May 17, 1973

To the Graduate Council:

I am submitting herewith a thesis written by Thomas O. Rogers, Jr. entitled "The Economic Impact of Recreation Resort Development on the Local Economy: A Case Study of Avery County, North Carolina." I recommend that it be accepted for nine quarter hours of credit in partial fulfillment of the requirements for the degree of Master of Science in Planning.

Edward J. Gray
Major Professor

We have read this thesis and recommend its acceptance:

Walter L. Thomas

James A. Spencer

Accepted for the Council:

Hilton A. Smith
Vice Chancellor for
Graduate Studies and Research

THE ECONOMIC IMPACT OF RECREATION RESORT DEVELOPMENT ON THE LOCAL ECONOMY: A CASE STUDY OF AVERY COUNTY, NORTH CAROLINA

A Thesis

Presented to

The Graduate Council of

The University of Tennessee

In Partial Fulfillment

of the Requirements for the Degree

Master of Science in Planning

---

by

Thomas O. Rogers, Jr.

June 1973

ACKNOWLEDGMENTS

The author would like to express appreciation to his wife, Harriet, and his parents, Dr. and Mrs. T. O. Rogers, for their patience and confidence over the years.

Special appreciation is extended to Mr. A. J. Gray for his assistance in the writing of this thesis.

Appreciation is also extended to Mr. Walter Shouse for his direction and guidance throughout the graduate program.

1099950

ABSTRACT

The local economic impact of the recreation industry has been held by most recreation studies to be of limited value. This judgment is based on the assumptions that recreation enterprises are predominately small businesses in terms of investment and employment; that the jobs created require little skill and are, therefore, low paying; and that the industry is adversely affected by seasonal changes.

Recent trends have seen the increasing popularity of second-home-oriented resort developments. It is held in this study that the nature of this element of the recreation industry might lead to greater local economic impacts than is characteristic of the industry as a whole. Therefore, the purpose of this investigation was to appraise the economic impact of second-home-oriented resort development on the local economy.

Avery County, North Carolina, was chosen for the study due to the extensive resort development which has taken place recently. The Avery County economic indicators were compared to like indicators for several neighboring counties from 1958 to 1971. By so doing, it was found that over the last decade Avery County moved from a position lagging all counties to a position of unparalleled growth in all indicators.

Employment information obtained from Avery County resort enterprises and the local impacts of second-home owners and tourists were used to assess the importance of the recreation industry to the local economy.

Future directions of the Avery County economy were investigated through the use of two surveys. In the first survey, county businessmen were questioned concerning impacts they have received and expect due to development activities. It was found that 75 percent of all businessmen surveyed have received favorable impacts from recreation and expect to experience further business increases in the next five years. In the second survey, resort developers were questioned in regard to their future plans. It was found that future plans call for an increase in development activities.

From the investigations conducted here, it was concluded that large scale second-home-oriented resort development of the type found in Avery County does, indeed, offer greater impacts to the local economy than other elements of the recreation industry. This type development is significant in terms of the number of jobs created, wages earned, and length of the season. It was further concluded that there is every indication that this type of recreation industry can form the basis of a viable economy.

TABLE OF CONTENTS

CHAPTER	PAGE
INTRODUCTION	1
Statement of the Problem	1
Significance of the Problem	2
Limitations of the Study	4
Chapter Summaries	6
I. THE RECREATION INDUSTRY	11
Definition of the "Recreation Community"	11
Economic Strength of the Recreation Industry	13
Rise of the Second Home	16
Factors Influencing Second-Home Popularity	18
Economic Impact of Recreation	23
II. RECREATION RESORT DEVELOPMENT IN AVERY COUNTY, NORTH CAROLINA	29
Linville	30
Beech Mountain	32
Sugar Mountain	38
Grandfather Golf and Country Club	41
Linville Land Harbors	43
Seven Devils	44

CHAPTER PAGE

Mountain Glen 46

Adams Apple 47

III. ECONOMIC IMPACT OF RECREATION RESORT DEVELOPMENT ON THE AVERY COUNTY ECONOMY 50

Retail Sales 52

Per Capita Income 55

Property Tax Levies 57

Total Travelers Expenditures 60

Employment 63

Avery County's Economic Position 67

Resort Development as a Job Creator 69

Multiplier Effect 76

Local Economic Contributions of the Second Home 77

Tourist Expenditures 80

Recreation Theory 81

IV. FUTURE DIRECTIONS OF THE AVERY COUNTY ECONOMY . 86

Survey of County Businessmen 86

Survey of County Developers 96

Future Predictions Based on the Surveys . . . 100

Future Impacts on Local Government 103

V. CONCLUSIONS 111

SELECTED BIBLIOGRAPHY 121

CHAPTER PAGE

APPENDIXES 128

Appendix A 129

Appendix B 131

VITA 133

LIST OF TABLES

TABLE		PAGE
I.	Resort Facilities Constructed in Avery County by December, 1972	49
II.	Retail Sales	54
III.	Per Capita Income	56
IV.	Property Tax Levies	59
V.	Total Travelers Expenditures	62
VI.	Employment in Avery County	65
VII.	Resort Employment for Avery County	70
VIII.	Avery County Construction Industry Employment	74
IX.	Estimated Average and Total Yearly Expenditures in the Locale of Their Vacation Home by Vacation Home Occupants	79
X.	Future Resort Development	98

LIST OF FIGURES

FIGURE		PAGE
1.	Location of Avery County Resorts	31
2.	Twenty-Eight Counties of Western North Carolina	51
3.	Four Sections of Avery County	88

INTRODUCTION

I. STATEMENT OF THE PROBLEM

For many years the hill country of the Smoky--Blue Ridge mountain region has lagged behind the rest of the country in economic development. This condition has worsened as the importance of the extractive industries and farming as a source of employment has declined, thus precipitating an outmigration which has seen the young and productive elements of the local society leave to find work in the cities.

Many solutions have been posed to eliminate or ease this problem. One solution proposed has been the improvement of roads and highways to permit area residents ease of access to jobs in the cities. Another suggested solution includes the improvement of roads along with the introduction of other incentives in the hopes that this might lead to industrial development. Due to the natural beauty of the area and the nation's growing appetite for recreation, resort development has also been suggested as a viable stimulant toward economic growth. This proposal has received considerable attention. In most reports the economic impact of recreation on the local economy has been largely discounted on the grounds that resort establishments

are predominately small businesses, that jobs created are of the lowest paid types, and that the highly seasonal nature of the industry leads to long periods of unemployment. Two recent trends in resort development merit the reconsideration of recreation as a viable building block on which economic growth can proceed. The first trend is the massive construction of second homes, most commonly associated with a complete recreational complex. It has been recognized that this type development provides for the local economy a wider range of opportunities to retain money spent in the area. The second trend, which has also had a strong impact, is toward the development of winter sports activities which has extended the "season," thus partially reducing the effects of seasonal unemployment.

II. SIGNIFICANCE OF THE PROBLEM

The economic problems of the Smoky--Blue Ridge mountain region are not limited to this geographic area alone but are common throughout the United States in isolated areas where the only real resource may be the natural beauty of the land itself. Typically, these areas have been dependent on agriculture as the main employer and have been adversely affected by the decline of employment in this sector and the trend toward urbanization. The problem is summarized in a report by Robert R. Nathan Associates in their work,

Recreation as an Industry, prepared for the Appalachian Regional Commission, which considers the situation in detail.

> As employment opportunities have declined, the young, the enterprising, and the adaptable tend to migrate; loss of tax base provided by the traditional activities results in deteriorating public services; commercial activities suffer from reduced patronage; and both the resources and incentives for modernization are reduced. These factors produce attitudes which reinforce the cycle of decline and reduce the willingness, as well as the ability, of the area to make favorable adaptation to changing conditions which are the key to long-term economic improvement.[1]

A problem of this magnitude requires the consideration of all possible solutions.

Never before has the recreation industry been as strong in terms of expenditures of money and manpower, lending to its current consideration as a possible solution to the economic problems of the Smoky--Blue Ridge Region. Typical of the new strength of the recreation industry is resort development with emphasis on second-home construction. This element of the recreation industry is making its presence felt to a larger degree than ever before. It will be important to understand all of the relationships between resort development and its host community in order to provide

---

[1]Appalachian Regional Commission, Recreation as an Industry, Appalachian Research Report No. 2 (Washington, D.C.: Robert R. Nathan Associates, Inc. and Resource Planning Associates, December, 1966), pp. 70-71.

a base for planning. Since this massive-style development has only made its presence felt within the last decade, data are just now available, adding to the timeliness of this study.

Investigation must be made into this new element of the recreation industry so that its value to the local economy can be assessed. At present, there is no unanimous opinion among planners or decisionmakers as to the economic value of resort development as a building block on which economic development can take place.

III. LIMITATIONS OF THE STUDY

Within the past six years Avery County, North Carolina, has undergone substantial recreation resort development. Within this period, three major and several smaller resort developments have been initiated. Beech Mountain, owned and operated by Carolina Caribbean Corporation, is by far the largest development in the area and has been cited in Newsweek as one of the largest in the eastern United States.[2] Located on a 9,000-acre tract, 5,000 lots have been sold and 610 houses constructed to date.[3] Sugar Mountain, located on

---

[2]"Away From It All: The Second-Home Boom," Newsweek, August 5, 1968, p. 58.

[3]Dennis Lehmann, Vice-President of Planning and Development, private interview held at Beech Mountain, North Carolina, December, 1972.

a 3,000-acre tract, is a newer development. At present, 255 second homes, mostly condominiums, have been built.[4] The county's third largest resort, Grandfather Golf and Country Club, is located on 2,000 acres with 175 chalets and condominiums constructed to date.[5] Because of the extensiveness of this development and its recent impact, Avery County represents an ideal situation in which to study the viability of second home-oriented resort development as a building block toward the establishment of strong economic growth. Avery County's economic progress will be studied and compared to the experience of four of its neighboring western North Carolina counties. By attention to economic indicators, the study will appraise the economic impact of resort development on Avery County. It is not intended that this study go into a detailed analysis of the Avery County economy but only in sufficient depth to provide a base for establishing the nature of the impact.

A second element of this tudy will be an investigation into the possible future direction and magnitude of economic growth in Avery County.

---

[4]George McRea, Vice-President of Construction, private interview held at Sugar Mountain, North Carolina, December, 1972.

[5]Joe L. Hartly III, Assistant Vice-President and Head of Real Estate, private interview held at Grandfather Golf and Country Club, North Carolina, December, 1972.

IV. CHAPTER SUMMARIES

Chapter I

In this chapter the "recreation community" is defined, and its character is explored. The economic strength of the recreation industry as a whole, and the second-home industry as a part of the whole, is also explored, as well as the major reasons contributing to the rising popularity of the "recreation community." The prevalent views of the local impact of the recreation industry are discussed. Questions in regard to the validity of the present theory as a result of the new directions of the recreation industry are also discussed.

Chapter II

In this chapter the history of resort development in Avery County is traced from the early sixties to present. Eight developments are identified and described in detail. As a second element of this chapter, a complete inventory of existing facilities and extent of development is included.

Chapter III

In this chapter the Avery County economy is compared to the economies of Madison, Mitchell, Swain, and Yancey counties. The comparison of economies permits the evaluation of the past and current economic condition of a

particular county according to the economic conditions of the various counties in the aggregate. These counties were chosen for comparison because of their similar economic histories from 1940 to 1960. Comparison of the five economies is made from 1958 through 1970 and includes retail sales, per capita income, property tax levies, travelers expenditures, and employment.

A second part of this chapter includes the assessment of the economic impact of resort development. All recreation enterprises in Avery County are listed by name and number of employees. A multiplier of 1.83 is applied to the total number of persons employed by the various resorts. The multiplier of 1.83 was calculated for Avery County by Robert R. Nathan Associates. The use of this technique permits the evaluation of the direct and indirect impact of recreation on the employment market of Avery County. Additionally, the local economic contributions of the second-home owner and tourist in general are considered.

As a final element of this chapter, the findings of this study are compared to three principles of recreation economics as set forth in the Nathan report with contradictions noted.

Chapter IV

In this chapter the future direction and magnitude of the Avery County economy is examined. Since resort development in Avery County is a relatively new phenomenon, it is difficult to determine future growth. Projections of past trends would be of little use since the current trend represents a complete reversal of the past and is no more than six years old.

It is felt that some basic questions can be answered by the use of a survey of area businessmen and developers. The surveys were conducted by personal interview.

A questionnaire was presented to area businessmen according to business type and location within the county. All businesses located in the built-up areas and along the major roadways were contacted. All of these businesses were questioned except where the management would not cooperate or where the owner or manager was not present after two contacts. Information from businesses which had been in existence less than seven years was not solicited since it was felt that valid judgments about the Avery County economy could not be made without some feeling for economic conditions before and since resort development took place.

Of the one hundred businesses contacted, 49 met the above-stated criteria. Questions were asked pertaining to recreation-related impacts previously experienced and

expected, as well as possible actions which have been, or are likely to be, taken in response to the impacts; i.e., expansions--increased employment.

Developers were asked questions pertaining to expansions they currently have under construction, expansions they expect within the next two years, and expansions they expect to make in the long-range future.

A second intent of this chapter is to examine the local government's ability to meet the increasing demand for governmental services. Public expenditures related to the provision of services are compared to the current tax revenues. County officials were interviewed to determine their future intentions to provide services and the expected additional costs compared to the county's ability to pay for them.

Chapter V

In this chapter conclusions are drawn from the results of this study. These conclusions are summarized as follows:

1. There is every indication that the recreation industry of the type found in Avery County, North Carolina, can form the basis of a viable economy.
2. Recreation communities of the type found in Avery County are very large establishments,

both in terms of capital investment and employment.

3. A large number of the jobs created by recreation communities require highly skilled employees and, therefore, pay well.
4. Local businesses have generally experienced increases in business the past six years over and above increases prior to 1966.
5. Businessmen attribute increasing business to resort development activities.
6. County businessmen expect the recent trend toward growth and prosperity to continue.
7. The U.S. 221--N.C. 105 section is benefiting from resort development to a greater degree than the remainder of the county and will likely feel greater development pressures.
8. Resort development activities are likely to intensify through 1980.
9. It can be expected that Avery County will experience a very large expansion in the trade and service industry.

CHAPTER I

THE RECREATION INDUSTRY

I. DEFINITION OF THE "RECREATION COMMUNITY"

National trends in the provision of outdoor recreation have recently seen a new development which is likely to change some basic theories and the character of recreation. Within the past decade, large land development corporations began to build what is commonly referred to as planned "recreation communities." The cornerstone of this concept is the completely planned and controlled environment designed to provide a wide range of recreational opportunities and community services with the intent of meeting all the wants and needs of its population. The most important element of this concept in an economic sense is the second home. Traditionally, second homes have been built either in scattered, remote locations or in small subdivisions where developers seldom provide more than gravel roads.[6]

The scale of these undertakings is much greater than earlier resort development, with investments at some

---

[6]Richard L. Ragatz and Gabriel M. Gelb, "The Quiet Boom in the Vacation Home Market," California Management Review, XII, Spring, 1970, p. 61.

communities running as high as 100 million dollars.[7] Large corporations buy undeveloped land normally in excess of 2,000 acres[8] and subdivide into one-third acre to one-acre plots. They construct roads, water and sewer lines, power lines, community buildings, and a variety of recreational facilities including golf courses, tennis courts, pools, lakes, ski lifts, equestrian trails, and facilities for nearly all imaginable recreational activities. Normally, lot sales do not begin until recreational and community facilities are in an advanced state of construction. The developer must establish his credibility before prospective customers will be enticed to purchase property.

The land corporations by buying large amounts of land and by developing all phases of the resort complex minimize the loss to parasite businesses benefiting from their investment. Earlier resort establishments were built merely for the income derived from the recreation activity itself--a notable example is the ski resort--leaving others to capitalize on the increasing land values. This situation has now been reversed with the recreation facilities being constructed for the purpose of selling land rather than the

---

[7]E. Carruth, "Corporate Move to Leisure Towns," Fortune, April, 1971, p. 74.

[8]Ragatz, op. cit., p. 61.

income derived from their operation itself. In fact, many of the recreational activities provided in the community are operated on a break even basis.

The construction of the entire resort complex and the need to build quickly so that lot sales can begin establishing an early, favorable cash flow requires large financial backing. Typically, developers "count on having the capital resources to think big, move fast, and wait patiently for the payoff."[9]

II. ECONOMIC STRENGTH OF THE RECREATION INDUSTRY

The recreation industry is growing at a very rapid rate. Estimates of current annual expenditures vary widely and depend on what is defined as recreational in nature, but it is generally agreed that the amount is greater than our annual expenditures for defense.[10] In addition, all forecasts call for enormous growth in this industry. The Outdoor Recreation Resources Review Commission estimated in 1962 that by the year 2000 the United States population would double but that the demand for recreation would

---

[9]Carruth, op. cit., p. 74.

[10]"83 Billion Dollars for Leisure: Now the Fastest-Growing Business in America," U.S. News and World Report, September 15, 1969, p. 58.

triple.[11] Since 1962, U.S. population projections have been somewhat modified, with current estimates running between 266.3 and 320.8 million by the year 2000.[12] This still is a very large population increase, and the trend toward smaller families should increase demand for recreation further since families will have fewer children and will, therefore, be able to spend more on nonessentials.

People generally express a desire to engage in outdoor recreation to a greater extent than they currently do, citing time and money as the chief restraints toward this activity. The commission estimated that by "1976 the standard work week will average 36 hours for the entire industrial work force versus 39 hours in 1960 and that by 2000,it may be down to 32 hours."[13] In addition, about 40 million of our working population of approximately 80 million now receive three-week vacations.[14] Three-day weekends are more common with congressional action moving

---

[11]Outdoor Recreation Resources Review Commission, Outdoor Recreation for America, Number 62-60017 (Washington, D.C.: Government Printing Office, 1962), p. 25.

[12]United States Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1971, 92nd Edition (Washington, D.C.: Government Printing Office, December, 1971), p. 7.

[13]Outdoor Recreation Resources Review Commission, Outdoor Recreation for America, op. cit., p. 31.

[14]Kaplan Burton, "Condominiums To Buy or Not To Buy," Ski, November, 1972, p. 112.

several holidays to Monday and the increasing popularity of the four-day work week. Better health and longer life expectancy have also been mentioned as contributing to increased time to participate in recreational activities.

Income has also increased greatly and is expected to continue to do so. The commission states that in 1957 only "14 percent of the consumer units had incomes of $10,000 and over; by 1976, it is estimated the proportion will be up to 40 percent; and by 2000, to 60 percent (in constant 1959 dollars)."[15] Considering the increases in leisure time and income, it is obvious that Americans will be afforded more recreational opportunities. It is based on this increased opportunity that the commission estimated the demand for recreation to triple, while population was expected to double.

> As people get more leisure time and money, there will be a considerable step-up in per capita demand; and even a modest increase, when it is applied to a growing population, could have a great multiplying effect.[16]

The commission also suggests that the shifts in occupation to the professional, technical, and white collar categories will contribute to increasing demand, as will the increasingly younger population.

---

[15] Outdoor Recreation Resources Review Commission, Outdoor Recreation for America, op. cit., p. 31.

[16] Ibid., p. 31.

III. RISE OF THE SECOND HOME

Paralleling the increase in demand for recreation has been the increase in the number of second homes. This growth, as well as the recreation industry as a whole, is expected to increase greatly. According to Richard Ragatz, who has written extensively on the subject, "the quiet boom in vacation housing is about to become much more noisy; the stage has been set for what may become one of the principal contributors to the housing industry."[17] A precise count of second homes in the United States has not been conducted, and estimates vary widely. In the most conservative estimate according to a census bureau survey published by the departments of Commerce and Agriculture, a total of 1.7 million United States households had second homes in 1967. In this survey, a second home was defined as follows:

> . . . a residence other than one where the household usually lives, which was owned or rented by the household for the entire year. The homes must have been reserved for the occasional use of the owner during the entire year. Not included are homes used for income and investment purposes only and trailers.[18]

---

[17] Ragatz, op. cit., p. 57.

[18] United States Department of Commerce and United States Department of Agriculture, Second Homes in the United States, Series H-121, No. 16 (Washington, D.C.: Government Printing Office, June, 1969), p. 1.

It has been suggested that this survey underestimates by excluding "homes used for income and investment purposes only." Other estimates range as high as more than three million in 1969 increasing at a rate of 150,000 to 200,000 per year.[19] This represents approximately 15 percent of the entire housing market.

As an indication of the recent rapid growth of the second-home industry, if it is assumed that in 1970 there were 3 million as compared to an estimated 1.7 million in 1960, the second-home industry experienced a growth of 76.4 percent compared to a 17.7 percent growth for all housing units during the decade. In 1960, second homes represented 2.9 percent of all housing units, rising to 4.4 percent by 1970. The average annual increase in the number of second homes during this period was approximately 145,000, as compared with an average annual increase of about 60,000 during the 1950--1960 decade.[20]

By assuming annual starts to total 200,000 at an average cost of $10,000 per house, the annual worth of the second-home industry is estimated to be two billion dollars, which does not include the cost of lots.[21]

---

[19] Ragatz, op. cit., p. 58.

[20] Ibid., p. 58.

[21] Ibid., p. 63.

IV. FACTORS INFLUENCING SECOND-HOME POPULARITY

As with the recreation industry in general, the increasing demand for second homes is due to increasing family incomes, increasing population, shorter work weeks, and more vacation time. A second home is, of course, a recreational activity in itself, being used for leisure and as a base from which other activities may take place. Increasingly, the second home is directly associated with a recreation complex within a resort community. It can be surmised that a rise in the demand for recreation would be reflected in the increase of second-home use. For instance, the 1967 Census Bureau survey found that "nearly half of all second homes are owned by households with annual incomes of $10,000 or more."[22] This estimate is further substantiated by a survey conducted by the U.S. Bureau of Public Roads in 1966 which found that 61 percent of all vacation homes are owned by families earning more than $9,000 per year.[23] While one might suspect the percentage would be higher, it must be remembered that the "typical" second

---

[22]United States Department of Commerce and United States Department of Agriculture, op. cit., p. 1.

[23]John B. Lancing, Residential Location and Urban Mobility: The Second Wave of Interviews, prepared for the U.S. Bureau of Public Roads (Ann Arbor: University of Michigan, 1966), p. 69.

home is defined by the Census Bureau as "a single-story structure with four rooms and is valued at $7,800." This definition represents what is typical of the entire stock of second-housing units, not what is typical of the homes found in a "recreation community." The least expensive second home available in any of the recreation communities to be studied here is $19,995. At any rate, it is not difficult to conclude that, as with recreation in general, second-home construction should increase in accordance with rising income.

In addition to the increase in second homes as a recreation outlet, there are a number of other factors stimulating its use. The first and foremost is that most people see the second home as an investment. In a survey by Better Homes and Gardens in 1967 more people rated real estate other than your home (20 percent) as their first choice for investment above bank savings accounts (18 percent), common stocks (16 percent), savings and loan accounts (15 percent), U.S. Savings Bonds (12 percent), mutual funds (10 percent), and credit union accounts (9 percent). During times of high inflation, such as we have recently experienced in this country, people tend to invest in real property which is likely to appreciate in accordance with inflation. Second homes, as presented in the recreation community, offer an excellent opportunity to realize this appreciation; and

at the same time, receive income sufficient enough to meet expenses through renting. Rental operations are often offered to owners by the resort management including advertising, maid service, and bookings. On the average, this rental income is estimated to be worth between $2,000 and $2,500 a year, even after taxes on revenues.[24] It is generally estimated that around one-quarter to one-third of all second-home owners rent their vacation home during some time of the year.[25] Further adding to the economic desirability of second homes as an investment is the opportunity to deduct taxes on any losses incurred by what is recognized as a business venture by tax laws if the unit is made available for rent at least half of the year.[26]

Two of the first "recreation communities" are Vail and Snowmass-at-Aspen, Colorado, and can serve as examples of potential profits on the appreciation of real property. At Vail, a two-bedroom condominium sold for $20,000 in 1963; a slightly larger version of that same unit was selling for $45,000 in 1970. At Snowmass, the same condominium that

---

[24] Maxwell C. Huntoon, Jr., "The Dollars and Sense of Condominiums," American Home, January, 1970, p. 70.

[25] Ragatz, op. cit., p. 70.

[26] "For Second Home Owners: A Stiff New Tax Rule," U.S. News, July 14, 1972, p. 63.

sold for $24,000 in 1963 was resold in 1970 at $45,000.[27] This is not to say that such profits are sure to be realized in the future or at every development, but it does point out the potential. It is little wonder, then, that the purchase of a second home is regarded as an attractive investment, when in addition to the economic considerations, an owner can also derive personal enjoyment from the use and ownership of his vacation home.

Also contributing to the popularity of the second home, sociologists suggest a need to interact in an environment completely different than our normal daily routine--that people seek change, diversion, and escape.[28] The second home may be seen as a possible place for retirement and, in the meantime, serve as a central meeting place for families whose members have grown and are otherwise separated. The increasing degree to which people are tied to city life has also contributed to the desire to have a "country" place. Parents express an interest in having their children "find out about nature." They do not, however, really want to rough it or to be isolated. In their escape from "city life," they seek all of the urban amenities in the country.

---

[27]Huntoon, op. cit., p. 70.

[28]Russell Beverly, "Why the Second House," House and Garden, August, 1972, p. 23.

In the recreation communities, these amenities can be found, thus offering the best of both worlds, a country setting mixed with outdoor recreation and companionship and including all the conveniences, comforts, and services they are used to having.

The recreational activities themselves are also stimulants toward the purchase of a second home, especially in the addictive sports which develop avid enthusiasts such as golf and skiing. Many have purchased homes to secure the privilege of skiing at a particular resort and to facilitate participation in that activity. Many of the recreation communities afford the exclusive right of the use of facilities to members only. As a final reason contributing to the increasing popularity of outdoor recreation in general, it has been suggested that active recreational activities are an American way of life, that our puritan work ethic limits our enjoyment of passive leisure activities, that Americans feel quilty if they are not engaged in active and challenging pastimes.[29]

Of increasing importance to the second-home market is the condominium, which now is estimated to number two hundred thousand of the three million second homes in the

---

[29]Huntoon, op. cit., p. 55.

U.S.[30] Three of the recreation communities to be studied here have gone very heavily to the condominium, while other developments at least offer this alternative dwelling type. The major advantage of the condominium is its contribution to carefree ownership. An annual maintenance fee is charged to all owners from which the building and grounds are kept up. Therefore, the owner is freed from shoveling snow from the walks, cutting the grass, and other such undesirable chores. In addition, the condominiums, due to their higher density, are usually located close to recreational facilities and activity centers. In addition to the convenience this may afford the owner, it is also assumed that rental desirability is thereby enhanced.

V. ECONOMIC IMPACT OF RECREATION

The Smoky--Blue Ridge mountain region has long been viewed as a tourist Mecca. The Great Smoky Mountains National Park and the Blue Ridge Parkway bring many tourists into the area every year. Such places as Gatlinburg, Maggie Valley--Cherokee, and Blowing Rock--Boone have long been recognized as tourist centers serving what was, until recently, a summer-oriented season. The value of this tourist

---

[30]Cobb Hubbard, "The New American Country Club, Vacation Condominiums," Esquire, July, 1972, p. 118.

industry to the local economy has often been considered when the economic development of the area is discussed.

In 1966 a research report conducted by Robert R. Nathan Associates was published for the Appalachian Regional Commission concerning the recreation industry within the area bounded by its authority. The findings of this study have been reprinted and restated in many other reports since 1966. The essence of this report suggests that while the recreation industry can be a valuable supplement to an economy, recreation alone cannot initiate the development of, and then sustain, a viable, healthy economy. In fact, the report contends that as of 1966 "nowhere does recreation by itself form the basis of a viable economy."[31]

Prior to the publishing of the Nathan study, the recreation community was only beginning to make its presence felt in other parts of the country and did not have a foothold in this area. There are strong indications that the character of the recreation community might result in a greater local impact than do other elements of the recreation industry. The large-scale development created by recreation communities was not

---

[31]Appalachian Regional Commission, Recreation as an Industry, op. cit., p. 40.

foreseen by the Nathan report; and, as a result, some of the basic findings need reinvestigation. Because of the extensiveness of the development and its recent impact, Avery County, North Carolina, represents an ideal situation in which to test the validity of the assumption that the recreation community contributes greater local economic impacts than other elements of the recreation industry--sufficient enough to form the basis of a viable economy.

The local economic impact of the recreation industry is held to be of limited value based in part upon the assumption that recreation enterprises are predominately small businesses.[32] This contention does not represent the current trend toward the recreation community which, by their nature, are predominately big businesses in terms of investment and employment. The Nathan report stated that in 1966 "vacation-home developments have not yet reached a sufficient scale for extensive subdivision building operations. The scale of development is seldom very large."[33] Since this is one of the cornerstones on which some of the present views on the recreation industry are based, conclusions drawn upon it need reinvestigation.

---

[32] Ibid., p. 24.

[33] Ibid., p. 53.

Also of importance to the findings of the Nathan study is the idea that the majority of the jobs available in the recreation industry do not pay a living wage.[34] As will be shown in this thesis, a large number of the jobs created by the development of a recreation community are relatively high-paying types, including construction, maintenance, operators of the sophsiticated recreational facilities, management, and clerical personnel. There are also a number of unskilled jobs created in the service sector which, while not high paying, often little more than the minimum wage, do employ persons otherwise not qualified. The importance here is, of course, the massive employment of skilled labor which is not common in other types of recreation enterprises. However, it is possible that too much stress has been placed on the idea that jobs created by the industry as a whole are generally low paying, unskilled types and, therefore, are of limited economic impact. It may be argued that jobs requiring little skill are exactly what is needed when a large portion of the labor force is unskilled. At any rate, with the development of a recreation community, there are a large number of skilled jobs created, which are complemented by the creation of unskilled jobs as well.

---

[34] Ibid., p. 45.

The seasonal nature of the recreation industry has also been the reason offered for the limited impact of the industry on the local economy.[35] This is certainly still a problem, but it is interesting to find that with the recreation communities in Avery County, the basic cadre of employees are hired for a full twelve months of the year. This cadre represents the majority of the employees.

Since the Nathan report was published in 1966, a new winter season has developed which has drastically reduced the seasonal nature of the recreation industry in the Smoky--Blue Ridge mountain region. Within the past ten years, fourteen ski areas have been built, three of which are located in Avery County. This season generally begins in mid-December and lasts through mid-March and while much shorter than the traditional summer season, is generally very active with approximately 110,000 skiers each year in Avery County alone.

The second-home owner also has a direct input into the reduction of the negative elements of a seasonal industry. Not only does construction continue throughout the year, but once the house is built, the owner often will frequent his second home during the off seasons. Businesses which were forced to close during the off seasons are now thriving

---

[35] Ibid., p. 11.

on business attributed to the growing numbers of second-home owners.

It was recognized in the Nathan study that second-home development has a special and relatively high impact on the economy.[36] It was noted that in addition to the impact that the construction and maintenance these houses may have, they also add to the local spending power and tax base. Other less tangible benefits are also mentioned, suggesting that the second-home owner often demands more advanced services and skills than were previously available--that not only do suppliers of household and family goods benefit, but also banks, insurance agents, and other business and professional services.

It is apparent, then, that the recreation community has brought about some changes in the nature of the recreation industry which could change significantly its impact on the local economy in ways not envisioned by the Nathan report and similar studies.

---

[36] Ibid., p. 52.

CHAPTER II

RECREATION RESORT DEVELOPMENT IN AVERY COUNTY, NORTH CAROLINA

Avery County, North Carolina, is located along the Tennessee-North Carolina border in the northwestern portion of the state. The terrain is very rugged, representing the highest average elevation of all North Carolina counties. The county has a number of mountains which are over 5,000 feet in elevation, including Grandfather, Big and Little Hump, Beech, Sugar, and Yellow mountains. The rugged terrain has promoted the area's isolation and is largely responsible for previous lack of development of any sort. The county also contains portions of five rivers, including the Toe, Linville, John's, Elk, and Watauga Rivers.

Avery County has a long history as a resort area. Resort development began in 1886 when Hugh MacRae purchased 16,000 acres, which included Grandfather Mountain, the highest peak in the Blue Ridge Mountain range at 5,964 feet. It is a very rugged and most impressive mountain with features which form the profile of an old man's face. Under Hugh MacRae's direction, the Linville resort began and has been followed in recent years by Beech Mountain, Sugar

Mountain, Grandfather Golf and Country Club, Linville Land Harbors, Seven Devils, Mountain Glen, and Adams Apple. The location of these resorts is shown in Figure 1.

I. LINVILLE[37]

The small community of Linville lies at the foot of Grandfather Mountain just east of the Linville Gorge, which is considered the wildest spot east of the Mississippi and is classified by the United States Forest Services as a "wild area." The Eseeola Inn was built on this location by the MacRae family in 1892; and the resort village of Linville began to develop, featuring summer homes for the very rich.

In 1928 an 18-hole championship golf course was constructed, with a club house, heated swimming pool, tennis courts, and equestrian facilities added later. In 1935 the Eseeola Inn burned and was rebuilt as it is today. At present, 95 second homes have been built; and the area has been managed since 1951 by a property owner's association entitled Linville Resorts, Inc.

In 1953 a trail to the top of the mountain was widened and paved by Hugh MacRae Morton, grandson of Hugh MacRae, opening the mountain to automobile traffic. The Mile High

---

[37]Evelyn York, Secretary, private interview held at Linville Resorts, Inc., North Carolina, March, 1973.

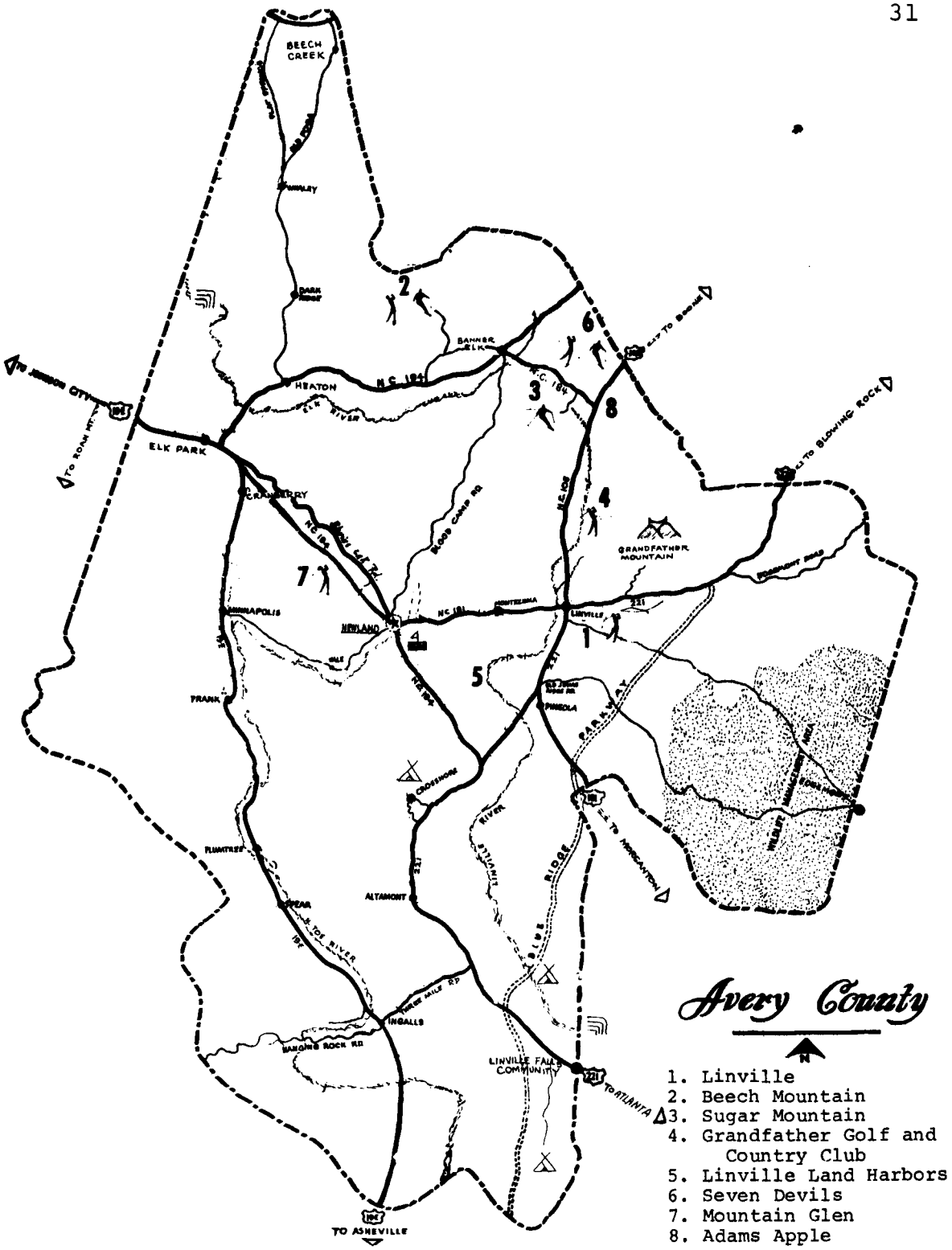


Figure 1. Location of Avery County Resorts.

Swinging Bridge was built connecting two of the peaks, as well as a visitor center, picnic grounds, camping facilities, and an outdoor amphitheater. The resort became one of the state's biggest tourist attractions, annually serving 250,000 persons.[38]

Annual pageants also stimulate tourist activity. The "singing on the Mountain," held the last Sunday in June, and the "Gathering of the Scottish Clans and the Highland Games," the second weekend in July, reflect the tradition and history of the area. These two events in recent years have been joined by a third celebrating the winter season, the "Snow Carnival of the South," which occurs in February of each year.

II. BEECH MOUNTAIN[39]

In spite of its long resort history, the recreation industry in Avery County remained very small scale. The Linville community retained its character throughout the years, serving a very small, very elite summer population While the Mile High Swinging Bridge brought many day

---

[38]Richard Barkley, Director of Public Relations, private interview held at Grandfather Mountain, Inc., North Carolina, December, 1972.

[39]Gordon M. Ripley, Manager, Customer Service, private interview held at Beech Mountain, North Carolina, December, 1972.

trippers into the area, there were very few supporting facilities available in the county. The Boone--Blowing Rock area, which had developed a large recreation industry, was receiving much of the economic benefits created by the Grandfather Mountain attraction.

The buildup of the Avery County recreation industry began with the construction of a massive recreation community on Beech Mountain in 1966. Beech Mountain is located in the northern portion of Avery County. The recreation community is located in parts of two counties, the other being Watauga. The only means of entrance, however, is through Avery County, so that accessibility to the development is much greater for Avery County residents than it is for persons living in neighboring counties. In all economic opportunities, then, Avery County is in a position to benefit first and to a greater degree than other counties except from the considerable benefits created by taxes.

Beech Mountain was the realization of an idea long considered by Dr. Thomas H. Brigham, a dentist from Birmingham, Alabama. Dr. Brigham is a skiing enthusiast from earlier days in Vermont and had envisioned the possibilities of skiing in the mountains of North Carolina since moving South. After studying the feasibility of twenty potential sites and several years of checking snow depth and temperatures, Beech Mountain was selected for its ideal

suitability for development as a ski resort. Among the features the mountain offered were altitude 5,600 feet, a north-northwest exposure, and a high ridge for wind protection; all of which would not only assure the best possible snow retention features, but would also aid greatly in the making of man-made snow.

By the time development of Beech Mountain began, the feasibility of skiing in the South had already been successfully demonstrated at such pioneer resorts as Cataloochee, Blowing Rock (now Appalachian Ski Mountain), and Gatlinburg; all of which opened in the early 1960's. But Dr. Brigham envisioned far greater possibilities for southern skiing than currently existed and set about the task of bringing big time skiing to the South.

In addition to its suitability for skiiing, Beech Mountain is also suitable for community development, which was of equal importance to its selection as the site. The primary consideration was its availability for purchase and the fact that it affords a large amount of developable land at the base of the ski slopes. The contour of the land offers spectacular views for nearly all lots, which naturally increases their value.

In 1965 a company was formed and incorporated under the name of Appalachian Developments, Inc. The company conducted the purchase of 1,800 acres. In 1966 the financial backing

of the company was greatly increased with the entrance of Grover and Harry Robbins, two local entrepreneurs. The ambitions of the company were accordingly increased as purchase of land continued, reaching a total of approximately 9,000 acres; and the company was renamed Carolina Caribbean Corporation. The name reflects the company's two-fold development interest, as they are also engaged in a resort project at St. Croix in the Virgin Islands.

Dr. Brigham continued his interest in the enterprise and the development of a large-scale ski resort as vice-president in charge of operations. The Robbins brothers had recently developed a "recreation community" in neighboring Watauga County known as Hound Ears Golf and Country Club. The resort was primarily oriented toward the Boone--Blowing Rock summer market, offering an 18-hole golf course, tennis courts, and swimming pool. The resort did, however, offer skiing on a limited basis. Skiing at Hound Ears was included as an afterthought; but at Beech Mountain, it was to be the major theme. In addition, the Hound Ears development was aimed at the higher end of the second-home market, with one home reportedly built at a cost of $250,000 and the typical house selling between $60,000 and $70,000. The typical house at Beech Mountain would sell for approximately $30,000 to $40,000 including the lot. The Robbins brothers, then, brought to the enterprise not only financial backing, but

also solid experience in recreation community development, as well as some knowledge of ski operations.

The initial years were highly successful. The ski facilities were opened in January, 1968, and greatly expanded by the following winter, reaching a total lift capacity of 9,000 persons per hour, which was more than three times the capacity of any other southern resort then existing. In addition, due to an extensive snowmaking system and the advantageous physical features, the resort offered longer slopes and better snow conditions than had ever been known in the South. The popularity of the resort was instantaneous, and overnight a winter season was created. The winter of 1969--1970 brought 70,000 skiers to the slopes of Beech Mountain. The ski facilities brought in many prospective landowners, stimulating land sales. Approximately 5,000 lots have been sold by winter, 1973. Total revenues for the corporation have jumped from $4,415,429 in 1968 to $13,666,805 for 1972. The corporation has invested a total of $16,390,283 on the Beech Mountain development alone.[40]

Over the past four years, a community village has been constructed by the corporation. It is composed of nine buildings which house two restaurants, ski operations,

---

[40]Carolina Caribbean Corporation, Annual Report, 1972, p. 1.

corporation offices, fifteen shops, lounge, service station, grocery, and nursery. Three lodges have been built, representing a total of 100 rooms which, together with rental chalets and condominiums, provide overnight accommodations. Ten ski slopes, one gondola, five chair lifts, several "J" bars and rope tows, and sixty-two snowmaking machines comprise the existing ski facilities. Other recreational facilities completed include: an 18-hole championship golf course, heated swimming pool, tennis courts, riding stables, outdoor skating rink, and trout pond.[41]

Carolina Caribbean Corporation does not engage in the construction of individual chalets, while they do maintain an extensive construction crew for all of the remaining work. Chalet construction is conducted by ten independent local companies. By December, 1972, 610 dwelling units had been built or were under construction. Of this number, 125 are condominium units, the remainder being independent chalets. At this same time, 46 miles of road had been cut, most of which were gravel surface. Roads are to be paved later in the development. The corporation has constructed a central sewer and water system with, respectively, 24 and 29 miles of lines completed. Tertiary treatment of sewage is provided.

---

[41]Lehmann, op. cit., private interview.

In April, 1970, a tourist attraction was opened at the top of Beech Mountain. It consists of a theme park built around the characterization of the movie, "Wizard of Oz," and is named the Land of Oz. The attraction makes use of the ski lifts and village shops during the summer months, provides additional revenue, and brings potential landowners to the mountain. After three years of operation, the attraction has already received more than 750,000 visitors.[42]

The corporation has also constructed an airport at the base of the mountain. The paved runway is 4,600 feet long and is used primarily for small private aircraft, although some charter passenger service is sponsored by the corporation. The facility includes a terminal with maintenance and storage hangers.

III. SUGAR MOUNTAIN[43]

In 1969, having successfully established Beech Mountain as the South's first major ski resort and having the opportunity to start a new development, Dr. Brigham left the Carolina Caribbean Corporation. Dr. Brigham's reputation

---

[42] Carolina Caribbean Corporation, All Seasons Living, Volume 2, Number 2, July-September, 1972, p. 3.

[43] George McRea, Vice-President of Construction, private interview held at Sugar Mountain, North Carolina, April, 1973.

became widely established as the result of the Beech Mountain project, and he was easily able to assemble the financial backing and form the Sugar Mountain Company.

Sugar Mountain is located approximately seven miles southwest of Beech Mountain on the opposite side of the Elk Valley. During Dr. Brigham's feasibility studies in the early 1960's, Sugar Mountain's suitability for skiing and community development was rated very high. However, at the time the Beech Mountain project began, Sugar Mountain was unavailable for purchase. The availability of the mountain by 1969 opened the opportunity as 3,000 acres were purchased by the newly formed company. The mountain has a peak elevation of 5,280 feet and all the desirable physical features found at Beech Mountain with one additional advantage. The access road into the development is short and level as compared with the winding, dangerous road which goes up and then down the back side of the mountain to reach the base facilities at Beech.

During the winter of 1969--1970, the ski facilities were first opened. The facilities were used to capacity on weekends when snow conditions were adequate and the resort was forced to establish a policy of limited lift ticket sales. A great number of people are actually turned away at the gates. The number of skiers using the facilities has grown each year as a result of increased midweek trips,

a total which reached 57,000 in 1972--1973, in spite of the mild winter. Sugar became the South's second major ski resort, offering three chair lifts, one "J" bar, one rope tow, thirty snowmaking machines, and a 41,000 square foot ski center including a cafeteria with a seating capacity of 600 people. While the lift capacity at Sugar is 4,000 persons per hour, compared to 9,000 at Beech, Sugar has 1,200 vertical feet (reportedly the greatest south of Vermont) and 50 acres of slopes and trails, compared to 800 vertical feet and 30 acres at Beech Mountain. Additional recreation facilities at Sugar include: nine-hole, part three and four golf course, heated swimming pool, three indoor tennis courts, outdoor tennis courts, paddleball courts, riding stables, and trout pond.

Unlike Beech Mountain, this development has chosen to go primarily with condominiums. Of the 255 dwelling units currently completed or under construction, 200 are condominiums. The least expensive of the condominiums is approximately $20,000, with the typical price of the chalets between $40,000 and $50,00. The company has sold 300 individual lots at an average price of $13,000. It is interesting to note that of those units which owners have placed under the company rental program in the first three years of operation, occupancy has averaged 90 percent during the winter and 70 percent in the summer. As at Beech Mountain, Sugar does

not build individual chalets and condominiums; but they do maintain a large crew to do the remaining construction. The company has constructed ten miles of road, a central water system, one mile of sewers which serves condominiums only, and underground electric lines. The sewage from the condominiums is treated to a secondary degree (tertiary system is planned), while chalets are serviced by individual septic tanks.

IV. GRANDFATHER GOLF AND COUNTRY CLUB[44]

The development of the Grandfather Golf and Country Club began with the incorporation of the G. F. Company in February, 1967. This development is located on a tract of 1,958 acres at the base of Grandfather Mountain and is part of the original 16,000 acres purchased by Hugh MacRae in 1886. The project is owned and operated by Mr. MacRae's two grandchildren, Agnes Morton Mayer and her brother, Hugh MacRae Morton, and several other members of the Linville community. This development is oriented toward the very rich. Not only are the homes and condominiums very expensive, but there is also an initiation fee of $7,250 and

---

[44]Joe L. Hartly III, Assistant Vice-President and Head of Real Estate, private interview at Grandfather Golf and Country Club, North Carolina, April, 1973.

annual dues of $540. All of the resorts offer privacy (a very strong selling point) and maintain security forces, but Grandfather Mountain is the most private. It is virtually impossible to gain access without prior appointment.

Unlike Beech and Sugar, the G. F. Company does all their own construction, including homes and condominiums and, therefore, employ a sizable work force. Recreational facilities completed include: nationally rated championship 18-hole golf course, 35-acre trout and boating lake, 2 beaches, tennis courts, equestrian trails, softball field, and club house.

As with Sugar Mountain, Grandfather has gone to a large extent with the condominium, although the proportion of homes to condominiums is closer than at Sugar, with 75 homes and 100 condominiums either completed or under construction as of winter, 1973. A typical price for both the dwelling types is in the $80,000 to $90,000 range. The company has sold 190 one-acre lots with prices ranging between $10,000 and $35,000. There has been ten miles of road built, two miles of sewers, a central water system, and underground power. The sewer system is reserved for condominiums only, with individual homes serviced by septic tanks. Tertiary treatment of sewage is provided.

V. LINVILLE LAND HARBORS[45]

This project represents the Carolina Caribbean Corporation's second major effort in Avery County. The basic orientation is toward the recreation vehicle, which has become so popular in recent years. The development is advertised as a camper's resort. In 1968 construction began on the project, which is located on a 1,000-acre site in the Linville Valley at an elevation of 3,895 feet.

The site once held a 65-acre man-made lake and a state trout hatchery. The dam has been rebuilt, and the hatchery put back into operation as a private property of the development, affording excellent trout fishing. The lake is also used for sailing, canoeing, and swimming, as well as ice skating when weather permits. Additional recreation facilities include: nine-hole golf course, heated swimming pool, tennis courts, recreation building and club house, docks, beach, and basketball courts. There are also five bathhouses located throughout the development with rest rooms, public phones, and laundries. A service station and a grocery store have been constructed, and additional commercial sites are available along U.S. 221 for shops.

---

[45]Keith Webber, General Manager, private interview held at Linville Land Harbors, North Carolina, December, 1972.

The purchase of a camp lot affords the owner a sure place to park his vehicle and the right to use the recreation facilities. As of winter, 1973, 900 of these lots had been sold at a cost of $6,500 per lot. Many of the lots have been improved by their owners, including permanent deck patios, storage sheds, and outdoor fireplaces. When the owner is not using his lot, he can place it in the rental system just as is done in second-home communities. From May through September, the area management reports that it has maintained virtually 100 percent occupancy of rental lots. The development also offers second homes, in this case, called cottages. There have been 100 cottage sites sold with 25 cottages completed or under construction at a typical cost of $20,000. The corporation has completed ten miles of road and eight miles of the central water and sewer system. Tertiary treatment of sewage is provided, and the power lines are underground.

VI. SEVEN DEVILS[46]

As with Beech Mountain, this development is located partially in both Avery and Watauga Counties. However, the entrance to this development is located in Watauga; and

---

[46]Fred Atchison, Director of Sales, private interview held at Seven Devils, North Carolina, December, 1972.

while it is only two miles from the Avery County line, it is also easily accessible to the Boone--Blowing Rock area, so that a large portion of the economic benefits are received by Watauga County.

This development was initiated by 15 businessmen from various locations throughout the nation. The company was incorporated in 1964 under the name of Seven Devils, Inc. The name was taken from the traditional title given to the seven peaks which comprise the tract of 1,600 acres. The development is located directly opposite Grandfather Mountain at an elevation approaching 5,000 feet. There has been no one driving force behind the development. The initial idea was to develop the property into a trailer park, and this was the major function of the project for the first several years. By 1967, however, the directors decided to build a ski resort; and in the winter of 1967, Seven Devils became Avery County's first ski resort, beating Beech Mountain into operation by one year. Over the years, the emphasis began to shift from trailers to second homes, and the entire recreation community concept.

The skiing facilities, while not in the same league with Beech and Sugar, are really very good and are favored by advanced skiers. Two chair lifts and one rope tow provide an uphill capacity of more than 2,400 persons per hour. There are four slopes available, a snowmaking system,

and a ski center. Additional recreation facilities include: 18-hole championship golf course, 20-acre boating lake, beach, riding stables, tennis courts, 2 trout ponds, and a 15-room lodge with a 150 seating capacity restaurant.

The company has sold 400 lots ranging in price from $6,500 to $20,000. Eighty homes have been built or are under construction at a typical cost of $45,000 to $55,000. As with most of the other developments, Seven Devils does not build the chalets itself. Twenty-five miles of road have been completed; water is supplied through a central system; and all homes are served by individual septic tanks. A portion of the resort's power lines are underground.

VII. MOUNTAIN GLEN[47]

The Mountain Glen resort is the result of local businessmen's efforts to stimulate business. Incorporated under the name of Avery Development Corporation in 1964, stock was sold in groups of 10 for $2,500, which also included a lot. The 600-acre site is located near Newland, the county's largest town, at an elevation of 3,800 feet. An 18-hole championship golf course was constructed, as well as a club house including a 250-person capacity restaurant.

---

[47]Walter Jewett, Resort Manager, private interview held at Mountain Glen, North Carolina, December, 1972.

The corporation subdivided the property into 179 lots, which were quickly sold and are available now only through resale. Since 1965, only 27 homes have been started and most of these were built during the past several years, as the interest in Mountain Glen has been greatly stimulated by the development activities of the other resorts. The typical house is built at a cost of $40,000 to $50,000. Four miles of road have been built and paved. Water and sewer services are available by individual wells and septic tanks only.

VIII. ADAMS APPLE[48]

This is the newest of Avery County's resort developments. It was incorporated in the name of R. B. Company, with construction beginning in September, 1970. It is also the county's only development to go completely with condominiums. The 40-acre site is located just below the "chin" of Grandfather Mountain and is, therefore, the "Adams Apple." The company is under the direction of two brothers, Robert and William Bingham of Boone. Robert gained experience with some of the neighboring developments before starting out on this venture. The project is conceived as a racquet club,

---

[48]Adrian King, Director of Public Relations, private interview held at Adams Apple, North Carolina, December, 1973.

and the recreation facilities consist of tennis and other types of racquet courts.

The company has either completed or has under construction 26 condominium units at present, with financing arranged for the construction of 100 such units. The average price is currently $35,000. One mile of road has been built, and wells and septic tanks serve the existing condominiums, with a central water and sewer system planned. Tertiary treatment of sewage will be provided.

The resort facilities for all eight resorts which had been completed as of December, 1972, are summarized in Table I.

TABLE I

RESORT FACILITIES CONSTRUCTED IN AVERY COUNTY BY DECEMBER, 1972

	Ski Lifts	Golf	Lake	Swimming Pool	Riding Stables	Tennis Indoor	Tennis Outdoor	Ice Skating	Beach	No. of Lots Sold	Miles of Road	Miles of Water	Miles of Sewers	Underground Power	No. of Homes	No. of Condominiums	Total Acreage
Linville	0	1	0	1	1	0	4	0	0	100	8	6	6	No	95	0	NA
Beech Mountain	6	1	0	1	1	0	4	1	0	5000	46	29	24	No	485	125	9000
Sugar Mountain	3	1	0	1	1	3	4	0	0	300	10	7	1	Yes	55	200	3000
Grandfather Golf & Country Club	0	1	1	0	1	0	4	0	2	190	10	5	2	Yes	75	100	2000
Linville Land Harbors	0	1	1	1	0	0	4	0	1	1000	10	8	8	Yes	25	0	1000
Seven Devils	2	1	1	0	1	0	4	0	1	400	25	5	0	Yes	80	0	1600
Mountain Glen	0	1	0	0	0	0	0	0	0	179	4	0	0	No	27	0	600
Adams Apple	0	0	0	0	0	0	4	0	0	0	1	0	0	Yes	0	26	40
TOTAL	11	7	3	4	5	3	28	1	4	7169	114	60	41	-	842	451	17240

Source: Personal interviews with officials representing the various resorts.

CHAPTER III

ECONOMIC IMPACT OF RECREATION RESORT DEVELOPMENT ON THE AVERY COUNTY ECONOMY

In this chapter the Avery County economy is compared to the economies of several neighboring counties, including Madison, Mitchell, Swain, and Yancey (Figure 2). The comparison of economies permits the evaluation of the past and current economic condition of a particular county according to the economic conditions of the various counties in the aggregate.

These counties were chosen for comparison because of their similar economic histories from 1940 to 1960. The U.S. Census of Population, Characterisitcs of the Population for 1940, 1950, and 1960 are used to make this determination. All counties were highly dependent on agriculture as the major employer in 1940 and 1950. During the decade between 1950 to 1960, employment in agriculture decreased by approximately 50 percent, being only slightly offset by increases in other sectors--particularly manufacturing. The result of the decrease in employment in all five counties was an outmigration of population during the decade. Population sizes in 1960 for all the five counties ranged from a low at Swain County of 8,387 and a high at Madison County of 17,217

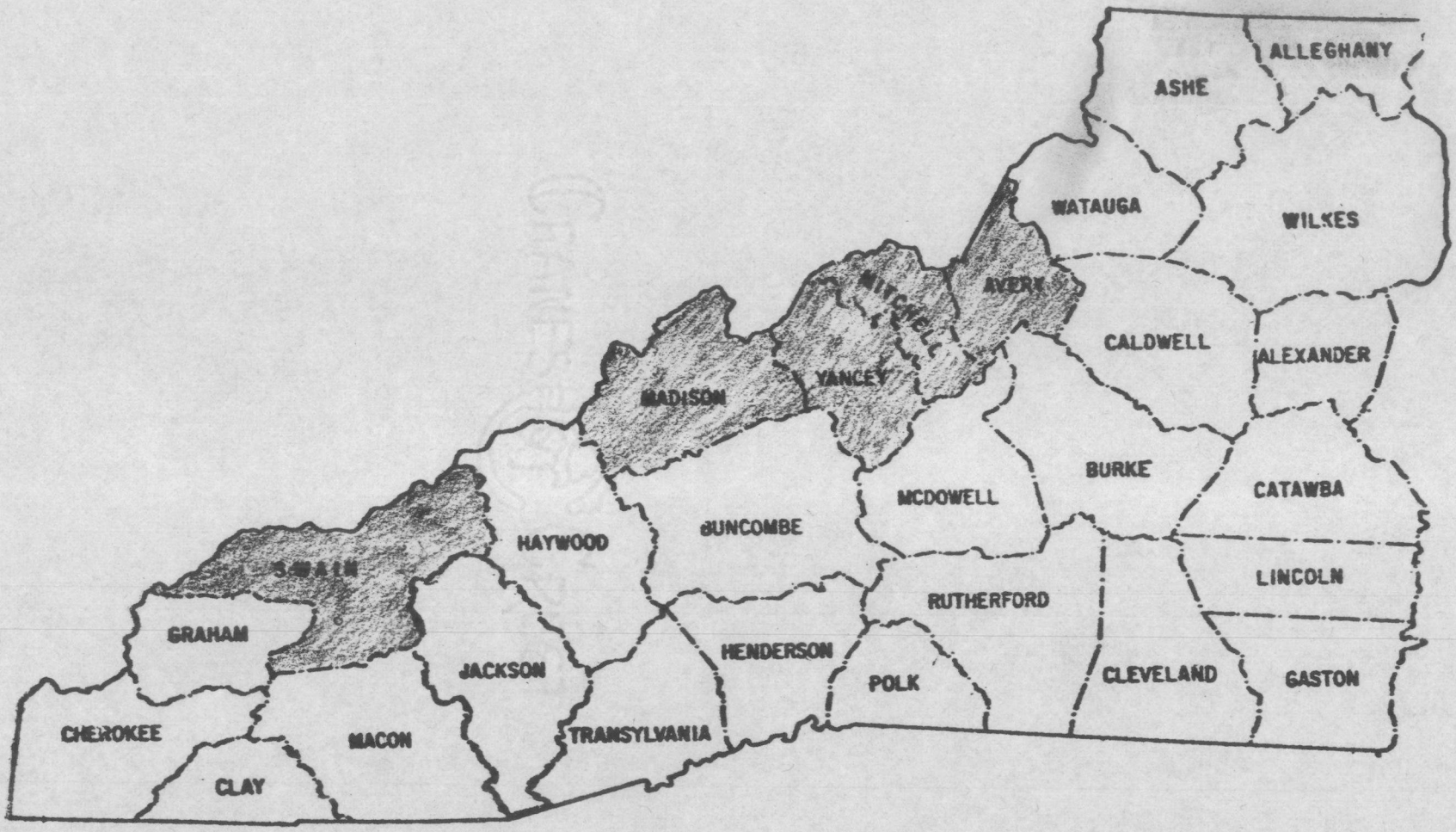


Figure 2. Twenty-eight counties of western North Carolina.

with Yancey at 14,008 and Mitchell at 13,906, while Avery County had a population of 12,009.

Comparison of the five economies will be made from 1958 through 1970, and in some cases where data are available, 1971. The 1960 to 1970 decade is used to assess Avery County's economic position in regard to the neighboring counties. It is during this decade that Avery County moved from a position lagging the other counties to an unparalleled expansion in terms of retail sales, per capita income, property tax levies, travelers expenditures, and employment.

I. RETAIL SALES

In 1960--1961 Avery County accounted for far less retail sales than any of the other four counties, even less than Swain County which had a substantially smaller population. Avery County recorded a total dollar volume of only $5,232,745 compared to $6,645,998 for Swain and $12,083,106 collected in Mitchell County. This latter figure is 131 percent greater than the Avery County figure. During the decade this picture was entirely reversed as Avery County surpassed all counties in retail sales with the exception of Mitchell County. By 1971--1972, Avery County accounted for $17,624,582 compared to $12,275,280 for Madison County, which was now at the bottom, and $27,200,127 for Mitchell County, still in the retail sales lead. The larger figure

is only 54 percent greater than the Avery County figure, representing a substantial closing of the gap between 1960--1961 and 1971--1972.

In Table II a simple index of retail sales is calculated for the various counties. The index reflects rates of increases in dollar volume based on the year 1960--1961. The column titled "5-Counties" reflects change in retail sales of the five counties in the aggregate. The figures under the column titled "4-Counties" excludes that particular county. Table II shows a far greater rate of increase for Avery County (336.8 index points) than for the other four counties (211.3 index points) in the aggregate. Yancey County has the next highest rate of increase, far behind Avery, at 226.0 points with Madison increasing at a rate of 169.0 points. To put this rate into larger perspective, it is interesting to note that during some of these years Avery County has had a greater rate of increase than any other county in the state. In 1969--1970, for example, Avery County experienced a 22.5 percent increase over the previous year, which not only was the largest increase for any county in the state, but was also dramatically greater than the average percentage growth at 7.3 percent.[49]

---

[49]North Carolina Department of Tax Research, Statistics of Taxation, 1970 (Raleigh, North Carolina: State of North Carolina Printing Office, 1970), p. 198.

TABLE II

RETAIL SALES

County	Year	Dollar Volume	Index of Retail Sales		
			County	4-Counties	5-Counties
Avery	1960-61	$ 5,232,745	100.0	100.0	100.0
	1962-63	6,593,549	126.0	118.6	119.6
	1964-65	7,978,896	152.5	132.5	134.9
	1966-67	9,272,307	177.2	142.5	147.2
	1968-69	11,910,689	227.6	166.4	174.7
	1970-71	15,607,360	298.3	183.6	199.2
	1971-72	17,624,582	336.8	211.3	228.3
Madison	1960-61	7,263,758	100.0	100.0	100.0
	1962-63	8,733,037	120.2	119.5	119.6
	1964-65	8,607,507	118.5	138.8	134.9
	1966-67	9,571,949	131.8	150.8	147.2
	1968-69	10,632,380	146.4	181.3	174.7
	1970-71	11,351,555	156.3	209.2	199.2
	1971-72	12,275,280	169.0	242.1	228.3
Mitchell	1960-61	12,083,106	100.0	100.0	100.0
	1962-63	14,635,641	121.1	118.9	119.6
	1964-65	17,796,351	147.3	129.3	134.9
	1966-67	17,970,278	148.7	146.5	147.2
	1968-69	22,150,063	183.3	170.8	174.7
	1970-71	23,289,150	192.7	202.1	199.2
	1971-72	27,200,127	225.1	229.8	228.3
Swain	1960-61	6,645,998	100.0	100.0	100.0
	1962-63	8,065,257	121.4	119.3	119.6
	1964-65	8,889,984	133.8	135.2	134.9
	1966-67	9,409,807	141.6	148.4	147.2
	1968-69	10,876,710	163.7	177.1	174.7
	1970-71	13,117,692	197.4	199.6	199.2
	1971-72	14,368,558	216.2	230.9	228.3
Yancey	1960-61	7,290,426	100.0	100.0	100.0
	1962-63	8,047,816	110.4	121.8	119.6
	1964-65	8,700,449	119.3	138.6	134.9
	1966-67	10,464,308	143.5	148.0	147.2
	1968-69	11,732,155	160.9	178.0	174.7
	1970-71	13,355,351	183.2	202.9	199.2
	1972-72	16,473,681	226.0	228.9	228.3

Source: Profile of North Carolina Counties, Statistical Services Section, Office of the State Budget, Department of Administration, Third Edition, January, 1973.

It is also important to note that the rate of growth increased to a much greater degree in the later years recorded.

In the two-year periods shown in Table II on page 54, biennial percentage increases in retail sales for Avery County as compared to the other four counties are as follows:

	Avery	4-Counties	Difference
1960--1963	26.0%	18.6%	7.5%
1963--1965	21.0	11.4	9.6
1965--1967	16.2	7.8	8.4
1967--1969	28.5	16.8	11.7
1969--1971	31.0	10.3	20.7

The figures listed under the third column are the biennial percentage growth Avery County gained over and above the growth reported by the other four counties in the aggregate. These figures indicate that Avery County consistently gained on the other counties in the early 60's, with somewhat larger gains occurring in the late 1960's and early 1970's.

II. PER CAPITA INCOME

Per capita income information is compiled by the state every four years, the most recent date being 1970. From Table III, it can be seen that in 1958 Avery County was far behind the other counties with only $536 compared to the next lowest county, Yancey, at $712 and the highest county, Mitchell, at $928. By 1970, however, Avery County was now

TABLE III

PER CAPITA INCOME

County	Year	Dollars	Index of Per Capita Income		
			County	4-Counties	5-Counties
Avery	1958	$ 536	100.0	100.0	100.0
	1962	949	177.1	131.7	138.1
	1966	1,416	264.2	186.6	197.5
	1970	2,293	427.8	284.1	304.4
Madison	1958	718	100.0	100.0	100.0
	1962	983	136.9	138.4	138.1
	1966	1,261	175.6	202.6	197.5
	1970	1,930	268.8	312.6	304.4
Mitchell	1958	928	100.0	100.0	100.0
	1962	1,177	126.8	141.8	138.1
	1966	1,813	195.4	198.2	197.5
	1970	2,765	298.0	306.4	304.4
Swain	1958	903	100.0	100.0	100.0
	1962	1,144	126.7	141.7	138.1
	1966	1,584	175.4	204.4	197.5
	1970	2,468	273.3	314.0	304.4
Yancey	1958	712	100.0	100.0	100.0
	1962	991	139.2	137.9	138.1
	1966	1,426	200.3	196.9	197.5
	1970	2,100	294.9	306.5	304.4

Source: Profile of North Carolina Counties, Statistical Services Section, Office of the State Budget, Department of Administration, Third Edition, January, 1973 (compiled by the North Carolina Department of Tax Research and the North Carolina Department of Revenue).

in third position at $2,293 behind Mitchell ($2,765) and Swain ($2,468) and ahead of Yancey ($2,100) and Madison ($1,930).

This represents an expansion of 427.8 index points for Avery County from 1958 to 1970. The other four counties grew at a rate of 284.1, substantially less than Avery County. Next to Avery County, Mitchell County grew at a rate of 298.0 points, while Madison was expanding at the slowest rate of 268.8 points.

In the case of per capita income, most of Avery County's percentage growth occurred between 1958 and 1962, with additional gains recorded in the other two periods. However, most of the absolute dollar growth occurred between 1966 and 1970.

In the four-year periods shown in Table III, page 56, the percent of increase in per capita income for Avery County as compared to the other four counties is as follows:

	Avery	4-Counties	Difference
1958--1962	77.1%	31.7%	45.4%
1962--1966	49.2	41.7	7.5
1966--1972	61.9	52.3	9.6

III. PROPERTY TAX LEVIES

As with retail sales and per capita income, Avery County lagged far behind the other counties in tax levies in 1958. Avery County recorded only $126,695 compared to

$293,188 for Madison, which led the five counties, and $166,995 for Swain County, which was next to Avery County in the lowest tax levies.

By 1970 Avery County was still behind most of the counties, having surpassed only Swain, but had closed the gap considerably. In that year, Avery County recorded $410,167 compared to $583,976 for Mitchell, which had now taken over the lead, and $273,641 for Swain, which was now last among the counties.

When comparing Avery County's growth from the base year 1958 to 1970, as is shown in Table IV, it can be seen that, here again, Avery County shows an impressive growth rate. The index shows 323.7 points for Avery County compared to 198.0 points for the other four counties in the aggregate. Next to Avery, Mitchell recorded a growth of 221.9 points and Swain, at the low end, only 163.9 points.

The increase in tax levies for Avery County is due to an increase in both the assessed valuation and the tax rate. In 1965, the date of the latest reassessment, the assessed valuation for all property was $18,510,896; and by 1970, it was up to $25,263,341, an increase of 36.5 percent. At the same time, the county-wide tax rate was increased from $1.15 per $100 of assessed valuation in 1965 to $1.50 in 1970, representing an increase of 30.4 percent.

TABLE IV

PROPERTY TAX LEVIES

County	Year	Tax Levies (Dollars)	Index of Property Tax Levies		
			County	4-Counties	5-Counties
Avery	1958	$126,695	100.0	100.0	100.0
	1960	157,598	124.4	107.5	109.5
	1962	163,601	129.1	127.6	127.8
	1964	179,433	141.6	133.4	134.4
	1966	220,506	174.0	155.3	157.5
	1968	304,521	240.4	167.4	176.1
	1970	410,167	323.7	198.0	213.0
Madison	1958	293,188	100.0	100.0	100.0
	1960	290,124	98.9	113.5	109.5
	1962	340,088	116.0	132.3	127.8
	1964	383,773	130.9	135.7	134.4
	1966	456,176	155.6	158.3	157.5
	1968	488,554	166.6	179.7	176.1
	1970	549,465	187.4	222.7	213.0
Mitchell	1958	263,157	100.0	100.0	100.0
	1960	328,040	124.7	104.5	109.5
	1962	403,633	153.4	119.4	127.8
	1964	392,120	149.0	129.6	134.4
	1966	448,954	170.6	153.3	157.5
	1968	472,803	179.7	174.9	176.1
	1970	583,976	221.9	210.0	213.0
Swain	1958	166,995	100.0	100.0	100.0
	1960	168,124	100.7	111.1	109.5
	1962	176,859	105.9	131.9	127.8
	1964	190,808	114.3	138.2	134.4
	1966	229,707	137.6	161.3	157.5
	1968	252,833	151.4	180.7	176.1
	1970	273,641	163.9	222.1	213.0
Yancey	1958	213,862	100.0	100.0	100.0
	1960	220,813	103.3	111.0	109.5
	1962	275,339	128.7	127.5	127.8
	1964	283,723	132.7	134.8	134.4
	1966	320,764	150.0	159.5	157.5
	1968	354,782	165.9	178.7	176.1
	1970	448,353	209.6	213.8	213.0

Source: Statistics of Taxation, Biennial Report of the Department of Tax Research, State of North Carolina, 1958--1970.

In the two-year periods shown in Table IV, page 59, biennial percentage increases in property tax levies for Avery County as compared to the other four counties are as follows:

	Avery	4-Counties	Difference
1958--1960	24.4%	7.5%	16.9%
1960--1962	3.8	18.7	-14.9
1962--1964	9.7	4.6	5.1
1964--1966	22.9	16.4	6.5
1966--1968	38.1	7.8	30.3
1968--1970	34.7	18.3	16.4

These figures show considerable variance, with most growth occurring after 1962. As shown in the column titled "Difference," Avery County advanced on the other counties in the first period only to lose most of this gain in the second period. It can, therefore, be safely said that Avery County's impressive growth rate has been recorded since 1962, with the greater part occurring since 1966. It is also interesting to note that the actual growth in the last two periods, 38.1 percent and 34.7 percent, respectively, is far greater than any other growth percentage reported by any of the four counties in any biennial period. This is compared to a 24.7 percent increase for Mitchell County in 1960, which is the next largest biennial growth reported.

IV. TOTAL TRAVELERS EXPENDITURES

Total travelers expenditures represent the total amounts of money spent by individuals making trips away from home and

out of their daily commuting zones, including trips for business, pleasure, and personal affairs. These estimates are made by the North Carolina Department of Natural and Economic Resources on the basis of traffic counts, highway-use studies, surveys, statistics collected by the Interstate Commerce Commission, and data from the Census of Business. A detailed definition and list of sources of information appear in Appendix A.

In 1963, the first year for which statistics are available, only Swain County registered a substantial amount of travelers expenditures, recording $1,584,000 in that year. Avery County was second at $891,000 in a close grouping of the remaining counties, with Yancey on the bottom at $700,000.

By 1971, as is shown in Table V, Swain and Avery counties had made substantial gains over the remaining counties. Swain was still in the lead at $3,790,000 with Avery at $2,730,000 and Madison now on the bottom at $980,000. Avery County was again enjoying the greatest rate of growth, with the index showing 306.4 points compared to 187.6 points for the other four counties in the aggregate and 239.3 points for Swain.

Travelers expenditures are reported for 1963, 1965, and annually after 1968. Percentage increase for Avery County as compared to the other four counties are as follows:

TABLE V

TOTAL TRAVELERS EXPENDITURES

County	Year	Dollar Volume	Index of Total Travelers Expenditures		
			County	4-Counties	5-Counties
Avery	1963	$ 891,000	100.0	100.0	100.0
	1965	719,000	80.7	155.1	141.3
	1968	935,000	104.9	185.5	170.6
	1969	2,406,000	270.0	201.0	213.7
	1970	2,590,000	290.7	177.9	198.8
	1971	2,730,000	306.4	187.6	209.5
Madison	1963	785,000	100.0	100.0	100.0
	1965	757,000	96.4	150.1	141.3
	1968	910,000	115.9	181.3	170.6
	1969	978,000	124.6	231.1	213.7
	1970	930,000	118.5	214.4	198.8
	1971	980,000	124.8	226.0	209.5
Mitchell	1963	860,000	100.0	100.0	100.0
	1965	1,117,000	129.9	143.8	141.3
	1968	1,292,000	150.2	175.1	170.6
	1969	1,429,000	166.2	224.1	213.7
	1970	1,420,000	165.1	206.1	198.8
	1971	1,500,000	174.4	217.2	209.5
Swain	1963	1,584,000	100.0	100.0	100.0
	1965	3,573,000	225.6	100.1	141.3
	1968	4,313,000	272.3	120.9	170.6
	1969	4,662,000	294.3	174.3	213.7
	1970	3,600,000	227.3	184.8	198.8
	1971	3,790,000	239.3	195.0	209.5
Yancey	1963	700,000	100.0	100.0	100.0
	1965	646,000	92.3	149.7	141.3
	1968	774,000	110.6	180.8	170.6
	1969	827,000	118.1	230.0	213.7
	1970	1,040,000	148.6	207.3	198.8
	1971	1,100,000	157.1	218.4	209.5

Source: Profile of North Carolina Counties, Statistical Services Section, Office of the State Budget, Department of Administration, Third Edition, January, 1973 (compiled by the North Carolina Department of Natural and Economic Resources).

	Avery	4-Counties	Difference
1963--1965	-19.3%	55.1%	-77.4%
1965--1968	30.0	19.6	10.4
1968--1969	157.3	8.3	149.0
1969--1970	7.6	-11.5	19.1
1970--1971	5.4	5.4	-0-

Avery County's position in travelers expenditures dropped greatly in the period from 1963 to 1965, but the striking figure is the enormous growth which occurred between 1968 and 1969 which more than made up for the earlier loss and established Avery County's overall growth superiority. This coincides with the opening of the first ski season at Beech Mountain in the winter of 1968.

V. EMPLOYMENT

Employment data are tabulated for three years--1950, 1960, and 1970--and the percent of change between the 1950--1960 and the 1960--1970 decades is used to assess growth. During the decade of the 1960's, all of the counties experienced an increase in total employment. These increases are significant in view of the losses in total employment sustained by all five counties during the previous decade. Percentage change for the two decades are as follows:

	Employment 1950	Employment 1960	Percent Change	Employment 1970	Percent Change
Avery	3,769	3,418	- 9.3%	4,407	28.9%
Madison	6,344	5,095	-19.7	5,223	2.5
Mitchell	4,468	4,056	- 9.2	4,721	16.4
Swain	2,652	2,149	-19.0	2,596	20.8
Yancey	4,701	3,748	-20.3	4,403	17.5

The very large reduction in agricultural employment, as shown in Table VI for Avery County, is typical of the other counties and is responsible for the loss in total employment during the 50's. Avery County experienced a loss of 63.1 percent, amounting to 1,099 jobs. While all counties continued to experience large percentage losses in agricultural employment (between -50.3 percent and -61.5 percent) during the 1960's, the actual loss of 367 jobs for Avery County is much less compared to the 1,099 jobs lost during the 1950's. The decline in agricultural employment, then, no longer influences the overall trends, as was the case during the great decline. Increases in other sectors of the economy will now have a positive effect, since most of the damage from the loss in agricultural employment has already been sustained.

As previously noted, all five counties recorded employment increases during the 1960's. All of the counties experienced appreciable increases in the manufacturing sector, with Avery at 81.0 percent, 73.1 percent for Mitchell, 68.9 percent for Yancey, 64.8 percent for Madison, and 43.6 percent for Swain.[50] Of the 1,399 manufacturing jobs held by Avery County residents, the North Carolina Employment

---

[50]United States Department of Commerce, Bureau of the Census, Census of Population: 1970, General Social and Economic Characteristics: 1970, Final Report PC(1)-C35 (Washington, D.C.: Government Printing Office, 1972).

TABLE VI

EMPLOYMENT IN AVERY COUNTY

	1950	1960	Percent Change	1970	Percent Change
Agriculture and Fisheries	1742	643	- 63.1	276	- 57.1
Mining	58	138	137.9	73	- 47.1
Construction	275	306	11.3	542	77.1
Manufacturing	574	773	34.7	1399	81.0
Transportation, Communications, and Utilities	96	170	77.1	146	- 14.1
Wholesale Trade	30	48	60.0	48	-0-
Retail Trade	305	314	3.0	373	18.8
Finance, Insurance, and Real Estate	15	16	6.7	111	593.8
Services	193	183	- 5.2	300	63.9
Entertainment and Recreation Services	21	23	9.5	64	178.3
Education:					
Government	169	200	18.3	312	56.0
Private	48	135	181.3	193	43.0
Public Administration	69	131	89.9	114	- 13.0
All Other	174	338	94.3	456	34.9
Total Employed	3769	3418	- 9.3	4407	28.9

Source: United States Department of Commerce, Bureau of the Census. Census of Population, 1950, 1960, and 1970, Characteristics of the Population, North Carolina. Washington, D. C.: Government Printing Office, 1953, 1963, and 1972.

Security Commission estimates that 970 of these jobs are located in the county, leaving 429 jobs located in neighboring counties.

In addition to increases in manufacturing, Avery County also experienced increases during the 1960's in construction (77.1 percent), services (63.9 percent), education (56.0 percent and 43.0 percent), finance, insurance, and real estate (593.8 percent), and entertainment and recreation services (178.3 percent). In all of these sectors, Avery County recorded greater numbers employed than any of the other four counties and was at or near the top in percentage gain between 1960 and 1970.[51] It is also interesting to note that Avery County was the only one of the five counties to experience an appreciable gain in retail trade (18.8 percent). The other four counties recorded a loss, with the exception of Yancey, which recorded a 1.8 percent gain.[52]

In spite of the increase in employment for all five counties, the trend of population loss established during the 50's continued, except for Avery County, which recorded a 5.4 percent gain.[53]

---

[51] Ibid.

[52] Ibid.

[53] Ibid.

	Population 1950	1960	Percent Change	Population 1970	Percent Change
Avery	13,352	12,009	-10.1%	12,655	5.4%
Madison	20,522	17,217	-16.1	16,003	-7.1
Mitchell	15,143	13,906	- 8.2	13,447	-3.3
Swain	9,921	8,387	-15.5	7,861	-6.3
Yancey	16,306	14,008	-14.1	12,629	-9.8

VI. AVERY COUNTY'S ECONOMIC POSITION

Comparison of economic indicators show that Avery County at the beginning of the last decade lagged far behind the other four counties in retail sales, per capita income, and property tax levies. By the end of the decade, Avery County's position in regard to its neighboring counties was greatly improved. Avery was second among the five counties in retail sales, third in per capita income, and fourth in property tax levies. But the most interesting statistic observed was Avery County's rate of growth in which the County far exceeded the growth of the other four counties in all five indicators. In retail sales, Avery County grew at a rate of 336.8 points compared to 226.0 points for Yancey, which grew at the second greatest rate. In per capita income, Avery County's rate of growth reached 427.8 points compared to second place Mitchell at 298.0 points. In property tax levies, Avery County grew at a rate of 323.7 points compared to 221.9 points for Mitchell, again in second place. In total travelers expenditures, Avery had the

growth rate of 306.4 points compared to Swain County with 239.3 points and was second to Swain in total dollar volume. Again, in employment, Avery County grew at a faster rate than any of the other counties, sustaining a 28.9 percent growth compared to Swain with the second largest growth in employment at 20.8 percent.

In addition to these indicators, Avery County was the only county to reverse the trend toward population loss that began in earlier decades, recording an appreciable growth rate of 5.4 percent, while Yancey lost 9.8 percent of its population. Also of interest, it was found that in three of four indicators applicable, retail sales, property tax levies, and total travelers expenditures, most of the growth occurred after the mid-sixties. This coincides with the beginnings of Avery County's recreation industry in 1966.

Certainly, all of Avery County's economic indicators point toward growth and progress. In one decade the economic picture of this county has improved from the most bleak to the brightest among the counties. It is necessary to question the reasons behind the turnaround in the Avery County economy. The most logical answer to any one who might casually visit the county would be the resort development activities. It is the intention of this study to assess the degree of impact resort development has had on the local Avery County economy.

VII. RESORT DEVELOPMENT AS A JOB CREATOR

The single most important indicator of the impact of the Avery County recreation industry is the jobs created. As reported in Chapter II, Avery County's resort developments include Linville, Beech Mountain, Sugar Mountain, Grandfather Golf and Country Club, Linville Land Harbors, Seven Devils, Mountain Glen, and Adams Apple. All totaled, these resorts have created 765 new full-time, year-round jobs and 595 seasonal jobs (See Table VII). Since most of the resorts, with the exception of Grandfather, do not build individual chalets, seven construction companies have recently begun operations in the county, building for, and in cooperation with, all of the developments. These companies employ an additional 265 people and can be included in the total of jobs created directly by the resort development.

Beech Mountain employs the greatest number of persons with 394 full-time, 100 part-time (winter), and 110 part-time (summer) employees. (Figures also include Linville Land Harbors employment.) Grandfather Golf and Country Club has the next largest number of employees with 150 full-time and 146 additional summer jobs.[54] Sugar Mountain employs

---

[54]Only Grandfather Golf and Country Club does all of their own construction, thereby adding to their total employment.

TABLE VII

RESORT EMPLOYMENT FOR AVERY COUNTY

		Linville[c]	Beech Mountain	Sugar Mountain	Grandfather Golf and Country Club	Linville Land Harbors	Seven Devils	Mountain Glen	Adams Apple	TOTAL	Salary and Wages
1. Administrative		4	70	24	16	*[b]	8	1	4	127	$10,000 a yr. min.
2. Construction (Engr.)		0	210	48	111	*[b]	0	0	12	381	$2--$6 an hr.
3. Food and Beverage		0	30	23	4	*[b]	20	0	0	77	$2--$3.60 an hr.
4. Janitors and Maids		0	12	17	5	*[b]	4	0	1	39	$1.90--$3.00 an hr.
5. Maintenance		18	38	4	5	*[b]	11	1	1	78	$2--$5 an hr.
6. Real Estate Sales		0	34	6	3	*[b]	3	0	*[a]	46	Commission or min. $10,000 a yr.
7. Secretarial Staff		2	*[a]	6	6	*[b]	2	0	1	17	$6,500 aver. a yr.
TOTAL		24	394	128	150	*[b]	48	2	19	765	
Seasonal Employment	Winter	0	100	75	0	*[b]	15	0	0	190	
	Summer	88	110	42	146	*[b]	3	10	6	405	
TOTAL		88	210	117	146	*[b]	18	10	6	595	

[a]Included with Administrative.
[b]Included in Beech Mountain's figures.
[c]Employment totals for Linville Resorts, Inc. and Grandfather Mountain, Inc. are combined.

Source: Personal interviews with officials representing the various resorts.

128 full-time, 75 winter, and 42 summer employees. The remaining four resorts employ a total of 93 full-time, 15 winter, and 107 summer employees.

Information regarding the location of residence is not available for the largest employer, Beech Mountain; however, data are available for the remaining developments. Grandfather Golf and Country Club reports that 126 of their full-time employees are Avery County residents with 10 from Mitchell County, 9 from Tennessee, and 5 from neighboring Watauga. At Sugar Mountain, 99 are Avery County residents with 22 Watauga County residents, 5 from Tennessee, and 2 live in Raleigh. As noted earlier, it was expected that Seven Devils' economic contributions to Avery County would be limited due to its ease of access to Watauga County. This is confirmed by the residency location of Seven Devils employees. Thirty-seven employees live in Watauga, 10 live in Avery County, and 1 lives in Mechlenburg County. Out of the Mountain Glen, Adams Apple, and Linville Resorts, Inc. developments, 42 live in Avery County and 3 live in Watauga. Of the resorts reporting, then, 75 percent of the total employees are Avery County residents. This figure is substantiated by the statistics compiled for the county's seven largest construction companies, where it was found that 72 percent of all employees are residents. If it is assumed that these percentages are indicative of Beech Mountain

employees, a total number of resident and nonresident workers for Beech Mountain can be determined. This should be a reasonable assumption since the only entrance to Beech Mountain is two miles deeper into Avery County than is the entrance to Sugar Mountain. On this basis, it can be assumed that the ratio of nonresident to resident employees for Sugar Mountain would not be too much different at Beech Mountain, even though substantial portions of the Beech Mountain development are actually located in Watauga County. It would, therefore, appear safe to apply a percentage of 70 percent residents to the total Beech Mountain employment, which would amount to 276 Avery County residents and 118 nonresidents. For the county as a whole, then, approximately 553 Avery County residents are employed at one of the resort developments on a full-time, year-round basis.

Of further interest was the high number of persons native to the area who were employed in administrative positions with the resorts. Again, information is not available for Beech Mountain or Linville Land Harbors; but for the remaining resorts, 32 of 57 people employed in administrative positions are natives. This is nearly 56 percent and indicates that local residents are benefiting from employment opportunities at the higher levels. Most all nonadministrative employees are natives. The only

importation of labor of any significance has come from neighboring counties.

In response to the general resort policy of leaving chalet construction to others, several construction companies have begun operations within the past few years. Seven of these companies are doing most of the business and, therefore, employing most of the laborers. Representatives of the various resorts, building supply outlets, and construction companies conclude that these seven companies are doing conservatively 85 percent of the business. However, it must be recognized that numerous smaller operations are at work in the county. The seven companies, which include W. B. Owen, Chalet, Mountain Resort Homes, Alpine, Resort Enterprises, Bowness, and Q. L. Ramsey, have been in operation an average of four years with Bowness being the oldest at seven years. All of the companies employ on a 12-month basis except Q. L. Ramsey, which employs on a 9-month basis. Most of the companies have adequate winter-time work to keep the men busy and find it necessary to offer year-round employment to keep well-qualified employees. The total number of persons employed by these companies is 265, not including 36 additional persons employed by Q. L. Ramsey for a 9-month period. A breakdown of job types and pay ranges is shown in Table VIII.

TABLE VIII

AVERY COUNTY CONSTRUCTION INDUSTRY EMPLOYMENT

Job Types	Number	Pay Range
Carpenters	140	$3.00--5.00
Carpenter helpers	20	2.25--3.50
Electricians	2	3.00--4.00
Foremen	19	3.75--5.00
Laborers	28	2.00--3.25
Machine operators	2	3.00--5.00
Management	16	10--30,000
Masons	3	4.50--5.00
Office workers	14	2.00--4.00
Painters	17	3.00--4.25
Plumbers	4	4.00--4.50
Total	265*	

*Q. L. Ramsey employs an additional 36 for 9-months only.

Source: Personal interviews with officials representing the various construction companies.

It was found that 194 of these employees live in Avery County, with 43 living in Tennessee, and 28 residents of Watauga County. It must be noted again, however, that these figures do not include all of the independent operations existing. Additionally, most of the companies subcontract their plumbing, electrical, and masonry work, thereby creating additional jobs.

All totaled, then, there are 1,030 new full-time jobs and 631 seasonal jobs which can be directly attributed to the recreation industry. With the exception of the 24 full-time and 88 seasonal jobs attributed to Linville Resorts, Inc. and Grandfather Mountain, Inc., none of these jobs existed seven years ago.

Of the total, Avery County residents hold 747 of the full-time jobs. Assumingly, Avery County shares in a smaller percent of the seasonal jobs, as many of these are filled by transients, most notably college students. However, there are also a number of jobs available in construction which are filled to a large degree by local people. Furthermore, the importance of seasonal employment to the youth of the area and as a supplement to family income should not be lightly considered. It is felt that the accounting of 747 full-time jobs is a conservative figure, as many jobs were undoubtedly not included--particularly subcontractors--and also that a number of Avery County residents must work in

recreation enterprises in neighboring counties, particularly in the tourist area of Boone--Blowing Rock.

VIII. MULTIPLIER EFFECT

Industries that generate revenues originating outside an area through the sale of goods or services produced in it are known as basic industries, while industries that receive revenues from sources inside the area for locally produced goods and services are known as nonbasic industries. The distinction is made because basic industries add revenue to the local economy, while nonbasic industries use what is already there. Therefore, when earnings obtained from financial resources coming from outside an area are spent within the locality, benefits received are compounded by the circulation of the money. For example, the carpenter earns his wages building a chalet for a man who earned the money elsewhere and spends a part of his wages in the grocery store. The grocer then may spend part of this income on new clothes. In this way, money is circulated through the economy, adding benefits at each subsequent round. Depending on the amount of these revenues which remain in the county, indirect benefits can exceed 100 percent. The degree to which revenues remain in the locality is dependent on the size of the population and the employment; generally, the larger both are, the greater are the indirect benefits

received. In a county such as Avery, the indirect benefits are generally less than 100 percent, since a portion of the money leaves the county circulation pattern. The multiplier for Avery County was calculated by Robert R. Nathan Associates to be 1.83.[55] For every job available in a basic industry, .83 jobs are thereby created in Avery County due to the circulation of outside revenues.

The recreation industry is a basic industry where goods and services are produced locally and purchased with revenue produced elsewhere. By applying the Avery County multiplier (1.83) to the total full-time employment directly associated with the recreation industry (747), the indirect effect on employment can be determined. This amounts to an indirect employment of 620. Adding the two totals, 747 and 620, gives a total number of 1,367 jobs directly and indirectly dependent on recreation out of a total county employment of 4,407.

IX. LOCAL ECONOMIC CONTRIBUTIONS OF THE SECOND HOME

Aside from the initial imput of capital into the local area through its construction, the second home offers other

---

[55]Appalachian Regional Commission, Recreation as an Industry, op. cit., p. 126.

tangible benefits for the local economy. The second home owner spends more time in the area than other recreationists, visiting at various times throughout the year and remaining for longer periods of time, thereby generating more needs and increasing local expenditures. A 1966 study of Vacation Homes in Northern New England by The Bureau of Outdoor Recreation listed annual expenditures as is shown in Table IX. This study found that second home owners spend an average annual total of $1,729.95 in the host community. If we assume that the Avery County area is benefiting similarly from its second homes, then, the annual total expenditures would amount to $2,236,825 for the 1,293 second homes which have been built at the eight resorts. There are an additional number of scattered vacation homes throughout the area, and many of the homes within the eight developments are rented when not occupied by the owners, generating further expenditures. When the initial investment is added to this consideration, it is easy to see that the second home is a valuable contributor to the local economy. If an average cost per unit of $25,000 is assumed, the capital investment in second homes totals 32.3 million. This amounts to an average annual investment over the past seven years of 4.3 million.[56]

---

[56]This figure does not include the 95 homes in the Linville Resort--most of which were built prior to 1966.

TABLE IX

ESTIMATED AVERAGE AND TOTAL YEARLY EXPENDITURES IN THE LOCALE OF THEIR VACATION HOME BY VACATION HOME OCCUPANTS

Item	Average Yearly Expenditures[a] Northern New England	Expenditures[b] Avery County
Food, Groceries	$ 401.01	$ 518,506
Meals in Restaurants	54.17	70,042
Drugs	32.02	41,402
Recreation and Amusements	35.61	46,045
Apparel	61.13	79,041
Gasoline, Oil, etc.	97.32	125,835
Wages Paid to Domestics and Other Household Employees	63.68	82,338
Miscellaneous Items	31.67	40,949
Real Estate Taxes Paid to Local Governments	189.15	244,571
Utilities, Insurance, Maintenance and Repairs	484.07	625,903
Major Sport Equipment	155.57	201,152
Furniture and Home Furnishings	124.55	161,043
Total	$1,729.95	$2,236,825

[a]U. S. Department of the Interior, Bureau of Outdoor Recreation, Northern New England Vacation Home Study - 1966, pp. 10-12.

[b]In December, 1972, the eight resorts located in Avery County accounted for a total of 1,293 second homes.

X. TOURIST EXPENDITURES

The local economy also benefits from tourist visits with the volume of visitors, the amount of expenditures, and the length of the visits determining the magnitude of the impact. The ski season has brought many new tourists into Avery County. The average cost per skier per day is highest among all recreational activities listed by the Nathan study, even surpassing race tracks.[57] In Avery County a skier will spend $10 per weekday, $18 per weekend, just for lift tickets and rental skis. Lodging, transportation, and food are purchased at additional expense. This past winter, 110,000 skiers visited Avery County.

Grandfather Mountain Inc. and the Land of Oz attractions receive approximately 250,000 visitors each during the summer season. Average daily expenditures for visitors of theme parks is generally estimated to be about $5.50 per person.[58]

Additional tourists are brought into the area by the recreation activities available at the various resorts for weekends and vacations; those who rent chalets or stay in the resort lodges are entitled to the use of all recreation facilities as temporary members. All totaled, travelers

---

[57]Appalachian Regional Commission, Recreation as an Industry, op. cit., p. 34.

[58]The Mount Rogers Planning District Commission, Recreation /Tourism, Industrial Development, Employment and

expenditures discussed earlier in this chapter indicate that 2.7 million was spent in Avery County in 1971.

XI. RECREATION THEORY

As pointed out in Chapter I, the recreation community represents a new type of recreation enterprise. Characteristics of this type enterprise indicate that the impact on the local economy may be greater than previously considered for other segments of the recreation industry. Therefore, some of the basic findings of the Nathan study need to be reinvestigated.

One of the reasons that the recreation industry is assessed to have limited economic impact is the contention that recreation enterprises are small businesses in terms of employment and investment. The Chilton study of outdoor recreation enterprises, which found that only 5.6 percent of all enterprises employ five or more persons year-round, is cited as evidence of minimal economic impact.[59] As has been shown in this chapter, this is in no way indicative of recreation community employment. One enterprise employs 394 persons year-round. The recreation community is labor intensive.

Population Forecasts. A report prepared by Robert Gladstone and Associates (Washington, D.C.: January 15, 1970), p. 97.

[59]Appalachian Regional Commission, Recreation as an Industry, op. cit., p. 24.

As evidence that recreation enterprises are generally small businesses in terms of investment, the Chilton study found that the median capital investment in recreation establishments is about $64,000.[60] As noted in Chapter II, more than 16 million dollars has been invested in Beech Mountain by the corporation, not to mention the 610 dwelling units which have been financed by individuals at an estimated average cost of $25,000. Clearly, findings based on the conclusion that recreation enterprises are predominately small businesses cannot be applied to the recreation community.

The evidence most often presented indicating the limited economic value of recreation is related to the type jobs created. It is argued that recreation is predominately oriented toward serving the tourist; jobs created require little skill and, therefore, are low-paying positions. The services and trades industries are among the lowest paying industries. Obviously, many jobs have been created in the services and trade sectors of Avery County, both at the resorts themselves and throughout the county. It is often held that such jobs can be important to the young and to women, supplementing family income. But it is for the reason that insufficient jobs are created of skilled and semiskilled nature that the recreation industry is regarded

---

[60] Ibid., p. 25.

to lack the economic punch to initiate and then sustain a viable, healthy economy. However, evidence presented in this study indicates that a large number of skilled and semi-skilled jobs have been created by the recreation industry in Avery County. The nature of the recreation community requires large employment in construction and maintenance, as well as operators of the sophisticated recreational facilities, management, and clerical personnel. Wages, as shown on pages 70 and 74 are relatively high with great opportunity for advancement as skill and qualifications increase with experience. Many of the employers noted the youth of the Avery County recreation industry and expect wages to increase as employees' seniority increases.

The seasonal nature of the recreation industry has also contributed to conclusions that the industry was of limited economic impact. Evidence is offered in this study which indicates that the recreation community is not greatly affected by seasonal inactivity, at least in respect to employment. The larger portion of the jobs created are full-time, year-round jobs. These are basically the skilled and semiskilled jobs. The seasonal aspects of the remaining jobs are greatly reduced due to the four-season nature of these recreation communities. With the development of a strong winter season in Avery County, numerous seasonal jobs are available December through March, supplementing the

summer season, leaving only April and November as off season. As noted earlier, the second-home owner and his guests also aid in the reduction of seasonal inactivity since they are inclined to visit the area in the low seasons, as well as, during the peak seasons.

One weakness with the recreation industry remains, and that is its sensitivity to cyclical movements of the national economy. Recreation expenditures are luxuries, and as such, are among the first cuts made by individuals during a recession. The construction industry is also highly cyclical, with ups and downs following national trends. However, while the recreation and construction industries may be sensitive to periods of prosperity and recession in the short run, they both possess favorable trends toward growth and prosperity in the long run.

Based on the results of the study contained in this chapter, it can be concluded that the economic impact of the recreation community as exemplified in Avery County offers greater potential benefits for the local economy than other elements of the recreation industry. It has been shown that employment is significant in terms of number of jobs created, wages, and length of the season. On the basis of this information, the resort industry as exemplified in Avery County can be considered the equal of a manufacturing plant which may employ 1,030 people full time and 631 people

seasonally at similar wages. In addition to the direct impact of employment, economic benefits are also derived from second-home owners and tourist expenditures. Therefore, there is every indication that a recreation industry of this nature can form the basis of economic development.

CHAPTER IV

FUTURE DIRECTIONS OF THE AVERY COUNTY ECONOMY

Resort development on a large scale began in Avery County less than seven years ago; and therefore, new directions in the economy have only recently been introduced. In Chapter III, the current economic impact of this change has been considered. Focus will now be directed toward the consideration of possible future impacts. Since this change has only recently occurred and has introduced new elements into the economy, it is difficult to predict its future course. It is felt that some basic questions can be answered by those most closely associated with the past and present business activities. In this regard, county businessmen were surveyed to ascertain their opinions concerning present and possible future impacts of resort development. In addition, resort developers were questioned concerning their future plans.

I. SURVEY OF COUNTY BUSINESSMEN

The survey was conducted by personal interview. A questionnaire was prepared (See Appendix B) and presented to owners and/or managers of the various establishments with questions asked orally and recorded by the interviewer. Information from businesses which had been in existence less

than seven years was not solicited since it was felt that valid judgments about the Avery County economy could not be made without some feeling for economic conditions before, as well as after, the introduction of resort development. Questions were asked pertaining to recreation-related impacts previously experienced and expected, as well as possible actions which have been, or are likely to be, taken in response to the impacts; i.e., expansions--increased employment. Information was classified according to business type and location within the county. It was felt that the survey would contribute knowledge concerning three aspects of the Avery County economy: a rough approximation of the magnitude of impacts past and future, the types of business benefiting most, and which locations are benefiting to a greater or lesser extent.

Businesses located in the built-up areas and along the major roadways were contacted. Information was not obtained from businesses where the owner or manager was not found to be available after two visits to the establishment. All totaled, 102 businesses were contacted, out of which only 49 had been in business seven years or longer.

The county was subdivided into four sections (See Figure 3), two of which are centered on the county's largest built-up areas, Newland and Elk Park. The other two sections are divided along two major roadways: U.S. 221--N.C. 105

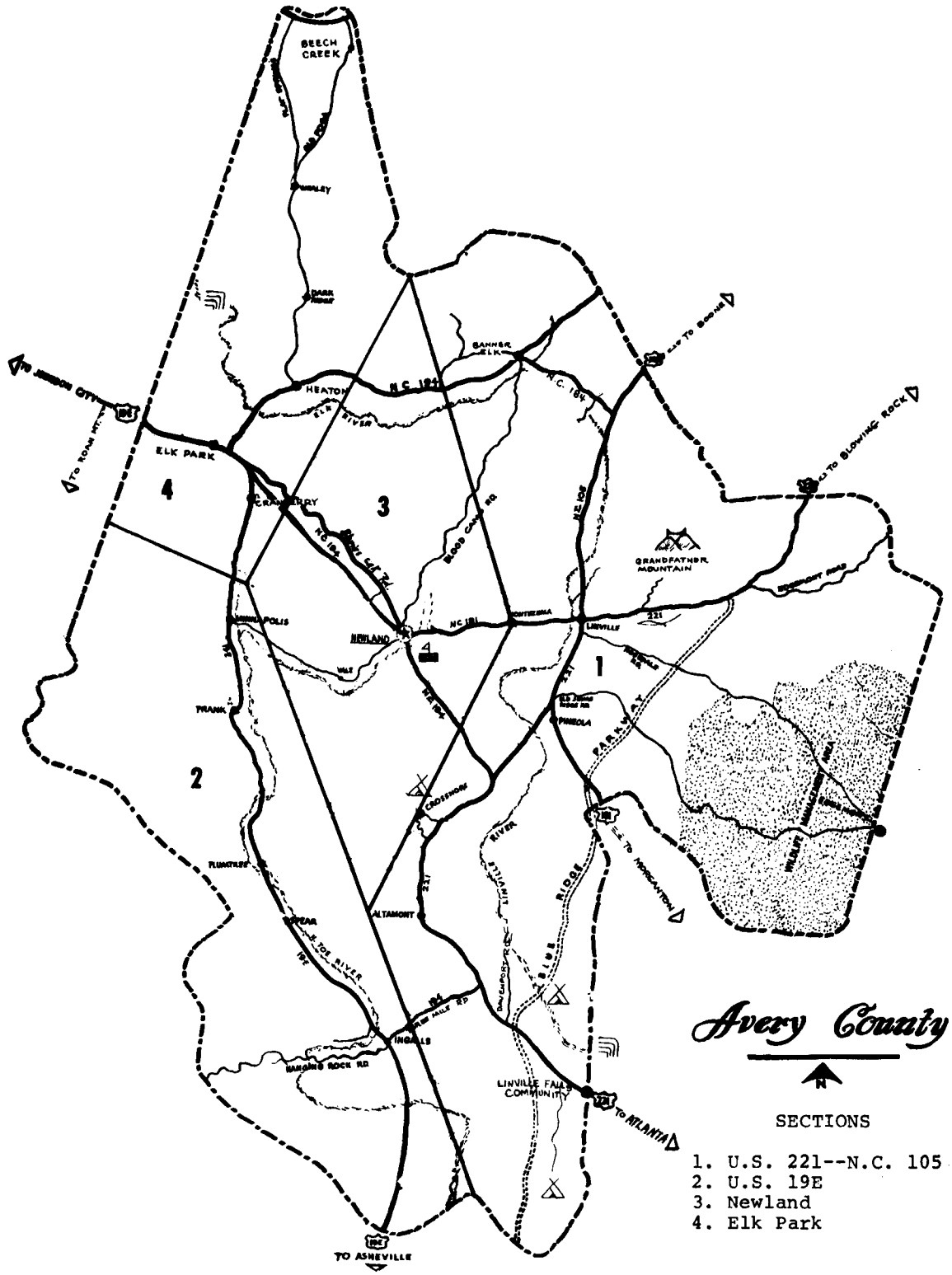


Figure 3. Four sections of Avery County.

from Linville Falls to Banner Elk and U.S. 19E from the county line to Minnapolis. The Newland section had the largest number of responses, accounting for 32.7 percent of the total, with the U.S. 19E section at 26.5 percent, and the Elk Park and U.S. 221--N.C.105 sections both having 20.4 percent of the total.

Of the various types of businesses contacted, grocery stores and general stores were the most common, each accounting for 20.4 percent of the total. Service stations represented 14.3 percent of the total, while the remaining business types recorded much smaller numbers. Of the businesses included in the survey, 79 percent have been established more than ten years, while 32.6 percent have been established more than twenty years.

The survey indicated that the establishments are generally experiencing increases in business over and above increases prior to 1966. All totaled, 81.6 percent responded that they had experienced such increases, with 65.9 percent indicating increases in volume of 30 percent or greater, and 24.4 percent recording increases of greater than 50 percent. Profits, however, did not rise correspondingly, with 27.5 percent indicating no profit increase at all, and 30 percent of the businessmen recording profit increases of 30 percent or more. The one case where profit increases did increase in accordance with volume was the group indicating profit

increases of greater than 50 percent. Among those experiencing increases, 22.5 percent recorded profit increases of 50 percent or greater, compared to the 24.4 percent who recorded like increases in volume.

When considering the degree of prosperity according to location, all of the establishments along U.S. 221--N.C. 105 experienced increases in business. Elk Park reported 90 percent of the businesses experiencing increases, while Newland had 81 percent, and U.S. 19E reported only 61 percent. Among the various business types, 81.8 percent of the grocery stores reported increases, with 54.5 percent of the general stores and 85.7 percent of the service stations reporting increases. Other business types surveyed, including hardware, restaurants, hotels, furniture, building supplies, auto parts, banks, crafts, utilities, and newspapers, were represented by so few in number that evaluating prosperity by types is not meaningful.

The majority (68.8 percent) of businessmen interviewed felt that the increase had been steady throughout the six-year period. Of those who experienced marked increases during a particular two-year period, 85.7 percent responded that 1970--1972 was the most prosperous period for them.

In response to the question attributing past business increases to resort development activities, 51 percent of the businesses surveyed answered "yes" without hesitation;

24.5 percent answered that these activities were partially responsible for business increases, while 24.5 percent answered "no" without hesitation. When comparing sectional responses, it is interesting to note that the U.S. 19E section responded with only 15 percent "yes," 46.2 percent "no," and 38.5 percent "partially." The U.S. 221--N.C. 105 section, on the other hand, responded with 90 percent "yes," 0 percent "no," and 10 percent "partially." The Newland and Elk Park locations responded with figures closely approximating the county-wide percentages. Likewise, grocery stores and service stations responded in accordance with county-wide figures, while only 27.3 percent of the general stores answered "yes," 45.5 percent "no," and 27.3 percent "partially."

A number of businessmen have responded to business increases by expanding their facilities. County-wide, 46.9 percent of the businesses surveyed have expanded, with the U.S. 221--N.C. 105 section at 70 percent, U.S. 19E at 23.1 percent and the Newland and Elk Park sections both at 50 percent. Grocery stores, general stores, and service stations expanded facilities to a lesser degree than all types as a whole, recording 26.4 percent, 9.1 percent, and 42.9 percent, respectively. Most of the expansion has occurred recently, with 21.7 percent in 1971 and 39.1 percent in 1972. The extent of facility expansion was reported to be 30 percent or greater by 69.5 percent of the businesses, with 43.5 percent reporting expansions of 50 percent or greater.

Businessmen were asked if they expected to experience increases in business within the next five years. Of the total, 81.3 percent answered that they did. All of the businesses along U.S. 221--N.C. 105 answered "yes," 61.5 percent of the U.S. 19E section business answered "yes," with Newland recording 84.5 percent "yes," and Elk Park 77.8 percent "yes." Businessmen attribute this projected growth to recreation in exactly the same proportion to the response attributing past growth to recreation. Among the grocery stores, 70 percent expect future increases, with 63.6 percent of the general stores responding "yes," and service stations, the most optimistic of the three types, recording 85.7 percent "yes."

County-wide of those who expect business increases, 64.8 percent project increases of 30 percent or greater within the next five years, with 32.4 percent of the businessmen projecting increases of 50 percent or greater.

Of all businesses surveyed, 20.4 percent indicated that they have concrete plans for expansion within the next two years. Eighty percent of this number indicate the intended expansion will increase their current facilities by 30 percent or more, while 40 percent of these businessmen intend to expand facilities by more than 50 percent. In addition to those who already have made plans for expansion, another 49 percent are considering the expansion of existing facilities within the next five years.

In further response to improving business, the establishments included in this survey are employing an increasing number of people. In the two-year period, 1966--1968, the 49 businesses employed 179 people full time and 48 part time. By 1968--1970, 197 persons were employed full time and 50 part time. Currently, employment is up to 233 full time and 66 part time, representing an increase of 54 full-time and 18 part-time jobs.

From the survey, a number of conclusions can be drawn. First, businesses are generally experiencing favorable economic conditions. Nearly 82 percent of all businesses are increasing at a greater rate than ever before. Volume of business has increased to a greater extent than profit; but, still, nearly one-fourth of all businesses experiencing increases reported increases of 50 percent or greater.

Secondly, the businessmen attribute their prosperity to resort development activities, with three-fourths of all businessmen indicating favorable impacts from recreation. Most expressed increased numbers of their customers working and earning more and increased tourist traffic as reasons they consider resort development as a positive factor in improving business. It is quite interesting, however, that 24.5 percent adamantly indicated that recreation has not helped their business. Obviously, they had given the situation considerable thought. There was almost a vindictive

tone in the response, some even suggesting that resort development is the source of their problems. However, when pressed for a reason for this opinion, none was offered.

Thirdly, county businessmen expect the recent trend toward growth and prosperity to continue. A full 81.3 percent anticipate further increases in business, with 64.8 percent expecting their business to grow by nearly one-third in the next five years. In response to this expected prosperity, 20.4 percent have made plans for expansion, with another 49 percent considering expanding. County businessmen cite resort development activities as a major reason for their optimism.

It can also be concluded that the U.S. 221--N.C. 105 section is benefiting from resort development to a greater degree than the remainder of the county, while the U.S. 19E section is receiving fewer benefits. One hundred percent of the businesses along U.S. 221--N.C. 105 experienced increases since 1966, with 90 percent attributing this increase to recreation. All of the businesses expect prosperity to continue for the same reason. This is compared to a much less optimistic response from the U.S. 19E section, where only 61 percent have experienced increases, and a full 46.2 percent felt that recreation had in no way helped their business. Only 61.5 percent of this group expect to experience business increases in the next five years.

The optimism expressed by businessmen located along U.S. 221--N.C. 105 could be logically expected. This is the main route into the county from most points south, notably Atlanta. Additionally, most of the resorts are located along this roadway, as well as an interchange from the Blue Ridge Parkway.

The response received from the U.S. 19E section is also predictable. This section is the farthest geographically from the resorts and is also out of the activity pattern which largely runs along U.S. 221--N.C. 105 on into the Boone--Blowing Rock area. However, there is a second factor that may be influencing the responses received from the U.S. 19E section. This section has a larger number of general stores (38.5 percent) than does the county as a whole (20.4 percent). General stores are not sharing equally in the county's growing prosperity, as will be considered shortly. However, it must be pointed out that Elk Park also has a relatively high number of general stores (30 percent) but recorded responses which are comparable with county-wide totals.

The determination of prosperity by business types was not realized by the survey due to the small number of businesses operating seven years or more. Some general observations can be made concerning the county's three most common business types. Grocery stores and service stations responded to all questions in close approximation to figures recorded

for all business types in the aggregate, with service stations slightly more optimistic of the two. General stores, on the other hand, recorded answers very different from county averages. Only 54.5 percent indicated business increases, compared to 81.6 percent for all businesses. In response to the question regarding the contributions of resort development, a full 45.5 percent answered that they have received no benefits. Sixty-four percent of the general stores expect future business increases, as compared to 81.3 percent for all business types. Improvements in transportation have hurt general stores which customarily sell at a low volume with high markup. Local residents are now able to travel easily to neighboring areas and can shop at the large chain stores. A number of the stores have recognized this and are attempting to regain business by increasing volume and lowering prices. Some businesses have associated with large companies, thereby improving purchasing power.

II. SURVEY OF COUNTY DEVELOPERS

In Chapter II, the current extent of resort development in Avery County was considered. The future extent of these developments will now be investigated. Future development is approached in two time periods. The first period includes expansions which are planned for the next two years. In most cases, plans have been finalized and financial arrangements

have either been completed, or are in the process of being finalized. The second period includes expansions which are proposed after 1975. The future development activities, as forecasted by the respective developers, are summarized in Table X according to the two periods.

It is obvious that if development proceeds as scheduled, Avery County has only begun to feel the impact. Over the past seven years, Avery County developments have established a good record of reliability. All of these resorts are still under original ownership, and facilities promised have been forthcoming. This past record should, of course, add to the credibility of their planned and proposed expansions. Based on these plans, Avery County can expect within the next two years two more ski lifts, three golf courses, four indoor tennis courts, thirty-five outdoor tennis courts, and three swimming pools. If realized, this would be quite an addition to the county's recreational facilities and will attract more people to the area. The developers also anticipate the sale of 5,700 additional lots within the next two years. Many of these new families will most likely choose to spend more time in Avery County after they have purchased land. It is also expected that 65 to 72 miles of road and 25--26 miles of water and sewers will be built. Most impressive is the number of chalets and condominiums which are expected within the next two years. Since 1966, 1,198 second homes have been

TABLE X

FUTURE RESORT DEVELOPMENT

	TWO-YEAR PLANS									PROPOSED AFTER 1975 ADDITIONAL							
	Ski Lifts	Golf Courses	Tennis Indoor	Tennis Outdoor	Swimming Pool	Number of Lots	Miles of Road	Miles of Sewer and Water	Number of Homes	Ski Lifts	Golf Courses	Tennis Indoor	Tennis Outdoor	Swimming Pool	Number of Lots	Number of Homes	Date of Completion
Beech Mountain	1	1	2	4	No	3000	27-32	18-20	300	Yes	Yes	No	Yes	Yes	1000	NA	1978
Sugar Mountain	1	1	No	6	1	500	4-5	1	600	Yes	Yes	No	Yes	No	400	1150	1980
Grandfather Golf & Country Club	No	1	No	4	No	80	5	2	100	No	No	No	No	No	100	300	1980
Linville Land Harbors	No	No	No	4	No	1500	3-4	3-4	50	No	No	No	No	No	1000	NA	1983
Seven Devils	No	No	No	4	1	600	25	No	214	Yes	No	No	Yes	No	200	750	1980
Mountain Glen	No	No	No	4	No	11	NA	No	NA	No	No	No	No	No	63	NA	1980
Adams Apple	No	No	2	9	1	0	1	1	100	No	No	No	Yes	No	0	100	1977
TOTAL	2	3	4	35	3	5691	65-72	25-26	1364						2763	2300	

*Linville development is completed.

Source: Personal interviews with officials representing the various resorts.

built.[61] Developers project that this figure will be doubled by 1975, accounting for an annual addition of 700 homes, compared to the average annual addition of 170 since 1966. The Sugar Mountain total appears particularly high; but according to officials, a 300-unit condominium hotel has already been started, with 200 additional condominium units projected for other locations. Also, 100 individual chalets are expected to be built.

The second period of future development represents the ultimate extent of the developers' plans. Projects slated for construction during this phase of development are classified as "proposed." As no definite arrangements have been made, the developer retains flexibility to change proposed projects. However, at the present time the developers' intentions are summarized in Table X, page 98, under Proposed After 1975. Most of the resorts are projecting that by 1980 development should be complete. However, second-home construction should continue for a longer period of time. Between 1975 and the early 1980's, development should continue at a rapid pace. Additional recreation facilities will be constructed, and another 2,700 lots are to be sold.

---

[61]This figure does not include the 95 homes in the Linville Resort--most of which were built prior to 1966.

Second-home construction should continue at a rate of 600 to 700 units per year throughout the period.[62]

It can be concluded, then, that at least for the immediate future Avery County is likely to continue to experience considerable resort development activity.

III. FUTURE PREDICTIONS BASED ON THE SURVEYS

The character of Avery County as a resort center was set in the late 1960's and will continue to build this role through the 1970's. This will likely mean that many new developments, large and small, will be introduced into the area. The resorts reinforce each other's position, thereby enhancing the county's appeal to other perspective developers. Rumors of possible new developments abound. Two of the companies, Carolina Caribbean Corporation and G. F. Company, own additional land in the county and have expressed their intention to begin new large developments shortly. It would, therefore, appear safe to assume that as long as the demand for recreation and second homes remains, it will continue to be satisfied in Avery County, even beyond the termination of existing resorts.

After the development of the eight resorts has been completed, they will continue to employ many persons merely to

---

[62]Based on an estimate of 150--200 homes to be built on Beech Mountain each year.

operate and maintain the extensive facilities. As noted earlier, second-home construction should also continue to be a factor after all facilities have been completed.

From the survey conducted for this study, the local economy appears to be at or near full employment. Developers indicate that lack of labor is a problem, and this condition is verified by the fact that approximately 30 percent of the recreation labor force comes from outside the county. Given the projections of the developers, this percentage of outside labor is likely to increase. The increase in the use of labor from outside the county will undoubtedly diminish some of the local impacts of the projected increase in development activities. However, this condition should have a most positive effect on wages earned by local labor.

It can also be expected that Avery County will experience a very large expansion in the trade and service industry. The large number of people spending one day to several weeks in the county has already created a demand for services previously unknown, both in terms of amount and sophistication. This is compounded by increased prosperity on the part of local residents. Local businessmen expect their business to prosper as a result of this demand, and it is likely that many new businesses will be opened in response to this favorable economic climate. The annual local expenditures of second-home owners alone have already reached 2.2 million and will reach

10.2 million dollars by 1980 based on the existence of the projected 5,900 second homes.

	1972	1975	1980
Total Number of Homes	1,293	2,657	5,900
Initial Investment[63]	$32,300,000	$66,400,000	$147,500,000
Owners Annual Expenditures[64]	2,200,000	4,600,000	10,200,000

The 1972 figure for owners annual expenditures represents nearly one-fourth of the county's total retail sales in 1966--1967 (9.3 million), with the 1980 figure projected to be one million dollars greater. Many of the new businesses are most likely to locate along U.S. 221, N.C. 105, and N.C. 184 on into Banner Elk and will be oriented toward satisfying the needs of the tourists.

To summarize the results of the two surveys, it can be concluded that Avery County's economic future lies with recreation most surely in the near future, and most probably beyond that. Furthermore, the future is very bright, both from the standpoint of enormous growth in local business and a continued condition of full employment.

---

[63]Based on an estimated $25,000 per house.

[64]Based on an estimated average annual expenditure of $1,730--see Table IX, page 79.

IV. FUTURE IMPACTS ON LOCAL GOVERNMENT

According to local officials, Avery County is in better shape financially than ever before.[65] In fiscal year 1971--1972, total revenues amounted to 1.7 million and exceeded expenditures by $30,000. Officials cite rising sales and property tax revenues as providing a tax base which was lacking until recently. In North Carolina, the local county receives a one cent sales tax on every dollar spent. Previously, the county was unable to take advantage of many federal grants, as they could not meet matching fund requirements.

The county government, in response to increased revenues, is providing greater services. The county high school system was consolidated in 1968 into one new facility. Trash and garbage collection on a county-wide basis was made possible in 1972 due to a federal matching grant and is now maintained exclusively by county revenues. The county Sheriff's Department has also been expanded from two persons to five, and radios have been installed in patrol cars. A new county jail is scheduled to open this year.

Additionally, the county is studying the feasibility of a county-wide police force which would be free of the political

---

[65]Floyd Banner, Chairman of County Commissioners, private interview held in Newland, North Carolina, April, 1973.

liabilities common to the Sheriff's Department; increased support of the Rescue Squad; Fire Department improvements; a new sewer system for Banner Elk; and the employment of a county manager.

The county should continue to experience increasing tax revenues. The expected large increase in retail sales and continued construction of second homes should add greatly to the local tax base. The second homes being built are generally of higher quality than houses previously common to the county and are, therefore, of higher assessed value. Also contributing to local revenues is the increasing value of all county land which has been stimulated by development. Furthermore, the resort establishments themselves and the satellite commercial development to follow will add to the tax base.

The existing eight resorts have not placed a great, new demand for services on the local government. The recreation communities provide their own services, including sewage, water, police, fire, road maintenance, and trash and garbage disposal. The one area where these communities could require county services is education; and since most second homes are occupied only occasionally and most potential year-round residents would be of retirement age, it is unlikely that the demand for educational services would be very great. In short, the resorts should be paying more into the system than they

require in return. It should be cautioned, however, that future resort development may not be to the standard of existing development and may not provide the same level of services characteristic of existing development. In this event the demand for governmental services might increase creating potential tax problems.

Tourist traffic and recreation-oriented commercial development will create an increased demand for governmental services. Water and sewer will be a major concern, as will solid waste disposal and fire and police protection. However, it is likely that as the demand for governmental services escalates, so will tax revenues. The Avery County recreation industry, then, is likely to provide a tax base which has previously been lacking and which should permit the provision of services to the benefit of the industry and local people as well.

Also of concern to local government is the potential deterioration of the environment. The natural beauty of the area is now not only something to appreciate in an aesthetic sense, but also something to appreciate for its economic importance. It has not been within the intent of this thesis to study the quality of the resort development in an aesthetic sense, as this study has been limited to the economic impact. However, in many cases the two are related, and it is appropriate to make several comments concerning aesthetics.

All of the developments have obviously gone to great lengths to protect their land resource. The quality of development has been very high, without exception, among the eight resorts studied. Trees have been protected everywhere, even to the point of building roads and structures around them. Road cuts and ski slopes have been planted; power lines have been placed underground wherever economically feasible to do so; and all but Mountain Glen, which has little sewage to worry about, either currently are or have finalized plans to provide tertiary treatment of sewage.

Avery County has no zoning or subdivision regulations. Watauga only recently adopted such regulations. The developers have been free, for the most part, to do as they wish. However, it is in their own economic best interests to develop a high-quality resort. The clientele to which they cater is highly sophisticated in their demands for quality. Several of the companies have ambitions beyond their current endeavors and consider their developments as flagship ventures, in an effort to build a reputation for quality which will pay off later.

The real challenge to Avery County lies not with the resort developments themselves. Certainly, they are responsible for the introduction of change which may lead to possible future problems; but they are not likely to be the problem. Problems associated with satellite developments are more likely to cause the greatest dilemma.

All property along U.S. 221--N.C. 105 and N.C. 184 can be considered prime for development. Many thousands of people pass through this area constantly, but currently there are very few establishments to serve their needs. The MacDonalds, Pizza Huts, and service stations are inevitable. The Blowing Rock Highway in Boone is an excellent example of what this area is likely to resemble if regulations are not introduced and enforced. Along the entire length of the Blowing Rock Highway land is at a premium. Whole mountains are moved as a tribute to its economic value. In attending local meetings and talking with local people, it has often been stated that local people are opposed to any regulations which would limit their freedom to use their land as they see fit. This attitude is regrettable, for this is their land, and it is being invaded by outsiders who also have the freedom to do anything with the land. There is nothing that can be done to reverse the change which has already been introduced, as some may wish; but there is still opportunity to control this change and to preserve as much of the natural beauty as possible. The alternative is obvious, all who live in Avery County have witnessed what has happened in Boone where regulations are a little late in coming. Now it is Avery County's turn. It is up to the local residents to try and control the development which is coming. If they fail, it may well be that the only beauty in the county will be up on the mountains within the confines of the eight resorts and out of the reach of the local residents.

Local officials recognize the need to act and are making every effort to gear up for the coming change. A recent meeting of the County Commissioners was devoted entirely to the question of zoning. Additional meetings on the necessity of regulations are forthcoming in an effort to change the current public opinion. Officials are also aware of the limitations of the county's current form of government. The government has been serving very limited needs until recently, and the rapid growth which has already occurred and is still to come will place a lot of pressure on its ability to act. The county's plan to hire a county manager would greatly increase governmental capabilities. There is a lot to do and only a short time in which to do it, but it is an encouraging sign that the county government is aware of the potential problems and is acting to do something about them.

It should also be recognized that the state may have a role to play in regard to development and the environment. Other states which have felt the developmental pressures have already acted with strict statewide environmental controls. In Vermont, for example, "any residential subdivision involving lots of less than ten acres, any commercial or industrial development of substantial size, and any development above the elevation of 2500 feet requires a permit from the State

Environmental Board."[66] In Hawaii, a land use law was passed which divided "the entire state into four districts--conservation, agricultural, rural, and urban."[67] Developments of any sort which would alter the character of these districts are regulated by the State Land Use Commission. These two states are not isolated cases but represent an increasing trend toward greater state involvement in regulation of development.

Increasing state involvement can be traced to the inability of the local governments to adequately deal with the problems created by intensive development. These problems are becoming more acute as the demand for land increases. Traditionally, land has been considered a commodity which could be bought, sold, and used at the owner's discretion and for his own benefit. More recently, land is being considered as a resource, as well as a commodity. Inherent in the concept of land as a resource is the idea that a landowner holds the land in trust and that, in addition to his interest in the land, there is also a public interest. It is, therefore, conceivable that as this "quiet revolution" in land use

---

[66]The Council on Environmental Quality, The Quiet Revolution in Land Use Control, A summary report prepared by Fred Bosselman and David Callies (Washington, D.C.: Government Printing Office, December 15, 1971), p. 7.

[67]Ibid., p. 5.

control intensifies nationally, the state of North Carolina may act in accordance with present trends, especially if problems are not being solved at the local level.

CHAPTER V

CONCLUSIONS

The intent of this thesis has been to assess the economic impact of the recreation industry on the local economy in Avery County, North Carolina. Casual observation would lead one to the conclusion that the impact has been very great. However, recreation studies have not appraised the industry to be of great economic value to its host community. Therefore, the Avery County situation has been studied in order to determine whether or not the impact has been great; and if so, what makes the Avery County situation different from widely accepted recreation principles.

In order to assess Avery County's economic progress during the 1960's, five economic indicators were studied (retail sales, per capita income, tax levies, travelers expenditures, and employment) and compared to the same indicators for four neighboring counties. In all cases, Avery County's percentage growth was greater by a large margin than any of the other four counties. Avery County was the only county of the group to show a population increase. All of the Avery County economic indicators point toward growth and progress. In one decade, Avery County's economic picture

has improved from the most bleak to the brightest among the five counties.

A major reason for Avery County's economic improvement is the 1,030 new full-time jobs and 631 seasonal jobs which can be directly attributed to the recreation industry. It was noted that approximately 70 percent of the full-time jobs are held by Avery County residents (747). Jobs created in a basic industry support additional jobs through the circulation of money. In the case of Avery County, this represents a multiplier of 1.83. Applying the multiplier to the total full-time employment directly associated with the recreation industry (747) gives a total number of 1,367 jobs directly and indirectly dependent on recreation out of a total county employment of 4,407. Further adding to the economic impact of the recreation industry are the annual expenditures of second-home owners which are estimated to be 2.2 million dollars each year. It was estimated that the investment in second homes amounts to 32.2 million. Also adding to the total impact are the expenditures made by tourists. It is estimated that 500,000 tourists visit Grandfather Mountain and the Land of Oz each summer and that 110,000 persons ski each winter. Other tourists visit the various resorts to participate in other recreational activities, accounting for a total travelers expenditure of 2.7 million in 1971.

Three lines of arguments based on the findings of this study and running counter to three principles of the Nathan report have been presented.

The Nathan report asserted that the recreation industry is of limited economic impact due to the fact that recreation enterprises are small businesses in terms of employment and investment. While this may be true for the industry as a whole, it is in no way indicative of the recreation community. One of the county's recreation enterprises employs 394 persons full time, year around and has invested 16.4 million dollars in that one development alone. Clearly, findings based on the conclusion that recreation enterprises are predominately small businesses cannot be applied to the recreation community.

The second principle set forth by the Nathan report declares that jobs created by the recreation industry are in trades and services and are, therefore, very low paying. Based on this conclusion, the Nathan study finds that the local economic impact is very limited, that local residents are unable to make a living wage. However, it was found that the Avery County recreation communities employ large numbers of skilled labor in construction and maintenance, operators of recreational facilities, managers, and clerical personnel. These jobs are relatively high paying and are supplemented by jobs created in trades and services at the resorts and also

throughout the county. Jobs of this nature can have a big impact on family income, as it is likely that women and young people can obtain jobs where previously they were unemployed. The number of jobs created, the degree of skill required, and the wages received are beyond all expectations of the Nathan report and similar studies.

The highly seasonal nature of the recreation industry has also, to a large degree, limited its economic impact on the local area. Workers most often are employed during the season only and laid off for long portions of the year. In this study, however, it was found that the majority of the jobs available in recreation in Avery County are 12-month positions. All totaled, 1,030 new full-time, year-round jobs have been created by the resorts studied. It may be argued that the bulk of these jobs created are in construction and that when the development of the eight resorts has been completed, the Avery County resort industry will also have a seasonal problem. However, this does not seem likely. In the first place, there does not appear to be any slowdown in construction in the foreseeable future; and even if this should occur, there would remain numerous jobs in maintenance, operators of recreational equipment, and managers.

The seasonal nature of the Avery County recreational industry has been greatly reduced by the introduction of a winter season. Seasonal employment has been supplemented by

the 190 jobs available during the winter season. Also indicative of the importance of the winter season is a monthly statement of retail sales, which shows that in 1970 the month of January recorded the greatest sales of 1.8 million compared to the month of September at 1.6 million, which was the second most productive month.[68] Further spreading the impact throughout the year is the second-home owner who is likely to visit Avery County during any and all seasons of the year.

Contrary to findings in the Nathan study, it has been shown here that employment is significant in terms of numbers of jobs created, wages, and length of the season. From these findings, it can be concluded that the economic impact of the recreation community as exemplified in Avery County offers greater potential benefits for the local economy than other elements of the recreation industry. There is every indication that a recreation industry of this nature can form the basis of economic development.

Since resort development in Avery County is a relatively new phenomenon, it is difficult to determine future growth. Projections of past trends are of little use since the current trend represents a complete reversal of the past and is no more than six years old. However, it was felt necessary to

---

[68]North Carolina Department of Revenue, Sales and Use Tax Division, Analysis of Sales and Use Tax Collections and Gross Retail Sales by Counties, 1971.

consider the future impacts of the Avery County recreation industry in order to properly assess the overall economic importance of the industry. It was felt that some basic questions could be answered by those most closely associated with past and present business activities. In this regard, county businessmen were surveyed to ascertain their opinions concerning present and possible future impacts of resort development. In addition, resort developers were questioned concerning their future plans. Based on these surveys, several conclusions were drawn about the extent and nature of future impacts.

From the survey of businessmen, it was concluded that establishments are generally experiencing favorable economic conditions. Nearly 82 percent of all businesses are increasing at a greater rate than ever before. Businessmen have responded to improving conditions by expanding facilities (46.9 percent) and by employing more people (54 full-time jobs and 18 part-time jobs) since 1966.

Businessmen attribute their prosperity to resort development activities, with three-fourths of all businessmen indicating favorable impacts from recreation.

Businessmen expect the recent trend toward growth and prosperity to continue. A full 81.3 percent anticipate further increases in business, with 64.8 percent expecting their business to grow by nearly one-third in the next five years.

It was also found that the U.S. 221--N.C. 105 section answered all questions with the highest degree of optimism. It can, therefore, be concluded that this section is benefiting from resort development to a greater degree than the remainder of the county.

The survey of the resort developers was presented in two time periods. The first period includes expansions which are planned for the next two years, with the second period including expansions which are proposed after 1975. The planned expansions for both periods indicate that Avery County has only begun to feel the impact of resort development. The developers project that the existing resorts will be complete around 1980. Between now and then more recreational and community facilities are to be built along with 600--700 second homes per year. This can be compared to the past rate of 170 second homes per year. This would amount to 5,900 units by 1980 at a total investment of 147.5 million.

Resort development activities, then, should intensify through the 1970's, providing even greater impacts. Many more jobs will be created by the intensified activities. The local economy already appears to be at or near full employment. Developers indicate that lack of labor is a problem, and this condition is verified by the fact that approximately 30 percent of the recreation labor force comes from outside the county. Given the projections of the developers, this

percentage of outside labor is likely to increase. The increase in the use of labor from outside the county will undoubtedly diminish some of the local impacts of the projected increase in development activities. However, this condition should have a most positive effect on wages earned by local labor.

It can also be expected that Avery County will experience a very large expansion in the trade and service industries. Increased tourism and increased prosperity on the part of local residents should contribute to increased retail sales. By 1980, second-home owners alone will be contributing 10.2 million annually in local expenditures. This can be compared to the county's total retail sales in 1966--1967 of 9.3 million. Many of the new businesses are most likely to locate along U.S. 221, N.C. 105, and N.C. 184 on into Banner Elk and will be oriented toward satisfying the needs of tourists.

Beyond 1980, it is likely the construction industry will continue to be an important element in the economy. Contributing to the construction industry will be new developments, large and small, which are likely to follow the first eight; commercial development in response to the expanding trades and service industry; and continued second-home construction at the eight developments and elsewhere.

The Avery County economy is likely to orient more and more toward the recreation industry, improving the county's

capabilities to serve it. As the county develops more facilities, a greater portion of the income generated can be expected to remain in the local economy, thereby magnifying the impact of the industry.

This study has focused on the second-home-oriented resort industry of Avery County. It was found that the industry was based on large scale developments, requiring extensive investment. In expanding the conclusions of this thesis to other areas, it must be cautioned that not all resort developments are of the same quality as is found in Avery County. There are many cases of under-financed developments where the main intent is to get as much out of a project as possible, providing only what is absolutely necessary. After the developers have gone, the local government may be left with a public liability. These "fly by night" low-investment developments are not likely to have a great impact on the local economy and should not be confused with the large scale development experienced by Avery County.

To summarize the results of this study, it can be said that the Avery County economy has already experienced considerable growth as a result of the impact of the recreation industry, and every indication points to continued growth and prosperity. The large scale recreation community typical of Avery County can stand as an example of the development potential of other areas in the Smoky--Blue Ridge mountain region.

The recreation industry as existing in Avery County can be a viable solution to the economic problems of the region and should be considered when economic development is proposed.

SELECTED BIBLIOGRAPHY

SELECTED BIBLIOGRAPHY

A. PUBLIC DOCUMENTS

Appalachian Regional Commission. Appalachian Highlands Recreation Study: Phase II Market Analysis. San Mateo, California: URS Research Company, 1970.

Appalachian Regional Commission. Recreation as an Industry. Appalachian Research Report No. 2. Washington, D.C.: Robert R. Nathan Associates, Inc. and Resource Planning Associates, December, 1966.

North Carolina Department of Administration, Office of the State Budget, Statistical Services Section. Profile of North Carolina Counties, 3rd Edition, January, 1973.

North Carolina Department of Local Affairs, Division of Community Planning. Avery County Economic Potential Study, October, 1969.

North Carolina Department of Revenue, Sales and Use Tax Division. Analysis of Sales and Use Tax Collections and Gross Retail Sales By Counties, 1971.

North Carolina Department of Tax Research. Statistics of Taxation, 1970. Raleigh, N.C.: State of North Carolina Printing Office, 1970.

Outdoor Recreation Resources Review Commission. Economic Studies of Outdoor Recreation, Study Report 24. Washington, D.C.: Government Printing Office, 1962.

Outdoor Recreation Resources Review Commission. Outdoor Recreation for America, Number 62-60017. Washington, D.C.: Government Printing Office, 1962.

The Council on Environmental Quality. The Quiet Revolution in Land Use Control. Summary Report prepared by Fred Bosselman and David Callies. Washington, D.C.: Government Printing Office, 1971.

The Mount Rogers Planning District Commission. Recreation/ Tourism, Industrial Development, Employment and Population Forecasts. A Report Prepared by Robert Gladstone and Associates. Washington, D.C.: January 15, 1970.

United States Area Redevelopment Administration. Tourist and Recreational Potential--Western North Carolina. Washington, D.C.: Government Printing Office, 1964.

United States Department of Commerce and U. S. Department of Agriculture, Bureau of the Census and United States Forest Service. Second Homes in the United States, Series H-121, No. 16. Washington, D.C.: Government Printing Office, 1969.

United States Department of Commerce, Bureau of the Census. Census of Population: 1940, Volume II, Characteristics of the Population, Part 5. Washington, D.C.: Government Printing Office, 1943.

United States Department of Commerce, Bureau of the Census. Census of Population: 1950, Volume II, Characteristics of the Population, Part 33 North Carolina. Washington, D.C.: Government Printing Office, 1953.

United States Department of Commerce, Bureau of the Census. Census of Population: 1960, Volume I, Characteristics of the Population, Part 35 North Carolina. Washington, D.C.: Government Printing Office, 1963.

United States Department of Commerce, Bureau of the Census. Census of Population: 1970. General Social and Economic Characteristics: 1970. Final Report PC(1)-C35 North Carolina. Washington, D.C.: Government Printing Office, 1972.

United States Department of Commerce, Bureau of the Census. Statistical Abstract of the United States, 1971, 92nd Edition. Washington, D.C.: Government Printing Office, 1971.

United States Department of the Interior, Bureau of Outdoor Recreation. Northern New England Vacation Home Study - 1966.

B. BOOKS

Chapin, Jr., F. Stuart. Urban Land Use Planning. Urbana: University of Illinois Press, 1966.

Clawson, Marion, and Knetsch, Jack L. Economics of Outdoor Recreation. Baltimore: The Johns Hopkins Press, 1966.

C. ARTICLES AND PERIODICALS

"A Market for Relaxation Stirs a Hive of Activity." Business Week, July 19, 1969, pp. 66--68.

"Away From It All: The Second-Home Boom." Newsweek, August 5, 1968, pp. 58--60.

Beverly, Russell. "Why The Second House." House and Garden August, 1972, pp. 23, 107.

"Big Surge in Leisure Housing." Practical Builder, November, 1965, pp. 15--20.

Burton, Kaplan. "Condominiums To Buy or Not To Buy." Ski, November, 1972, pp. 110--163.

Carolina Caribbean Corporation. All Seasons Living, Volume 2, Number 2, July--September, 1972.

Carolina Caribbean Corporation. Annual Report, 1972.

Carruth, E. "Corporate Move to Leisure Towns." Fortune, April, 1971, pp. 72--75.

David, E. J. L. "The Exploding Demand for Recreation Property." Land Economics, Volume 45, Number 2 (1969), pp. 206--217.

"83 Billion Dollars for Leisure: Now the Fastest-Growing Business in America." U.S. News and World Report, September 15, 1969, pp. 58--61.

Farmer, H. Randolph, ed. "Skiing in the South." Lawyers Title News, March, 1969, pp. 2--4.

"For Second Home Owners: A Stiff New Tax Rule." U.S. News, July 24, 1972, pp. 63--64.

Hubbard, Cobb. "The New American Country Club, Vacation Condominiums." Esquire, July, 1972, pp. 117--124.

Huntoon, Jr., Maxwell C. "The Dollars and Sense of Condominiums." American Home, January, 1970, pp. 54, 70.

Kraus, Robert. "Economics and Leisure Today." Parks and Recreation, August, 1971, pp. 62--66.

Kraus, Robert. "Economics of Recreation Today; U.S. Annual Expenditures." Parks and Recreation, June, 1970, pp. 19--22.

Krutilla, J. V., and Knetsch, Jack L. "Outdoor Recreation Economics." Ann. American Academy, May, 1970, pp. 63--70.

Lyons, William W. "Attracting Investment in Recreation and Travel." Appalachia, January, 1970, pp. 6--10.

Martin, Wendell H. "Remote Land: Development or Exploitation?" Urban Land, XXX (February, 1971), pp. 3--10.

Massie, Kim. "South To The Summit." Ski, December, 1968, pp. 82--85, 128.

Mongs, Robert C. "Tourism's Potential for Contributing to the Economic Development in the Caribbean." The Journal of Geography, LXVIII, No. 3 (March, 1969), pp. 173--177.

Ragatz, Richard L., and Gelb, Gabriel M. "The Quiet Boom in the Vacation Home Market." California Management Review, XII (Spring, 1970), pp. 57--64.

"Recreation Areas Designated in Appalachian Highlands." Appalachia, October, 1968, pp. 11--16.

Walter, Claire. "Yes, Virginia, There is Skiing in the South." Ski, Holiday, 1970, pp. 116--118, 120--121, 124--125.

D. UNPUBLISHED MATERIAL

Lancing, John B. Residential Location and Urban Mobility: The Second Wave of Interviews. Prepared for the U.S. Bureau of Public Roads. Ann Arbor: University of Michigan, 1966.

McCarty, Bruce Hayes. "Anticipating the Impact of a Regional Shopping Center on Retail Trade Within the Central Business District--A Case Study." Unpublished thesis, The University of Tennessee, 1971.

Mosena, David Ridgway. "The Classification of Second Homes: A Proposed System Based on an Inventory and Selected Analysis of Second Homes in Sevier County, Tennessee." Unpublished thesis, The University of Tennessee, 1971.

Nadworny, Milton J. Employment Expansion in the Burlington, Vermont Labor Area. Burlington: University of Vermont, 1965.

Nicholls, Leland Leon. "A Geographical Analysis of Selected Ski Resorts in the South." Unpublished Ph.D. Dissertation, The University of Tennessee, 1972.

E. INTERVIEWS

Atchison, Fred. Director of Sales. Private interview held at Seven Devils, North Carolina, December, 1972.

Banner, Floyd. Chairman of County Commissioners. Private interview held in Newland, North Carolina, April, 1973.

Barkley, Richard. Director of Public Relations. Private interview held at Grandfather Mountain, Inc., North Carolina, December, 1972.

Bowness, Alex. Superintendent. Private interview held at Bowness Construction Company, North Carolina, March, 1973.

Bradshaw, Gene. Owner. Private interview held at Chalet Construction Company, North Carolina, March, 1973.

Brown, Dan. Research Assistant, Mountain Scenic Economic Development Commission. Private interview held in Spruce Pine, North Carolina, April, 1973.

Bungarner, Homer. President. Private interview held at Alpine Construction Company, North Carolina, March, 1973.

Gilbert, Tommy. Personnel Director. Private interview held at Sugar Mountain, North Carolina, December, 1972.

Hall, Rena. Secretary. Private interview held at Resort Enterprises, Inc., North Carolina, March, 1973.

Hartly III, Joe L. Assistant Vice-President and Head of Real Estate. Private interview held at Grandfather Golf and Country Club, North Carolina, December, 1972, and April, 1973.

Jewett, Walter. Resort Manager. Private interview held at Mountain Glen, North Carolina, December, 1972.

King, Adrian. Director of Public Relations. Private interview held at Adams Apple, North Carolina, December, 1972.

Lehmann, Dennis. Vice-President of Planning and Development. Private interview held at Beech Mountain, North Carolina, December, 1972.

McRea, George. Vice-President of Construction. Private interview held at Sugar Mountain, North Carolina, December, 1972.

Owen, William B. President. Private interview held at William B. Owen Construction Company, North Carolina, March, 1973.

Ramsey, Jr., Quinton L. President. Private interview held at Q. L. Ramsey Construction Company, North Carolina, March, 1973.

Ripley, Gordon M. Manager, Customer Service. Private interview held at Beech Mountain, North Carolina, December, 1972.

Rhyme, William. Personnel Director. Private interview held at Beech Mountain, North Carolina, December, 1972.

Traver, Dedy. Secretary. Private interview held at Mountain Resort Homes, North Carolina, March, 1973.

Webber, Keith. General Manager. Private interview held at Linville Land Harbors, North Carolina, December, 1972.

York, Evelyn. Secretary, Private interview held at Linville Resorts, Inc., North Carolina, March, 1973.

APPENDIXES

APPENDIX A

TOTAL TRAVELERS EXPENDITURES

DEFINITIONS AND SOURCES OF INFORMATION

The broad term traveler or tourist includes persons going outside their daily commuting zones. Residents traveling in the state on trips away from home are included in the total, along with out-of-state visitors. The estimates include persons traveling for business, pleasure, and personal affairs. Also included are travelers passing through the state en route to destinations beyond, and parties making short trips such as weekend or holiday visits to the state. One-day as well as overnight trips are included. Regular commuters are not included.

The estimates of the volume of travel and expenditures were based on established procedures that have proven to be reliable in business analysis and market research. The expenditures by in-state and out-of-state travelers were estimated on the basis of highway traffic counts and vehicle-miles traveled; vehicle classification data; ratios and averages of travel expenditures calculated from surveys of travelers in states and to national parks and from national travel surveys; and on the basis of sales and receipts of firms at the service of travelers. These estimates were cross-checked against bench-mark economic data in several ways.

It is possible to estimate the volume and expenditures of travelers in a reliable manner because of several series of data on travel: (1) the detailed highway traffic classification counts extending over several years; (2) numerous highway-use studies; (3) figures on travel in family and business budget studies; (4) national travel surveys, including the Curtis surveys, the Surveys of Travel by the U. S. Bureau of the Census, and annual surveys by the Michigan Survey Research Center; (5) several highway vacation visitor surveys in states and parks, including the Great Smoky Mountains National Park, the Shenandoah Valley National Park, Georgia, Arkansas, and five surveys in Virginia; and (6) the annual statistics collected by the Interstate Commerce Commission on intercity passenger travel. In addition, (7) data from the Census of Business, County Business Patterns, and other sources on state travel business form the context for understanding

and interpreting the economic impact of travel for North Carolina.

The content of the overall travel trade was analysed within the context of the total business structure of the state. The basic approach was to relate North Carolina travel to the state economic structure and to the travel market in the region and nation. The study of the data in time series, in the business structure, and in geographic perspective gives three dimensions to the study.

APPENDIX B

QUESTIONNAIRE

Name of Owner or Manager: _____

Name of Business: _____

Location of Business: _____

Type of Business: _____

Years in Business: _____

1. Has your business experienced an increase in the past 6 years that is over and above increases prior to 1966 in terms of volume and profit? Yes_____ No_____

   If so, to what degree (volume)?

   10%____ 20%____ 30%____ 40%____ 50%____ Over 50%____

   If so, to what degree (profit)?

   10%____ 20%____ 30%____ 40%____ 50%____ Over 50%____

2. Has the increase in your business been steady since 1966?

   Yes_____ No_____

   If not, in which two-year period has the increase been greatest?

   1966--68_____ 1968--70_____ 1970--Present_____

3. Do you attribute this increase to resort development activities?

   Yes_____ No_____ Partially_____

4. Have you expanded your facilities within the past 6 years?

   Yes_____ No_____

If so, when? 1967___1968___1969___1970___1971___1972___

If so, to what extent? 10%__20%__30%__40%__50%__Over 50%__

If so, why? _____

5. Do you expect to experience increases in your business within the next five years? Yes_____ No_____

If so, to what degree? 10%__20%__30%__40%__50%__Over 50%__

If so, why? _____

6. Do you have concrete plans for expansion of your current facilities in the next two years? Yes_____ No_____

If so, to what extent? 10%__20%__30%__40%__50%__Over 50%__

If so, why? _____

7. Are you considering the possibility of expanding your facilities within the next 5 years? Yes_____ No_____

8. What is the total number of people, including yourself, employed by your business a minimum of 30 hours a week year around in the following years?

1966--1968 _____

1968--1970 _____

1970--Present _____

9. What is the total number of people employed to a lesser extent by your business in the following years?

1966--1968 _____

1968--1970 _____

1970--Present _____

VITA

Thomas O. Rogers, Jr., was born in Steubenville, Ohio, on May 1, 1944. He attended elementary schools in that city and moved to Miami, Florida, in 1955. He graduated from Miami Edison Senior High School in 1963, and entered Florida Southern College the following September. In 1966, he enrolled at The University of Tennessee; and in June, 1969, he received a Bachelor of Science degree in History.

Having completed his military obligation in June of 1970, he entered the Graduate School of Planning at The University of Tennessee and received the Master of Science in Planning degree in June, 1973.

He is married to the former Harriet Elizabeth Digby of Miami, Florida.