



A Bright Spot in the High Country Economy: Area Real Estate Thrives

Photography courtesy of High Country Multiple Listing Service



By Jason Reagan

As COVID-19 infection rates climb across several U.S. states, the domestic economy feels the brunt of every new outbreak. From April to June, the U.S. economy shrank at an annual pace of 32.9 percent. As of June 31, more than 28 million people—nearly one in five workers—were collecting jobless benefits, according to the U.S. Labor Department.

Despite the same inevitable challenges the High Country as a whole remains resilient. Even with the financial ups and downs, these tranquil mountains remain largely unchanged as they have for a few million years. The sun still sets magnificently over Grandfather Mountain. The forests remain as green and lush as the day the first settlers discovered this land. So, it's no surprise that one of the area's brightest economic jewels is still shining amid the chaos—the real estate market.

For High Country Realtors, the market remains a bright spot in an otherwise uncertain economy. A recent report by the High Country Association of REALTORS shows sales topping 360 homes in July—a 72 percent increase compared to last July.

The Association also recorded a 15-year high for listings sold within a month by members of the regional group. The intense housing demand dropped inventory to its lowest level recorded in several years. “Going into August, fewer than 900 homes were for sale in Alleghany,

Ashe, Avery and Watauga counties,” an association spokesperson noted.

“We are hearing from many prospective buyers that the pandemic has caused them to prioritize their interest in buying a mountain property in order to have a getaway from the larger population areas,” Banner Elk Realtor John Davis said. “[That] really makes this a very strong seller's market.”

And John speaks from experience. A Realtor with more than 40 years in the real estate field, John grew up in Boone until age six. “Remembering how much I had enjoyed living in the mountains as a child, I moved back to Boone and finished a master's degree at ASU in 1975,” he added. After working as a ski rental manager at Beech Mountain and opening an outfitter's shop in Banner Elk, John acquired his real estate license in 1980. He quickly found a home at Banner Elk Realty, a firm established in 1972.

“In 1982 I acquired the business and here I am 40 years later—very fortunate to have picked a profession that allows me to help people with one of the biggest financial investment decisions they will make—buying and selling real estate.”

John notes that the High Country Multiple Listing Service showed a slowdown in sales activity during the pandemic lockdown from March through May as the “realization became clear

that the country was facing an uncertain economic slowdown because of COVID-19.” He added that after the market picked up a bit in June, “the sales activity took off like a rocket in July. By August, market conditions had recovered and are as good, or better, than pre-virus.”

Tricia Ward Holloway couldn't agree more with John's assessment. Tricia is a License partner (along with father, James Ward) with the newly established Engel & Volkers in Banner Elk.

“I have found this summer to be extremely busy,” she said. “I think people are ready to get out of their main residence and want to be able to drive to a second home. That mixed with the extremely low rates has made it a very busy summer.”

Tricia's father purchased a home in the High Country 10 years ago. As he settled into the community, James quickly realized the many people in need across the region. So, he founded the High Country Charitable Foundation and later decided to launch a residential real estate office in Banner Elk, giving the profits after expenses and commissions to the foundation. Tricia later joined her father as a Realtor and partner, and is also the Broker in Charge (BIC).

Both John and Tricia have watched the second-home market continue to thrive as their clients seek a refuge from the chaotic world.



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The Real Estate Boom Continues

By Jason Reagan

As the nation slowly begins to return to normalcy following last year's COVID-19 outbreak, the real estate market in the High Country is anything but normal—in fact, the market is experiencing an unprecedented hot streak. And while that news makes Realtors and home sellers ecstatic, it's also fertile ground for economists as a real-life laboratory in fiscal trends.

According to a recent report by the High Country Association of REALTORS, regional Realtors sold 182 homes worth \$91.4 million in February—a five percent increase in unit sales compared to last February.

As of March 8, there were approximately 364 homes for sale in the four-county area—the lowest inventory total on record. Great news for sellers but the shortage of “For Sale” signs has transformed the area into a housing treasure hunt for would-be buyers.

“There is unprecedented demand for High Country homes right now. Many new listings are attracting offers over the asking prices,” says Shyllene Fecteau, President of the High Country MLS. “Local Realtors are crucial now more than ever to ensuring sellers are listing their properties to best take advantage of current market conditions and helping buyers to navigate the process.”

The Economics of a Boom

Those numbers are no surprise to Harry Davis. A longtime banking professor at Appalachian State and an economist for the N.C. Bankers Association, Davis has become known as the unofficial “economics guru” in the High Country. Every

January, Davis presents an economic forecast for the region to various chambers of commerce and business roundtables.

“The real estate market in Watauga County and in the High Country is red hot,” Davis says. “It is also red hot across North Carolina and the nation. We have the lowest inventory of unsold homes right now in Watauga County and across the U.S. that we’ve ever had since they’ve been keeping the statistics.”

Although COVID-19 dented the travel industry in this region last year, many local Realtors not only never noticed a downturn but actually saw their best years in sales.

“I have never seen the amount of multiple offers going on listings,” says Scott MacIntosh, Broker in Charge at Allen Tate Realtors in Blowing Rock. “I have never seen property going over (asking price), not by \$10,000 or \$20,000; I’m seeing properties under the \$500,000 mark going over asking price by \$50,000,” he says, adding that some buyers are not even closing the sale with those bids.

MacIntosh noted the area Allen Tate office actually doubled its numbers between 2019 and 2020 with the largest share coming from third or fourth quarter sales.

Davis breaks down some impressive numbers that back MacIntosh’s experience:

■ New single family home sales and existing home sales are at the best level since 2006 (“which was a banner year for home sales,” Davis added).

■ Last year, more homes were sold than in any year, as long as statistics have been recorded.

■ The dollar value of homes was also the greatest in any year on record.

■ January 2021 was the best January on record for home sales—not only for the number, but for the dollar value.

What’s fueling the boom? Davis points to record low interest rates on mortgages but also notes several pandemic-related social trends fueling increased interest.

First, the growth of remote work and education woke many people up to the fact that the office or classroom can be almost anywhere in the world with sufficient wi-fi access. For many harried urban workers, the idea of packing up the family and moving to a mountain Shangri-La is tempting and within reach.

“We do have a movement. It’s not a tsunami. It’s not a big wave, but it’s a trickle at least, of people moving from inner cities to rural areas,” Davis says. “If you can work from home, why work from downtown Charlotte when you can work from Boone? Housing is less expensive. It’s a more beautiful area. So, people are making those decisions.”

Changing personal values among a younger demographic are also pushing mountain home sales. Mobile, affluent Millennials are starting to think about starting families.

“A lot of couples who are renting an apartment in downtown Raleigh or Charlotte, or certainly New York City, are deciding to move to a rural area so they can have a house and have multiple bedrooms, have an office in one of the bedrooms, and raise children with a front yard...that is helping to drive the sale of single-family houses,” Davis notes.



“...in fact, the market is experiencing an unprecedented hot streak.”

“You’ve got all these parks; you’ve got the mountains; you’ve got a different lifestyle and it was a wake-up call for a lot of urban folks,” McIntosh adds, noting the desire to get away from the hubbub is starting to bubble up in the 30-35 year old demographic—goodbye, high-rise, hello, cabin. Solving the mystery of low housing inventory is easy, he says—it’s all about skills.

Where Are the Houses?

It’s an obvious question—where are the houses? It should be a simple equation. Greater demand followed by red-hot sales should motivate homebuilders to ramp up construction. As with most economic trends, it’s not that simple.

“We need more houses built. We don’t build enough houses in the High Country. We don’t build enough houses in the United States. That’s the reason that the inventory is so low,” Davis said. “We need to attract more builders, more people with the skills needed to build houses.”

When Davis speaks to business organizations about the skills gap, he advocates for more post-high-technical programs. “We need students to go to community colleges, technical schools and become electricians and plumbers and skilled carpenters.

“For many of them, they will make more money with a trade than they will going into a four-year school. They also won’t run up the big student loan debt. We need some changes in the attitudes of people, so that we come up with more skilled carpenters and so forth, to build the houses that we desperately need.”

But fueling a building boom takes time, Davis cautions. “There will always be a lag once when you have an increase in demand that we have right now.” And, he says, “There is a serious problem of supply. We don’t have the skilled carpenters and electricians and plumbers and so forth. We lost a lot of people with those skills in the great recession in 2007 and 2008. They left the industry and they went and took jobs in other industries, and they have not come back.”

Although many builders are ramping up new developments—especially in the more upscale areas of Avery County—it’s going to be awhile before inventory catches up with the demand for housing.

“It’s going to take years for us to build the houses needed to clear the market.”

The Boom Is Here to Stay

Another side effect of the pandemic has been a rising interest in tourism as more people get vaccinated and infection rates drop. People are ready to travel but may be hesitant to leave the U.S. What’s bad for European touring companies is good for the High Country as homebound people long to leave the Zoom meetings and travel—but travel a reasonable distance, perhaps to the idyllic mountain escapes of the Boone-Blowing Rock area.

“We’re big on tourism and hospitality and restaurants. In my opinion, about mid-year, we’re going to see a rubber band effect. [Tourism’s] going to spring back unbelievably,” Davis says (and when one of North Carolina’s leading economists states, “in my opinion,” you can probably take that to the bank). “People are going

to start eating out and tourists are going to keep showing up here. You can drive to Boone—you don’t have to get on a plane.”

“I think we will see people saying, ‘Hey, in the next few years, I’m not so sure about traveling long distances,’” MacIntosh predicts. He says that people may be thinking: “If we have \$10,000-\$20,000 we spend a year in traveling, let’s actually look at it and maybe that’s why we buy a second home.”

“They want that place to get away to, and what better place from a safety standpoint than the mountains where you can get out and you can stretch your legs,” he adds.

Future Trends

Even as the construction industry races to catch up with demand, Davis sees houses getting bigger and more expensive. Workers who suddenly find they can work from home will want more space both for an office and other amenities like workout areas.

“If you’re going to stay home and work from home, you got to have an office. And in some cases, if both of you work from home, you’ve got to actually have two offices so you can talk and carry on a conversation and not bother the other person in the other room,” Davis says.

Not matter how supply and demand may change moving forward, MacIntosh advises sellers and buyers to choose a professional to help navigate the twists and turns of a turbulent but growing economy. “Make sure that when you’re working with someone, they’re representing you in the best possible way so that you can either sell your house or you can buy a house.”



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Demand Continues to Climb

By Jason Reagan

As winter cools the region down, local realtors and developers are still in the metaphorical summer of torrid real-estate activity despite COVID-related obstacles.

As 2020 came to an end (finally), the High Country housing market saw record sales and heavy volume in overall transactions. The major takeaway? The cupboard is bare—home inventories have dropped as demand soars.

“While the market has been extremely healthy across the state and nation, the demand for housing has been extraordinary here in the High Country,” said Duncan Martin, CEO of the High Country Association of Realtors.

“The High Country has always been in demand,” Martin added. “The summer is part of the traditional selling and buying seasons, and this year set a number of benchmarks.”

Local realtors couldn’t agree more—especially when it comes to resort-market sales. “I would say that the High Country trends mirror the state and national trends of resort area properties,” said Jim “Fitz” Fitzpatrick of Peak Real Estate in Banner Elk.

By the Numbers

When looking back on an unprecedented 2019 sales bump, some might think High Country realtors could have struggled to beat that record in 2020—what with the coronavirus lockdowns slowing travel. Nope. By the end of October, realtors had already surpassed the mark with a nearly billion-dollar year. The High Country had recorded 2,634 home sales for a total volume of \$923

million as of October 31, surpassing total 2019 sales of 2,609 homes and a volume of \$805 million. That’s an increase of more than 14.7 percent in sales volume.

“About 375 new listings were added to the market in October, but the supply couldn’t keep pace with demand,” the High Country Association of Realtors notes. “As of Oct. 4, about 640 homes were for sale—that’s almost half the inventory active at the start of the year and more than 860 fewer than were for sale this time a year ago.”

“The High Country is currently running into some inventory challenges which is contributing to make this a very challenging market for both buyers and sellers,” Martin said.

Fitzpatrick added that, at the time of this interview in mid-November, “Last year, at this time, there would have been approximately 3,400 available homes and condos in the High Country. This morning, there were 605.”

And the sales frenzy’s not dinging home prices—the median sale price is up 16 percent compared to all of 2019, from \$240,000 to \$280,500.

LAND HO!

If a banner home sale market is the Ferrari in this year’s sales race, land sales are a supersonic jet. High Country land sales nailed a record high for the fourth consecutive month by October’s end with 182 tracts sold in a month—a 26 percent increase in unit sales from the month prior. Watauga County recorded nearly half of those sales with 36 tracts sold for \$3.2 million. However, Avery County

recorded a more robust volume per sale with 25 tracts for a total of \$3.4 million.

Will Adkins could have told you that. Adkins owns Eagles Nest just outside Banner Elk. The laid-back home community focuses on a more active mountain lifestyle, offering UTV and hiking trails, sports fields, play areas and multiple parks—a perfect getaway from an increasingly chaotic world.

“Land sales at our established communities (Eagles Nest in Banner Elk, and Chinquapin in Cashiers) have tripled this year over last,” Adkins said.

“We also introduced a new project in Banner Elk called Monteaule and one in Morgantown, WV, called Whitewater Preserve. Both sold out in less than 30 days,” he said. “I would consider this to be exceptional, given the trying year that 2020 has proven to be.”

While the spike in sales is exceptional, it’s not a huge surprise for Adkins. Eagles Nest’s sales have grown every year since he bought it from the bank in 2013. He attributes such a steady growth rate to the speed of development and construction.

“The lot buyers have moved swiftly to engage a builder to build their mountain homes. The activity has driven the market steadily upward,” he said. “The decision of the early lot buyers to build has paid off for them.”

Martin and Fitzpatrick echo Adkins’ sentiments. “As we have seen the increase in existing construction sales, the High Country is currently seeing a fast moving land market,” Martin said. “People are seeing opportunities here in the area and are taking advantage.”



REAL ESTATE

Photos courtesy of Eagles Nest

Fitzpatrick added, “We’ve sold more land and lots than previous years. Some of it because, with inventory levels low, buyers are having difficulty finding existing homes to buy.”

Although Adkins’ developments are generally land-focused, he’s watched home inventories in the region dry up even as land sales bloom. “Our housing market at Eagles Nest is very tight, with most houses selling within days for premium prices,” he said.

“I believe inventory is a problem for everyone in the High Country right now. My realtor friends are having trouble keeping product on their shelves too,” Adkins said.

“It’s a good problem to have.”

A Pandemic Paradox

As COVID-19 continues to ravage the U.S., High Country realtors have adopted CDC and state guidelines to engage buyers and sellers in a safe way.

“Health and safety are always paramount in the realtor’s mind as well as care for their clients,” Martin said. “Many have been doing ‘Zoom Tours’ where they will tour the property while [video-conferencing] with their clients—with the approval of the seller of course,” he added. If the seller chooses to let the buyer visit the property, Martin said, safety protocols are established by the seller for the buyer and the buyer’s agent to follow.

“Overall, realtors, sellers and buyers have been able to adapt and overcome the challenges that the pandemic has created.”

For Eagles Nest, remote sales have long been the “old normal.” “I’ve been

selling social distancing for more than 30 years,” Adkins said. “Being able to social distance and still enjoy life has been the driving factor in the secondary real-estate market boom.”

While no one in the real-estate market would want to see regional sales activity grow as a result of COVID-19’s spread, it seems that the anxiety people feel living in more crowded cities and suburbs may be fueling the market surge.

“The virus has definitely provided urgency to people who have considered a second home away from the crowds,” Adkins said. Plans that were already underway for Eagles Nest may likely drive even more getaway sales.

“Eagles Nest is coming out of its adolescence stage and the final stages of development are taking place,” Adkins said. The development will open its latest amenity, Camp Eagles Nest in the spring of 2021. The 45-acre camp will include a three-sport activity field, two tennis courts, four pickleball courts, disc golf, archery, hiking trails, fishing pond and full court basketball courts.

“This, in addition to the improved Great Camp Amphitheatre, new hiking, biking, ATV trails, Sportsman’s Grille and Fitness Lodge, will only add to this already uniquely original mountain community,” Adkins said.

Down the Road

With a vaccine on the horizon, there’s every reason to think we will heal from 2020’s travails in 2021. For those looking forward to brighter days, real-estate experts

say the High Country will continue to be a haven from the old normal, new normal and abnormal stress we face, offering an ideal mountain getaway.

“The secret about the High Country is out and we are an extremely desirable area,” Martin said. “We’re surrounded by the incredible beauty that this region has to offer and we have a thriving community that is a center of learning. We offer a unique feel of community and belonging here.”

“Since 2004, we at Peak have been making the High Country real estate experience fun,” Fitzpatrick said. “What we’re really selling isn’t property; it’s a lifestyle. Be prepared to act quickly and be prepared to offer over list price. Home values are on the rise but are still realistic.”

“I would tell the person entering the market to be patient,” Adkins cautioned. “Although I believe the steady market conditions will continue for the next few years, wait and find the place that checks most of your boxes.”

Adkins adds, “The entire region of Boone, Blowing Rock, Banner Elk and Linville has been undergoing a quasi-renaissance, even before the land rush of 2020. Businesses have been gearing up for the surge of visitors from the new homes, improved ski slopes and local attractions.

“It’s a great time to be in the High Country—take the time to pick the place that will suit your family the best.”

A resident of Boone for more than 15 years, Jason Reagan is a freelance writer and marketing consultant. Find him on Twitter @JasonPReagan, on the web at jasonpreagan.com or via email at jason@jasonpreagan.com.

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