

Annual Report on the Charleston Area Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY FROM THE CHARLESTON TRIDENT ASSOCIATION OF REALTORS® MLS



2016

2016 Annual Report on the Charleston Area Housing Market

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With a new U.S. president from a different political party taking office in 2017, few are expecting federal policies to remain as they have under prior leadership. The incoming president has a deep history in real estate development and has shown a strong interest in funding massive infrastructure projects, two points that provide intrigue for the immediate future of residential real estate.

After several years of housing market improvement, 2016, as predicted, was not a pronounced triumph but more of a measured success. Markets took a steady and mostly profitable walk from month to month. Even as supply was short and shrinking, sales and prices were often increasing.

Interest rates were expected to rise throughout 2016, but they did not. Just as happened in 2015, the Federal Reserve waited until December 2016 to make a short-term rate increase. Incremental rate hikes are again expected in 2017. An economy that shows unemployment at a nine-year low coupled with higher wages inspires confidence.

Mortgage rates are not expected to grow by more than .75 percent throughout 2017, which should keep them below 5.0 percent. If they rise above that mark, we could see rate lock, and that could cause homeowners to stay put at locked-in rates instead of trading up for higher-rate properties. Such a situation would put a damper on an already strained inventory environment.

Sales: Pending sales increased 8.6 percent to 18,095 to close out the year. Meanwhile, closed sales increased 9.3 percent to 17,720 for 2016.

Listings: Inventory was lower in year-over-year comparisons. There were 4,733 active listings at the end of 2016. New listings increased by 4.3 percent to finish the year at 22,949. Low home supply is expected to continue throughout 2017.

Showings: Overall the total number of showings in the market was up 3.1 percent over last year. April had the most growth in the number of showings, signaling buyers are eagerly looking for homes early in the season. Demand remained high throughout the year, as proven by the higher number of showings in the face of low supply.

Distressed Properties: The days of a dominating foreclosure market appear to be well behind us. In 2016, the percentage of closed sales that were either foreclosure or short sale dropped by 17.3 percent to land at 6.2 percent of the market.

New Construction: New homes are being built but at roughly half the rate the nation needs in order to sustain a solid inventory foundation. Another factor is that a lot of new homes are being built as rental units, and expensive ones at that. Locally in 2016, new construction was up 17,249 units compared to 16,314 units in 2015.

Prices: Home prices rose compared to last year. The overall median sales price was up 4.8 percent to \$240,000 for the year. When inventory is low and demand is high, prices will rise. Prices should increase in most areas in 2017 but at a slower growth rate. Single Family homes were up 4.7 percent compared to last year, and Townhouse-Condohomes were also up 4.9 percent. We will likely need years of improved wage growth to account for recent price gains.

Millennials continue to command attention as the next wave of home buyers, yet the rate at which this massive population is entering the market has been less than stellar. This may be due to a cultural change away from settling into marriage and parenthood until later in life, high student loan debt, or even reservations about a home being a wise investment in the wake of what the last recession did to their elders. That said, some have suggested that this group is simply willing to wait longer to buy, thus skipping the entry-level purchase altogether to land in their preferred home.

At the other end of the age and price spectrum, baby boomers are expected to make up nearly one-third of all buyers in 2017. By and large, this group is not looking to invest in oversized homes, yet we could see improvement in higher price ranges as a hedge against inflation and risk. Shifting wealth away from the stock market into valuable homes may be seen as a safer bet during a transition of power and a period of pronounced change.

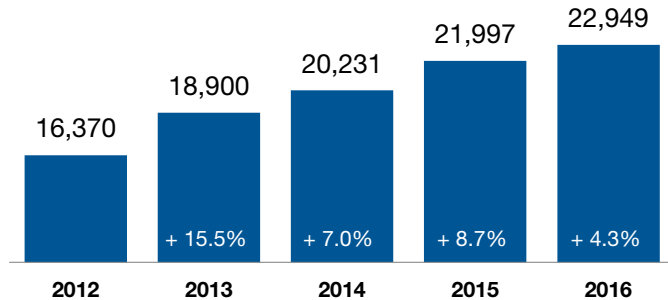
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Quick Facts



New Listings



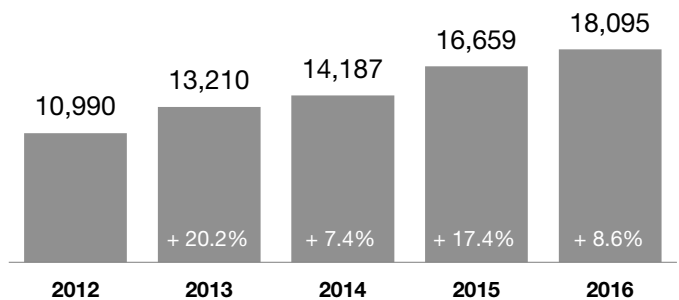
Top 5 Areas: Change in New Listings from 2015

Kiawah	+ 34.8%
Downtown Charleston	+ 15.5%
Upper Charleston Peninsula	+ 15.4%
Hollywood / Ravenel / Meggett Area	+ 12.8%
Lower Mount Pleasant	+ 11.4%

Bottom 5 Areas: Change in New Listings from 2015

Sullivan's Island	- 4.2%
Wando / Cainhoy Area	- 8.8%
Edisto Area	- 9.0%
Folly Beach	- 13.9%
Hanahan	- 16.8%

Pending Sales



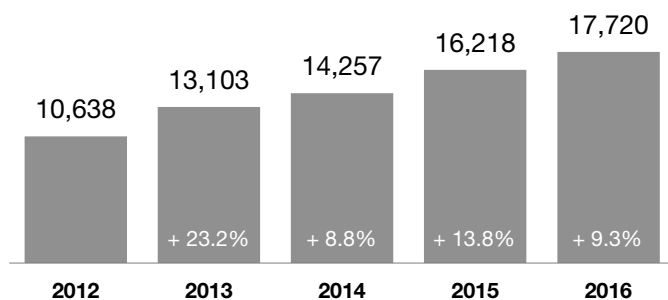
Top 5 Areas: Change in Pending Sales from 2015

Goose Creek / Moncks Corner	+ 24.3%
Hollywood / Ravenel / Meggett Area	+ 22.4%
Dorchester Road Corridor	+ 15.8%
Isle of Palms	+ 15.6%
Greater Summerville Area	+ 15.3%

Bottom 5 Areas: Change in Pending Sales from 2015

Folly Beach	- 4.9%
Daniel Island	- 9.9%
Edisto Area	- 11.8%
Hanahan	- 15.8%
Wando / Cainhoy Area	- 19.8%

Closed Sales



Top 5 Areas: Change in Closed Sales from 2015

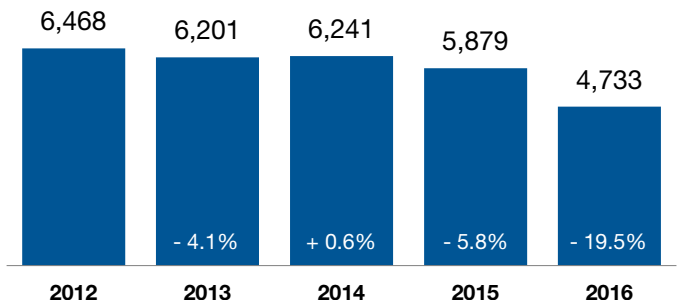
Goose Creek / Moncks Corner	+ 26.2%
Hollywood / Ravenel / Meggett Area	+ 22.7%
Johns Island	+ 21.3%
Downtown Charleston	+ 14.7%
Dorchester Road Corridor	+ 14.5%

Bottom 5 Areas: Change in Closed Sales from 2015

Upper Charleston Peninsula	- 8.0%
Daniel Island	- 13.1%
Kiawah	- 15.9%
Hanahan	- 17.0%
Wando / Cainhoy Area	- 21.0%

Inventory of Homes for Sale

At the end of the year.



Top 5 Areas: Change in Homes for Sale from 2015

Dorchester Road Corridor	+ 13.4%
Johns Island	+ 11.6%
Sullivan's Island	+ 11.4%
Goose Creek / Moncks Corner	+ 11.4%
Hollywood / Ravenel / Meggett Area	+ 7.6%

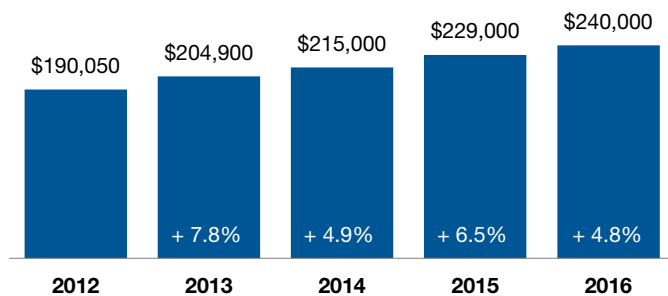
Bottom 5 Areas: Change in Homes for Sale from 2015

Kiawah	- 19.0%
Upper Charleston Peninsula	- 27.8%
Wando / Cainhoy Area	- 29.4%
Hanahan	- 31.1%
Folly Beach	- 33.3%

Quick Facts



Median Sales Price



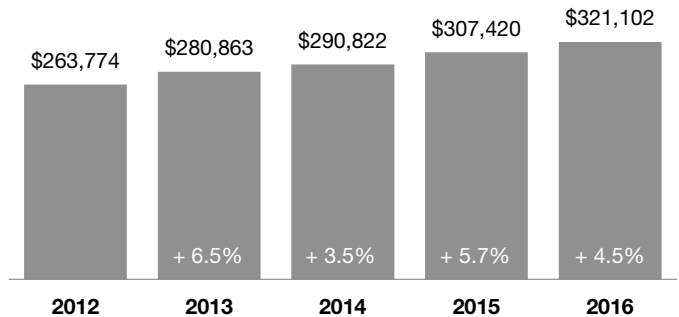
Top 5 Areas: Change in Median Sales Price from 2015

Isle of Palms	+ 11.5%
Folly Beach	+ 11.1%
West Ashley Area	+ 9.9%
Upper Charleston Peninsula	+ 9.9%
Lower Mount Pleasant	+ 9.9%

Bottom 5 Areas: Change in Median Sales Price from 2015

Hanahan	+ 3.1%
Sullivan's Island	+ 2.9%
Wando / Cainhoy Area	+ 2.6%
James Island	- 2.1%
Seabrook Island	- 22.2%

Average Sales Price



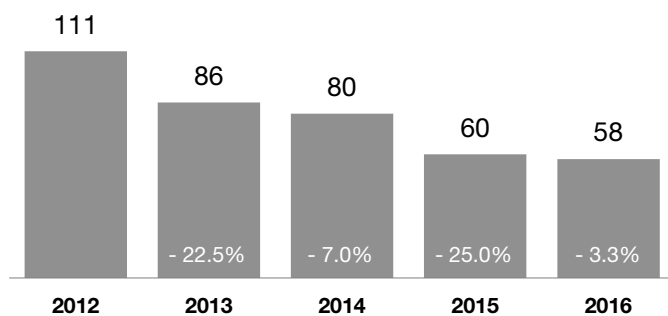
Top 5 Areas: Change in Avg. Sales Price from 2015

Isle of Palms	+ 19.1%
Wando / Cainhoy Area	+ 17.8%
Folly Beach	+ 15.1%
Upper Charleston Peninsula	+ 11.4%
Greater North Charleston	+ 10.7%

Bottom 5 Areas: Change in Avg. Sales Price from 2015

Johns Island	+ 0.7%
Daniel Island	+ 0.4%
James Island	- 2.1%
Seabrook Island	- 6.2%
Kiawah	- 9.7%

Days on Market Until Sale



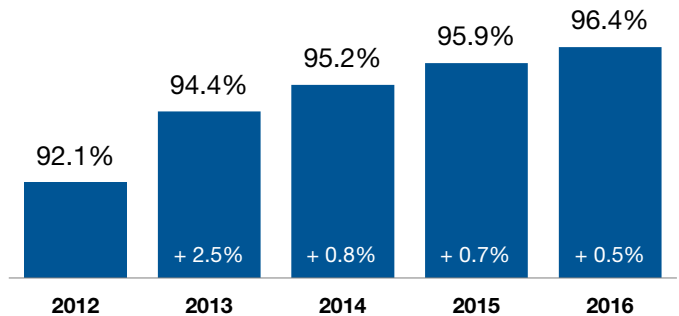
Top 5 Areas: Change in Days on Market from 2015

Lower Mount Pleasant	+ 19.6%
Upper Mount Pleasant	+ 10.5%
Isle of Palms	+ 9.3%
Dorchester Road Corridor	+ 8.3%
Seabrook Island	+ 1.0%

Bottom 5 Areas: Change in Days on Market from 2015

West Ashley Area	- 13.3%
Hanahan	- 14.8%
Upper Charleston Peninsula	- 17.3%
Greater North Charleston	- 21.2%
Kiawah	- 27.3%

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2015

Hollywood / Ravenel / Meggett Area	+ 2.9%
Kiawah	+ 2.4%
Folly Beach	+ 1.4%
Goose Creek / Moncks Corner	+ 1.0%
West Ashley Area	+ 0.8%

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2015

Seabrook Island	- 0.1%
Upper Mount Pleasant	- 0.3%
Daniel Island	- 0.4%
Sullivan's Island	- 0.6%
Wando / Cainhoy Area	- 2.6%

Property Type Review

57

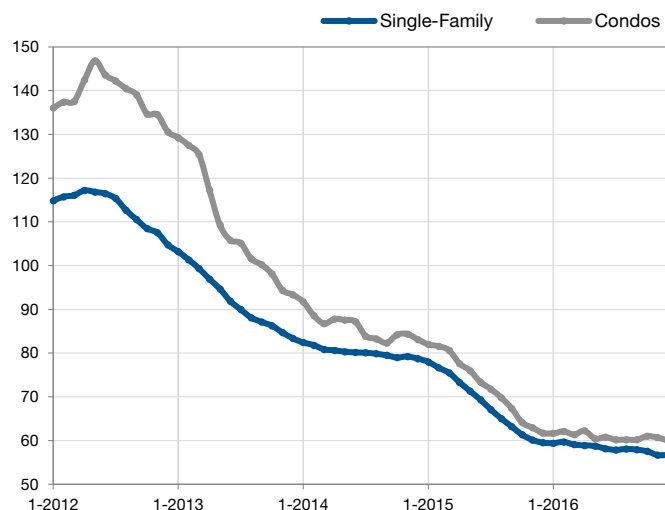
Average Days on Market
Single-Family

60

Average Days on Market
Condos

Days on Market Until Sale

This chart uses a rolling 12-month average for each data point.



Top 10 Areas: Condos Market Share in 2015

Downtown Charleston	43.7%
Kiawah	41.2%
Seabrook Island	36.9%
Folly Beach	35.4%
Lower Mount Pleasant	29.9%
Wando / Cainhoy Area	27.9%
Isle of Palms	27.7%
Upper Mount Pleasant	24.9%
Edisto Area	21.9%
West Ashley Area	20.6%

Top 10 Areas: Single-Family Market Share in 2015

Greater Summerville Area	91.7%
Goose Creek / Moncks Corner	91.7%
Sullivan's Island	91.1%
Hanahan	91.1%
Hollywood / Ravenel / Meggett Area	90.9%
Johns Island	88.2%
Upper Charleston Peninsula	86.6%
Dorchester Road Corridor	85.3%
Greater North Charleston	84.0%
James Island	83.1%

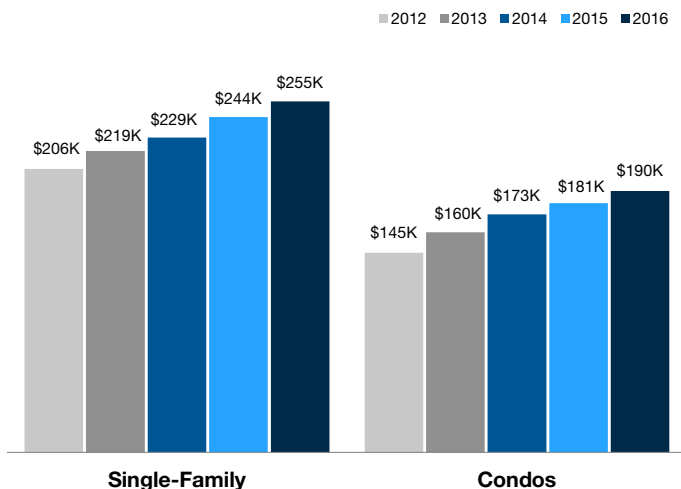
+ 4.7%

One-Year Change in Price
Single-Family

+ 4.9%

One-Year Change in Price
Condos

Median Sales Price



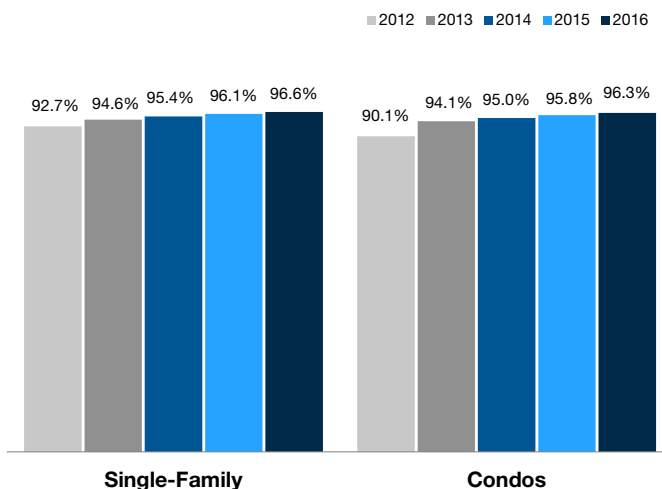
96.6%

Pct. of Orig. Price Received
Single-Family

96.3%

Pct. of Orig. Price Received
Condos

Percent of Original List Price Received



Distressed Homes Review

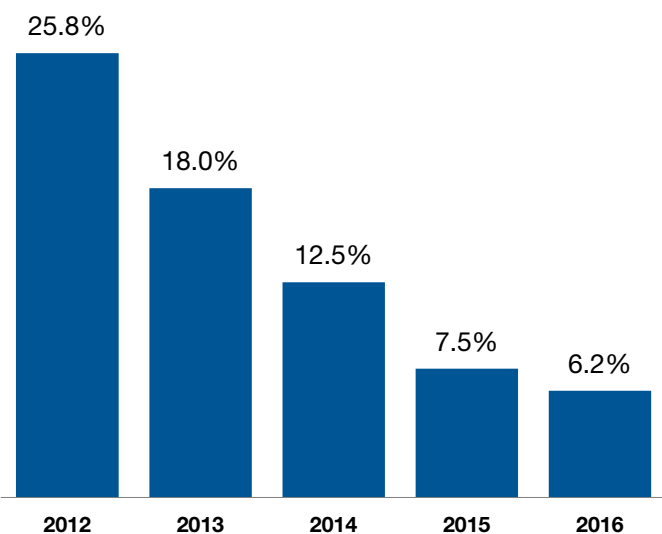
6.2%

Percent of Closed Sales in 2016 That Were Distressed

- 17.3%

One-Year Change in Sales of Distressed

Percent of Sales That Were Distressed



Top Areas: Distressed Market Share in 2016

Folly Beach	20.4%
Hollywood / Ravenel / Meggett Area	12.3%
James Island	10.0%
Hanahan	8.9%
Greater North Charleston	8.3%
Greater Summerville Area	6.8%
West Ashley Area	6.3%
Goose Creek / Moncks Corner	6.1%
Johns Island	6.0%
Dorchester Road Corridor	5.2%
Wando / Cainhoy Area	4.8%
Seabrook Island	4.2%
Edisto Area	3.7%
Kiawah	3.4%
Downtown Charleston	3.2%
Upper Mount Pleasant	2.6%
Upper Charleston Peninsula	2.4%
Isle of Palms	2.4%
Lower Mount Pleasant	1.8%
Sullivan's Island	1.6%
Daniel Island	1.0%

+ 26.3%

Four-Year Change in Price All Properties

+ 14.0%

Four-Year Change in Price Traditional Properties

+ 9.0%

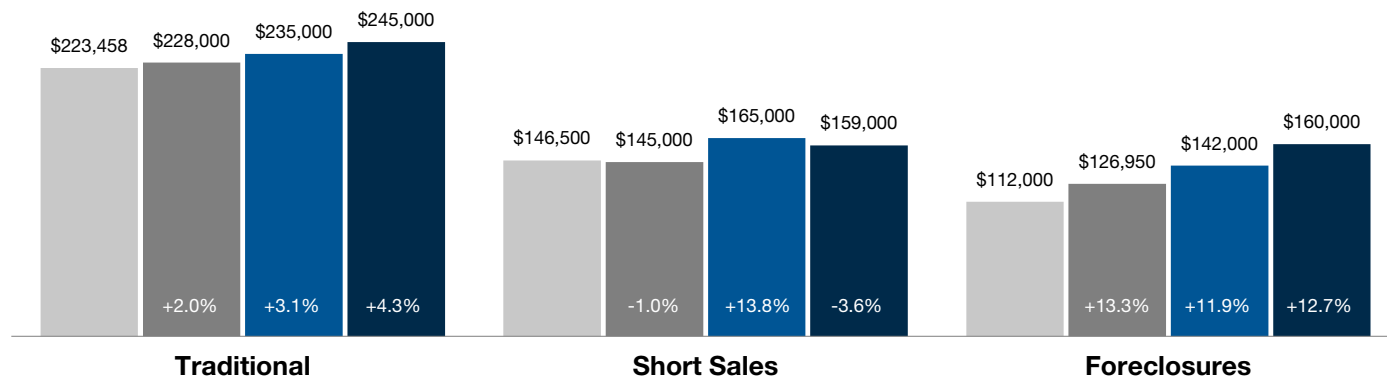
Four-Year Change in Price Short Sales

+ 49.5%

Four-Year Change in Price Foreclosures

Median Sales Price

■ 2013 ■ 2014 ■ 2015 ■ 2016



A property is counted as Distressed when the SPECIAL field in CTARMLS is marked as "Lender Owned," "Corp Owned" or "Possible Short Sale," or if the POTENTIAL SHORT SALE field is marked "Yes," or if the REMARKS or AGENT NOTES fields contain a phrase that 10K Research has determined will very likely mark a distressed property.



New Construction Review

Mar '16

458

Peak of New Construction Inventory

Drop in New Construction Inventory from Peak

New Construction Homes for Sale



Top Areas: New Construction Market Share in 2016

Johns Island	45.8%
Goose Creek / Moncks Corner	38.8%
Upper Mount Pleasant	36.4%
Hollywood / Ravenel / Meggett Area	34.6%
Greater Summerville Area	22.0%
Greater North Charleston	20.5%
Daniel Island	17.9%
Dorchester Road Corridor	17.4%
West Ashley Area	16.8%
Lower Mount Pleasant	14.6%
Hanahan	9.8%
Wando / Cainhoy Area	8.3%
Upper Charleston Peninsula	7.8%
James Island	6.8%
Seabrook Island	4.9%
Downtown Charleston	3.9%
Sullivan's Island	3.2%
Isle of Palms	2.8%
Folly Beach	2.6%
Kiawah	1.7%
Edisto Area	0.7%

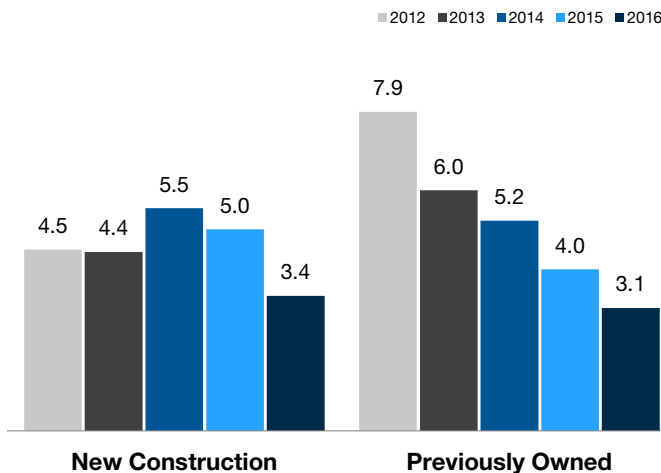
3.4

3.1

Year-End Months Supply New Construction

Year-End Months Supply Previously Owned

Months Supply of Inventory



100.5%

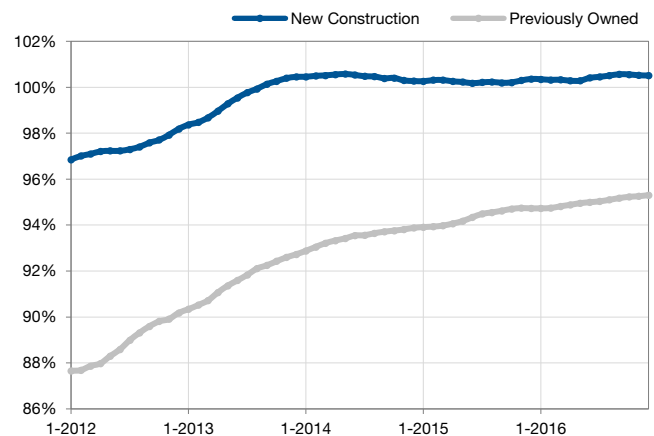
95.3%

Pct. of Orig. Price Received New Construction

Pct. of Orig. Price Received Previously Owned

Percent of Original List Price Received

This chart uses a rolling 12-month average for each data point.



Showings Review

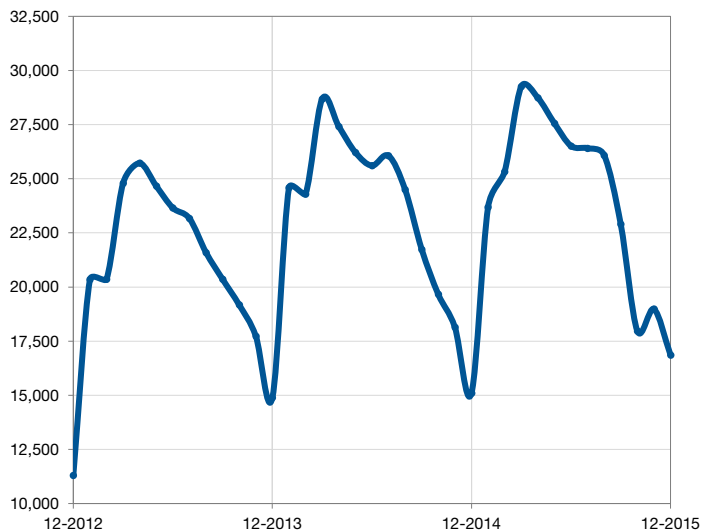
11.0

Median Number of Showings before Pending

0.0%

One-Year Change in Median Showings before Pending

Monthly Number of Showings



Top 10 Areas: Number of Showings

Charleston County	169,030
Berkeley County	64,575
Dorchester County	61,994
Goose Creek / Moncks Corner	39,912
Greater Summerville Area	38,304
West Ashley Area	36,656
Upper Mount Pleasant	29,435
Lower Mount Pleasant	27,866
Dorchester Road Corridor	22,953
Greater North Charleston	19,920

Top 10 Areas: Number of Showings per Listing

Daniel Island	19.8
Lower Mount Pleasant	18.9
West Ashley Area	18.4
Upper Charleston Peninsula	17.5
Dorchester Road Corridor	17.3
Upper Mount Pleasant	16.9
James Island	16.8
Hanahan	16.3
Charleston County	16.0
Dorchester County	15.9

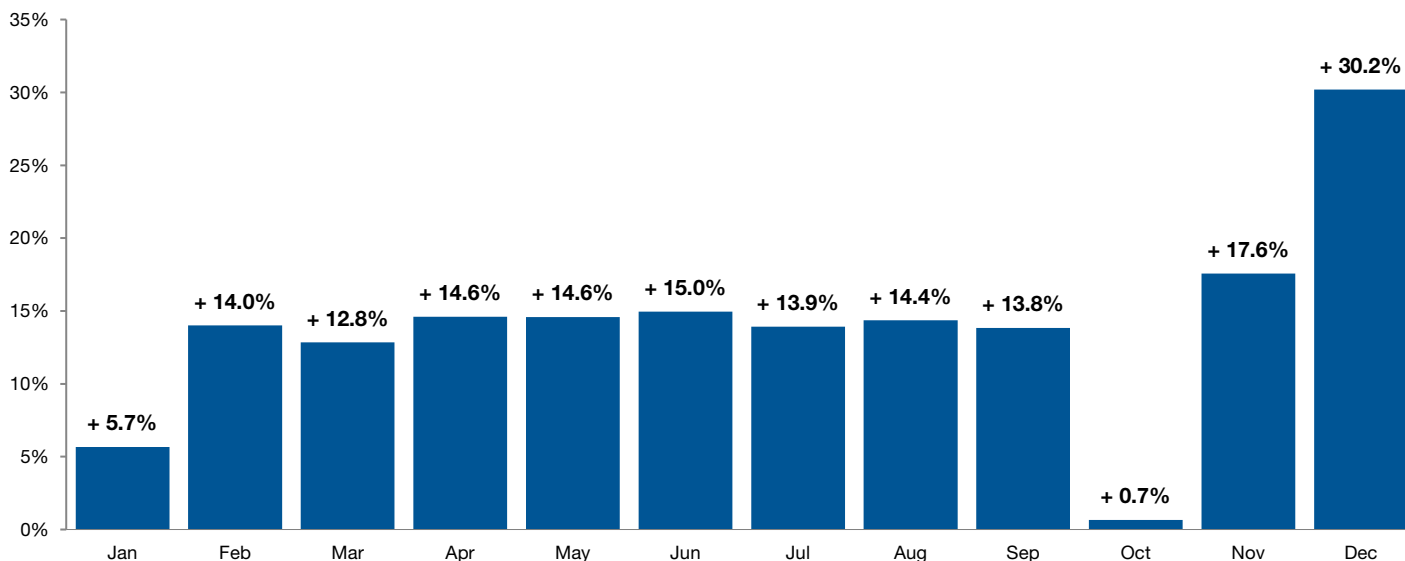
+ 3.1%

One-Year Change in Total Showings

April '16

Peak Showing Activity Month

2015 Year-Over-Year Change in Monthly Showings per Listing





Area Overviews

	Total Closed Sales	Change from 2015	Percent New Construction	Percent Condos	Median Showings to Pending	Days on Market	Pct. of Orig. Price Received
Charleston Area	17,720	+ 9.3%	21.8%	17.9%	11	58	96.4%
Berkeley County	4,442	+ 14.3%	30.5%	11.7%	10	52	97.4%
Charleston County	9,221	+ 7.3%	19.9%	24.4%	11	59	96.0%
Colleton County	237	+ 3.0%	0.8%	0.0%	4	107	90.6%
Dorchester County	3,386	+ 13.2%	20.1%	10.7%	11	54	97.2%
Daniel Island	312	- 13.1%	17.9%	36.5%	15	54	97.2%
Dorchester Road Corridor	1,132	+ 14.5%	17.4%	18.4%	12	52	97.5%
Downtown Charleston	438	+ 14.7%	3.9%	48.6%	11	101	93.4%
Edisto Area	136	- 6.8%	0.7%	16.2%	2	144	91.9%
Folly Beach	152	- 6.7%	2.6%	38.2%	10	103	93.2%
Goose Creek / Moncks Corner	3,085	+ 26.2%	38.8%	9.8%	10	49	98.3%
Greater North Charleston	1,330	+ 0.2%	20.5%	16.8%	10	41	96.1%
Greater Summerville Area	2,195	+ 13.1%	22.0%	7.0%	11	54	97.1%
Hanahan	326	- 17.0%	9.8%	9.2%	11	46	96.0%
Hollywood / Ravenel / Meggett Area	162	+ 22.7%	34.6%	5.6%	7	84	95.3%
Isle of Palms	250	+ 3.3%	2.8%	30.4%	11	141	91.5%
James Island	903	- 0.9%	6.8%	23.6%	12	44	96.3%
Johns Island	649	+ 21.3%	45.8%	11.4%	9	51	98.1%
Kiawah	58	- 15.9%	1.7%	46.6%	5	136	91.4%
Lower Mount Pleasant	1,280	+ 11.9%	14.6%	32.6%	13	55	95.6%
Rural Berkeley County	176	+ 66.0%	2.3%	0.6%	6	87	90.2%
St. George / Rural Dorchester County	60	- 1.6%	0.0%	0.0%	6	87	91.4%
Seabrook Island	142	+ 10.1%	4.9%	39.4%	10	194	89.0%
Sullivan's Island	62	+ 10.7%	3.2%	6.5%	9	125	90.0%
Upper Charleston Peninsula	206	- 8.0%	7.8%	15.5%	14	43	94.9%
Upper Mount Pleasant	1,582	+ 6.7%	36.4%	26.4%	12	63	97.7%
Wando / Cainhoy Area	252	- 21.0%	8.3%	25.0%	10	51	95.7%
West Ashley Area	1,909	+ 13.8%	16.8%	22.5%	13	39	96.7%

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Area Historical Median Prices



	2012	2013	2014	2015	2016	Change From 2015	Change From 2012
Charleston Area	\$190,050	\$204,900	\$215,000	\$229,000	\$240,000	+ 4.8%	+ 26.3%
Berkeley County	\$167,413	\$174,900	\$185,000	\$200,880	\$210,143	+ 4.6%	+ 25.5%
Charleston County	\$228,000	\$250,000	\$275,000	\$293,000	\$310,000	+ 5.8%	+ 36.0%
Colleton County	\$82,500	\$82,000	\$80,000	\$102,500	\$125,000	+ 22.0%	+ 51.5%
Dorchester County	\$167,500	\$169,900	\$178,000	\$189,650	\$200,000	+ 5.5%	+ 19.4%
Daniel Island	\$455,000	\$502,500	\$560,000	\$623,000	\$650,575	+ 4.4%	+ 43.0%
Dorchester Road Corridor	\$170,000	\$177,125	\$170,000	\$182,000	\$191,500	+ 5.2%	+ 12.6%
Downtown Charleston	\$472,500	\$475,000	\$592,000	\$590,000	\$642,500	+ 8.9%	+ 36.0%
Edisto Area	\$350,000	\$325,000	\$290,000	\$339,000	\$354,477	+ 4.6%	+ 1.3%
Folly Beach	\$408,000	\$373,750	\$430,000	\$450,000	\$499,950	+ 11.1%	+ 22.5%
Goose Creek / Moncks Corner	\$160,000	\$163,000	\$172,500	\$187,500	\$205,000	+ 9.3%	+ 28.1%
Greater North Charleston	\$105,000	\$131,450	\$139,900	\$153,813	\$168,000	+ 9.2%	+ 60.0%
Greater Summerville Area	\$167,250	\$167,000	\$184,000	\$194,900	\$206,088	+ 5.7%	+ 23.2%
Hanahan	\$173,000	\$199,950	\$219,000	\$225,000	\$232,000	+ 3.1%	+ 34.1%
Hollywood / Ravenel / Meggett Area	\$210,000	\$198,440	\$200,749	\$317,000	\$333,995	+ 5.4%	+ 59.0%
Isle of Palms	\$622,000	\$649,500	\$598,000	\$650,000	\$725,000	+ 11.5%	+ 16.6%
James Island	\$207,250	\$229,750	\$260,000	\$281,400	\$275,500	- 2.1%	+ 32.9%
Johns Island	\$197,367	\$218,056	\$240,000	\$256,500	\$275,000	+ 7.2%	+ 39.3%
Kiawah	\$615,000	\$675,000	\$602,500	\$567,000	\$622,500	+ 9.8%	+ 1.2%
Lower Mount Pleasant	\$316,139	\$341,000	\$376,000	\$400,000	\$439,500	+ 9.9%	+ 39.0%
Rural Berkeley County	\$87,000	\$99,250	\$98,750	\$130,000	\$127,000	- 2.3%	+ 46.0%
St. George / Rural Dorchester County	\$77,500	\$113,600	\$125,000	\$111,000	\$125,800	+ 13.3%	+ 62.3%
Seabrook Island	\$367,000	\$353,750	\$400,000	\$450,000	\$350,000	- 22.2%	- 4.6%
Sullivan's Island	\$1,330,000	\$1,447,500	\$1,235,000	\$1,312,500	\$1,350,000	+ 2.9%	+ 1.5%
Upper Charleston Peninsula	\$230,000	\$270,000	\$326,500	\$341,250	\$375,000	+ 9.9%	+ 63.0%
Upper Mount Pleasant	\$296,000	\$335,000	\$375,000	\$400,670	\$425,000	+ 6.1%	+ 43.6%
Wando / Cainhoy Area	\$175,188	\$206,815	\$239,865	\$251,000	\$257,500	+ 2.6%	+ 47.0%
West Ashley Area	\$187,816	\$198,602	\$220,000	\$232,000	\$255,000	+ 9.9%	+ 35.8%