

A Review of the Watauga Real Estate Market

Calendar Year 2019

2019 has been quite a ride in the real estate world. There have been stunning changes in the home market moving rapidly for both sellers and buyers in the direction we say in 2018, and far different from our many recession years. The land market has shifted as well, not as dramatically but definitely in the direction many sellers would like to see.

I'll begin with highlights of the 2019 market. You will find greater detail in the following pages.

- ☑ The slide upwards in sales of **single family residences** that began in 2016 has skyrocketed. The market now has the smallest inventory I have seen in my 22 years in real estate along with a concomitant increase in average sales price. *See pages 3–7 [I know I said the same thing last year, but it's true again!]*
- ☑ Buyers need to know the increase in average home sale value has increased significantly, the inventory is greatly reduced, with less homes for them to choose from. Most homes are older [well over half built prior to 2000], often with deferred maintenance and only modest updating, likely not what they as buyers will consider move-in ready. *See page 5.*
- ☑ The slide upwards in the **condo market** that began in 2017 continues with more sold than we've seen since the recession began here in 2008. *See page 2*
- ☑ The **land market** remains in recession. Nevertheless, several significant changes have occurred. *See pages 8&9*
- ☑ With a huge inventory of land on the market, buyers have the luxury of **finding their dream land**. *See page 8*
- ☑ Buyers purchasing lots to build their dream home are willing to **pay more for larger lots**. *See page 8 & 9*
- ☑ **Log cabins/mountain style homes** in their various manifestations continue to be the most popular style. *See page 6*
- ☑ Well over half of **new homes** are priced above the \$640K. *See page 6*, where you'll also learn the **styles** of the new homes, *and page 10.*
- ☑ The Blowing Rock to Banner Elk corridor continues to be the **most popular area** and also have the highest average priced home and land sales. *See page 7*
- ☑ The **biggest surprise** is stunning increase in sales of luxury homes and building lots *See pages 8, 9 and 10.*

Before providing you the details of those highlights,

A FEW INTRODUCTORY REMARKS:

A Heads Up: When I choose the phrase 'Watauga Real Estate Market,' please know that I choose the area my experience working with buyers has lead me to believe is the area most people think of as 'Watauga.' It includes all of Watauga but I also include the portion of Avery that is Banner Elk. The majority of buyers look in a location that I've come to term: the Blowing Rock to Banner Elk corridor. That is, the preferred area to purchase vacation homes or land to build runs from Blowing Rock through Foscoe and Valle Crucis up to and through Banner Elk. Buyers don't pay attention to the Avery/Watauga line; it's not a significant boundary in their minds.

On the other hand, when I look at land sales, I include all of Avery, Ashe, and Watauga. Right now, there's a huge inventory of land on the market. Buyers have the opportunity to find their ideal land. And that could be in any of those areas.

In this review, I'll look at sales of single family residences [i.e., detached homes] and land. I don't review condo/townhomes because their markets are highly specific [e.g., the condos in Boone that are primarily student; high end condos in Blowing Rock; ski lodge condos on Sugar and Beech]. Comparing condos in Boone and Banner Elk, for instance, truly would be like comparing oranges to cats. However, I offer one observation on condo/townhome sales, and the implication of this is very important:

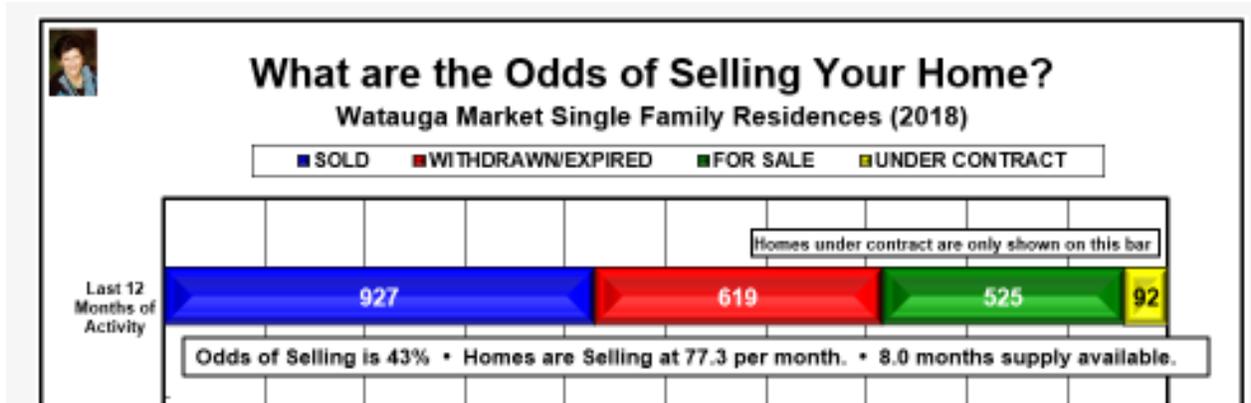
in 2015 **269** condos sold
in 2016 **339** sold
in 2017 **366** sold
In 2018 **441** sold
In 2019 459 sold

During the recession condos were hit even harder than homes. 2015 condo/townhome sales were sluggish and at very, very low prices compared to 2008, showing much more depreciation than homes. Sales started picking up in 2016, an increase continuing steadily through 2019.

Finally, please keep in mind this is a review of the Watauga Market as a whole. Any real estate market is comprised of many markets within. ***This overview of the entire market very well may not predict the value of a property you own or are interested in purchasing.*** I am always delighted to prepare a market analysis for you, if you would like to learn where your property stands within the overall market.

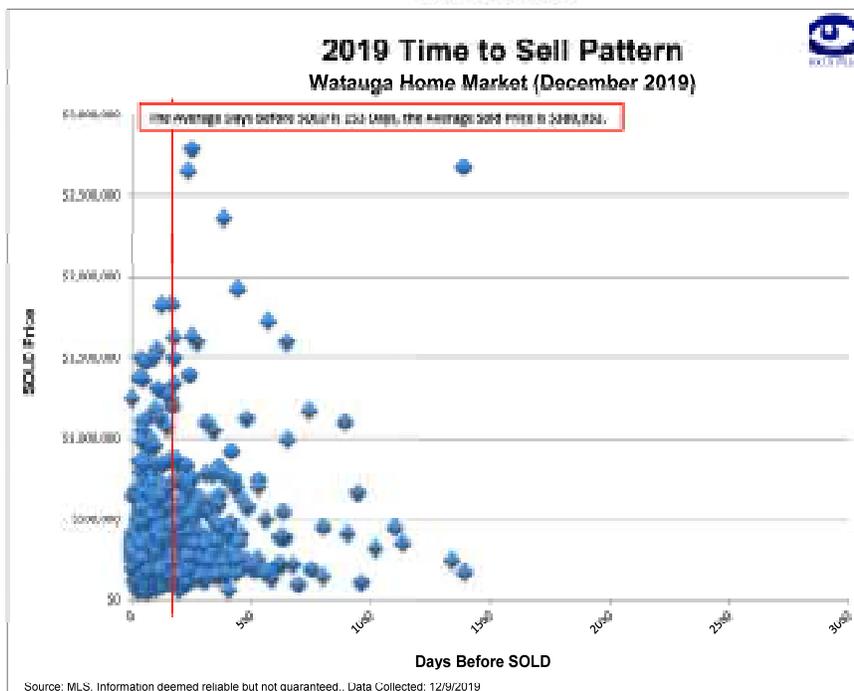
WHAT'S HAPPENING IN THE WATAUGA SINGLE FAMILY HOME MARKET?

Like any market, real estate ebbs and flows. The best way to gain a picture of what's happening in the market is to look two years back and discover how the market has been flowing. These Odds of Selling graphs provide significant information:



- 40 more homes in 2019 than in 2018.
- Homes are selling at a rate of 86 per month [77/month in 2018].
- 126 are currently under contract [92 this time last year]
- The recession's backlog of homes is getting sold and homes now come on the market at a slower rate.
- For buyers, that means there's less to choose from.
- For sellers, that means their Odds of Selling are much better — 45% in Dec. 2019 compared to 36% in Dec. 2017.

The Time to Sell graphs tells us more about the flow of the market:



12/9/2019

Time To Sell ^{©TM 2007}

www.Focus1st.com

They show:

In 2018 homes sold in an average of 181 days at an average value of \$345K.

In 2019 homes sold in an average of 153 days at an average value of \$381K.

Homes sold quicker, at an average 10% higher value.

HOW DOES AGE OF A HOME IMPACT VALUE?

Take a look at this comparison:

2017 prices are in black. 2018 prices are in green.

Age	Number Sold in 2019	Average Sales Price	Average Size	Value Per Square Foot	List-to-Sell Ratio	Average Days on the Market
2018-2019	24	\$585K	2240 sq ft	\$278/sq ft	99%	102 DOM
2010-2017	78	\$561K	2538 sq ft	\$237/sq ft	95%	116 DOM
2000-2009	276	\$370K	2613 sq ft	\$170/sq ft	94%	94 DOM
1980-1999	339	\$306K	2193 sq ft	\$149/sq ft	94%	86 DOM
1960-1979	244	\$220K	1827 sq ft	\$129/sq ft	93%	100 DOM
1940-1959	43	\$235K	1463 sq ft	\$176/sq ft	97%	60 DOM
1900-1939 Non-Blowing Rock	21	\$277K	1907 sq ft	\$174/sq ft	95%	74 DOM
1900-1939 Blowing Rock	7	\$455K	2023 sq ft	261/sq ft	90%	73 DOM
Pre-1900	3	\$300K	2460 sq ft	#111/sq ft	86%	99 DOM

Some conclusions:

- Houses become larger over time, in general, but since the recession homes are sizing down.
- Location! Location! Location! I.e., look at the difference in price for the early 1900's homes located in Blowing Rock [average sales price \$455K] than elsewhere in the county [average sales price \$277K] !
- Age does make a difference in price, as is expected. Except, it seems, in Blowing Rock where location trumps age.
- In general, older homes are: smaller, sell at a lower list-to-sell price, have a smaller per square foot value, sell for less.
- More buyers are willing to accept the 1960—2010 homes, many built in a vacation style no longer highly desired [round, chalet, A-frame] with floor plans viewed as out of date, with fewer amenities appealing to current buyer tastes, many with deferred maintenance and little to only some updating.
- Many of the older homes once under contract do not make it to closing because of revealed repair issues.
- Buyers in the under \$300K range will be most realistic in their search if they accept expectance to do maintenance and updating after closing on their home.

WHAT STYLES OF HOMES SOLD?

Mountain	566 Sales
Log	131 Sales
Adirondack	29 Sales
Timberframe	5 Sales
Craftsman/Cottage	239 Sales
A-Frame	20 Sales
Chalet	73 Sales
Ranch/Split Level	103 Sales
Contemporary	115 Sales

Some thoughts: Because our market is primarily a second home market, buyers often express they want a 'vacation' style home, not a home like the year round homes they live near. Many, many buyers express they want a log home. Because log homes tend to be expensive, buyers often are content to purchase the, generally speaking, less expensive 'mountain style.' My conception of mountain style is stick built rather than log construction but, like log cabins, having a lot of wood inside and outside.

Adirondack and timberframe homes share a lot of the feel of log cabins but are much more expensive to build and, thus, purchase.

You can see from the sales stats that buyers overwhelmingly want the log cabin feel for their vacation home. The price range from mountain style to log to adirondack and timberframe gives them a choice that meets their financial ability.

Craftsman, cottage — traditional homes — are obviously very popular, as well.

WHAT STYLES ARE BEING CONSTRUCTED?

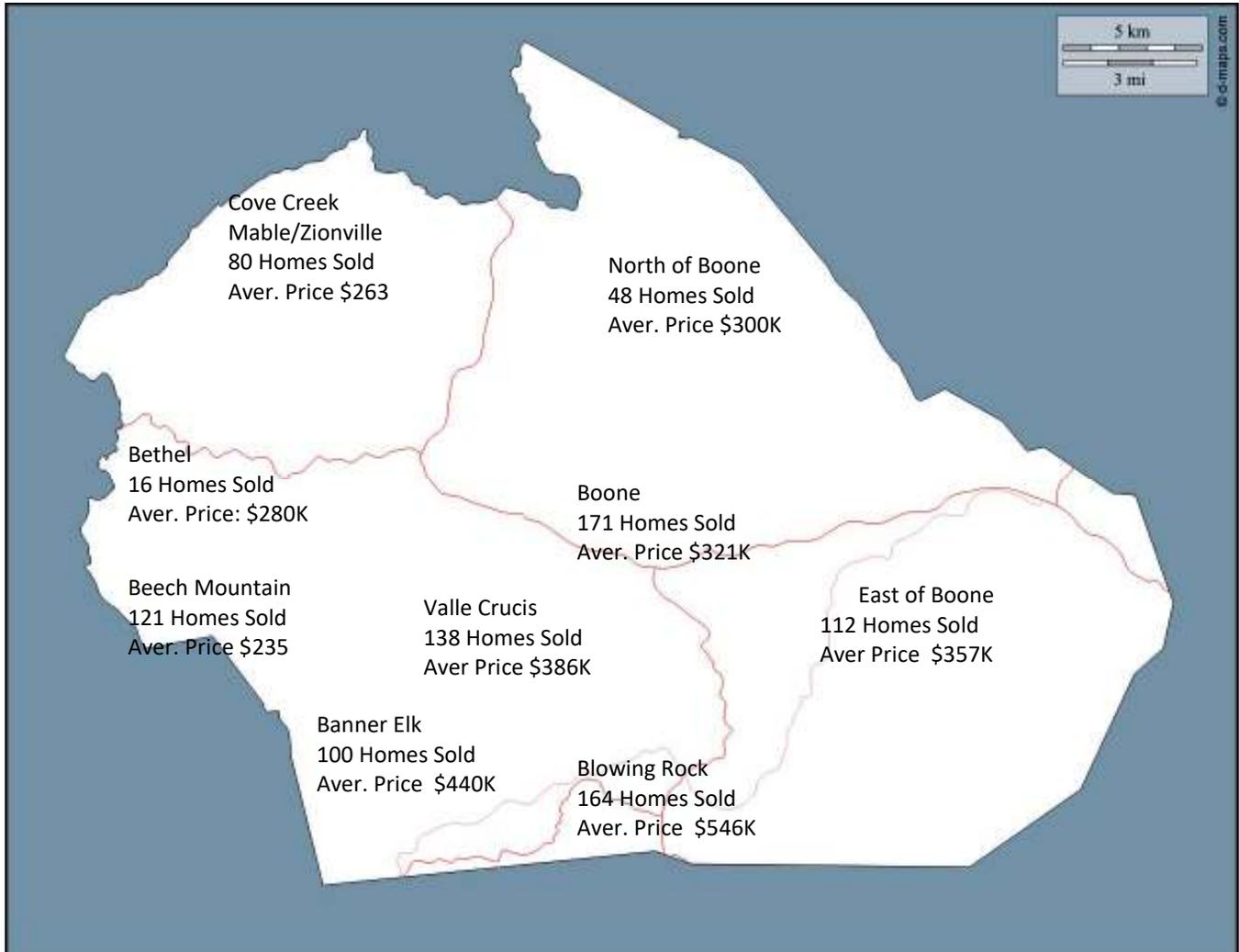
Here are the styles builders have identified for the homes currently on the market constructed in 2018 and 2019:

Timberframe	4
Cottage/Craftsman	52
Adirondack	9
Log	2
Mountain	82

The average asking price is: **\$695K.**

WHAT AREAS ARE MOST IN DEMAND?

WHAT AREAS CARRY THE HIGHEST PRICES?



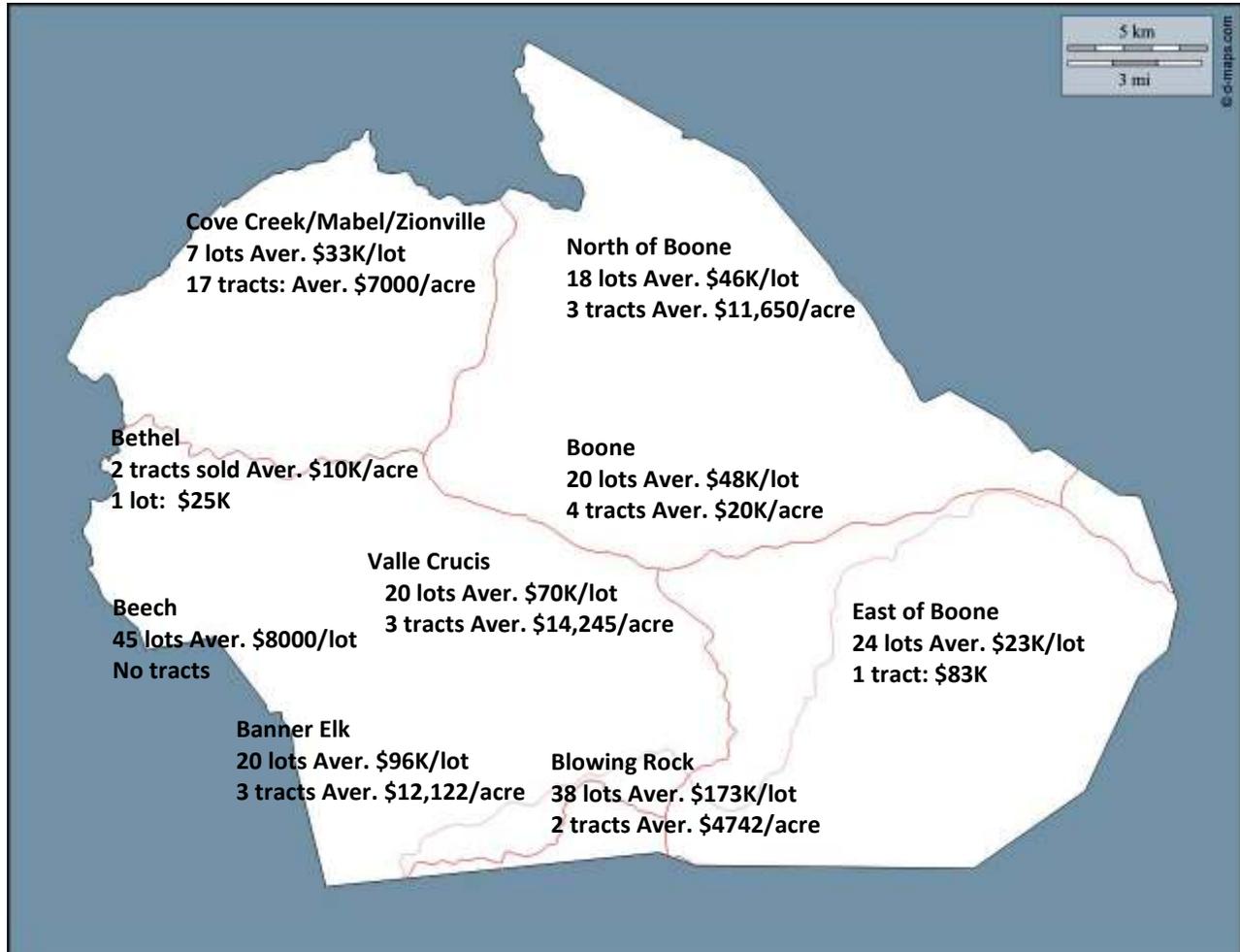
Most of the areas show the 10% increase in home value except: Blowing Rock — the average value in 2018 was \$449K, but \$546K in 2019. And Banner Elk: \$347K in 2018, \$440K in 2019....Maybe that adds weight to the whispering among ourselves realtors have been saying for years: Banner Elk is the next Blowing Rock.

Boone has the 2nd highest number of homes sold, not surprising as it offers the most employment in the area.

My 'Blowing Rock to Banner Elk corridor' taken as a whole shows the most homes sold and consistently the highest value in sales.

WHAT'S HAPPENING WITH THE LAND MARKET?

Let's start by looking at where land sold:



Reflections:

Note: these are averages. They don't display one of the most surprising changes in land sales this year: Buyers are spending much more for building lots. Of the lot sales over \$100K, 74 are in high end subdivisions, with most prices above \$240K, and some up to \$800K. Many very expensive homes are likely to be built.

Blowing Rock and Banner Elk both experienced an upsurge in lot sales, and especially in price.

As was true in 2018, buyers are purchasing, and willing to pay more for, larger lots. The 60's and 70's resort subdivisions typically created lots at an average of 1/3 acres. Those lots are having a tough time selling these days.

Buyers have a huge inventory — well over 2000 land parcels — to choose from with ample opportunity to find their dream property.

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LAND SALES

High Country Real Estate Land Market, 2018											
2135	Land Parcels Are Currently on the Market <i>[2007 in 2018]</i>										
43	Land Parcels Sold Per Month, on the Average <i>[41 in 2018]</i>										
1813	Land Parcels Didn't Sell <i>[1532 in 2018]</i>										
81%	Is the List-to-Sell Average Ratio for Land Parcels <i>[81% in 2018]</i>										
11%	Is the Odds of Selling a Land Parcel <i>[25% in 2018]</i>										
52	Months of Inventory of Land Parcels <i>[54 in 2018]</i>										
534	Land Parcels Sold: <i>[497 in 2018]</i>										
	<table border="1" style="width: 100%;"> <tr> <td style="background-color: #DC143C;">141</td> <td style="background-color: #DC143C;">Sold under \$20K <i>[103 in 2018]</i></td> </tr> <tr> <td style="background-color: #DC143C;">135</td> <td style="background-color: #DC143C;">Sold \$20 to \$50K <i>[126 in 2018]</i></td> </tr> <tr> <td style="background-color: #DC143C;">119</td> <td style="background-color: #DC143C;">Sold \$50 to \$100K <i>[139 in 2018]</i></td> </tr> <tr> <td style="background-color: #DC143C;">139</td> <td style="background-color: #DC143C;">Sold Over \$100K <i>[128 in 2018]</i></td> </tr> <tr> <td style="background-color: #DC143C;">74 26</td> <td style="background-color: #DC143C;">In High End Subdivisions <i>[94 in 2018]</i> As land tracts <i>[33 in 2018]</i></td> </tr> </table>	141	Sold under \$20K <i>[103 in 2018]</i>	135	Sold \$20 to \$50K <i>[126 in 2018]</i>	119	Sold \$50 to \$100K <i>[139 in 2018]</i>	139	Sold Over \$100K <i>[128 in 2018]</i>	74 26	In High End Subdivisions <i>[94 in 2018]</i> As land tracts <i>[33 in 2018]</i>
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This comparison shows that the land market is holding steady from 2018 to 2019. This remains a huge change from half this number of sales during the 8 years of the recession.

CONCLUSIONS AND MY CRYSTAL BALL PREDICTIONS:

- ☑ Home prices have increased significantly.
- ☑ The land market remains a buyers market. Buyers have the luxury of thousands of parcels to sift through to find their heart's dream property.
- ☑ What buyers have to choose from in single family homes: This is the smallest inventory we've had that I'm aware of, certainly in recent times. During the recession we consistently had 1100+ homes on the market, and now half that. Most homes on the market are older. Many have deferred maintenance. Most have little to some updating to current buyers' tastes. Most are not what buyers consider move in ready. Most are not the floor plan buyers hope to find. Buyers can choose an older home OR,
- ☑ With new homes — averaging \$640K in asking price — out of reach of most buyers and less and older existing homes to choose from, more buyers are turning to purchasing land to build.
- ☑ Here's a startling statistic: In 2018 18 homes sold at \$1,000,000 plus. In 2019 35 homes sold at \$1,000,000 plus. That's twice as many! Coupled with the sales of high end lots, imagine what that predicts for the values in the mountain real estate market in years to come.

Again, please let me remind you that this overview of the Watauga Market in 2018 is a broad look at current market conditions. A real estate market is comprised of many small markets. This overview is not a good estimate of the current value of your home or land.

I'm always happy to provide you a correct market evaluation of your property to help you understand how your property falls within the overall market. Please do not feel you would like to ask me to do that **only** if you have selling in mind. A real estate property is often the major investment for many Americans. I believe it's important for you to understand the current value of your property, as well as how market conditions are affecting its value, for your own peace of mind and to more fully understand your financial stability. Few things would make me more happy than to know I'm your trusted advisor in real estate matters, just as your physician is for your health or your financial advisor for your investments, and that you readily call on me whenever you have questions. Do call on me at any time. It will be my pleasure to assist you.

If this overview raises questions or concerns for you, I am delighted to address them.

My Warmest Regards,

Helen

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