

Kiawah Island

≈ DIGEST ≈

The Official Publication of the Kiawah Island Community Association

Why Amenities, Why Now?



Kiawah Island offers unparalleled and abundant natural resources, from the beach to its miles of winding leisure trails, allowing us to explore and witness nature at every turn. In 40 years of development, island leadership has worked hard to preserve this experience. Yet from the early days of development, Kiawah's leadership also recognized that natural resources alone would not be enough. Amenity offerings have also always been a part of the appeal of the island and the Kiawah experience. Comparable communities, though perhaps lacking some of what makes Kiawah special, offer their own unique native landscapes, from majestic mountains to sweeping vistas to broad rivers. As many of them did, Kiawah must reinvest to remain competitive.

KICA's architects will soon unveil conceptual designs for an amenity plan encompassing two facilities. Proposed improvements to the Sandcastle include separate adult and family pools, expanded decking, enhanced food and beverage operations, and better opportunities to enjoy the beach. A proposed new low-profile community building at Rhett's Bluff, designed in keeping with the neighborhood character, will provide fitness and small group meeting space, a ship's store and coffee bar, kayak and paddleboard storage, and better opportunities to enjoy the Kiawah River.

Every owner of residential property (i.e., non-commercial) will receive a proposal explaining the renovations and new facilities and their costs, in preparation for a spring vote on the projects and assessments. In addition, KICA will continually update its amenities web page (kica.us/amenities) with information, Q&As, and even plans, as new information becomes available. From that site, members will be able to email constructive comments about the plans to KICA (send_comments_to_comments@kica.us).

Whether or not you anticipate using the facilities, Kiawah Island needs your affirmative vote! This article explains why, based on outcomes in communities that have undergone similar improvements.

Comparing Kiawah to Similar Communities

In 2011 and 2012, members of the Comparisons Subcommittee of the Amenities and Services Task Force (ASTF), chaired by KICA member Lynn Morgenstern, visited or talked with leaders at a range of elite planned communities with some or most community demographics similar to Kiawah's. The subcommittee found that communities decided to build or renovate amenities in order to:

- Increase the appeal of the community to buyers.
- Prevent the community from looking dated.
- Promote the health and well-being of property owners.
- Make the community superior to the competition.

According to the study, "Managers were consistent in describing amenities as a key marketing tool, pointing out that today's buyers expect to see certain amenities in a place where they would consider investing, even if they would not use a particular amenity or program themselves."

Digest contacted the chief administrators of several communities studied (*see Four Comparable Communities on Page 2*) for a 3-year follow-up of their recent amenities projects, and spoke again with Lynn. Four general themes emerged from their comments:

- Communities that believe they are "good enough" quickly fall behind.
- Until a facility is built, people don't realize how much they will like having it.
- Facilities that attract people also foster a sense of community.
- Excellent community facilities contribute to high property values.

Continued on Next Page...

Why Amenities, Why Now? *(Continued from Previous Page)*

"If You are Not Moving Ahead, You Are Falling Behind"

So said Jeffrey Evans, a consultant in planned communities and private clubs who served for 30 years as the chief operating officer for Lake Naomi. He has worked on projects "all over the US and the Caribbean."

Homeowners know that if they do not update their homes, when they want to sell, they fall behind sellers with new bathrooms and kitchens or state-of-the-art technology. In the same way, communities that do not update their facilities fall behind those that do. Jeff cautioned, "Across the board, the communities that are thriving are the ones that are reinvesting in themselves. In your area and up and down the east coast, others are moving forward with plans to improve community amenities. Even in the Caribbean, the places struggling are the ones burying their heads in the sand. Many communities are moving ahead now with plans they made during the economic downturn, and communities that have not done so will fall farther behind."

Jeff noted that people don't usually extend their thinking to planning for the next generation of owners, but that is what

is necessary to sustain a community's appeal. "The number one expenditure in private communities in the US is fitness and wellness. People are interested in whole-person wellness - physical fitness as well as social opportunities. People from urban areas want the same wellness opportunities as they have at their primary residences. I encourage Kiawah to move forward. The downside in lifestyle and property values of not doing it is significant." Kiawah needs comparable facilities and cannot rely solely on the beach and natural environment to stay at the top.

The National Association of Realtors noted in a recent special real estate issue of the golf magazine, *The Links*, that golf is no longer the #1 reason people select a second home. Interest now is in general fitness and outdoor activities. Communities need to invest in amenities to fit that interest. A community association is like any other business in that it needs to keep up with current trends, offer what people want, and not let facilities begin to feel old or dated. Kiawah has an incredibly high bar, and the community association needs to reinvest in order to maintain its standards.

"Build It and They Will Come"

The community association managers all commented on the popularity of their new facilities and noted that people who said the improvements were unnecessary are now some of the most ardent users.

Hugh Palcic has been the general manager of Sunriver for 16 years. He explained that the new facilities are enthusiastically used. "You will always have contrarians, but the people who said we didn't need it, that we were fine the way we were, now think it's great."

Jeff said that Lake Naomi's center has re-energized the community. He commented, "We initially had

Continued on Next Page...

Four Comparable Communities

Central Oregon's Sunriver is a self-described "playground of the Pacific Northwest," similar to Kiawah in age (43 years), development that blends with nature, total number of properties, and proportions of owners who rent and full- and part-time owners. It boasts beautiful riverfront and mountain acreage and related activities and has 33 miles of leisure trails. A \$19 million, 33,000-square-foot recreation, aquatics and fitness facility opened in 2012.



Big Canoe sits on three man-made lakes in the mountains near Atlanta with over 20 miles of lush hiking trails. The community association spent about eight years and over \$15 million upgrading its amenities, including a new clubhouse and a 16,000-square-foot fitness center with an indoor pool and massage/therapy spaces. Big Canoe is similar to Kiawah in geographical size and number of properties at build-out, average age of owners, and a commitment to preserve the natural environment. Big Canoe has roughly equal numbers of full- and part-time owners.



Our neighbor, Seabrook Island, has a population about 60% that of Kiawah, with roughly equal full- and part-time members. About 20% of owners rent their properties. In 2009, Seabrook opened their \$10 million "Lake House" with a 20,000-square-foot fitness center, indoor and outdoor pools and over 6,000 square feet of classroom, meeting and dining space.



The Lake Naomi-Timber Trails and the Lake Naomi Club (voted as a Platinum Clubs of America Community) in Pocono Pines, Pennsylvania - less than a two hour drive from New York and Philadelphia, and about 15 minutes from several major ski areas - is a lake-front year-round weekend and vacation destination that has about half the number of residences as Kiawah. Only 15% of homeowners are full-time and about 25% rent their properties. They are already planning a \$2.3 million expansion of a \$10 million recreation center that opened in 2007 and includes a fitness center and indoor and outdoor pools.



All four facilities are multi-purpose, encompassing not only physical fitness but also social, educational and wellness activities.

Why Amenities, Why Now? *(Continued from Previous Page)*

detractors, and now members say they can't imagine not having the fitness center and café."

John Thompson was the general manager of Seabrook when that island built its Lake House and club facilities, and last fall he moved to Big Canoe. "The Big Canoe fitness center was built 15 years ago. It's bigger than what you have at the Sandcastle, and it's at capacity and sometimes overcrowded." Big Canoe is years farther from build-out than Kiawah.

In deciding what amenities to include in the Lake House, Seabrook employed the "build it and they will come" philosophy, in part because the amenity receiving the most votes in a community survey was an indoor pool, and it garnered somewhat weak support. John said, "We didn't have 100% support for our amenities, but once people saw and felt it, they liked it."

Community Facilities Promote Connectedness Among Members

Jeff commented that people who feel good about what a community offers tend to think it better than other similar communities. "This is true even in the 'lower-end' communities that don't have all that Lake Naomi and Kiawah do. When people have enthusiasm and a good feeling about their niche, they are proud of their community. The community connectedness matters to them."

Hugh Palcic said that the Sunriver center has positively impacted the community and people want to show their affiliation. "It is both financially sound and popular. It draws people, and we have developed new revenue streams. The facility has helped slingshot our community branding: people are buying up items like towels and t-shirts, anything we can put a logo on."



Sunriver's \$19 million facility opened in 2012 and includes an aquatic play area.

Lynn, a grandmother of four ranging in age from 3 to 14, is particularly interested in the community as a draw for families. "My grandparents would never have gone on a bike ride with me," she declared. "But some people here have their grandchildren visiting for a couple of weeks or even a month at a time, and need activities to do, places to go to. You can construct your own camp. The Sandcastle pool is very crowded at the times grandchildren and families are visiting, the school holidays. It's wonderful to have the golf and tennis opportunities that the resort offers, and the beach, but the community association also needs to provide family venues and activities."

Lynn also commented on the expectations that owners have today of opportunities for lifetime learning, physical activity and health consciousness. "Previous generations did not have those expectations but younger buyers do. It is an important part of community life."

State-of-the-Art Amenities Positively Impact Property Values

This statement is regarded almost as a truism by consultants and community association and club managers, and evidence for it is strong and abundant. All the communities studied by the Comparisons Subcommittee of the ASTF believed that their amenities improvements both attracted buyers and kept property values strong. Lynn said, "To meet the expectations of younger buyers, you need a top end basic amenities package. That's what the competition has. You want to exceed the competition."

Lake Naomi commissioned a study of the relationship between amenities facilities and property values in 2005, before embarking on its amenities improvement program. The research was conducted by a real estate company not involved with Lake Naomi, and a researcher. They analyzed over 1,600 home sales in planned communities from 2002-2004 in the Lake Naomi area, and concluded that building the proposed community center would positively impact Lake Naomi property values by about 10%. The report also concluded that amenities targeted to a range of ages, including seniors, youth, young adults and families were most desirable.

Jeff commented, "If you positively impact property values by a couple of percentage points, over time it builds considerably. You can negatively impact values by a similar amount if you

Continued on Next Page...



"...nearly 60% of buyers since 2011 considered buying elsewhere. Ten years ago, the numbers were reversed. 60% or more did not look elsewhere."

Kiawah Island Real Estate (KIRE) surveys Kiawah property owners every three years. The most recent survey showed that nearly 60% of buyers since 2011 considered buying elsewhere, and KIRE has a long list of where they looked. Ten years

ago, the numbers were reversed; 60% or more did not look elsewhere. The world of resort, second home, and retirement communities has become more competitive.

The KIRE survey also showed that 57% of owners have referred other people to Kiawah. It is important that Kiawah not lose its luster, and that homeowners feel proud of the community and connected to it, so that they continue to refer others.

Lynn Morgenstern recalled learning about the reverse of community connectedness: "One thing our subcommittee learned is that if one aspect of a community, particularly amenities or facilities, lacks vitality and energy or looks dated, that reflects on the entire community and leaves an impression that is not optimal. It can give the impression to visitors or potential buyers that the community isn't maintaining its standards, and doesn't care, and then people don't feel drawn to be part of the community."

Why Amenities, Why Now? *(Continued from Previous Page)*

don't stay constantly in the sales mode. Of course, we opened in 2007 and the bottom fell out of the market in 2008, so we couldn't say it improved property values, but we didn't take the slide that other communities in our area did. We built the club community center in an area that was hard to sell, and far from other amenities, and it became a point of interest to new buyers. It sparked sales. In the 2008 recession, we gained club members and the only thing we could attribute it to was the community center and other projects that were underway."

Sunriver's recreation center was intended to promote Sunriver as a year-round destination and to offer amenities with appeal for multiple generations. Both elements were considered attractive to prospective purchasers and, therefore, part of the strategy for maintaining and increasing property values. It succeeded. Hugh Palcic cited an analysis by local real estate brokers showing that Sunriver sales and property values held strong during the recession, when other communities were declining. "People are running toward our community. It has changed the community and injected some youthfulness. We have an older demographic but a lot of families are interested in buying here now. You can't depend solely on a beautiful setting," Hugh said.

John said, "You have to have a vision. Do you want to stay relevant and keep up with the new kids on the block? The competition is not

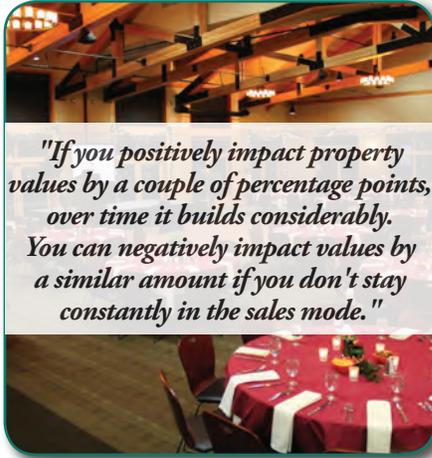
just the Charleston area or even South Carolina, but all up and down the southeast coast. For Seabrook, the additional assessment for the Lake House is an incrementally small expense to keep Seabrook the highly rated, desirable place it is."

At Big Canoe, previous general manager Roger Klask had told a Comparisons Subcommittee member, "While most respondents use amenities infrequently...such amenities are central to the ongoing success and appeal of Big Canoe." New manager John noted that owners are glad they have the facilities; owner surveys show satisfaction with "a diversity of experiences available for a demographic with changing values and needs" from earlier decades.

Diana Permar, founding principal of Permar, Inc., understands why some people fail to see the weaknesses in their communities. "You stop seeing the facilities through fresh eyes. When people, especially new buyers, come to the island, they have fresh eyes. Values start to fall if you don't keep the property up. Kiawah is blessed by having the beach, abundant natural resources and a high quality resort, but if you are a visitor seeing something for the first time, or looking through a different lens in consideration to buy, you are comparing it to the best you've ever seen. When the community stops improving, it inevitably hurts property prices. A community cannot perpetuate itself with 25-year-old facilities. There is a lot of competition, with a lot of beautiful communities along this section of the east coast."

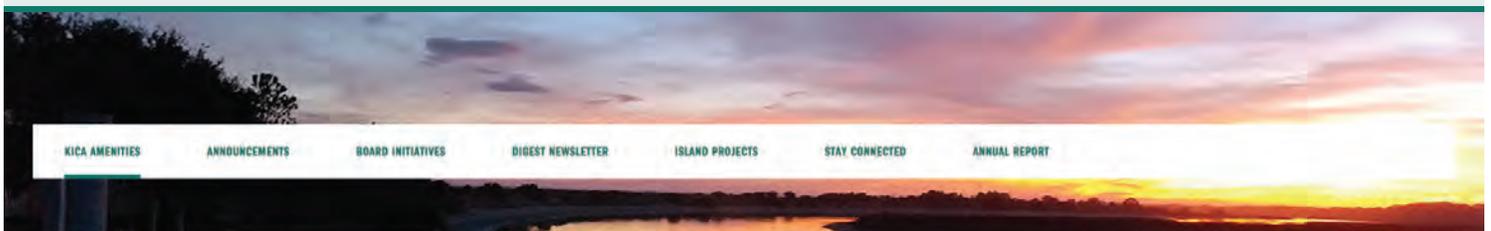
Visit the amenities page (kica.us/amenities) to review KICA's amenity articles and materials, and ongoing updates.

Article contributed by Digest Feature Reporter Sue Schaffer.



"If you positively impact property values by a couple of percentage points, over time it builds considerably. You can negatively impact values by a similar amount if you don't stay constantly in the sales mode."

Visit kica.us/amenities for all of the latest news, updates and information on KICA amenities.



NEWS / KICA AMENITIES

KICA Amenities

Reinvesting in Kiawah: Since 2006, KICA has been working diligently to improve the quality and type of amenities it offers its members. The latest news and updates on KICA amenities can be found below. For historical information, including previous updates and background, view the articles in the right sidebar. For questions or comments on KICA amenities, email comments@kica.us or call (843)768-9194.

02/12/2015

[A Look Back at the Amenities Task Force Report](#)

POSTED IN AMENITIES

In 2012, after 18 months of study, a committee of Kiawah homeowners representing all segments of our community (club, part-time, full-time, renter, etc.) reported the following:

The Sandcastle is not meeting the needs of current property owners, does not have the core amenities expected by potential buyers and is insufficient for the property owner population as Kiawah grows toward build-out.

AMENITIES DOCUMENTS

- [Understand the Facts - February 2015](#)
- [Member Feedback Key to Amenities Plan - February 2015](#)
- [Board to Seek Member Vote on Reinvesting in Kiawah - January 2015](#)
- [Board Assembles Team of Amenity Experts - December 2014](#)
- [Board to Develop Amenities Proposals - November 2014](#)
- [2014 Survey Results: Letter from the Board](#)
- [2014 Survey Results Summary](#)
- [2014 Survey Results: Table 1](#)
- [2014 Survey Results: Table 2](#)
- [2014 Approach for Improving Amenities and Services Booklet \(June 2014\)](#)
- [2013 Island Amenities Survey Results Summary](#)
- [2012 Amenities Task Force Final Report](#)