

FEBRUARY 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.

FY23-24: \$616,156,248
FY24-25: \$417,442,125

-32.25%



LODGING TAX RECEIPTS

-5.83%

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

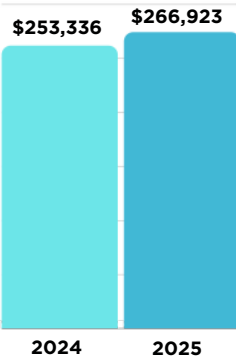
NEW HOME PERMITS



6.54% ★

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

AVERAGE HOME SALES PRICE



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

FY23-24: 1,455
FY24-25: 1,487

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

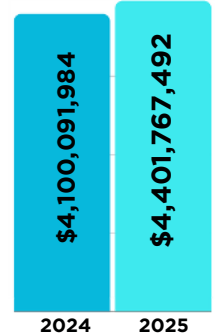
DOLLARS SPENT ON AUTO PURCHASES



0.09% Increase

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

RETAIL SALES



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

+8.55%



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

256,458 enplanements **+13.50%**

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 **+18.14%** 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



+4.15%

Moderate unemployment promotes labor market flexibility and productivity

MIXED BEVERAGE TAX RECEIPTS

\$618,417 2024
\$640,330 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

-20.09%



YoY increase in bridge crossings among McAllen's bridges.



Indicates McAllen only data.
Otherwise, data is MSA

October - February YoY
Data



1. Retail Sales **(+19.14%)**

2024: \$984,071,982

2025: \$1,172,452,906

Retail sales continue to demonstrate strong year-over-year growth, underscoring the vitality of local consumer demand. Increased sales are supported by a diverse retail landscape, from large commercial centers like La Plaza Mall to smaller independent retailers in central McAllen. Seasonal promotions in December contributed to this surge.



2. Sales Tax Receipts **(+12.31%)**

2024: \$10,658,254

2025: \$11,969,775

The double-digit increase in sales tax receipts reflects steady consumer activity and a broad-based economic rebound. These collections directly support city services and infrastructure, and this upward trend strengthens McAllen's position heading into the second quarter.



3. Mixed Beverage Tax Receipts **(-2.65%)**

2024: \$143,393

2025: \$139,589

While marginally lower than the previous year, mixed beverage receipts remain relatively stable. The slight decline may reflect a moderation in discretionary spending on dining and nightlife, particularly as households prioritize essential expenditures amid inflationary pressures.



4. Lodging Tax Receipts **(-13.82%)**

2024: \$458,365

2025: \$395,016

The decrease in lodging tax revenue is consistent with reduced cross-border visitation and fewer overnight stays, particularly from Mexican nationals. This trend warrants attention, as hospitality and tourism are essential to McAllen's service economy.



5. Value of Construction Permits **(+21.48%)**

2024: \$82,317,852

2025: \$99,996,754

Construction activity remains robust, with new developments concentrated in residential subdivisions and commercial corridors in north McAllen. The increased valuation of permits suggests continued investor confidence and long-term planning in both the private and public sectors. This also reflects a relaunch of activities compared to last year's slowdown typical trends during national elections.



6. New Home Permits **(+0.72%)**

2024: 138

2025: 139

New home construction held steady, supporting McAllen's reputation as a growing, family-oriented city. Builders continue to respond to demand in desirable neighborhoods with access to quality schools and infrastructure.



7. Enplanement Data **(-5.54%)**

2024: 45,390

2025: 42,875

McAllen International Airport (MFE) saw a slight dip in passenger boardings, which may be attributed to shifting travel demand and cost sensitivity post-holiday season. Nonetheless, MFE remains a central transportation hub for the Rio Grande Valley.



8. Bridge Crossings

Declines in bridge crossings are strongly correlated with the peso's weakening against the U.S. dollar, which reached 20.60 MXN/USD and the national guard inspections in the Mexican side of the border.. As the peso depreciates, discretionary spending by Mexican shoppers and tourists in McAllen diminishes. The impact is evident in retail, hospitality, and transportation-dependent sectors, especially those along the expressway corridor and in the city center. This situation underscores the importance of sustained binational engagement and marketing efforts targeting northern Tamaulipas and Nuevo León.



9. Peso Exchange Rate (+20.54%)

2024: 17.09

2025: 20.60

The exchange rate shift presents a significant headwind for McAllen's retail economy, which depends in part on cross-border consumer spending. Continued depreciation of the peso discourages travel and shopping by Mexican nationals and is a key trend to monitor in regional commerce.



10. Unemployment Rate (-1.61%)

2024: 6.2%

2025: 6.1%

The local labor market continues its gradual recovery. Growth is concentrated in healthcare, education, and distribution which are key industries for the region. The unemployment rate has improved marginally, but continued workforce development will be critical to closing skill gaps.



McAllen
Chamber of Commerce