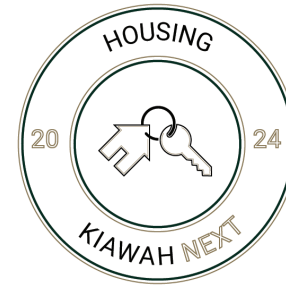


07



housingnext

Maintain Kiawah’s excellent reputation as a vibrant coastal village.

Housing

Considers location, types, age, and condition of housing, owner and renter occupancy, and affordability of housing.

Big Ideas

Update the Housing Market Analysis

Objectives

H1 - Review housing data.

H2 – Encourage the redevelopment of properties through Live with Nature principles.

H3 - Monitor the development of housing in adjacent communities.

H4 - Promote and facilitate the redevelopment of existing properties to maintain Kiawah’s long-term market health and attractiveness.

Overview

Kiawah Island is a tapestry of residential neighborhoods, each contributing to the island’s unique character and charm. In recent years, Kiawah’s housing inventory has seen growth, particularly in owner-occupied units, which underscores the expanding resident base and the island’s allure as a place to call home.

This chapter delves into an analysis of Kiawah’s housing landscape, exploring topics such as housing makeup and market dynamics.

Housing Types

The Town of Kiawah Island housing stock caters to permanent and part-time residents and short-term renters. As of July 2024, the island comprises 4,511 housing units, offering a mix of the following housing types:

1. Single-family detached homes form the backbone of Kiawah's housing inventory, accounting for 66% (2,972 units) of the total housing stock.
2. Multi-family properties, primarily cottages and villas, make up another portion of Kiawah's housing inventory, accounting for 26% (1,173 units) of the total housing stock. Villas typically offer condominium-style living.
3. Undeveloped homesites: Representing potential for future housing growth, undeveloped homesites account for 8% (366 units) of the total inventory.

Short-Term Rental Accommodations:

Short-term rentals constitute a portion of Kiawah's housing utilization, despite not being a separate category of physical housing. The island's housing landscape is influenced by this trend, as evidenced by recent data. In July 2024, the Town reported 4,145 housing units on Kiawah Island. Of these, 1,400 have been granted short-term rental business licenses. This translates to a notable 34% of the island's total housing stock having the capacity to serve as short-term rental accommodations, underscoring the impact of this sector in

Data Sources:

Housing inventory data (total units, single-family homes, villas, and undeveloped homesites) was obtained from the Charleston County Assessor Office Parcel Data Information as of July 2024.

Short-term rental information was provided by the Town of Kiawah Island, based on STR business license information as of July 2024.

Kiawah's residential and tourism economy.

Short-term rentals present both opportunities and challenges for Kiawah Island. While they support a robust tourism economy, they may also impact community dynamics and service needs. This pattern contributes to fluctuations in the island's population throughout the year, with peak occupancy during popular vacation periods.

Future housing policies will need to balance the needs of permanent residents, part-time homeowners, and the tourism industry. Given Kiawah's coastal location, future housing development must also consider environmental factors such as sea-level rise, storm surge, and coastal erosion. Sustainable and resilient housing designs will be crucial for the long-term viability of the island's housing stock.

Real Estate Market Overview

Kiawah Island's real estate market continues to grow in 2024, building upon a trend of increasing property values and sales activity in recent years. According to the Kiawah Island Real Estate Property Report for January-June 2024, the first half of the year saw gains in property values and transaction volume.

Kiawah Island's combined average closing price reached \$2.52 million in the first half of 2024, a significant increase from the \$2.16 million average observed in 2023. This upward trajectory in property values has been consistent since 2022, which saw a 53.4% surge from the previous year, with the average closing price reaching \$1.91 million. For context, between 2017 and 2021, average closing prices on Kiawah Island ranged from approximately \$980,000 to \$1.24 million.

In terms of sales volume, the first half of 2024 has already witnessed 244 closings. This figure includes sales from The Cape, a new development significantly impacting villa statistics. The report notes that 58 villas from The Cape closed in the first half of 2024, accounting for over \$215 million in sales volume. This inclusion has notably inflated the villa sales data, contributing to the overall market performance.

While the current pace may not match the peak of 2021, which saw a record-breaking 655 closings, it represents a robust market compared to recent years and pre-COVID levels. For comparison, 2023 and 2022 saw total closings of 340 and 318 respectively, while the average annual closings from 2014 to 2019 were approximately 280.

The sales volume in 2024 reflects ongoing

Note: The Kiawah Island Real Estate Property Report includes data from both Kiawah Island and Cassique. While Cassique is not within Kiawah Island's town limits, it is considered an integral part of the Kiawah real estate market due to its adjacent location and shared amenities. This inclusion provides a more comprehensive view of the area's real estate performance.

buyer confidence in Kiawah Island real estate. This is further evidenced by the limited inventory, with only 2.6% of Island-wide properties listed at the end of Q2 2024, indicating a market that continues to favor sellers.

Looking ahead, the consistent demand and rising property values suggest a positive outlook for Kiawah Island's real estate market. While it may not reach the unprecedented levels seen in 2021, the current trends indicate a stable and attractive market for buyers and investors.

Based on the Kiawah Island Real Estate Property Report for January-June 2024, this analysis reflects island-wide sales data including homes, villas, and vacant properties. Including The Cape sales in the data provides a comprehensive market view but requires careful interpretation, particularly of the villa segment performance.

Redevelopment: A Key Factor for Future Growth

As Kiawah Island approaches full development, redevelopment of existing properties is becoming increasingly critical for maintaining long-term market health and attracting new buyers. The HR&A study, completed in August 2020 for the Town, highlights several key factors that underscore the importance of redevelopment:

1. **Ageing Housing Stock:** Redevelopment and renovation are crucial to keeping these properties competitive and valuable.
2. **Reinvestment Trends:** The study showed a positive trend in renovation activity, with renovation permits increasing significantly since 2010. However, there's a disparity between housing types:
 - Single-family homes saw 218 renovation permits in 2019, 332 in 2020, 453 in 2021, 581 in 2022, and 460 in 2023.
 - Villas and cottages only had 34 permits in the same year
3. **Value Impact of Renovations:** Properties with renovation permits have consistently higher total assessment values. This effect is even more pronounced in newer properties, highlighting the importance of continuous reinvestment.
4. **Challenges for Villas:** Reinvestment in villas is more difficult under shared ownership models, posing long-term challenges for maintaining value in

these properties as they age.

5. **Construction Costs:** Kiawah's high construction costs (about 30% higher than the regional average) make redevelopment and reinvestment decisions more critical and potentially challenging.

To address these factors and encourage redevelopment, the Town is focusing on several initiatives:

- Streamlining contractor/builder permitting process by aligning the Town, KICA and ARB requirements.
- Considering incentives to encourage reinvestment, particularly in shared ownership properties like villas.
- Educating property owners and regime managers on the collective benefits of reinvestment.

By prioritizing redevelopment, Kiawah Island aims to maintain its competitive edge in the real estate market, ensure long-term property value growth, and continue attracting new generations of buyers while preserving its unique natural environment and community character.

Workforce Housing

Finding workforce housing in the greater Charleston area is becoming increasingly challenging, particularly for workers employed on Kiawah Island. This situation has led to significant commuting challenges and associated issues for the island's workforce.

Census data reveals that nearly three-quarters of all workers on Kiawah Island travel more than 25 miles to reach their jobs. This substantial commute is due to the scarcity of affordable housing options closer to the island.

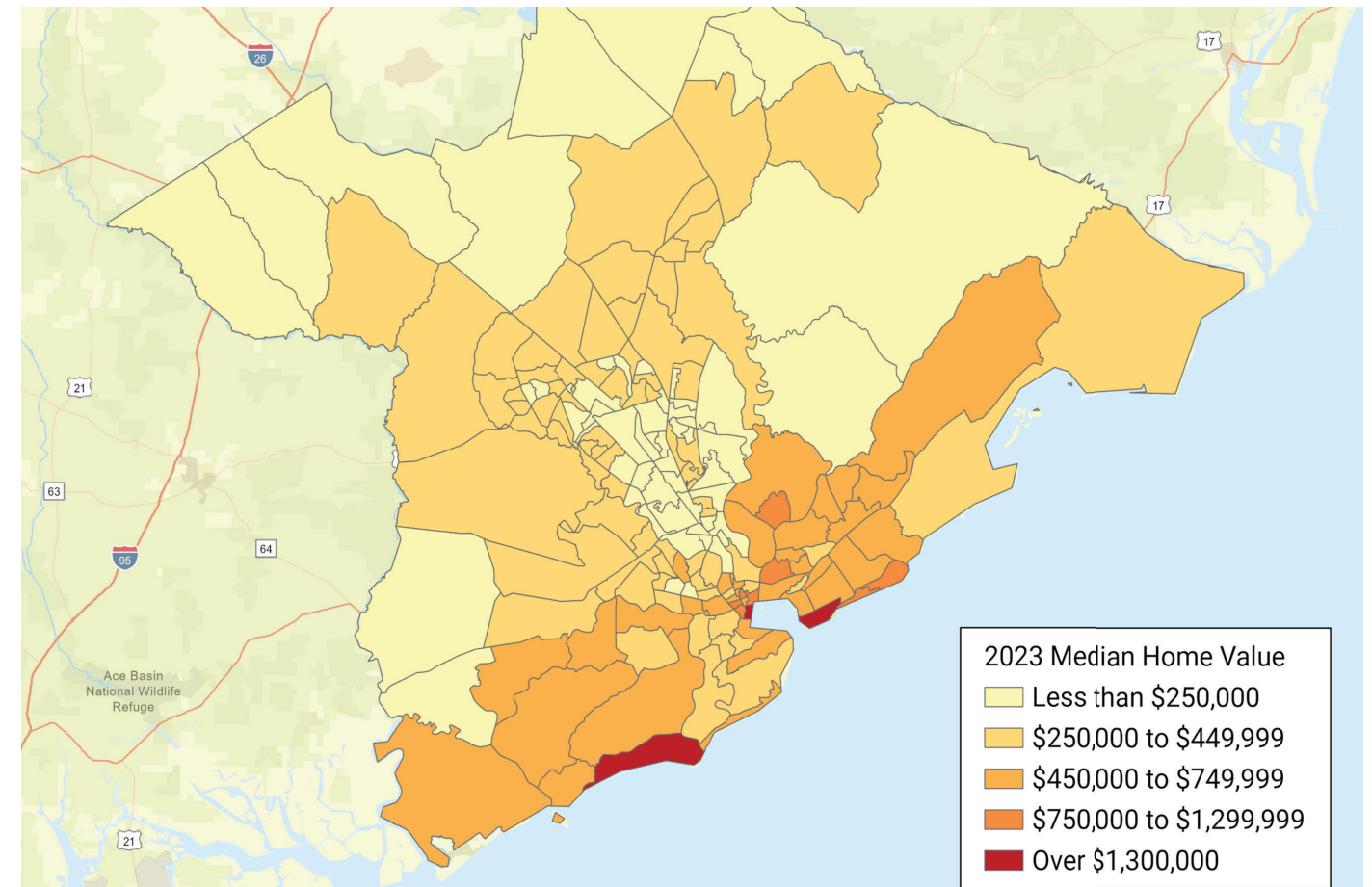
Data from the US Bureau of Labor and Statistics indicates that many of these commuters, especially those in entry-level Accommodation and Food Services and Retail

Trade jobs, earn less than \$50,000 annually. Based on HUD's guidelines, which consider households paying more than 30% of their income for housing as "cost-burdened," these workers are most likely to afford homes under \$250,000.

This housing affordability issue forces workers to look for homes in more remote areas of the Charleston region where median home values fit within their budgets. This situation affects workers' quality of life because of lengthy commutes and has broader implications for the region's transportation patterns and economy dynamics.

Median Home Values, Charleston MSA, 2023

Source: ESRI Business Analyst





housing objectives and strategies

GOAL:

Continue Kiawah's excellent reputation as a vibrant coastal village.

Objective H1

Review housing data.

Strategy H1.1

Conduct a market analysis of Kiawah Island properties regularly, possibly every 3-4 years.

Objective H2

Encourage the redevelopment of existing properties through Live with Nature principles to maintain Kiawah's long-term market health, attractiveness, and environmental harmony.

Strategy H2.1

Create a comprehensive "Redevelopment Toolkit" for property owners, incorporating:

- Design guidelines that align with Live with Nature principles
- Streamlined permitting processes for approved redevelopment projects
- Best practices for sustainable and eco-friendly renovations.

Objective H3

Monitor the development of housing in adjacent communities.

Strategy H3.1

Support the development of workforce housing in the greater Charleston area.