

JANUARY 2025 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.

2024: \$533,838,396
2025: \$317,445,371

-40.54%



★ LODGING TAX RECEIPTS

-3.83%


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



NEW HOME PERMITS

7.89% ★

New Home Permits reflect consumer confidence, demand for housing, and potential future growth in construction and related industries.

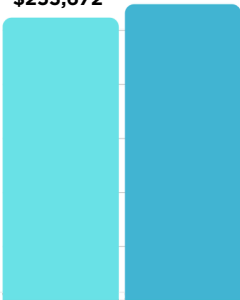


AVERAGE HOME SALES PRICE

\$253,672 **\$268,565**

2024 **2025**

The average home sale price signals wealth, inflation, and buying power. Rising prices boost homeowner equity, while declines may indicate economic slowdowns.



HOME SALES


2024: 1,161
2025: 1,204

Home sales reflect economic health by indicating consumer confidence, job stability, and credit access. Strong sales drive related industries, while declines signal uncertainty.

DOLLARS SPENT ON AUTO PURCHASES

5.88% Increase

Auto spending reflects consumer confidence, credit access, and economic strength. High spending boosts manufacturing and jobs, while declines signal caution.




★ RETAIL SALES

\$3,116,020,002 **\$3,229,314,586**

2024 **2025**

Retail sales indicate consumer spending, confidence, and economic momentum. Growth drives businesses and jobs, while declines suggest caution.



DOLLAR VOLUME RESIDENTIAL REAL ESTATE SALES

+10.83%

Dollar volume in residential real estate reflects market strength, investment levels, and economic confidence. Growth signals prosperity, while declines suggest slowing demand.




★ MFE ENPLANEMENT DATA

213,583 enplanements **+18.29%**

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 up **+17.55%** in 2025. This means the US Dollar increased in value compared to the Mexican Peso.

- Highest: 20.90 MXN in January 2025
- Average: 20.52 MXN over this year
- Lowest: 20.26 MXN in December 2024



UNEMPLOYMENT

+5.73%

Moderate unemployment promotes labor market flexibility and productivity



MIXED BEVERAGE TAX RECEIPTS

\$475,024 **2024**
\$500,741 **2025**


Mixed beverage tax receipts indicate economic activity, especially in hospitality and tourism. Higher receipts reflect increased consumer spending, while declines can signal downturns or shifts in behavior.



★ BRIDGE CROSSINGS

-6.14%

YoY increase in bridge crossings among McAllen's bridges.



★ Indicates McAllen only data. Otherwise, data is MSA



1. Retail Sales (+3.67%)

2024: \$798,970,734

2025: \$828,332,393

Retail sales experienced a 3.7% increase, signaling a steady uptick in consumer spending. This growth reflects confidence in the economy, potentially fueled by strong demand in sectors such as retail, dining, and entertainment. The region’s economic conditions appear favorable for continued consumer activity.



2. Sales Tax Receipts (-1.73%)

2024: \$8,331,870

2025: \$8,187,400

Despite an increase in retail sales, sales tax receipts saw a 1.7% decline, which could suggest changes in purchasing patterns or a shift in consumer spending toward categories with lower tax rates. This warrants further investigation to determine the underlying causes.



3. Mixed Beverage Tax Receipts (+7.02%)

2024: \$121,503

2025: \$130,031

This uptick is somewhat contradictory to long-term trends, especially considering the recent change in policy where the Texas Comptroller of Public Accounts began taxing non-profits for mixed beverage sales. This new regulation could skew the data, potentially inflating receipts due to the inclusion of previously untaxed non-profit sales. As such, the entire year may see this trend affected by this policy change, suggesting a potentially artificial increase in tax receipts for certain sectors.



4. Lodging Tax Receipts (-9.05%)

2024: \$426,589

2025: \$387,985

The 9.0% decline in lodging tax receipts points to weaker-than-expected tourism activity. Factors such as a possible slowdown in cross-border travel, regional economic shifts, or seasonal changes in tourism may have contributed to this decrease. Addressing tourism marketing or local events could help stimulate growth in this sector.



5. Value of Construction Permits (+23.73%)

2024: \$66,050,818

2025: \$81,724,576

The 23.7% increase in construction permits indicates a robust demand for development. This suggests growth in both commercial and residential projects, reflecting confidence in the region’s long-term economic outlook. Real estate developers and construction companies could benefit from this growth.



6. New Home Permits (0%)

2024: 169

2025: 169

The number of new home permits remained constant, indicating stability in the housing market. While growth in construction permits suggests broader development activity, the flat number of new home permits suggests caution among homebuilders or limitations in land availability.



7. Enplanement Data (+15.56%)

2024: 42,969

2025: 49,653

Airport enplanements grew by 15.6%, reflecting an increase in air travel. This surge suggests improving consumer confidence, potentially tied to an economic recovery or rising demand for both business and leisure travel. The continued growth of the aviation sector could be a key indicator of broader regional economic health.



8. Bridge Crossings



The slight decline in both northbound and southbound personal vehicle and bus traffic suggests potential shifts in cross-border trade patterns, consumer behavior, and, particularly, changes in travel regulations. Due to the administration's foreign trade policies, the Mexican government has implemented extensive inspections on all northbound traffic, resulting in border wait times of up to 7 hours. These inspections, which are now randomized, have reduced wait times to around 2-3 hours but are still discouraging casual leisure travel in the area.

9. Peso Exchange Rate (+22.29%)

2024: 17.09

2025: 20.90



The 22.3% depreciation of the peso against the dollar presents both challenges and opportunities. On the one hand, it increases the cost of cross-border goods, affecting retail and tourism. On the other hand, it could drive investment in manufacturing and export activities, as goods produced in Mexico become more affordable for international buyers. However, tariffs might disipate the economic advantages.

10. Unemployment Rate (-3.13%)

2024: 6.4%

2025: 6.2%



The slight reduction in the unemployment rate suggests marginal improvements in the labor market. However, the employment data indicates stability, and challenges may persist in matching labor force skills with job opportunities.



McAllen
Chamber of Commerce