Town of Kiawah	Town of Bluffton	Town of Hilton Head	Glynn County

Stakeholder Responsibilities - Marketing and Branding | Kiawah's marketing and branding will remain critical into the future and beyond sellout.

Kiawah Marketing and Branding Today



Property advertising,
Island experience
marketing



Resort advertising



Distribution of SATAX
funds for marketing and
tourism purposes

Future Considerations

Assuming a decreased role in lifestyle marketing from Kiawah Partners in the future, Kiawah must look to alternative models:

Option	Considerations
<i>Town takes lead through reallocation of SATAX to new nonprofit entity:</i> Using the portion of SATAX set aside for nonprofits, create nonprofit entity that exclusively markets Kiawah. Nonprofit would have representation from stakeholder groups. Other ongoing marketing (e.g. KIGR resort marketing) would remain in place.	+ More directly beneficial use of SATAX nonprofit funds for Kiawah + Marketing variety
<i>KICA takes lifestyle marketing lead:</i> KICA takes over some of KP's lifestyle marketing. Other ongoing marketing (e.g. TOKI SATAX allocation, KIGR resort marketing) would remain in place.	- Increased KICA assessment - SATAX nonprofit funds not directly impactful to Kiawah + Marketing variety
<i>No lifestyle marketing replacement:</i> Rely on other existing marketing channels through KIGR, brokerages, and TOKI SATAX allocation.	- Reduced marketing activity - SATAX nonprofit funds not directly impactful to Kiawah

Stakeholder Responsibilities – Planning and Building Services | Kiawah’s development review is also controlled across three main stakeholders.

Kiawah Planning and Building Services Responsibilities Today



Architectural Review Board
(ARB) Operations



Zoning, permits, review,
enforcement



Maintenance and
environmental standards

Future Considerations

Alternative models and considerations include:

Option	Considerations
Separated enforcement: Kiawah Partners maintains ARB operation. e.g. Palmetto Bluff, which is still under development, operates all design and construction guidelines through a Design Review Board overseen by the Palmetto Bluff Company.	+ Consistency of current structure - Structure is less relevant for Kiawah Partners after sellout
Consolidation to KICA: As Kiawah reaches sellout, shift ARB to KICA control. e.g. The Sea Pines ARB is operated and enforced through the CSA.	+ Increased operations efficiency + Similar model for peers that have reached sellout

Stakeholder Responsibilities - Amenities | Kiawah's amenities facilities have siloed funding and constituencies across KP, KIGR, and KICA.

Kiawah Amenities & Facilities Today



Kiawah Island Club Beach Club, Marsh House, Clubhouses, and two golf courses



Governor's Club, five golf courses, clubhouses, Night Heron Park, resort facilities



KICA Sandcastle Recreation and Beachwalker Center

Future Considerations

Alternative models and considerations include:

Option	Considerations
Continued operations of KICA facilities: Maintain current KICA amenity facilities and make improvements as possible based on current funding.	+ Maintains current assessment - No significant changes from current facilities
Expand base of users for KICA facilities to build support for reinvestment: As an example. allowing renters to access KICA amenities, perhaps at specific times or on a limited basis.	+ Increases support for enhanced KICA amenities - More users of KICA amenities
Full consolidation of amenities: Include all amenities with homeownership. e.g. Palmetto Bluff has automatic club membership with ownership.	- Restricts unique and private nature of KI Club and Governor's Club - Unaligned with current structure in Kiawah

Stakeholder Responsibilities – Public Safety and Access | Kiawah’s access points are managed by KICA.

Kiawah Public Safety and Access Today



Relies on visitor accessibility



Police and Beach Patrol;
Fire protection via STJFD



Controls gate entry

Future Considerations

Property owners benefit from both the security provided by the gates as well as from the presence of the resort and exposure it provides to the island. Changes to the current gate access model to make access more restrictive would harm resort operations and, in turn, limit the positive effects the resort has on Kiawah’s housing market.

Option	Considerations
Continued model: KICA continues to own and operate the main gate and the second Vanderhorst Gate, having close coordination with KIGR to provide visitor access to the resort.	+ Balance of security and meeting resort needs + Optimizes benefits for Kiawah property owners

Stakeholder Responsibilities - STRs | Kiawah's short-term rentals are regulated and enforced primarily by the Town.

Kiawah STR Responsibilities Today



Regulation, Enforcement



Enforcement of noise, property appearance, and parking

Other stakeholders: Property managers overseeing renters

Future Considerations

Because Kiawah has not reached its 20% STR threshold, it is not possible to determine the impact of restricted permit access. Kiawah's stakeholders must continue to balance the importance of both the resident and visitor bases on the island and their respective impacts in supporting a healthy housing market. Full-time residents provide a much-needed community feel to Kiawah, an ingredient in Kiawah's overall brand. At the same time, STRs are a valuable tool in exposing Kiawah to prospective buyers and providing part-time homeowners supplementary income.

Option	Considerations
Monitor the growth and effects of STRs: Continue TOKI's periodic reviews of the effects of STRs. If STRs reach the 20% cap on Kiawah, assess the cap to balance the preferences and needs of full-time and part-time residents.	+ Balance of allowing STRs and maintaining residential community quality of life

SWOT Analysis



SWOT | HR&A conducted a SWOT Analysis to determine the competitive strengths, weaknesses, opportunities and threats for Kiawah’s housing market.

SWOT ANALYSIS



SWOT | Strengths

PHYSICAL ASSETS

1. **Culture of active capital investment.** For properties on the island, homeowners as well as stakeholders (TOKI, KP, KIGR, and KICA) are active in capital investments, as shown in renovation activity for existing homes as well as reinvestment in public and private facilities/infrastructure such as the Sandcastle, West Beach Conference Center, B-Liner Restaurant, stormwater infrastructure, and landscape enhancements. As the island matures, reinvestment will be key to maintaining long-term market health.

EXPERIENCE

2. **Incomparable location and environment.** Kiawah's well-preserved landscape, ten miles of beach, access to urban charm of Charleston, and airport proximity are key draws difficult to replicate. Groups such as the Kiawah Conservancy and initiatives such as the Town's beach replenishment reinforce the island's natural assets.
3. **Top-tier flagship amenities, with opt-in structure for desired amenity level.** Kiawah is renowned as a market leader for its golf resort and desirable private club. While all owners have access to KICA amenities, they can also choose to access Governor's Club or KI Club membership (certain lots).
4. **Wealthy population.** Even when considered relative to peer locations, Kiawah's population is wealthy. Per a 2017 survey of property owners, the average annual income of full-time residents is \$571,000.

MARKETING AND BRANDING

5. **Well-established name, brand, and market premium.** Kiawah has an established high-end brand that is known nationally through marketing activity, word of mouth, and visitor experiences. Additionally, the high-end nature of The Sanctuary resort provides island-wide reputational benefits.
6. **Visitors to the Sanctuary and the island's STRs provide a pipeline of prospective buyers.** Per a property owner survey by Kiawah Partners and Permar Inc., 94% of first-time buyers since 2011 were heavily influenced to purchase based on previous vacation experiences on Kiawah.
7. **KI Club increases desirability of Kiawah.** Club membership properties have a value premium and the Club is a noted attractor of prospective buyers.

INVESTMENT VALUE

8. **Home values have outperformed national peers in recent years.** Following declines in home value during the Great Recession, home values on Kiawah bounced back more quickly and have performed better than peer communities in recent years.
9. **STRs support home values.** STRs provide revenue to homeowners, which in turn increases the buyer pool for properties and supports overall demand for housing on the island. In 2019, the average single-family home rented as an STR generated \$81,000 in gross revenue.
10. **Property tax rates are among the lowest in the Country.** For primary homeowners, the effective property tax rate in Charleston County is 0.38%, which is among the lowest effective rates in the country and provides a competitive advantage for primary homeowners.

SWOT | Weaknesses

PHYSICAL ASSETS

1. **Reinvestment hurdles for villa exteriors.** The rate of renovation and reinvestment activity is lower for shared ownership properties such as villas. As these properties age, reinvestment, particularly for exteriors that provide curb appeal, is critical for maintaining values.
2. **Parts of the island are susceptible to current and future flooding risks.** As identified in the Town's 2018 Sea Level Rise and Resiliency Adaptation report, there are several resiliency measures required to prevent an increase in chronic flooding on Kiawah. Addressing these challenges will be key to mitigating apprehension of potential buyers and establishing a competitive advantage over peer coastal communities.

EXPERIENCE

3. **Split amenities between club and non-club residents.** Amenities are not evenly available, and the will to self-assess to improve non-club resident amenities is limited. This stratification puts non-club residents at a disadvantage when compared to peer communities, many of which are structured to provide all owners access to amenities.

INVESTMENT VALUE

5. **Unimproved lot value declining.** While home values have remained stable in recent years, the median lot value has decreased from \$1.2 million in 2011 to \$800,000 in 2019.
6. **Market timing of home purchases.** The timing of a home purchase heavily sways individual owner outcomes and has left some homeowners "underwater" relative to their purchase price. As an example, for homebuyers who purchased their home in 2007, home values still have not fully recovered from the impacts of the Great Recession. However, for a homebuyer who purchased their home in 2016, they have seen positive appreciation of 3%.
7. **Differentiated property tax rates hurt competitiveness.** Property tax rates in South Carolina are much higher for second homeowners, applied to 6% of the assessed value of the home, versus 4% for primary residents (equates to an effective rate of 1.38% vs. 0.38% for primary residents in Charleston County). As a community that is primarily made up of second homeowners, this differentiation puts Kiawah at a competitive disadvantage to peer communities in states where this differentiation does not exist.

SWOT | Opportunities

PHYSICAL ASSETS

1. **Diversified product types.** Kiawah stakeholders have done a good job of expanding product offerings through new product types such as fractional ownership under the Timbers model. While there is limited land available for new development, there is opportunity to continue expanding offerings to adapt to consumer interests and expand potential buyers, all while maintaining Kiawah's established reputation. This may be done through the development of 1) smaller homes with high-end design and finishes, 2) new product that provides an entry point for younger Kiawah buyers, or 3) housing targeted to specific consumer groups, such as a senior living facility, where there is available land.
2. **Medical facility and senior living facility.** Medical support services have been identified as a key missing amenity for Kiawah residents and visitors, and Kiawah Partner's planned medical facility and senior living facility will serve a key assets for aging population. The addition of a senior living facility will also provide benefit in terms of diversifying residential product type offerings.

EXPERIENCE

3. **Some aging amenity facilities.** While no comparable community exactly matches Kiawah's amenities, the facilities of newer communities compete on newness and novelty. As Kiawah's facilities age in years to come, continued capital reinvestment is critical to maintaining a competitive advantage. There are opportunities to engage property owners for continual reinvestment in KICA amenity facilities.

MARKETING AND BRANDING

4. **Allocation of State Accommodation Tax (SATAX) funds.** The Town receives about \$1.5 million annually through the SATAX, about 30% of which is currently allocated to a regional non-Kiawah-specific entity. More Kiawah-specific initiatives would support the general marketing and branding of the island.
5. **Exposure and reputational benefits from the 2021 PGA Championship.** Kiawah's hosting of the 2021 PGA championship presents an opportunity to capitalize on the national exposure that such a large event provides, both in terms of visitors that come to the island for the event as well as long-term interest in Kiawah.

INVESTMENT VALUE

6. **COVID-19 is driving near-term market activity.** As of mid-2020, COVID-19 has provided a near-term boon to housing market activity on Kiawah for buyers seeking to relocate from cities to residential resort communities. Given longer-term uncertainties, island stakeholders should capitalize on the near-term opportunities for prospective buyers through increased marketing, outreach, and attraction efforts.

SWOT | Threats

PHYSICAL ASSETS

1. **Long-term resiliency impacts.** The challenges identified in the Town's 2018 Sea Level Rise and Resiliency Adaptation report pose a long-term threat to the resilience of physical assets on Kiawah, and inaction could either discourage or necessitate reinvestment. Additionally, as actions are taken, it will be critical to communicate those actions broadly to mitigate any negative perceptions of prospective buyers.
2. **High and rising construction costs.** Historically, construction costs have been about 30% higher on Kiawah relative to inland areas of the Carolinas, and costs have increased since 2015 by about 25%. Average new home construction on Kiawah starts at about \$500 per square foot. While the full impacts of COVID on construction costs are not yet known, high construction costs could deter future investment or reinvestment.
3. **Increasing options for both different product types and newer master planned communities.** More than ever, prospective buyers in high-end residential resort communities have options. These options include both newer communities as well as diversified product types, to which Kiawah must be able to respond to competitively.

EXPERIENCE

4. **Increasing age of population.** Like many master planned communities, the age of Kiawah's population has increased over time. The median age on the island is 62 across all owners and 68 for full-time residents as of 2017. The average age of full-time residents has increased by 5 years since 2010 (from 63 to 68). Continued attraction of younger buyers is critical to ensuring future generations of buyers and continued interest.
5. **Amenity gap between KI Club and non-KI Club residents could impact home values.** Non-KI club residents have access to KICA amenities and also have the option for Governor's Club amenities, but the exclusivity to KI Club creates a differentiation that could harm non-club home resale values.

MARKETING AND BRANDING

6. **Reduced marketing by Kiawah Partners at sellout.** As Kiawah approaches sellout, island-wide marketing currently done by Kiawah Partners will likely decrease (though marketing for KIRE property brokerage will remain in place). The marketing gap created by Kiawah Partner's decreased activities will need to be filled to ensure continued brand awareness of Kiawah for potential visitors and homebuyers.

INVESTMENT VALUE

7. **Long-term impacts of COVID on the national economy.** While COVID-19 has provided a near-term boon to housing market activity on Kiawah, the long-term impacts of the pandemic, and corresponding consumer behavior are not yet clear. Should the broader national economy suffer a significant recession, there will be negative impacts for Kiawah to respond to.

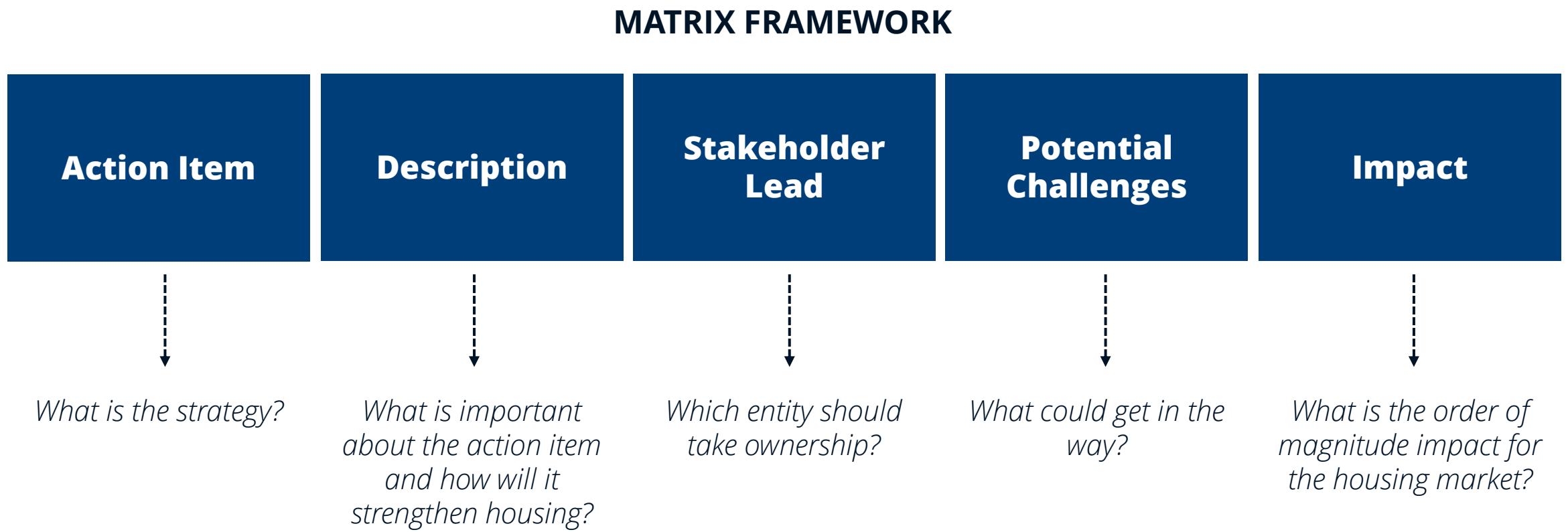
Strategy Toolkit



Strategy Toolkit | Based on findings of the market analysis and SWOT assessment, HR&A developed action item recommendations for each category.



Strategy Toolkit | For each category, HR&A created a matrix of toolkit action items.



Strategy Toolkit | Physical Assets: Reinvestment

ACTION ITEM	DESCRIPTION	LEAD	POTENTIAL CHALLENGES	IMPACT
Exterior Villa Reinvestment				
Capitalize on development of West Beach conference center to prioritize visitors for renovated villa properties	As operator of the of the conference center, KIGR could establish a program that prioritizes conference visitor stays in renovated buildings, which would further incentive owners of buildings with shared ownership to reinvest in their properties.	KIGR	-	Medium
Leverage financial incentives to encourage reinvestment, considering tools such as reductions in assessment fees, façade programs, or transitional loan/grant programs led by Town or KICA reserves	Financials tools, like a loan or grant program, would incentivize reinvestment in shared ownership villa buildings, though are likely to be costly to establish.	Town, KICA	Establishing a base of capital for a loan fund sizable enough for impact is costly	Medium
Educate owners and regime managers on collective benefits of reinvestment	KICA should use the Digest Newsletter to highlight stories and photos of recent reinvestments and emphasize the collective benefits of reinvestment for quality and future resale value. The exterior renovations to the Duneside Villas are a positive recent example.	KICA, Town	-	Low
Construction Costs				
Streamline contractor/builder permitting process	Creating a one-stop shop between the Town, KICA, ARB, and other entities for receiving required permits, and to the extent possible aligning with county or state requirements, will help expand the pool of contractors working on Kiawah and promote competition.	Town, KICA	-	Low
Renovation Permitting				
Reduce ARB deposits/fees associated with homeowner renovation permits	Major improvements for single-family residences and multifamily housing currently have ARB fees of \$55 per 100 square feet, with a \$1,500 minimum for single-family and \$500/unit minimum for multifamily. Minor improvements cost \$300-\$500. The ARB should reduce deposits and fees for a selection of renovation permits to encourage property owner investment, particularly for minor improvements.	KP/ ARB	-	Medium

Strategy Toolkit | Physical Assets: New Development

ACTION ITEM	DESCRIPTION	LEAD	POTENTIAL CHALLENGES	IMPACT
Housing				
Shift oversight of the Architectural Review Board from KP to KICA or the Town at Developer sellout	As the island reaches sellout, Kiawah Partners will have a decreased interest in oversight of the Architectural Review Board (ARB). KP should transition operation of ARB to KICA or the Town. Consolidating operations and some of the enforcement will increase efficiency and align interests.	KP, KICA/Town	-	Medium
Ensure that housing stock accommodates various life stages through development of a senior living facility	Kiawah's housing stock should accommodate its aging population. The development of a senior living facility will be a key asset in supporting Kiawah's older residents and continuing to diversify housing options.	KP	-	Medium
Attract future generations of buyers through development of high-quality diversified housing types	As Kiawah's current population ages, Kiawah Partners should diversify product types to attract a new generation of property owners and residents. While remaining undeveloped land is limited, developing new villas, smaller single-family homes with high-end finishes, and fractional ownership units will expand the buyer pool.	KP, KIGR	Remaining land available for development is limited	High
Infrastructure				
Continue infrastructure investments identified in Town's 2018 Sea Level Rise and Coastal Flooding Report	In May 2020, 82% of residents voted to approve a \$2.9 million special assessment to optimize KICA's master drainage system and address recurring flooding, signaling that Kiawah residents are supportive of proactive efforts. KICA should continue to use the recommendations of the 2018 Flood Mitigation and Sea Level Rise Adaptation report to invest in infrastructure needs mitigate future flood risks.	KICA, Town	Residents may resist increased assessments required by additional infrastructure investments.	High
Communicate Kiawah's resiliency investments to prospective buyers	Sea level rise is increasingly a factor in homeownership decisions across the country. Regardless of relative exposure, the perception of environmental risk is a challenge for all coastal communities. Communicating and marketing to residents and prospective homebuyers the proactive actions taken to address flooding risks on the island will mitigate negative perceptions and provide a competitive edge against peer coastal communities.	KP	-	High

Strategy Toolkit | Experience

ACTION ITEM	DESCRIPTION	LEAD	POTENTIAL CHALLENGES	IMPACT
Competitive Positioning				
Conduct a competitive positioning evaluation every five years, led by KICA with support from KIGR, KP and the Town	A competitive positioning evaluation with these direct peers can be used to compare access to and quality of several amenities and services, including pools, recreation, fitness facilities, natural environment, meeting rooms, social gathering spaces, and programming. KICA should conduct this competitive positioning evaluation in coordination with Kiawah Partners and KIGR.	KICA, Town, KP, KIGR	-	High
Amenity Facilities				
Create and formalize a phased reinvestment plan for amenity facilities	A formal phased reinvestment plan will highlight to residents KICA's commitment to maintaining high-quality amenities and services. A plan will also establish to Kiawah residents the necessity of reinvestment for increasing property values and remaining competitive with peer communities.	KICA	-	Medium
Expand users and base of support for enhanced KICA amenities	In order to generate support for enhanced amenity facilities, KICA will need to expand the user base of facilities. As one potential example, for STRs that are not operated through KIGR, renters do not currently have access to a pool through KICA or KIGR (they do have access to public resort amenities, like the golf course). KICA could provide limited access to the Sandcastle for these renters, and either charge renters directly or put in place assessments for residents with an STR license. This model, while increasing use of amenities, would generate revenue for KICA to support reinvestment in amenities.	KICA	Kiawah residents may be resistant to having additional people using KICA services and amenities.	Medium
Services				
Prioritize development of planned medical facility	Kiawah lacks its own medical facility and residents must travel far distances for medical care. COVID-19 has accentuated the need for increasing healthcare access to residents and visitors. A medical facility on the island will be instrumental in serving Kiawah's aging population, in addition to serving as a selling point for prospective buyers concerned about healthcare access.	KP	-	High

Strategy Toolkit | Brand and Appeal

ACTION ITEM	DESCRIPTION	LEAD	POTENTIAL CHALLENGES	IMPACT
<i>Lifestyle Marketing</i>				
Establish a nonprofit entity on Kiawah to receive SATAX funding, with option to maintain some funds for regional partners.	As regulated by the state, Kiawah must provide 30% of its State Accommodation Tax (SATAX) funds, currently about \$500,000 annually, to a nonprofit organization that promotes tourism. Kiawah currently grants these funds to a regional nonprofit, who uses the funds to promote tourism more broadly throughout Greater Charleston. As Kiawah Partner's general lifestyle marketing may diminish as the island reaches sellout, Kiawah should redirect its SATAX allocation to more directly benefit Kiawah tourism and awareness of the island. Kiawah should establish a non-profit entity where it directs a share of the nonprofit SATAX funding, with a specific focus on lifestyle marketing on the island. The nonprofit should, to the extent possible, leverage existing capacity and expertise on Kiawah's lifestyle marketing.	Town	The Town will need to navigate any complexities in South Carolina's SATAX policy. The nonprofit will need to develop a structure that either creates new internal capacity or leverages existing external capacity.	High
<i>Aging Population</i>				
Continue exploring opportunities to attract new generations of buyers	As Kiawah's population ages, it is necessary for the key stakeholders on the island to attract future generations of buyers and remain competitive with peers. A successful recent example to address this challenge on Kiawah is the development of fractional ownership units that target younger owners. Stakeholders should use the recommended competitive positioning analysis taken every five years to inform the development of new product types, club facilities, programming, marketing, and development that remains current.	KP, KICA, Town	-	High
Evaluate KI Club's legacy membership structure and consider other "junior" membership options	To address future challenges created by an aging population, the KI Club should evaluate its legacy membership structure and marketing to understand how widely known and used it is. Similar structures elsewhere have increased club activity with younger demographics. For example, the Sea Island Club currently offers a membership category for people under 45 that does not require real estate purchase. By restricting "junior" memberships to family of current members, KI Club maintains its exclusivity while also aligning with the current property ownership requirements.	KP	Current KI Club members may oppose any type of expansion of membership options.	Medium

Strategy Toolkit | Investment Value

Action Item	Description	Lead	Potential Challenges	Impact
STRs				
Monitor the growth and effects of STRs if they approach the current 20% cap in designated zones	Kiawah’s STR stakeholders must balance the importance of the resident and visitor bases on the island. STRs provide many benefits to Kiawah in the form of supplementary income for owners and increased exposure of the island to potential future buyers. However, full-time residents also want to uphold the quality of life on Kiawah and privacy of their neighborhoods. Balanced STR regulation helps ensure benefits to part-time residents can be realized, while protecting the island’s residential communities. The Town should monitor the various effects of STRs as they approach the 20% cap.	Town, KICA	-	Medium
COVID-19				
Increase marketing and outreach to capitalize on near-term interest in Kiawah housing	Kiawah's amenities, relative isolation, and natural environment are especially appealing in a COVID-19 environment. This is evidenced by the boon in market activity on Kiawah during the pandemic. As high wealth households make quick homeownership decisions in response to COVID-19, Kiawah Partners should increase its marketing in the next three to six months to capitalize on this market interest and capture current demand for residential resort communities. In the longer term, the extent to which the economic fallout will affect stock market performance and homebuyer wealth is to be determined. The risks or increased difficulty of domestic air travel could also limit the effective buyer pool available to Kiawah island to be sourced more regionally.	KP	-	Medium

Strategy Toolkit | Stakeholder Coordination

ACTION ITEM	DESCRIPTION	LEAD	POTENTIAL CHALLENGES	IMPACT
Establish an action plan for undertaking recommendations	The stakeholders should maintain momentum through prioritization of action items of interest and identification of next steps to advance programs or initiatives.	Town, KICA, KP, KIGR	-	-
Hold standing quarterly meetings with the Town, KICA, Kiawah Partners, and KIGR	Coordination among Kiawah's four key stakeholder entities is crucial to developing an action plan to monitor the progress of the recommended tools. The stakeholders should convene for standing quarterly meetings to coordinate on roles and responsibilities, especially those related to marketing, STRs, capital improvements, and the ARB transfer.	Town, KICA, KP, KIGR	-	-

Additional Context / Methodology



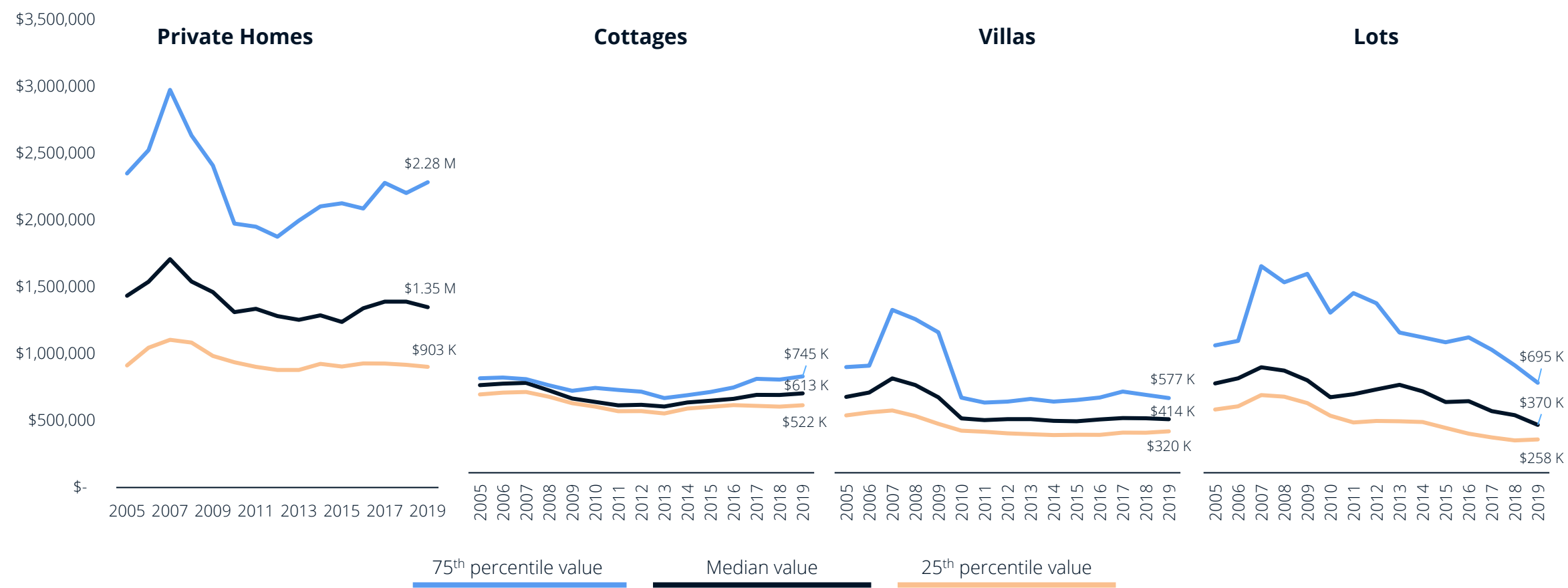
Neighborhoods | Kiawah Island has 54 neighborhood subdivisions.

Initial s	Name	Initial s	Name	Initial s	Name	Initial s	Name
CQ	Cassique	PK	Parkside Villas	OB	Ocean Oaks	MW	Mariner’s Watch Villas
RI	The Pointe/Little Rabbit Island	TB	The Enclave at Turtle Beach	OP	Ocean Palm	MI	Marsh Island Woods
KR	Kiawah River Estates	TU	Village at Turtle Beach	OB	Osprey Beach	EP	Egret Pintail
WM	Middlewoods West	VT	Village of Turtle Beach	RB	Royal Beach	MK	Marsh Walk
EM	Middlewoods East	WI	Windswept Villas	OI	Otter Island	RS	Royal Subdivision
OW	Oceanwood Homes	MT	Maritime	CI	Cougar Island	BC	Bass Creek Point
BT	Beach Townhouses	NL	Nicklaus Lane	ON	Ocean Park	IC	Inlet Cove Cottages
CS	Courtside Villas	TV	Tennis Club Villas	PV	The Preserve	OR	Oyster Rake
DU	Duneside Villas	TC	Turtle Cove Villas	PN	Plantation Woods North	RH	Rhett’s Bluff
FO	Fairway Oaks	TP	Turtle Point Villas	TI	Terrapin Island	VB	Vanderhorst Beach
GL	Greenslake Cottages	OG	Ocean Green	IP	Indigo Park	SI	Summer Islands
SS	Seascape Villas	PS	Plantation Woods South	MP	Marsh Park	OF	Osprey Fingers
SW	Shipwatch Villas	SL	The Settlement	NH	Night Heron Cottages	SP	Sparrow Pond Cottages
				FP	Falcon Point	CP	Cypress Point

Source: Kiawah Partners
HR&A Advisors, Inc.

Housing Forecasts - Methodology | HR&A first analyzed historical trends in home values for all homes, private homes, cottages, villas, and lots.

Historical Median, 25th Percentile, and 75th Percentile Home Values by Property Type



Housing Forecasts | Methodology

Our model flagged each time period as a “rapid growth,” “moderate growth,” “moderate decline,” or “rapid decline” period based on percentiles of growth rates. We then calculated the average annual change in home value for each type of period, presented in the tables at the bottom.

	Private Home - Median	Private Home - 75th	Private Home - 25th		Cottage - Median	Cottage - 75th	Cottage - 25th		Villa - Median	Villa - 75th	Villa - 25th		Lot - Median	Lot - 75th	Lot - 25th
2006				2006				2006				2006			
2007				2007				2007				2007			
2008				2008				2008				2008			
2009				2009				2009				2009			
2010				2010				2010				2010			
2011				2011				2011				2011			
2012				2012				2012				2012			
2013				2013				2013				2013			
2014				2014				2014				2014			
2015				2015				2015				2015			
2016				2016				2016				2016			
2017				2017				2017				2017			
2018				2018				2018				2018			
2019				2019				2019				2019			
Growth	7.6%	9.2%	8.5%		3.4%	5.4%	3.6%		7.4%	13.9%	4.9%		7.3%	24.4%	8.3%
Moderate Growth	2.3%	2.4%	2.6%		0.7%	2.1%	0.5%		0.9%	1.4%	2.1%		2.6%	3.6%	2.9%
Moderate Decline	-3.0%	-3.7%	-1.3%		-3.0%	-2.6%	-3.4%		-2.7%	-4.8%	-2.9%		-8.9%	-8.4%	-6.1%
Decline	-10.0%	-14.8%	-5.9%		-9.1%	-7.3%	-7.6%		-21.0%	-27.5%	-13.9%		-17.6%	-18.4%	-14.2%