

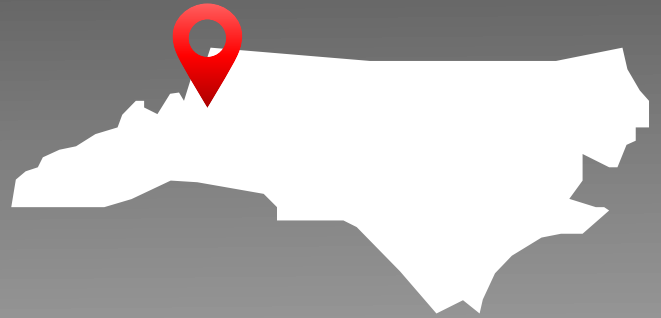


Q4 ECONOMIC INDICATORS

Watauga County's Current Economic Conditions

January, 2022

*Data references found on page 2.



RESIDENTIAL HOME SALES

791	925	42%
(HC 4Q 2021)	(HC 4Q 2020)	(% 4Q '21 Wat. CO)

NET SALES TAX COLLECTIONS

\$2,822,126.91	\$2,299,578.14	\$2,530,053.05
NOV 2021	OCT 2021	NOV 2020

UNEMPLOYMENT RATES

2.5%	3.4%	4.2%	2.7%	3.7%	4.6%	4.6%	6.3%	6.7%
(Watauga)	(NC)	(U.S)	(Watauga)	(NC)	(U.S)	(Watauga)	(NC)	(U.S)
NOV 2021			OCT 2021			NOV 2020		

OCCUPANCY TAX COLLECTIONS

\$2,303,444.60	\$1,880,685.49
(SEPT, OCT, NOV 2021)	(SEPT, OCT, NOV 2020)
22.48% INCREASE	

NEW SINGLE FAMILY HOMES

(APPLICATIONS RECEIVED)

74	49	51%
(4Q 2021)	(4Q 2020)	(% Change)

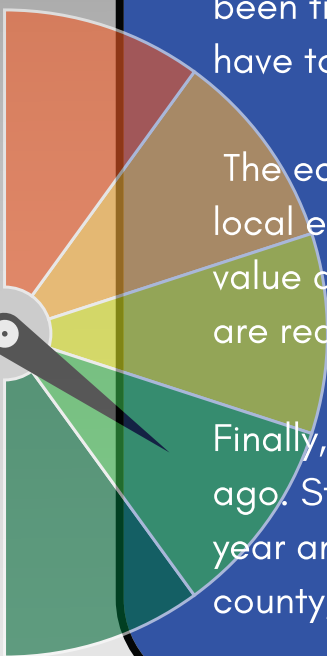
“The economic metrics covered in this report all point to a vibrant local economy. Home sales in terms of number of units and dollar value are both at record levels.”



DR. HARRY DAVIS, PHD


NCBA PROFESSOR OF BANKING, ECONOMIST

The U.S., the state of North Carolina, and Watauga County are all at full employment. The national unemployment rate dropped to 3.9% in December while the state rate dropped to 3.7% and the county rate was 2.5% in November. The state and county unemployment rates have been consistently lower than the national rate. As has been true for decades, some unfilled jobs in Watauga County will have to be filled by people from contiguous counties.



The economic metrics covered in this report all point to a vibrant local economy. Home sales in terms of number of units and dollar value are both at record levels. Occupancy and sales tax collections are red hot pointing to robust economic growth.

Finally, the state passed a long-awaited budget several months ago. State employees will receive the largest pay raises in years this year and next. Given the number of state employees in Watauga county, those raises will be an infusion of cash for the county.

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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.

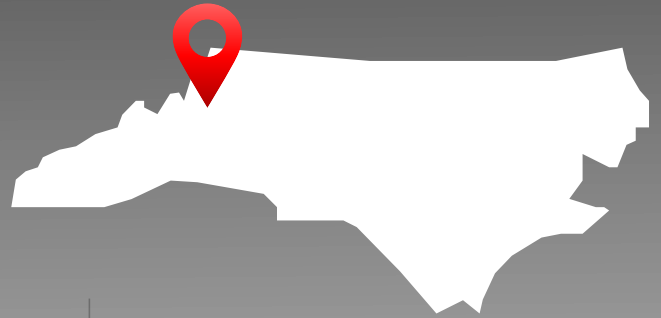


Q4 ECONOMIC INDICATORS

Watauga County's Current Commercial Real Estate Conditions

January, 2022

*Data references found on page 4.



\$3,439,818

RETAIL
(4.20%)

\$4,250,000

LAND
(5.19%)

\$4,330,000

OFFICE
(5.29%)

\$9,458,125

HOSPITALITY
(11.55%)

\$12,953,500

HEALTH CARE
(15.82%)

\$47,450,000

MULTIFAMILY
(57.95%)

QUICK STATS

10 TOTAL # OF SALES

\$81,881,443 TOTAL SALES

\$42,000,000 LARGEST SALE

\$970,000 SMALLEST SALE

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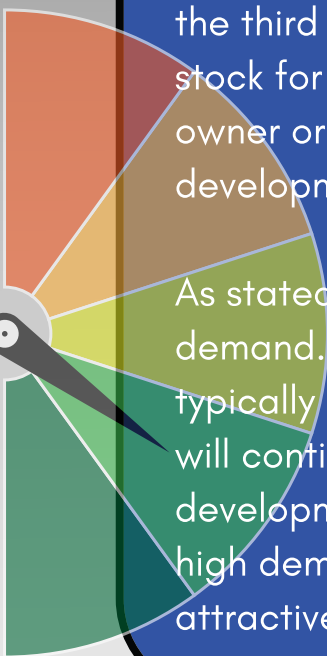
The word for the fourth quarter of 2022 was multifamily. This is the formal commercial real estate name for apartments, whether they be student housing or otherwise. The year ended with the sale of one of the larger student housing complexes for \$42,000,000.

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JAMES MILNER, CCIM

APPALACHIAN COMMERCIAL REAL ESTATE, PRESIDENT & OWNER



A review of the Town of Boone permits for the quarter included a few new commercial real estate projects. Highlights include a conditional district rezoning for a townhome development project in East Boone. In addition, permits have been filed for the renovation of buildings within the existing industrial park and along NC Highway 105. Lastly, the third phase of Kensington Gate will add much-needed housing stock for our older population. It is important to note that while an owner or developer may apply for a zoning or building permit, the development project itself may or may not materialize.

As stated last quarter, we continue to see an imbalance of supply and demand. Demand continues to be strong, however, supply is low, this typically drives up the price (sales price or rent). The multifamily sector will continue to be strong as there is a scarcity of land for development and the barriers to entry are high. This combined with the high demand for this product type will continue to make this segment attractive to outside investors looking to place capital.



- 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.