



ECONOMIC INDICATORS 2025

Dr. Harry Davis, *NCBA Professor of Banking, Economist*
Joe Furman, *Watauga Economic Development*
Wright Tilley, *Boone Area Tourism Development Authority*
David Jackson, *Boone Area Chamber of Commerce*
James Milner, *CCIM, Appalachian Commercial Real Estate*
Stacie Pineda, *Stacie Pineda Real Estate Group*

Q2 ECONOMIC INDICATORS 2025



North Carolina's population growth continues to be the envy of most states and helps provide a positive impact to state revenue collections. Tourism in the High Country is clearly on the mend and improving with seasonal traffic.

*Dr. Harry Davis,
NC Bankers Association*

WATAUGA COUNTY'S CURRENT ECONOMIC CONDITIONS



Residential Home Sales

High Country
Q2 2025
392

High Country
Q2 2024
369

Watauga %
Q2 2025
52% (204)



New Single-Family Homes

Q2 2025
55

Q2 2024
69

Percent Change
20% decrease



Unemployment Rates

April 2025
3.3% 3.4% 4.2%
Watauga NC US

May 2025
3.4% 3.6% 4.2%
Watauga NC US

May 2024
3.2% 3.5% 3.7%
Watauga NC US



Occupancy Tax

April 2025
\$476,916.03

May 2025
\$584,935.37

April 2024
\$427,977.87



Net Sales Tax Collections

April 2025
\$2,785,412.58

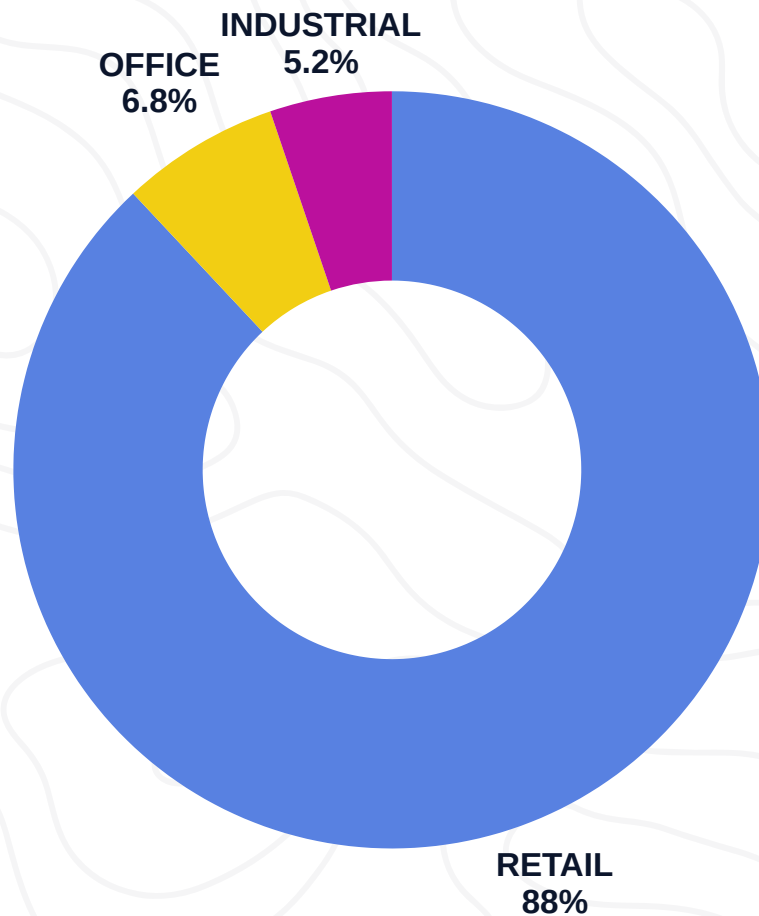
May 2025
\$2,804,552.58

May 2024
\$2,506,271.77



ECONOMIC INDICATORS 2025

COMMERCIAL REAL ESTATE SALES



JAMES MILNER, CCIM

Some activity is better than no activity; however, there is a constant decline in transactional activity. We are hopeful that Boone Next will spur new development activity once it is aligned with the Town of Boone's Unified Development Ordinance.

QUICK STATS

5	TOTAL # OF SALES
\$11,515,000	TOTAL SALES
\$4,100,000	LARGEST SALE
\$600,000	SMALLEST SALE
44.40% ▼	Q2 2025 VS Q2 2024
20.24% ▼	Q2 2025 VS Q1 2025

Q2 ECONOMIC INDICATORS 2025

JAMES MILNER, CCIM, APPALACHIAN COMMERCIAL REAL ESTATE

The second quarter of 2025 demonstrated that transactional activity remains at an all-time low, with a 44.40% decrease in total sales compared to the same period last year and a 20.24% decline from the previous quarter. The bid-ask gap (the spread between what a seller prices a property at and the price a buyer is willing to pay) is apparent, as most sellers are utilizing historical sales that were at the height of the market; however, buyers face financing pressures and access to capital, which are not allowing them to reach the seller's expectations.



Two important notes as we end the second quarter, one nationally and the other locally. A potential third-quarter Federal Reserve rate cut may spur economic activity and motivate borrowers to take on debt; this would also help potential deals pencil out better (underwriting that investors undergo). Locally, we are starting to see some creative incentive-based credits offered for leasing residential units. This tactic has not been seen before, indicating that there may be softening in the residential apartment sector.

Key items to note from the Town of Boone Permit Reports for the second quarter of 2025 include Appalachian Mountain Brewery's kitchen addition at an estimated project cost of \$735,000. Renovation of Boone Dermatology's newest building at 141 Doctors Drive, at an estimated project cost of \$300,000. The largest project for the quarter was Appalachian State University's new indoor tennis facility at an estimated project cost of \$10,000,000. Several buildings within the Town of Boone are slated for demolition, which is expected to encourage new development.

Leasing activity is slow as it remains challenging to capture tenants who are capable of building out first-generation space. The second quarter came with the approval of Boone Next, the Town of Boone's Comprehensive Plan. As stated publicly, I hope that the Unified Development Ordinance will be aligned with this document, and I am grateful for the many individuals, both internal and external, who contributed to making this a reality.

REFERENCES

- The data used in this analysis is sourced from CoStar, HCAR MLS, and public records.
- The data used in this analysis is for sales transactions only in Watauga County of \$500,000 or greater.
- The data used in this analysis excludes any transfer that was a partial interest (less than 100%) or an internal transfer.
- The data used in this analysis treats any improved properties that were demolished for redevelopment at the time of sale or that the improvements had no contributory value at the time of sale as land sales.
- The data used in the permitting section of this report is from the Town of Boone Planning and Inspections office, application for a building or zoning permit does not imply that the project will occur.



ECONOMIC INDICATORS 2025

STACIE PINEDA, STACIE PINEDA REAL ESTATE GROUP

RESIDENTIAL REAL ESTATE



Q2 & YTD 2025 Real Estate Market Report for Ashe, Avery, and Watauga Counties, NC

The High Country's real estate landscape in Ashe, Avery, and Watauga Counties has demonstrated resilience, navigating the market aftermath of Hurricane Helene. As we analyze the year-to-date data, we observe a market that, although still recovering from the hurricane's impact, is showing signs of stabilization. This path began to take shape in March 2025, with a more pronounced upswing by June, offering a balanced outlook for the remainder of 2025.

Watauga County Sales Volume: (% Change Compared to Q2 2024)

April: Down 15.88% May: Down 8.03% June: Up 16.01%

These values indicate a positive trend in sales volume. At the same time, median sales price across the three counties increased. An impressive 14.91% rise (across the three counties) has elevated the median sales price to \$540,000, and Watauga County's median sits at almost \$600,000 as compared to the same period last year. This is yet another nod to the region's desirability.



Price Range Breakdown- Ashe, Avery & Watauga Counties

The data below sheds more light on the year-to-date breakdown of numbers:

- \$0-\$350,000 range: Down 60.7% in volume (30.38% down in # of units sold)
- \$350,000-500,000 range: Down 24.09% in volume (23.76% down in # of units sold)
- \$500,000-800,000 range: Down 20.32% in volume (19.44% down in # of units sold)
- \$800,000+ range: Down 6.95% in volume (13.04% down in # of units sold)
- \$1,000,000+ range: Down 7.88% in volume (18.18% down in # of units sold)

The dominance of higher-priced sales in our market remains a defining characteristic into Q2 of 2025. Notably, the \$800,000 plus range has captured nearly half (49.88%) of the volume sold during this period, a clear indication of the unwavering demand for more expensive properties.

Second Home and Investor Market Focus

Watauga County continues to attract second-home buyers and investors, a trend that has significantly shaped the local real estate landscape.

- Total Parcels in Watauga County: 49,891
- Tax bills mailed to addresses outside of Watauga County: 23,904 (47.91%)

This substantial figure highlights the robust presence of second-home owners and investors, who, although not permanent residents, are deeply integrated into our communities. Their ongoing interest and investment have been instrumental in maintaining the market's resilience and driving demand for higher-priced properties. This also contributes to the negative outcome of a lack of affordability for local year-round primary residents.

Mountain Time Lag in Pricing Adjustments

An intriguing peculiarity in our market is the "mountain time lag" in pricing adjustments, particularly in the primary residential market. Historically, sellers in our region hold onto their list price for longer than in off-mountain markets. With an increased median despite lower sales volume, it's challenging to reconcile the need to reduce too quickly.

In conclusion, while the High Country's real estate market continues to navigate the challenges posed by Hurricane Helene, the data for Q2 2025 paints a picture of a market on the mend, with particular strength in the higher price ranges and in Watauga County. The significant influence of second home buyers and investors remains a key driver of our market's resilience and growth.

CITATIONS

Data used is sourced from High Country Association of Realtors MLS.

Q2 ECONOMIC INDICATORS 2025

DAVID JACKSON, BOONE AREA CHAMBER OF COMMERCE

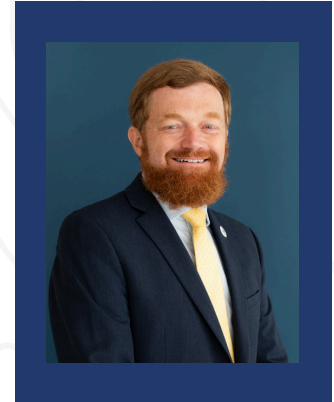
This report finds us in the throws of summer, and while activity has increased, businesses are still dealing with complexity and a degree of uncertainty. Over the last quarter we've seen increases with occupancy and sales tax collections, but in talking with business owners and community leaders, it's important to note that many purchases and long-term hotel/rental stays are still being driven by hurricane recovery.

From conversations with local businesses, those in our tourism sector have seen fluctuations throughout the spring and summer. With schools releasing around the State in an uneven fashion, family travel does not fully pick up until late June. This year our first significant swell in travel coincided with Boonerang, which has become a well-placed calendar-circling event to jumpstart the summer season. The 4th of July period also provided a boost to the region, and the heat off the mountain is certainly having an impact on travelers seeking a cooler climate. Next quarter we should see evidence of the recently completed Tar Heel Baseball Tournament, with over 40 teams and 400 athletes and family members in Watauga County for an extended weekend of play on the diamond and at our local attractions.

As we look outside of the tourism sector, we see businesses benefiting from the economic influence provided by Appalachian State University. Between graduation, summer camps, new-student orientation, an Appalachian Summer, soon-arriving football Saturdays, and the daily impact of over 3,000 local employees, the business of campus continues to provide economic stimulus across many sectors.

From a legislative perspective, it's wise to keep an eye on the NC State budget process, currently stalled within the NC General Assembly. As the NC House, Senate, and Governor's offices negotiate their budget priorities, pay raises for teachers and state employees remain a key focus of how revenues are allocated. With so much of our local workforce tied to State government employment, any increases in those salaries will mean more money to be spent in our local economy. If you think your business is not impacted by the State budget discussion, ask yourself if it would benefit you if a significant number of your customers had more money to spend.

To summarize, economic conditions in the High Country continue to improve, albeit with less margin of error or ability to handle unforeseen disruptions. We will need time for businesses to replenish reserves that were depleted after the storm. Our focus continues toward advocating for the needs of our region's business community at the State and Federal level, while continuing to work toward positive impacts in the housing, childcare, and workforce development arenas.



Q2 ECONOMIC INDICATORS 2025

DR. HARRY DAVIS, NC BANKERS ASSOCIATION

North Carolina returned to its spot as the #1 state for business in the United States, according to CNBC. The state has now topped this important ranking in three of the last four years. Closer to home, we Western North Carolinians continue to benefit from the generosity shown by those across the state and the nation who continue to invest in our recovery from Hurricane Helene.

Watauga County's unemployment rate was at 3.4% in May 2025, a slight increase from a year ago. Regardless, the county rate remains one of the lowest in the state, which is a consistent trend. The state unemployment rate continues to be lower than the national average, which has also proven true for a number of years.



Residential home sales were up this year over last, at 392 in Q2 of this year, up from 369 in Q2 of 2024, with 52% of the region's sales activity coming from Watauga County. On the other hand, new single-family home sales decreased from 69 in Q2 2024 to 55 in Q2 of this year. That change represents a 20% decrease. Overall sales activity is trending in a positive direction as we move through the summer. That coincides with a continued gain in the median price of homes across the High Country region.

The occupancy tax for April of this year was up 11% over last year's performance, which is impressive considering the continued impact of Hurricane Helene on our tourism economy. The May occupancy tax number was slightly up over a year ago at \$584,935. Concomitantly, the county's sales tax collection showed a sizable increase over a year ago. These metrics point toward a recovery in the lodging and overall tourism sectors.

The national and state economies continue to show growth. North Carolina's population growth continues to be the envy of most states and helps provide a positive impact to state revenue collections. Tourism in the High Country is clearly on the mend and improving with seasonal traffic. All of those factors together bode well for the economic growth and vitality of the region.

REFERENCES

- Residential Home Sales data provided by High Country Association of Realtors, HC = Alleghany, Ashe, Avery, & Watauga Counties
- Net Sales Tax Collection data provided by the North Carolina Department of Revenue
- Unemployment data reported by the NC Department of Commerce
- Occupancy Tax data provided by Watauga Co. TDA, total includes Boone, Blowing Rock, and Watauga County
- Single Family Home Application data provided by Watauga County, Town of Beech Mountain, Town of Boone, Town of Blowing Rock, & Town of Seven Devils