

4 <sup>th</sup> Quarter Sales - Sea Pines Homes					
Address	Bedrooms/ Bathrooms	Year Built	Sold Date	List Price	Sales Price
35 Heritage Road	4/4.5	1989	10/01/2008	\$1,395,000	\$1,200,000
64 Otter Road	3/2	1980	10/01/2008	\$325,000	\$295,000
17 Old Military	4/3	1973	10/03/2008	\$819,000	\$750,000
6 Wood Duck	3/2.5	1981	10/10/2008	\$375,000	\$375,000
5 Deer Run Lane	3/3	1977	10/15/2008	\$849,000	\$800,000
56 Lawton Road	3/2	1980	10/17/2008	\$450,000	\$415,000
9 Pine Island Ct	3/3.5	1985	10/21/2008	\$639,000	\$602,500
34 Shell Ring Rd	3/3	1997	10/27/2008	\$679,000	\$635,000
35 Baynard Park Road	3/3	1976	11/06/2008	\$1,795,000	\$1,795,000
18 Seaside Sparrow	4/3	1968	11/17/2008	\$4,995,000	\$4,360,000
9 Pine Court	3/2	1977	11/17/2008	\$560,000	\$560,000
2 Mockingbird Lane	3/3	1997	11/18/2008	\$1,395,000	\$1,200,000
38 Wood Duck Ct	3/2	1981	11/25/2008	\$499,900	\$447,000
5 Isle of Pines	2/2	1977	12/01/2008	\$374,900	\$340,000
61 N Calibogue Cay	3/2.5	1964	12/10/2008	\$2,695,000	\$1,900,000
5 Piping Plover	4/3	1972	12/15/2008	\$1,295,000	\$1,147,500
32 South Beach Lane	3/3.5	1978	12/15/2008	\$1,499,000	\$1,210,000
8 Hollyberry	3/2	1984	12/19/2008	\$425,000	\$385,000
49 Deer Run Lane	4/5	2007	12/22/2008	\$2,195,000	\$2,000,000
15 Columbine	3/2	1980	12/30/2008	\$525,000	\$475,000
5 Possum Lane	3/2	1980	12/30/2008	\$409,000	\$400,000
2 Sandhill Crane	4/4	1984	12/31/2008	\$1,100,000	\$950,000
179 Club Course Dr	3/3	1993	12/31/2008	\$609,000	\$602,000
4185 Braddock Cove	4/4.5	1984	12/31/2008	\$1,149,000	\$900,000

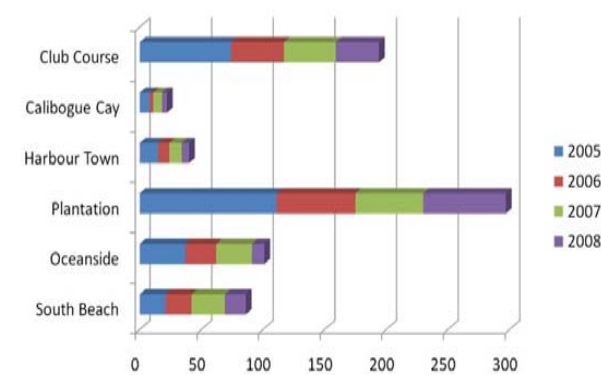
4 <sup>th</sup> Quarter Sales - Sea Pines Villas				
Villa Complex	Bedrooms/ Bathrooms	Sold Date	List Price	Sales Price
2433 Inland Harbour	2/2	10/17/2008	\$369,000	\$330,000
302 Turtle Lane Club	2/2.5	10/28/2008	\$1,825,000	\$1,825,000
1864 Beachside Tennis	2/2	10/30/2008	\$999,000	\$925,000
1734 Bluff Villa	2/2	10/31/2008	\$559,000	\$522,000
3350 Lake Forest Villa	2/2.5	11/13/2008	\$459,000	\$430,000
134 Lawton Villa	2/2	12/02/2008	\$399,500	\$375,000
1920 South Beach Club	3/2.5	12/09/2008	\$1,650,000	\$1,275,000
103 Fairway Lane Villa	2/2	12/22/2008	\$449,900	\$425,000

Fourth quarter was a slow real estate market everywhere on Hilton Head Island. Sea Pines however, fared better than most neighborhoods: On December 31, 2008, there were 223 homes for sale in Sea Pines; in the combined area including Palmetto Dunes, Shelter Cove, Leamington, Shipyard, Long Cove, Wexford, and all of Forest Beach, there were 284 homes for sale. However, only 18 homes had sold in all the 6 combined areas in Q4 2008, whereas 24 homes had sold in Sea Pines in fourth quarter. Our Sea Pines neighborhood appeal and amenities continue to draw buyers, even in a slow market.

Further proof: December closings, which in many cases were put under contract after the financial meltdown of late September, show an even greater disparity; 11 closings in Sea Pines versus 5 for the combined area described above.

If you need to sell, there is still a market. Prospective buyers place extremely high importance on condition and price. Let us help you present your property in its best light and price it for success in this challenging market.

Home Sales Transactions by Sea Pines Neighborhoods 2005-2008



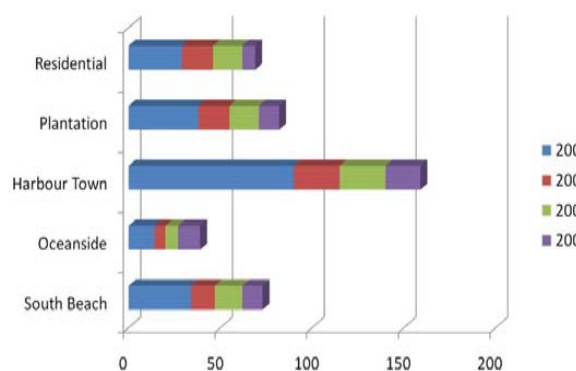
In Q4 2008, the most active Sea Pines neighborhoods were the Interior Plantation area, with 8 sales, and Club course with 6. These results continue to reflect the trend established early in 2008 whereby sales in the investor-driven South Beach, Harbour Town and Oceanside neighborhoods have dramatically slowed in favor of the neighborhoods that appeal more to primary home owners, including retirees, and to non-renting second home owners.

The 24 sales in Q4 2008 averaged \$989,334 per home, versus \$1,354,524 per home for the 42 sales in Q4 2007. As we reported with our last letter, 2007 was a record year for Sea Pines homes sales in excess of \$1,500,000, and especially oceanfront homes, which helps explain the dramatic difference in average prices.

Home sale prices are down in all Sea Pines neighborhoods for 2008. They are off 10-30% from the highs of 2005, depending upon age, condition and neighborhood. When you consider that 266 Sea Pines homes sold in 2005 versus 133 homes in 2008, and further consider the dramatic difference in general economic conditions, these price reductions are understandable.

The first properties to sell in 2009 will be those in the best possible condition that are priced with (1) an eye toward the current economy and (2) consideration of the supply of Sea Pines homes available. We would value the opportunity to discuss your home and how it might sell in today's market.

Villa Sales Transactions by Sea Pines Neighborhood 2005-2008



Villa sales continue to be slow in Sea Pines overall. In the 4<sup>th</sup> quarter of 2008, 8 villas were sold in Sea Pines compared to 14 in 2007. The average selling price for villas sold in the 4<sup>th</sup> quarter of 2008 was \$763,375 compared to \$502,286 in 2007. In fact, this has been the trend for all of 2008 compared to 2007: 110 villas sold in 2007 for an average sales price of \$437,835 and 61 villas sold in 2008 for an average sales price of \$668,748. The higher priced, ocean oriented villas have been selling better this year, and two villa sales over \$1 million closed in the 4<sup>th</sup> quarter. You can see that the price on the South Beach Club sale was heavily negotiated.

The current inventory of villas for sale in Sea Pines is over 160 units, which represents a 2 ½ year supply at the 2008 rate of villa sales. If you are placing your villa for sale in this

market, price is going to be the most important consideration for any prospective buyer. Almost as important, most buyers will want the unit to be in good condition. The other type of villa buyer that we hear from is the one looking for short sale or foreclosure opportunities. Although we do not wish this for anyone, if you are in a position to offer a short sale, please be sure to communicate that through your listing.

If you would like to discuss the situation with your villa in more detail, we would be happy to help you understand how your property might fit in today's market. We recognize that there are always unique variables that come into play, and we work hard to help you optimize your situation with the best price and the quickest sale.