MCALLEN AREA

August 2024 ECONOMIC PULSE

Let's break down the data analysis to explore the economic impact on McAllen, Texas, specifically focusing on the role of McAllen as a border town and the broader implications for its local economy.

★ VALUE OF ALL CONSTRUCTION PERMITS

A reflection of the level of investment in the local economy. It also indicates investor confidence and future economic activity.

2023: $856,075,749
2024: $1,171,575,754

+42.28%

★ LODGING TAX RECEIPTS

+12.70%

Signals tourist activity, and a reflection of McAllen's economy through positive correlation between spending in hotels, restaurants, and local businesses.

NEW HOME PERMITS

+14.29% ★

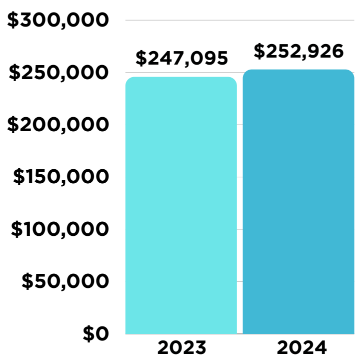
An increase in avg home sales indicates a strong demand, a limited supply or a competitive housing market.

HOME SALES

2023: 3,630
2024: 3,630

The same level in home sales in 2024 shows a mature market that is solidifying at a national level.

AVERAGE HOME SALES PRICE



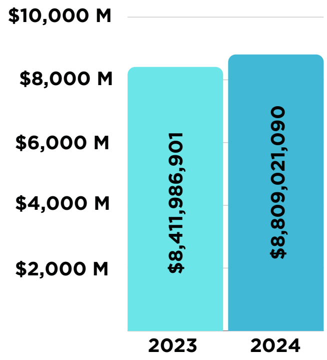
Steady growth: $5,831 increase. An increase boosts property values yet can increase cost of living and market overheating if overgrowth is not controlled.

DOLLARS SPENT ON AUTO PURCHASES

-4.10% Decrease

A stable auto market is generally a sign of consumer confidence, where people continue to make large purchases but are not necessarily increasing their spending in this area.

★ RETAIL SALES



$390K + boost in retail sales compared to 2023

DOLLAR VOLUME RESIDENTIAL REAL ESTATE SALES

+6.09%

An 6.09% increase in residential indicates overall housing demand, rising property values, and overall growth in the residential real estate markets. Along with other variables, helps paint a clear picture of the housing market.

★ MFE ENPLANEMENT DATA

549,975 enplanements

+20.11%

Key Drivers

- More flights, new routes, or better services offered by airlines can attract more passengers.
- Hosting large events, conventions, or conferences can temporarily boost enplanements as attendees fly in and out of McAllen.
- Growth in local businesses or the arrival of new companies can lead to more business travel, increasing enplanements.

PESO EXCHANGE RATE

The USD/MXN rate is down -4.37% in 2024. This means the US Dollar increased in value compared to the Mexican Peso.

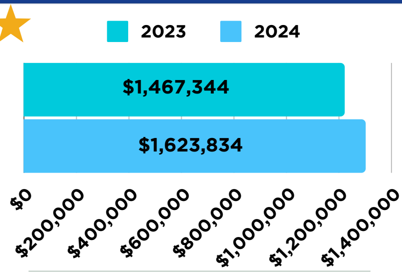
- Highest: 19.15 MXN in August 2024
- Average: 17.52 MXN over this year
- Lowest: 16.79 MXN in May 2024

UNEMPLOYMENT

-8.38%

Moderate unemployment promotes labor market flexibility and productivity

★ MIXED BEVERAGE TAX RECEIPTS



Rising beverage tax receipts signal thriving hospitality.

★ BRIDGE CROSSINGS

+7.64%

YoY increase in bridge crossings among McAllen's bridges.

★ *Indicates McAllen only data. Otherwise, data is MSA*

October - August YoY Data

1. Retail Sales (+0.85%) 2023: $822,511,225 2024: $829,502,886

The slight increase in retail sales suggests a steady but cautious consumer market, possibly due to economic concerns or inflationary pressures. Year-over-year (YoY), the rise from $8.4M to $8.8M shows moderate growth, indicating that consumers are spending but not at significantly higher levels. The retail sector may be experiencing stabilization after earlier growth spurts.

2. Sales Tax Receipts (-1.32%) 2023: $8,409,900 2024: $8,299,253

The decline in sales tax receipts could reflect either a drop in taxable transactions or shifts in consumer spending patterns. Despite an increase in retail sales, the decline suggests that tax revenue isn't keeping pace, potentially pointing to changing consumption habits. This inverted indicator signals tax-exempt purchases such as government, non-profit spending, or foreign importing transactions such as duty-free imports.

3. Mixed Beverage Tax Receipts (+36.66%) 2023: $121,459 2024: $165,985

The substantial jump in mixed beverage tax receipts indicates strong consumer activity in the hospitality and entertainment sectors, reflecting a post-pandemic rebound. The YoY increase from $1.468M to $1.623M suggests a rise in social and leisure activities, which could be fueled by increased disposable income or tourism growth.

4. New Home Permits (-0.50%) 2023: 202 2024: 201

The slight dip in new home permits may signal a cooling in new residential construction, possibly due to higher construction costs or reduced demand. However, YoY trends show a 14.29% increase, suggesting that this dip is more of a short-term fluctuation rather than a broader slowdown.

5. Enplanement Data (+30.47%) 2023: 45,311 2024: 59,119

The significant rise in enplanements suggests a robust recovery in travel, likely driven by both tourism and business activities. This increase, paired with a 20.11% YoY rise, highlights strong demand in the transportation sector, reflecting improved consumer confidence and possibly the resurgence of cross-border travel. The discrepancy of 2,000 to 6,000 more enplanements than deplanements may indicate that the airport is being used as a transit hub for transporting immigrants crossing the border to other destinations, with limited return traffic. This trend aligns with patterns seen in the movement of individuals who do not return to the point of origin.

6. Bridge Crossings (+7.64%)

Cross-border traffic at the Hidalgo and Anzalduas International Bridges in 2024 showed varied trends across vehicle and passenger categories. Southbound personal vehicle crossings increased by 6.06% to 395,893, indicating stronger cross-border travel and commerce from the U.S. to Mexico. Northbound personal vehicle crossings rose by 7.01% to 410,120, reflecting solid growth in vehicle traffic from Mexico to the U.S. However, passenger crossings in personal vehicles (PAX) grew by 7.59% to 857,437, suggesting increased individual travel alongside vehicle traffic. Northbound bus crossings decreased by 16.36% to 951, with bus passenger (PAX) crossings also dropping by 8.65% to 17,492, potentially reflecting reduced group travel or tourism from Mexico. Overall, these trends point to a rise in cross-border economic activity, particularly in personal vehicle traffic, while bus and group travel have seen declines.

7. Peso Exchange Rate (+13.31%) **2023: 16.9** **2024: 19.15**

The rise in the peso exchange rate means that Mexican consumers are receiving fewer pesos for their currency when shopping in McAllen, potentially limiting cross-border spending power. The YoY decrease of 4.37% indicates that while fluctuations exist, the peso's strength is still impactful on McAllen's border economy, especially for retail and auto sales.

7. Unemployment Rate (-10.29%) **2023: 6.8%** **2024: 6.1%**

The sharp drop in unemployment reflects significant job growth and economic recovery, particularly in industries like retail, construction, and hospitality. The 8.38% YoY decrease shows sustained improvement, likely due to expanding business operations and workforce demand as the economy rebounds from pandemic lows.