



Q3 ECONOMIC INDICATORS | 2022

Watauga County's Current Economic Conditions

October, 2022

*Data references found on page 2.



RESIDENTIAL HOME SALES

683 | **800** | **49%**
(HC 3Q 2022) | (HC 3Q 2021) | (% 3Q '22 Wat. CO)

NET SALES TAX COLLECTIONS

\$3,239,975.01 | **\$2,905,413.94** | **\$2,837,013.15**
AUG 2022 | JULY 2022 | AUG 2021

UNEMPLOYMENT RATES

3.4%	3.9%	3.7%	3.4%	3.7%	3.5%	3.7%	4.4%	5.2%
(Watauga)	(NC)	(U.S)	(Watauga)	(NC)	(U.S)	(Watauga)	(NC)	(U.S)
AUG 2022	JULY 2022			AUG 2021				

OCCUPANCY TAX COLLECTIONS

\$2,423,806.64 | **\$2,317,128.09**
(JUNE, JULY, AUG 2022) | (JUNE, JULY, AUG 2021)
4.6% INCREASE


NEW SINGLE FAMILY HOMES

(APPLICATIONS RECEIVED)

83 | **112** | **-25%**
(3Q 2022) | (3Q 2021) | (% Change)

“ Watauga County remains at a 3.4% unemployment rate, which is one of the lowest in the State. ”

Dr. Harry Davis
Economist



Watauga County's Current Economic Conditions October, 2022


DR. HARRY DAVIS, PHD

NCBA PROFESSOR OF BANKING, ECONOMIST

While talk of an impending recession has been elevated in recent months, and one may indeed appear next year, there's no evidence of recession in Watauga County or the State's economy at this time. Watauga County remains at a 3.4% unemployment rate, which is one of the lowest in the State.

Tourism and hospitality are both experiencing robust growth as the occupancy tax continues to surprise on the upside. Businesses continue to deal with a shortage of workers which is causing labor costs to rise rapidly.

The increase in building costs and mortgage interest rates are beginning to slow real estate construction and sales. Though the real estate market remains strong, even prices are beginning to soften.

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

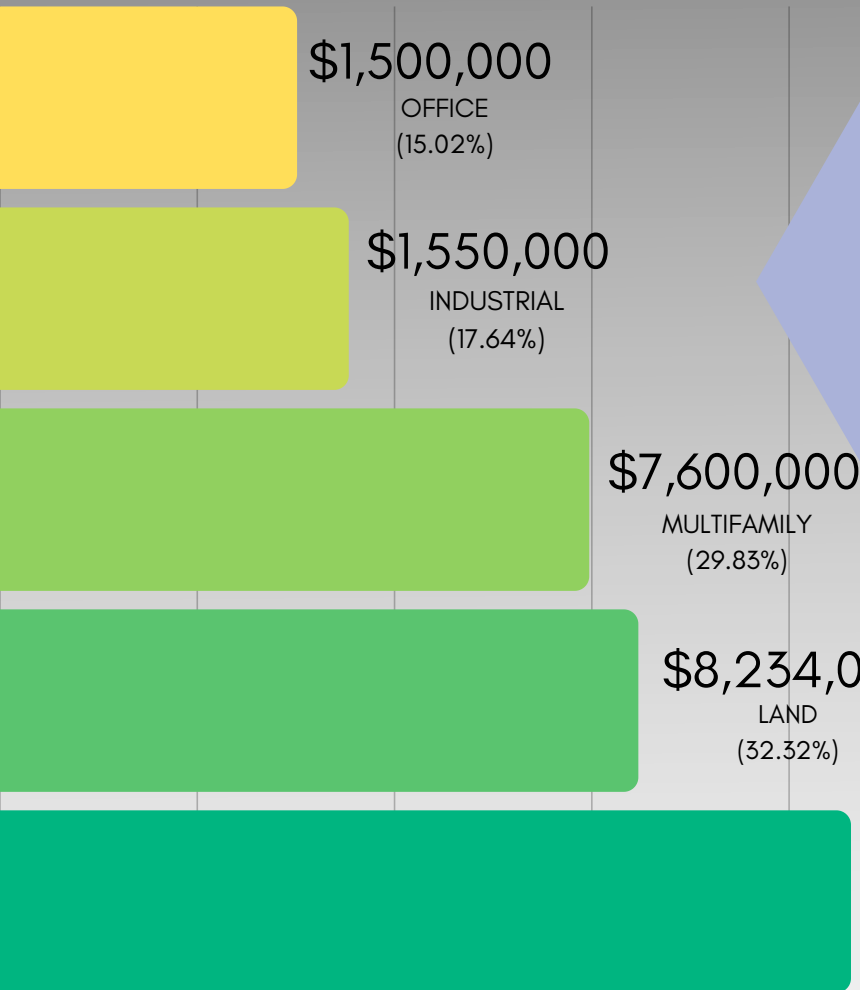
Q3 ECONOMIC INDICATORS | 2022



Watauga County's Current Commercial Real Estate Conditions

October, 2022

*Data references found on page 4.



QUICK STATS

12

TOTAL # OF SALES

\$25,476,000

TOTAL SALES

\$7,600,000

LARGEST SALE

\$510,000

SMALLEST SALE

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New ground-up development continues within the Town of Boone, however the commercial real estate sales market faces the same supply and demand constraints that the leasing market has. Fewer sales opportunities are keeping pricing stable.



James Milner, CCIM

Appalachian Commercial Real Estate, President & Owner

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JAMES MILNER, CCIM

APPALACHIAN COMMERCIAL REAL ESTATE, PRESIDENT & OWNER

The third quarter of the year shows continued positive movement within the overall local commercial real estate market. However, it is apparent that the sales side of the market is experiencing the same supply and demand constraints that are evident in the leasing side of the market. Fewer sellers are willing to dispose of their commercial real estate as there are not clear opportunities to reinvest or want to deal with the potential capital gains tax. A review of the permit data shows continued tenant improvement work occurring within the Town of Boone. In terms of planned development, Portofino Hotel, a 20-room two-story hotel on the old Cafe Portofino site is going to add much needed hotel rooms to the downtown Boone area. A new regional convenience store is planned at the corner of New Market Boulevard and East King Street.

As we move towards the end of the year, activity will naturally slow due to the seasonal nature of the market. It is anticipated that there will be continued adjustments in pricing as the cost of capital rises. In other words, if debt is more expensive than a buyer can not afford to keep paying top dollar for assets. There is a limited pool of buyers that have cash readily available, only compounded by the fall of the stock market over the past quarter.

Leasing activity remains strong with continued limited supply and high demand. Those opportunities that are coming to market, if priced appropriately, are getting leased with quality credit tenants.



- Data used in this analysis is sourced from CoStar and High Country Association of Realtors MLS.
- 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%).
- 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.