Q2

ECONOMIC INDICATORS 2026

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David Jackson, *Boone Area Chamber of Commerce*

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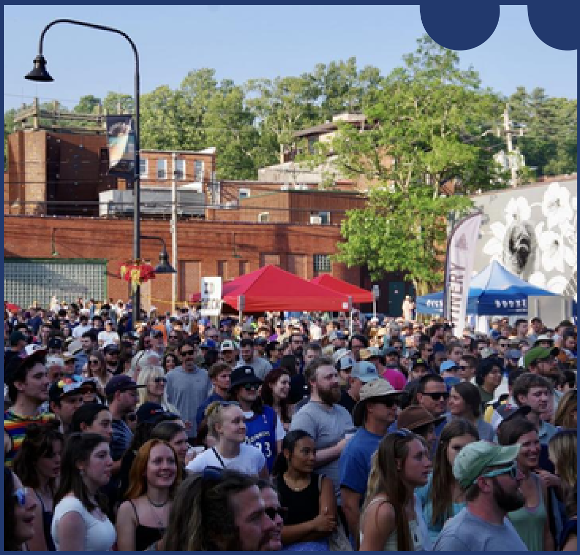
APPALACHIAN COMMERCIAL REAL ESTATE · BLOWING ROCK Tourism Development Authority · BOONE AREA CHAMBER OF COMMERCE · EXPLORE boone · NCBankers ASSOCIATION · STACIE PINEDA REAL ESTATE GROUP · WATAUGA ECONOMIC DEVELOPMENT

Q2 ECONOMIC INDICATORS 2026



"... performance would indicate we are getting closer to a point of economic predictability, especially as we begin to transition between two prime tourism periods."

David Jackson, President/CEO, Boone Area Chamber of Commerce

WATAUGA COUNTY'S CURRENT ECONOMIC CONDITIONS

Residential Home Sales

High Country
Q2 2026
238

High Country
Q2 2025
289

Watauga %
Q2 2026
65% (156)

New Single-Family Home Permits

Q2 2026
69

Q2 2025
55

25% increase YoY

Unemployment Rates

	Watauga	NC	US
April 2026	**3.2%**	**3.4 %**	**4.3%**
May 2026	**3.1%**	**3.5 %**	**4.3%**
June 2026	**3.3%**	**3.5 %**	**4.2%**
June 2025	**3.6%**	**4.0 %**	**4.1%**

Occupancy Tax

April 2026
498,765.69

May 2026
599,185.43

June 2026
736,231.84

Q2 2026 v 2025
Change: +5.1%

Net Sales Tax Collections

April 2026
$2,856,354.48

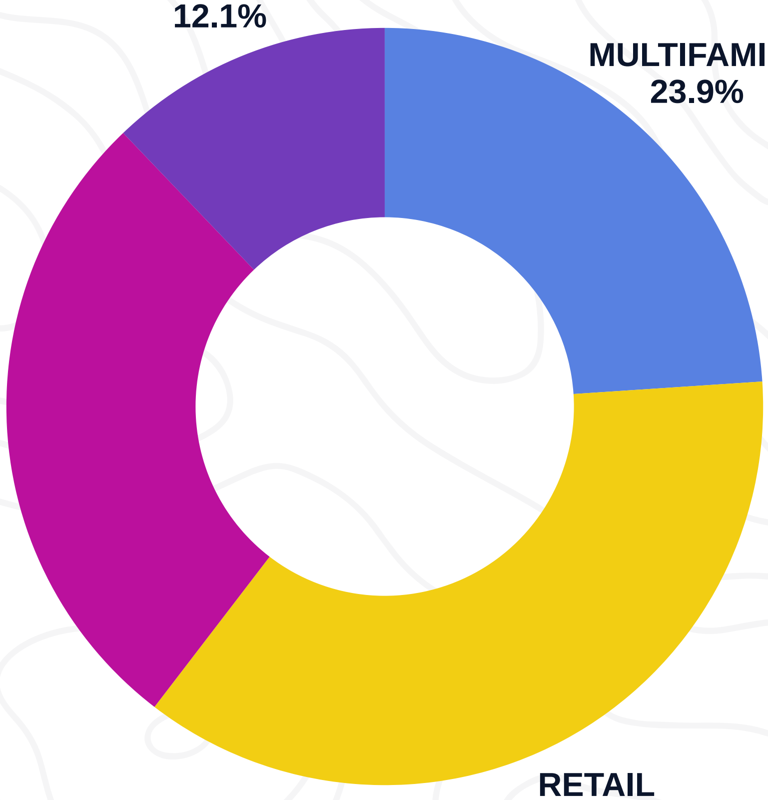
May 2026
$2,674,900.92

June 2026
$2,700,657.35

June 2025
$1,688,543.59

Q2 ECONOMIC INDICATORS 2026

COMMERCIAL REAL ESTATE SALES



JAMES MILNER, CCIM

A return to historical trends, as the quarter shows little activity due to limited inventory, whether for sale or lease. For new construction to occur, costs must align with viability, along with policies that reduce barriers to entry.

QUICK STATS

5	TOTAL # OF SALES
$10,022,425	TOTAL SALES
$2,800,000	LARGEST SALE
$855,000	SMALLEST SALE
-12.96%▼	Q2 2026 VS Q2 2025
-50.73%▼	Q2 2026 VS Q1 2026

Q2 ECONOMIC INDICATORS 2026

JAMES MILNER, CCIM, APPALACHIAN COMMERCIAL REAL ESTATE

After a strong start to the year, the commercial real estate market returned to more typical historical trends. In the 2nd Quarter of 2026, there were 5 transactions totaling $10,022,425. Compared to the 1st Quarter of 2026, total dollar volume was down 50.73%; compared to the same period last year (2Q25), it was down 12.96%. The retail sector led the quarter, highlighted by the disposition of "The Hanna Building" in Downtown Blowing Rock, NC, for $2,800,000. Retail overall accounted for 36.47% of total dollar volume.

Limited available inventory remains an important factor influencing transaction volume, particularly for well-located commercial properties. As a result, lower quarterly sales volume should not necessarily be interpreted as a corresponding decline in demand. Limited inventory, development constraints, and the cost of new construction continue to increase the importance of existing properties in the market.

Nationally, commercial real estate appears to be shifting from uncertainty to adjustment. Investment activity is improving, but elevated interest rates, refinancing pressures, and construction costs continue to influence buyer, seller, and developer decisions. Lending conditions have improved somewhat, although commercial real estate credit remains relatively tight by historical standards.

Last quarter, I discussed multifamily rents facing greater downward pressure. This became more apparent as the leasing season ended, with indications of increased vacancy. Multifamily owners are unlikely to leave large blocks of units vacant for the school year, which may lead to lower rents, concessions, waived fees, or other incentives to fill remaining units. Demand is also considerably lower outside the traditional August 1st to July 31st leasing cycle. One major factor affecting overall demand will be Fall 2026 enrollment at App State, particularly enrollment on the Boone campus. While we all want a mix in the housing stock, student housing will remain an important component of the local market given the limitations of on-campus housing.

Town of Boone permit reports for the 2nd Quarter of 2026 show continued investment in existing commercial properties. Both Bojangles restaurants received renovations at project costs of $380,000 (US Hwy 421) and $260,580 (Blowing Rock Road), respectively. The PNC Bank branch on Blowing Rock Road completed a significant site maintenance project at an estimated cost of $254,700. As most of us noticed, the original Taco Bell was demolished and is planned to be reconstructed at a total project cost of $1,800,000.

REFERENCES

- *The data used in this analysis is sourced from CoStar, HCAR MLS, and public records.*
- *The data used in this analysis is for sales transactions only in Watauga County of $500,000 or greater.*
- *The data used in this analysis excludes any transfer that was a partial interest (less than 100%) or an internal transfer.*
- *The data used in this analysis treats any improved properties that were demolished for redevelopment at the time of sale or that the improvements had no contributory value at the time of sale as land sales.*
- *The data used in the permitting section of this report is from the Town of Boone Planning and Inspections office, application for a building or zoning permit does not imply that the project will occur.*

Q2 ECONOMIC INDICATORS 2026

STACIE PINEDA, STACIE PINEDA REAL ESTATE GROUP

RESIDENTIAL REAL ESTATE

The mountain real estate market remains steady and continues to reflect a healthy, active market. In the second quarter (per the MLS), 407 residential units closed across Ashe, Avery, and Watauga Counties—an 11.81% increase over Q2 2025. The three-county median sales price for the quarter landed at $525,000.

Year-to-date through the end of June, the combined market recorded $471.65 million in sales volume (+14.39%), 691 units sold (+10.21%), and a median price of $510,000 (+2%). These numbers build on the more balanced conditions we first noted in the first quarter, when inventory reached the seven-plus-month range for the first time in several years.

Watauga continues to carry the market.

Within the Ashe, Avery, and Watauga marketplace, Watauga still accounts for nearly 58% of total year-to-date sales volume. While its quarterly and year-to-date percentage gains are more modest than those of its neighbors, the absolute activity remains substantial. The county's median settled at $560,000. In pure second-quarter terms, Watauga posted continued unit growth while volume held essentially steady. It remains the reliable core of High Country residential activity.

WATAUGA MEDIAN SALES PRICE

Avery and Ashe delivered the stronger percentage jumps this quarter. Avery saw volume rise 44.81%, median price climb 31.68%, and units increase 27.63%. Ashe posted solid gains as well: volume +30.20%, median +23.66%, and units +14.46%.

What the numbers are telling us

The first half of 2026 is measured and sustainable. The larger percentage gains in Avery and Ashe are balanced by Wataugа's consistent volume leadership. Inventory in the three counties has continued to rebuild through the spring and early summer, with just over 1,100 active residential listings. This supports the calmer, more balanced environment we began seeing in Q1—longer due diligence periods, more careful negotiations, and buyers who are thoughtful rather than frantic. The year-to-date median days on market stands at 75 days.

The upper end of the market continues to play an outsized role, and second-home and investment demand remains a meaningful driver. At the same time, affordability for year-round residents and the local workforce continues to be a real and ongoing challenge.

Conclusion

The High Country residential market is expanding in a healthy, orderly way. Watauga remains the steady foundation, carrying the majority of regional volume while Avery and Ashe contribute stronger growth rates. Demand is solid, the market is functioning effectively, and the overall picture through the first half of 2026 is one of resilience and balance rather than extremes.

CITATIONS

Data used is sourced from High Country Association of Realtors MLS.

Q2 ECONOMIC INDICATORS 2026

DR. HARRY DAVIS, NC BANKERS ASSOCIATON

The US economy continues to grow at rate of about 2% which is the same as last year. This economy could be described as Goldilocks, not too hot not too cold. The unemployment rate is historically low, and unemployment claims have been going down or months. In other words, we really do have a no hire no fire labor market. North Carolina continues to outperform the nation with a lower unemployment rate and strong revenue growth. We continue to experience tremendous population growth which helps fuel economic horsepower. We are lucky to reside in this state.

The stock market continues to levitate. Corporate earnings have been growing at double digit rates for 7 consecutive quarters leading to record stock prices. Interest rates remain stable even though they have increased around a quarter of a percent over the last month. Unfortunately, the 30-year fixed mortgage rate has moved back to above 6.5%.

With regard to the High Country, home sales declined by 51 units from the second quarter 2025 to the second quarter of 2026. The drop is likely the result of a lack of inventory. On the other hand, home permits increased by 14 units over the same period.

The county unemployment rate dropped from 3.6% in June 2025 to 3.3% June 2026. The county unemployment rate continues to come in lower than both the state and national rate. Our county's unemployment rate continues to be among the lowest in the state and has been very stable.

The occupancy tax and net sales tax collections are both flashing a very robust season for tourism. Indeed, the occupancy in Q2 2026 was up 5.1% from Q2 a year ago. Plus, the occupancy figure has increased from about $500,000 in April to about $736,000 in June. Concomitantly, net sales tax collections increased from about 1.7 million in June of 2025 to 2.7 million in June of this year. Clearly the High Country economy is hitting on all cylinders.

REFERENCES

- *Residential Home Sales data provided by High Country Association of Realtors, HC = Alleghany, Ashe, Avery, & Watauga Counties*
- *Net Sales Tax Collection data provided by the North Carolina Department of Revenue*
- *Unemployment data reported by the NC Department of Commerce*
- *Occupancy Tax data provided by Watauga Co. TDA, total includes Boone, Blowing Rock, and Watauga County*
- *Single Family Home Application data provided by Watauga County, Town of Beech Mountain, Town of Boone, Town of Blowing Rock, & Town of Seven Devils*

Q2 ECONOMIC INDICATORS 2026

DAVID JACKSON, BOONE AREA CHAMBER OF COMMERCE

As we transition away from summer vacation season, I feel like a familiar backseat refrain can best sum up the conversations we've had with businesses over the past few months:

Are we there yet?

The answer is that performance would indicate we are getting closer to a point of economic predictability, especially as we begin to transition between two prime tourism periods. To borrow another vacation analogy, some businesses got to the parking lot early and were able to get to the rides more quickly than those who were stuck in traffic and had to wait to scan their ticket and enter the park. Both arrived at the same destination, just at different times and levels of difficulty.

Not every business sees direct impact from tourism, and rising operational costs due to transportation, product availability, and fluctuating consumer cash has provided mixed results when it comes to economic success. On the brighter side, after a slow start to 2026, tourism-related businesses saw a significant bump in traffic in July, and with the return of our "education economy," August trends remained equally hot.

In our last report, we shared plenty of thoughts about timing. The travel impacts of Friday and Saturday snows, both on and off the mountain, muted the performance of two normally high-performing post New Year's weekends. Spikes in gas prices and inflationary pressures did not help start the spring and early summer tourism season on the best of notes.

Boonerang looks like the party that truly got us moving in the right direction, and local residents helped drive the change.

Through data generated through our partnership with Placer AI, we saw a slight 0.4% growth in visits to the Downtown Boone area for the festival year over year, but 16% of this year's audience came from the 28607 area code, which accounts for nearly 2,500 more local attendees from the previous year. Many businesses and spectators shared this year's event felt "more local," especially on Friday night, and the numbers certainly support those anecdotal observations.

Evidence of last year's deliberate efforts to show the world that Western North Carolina was Open for Business show up in this year's quarterly numbers. A 5.1% gain in occupancy tax collection year over year reminds us of how suppressed spring and early summer tourism was in 2025, due to storm recovery. We saw a spike in traffic toward the end of last summer, especially as marketing efforts encouraged people to return to the area. Sales tax connections for Q2 2026 support a return to more regular summer performance; it just may have taken us awhile to get there.

Placer AI data showed a slight 3.4% dip in Watauga County non-resident visits over July 4th weekend year over year, but duration of stay increased in 2026, and the month's overall performance improved week-to-week. July 2026 visits outperformed June 2026 by an average of 20-25% percent across High Country counties, and July visit totals were 10.4% higher inside the incorporated limits of Boone over the previous year.

As we look forward to our 3rd chapter of 2026, I see signs of optimism heading into the fall. For its FY26 fiscal year, Placer AI tracked 4.2M visits to the App State campus. Even with hints of a looming downward trend in enrollment due to impending demographic shifts, the business of App State still serves as the region's most significant economic driver, contributing more than $570M in regional economic impact and supporting 1 of ever 14 jobs in the High Country region.

Our outdoor economy and tourism businesses are in a stronger position than last fall, and the trust visitors have in the High Country providing great experiences seems to be returning to pre-storm levels. Here's hoping [Dr. Neufeld's leaf forecast] is for nothing but great color, light breezes, and continued positive economic progress as we move toward one of our most important seasons of the year.