Q3 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*

Q3 ECONOMIC INDICATORS 2025

One year out from Helene, the High Country is clearly on the mend.

Dr. Harry Davis,
NC Bankers Associaton

WATAUGA COUNTY'S CURRENT ECONOMIC CONDITIONS

Residential Home Sales

High Country
Q3 2025
482

High Country
Q3 2024
336

Watauga %
Q3 2025
48% (229)

New Single-Family Home Permits

Q3 2025
66

Q3 2024
64

Unemployment Rates

	Watauga	NC	US
August 2025	**3.6%**	**4.0%**	**4.3%**
July 2025	**3.7%**	**3.8%**	**4.2%**
August 2024	**3.7%**	**3.8%**	**4.2%**

Occupancy Tax

July 2025
$904,406.11

August 2025
$831,715.32

July 2024
$993,267.31

Net Sales Tax Collections

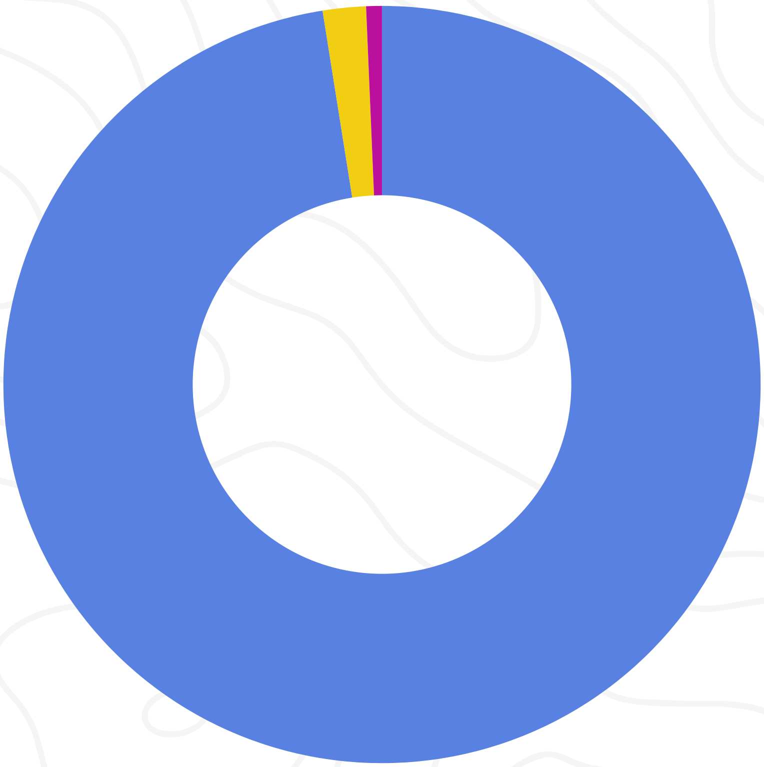
August 2025
$3,489,484.44

July 2025
$3,289,289.31

August 2024
$3,070,971.65

Q3 ECONOMIC INDICATORS 2025

COMMERCIAL REAL ESTATE SALES



JAMES MILNER, CCIM

If we remove one single transaction from the overall analysis, it shows yet another decline in transactional activity. This is now the third straight quarter with decline reinforcing the fact that less commercial real estate transactions are occurring in 2025 than the year prior.

QUICK STATS

4	TOTAL # OF SALES
$78,900,000	TOTAL SALES
$68,500,000	LARGEST SALE
$525,000	SMALLEST SALE
24.10% ▼	Q3 2025 VS Q3 2024
9.68%* ▼	Q3 2025 VS Q2 2025

**This is based on removing the $68,500,000 sale as referenced above.*

Q3 ECONOMIC INDICATORS 2025

JAMES MILNER, CCIM, APPALACHIAN COMMERCIAL REAL ESTATE

The third quarter of 2025 demonstrated that transactional activity remains stagnant, with a 24.10% decrease in total sales compared to the same period last year. However, when looking at all sales, it increased 585.19% from the previous quarter. This was primarily due to one of the larger student housing complexes trading for $68,500,000. If we remove this one transaction, it further reinforces the downward pressure on transactional activity quarter over quarter at a 9.68% decrease.

A common saying within my office is “price cures all evils”, this is more apparent today, as the market is continually trying to find its footing. Sellers are relying on older transactions while buyers are looking for the right opportunities to place capital. Even with a rate cut and more expected before the end of the year, it will be some time before the benefits of these rate cuts motivate participants to engage.

As we end the quarter, I remain encouraged that the end of the year will bring its usual fervor of activity, however, don’t expect us to come close to the $243MM of total sales that was completed last year. We have to work together as a community to resolve our housing crisis, a number of developers are at the table with new projects to add overall supply which in turn does impact the market overall. What is still desperately needed is a housing proposal solely for our workforce which will not be an apartment complex but a single family residential development.

Key items to note from the Town of Boone Permit Reports for the third quarter of 2025 include a new resource center for Alliance Bible Fellowship at an estimated project cost of $4,514,000. Construction of the new United Community Bank branch on Blowing Rock Road at an estimated project cost of $3,500,000. The conversion of the former Haircut 101 building in downtown Boone at an estimated project cost of $2,500,000. Lastly, the old Hardee’s on Blowing Rock Road is being renovated for a new restaurant/bar concept in which the renovation costs are estimated at $800,000.

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.*

Q3 ECONOMIC INDICATORS 2025

STACIE PINEDA, STACIE PINEDA REAL ESTATE GROUP

RESIDENTIAL REAL ESTATE

Quarter three for the High Country real estate market-Ashe, Avery, and Watauga Counties- ended with an increase in sales volume and number of units sold compared to the same quarter of 2024. The median purchase price continues to rise, with the average median of the three counties at approximately $525,000, and Watauga County sits at a median home price of almost $600,000. The market is strong, stable, steady, and expensive.

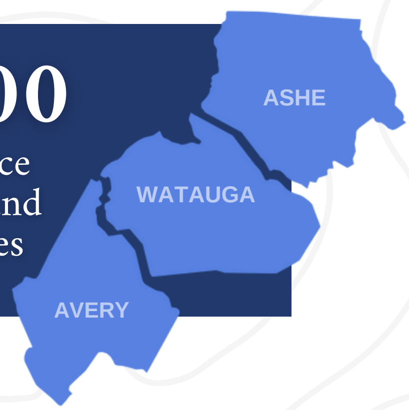
In reviewing year-to-date data as a whole, we see a slight dip in sales volume compared to YTD 2024, but a continued median price increase. The $1,000,000+ segment continues to rise accounting for 39% of YTD sales volume, also up slightly from 2024. Additionally, in Watauga County, approximately 48% of tax bills are mailed out-of-county indicating housing demand but worsening affordability for local residents.

There are some shifts in market dynamics with increased days on market and higher inventory reducing buyer frenzy. Still, highly desirable homes—properly priced, well-maintained, with easy access and good floor plans—continue to attract multiple offers, though buyers are more cautious, with lower due diligence amounts and more thorough inspections and property reviews.

Hurricane Helene, occurring in late Q3 2024, had minimal impact on Q3 2025 data. However, Q4 2025 comparisons with Q4 2024 may show significant effects, to be analyzed in January 2026.

Q3 2025: Ashe, Avery, and Watauga Counties
- Sales Volume: $382,286,365 (+5.21% from 2024).
- Median Sales Price: $525,000 (+4.17% from 2024).
- Number of Sales: 558 (+3.91% from 2024).

$525,000
Median Sales Price for Ashe, Avery, and Watauga Counties



Q3 2025: Watauga County
- Sales Volume: $225,343,367 (+11.04% from Q3 2024).
- Median Sales Price: $599,950 (+3.45% from Q3 2024).
- Number of Sales: 298 (+4.93% from Q3 2024).

YTD 2025: Ashe, Avery, and Watauga Counties
- Sales Volume: $788,999,550 (-7.03% from 2024).
- Median Sales Price: $515,000 (+7.29% from 2024).
- Number of Sales: 1,182 (-11.92% from 2024).
- Luxury Segment: $1,000,000+ properties comprised 38.49% of YTD sales volume (175 units).

YTD 2025: Watauga County
- Sales Volume: $485,854,511 (-0.94% from 2024).
- Median Sales Price: $599,900 (+9.08% from 2024).
- Number of Sales: 634 (-12.43% from 2024).

In conclusion, the numbers speak for themselves- homeownership in the High Country remains a highly sought-after commodity. Locals still struggle to find affordable housing amidst the many tourists seeking a second home in the area.

CITATIONS

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

Q3 ECONOMIC INDICATORS 2025

DAVID JACKSON, BOONE AREA CHAMBER OF COMMERCE

Fall has arrived with vibrant colors, a full slate of events, and visitor traffic, serving as a reminder of the financial impacts of seasonal change. It also should be said that, as a community, we can be thankful for a return to more normal economic activity, as only a year ago, we were talking from a very different position.

This report captures data from the important month of July, the return of campus activities in August, and the early fall activity of September. This quarter continued to provide a variety of experiences, showcasing the up-and-down nature of the summer season. We have heard this notion supported in our conversations with businesses over the summer, suggesting more daytrips and slightly higher per transaction spend, but a decrease in the overall amount of transactions. The labor market has seemed to stabilize now that more businesses are back to normal operations, yet we can report that workforce stability and sourcing continue to be a dominant element of the conversations we've had with local businesses. Maintaining current staff and finding new workers for future seasonal swells make for a competitive market across many industries.

Future reports will likely show further evidence of a stronger, more stable fall period. The year-over-year comparisons to October and November will be staggering but remember the circumstances behind that comparison. Still, it amazes me with each passing day the continued show of resourcefulness that our business community has shown over the past year. The last wave of business reopenings are occurring now in some of the more Helene-impacted parts of the region. While watching the first customers walk through the doors of CJ's market in mid-October, it's exciting to see that progress is being made with each passing day.

The impact of the lack of a budget at the State and Federal level is making its impact here in the High Country. Thousands of State employees are awaiting word of salary adjustments that will be reinvested in our local economy almost immediately. Our early childcare industry remains economically fragile and awaits clarity on long-term discussions around a state-wide subsidy floor and is seeing the impact of Federal dollars being frozen that support subsidies for certain populations that could keep more than $20,000 per month out of our local systems until the shutdown is resolved. This revenue decrease will have an impact on the operational viability of centers across the State. The Boone Area Chamber of Commerce encourages leaders at the State and Federal level to consider the compounding impacts on small businesses of all types and work as tirelessly as our local business community has over the last year to reach necessary agreements.

Overall, it is encouraging to see most indicators moving in the right direction. As we continue to see the economic impacts of interest rate decreases, tariff impacts, visitor traffic, and other influences, we will get a good picture of how the year will conclude. Hopefully a strong finish to the year will give us helpful momentum as we steam toward 2026.

Q3 ECONOMIC INDICATORS 2025

DR. HARRY DAVIS, NC BANKERS ASSOCIATON

North Carolina continues to be one of the most business friendly states due to population growth and low taxes. The national, state, and High Country economies are all showing surprising strength. Any discussion of a recession is woefully premature. The federal reserve has lowered interest rates and will continue to do so in an attempt to push any recession out to 2027.

Watauga County's unemployment rate was 3.6% in August 2025. Our county rate continues to be 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.

According to our statistics, residential home sales saw a dramatic increase from Q3 2024 to Q3 2025. In fact, residential home sales grew from 336 units a year ago to 482 this year, or for an increase of 146 units. New single-family home permits also increased from 64 in Q3 2024 to 66 in Q3 2025. Those numbers are quite strong given the cost of materials and the level of interest rates.

The occupancy tax declined to $904,406.11 July 2025 from $993,267.31 in July of last year. The occupancy tax number also declined this August from July. Clearly, tourism is continuing to feel the negative effects of Helene. Net sales tax collections increased from $3,070,971.65 in August 2024 to $3,489,484.44 in August 2025. That significant increase suggests that though fewer tourists came to the High Country, those who did brought their wallets.

One year out from Helene, the High Country is clearly on the mend. The economic metrics we look at, for the most part, show improving conditions. At the anecdotal level, October appears to be a very strong month for tourism in the High Country based on traffic, conversations with business leaders, and record-breaking attendance at annual festivals.

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*