

Market Report for 11-month Period ended November 30, 2008.

The Charleston real estate market of 2008 continues its downward slide. September, October, and November were especially tough months. There's good, bad, and ugly news to report. Let's get the bad and ugly out of the way first, then showcase the good. Following the analysis is an investment opportunity that offers a potential safe harbor in these troubled times.

Tri-County Area

Based on MLS data¹, the eleven-month period ended November 30, 2008 saw total transactions down 32.2% from the same eleven-month period in 2007. Table 1 shows a year by year comparison of the number of transactions during the eleven-month period from 2004-2008 for the Tri-County Region, Charleston County, and other selected areas.

Median price for the region fell 2.5% from \$210,326 in 2007 to \$205,000 for the first 11 months of 2008.

Homes sold during the first 11 months of 2008 were on the market for an average 115 days – an increase of 29% from the average of 89 days for 2007.

Table 1 – Sales Transactions

January 1 – Nov. 30 Area	2004	2005	2006	2007	2008	Decrease b/w 2007-08
Tri-County	12,545	15,899	14,912	11,698	7,926	-32.2%
Charleston County	7,281	9,057	7,656	6,029	4,168	-30.9%
Isle of Palms	178	197	119	70	31	-55.7%
Sullivan's Island	39	40	39	23	14	-39.1%
Mt. P (S of 41)	1,371	1,832	1,635	1,190	876	-26.4%
Mt. P (N of 41)	575	824	628	517	413	-20.1%
I'On	50	62	60	55	47	-14.5%
Daniel Island	338	495	341	315	201	-36.2%
Peninsula (S. of X-Town)	481	543	368	377	243	-35.5%

East Cooper Area.

Mount Pleasant. Transactions in Mt. Pleasant were off 24.5% from 1,707 during the first 11 months of 2007 to 1,289 during the same period in 2008. The median price of a home sold in Mt. Pleasant fell 8% from \$355,000 in 2007 to \$327,000 in 2008. Table 2 shows a year by year comparison of the median price for homes sold.

Homes sold in Mt. Pleasant spent an average of 135 days on the market this year, up 32% from 102 days in 2007.

Daniel Island sales transactions were down 36% from 315 homes sold in 2007 to 201 in 2008. The median price of a home sold rose 2% from \$431,495 in 2007 to \$439,500 in 2008.

Homes sold on Daniel Island were on the market for an average of 215 days, up a staggering 85% from 116 days in 2007. Table 3 shows a year by year comparison of the average days on market for homes sold.

¹ All data used in this report was assembled from the Charleston Trident Area Multiple Listing Service, which includes most, but **NOT** all real estate information for the Tri-County area.

Table 2 – Median Sold Price

Median Sold Price						Increase/Decrease
	2004	2005	2006	2007	2008*	b/w 2007-08
Tri-County	177,000	190,000	206,000	210,326	205,000	-2.5%
Charleston County	215,000	223,000	243,500	250,000	258,167	3.3%
Isle of Palms	630,000	750,000	988,000	1,312,500	850,000	-35.2%
Sullivan's Island	1,210,000	1,502,500	2,045,000	1,950,000	1,437,500	-26.3%
Mt. P (S of 41)	254,959	256,000	309,000	370,000	345,000	-7.0%
Mt. P (N of 41)	283,699	314,250	335,000	313,900	300,000	-4.4%
I'On	660,000	849,900	950,000	835,000	842,000	.8%
Daniel Island	384,454	359,000	569,000	431,495	439,500	1.9%
Peninsula (S. of X-Town)	495,000	520,000	629,500	570,000	580,000	1.8%
* Reflects median price for homes sold during first 11 months of year. Other columns express median price for entire year.						

Table 3 – Average Days on Market for a Sold Home

Avg. Days on Market						Increase
	2004	2005	2006	2007	2008*	b/w 2007-08
Tri-County	88	61	60	89	115	29.2%
Charleston County	103	64	65	99	126	27.3%
Isle of Palms	108	53	116	219	306	39.7%
Sullivan's Island	191	170	91	184	263	42.9%
Mt. P (S of 41)	78	41	67	98	138	40.8%
Mt. P (N of 41)	60	47	64	102	128	25.5%
I'On	78	79	127	147	171	16.3%
Daniel Island	45	31	68	116	215	85.3%
Peninsula (S. of X-Town)	150	124	106	131	214	63.4%
* Reflects average DOM for homes sold during first 11 months of year. Other columns express average DOM for entire year.						

I'On has *not* escaped the down market. Through November, the number of transactions is off 15% for 2008 from the same period a year ago ☹. Average days on market is up 16% ☹. However, the median price of the 47 homes sold is up slightly to \$842,000 from a year ago ☺. Relative to other places, I'On has been remarkably resilient. Compare the percentages in the graphs above to see what I mean.

The *Ugly* news can be found in the second home market. Real estate values on Kiawah Island, Folly Beach, Isle of Palms, and Sullivan's Island suffered as consumers have dramatically cut discretionary expenditures. Transactions have dropped off the most in these areas and the average days on the market for those homes that did manage to sell were dramatically higher than in other areas.

Enough of the bad and the ugly. Some *good* news:

- (1) **Things could always be worse.** Home prices are off 35% in some areas of the country, thousands of people have lost their homes to foreclosure, and many banks have failed. As of the date of this report (Dec. 3, 2008), the Dow Jones Industrial Average is off 34% for the year and the S&P 500 is off 41%.

- (2) Unlike older industrial areas up north that are suffering from shrinking employment, little immigration and low growth, the Charleston region has urban and cultural vitality with easy access to outdoor activities in a beautiful natural environment with a mild climate. It has relatively affordable housing and good job-growth prospects from modern industries.
- (3) Mt. Pleasant enjoys a low crime rate, low taxes, and good public schools. I'On's convenient location inside the Town – within minutes of excellent shopping, restaurants, hospitals, downtown Charleston, and the beaches will improve relative to that of other communities as people seek out quality neighborhoods within close proximity of the best the Lowcountry has to offer.
- (4) Conventional residential development promotes exclusivity, privacy, and isolation. Under such principles, every time a home is built, the place becomes progressively less exclusive, private, and isolated. Each new home detracts from what was originally offered. Unfortunately, this sometimes results in a vicious circle leading current residents to develop a resentful attitude toward new growth. I'On represents a departure from this standard operating procedure. Our neighborhood is built upon a vision of inclusiveness that advances neighborhood spirit and community life. Thus, every beautiful new home added to the mix helps fulfill the neighborhood vision. Rather than shunned, this positive vision enables growth to be met with enthusiasm – as with the healthy growth of a child or a tree.

And fortunately, the I'On vision was not limited to homes. Neighbors like the I'On Club, Church of the Holy Ascension, East Cooper Montessori School, I'On Trust, and others contribute directly or indirectly to advancing civic life. Small businesses from the Square Onion to Jacob's Kitchen (opening this month²) are important neighborhood *amenities*. They all contribute to I'On's sense of place.

“Well”, you might be saying to yourself, “I don't belong to any of those organizations, don't have any children in school, and do all my shopping at Publix and Towne Centre. I dislike my fellow man and when I come home, all I want to do is spend time at my computer or sit in front of the tube and fret about politicians and my stock portfolio.” This is certainly within your prerogative and a quality built I'On home enables you to do that in comfort and style. However, just as a New Yorker doesn't visit the Met, Central Park, or Statue of Liberty every day, the fact that she *could* do so contributes to her quality of life. The same holds true in I'On. You might never grab a beer at O'Brion's, purchase a gift from Sweet Olive, get a massage at Grace Salon Spa, attend a concert at the Amphitheater, or even take a stroll along the Marsh Walk, but the fact that you *could* do so enhances your home's value.

Market Share – Tri-County Region

These and other factors have enabled I'On to enjoy increasing market share. For the first 11 months of 2004, one out of every 251 homes sold in the Tri-County region was in I'On. During the first 11 months of 2008, one house sold in I'On for every 168 homes sold in the region. Confining the range to single-family detached homes sold between \$500,000 and \$999,999, 6.3% of those were in I'On this year. This is up from 4.5% five years ago. This means one out of every 16 homes sold in this price range in 2008 was located in I'On. Looking at single-family detached homes sold at \$1 million or more in the Tri-County region, I'On's market share has increased from 2.5% five years ago to 8.8% in 2008. This means one out of every 11 homes sold for \$1 million or more in the Tri-County Region thus far in 2008 was in I'On.

Market Share – East Cooper Single Family Detached Homes (Includes homes sold in Mt. Pleasant, Daniel Island, Isle of Palms, and Sullivan's Island).

Confining the range to homes sold between \$500,000 and \$999,999, 10% of those were in I'On this year. Up from 7.7% from five years ago. And looking at homes sold at \$1 million or more East of the Cooper, I'On's market share has increased from 6% in 2004 to 32.7% in 2008.

² Above Jake's Kitchen will be a new seven bedroom inn. Built by I'On resident, Mike Russo with partners Donovan Glassburn and Steve Speer (also residents of I'On). Jake's Kitchen was inspired by the delightful Old Post House in Mt. Pleasant's Old Village. The white-tablecloth restaurant will serve breakfast and dinner Monday through Saturday and brunch on Sunday. In addition to this project, Russo, Glassburn, and Speer have also contracted to purchase the I'On Creek Club from The I'On Company. They intend to operate the Creek Club in the same manner it has been operated over the last seven years, and have graciously agreed to allow the I'On Assembly to continue to lease space at a discounted rate for meetings and other business. Residents ongoing use of the community dock and boat ramp will not be impaired. For more information, please contact Mike Russo at mrusso7465@aol.com.

Market Share – Mt. Pleasant Single Family Detached Homes

In the range between \$500,000 and \$999,999, 13.4% of those homes sold were in I'On this year. This is down from 14.7% in 2004. This is in part due to fewer homes being available in this price range in I'On. And looking at homes sold at \$1 million or more in Mt. Pleasant, I'On's market share has remained steady from 30% five years ago to 29.3% in 2008. Keep in mind that outside of I'On and the Old Village, virtually all million dollar plus homes sold in Mt. Pleasant are located on a large parcel of land with a private dock.

So the bottom line good news is that even in troubled times, an I'On home retains its value relatively well compared to other economic assets. As the demand for quality, mixed-use, walk-able neighborhoods continues to rise, I expect this trend to continue.

“Land is the only thing in the world that amounts to anything, for 'Tis the only thing in this world that lasts. 'Tis the only thing worth working for, worth fighting for, worth dying for.”

Advice from Gerald O'Hara to daughter Scarlett.
Gone with the Wind, Margaret Mitchell



“ 'Tis the season to purchase land in a quality neighborhood with long term value enhancement potential.”

Advice from yours truly, Vince Graham ;-)

With the above in mind, please take note of The I'On Company's Holiday Home Site Sale. From now through January 3, 2009 we invite all who own property in I'On to take advantage of this opportunity to purchase one of I'On's few remaining lots. There is special pricing on 15 home sites ranging from interior lots starting at \$105,000. There are even a few choice marsh front home sites remaining. These sites come with special incentives, including **NO** build-time requirement and **NO** improvement commission on the eventual home built on the lot. The 15 available home sites are shown on the map below.

Purchasing a home site in I'On is an excellent investment opportunity or a good first step in planning for a future home. I'On Realty agents Sara Downing sdowning@iongroup.com and Carey Burnett cburnett@iongroup.com are ready and waiting to assist you in your home site selection. They can also be reached by calling 884.3080.

A reminder that local businesses in I'On are an excellent place for gifts. Please keep them in mind as you go about your shopping. Support local business!

Also, don't forget that the 9th Annual (Wow!) I'On Tour of Homes, sponsored by the I'On Trust, takes place this Sunday from 1 to 5. There are still tickets available so come join the festivities.

Best wishes for a happy holiday season.



Lot 6-24	Lot 6-25	Lot 6-62A	Lot 6-63A	Lot 6-64	Lot 7-51	Lot 10-01
40'x123'	40'x123'	66'x57'	65'x45'	42'x119'	86'x109'	61'x89'
\$158,000	\$139,000	142,000	\$124,000	\$164,000	\$249,000	\$169,000

Other Lots Available

Lot 10-04	Lot 10-06	Lot 10-11	Lot 10-17	Lot 9-07	Lot 9-08	Lot 350A	Lot 137
30'x87'	32'x125'	48'x132'	125'x117'	68'x180'	60'x220'	45'x65'	50'x140'
\$139,000	\$149,000	\$154,000	\$294,000	\$454,000	\$495,000	\$105,000	\$234,000

Lot prices are as of December 4, 2008 and are subject to change without notice.

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