

Annual Report on the Charleston Area Housing Market

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



2014

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Two steps forward, one step back. That's how the 2014 housing recovery went in most local U.S. markets. It was another recovery year but not without its hurdles – some new, some familiar. Metrics like sales price and inventory showed improvement, while new home construction and other measures didn't quite meet expectations. Though the rate of improvement is uneven across areas, price tiers and market segments, overwhelmingly encouraging data sets a positive tone for 2015.

While that data confirms that recovery is still underway, it also suggests that the 2014 recovery was not as strong as in 2013. Moderate inventory gains meant less robust – yet still mostly positive – price growth. Since prices have risen, the affordability picture isn't what it was in 2012 or 2013, though affordability remains above its long-term average. Factors such as inadequate mortgage liquidity, stagnant wage growth and student loan debt have served as impediments to both first-time and move-up buyers.

Sales Interest rates remained lower than most expected. That helped fuel buyer activity. In general, sales continue to skew away from the lower-price rungs and distressed segments and toward the upper end and traditional sales. Overall, closed sales increased 8.8 percent to 14,253 for the year. That's the fifth consecutive year of sales gains. In 2015, watch for stronger seller activity to increase inventory levels, which could alleviate shortages in certain areas and segments.

Listings Although it was slimmer pickings, those shopping for homes saw their searches return listings of higher quality. With 5,425 active listings as of the end of 2014, consumers had 12.1 percent fewer options in 2014 than in 2013. Persistent price increases meant once-underwater sellers could finally list their homes, but it would be nice to see more sellers gain the extra confidence needed to sell. On a positive note, seller activity increased 6.9 percent to 20,203 new listings. Expect that to continue in 2015.

Distressed Properties In almost every community, foreclosure and short sale activity is declining and is near multi-year lows. That's a good thing, since these distressed product types sell at a steep discount to their traditional counterparts. In 2014, the percentage of closed sales that were either foreclosure or short sale fell 24.4 percent to 12.5 percent.

Property Types With boomers emptying their suburban nests and millennials having their own unique set of preferences, market activity can often vary by property type. For example, closed sales of single-family homes were up 16.8 percent while condos-townhouses decreased 4.5 percent.

New Construction If there were one major element missing from this recovery, it would be housing starts. New construction generates property taxes, commissions, lumber and drywall sales, and spending and job growth elsewhere – such as appliances, landscaping, insurance and utilities. Locally in 2014, new construction sales have dropped by 716 units from its peak in February 2010 to 1,075 homes for sale.

Prices Prices in most areas have enjoyed another year of gains. The overall median sales price rose 4.9 percent to \$215,000 for the year. Home prices should continue to rise in 2015 but perhaps at a tempered pace as the market approaches a natural balancing point. Price gains should be more in line with historical norms in 2015.

If the economic tailwinds stick around as they should, housing should get a boost in 2015. Qualified first-time buyers need good jobs and access to mortgage capital. Watch for movement on housing finance reform. Rates should be stable until mid-2015, when the Federal Reserve is expected to raise the key federal funds rate.

By almost all measures, the economic landscape has improved. Recent gross domestic product growth is rising at a 5.0 percent annual rate. The national unemployment rate is under 6.0, down from a 10-year high of 10.0 in October 2009, and stocks are reaching all time highs. The deficit is down by two-thirds, gas prices are at multi-year lows and we're in the midst of the largest stretch of job gains on record. Given all that, 2015 should hold much promise. Here's to making the most of it.

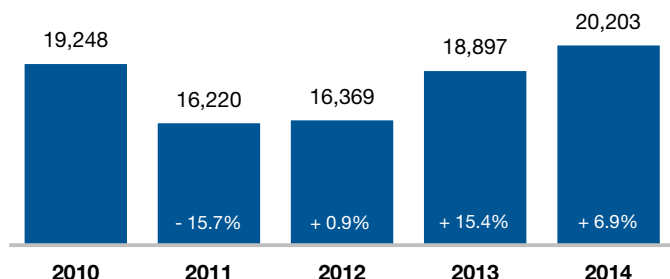
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Quick Facts

New Listings



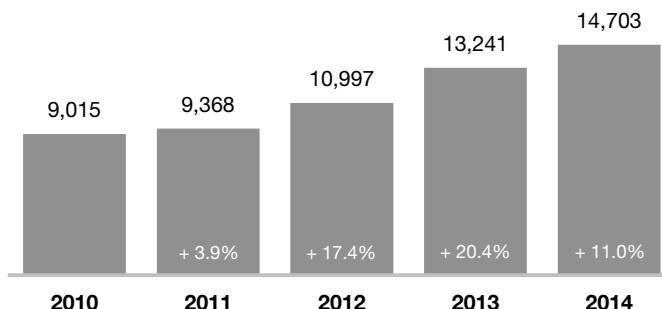
Top 5 Areas: Change in New Listings from 2013

Wando / Cainhoy Area	+ 22.5%
Hanahan	+ 21.7%
Goose Creek / Monck's Corner Area	+ 16.6%
Daniel Island	+ 10.3%
James Island	+ 10.0%

Bottom 5 Areas: Change in New Listings from 2013

Rural Berkeley County	- 3.9%
Sullivan's Island	- 4.0%
Folly Beach	- 4.5%
Lower Mount Pleasant	- 8.3%
Hollywood / Ravenel / Meggett Area	- 9.0%

Pending Sales



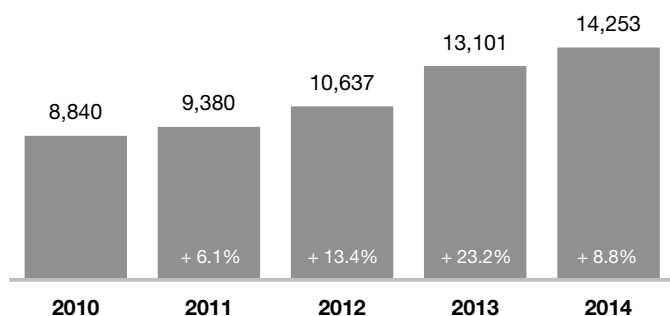
Top 5 Areas: Change in Pending Sales from 2013

Wando / Cainhoy Area	+ 35.4%
Kiawah and Seabrook Islands	+ 23.4%
Hanahan	+ 20.8%
Goose Creek / Monck's Corner Area	+ 19.0%
James Island	+ 17.4%

Bottom 5 Areas: Change in Pending Sales from 2013

Sullivan's Island	- 4.5%
Isle of Palms	- 8.5%
Lower Mount Pleasant	- 9.3%
Johns Island	- 10.5%
Hollywood / Ravenel / Meggett Area	- 12.3%

Closed Sales



Top 5 Areas: Change in Closed Sales from 2013

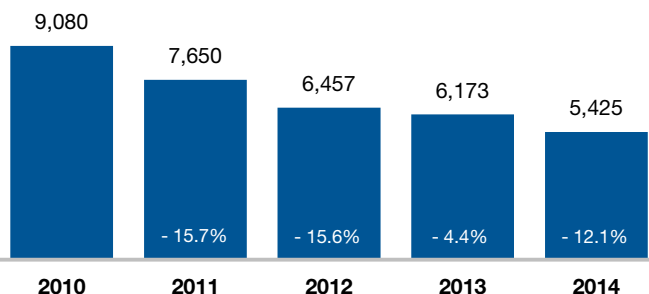
Kiawah and Seabrook Islands	+ 31.8%
Wando / Cainhoy Area	+ 31.0%
Goose Creek / Monck's Corner Area	+ 19.7%
James Island	+ 17.2%
Dorchester Road Corridor	+ 12.0%

Bottom 5 Areas: Change in Closed Sales from 2013

Downtown Charleston	- 5.0%
Edisto Area	- 8.6%
Lower Mount Pleasant	- 9.1%
Isle of Palms	- 12.0%
Johns Island	- 17.3%

Inventory of Homes for Sale

At the end of the year.



Top 5 Areas: Change in Homes for Sale from 2013

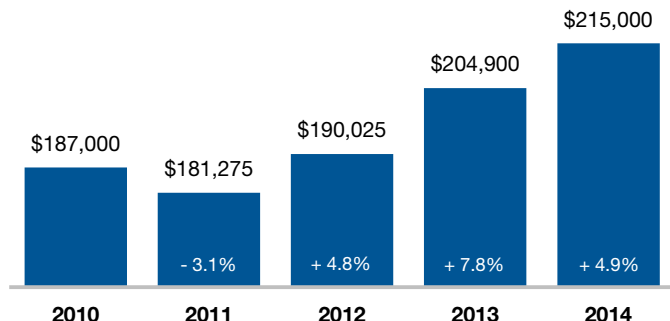
Johns Island	+ 16.9%
Wando / Cainhoy Area	+ 8.5%
Upper Mount Pleasant	+ 2.6%
Edisto Area	+ 1.9%
Daniel Island	+ 1.1%

Bottom 5 Areas: Change in Homes for Sale from 2013

Rural Berkeley County	- 27.4%
Dorchester Road Corridor	- 28.4%
Sullivan's Island	- 30.2%
Folly Beach	- 32.4%
Upper Charleston Peninsula	- 40.6%

Quick Facts

Median Sales Price



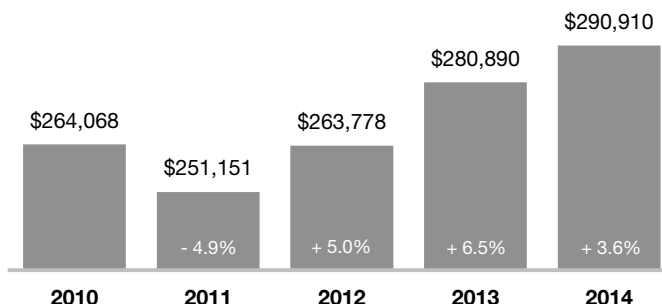
Top 5 Areas: Change in Median Sales Price from 2013

Downtown Charleston	+ 25.8%
Upper Charleston Peninsula	+ 20.9%
Folly Beach	+ 20.0%
Wando / Cainhoy Area	+ 16.5%
James Island	+ 12.6%

Bottom 5 Areas: Change in Median Sales Price from 2013

Rural Berkeley County	- 0.5%
Dorchester Road Corridor	- 3.9%
Isle of Palms	- 7.9%
Kiawah and Seabrook Islands	- 10.3%
Sullivan's Island	- 15.9%

Average Sales Price



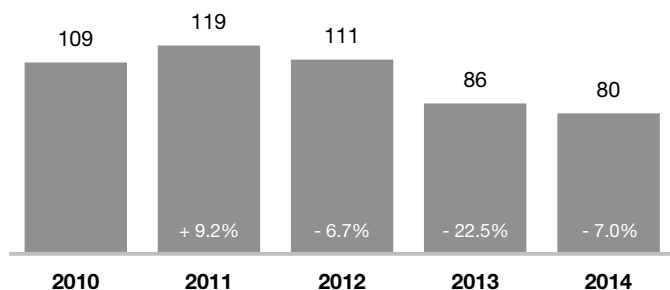
Top 5 Areas: Change in Avg. Sales Price from 2013

Upper Charleston Peninsula	+ 19.2%
St. George / Rural Dorchester County	+ 17.7%
Downtown Charleston	+ 16.6%
Daniel Island	+ 13.2%
Goose Creek / Monck's Corner Area	+ 10.4%

Bottom 5 Areas: Change in Avg. Sales Price from 2013

Wando / Cainhoy Area	+ 2.3%
Dorchester Road Corridor	- 2.0%
Hollywood / Ravenel / Meggett Area	- 3.8%
Sullivan's Island	- 17.1%
Kiawah and Seabrook Islands	- 24.9%

Days on Market Until Sale



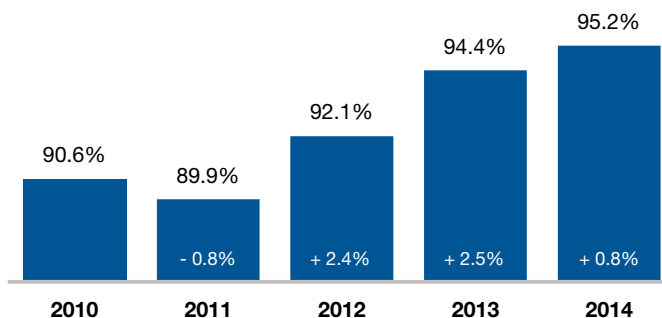
Top 5 Areas: Change in Days on Market from 2013

St. George / Rural Dorchester County	+ 23.6%
Edisto Area	+ 16.5%
Folly Beach	+ 14.2%
Greater North Charleston	+ 10.8%
Johns Island	+ 5.3%

Bottom 5 Areas: Change in Days on Market from 2013

Upper Charleston Peninsula	- 12.2%
Rural Berkeley County	- 15.6%
Daniel Island	- 17.9%
Downtown Charleston	- 23.4%
Wando / Cainhoy Area	- 27.3%

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2013

St. George / Rural Dorchester County	+ 5.9%
Rural Berkeley County	+ 2.8%
Isle of Palms	+ 2.5%
Hollywood / Ravenel / Meggett Area	+ 2.4%
Downtown Charleston	+ 2.4%

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2013

Upper Charleston Peninsula	+ 0.1%
Sullivan's Island	0.0%
Greater North Charleston	- 0.3%
Edisto Area	- 2.5%
Johns Island	- 2.5%

Property Type Review

79

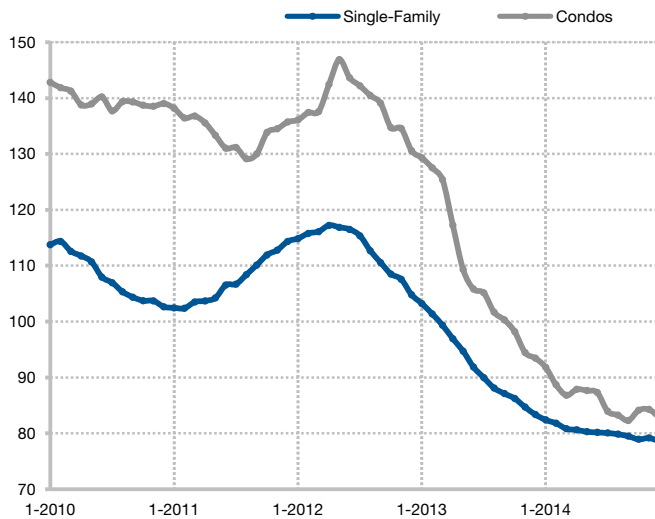
Average Days on Market
Single-Family

83

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 2014

Downtown Charleston	46.0%
Folly Beach	46.0%
Kiawah and Seabrook Islands	46.6%
Daniel Island	35.4%
Isle of Palms	31.0%
Lower Mount Pleasant	28.6%
Wando / Cainhoy Area	22.5%
Johns Island	14.6%
Edisto Area	21.4%
Upper Mount Pleasant	23.4%

Top 10 Areas: Single-Family Market Share in 2014

Rural Berkeley County	62.7%
St. George / Rural Dorchester County	81.4%
Sullivan's Island	97.5%
Hanahan	91.3%
Greater Summerville Area	91.9%
Goose Creek / Monck's Corner Area	92.7%
Hollywood / Ravenel / Meggett Area	87.4%
Upper Charleston Peninsula	84.6%
Dorchester Road Corridor	85.2%
Greater North Charleston	82.5%

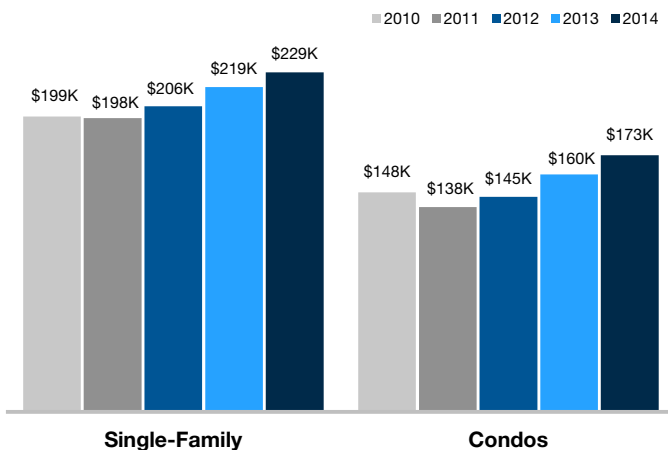
+ 4.6%

One-Year Change in Price
Single-Family

+ 8.2%

One-Year Change in Price
Condos

Median Sales Price



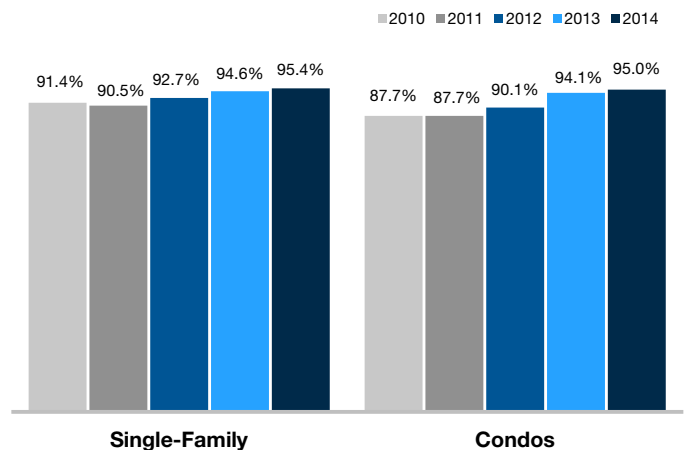
95.4%

Pct. of Orig. Price Received
Single-Family

95.0%

Pct. of Orig. Price Received
Condos

Percent of Original List Price Received



Distressed Homes Review

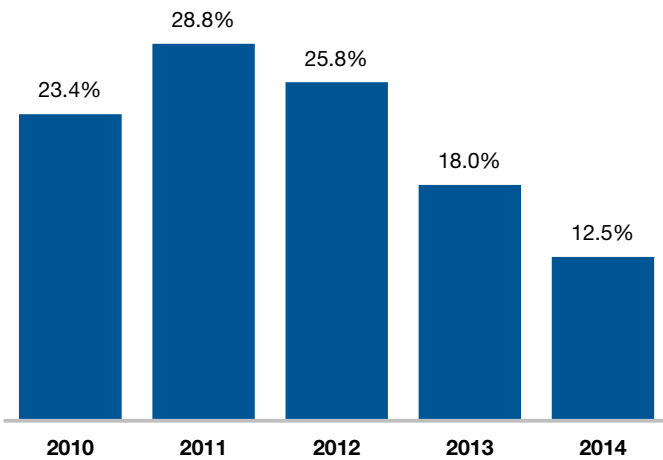
12.5%

Percent of Closed Sales in 2014 That Were Distressed

- 24.4%

One-Year Change in Sales of Distressed

Percent of Sales That Were Distressed



Top Areas: Distressed Market Share in 2014

St. George / Rural Dorchester County	25.6%
Folly Beach	25.4%
Rural Berkeley County	23.7%
Hollywood / Ravenel / Meggett Area	23.3%
Greater North Charleston	20.9%
James Island	18.2%
Dorchester Road Corridor	14.5%
Hanahan	14.4%
Johns Island	14.0%
West Ashley Area	13.3%
Goose Creek / Monck's Corner Area	12.4%
Wando / Cainhoy Area	12.4%
Greater Summerville Area	12.2%
Edisto Area	11.4%
Kiawah and Seabrook Islands	10.3%
Upper Charleston Peninsula	7.7%
Sullivan's Island	7.5%
Downtown Charleston	7.0%
Isle of Palms	6.6%
Daniel Island	6.0%
Lower Mount Pleasant	5.6%
Upper Mount Pleasant	4.3%

+ 18.6%

Four-Year Change in Price All Properties

+ 11.2%

Four-Year Change in Price Traditional Properties

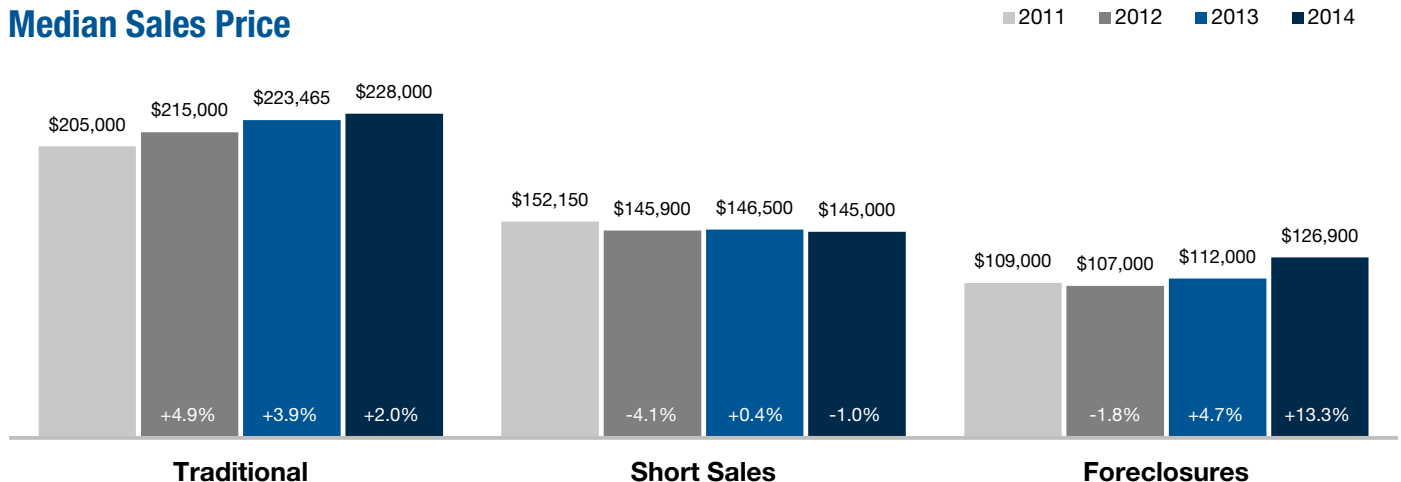
- 4.7%

Four-Year Change in Price Short Sales

+ 16.4%

Four-Year Change in Price Foreclosures

Median Sales Price



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

Feb '10

716

Peak of New Construction Inventory

Drop in New Construction Inventory from Peak

New Construction Homes for Sale



Top Areas: New Construction Market Share in 2014

Wando / Cainhoy Area	46.5%
Upper Mount Pleasant	33.9%
Goose Creek / Monck's Corner Area	33.3%
Johns Island	30.9%
Greater Summerville Area	25.0%
Greater North Charleston	24.1%
Daniel Island	23.5%
Edisto Area	23.1%
Hollywood / Ravenel / Meggett Area	21.4%
Hanahan	19.7%
West Ashley Area	19.4%
James Island	14.3%
Upper Charleston Peninsula	14.1%
Dorchester Road Corridor	13.4%
Lower Mount Pleasant	12.3%
Sullivan's Island	7.5%
Folly Beach	5.6%
Kiawah and Seabrook Islands	3.4%
Downtown Charleston	1.8%
Isle of Palms	1.4%
Rural Berkeley County	0.0%
St. George / Rural Dorchester County	0.0%

4.2

4.5

Year-End Months Supply New Construction

Year-End Months Supply Previously Owned

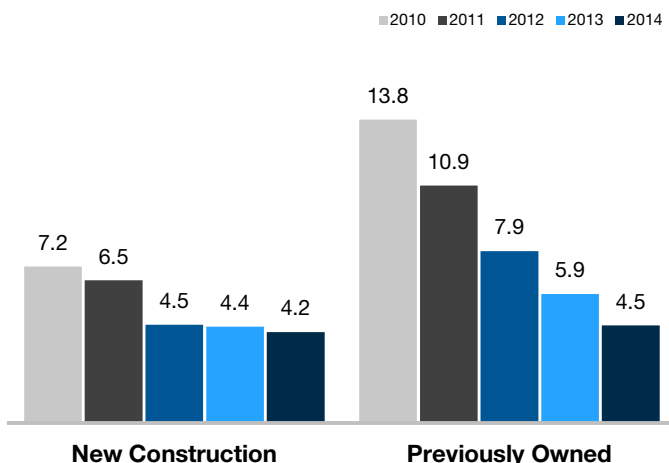
100.3%

93.9%

Pct. of Orig. Price Received New Construction

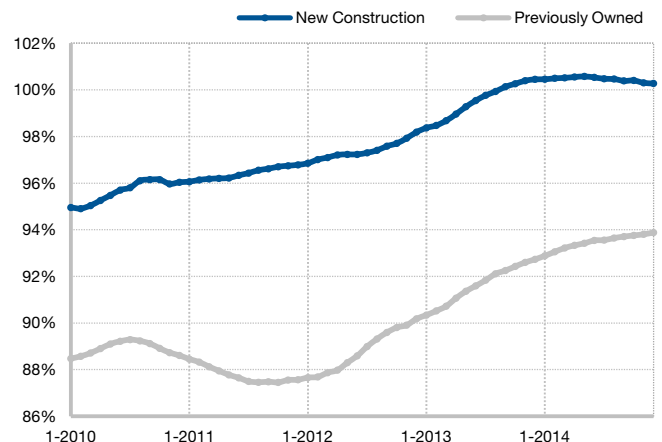
Pct. of Orig. Price Received Previously Owned

Months Supply of Inventory



Percent of Original List Price Received

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





Area Overviews

	Total Closed Sales	Change from 2013	Percent New Construction	Percent Condos	Days on Market	Pct. of Orig. Price Received
Charleston Area	14,253	+ 8.8%	20.9%	16.7%	80	95.2%
Berkeley County	3,258	+ 17.3%	29.7%	10.2%	74	95.9%
Charleston County	7,608	+ 2.6%	19.1%	23.1%	83	95.0%
Colleton County	208	+ 1.0%	0.5%	0.5%	148	87.1%
Dorchester County	2,638	+ 10.8%	20.8%	8.7%	74	95.8%
Daniel Island	319	+ 2.2%	23.5%	35.4%	69	96.9%
Dorchester Road Corridor	867	+ 12.0%	13.4%	14.1%	69	95.9%
Downtown Charleston	400	- 5.0%	1.8%	46.0%	118	93.1%
Edisto Area	481	- 8.6%	23.1%	21.4%	106	94.0%
Folly Beach	126	+ 5.0%	5.6%	46.0%	153	91.6%
Goose Creek / Monck's Corner	2,015	+ 19.7%	33.3%	6.2%	72	96.4%
Greater North Charleston	1,115	+ 4.4%	24.1%	16.7%	82	93.9%
Greater Summerville Area	1,731	+ 10.5%	25.0%	6.1%	74	96.0%
Hanahan	299	+ 3.8%	19.7%	8.7%	67	95.2%
Hollywood / Ravenel / Meggett Area	103	+ 2.0%	21.4%	1.9%	130	92.3%
Isle of Palms	213	- 12.0%	1.4%	31.0%	160	90.0%
James Island	867	+ 17.2%	14.3%	21.3%	72	95.1%
Johns Island	349	- 17.3%	30.9%	14.6%	80	95.6%
Kiawah and Seabrook Islands	58	+ 31.8%	3.4%	46.6%	234	87.1%
Lower Mount Pleasant	1,044	- 9.1%	12.3%	28.6%	62	96.1%
Rural Berkeley County	118	+ 7.3%	0.0%	0.0%	108	88.7%
St. George / Rural Dorchester County	43	+ 4.9%	0.0%	0.0%	173	87.9%
Sullivan's Island	40	- 4.8%	7.5%	2.5%	153	89.2%
Upper Charleston Peninsula	234	+ 3.5%	14.1%	14.1%	79	94.5%
Upper Mount Pleasant	1,323	+ 8.6%	33.9%	23.4%	70	97.8%
Wando / Cainhoy Area	258	+ 31.0%	46.5%	22.5%	56	98.1%
West Ashley Area	1,523	+ 5.4%	19.4%	20.1%	66	95.8%



Area Historical Median Prices

	2010	2011	2012	2013	2014	Change From 2013	Change From 2010
Charleston Area	\$187,000	\$181,275	\$190,025	\$204,900	\$215,000	+ 4.9%	+ 15.0%
Berkeley County	\$165,136	\$162,768	\$167,413	\$174,900	\$185,000	+ 5.8%	+ 12.0%
Charleston County	\$235,000	\$218,668	\$228,000	\$250,000	\$275,000	+ 10.0%	+ 17.0%
Colleton County	\$89,950	\$69,000	\$82,500	\$82,000	\$80,000	- 2.4%	- 11.1%
Dorchester County	\$159,783	\$160,000	\$167,500	\$169,900	\$178,000	+ 4.8%	+ 11.4%
Daniel Island	\$477,500	\$405,000	\$455,000	\$502,500	\$560,000	+ 11.4%	+ 17.3%
Dorchester Road Corridor	\$155,500	\$162,000	\$170,000	\$177,125	\$170,250	- 3.9%	+ 9.5%
Downtown Charleston	\$550,000	\$434,500	\$472,500	\$475,000	\$597,500	+ 25.8%	+ 8.6%
Edisto Area	\$242,900	\$199,992	\$210,034	\$225,000	\$249,000	+ 10.7%	+ 2.5%
Folly Beach	\$349,900	\$338,000	\$417,500	\$375,000	\$450,000	+ 20.0%	+ 28.6%
Goose Creek / Monck's Corner	\$154,945	\$155,000	\$160,000	\$163,000	\$172,500	+ 5.8%	+ 11.3%
Greater North Charleston	\$123,500	\$106,000	\$105,000	\$131,018	\$139,900	+ 6.8%	+ 13.3%
Greater Summerville Area	\$163,073	\$160,000	\$167,250	\$167,000	\$183,993	+ 10.2%	+ 12.8%
Hanahan	\$192,000	\$173,450	\$173,000	\$199,950	\$217,500	+ 8.8%	+ 13.3%
Hollywood / Ravenel / Meggett Area	\$222,500	\$185,050	\$210,000	\$198,440	\$200,749	+ 1.2%	- 9.8%
Isle of Palms	\$634,500	\$600,000	\$622,000	\$649,500	\$598,000	- 7.9%	- 5.8%
James Island	\$220,000	\$187,750	\$207,000	\$229,500	\$258,500	+ 12.6%	+ 17.5%
Johns Island	\$211,830	\$189,082	\$197,367	\$218,018	\$240,000	+ 10.1%	+ 13.3%
Kiawah and Seabrook Islands	\$591,175	\$560,000	\$615,000	\$685,500	\$615,000	- 10.3%	+ 4.0%
Lower Mount Pleasant	\$297,750	\$309,000	\$316,139	\$341,000	\$376,000	+ 10.3%	+ 26.3%
Rural Berkeley County	\$75,000	\$74,450	\$87,000	\$99,250	\$98,750	- 0.5%	+ 31.7%
St. George / Rural Dorchester County	\$85,950	\$84,200	\$77,500	\$113,600	\$125,000	+ 10.0%	+ 45.4%
Sullivan's Island	\$1,442,500	\$1,272,500	\$1,330,000	\$1,447,500	\$1,217,500	- 15.9%	- 15.6%
Upper Charleston Peninsula	\$217,000	\$213,250	\$230,000	\$270,000	\$326,500	+ 20.9%	+ 50.5%
Upper Mount Pleasant	\$325,000	\$312,345	\$296,000	\$335,000	\$375,000	+ 11.9%	+ 15.4%
Wando / Cainhoy Area	\$220,000	\$184,500	\$175,188	\$206,815	\$240,933	+ 16.5%	+ 9.5%
West Ashley Area	\$199,900	\$175,050	\$187,816	\$198,602	\$220,000	+ 10.8%	+ 10.1%