MARKET REPORT

Call of the Mountains: Hotel Investment in the Blue Ridge Mountains

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Demand Shifts

Markets in the Blue Ridge Mountains, such as Boone, Banner Elk, Highlands, Clayton, and their neighbors, are within a two-hour drive of Asheville and a straight shot from Charlotte or Atlanta. Plentiful outdoor recreation draws tourists and seasonal residents to the area, with notable attractions including golf clubs, hiking trails along the Appalachian Trail, and the Sugar Mountain and Beech Mountain Ski Resorts (the latter of which offers mountain-biking terrain in the warmer months). Hurricane Helene affected the area in September 2024, with damage that is estimated by NOAA to take months or years to repair; however, most hiking trails and recreational attractions have reopened, with demand likewise returning.

While the area’s hotel demand is seasonal, the strength of the highs and lows has spread out to shoulder months. In a composite analysis of four submarkets in the Blue Ridge area, RevPAR growth from 2016 to 2024 was stronger (on a compounded-annual-growth-rate basis) during the low and shoulder months than in the peak months, indicating a smoothing out of historical seasonality. This trend was slightly skewed by longer lengths of stay during the pandemic years. However, efforts are being made by local municipalities to create lasting year-round appeal both for visitors and residents, including several rezoning initiatives and proposed master plans for cities such as Sky Valley, Georgia.

New Supply to Meet Market Needs

Hotel occupancy levels are influenced by the aforementioned seasonality of the market, short-term rentals, and new or repositioned hotel supply. While short-term rentals and timeshares abound, the lodging needs of wedding groups and social events, along with predominantly leisure transient visitors, have not been met by the limited number of traditional hotels historically available.

Aptly identifying this challenge, developers within the market have been active in recent years. New hotels that opened in 2024 and 2025 include The Embers (Blowing Rock, NC), a Home2 Suites by Hilton (Boone, NC), and The Horton Hotel (Boone, NC, expanded in 2025). Other properties are still under construction, such as the SpringHill Suites by Marriott (Boone, NC), Courtyard by Marriott (Banner Elk, NC), and Homewood Suites by Hilton (Banner Elk, NC).

Even more interesting, perhaps, is that investors are betting on travelers’ willingness to pay higher nightly rates for upgraded properties with more upscale facilities and amenities. Many of the market’s independent lodges or motels have been renovated and repositioned to a higher chain scale in recent years, including the properties listed below.

- Skyline Lodge (Highlands, NC), completed 2021/22
- Bridge Creek Inn (Clayton, GA), completed 2023
- Hotel Sylva (Sylva, NC), completed 2024
- Trailborn Highlands (Highlands, NC), completed 2024/25
- The Lodge at Banner Elk (Banner Elk, NC), completed 2025

In addition, the Dillard House in Dillard, Georgia, is currently being renovated, expanded, and repositioned as a full-service resort, with completion scheduled for early 2027.

Whether newly built or repositioned, the new products target opportunity in the market’s upscale/luxury segment.

Market Outlook

Just as the vistas from atop the Blue Ridge Mountains reveal stunning contrasts, the outlook for hotel performance varies across submarkets. Investment has been flowing towards this greater market, which is likely favorable for those who have already entered or are in early development. The newly curious investor, however, should be aware of the new supply and consider conducting a submarket-specific study to clarify the outlook. While each submarket is different, the greater market will have to prove its ability to absorb the new supply, which should be supported by the diversification of demand and longer peak and shoulder seasons.

Do you hear the call of the mountains? Learn more about the market dynamics in this growing area by contacting Courtney Vris, based in the HVS Atlanta office.

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