



Community and Economic Development in North Carolina and Beyond Blog: In Vino, Veritable Impact on Tourism

By CED Program Interns & Students

Article: <https://ced.sog.unc.edu/in-vino-veritable-impact-on-tourism/>

This entry was posted on November 07, 2017 and is filed under Economic Development, Natural Assets



Vines at Linville Falls Winery; Source: High Country Press

As of now, the fires that burned in Northern California's wine region earlier this month are nearly 100% contained. It has been a dramatic, devastating scene in perhaps the most iconic region for grape-growing and wine-drinking outside of Tuscany or Bordeaux, and the impacts are, and will continue to be, far-reaching. In the wake of the fires lie flattened businesses, torched earth, and the shaken but resurging livelihoods of hundreds of wine growers and vineyard owners.

Napa Valley and Sonoma County are at the heart of this wine region and, pre-fire, accounted for nearly 1,000 individual wineries combined.

The unique terrain (or "terroir" as it is known in the wine lexicon) of these regions has made them a prime spot for growing a multitude of different grapes, like Cabernet Sauvignon and Zinfandel. Things like the climate, soil composition, and elevation change are all important in the formation of said terroir, and they vary slightly, though significantly, within this Northern California region. The variety of geographic attributes is so prevalent here, in fact, that there are nearly 45 distinct wine growing regions, or American Viticultural Areas (AVAs). The designation of an AVA by the federal government means that there are enough unique features of a particular area that warrants it, and the grapes grown in it, a specific designation.

In Northern California, the high concentration of these AVAs has, for a long time, indicated to tourists that there is something of note in the region; incredible wine. It is quite a draw to visit an area that has been federally designated as a unique "wine growing region," so nearly 24 million people every year continue to visit the wineries and vineyards in California in search of the best wine.

In contrast, North Carolina has not historically been known for its wine. Instead of wine, tourists to the state tend to visit for either the picturesque mountains in the fall and winter or the white sand beaches in the spring and summer. While those draws will likely (hopefully) never cease to exist, North Carolina may be able to more seriously add wine tasting to its ever-growing list of notable tourist attractions.

Starting on November 28th of last year, wineries in a particular 2,400 square mile radius were able to begin adding a new AVA designation to their labels. The Appalachian High Country AVA became the fifth AVA in the state of North Carolina, proving that there are even more reasons to visit the mountains than hiking, biking, or fishing. The AVA includes a total of 10 wineries, 6 of which are located in the mountain region of NC.

Though it might be a stretch to ever compare North Carolina's budding wine tourism industry with the behemoth that is Northern California's, it is important to recognize the potential economic impact that these recent changes may have on tourism, and in turn, on the real estate development landscape surrounding it. According to a study commissioned by the North Carolina Department of Agriculture and Consumer Services in 2015



, the wine industry in NC created 8,000 jobs and generated \$1.71B in economic impact in 2013. The addition of the Appalachian High Country AVA should only increase that number. Where there are people working and people visiting, there is a need for certain development in an area. Whether that development supports places to live, places to stay, places to shop, or places to do business, the opportunities in North Carolina are projected to grow, particularly in these AVA-designated regions.

In 2016, the mountain region of North Carolina saw a 7.6% increase in revenue from local tax receipts over 2015, up to \$9.71M. While that is not a specific indication of the immediate impact from the new AVA designation, it's a sign that the region is primed for positive tourism growth, and that the base of visitors to the area is already strong. In fact, 65% of visitors surveyed in 2016 mentioned they had visited the region three or more times in the past five years (which was up from 50% in 2015).

While it is too early to tell just how big of an impact the new AVA designation will have on the region, or on North Carolina tourism in general, it is, nevertheless, a win. Places like Banner Elk Winery and Grandfather Vineyard & Winery have been open since 2005 and 2011, respectively, but this new AVA will lend an extra layer of credibility to their wines, at least in the eyes of tourists. Only time will tell both how much the new Appalachian High Country AVA will attract new and returning visitors to the state and how the wine industry in North Carolina will continue to evolve, not identical to, but distinct from, its big brother on the West Coast.

Kelly Lynch is a MBA candidate at Kenan-Flagler at UNC-Chapel Hill. She is also a Community Revitalization Fellow with the Development Finance Initiative.