

## The Market Value of Rainbow Row – Now & Then

*Would you spend \$200,000 to own all the homes on Rainbow Row?*

It seems like every week, in conversation with friends, someone says: “Did you hear what the Jones’ got for their house?”

Residential real estate markets everywhere are red-hot. The unprecedented demographic changes occurring in our country are driving values in some places to all-time highs as everyone wants to move from here to there. The City of Charleston is a beneficiary of these changes.

My wife and I have lived in Charleston off and on for seven years and made it our permanent residence in 2020. On one of our walks recently, we saw the usual crowds taking photos in front of Rainbow Row and I started wondering what these homes were worth before they became Rainbow Row and what they are worth today.

But what is Rainbow Row? Rainbow Row is a stretch of thirteen buildings and fourteen homes<sup>1</sup> on the west side of East Bay Street, north of Tradd Street and south of Elliot Street overlooking the Cooper River as it pours into Charleston Harbor.

The definition of iconic is “relating to or the nature of”. Rainbow Row certainly meets this definition for it encapsulates the nature and history of Charleston. Beginning in 1931, a row of homes on the west side of East Bay with street addresses running from 79 through 107 were renovated by private citizens dedicated to restoring these homes to their former glory. The same can be said for the City of Charleston over the last ninety years.

The homes comprising Rainbow Row were part of the original land grant to the Lords Proprietors in 1663, were built in the 18<sup>th</sup> century, and have survived and/or suffered extensive damage from two major fires that ravaged the City (1740 and 1778) and an earthquake in 1886. These buildings were initially built to serve

---

<sup>1</sup> The number of homes has changed over time from 13 to 14 as structures under one roof have been broken out into two addresses or two addresses have been combined into one home.

as both residential and commercial structures. The owners lived upstairs and operated businesses on the ground floor. Owing to their proximity to the wharfs, most of the businesses catered to the international trade occurring in the harbor.



Overtime, the businesses suffered and as result so did the home values. The businesses suffered for two reasons. First, the wharfs moved upriver to more navigable locations and so too did the associated businesses. Secondly, and more importantly, the Civil War devastated the City of Charleston. Once the wealthiest city in the colonies, Charleston was now a backwater town struggling to find an industry around which to grow. As a port city, it was no longer a desirable destination. Quite simply, what we now know as Rainbow Row was a rundown part of town.

Things began to change in 1931, when several forward-thinking women started purchasing and renovating the homes. The first to do so was Dorothy Porcher Legge. On June 1, 1931, she purchased 99-101 East Bay, renovated the home, and painted it a pastel pink as a nod to Charleston's Colonial-era, Caribbean roots. She also wanted to brighten up the neighborhood; most of the other homes were a drab grey. Others, including Susan Pringle Frost and Louise Graves, followed in her footsteps, renovating homes on the same stretch, and painting them the various pastel colors of blue, green, yellow, and pink.

So, what are these homes worth today? I looked up the addresses on Zillow. Therefore, for what Zillow is worth, here are the values of the 14 homes:

- Total Value: \$37,437,600
- Highest value of any one home on the Row per square foot: \$1,038
- Lowest value of any one home on the Row per square foot: \$536

- Average square foot price of the homes on the Row: \$782

To determine the value of the homes when they were purchased, I had to do a little digging. My goal was to determine the market value of the homes comprising Rainbow Row in 1931 in total and on a square foot basis. I visited the Register of Deeds Office for the County of Charleston at the northwest corner of Meeting and Broad Street. Computerized records for most homes only go back to the 1990s. However, I did find a few recorded Deeds of Trust on microfiche and was able to learn what some of the homes sold for.

The two oldest sales I found on record were for 105 East Bay and 99-101 East Bay. In 1932, 105 East Bay sold for \$500 or \$0.25/sf. Either this sale was effectively a gift, or the house was so rundown as to be uninhabitable. On June 1, 1931, the transformation of this row of homes was kicked off with Dorothy Porcher Legge's purchase of 99-101 East Bay for \$8,300 or \$4.18 per square foot. Some of the other homes on the block were purchased by simply paying the back taxes so the per-square-foot-price Mrs. Legge paid would have been high by comparison.

In a Google search, I found a WSJ Report that listed the average size of a newly built home in 1931 as 1,213 square feet and the average median home value as \$5,609 or \$4.62 per square foot. Given that the home at 99-101 East Bay is listed on Zillow today as 4,150 square feet in size, the price Mrs. Legge paid seems low on a square-foot basis compared to the nationwide average assuming the house at 99-101 today is substantially the same size as it was in 1931. But since this stretch of East Bay was largely abandoned and run down, the price seems right.

So, if we simply use the square-foot price Mrs. Legge paid for 99-101 East Bay in 1931 as our baseline, and we assume that the total square footage of the fourteen homes has not changed dramatically, we can conclude that in 1931, the homes comprising Rainbow Row had a market value of: \$202,736

The value of these homes has increased by a factor of 185 times. Had you purchased all thirteen buildings in 1931 and sold them today, your ROI would be 18,366%. I recognize that I have excluded from the cost of the investment the property taxes paid over the years and the renovation and maintenance costs, but I thought this was a fun exercise, nevertheless.

Some things never change (or is it that the more things change, the more they stay the same), including that Charleston is a charming city, and the wisdom of the adage, buy low and sell high.