



Q3+4

2024 ECONOMIC INDICATORS

Dr. Harry Davis, NCBA Professor of Banking, Economist

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Q3 ECONOMIC INDICATORS 2024



While Hurricane Helene had a profound impact on the data in this report, it also can also be said that the effect on all sectors within our economy was uneven.

*Dr. Harry Davis,
NC Bankers Associaton*

WATAUGA COUNTY'S CURRENT ECONOMIC CONDITIONS



Residential Home Sales

High Country
Q3 2024
446

High Country
Q3 2023
496

Watauga %
Q3 2024
49% (217)



New Single-Family Homes

Q3 2024
63

Q3 2023
79

Percent Change
20% Decrease



Unemployment Rates

August 2024
3.5% 4.3% 4.1%
Watauga NC US

September 2024
2.5% 3.2% 4.1%
Watauga NC US

September 2023
3.5% 4.3% 4.1%
Watauga NC US



Occupancy Tax

July 2024
\$516,143.63

August 2024
\$437,507.66

September 2024
\$235,595.97

September 2023
\$370,606.58



Net Sales Tax Collections

August 2024
\$3,567,881.20

September 2024
\$3,567,881.20

September 2023
\$3,174,431.0

Beginning with the previous report – Q4 2023 Indicators – the first two months of the quarter, compared to the second month of the prior year will be reported for sales tax collections, occupancy tax collections, and unemployment rates. The purpose is twofold: to account for occasional reporting time lags by NC agencies, and to maintain consistency of the indicators from quarter to quarter. As always, we strive for timeliness and accuracy of the data.

Q4 ECONOMIC INDICATORS 2024



Prior to the hurricane, economic activity was showing signs of strength with the projection of a strong finish to the year.

*Dr. Harry Davis,
NC Bankers Association*

WATAUGA COUNTY'S CURRENT ECONOMIC CONDITIONS



Residential Home Sales

High Country
Q4 2024
336

High Country
Q4 2023
401

Watauga %
Q4 2024
48% (153)



New Single-Family Homes

Q4 2024
47

Q4 2023
67

Percent Change
30% Decrease



Unemployment Rates

October 2024
3.8% 3.6% 4.1%
Watauga NC US

November 2024
3.5% 3.6% 4.1%
Watauga NC US

November 2023
2.8% 3.4% 3.7%
Watauga NC US



Occupancy Tax

October 2024
\$109,707.58

November 2024
\$269,169.54

October 2023
\$1,019,077.46
Down 78% in 2024



Net Sales Tax Collections

October 2024
\$2,960,771.86

November 2024
\$2,603,835.30

November 2023
\$2,683,358.28

Q4 ECONOMIC INDICATORS 2024

WATAUGA COUNTY BUSINESS SNAPSHOT SURVEY

In an effort to track real-time conditions for local businesses as recovery from the impacts of Hurricane Helene continue, the Watauga County Economic Development Commission created the Watauga County Business Snapshot Survey to be sent out to businesses each month. Focuses are on current concerns, performance toward revenue expectations, and ability to meet staffing needs.

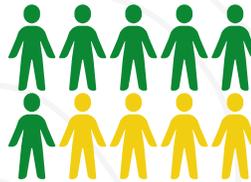
OCT

TOP CONCERNS

1. Reliable revenue stream
2. Overall financial stability

81%

said their business failed to meet revenue expectations



STAFFING LEVELS

- 59% reported no change
- 37% reported a decrease

85%



of respondents reported the current state of their business at a 5 or lower (on a scale of 1-10)

NOV

TOP CONCERNS

1. Reliable revenue stream
2. Overall financial stability

50%

said their business failed to meet revenue expectations



STAFFING LEVELS

- 53% reported no change
- 33% reported a decrease

73%



of respondents reported the current state of their business at a 5 or lower (on a scale of 1-10)

DEC

TOP CONCERNS

1. Reliable revenue stream
2. Overall financial stability

65%

said their business failed to meet revenue expectations



STAFFING LEVELS

- 45% reported no change
- 50% reported a decrease

75%

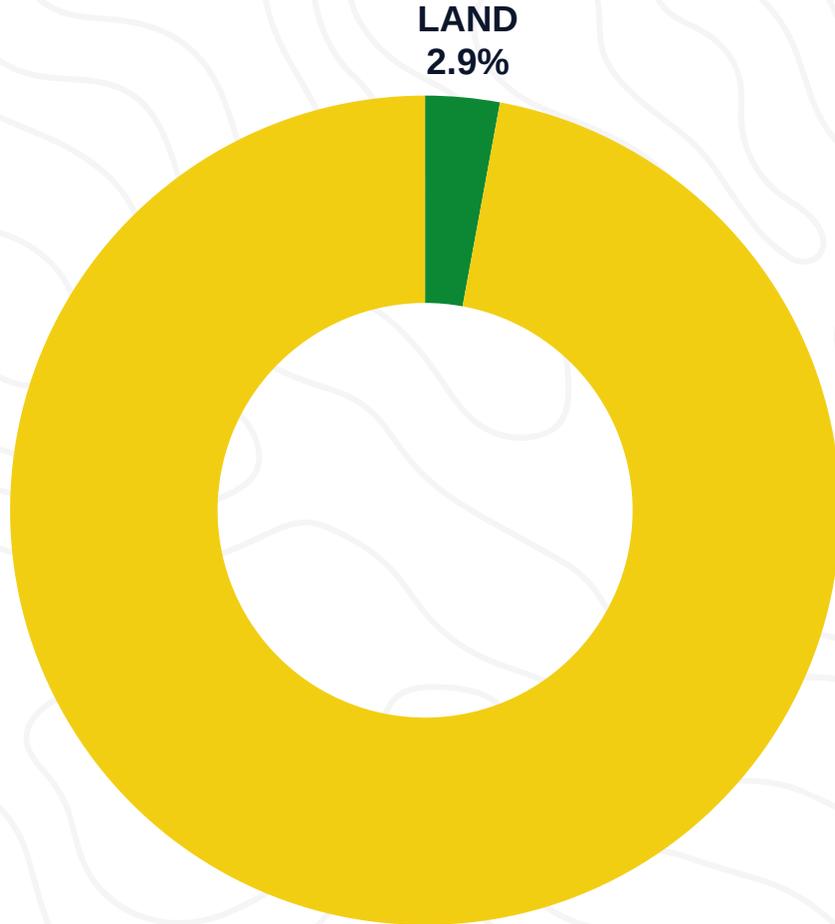


of respondents reported the current state of their business at a 5 or lower (on a scale of 1-10)



ECONOMIC INDICATORS 2024

COMMERCIAL REAL ESTATE SALES



MULTIFAMILY
97.1%



JAMES MILNER, CCIM

When one large apartment complex sells, the remainder within the market tends to follow. Five other projects were sold after the Cottages of Boone sold for \$91MM last quarter.

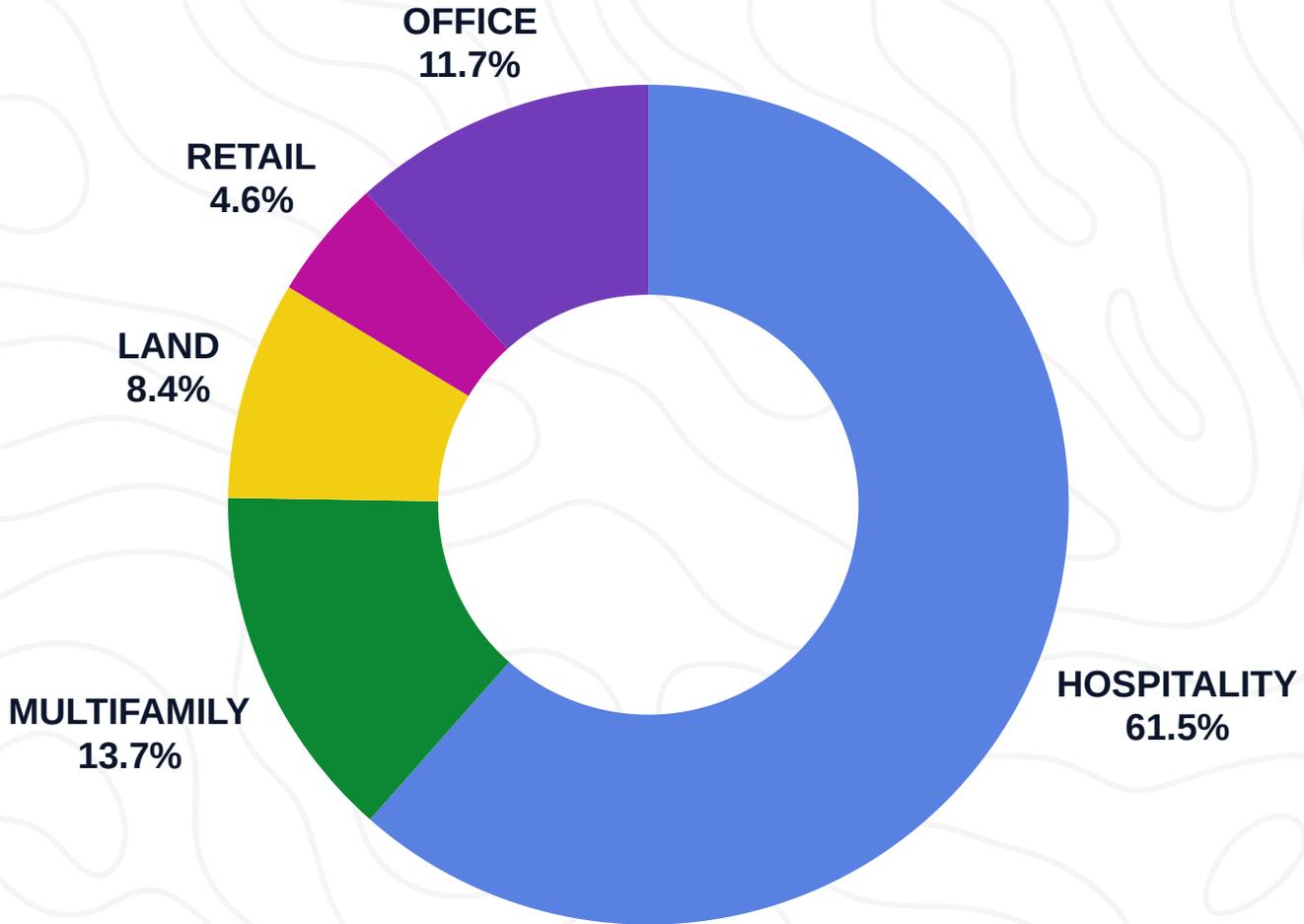
QUICK STATS

3 TOTAL # OF SALES
 \$103,950,000 TOTAL SALES
 \$57,250,000 LARGEST SALE
 \$3,000,000 SMALLEST SALE
 -6.96% ▼ Q3 2024 VS Q2 2024
 502.71% ▲ Q3 2024 VS Q3 2023



ECONOMIC INDICATORS 2024

COMMERCIAL REAL ESTATE SALES



JAMES MILNER, CCIM

The final quarter of the year saw a mix of sale types; however, we anticipate that most of this was in motion before the impacts of Hurricane Helene. The actual repercussions may not be seen for an undetermined time.

QUICK STATS

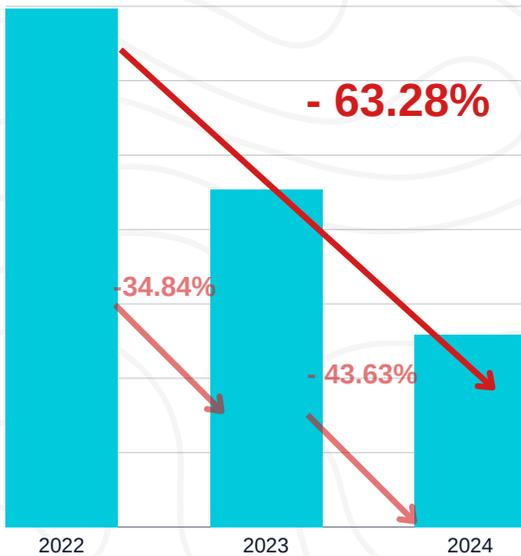
8	TOTAL # OF SALES
\$17,671,500	TOTAL SALES
\$10,600,000	LARGEST SALE
\$800,000	SMALLEST SALE
-83.42%	▼ Q4 2024 VS Q3 2024
-12.91%	▼ Q4 2024 VS Q4 2023

Q3+4

ECONOMIC INDICATORS 2024

JAMES MILNER, CCIM, APPALACHIAN COMMERCIAL REAL ESTATE

The second quarter report (2024) noted that the Cottages of Boone sold for \$91,011,000. The third quarter brought forward the sales of other student housing complexes, including the Village of Meadowview and a portfolio of four smaller student housing complexes. Like the Cottages of Boone sale in the second Quarter of 2024, looking at market dynamics with and without those sales for the year is essential.



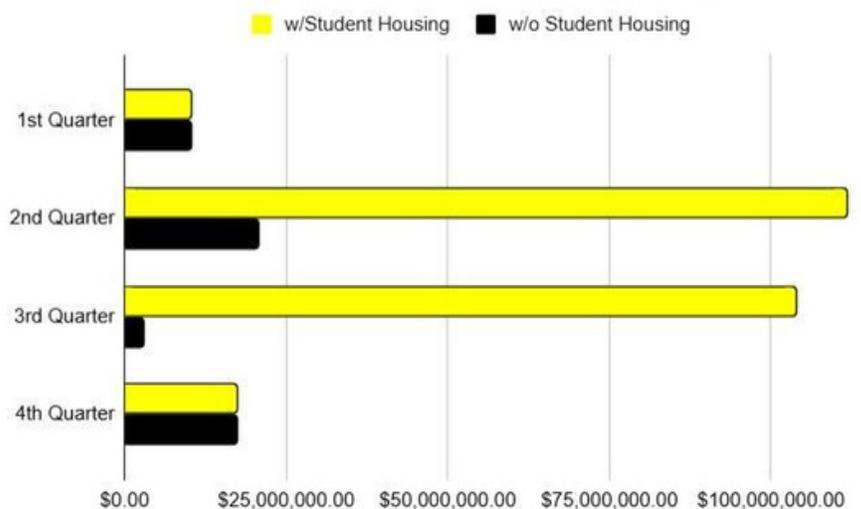
By removing these sales, we can get a more accurate picture of the commercial real estate market relative to years prior, which, by all accounts, is moving in a downward direction. In addition, these sales are not necessarily indicative of the market as they occur less frequently and have a significant dollar amount. Therefore, excluding these student housing sales, the year ends at \$51,235,278, which is down from \$90,899,000 from the year prior (2023) by 43.63% and from year-end 2022 at \$139,510,500 down by 63.28%.

Notable sales within the 3rd Quarter (including student housing complexes) include the Village of Meadowview at \$57,250,000 and the Holiday Inn Express in Blowing Rock at \$10,600,000 for the 4th quarter.

Quarter	Sales (\$)
1st Quarter	\$10,291,500
2nd Quarter	\$20,711,278
3rd Quarter	\$3,000,000
4th Quarter	\$17,232,500
Total	\$51,235,278

Quarter	Sales (\$)
1st Quarter	\$10,291,500
2nd Quarter	\$111,722,278
3rd Quarter	\$103,950,000
4th Quarter	\$17,232,500
Total	\$243,196,278

2024 Total Sales Student Housing Comparison





ECONOMIC INDICATORS 2024

JAMES MILNER, CCIM, APPALACHIAN COMMERCIAL REAL ESTATE

Regarding permitting activity for the third quarter, some highlights include the renovations for both Food Lion stores at a project cost of \$1,385,000 combined, OP Smiles renovation at a project cost of \$875,000, and the new Spring Hill Suites on US Highway 421 at a project cost of \$10,917,757. In the fourth quarter, Wal-Mart renovations and repairs from Hurricane Helene had a project cost of \$5MM. In contrast, other projects include Melanies renovating space downtown on Howard Street at a project cost of \$25,000. The owners of the Horton Hotel are moving forward with converting a portion of the Vetro Building into hotel rooms at a project cost of \$1.6MM. The Western Youth Network is blazing its trail for a new recreation center at a project cost of \$11MM.

Given Hurricane Helene's impact, leasing activity was subdued; however, it did show the importance of having swing space within the market when natural disasters occur. While unconfirmed, there is a sign for Ollie's Bargain Outlet in the old Big Lots space at New Market Center. Other leasing activity includes Spangler Restoration moving into the former Blue Ridge Realty & Investments space along NC Highway 105. Schuster Physical Therapy has leased the remaining space within the Greenway Commons building, marking 100% occupancy for that building improvement.

Now that we have started 2025, the common question is, what do we anticipate for the year ahead? I am hopeful that a few things will happen within the local market; I would like to see more supply added to the market, which would require construction, which is difficult due to the cost of capital combined with the cost of construction (labor and materials), let alone the supply of land that can be developed. With sites such as the Bolick Farm coming to market, I anticipate continued growth and expansion of the east side of Boone, NC. While I don't believe this will be the year we solve the housing crisis, I am encouraged that the right conversations are taking place and that the new Town of Boone Comprehensive Plan emphasizes housing affordability.

In addition, I believe the transactional volume will be suppressed as the interest rate climate does not align with seller's price expectations. However, there are signs of softening on both fronts. This is combined with a massive 1.8T in national commercial real estate debt due before the end of 2026.

If Hurricane Helene taught us anything, we are a resilient community with people who have determination and grit; however, we are already seeing business closures and post-flooding sales that will put further downward pressure on commercial real estate assets for the foreseeable future.

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.

Q4 ECONOMIC INDICATORS 2024

STACIE PINEDA, STACIE PINEDA REAL ESTATE GROUP

RESIDENTIAL REAL ESTATE



Quarter 4 (Q4) of 2024 saw a tremendous decline in nearly all pricing categories for Ashe, Avery, and Watauga Counties. Across all three counties for Q4, there was a 22.84 percent decrease in the number of units sold; the same quarter saw a decrease of 5.68 percent in sales volume. Helene brought devastation to multiple industries and, indeed, to the real estate market as well.

The increase in the million-plus sales price range continues to carry this market, accounting for 43.97% of the fourth-quarter sales volume, compared to 30% in Q4 2023. That's staggering. My hope for 2025 is to see more vigorous sales in the mid-range markets, lower interest rates, and more inventory, which will bring more opportunities to local buyers needing permanent housing.



QUARTER 4 OVERVIEW:

Million \$+ (Median Sale/Unit: \$1.4 Million)

- Watauga County: 30 units
- Avery County: 23 units (*Including historically high sales of \$14,000,000 and \$15,850,000*)
- Ashe County: 4 units

Below Million \$

- Watauga County: 171 units
- Avery County: 65 units
- Ashe County: 82 units

Median Sales Price

- Watauga County: \$560,000
- Avery County: \$399,250
- Ashe County: \$548,750

2024 OVERVIEW:

Million

- Watauga County: 157 units
- Avery County: 75 units
- Ashe County: 16 units

Below Million

- Watauga County: 767 units
- Avery County: 373 units
- Ashe County: 327 units

Median Sales Price

- Watauga County: \$550,000
- Avery County: \$430,000
- Ashe County: \$399,750

Overall Sales Volume: 1.69% increase as compared to 2023

Q3+4

ECONOMIC INDICATORS 2024

DAVID JACKSON, BOONE AREA CHAMBER OF COMMERCE

As our community continues to deal with the vast and complex impacts from Hurricane Helene, the resilience of our local residents, the kindness of visitors, and the connectedness our leaders have displayed are among the guiding forces that keep us moving forward.

While we are thankful for the funding the US Congress and the State of North Carolina have committed to Western North Carolina, those resources have been dangerously slow to reach those in immediate need. We still see daily evidence of the storm's physical and emotional toll and the economic storm continues to brew in Helene's wake.



Funds gathered and resources distributed by numerous local, regional, and national non-profits remain the most timely and impactful outreach our community has received. Nearly all of us have navigated the complex FEMA reimbursement and insurances processes. SBA Economic Disaster loans, and other similar products have been helpful, but additional debt matched with revenue disruption is not a risk many businesses are in position to take.

Despite our challenges, I continue to see hope on the horizon as the new year begins. The North Carolina General Assembly convenes at the end of January, and Governor Josh Stein, Speaker of the House Destin Hall, and Senate President Phil Berger all hold Western North Carolina's physical and economic recovery as a top priority. Federal dollars approved before the holidays should begin making their way to State and local agencies for their intended use.

Your continued support in participating in our monthly Business Snapshot surveys will help us continue to supply key data points to public officials and agencies from Raleigh to Washington, D.C.

While the numbers in this report suggest we have a long road to recovery, I feel more strongly than ever that the people in this community will continue to show up in support for one another, and those that hold this special place in their hearts will continue to reach out to us.

The best way to our community to complete the journey we have in front of us is to walk it together.

Q3+4

ECONOMIC INDICATORS 2024

DR. HARRY DAVIS, NC BANKERS ASSOCIATION

I'll start by stating this report contains economic information and observations for Q3 and Q4 related to Watauga County, which includes several references to Hurricane Helene. Our thoughts remain supremely with those impacted by the storm physically, mentally, and especially with those that lost loved ones during this tragedy. The impact of the storm on our local economy should never be viewed as more important than the loss many individuals in the High Country community have suffered.

While Hurricane Helene had a profound impact on the data in this report, it also can also be said that the effect on all sectors within our economy was uneven.

Unemployment was up about 1% between the hurricane's impact and Christmas, almost all due to storm related closures and disruptions. Many of those closures were temporary but unfortunately some were permanent.

Occupancy tax collection declined significantly for October 2024. Many hotels in Boone were filled with displaced families, relief workers, and government officials, but the average daily rate was considerably less that a typical October would present. In Watauga County, many short-term rental properties were inaccessible for long periods during this time. The timing of the storm's impact could not have come at a worse time for the tourism industry.

Sales tax performance declined modestly, but the reasons signal the need for continued monitoring. Some large storm-related purchases were made as part of the recovery effort, and those are non-recurring. Without large purchases for supplies, equipment, and other related items, there would have been a significant drop in sales tax after the storm.

When disasters occur, money shows up but there tends to be a drag on how quickly the funds arrive. Funding at the Federal and State level will show up in our economy for years to come.

Even though some of the monthly metrics for the fourth quarter showed eventual improvements, without Hurricane Helene this quarter would have likely performed much stronger. Prior to the hurricane, economic activity was showing signs of strength with the projection of a strong finish to the year. These factors are contributing to a continued uneasiness as businesses continue to navigate the recovery landscape.



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