

2.0	Economic Development	2-1
2.1.	Introduction	2-1
2.2.	Inventory and Existing Conditions	2-1
2.3.	Summary of Issues and Opportunities	2-12
2.4.	Goals, Objectives and Policies	2-12

2

2.1 INTRODUCTION

Lake Lure's proximity to regional points of interest, its natural setting, and its recreational opportunities contribute to its successful tourism industry, which is a primary component of its economy. Within recent years, Lake Lure has experienced greater growth in economic prosperity, fueled by tourism. Tourism affects Lake Lure's seasonal population flux.

With so many visitors, interest in the area as a location for permanent and second homes has also risen. In particular, the demand for single-family housing has steadily increased between 1990 and 2006. This has resulted in growth in the real estate and construction industries, making those industries two of the stronger components of the local economy.

Sustaining a strong economy is important to the town and depends on a number of factors including the quality of the environment, the quality of life for the residents, and the quality of visitor experience. This section examines opportunities for economic growth while considering the demographics of the town.

2.2 Inventory and Existing Conditions

The current economic state of Lake Lure is affected by a variety of issues related to demographics and industry. All information presented in this section is relevant to the economic vitality of Lake Lure.

Demographics

Demographics are essential for the delivery of a cohesive economic development analysis. This section provides data regarding estimated and projected population, housing, income, and occupations (See *Appendix A*).

Population

The population of Lake Lure has grown at an average rate of 3% per year over the 30-year period from 1970 to 2000. In recent years, the increase in the permanent resident population was much higher for Lake Lure than Rutherford County from the period of 1990 to 2000. The percentage increase between 1970 and 2000 for Lake Lure was 48.6% versus 10.4% for Rutherford County.

In order to project future population in Lake Lure, a range has been established to illustrate a conservative (low end) and an aggressive (high end) estimation. The conservative end of the spectrum assumes a 3% continued growth rate (as experienced from the period of 1970 to 2000) in the population. At this rate,

Lake Lure will have nearly doubled its permanent population by the year 2030 to 2,068. The aggressive end of the spectrum assumes that the pace of population growth is consistent at 48.6% with the rate experienced over the last decade (compounded every 10 years). At this rate, Lake Lure can anticipate a permanent population of 3,369 by 2030. Therefore, the projected range of population could be between 2,068 and 3,369 for the year 2030.

Keeping with Lake Lure’s vision, the projected permanent population is likely to be equal to or lower than 1,800. This number was derived from the following equation: The total amount of acres in Lake Lure (8,082), multiplied by the percentage of vacant land available for development (81.6%), divided by the average number of acres per unit (4 acres), multiplied by the average number of persons per household, (2.07) multiplied by the percentage of full-time owner occupied housing units compared to the total amount of housing units (22.1%) added to the 2000 Census population of 1,027. The projected increase is 754 permanent residents, or a 73.4% increase based on the 2000 permanent population

Lake Lure’s median age of 58.6 is well above that of the state’s and county’s median ages by 23.3 and 20.3 years, respectively. This is a reflection of the attraction of retirees to Lake Lure.

Population Estimates and Projections – Lake Lure, NC

	1970	1980	1990	2000	2010	2020	2030
Permanent Population	456	488	691	1,027	1,320	1,787	2,068
% Change From Pervious Period	-----	7%	42%	48.6%	N/A	N/A	N/A

Source: North Carolina State Data Center & Census.gov

Population - Rutherford County, NC

	1970	1980	1990	2000
Population	47,337	53,787	56,918	62,899
% Change From Previous Period	-----	13.6%	5.8%	10.5%

Source: North Carolina State Data Center & Census.gov

Median Age - Lake Lure, NC

Location	Median Age
Lake Lure	58.6
Rutherford County	38.3
North Carolina	35.3

Source: U.S. Census Bureau, 2000 Census

Age Distribution – Lake Lure, NC

Age	Male	Female
1-5	17	16
6-17	38	36
18-24	16	17
25-34	33	19
35-59	166	182
60-64	58	56
65-84	183	175
85+	10	5
Total	521	506

Source: U.S. Census Bureau, 2000 Census

Income

The range of income in Lake Lure is broad. Over 57% of households in Lake Lure earn between \$25,000 and \$99,000. The overwhelming majority of households, 88%, have incomes below \$100,000 per annum. According to the 2000 Census, the per capita income was \$23,459, which is roughly \$2,000 above the national average. Lake Lure’s median household income was \$38,417. This is also significantly higher than Rutherford County’s median household income of \$31,122, which is \$7,295, or 18%, lower than the Lake Lure’s median household income.

Roughly 10% of Lake Lure’s population is considered “below poverty.” On the opposite end of the spectrum, a small fraction, 1%, of all households have an income above \$200,000.

Income Characteristics – Lake Lure, NC

Characteristic	1999	2006
Median Income	\$38,417	\$42,216
Median Family Income	\$45,833	\$53,603
Per Capita Income	\$23,459	\$25,779
Families Below Poverty	17	18
Individuals Below Poverty	99	107

Source: Multiple Listing Services, Inc.

Household Income Distribution in 2000 – Lake Lure, NC

Range of Income	Percentage of households earning income within range indicated
Less than \$10,000	11%
\$10,000 to \$14,999	9%
\$15,000 to \$24,999	11%
\$25,000 to \$34,999	13%
\$35,000 to \$49,999	16%
\$50,000 to \$74,999	18%
\$75,000 to \$99,999	10%
\$100,000 to \$149,999	10%
\$150,000 to \$199,999	1%
\$200,000 or more	1%

Source: U.S. Census Bureau, 2000 Census

Housing

Housing is an important economic indicator. Housing prices, housing occupancy, housing supply, and the rate of housing development together give an indication of how strong the housing market is in given area.

According to the survey, nearly 39% of the respondents live in Lake Lure year-round. This could be reflective of an increase from the 2000 Census, which indicated only 25.3% of the population lived in Lake Lure year-round. It also indicates a growing second home market. Additionally, of the total housing units in Lake Lure, only 22.1% are occupied by their owners. This suggests that there is an extremely high rental market for homes in Lake Lure.

With an average household size, according to the 2000 Census, of 2.07, Lake Lure can expect a range of 565 to 1,171 (according to the conservative and aggressive population projections, respectively) additional housing units will be needed to accommodate the permanent population projected by 2030. However, recent trends suggest that the demand for housing in the future will increase as a result of both population growth and the second home market. If only 22% of homes in Lake Lure today are occupied by permanent residents, it is possible that the number of housing units constructed by 2030 could exceed the predicted range of households. This would account for the units constructed as second homes.

This increase in the demand for housing is already being reflected in the increase in home prices. According to the 2000 Census, the median home value in Lake Lure had increased to \$196,800. This figure is nearly \$120,000 higher than Rutherford County’s median home value of \$77,600.

The 2000 Census indicated that the majority of homes were for sale within or below the range of \$200,000 to \$249,000. According to the National Association of Realtors, there were 118 listings at a median price of \$277,000 as of August 2006.

Occupied Housing – Lake Lure, NC

HOUSING CHARACTERISTICS	2000	2006	% Change
Renter Occupied	67	73	7.4%
Owner Occupied	428	463	8.1%
Occupied Housing Units	495	536	8%
Vacant*	1462	1558	6.5%
Total Housing Units	1957	2094	7%

Source: U.S. Census Bureau, 2000 Census, and Multiple Listing Services, Inc.

**Vacant, according to the 2000 Census, these units were utilized for seasonal, recreational, occasional use, or vacant (e.g. not occupied)*

Owner Occupied Housing – Lake Lure, NC

	2000	2006	% Change
Owner occupied housing units (non-rental and over 5 month occupation)	21.8%	22.1%	.3%

Source - Multiple Listing Services, Inc.

Home Prices as of 2000 – Lake Lure, NC

Home Prices	Number of units for sale in range indicated
Less than \$10,000	0
\$10,000 to \$14,999	0
\$15,000 to \$19,999	0
\$20,000 to \$24,999	4
\$25,000 to \$29,999	0
\$30,000 to \$34,999	0
\$35,000 to \$39,999	2
\$40,000 to \$49,999	2
\$50,000 to \$59,999	10
\$60,000 to \$69,999	6
\$70,000 to \$79,999	14
\$80,000 to \$89,999	5
\$90,000 to \$99,999	5
\$100,000 to \$124,999	43
\$125,000 to \$149,999	27
\$150,000 to \$174,999	35
\$175,000 to \$199,999	27
\$200,000 to \$249,999	67
\$250,000 to \$299,999	44
\$300,000 to \$399,999	37
\$400,000 to \$499,999	11
\$500,000 to \$749,999	14
\$750,000 to \$999,999	9
\$1,000,000 or more	8

Source: U.S. Census Bureau, 2000 Census

Future residential development in Lake Lure is primarily focused on single-family dwellings. Developments proposed within and beyond Lake Lure's boundary will add an additional 4,643 units to the region, among which a majority will be single-family residences.

The table below indicates developments within or close to the Lake Lure area. According to a local Realtor, each is in various stages of construction, but has been actively marketed and sold. Also, many of the units have been sold to speculators and are already entering the resale market.

Table 2.1: Developments and proposed developments within and near Lake Lure’s jurisdiction

Development Name	Acreage	Potential number of units to be developed
Grey Rock	4000	900
Bright’s Creek-Fazio Golf Course	4325	1,050
Vista-Blacksmith Mountain	N/A	90
Vista-Bills Mountain	700	200
Vista-Riverbank	75	45
Highlands	180	80
Creston	1100	100
Grand Oaks	N/A	100
White Oak-Nicklaus Golf Course	4500	900
Broad River Plantation	N/A	60
Peaks at Lake Lure	N/A	60
Brookside Forest	100	50
Sweetbriar Farms	N/A	100
Laurel Lakes	N/A	68
Hidden Lakes	N/A	100
Clearwater Creek	N/A	84
Blue Heron Point	50.98	45
Cedar Mountain Estates	N/A	30
King Ranch/Farm	N/A	540
Fire Fly Cove	N/A	41
TOTAL	N/A	4,643

Source: Local real estate office



Housing development in Lake Lure has been a key aspect of the town’s economy. Firefly Cove, a nationally marketed community, has attracted investors throughout the nation. This is one of many recent examples of investment within and beyond Lake Lure’s incorporated boundaries.

Employment

According to the 2000 Census, Lake Lure’s unemployment rate was impressively low at 1%, especially compared to Rutherford County’s, which is 8.6%. According to the 2000 Census, 40% of Lake Lure residents that are between the ages of 18 and 65 work primarily in a professional or managerial capacity. However, many are not employed in Lake Lure. According to the stakeholder interviews and public meetings, within the specific industry categories, many positions are held by employees living outside of Lake Lure. Roughly 27% of the jobs held in Lake Lure are related to arts, entertainment, recreation, accommodation, and food services mostly associated with the tourism industry. Other industries that account for the majority of employment in Lake Lure include the following: educational, health and social services; construction; retail trade; and finance, insurance, real estate, and rental and leasing.

Table 2.2: Occupational types as of 2000 – Lake Lure, NC

Occupations*	Percentage of total occupations
Management, professional, and related occupations	40.1%
Service Occupations	17.6%
Sales and office occupations	31.3%
Construction, extraction, and maintenance occupations	3.4%
Production, transportation, and material moving occupations	7.7%

*Source: U.S. Census Bureau, 2000 Census
Retirees are not included.

Table 2.3: Industry types as of 2000 – Lake Lure, NC

Type of Industry	Number of people employed	Percent of people employed
Agriculture, forestry, fishing and hunting, and mining	0	0.0
Construction	35	9.9
Manufacturing	25	7.1
Wholesale trade	2	0.6
Retail trade	35	9.9
Transportation and warehousing, and utilities	17	4.8
Information	12	3.4
Finance, insurance, real estate, and rental and leasing	36	10.2
Professional, scientific, management, administrative, and waste management services	16	4.5
Educational, health and social services	43	12.2

Arts, entertainment, recreation, accommodation and food services	94	26.7
Other services (except public administration)	18	5.1

Source: U.S. Census Bureau, 2000 Census

Industry

Lake Lure has no industry in the traditional sense, yet the town has an opportunity to leverage its recreational and natural resources to strengthen and further link the services and tourism that fuel the economy today. Studies conducted by a John L. Crompton, a professor at Texas A&M University who specializes in marketing and financing in parks, recreation and conservation, indicate a strong link between economic development and a community’s recreational and natural resources. According to Crompton, recreation and access to natural areas play a major role in economic development in that they attract tourists, businesses, and retirees while enhancing real estate values (Crompton, 1999). Economic development could occur in a fashion that supports a strong concept for the future of Lake Lure as a unique community with an emphasis on recreation and natural heritage that appeals to residents and visitors alike. In other words, decisions about growth and development should be guided by a desire to protect and promote the recreational and natural assets of the area while ensuring a balance between quality of life for residents and quality of the visitor experience. The following provides more detailed information about current industries that should be a component of the local economy in the future and how each might be connected to the concept of Lake Lure as a recreational and natural heritage community.



Lake Lure’s beach is a main attraction. The beach is located adjacent the town center, which is comprised of commercial and municipal uses.

Tourism

Tourism is a large part of Lake Lure’s local economy. According to the 2000 Census, businesses associated with tourism (arts, entertainment, recreation, accommodation, and food services) employed the greatest number of people working in Lake Lure. Originally designed as a tourist destination by capitalizing on the area’s unique natural beauty, Lake Lure is known as a vacation destination. In 2006, Lake Lure benefited from a large tourism event for the Home & Garden Television (HGTV) 2006 Dream Home tours, as well as recent press in national publications such as a 2005 issue of Forbes Magazine that compared Lake Lure to Martha’s Vineyard, the Hamptons (Long Island, NY) and Lake Tahoe. All four were on the list of top 10 vacation rental destinations in the US. The home tour event and recent press have indirectly marketed Lake Lure’s offerings, which are primarily linked to recreational and natural resources, to an international audience. Among the features and attractions that



The current town center is home to commercial services, Lake Lure’s maintenance facility, and residences. There is tremendous opportunity for infill development that would support the vision for Lake Lure.

make up this collection of regional tourism assets are the lake itself, Chimney Rock Park, and numerous wilderness lands in close proximity to Lake Lure (including lands that will become the Hickory Nut Gorge State Park).

Lake Lure has begun to build upon its resources by organizing recreation-oriented special events (e.g. Olympiad). Private companies are promoting and providing other adventure recreation activities, such as rock climbing. Lake Lure has the opportunity to maintain tourism as a key component of the local economy by marketing a collection of regional assets to an adventure/outdoor recreation-based audience.

Also, an inventory of natural habitats is being created. Visitors seeking a nature-oriented experience would benefit from the completion of this inventory. It is discussed in more detail in the Natural Environment and Open Space section.

Improving Lake Lure's tourism capture rate is essential for increasing visitor spending while simultaneously prolonging the opportunity for visitors to discover other recreational opportunities. For example, an overnight stay (as opposed to a day trip) in Lake Lure for boating will increase potential exposure rates to other outdoor recreation opportunities, such as hiking. Strategically planned special events would also offer a great opportunity to raise awareness of outdoor activities throughout the year, such as rock climbing, which is a popular winter activity in Lake Lure. This could help to lengthen the season and strengthen tourism-dependent businesses.

Retail Trade

The community has expressed support (via community meetings, the survey, etc.) for more shops, restaurants, and other commercial services, as long as all are provided at a small scale that will not be detrimental to the character of the town. Lake Lure has much to gain from concentrated development, as discussed in the *Land Use and Growth Management* section. Though residential development generates the largest percent of the revenues that comprise the annual budget, the town could benefit from the revenues generated from sales tax, property tax, and reduced infrastructure costs associated with commercial development. With the recreation and nature-based activities, especially those that will be provided with the development of the Hickory Nut Gorge State Park, the town has an opportunity to promote existing businesses and recruit businesses that could be patronized by the visitors and residents taking advantage of



Concentrating commercial uses in the town center, developing a pedestrian-friendly design, and maximizing existing land uses in the area will improve economic activity and create a vibrant town center as depicted in this image.

these activities. Locating these businesses in the town center, which could serve as a “trail head” of a pathway leading into the future state park, could be highly advantageous.

Real Estate

The real estate market has been strong in Lake Lure, especially in recent years. Certain indicators are present, such as rising home prices, an increase in the number of real estate professionals serving the area (includes rental leasing), and the increase in number of real estate offices in town. When interviewed, representatives of the real estate industry indicated that the second home market continues to move in an upward direction throughout the region.

Although the housing market has been strong in the past, there is a possibility of the market becoming soft or less liquid, particularly the secondary housing market (National Association of Affordable Housing Lenders). Evidence suggests that macroeconomic trends such as a rise in interest rates, coupled with an increase in housing supply, could lead to a decrease in the value of property (Board of Governors of the Federal Reserve System). This would adversely affect communities, such as Lake Lure, with an emphasis on the secondary housing market.

The housing market could remain strong and, more importantly, property values could be maintained or increased, if the lifestyle in Lake Lure continues to be associated with a unified concept of recreation and natural heritage. Homebuyers today who are seeking quality of life value open space and recreation. According to Crompton, “no matter how quality of life is defined, park and recreational opportunities are likely to be a major component of it” (Crompton, 2001).

Construction

According to the 2000 Census, the construction industry has employed 10% of Lake Lure’s workforce. Additionally, a strong demand for single family homes within and outside of Lake Lure has fueled the construction industry. This industry could remain strong as long as the real estate market remains strong. In the building industry, emphasis on environmental sensitivity is increasing.

Educational, Health and Social Services

According to the 2000 Census, 12.2% of the jobs in Lake Lure are associated with the educational, health and social services industry, and there is community support for more of these services within Lake Lure. This, too, could build on the opportunities associated with recreation and the natural environment. For example, Lake Lure could be the location of a special school which is discussed at greater lengths in the Community Service and Facilities section.

2.3 Summary of Issues and Opportunities

- The town needs an overall economic development strategy that is based on a long-term vision. There is a need to leverage assets to strengthen and diversify the economy in the event of a slow down of any of the major sectors.
- There are significant economic development opportunities (existing and future) that have not been harnessed that could provide areas of untapped revenue streams for the town and local businesses (gateway to Hickory Nut Gorge State Park, arts, special events, a special use school, etc.)

2.4 Goals, Objectives and Policies

ED Goal 1: Diversified economy for a long-term stability

Objective: ED-1-1: Develop a unified economic development strategy based on the combination of recreation and natural heritage assets.

Policy ED-1-1.1:

Study the potential for recreation and natural resources to be a basis for an economic development strategy. *Inventory all of the assets (existing and future) within and near Lake Lure and examine the range of connections between them that could strengthen the concept.*

Objective ED-1-2: Capitalize on economic opportunities to provide balance and stability in the future of the local economy consistent with a unified concept.

Policy ED-1-2.1:

Attract a “special-use” school within Lake Lure.

(1) Evaluate the possibility of attracting a special-use school that is connected to a broader economic development concept. *The special-use school could be a catalyst project geared towards special uses such as environmental management, cultural classes, arts and crafts, eco-tourism, performing arts, etc.* This could provide opportunities for internships and part-time jobs in related field(s).

(2) Locate potential areas for the special-use school based on criteria such as parcel size, land value, feasibility, accessibility, etc., and promote these sites in communications with potential schools. *More information can be found in the Parks and Recreation section.*

Objective ED-1-3: Encourage businesses (that are desired and non-existent within Lake Lure's jurisdiction) to locate operations within commercial nodes.

Policy ED-1-3.1:

Attract new businesses to town center and service commercial nodes.

(1) Consult all economic strategists to explore opportunity in Lake Lure's markets. *Conduct a market analysis to determine which businesses would succeed in Lake Lure. Use data to attract desired businesses to the town.*

(2) Engage in dialogue with developers and businessmen/women to attract small businesses that are desired within Lake Lure such as boutiques, apparels, restaurants, art centers, sporting goods, etc.

(3) Promote the town center as a catalyst project. *The Town Center Concept Plan (see Figure #13) illustrates one approach to defining Lake Lure's core. The concept integrates aspects of specialty retail, restaurants, a gateway to Hickory Nut Gorge State Park, and a trail system. This concept could spark development interest in a concentrated area, and the town*



A local restaurant is a commercial land use in the town center. There is an opportunity to develop this area as a commercial node and increase the variety of retail and services offered in Lake Lure.

could use it to attract developer(s) to implement the plan.

ED Goal 2: A balance between residential life and tourism

Objective: ED-2-1: Maintain and enhance tourism by developing a unified tourism strategy based on the combination of recreation and natural heritage assets.

Policy ED-2-1.1:

Communicate the vision for Lake Lure with the assistance of the Economic Development Commission.

(1) Start a cohesive marketing package that promotes the vision that is based on the combination of assets in the Lake Lure area. *A broader understanding of the vision achieved through marketing activities (i.e. communication to various audiences) increases the chance of realizing the vision. More people can play a role in advancing defined goals.*

(2) Designate a liaison to improve communications with the EDC.

Policy ED-2-1.2:

Improve the special events calendar to include activities year-round.

(1) Evaluate the current special events programs by various entities and determine areas for improvement through town support to engage residents and visitors in more activities. *This may include developing programs in off-season months.*

Policy ED-2-2.1:

Create gateways from Lake Lure into Hickory Nut Gorge State Park.

(1) Assess tourism attractions and potential businesses that will succeed, such as restaurants, outdoor stores, hotels, horseback riding, trail guides, etc.

(2) Create small area plans to carefully guide the development of area to preserve the town's character through scale, architecture, and landscaping to maximize business opportunity.

Policy ED-2-2.2:

Improve beach appearance and operations

(1) Improving the appearance of beach; improve facilities, amenities, and landscape to encourage investment in the town center. *The improvements will improve the success of the Town Center.*

(2) Expand the operating schedule of the beach beyond peak season months to increase the annual volume of visitation.

Objective: ED-2-2: Address the impacts of rental housing on the local economy.

Policy ED-2-3.1:

In conducting study of impacts of vacation rentals (See policy LU-1-2.3), consider the effects on tourism and the economy.



The beach area with the mountain range in the background is a premier attraction in Lake Lure. The beach area could be improved and its schedule could be extended to improve operations.