

MARCH 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: \$670,803,851
FY24-25: \$486,801,678

-27.43%



LODGING TAX RECEIPTS

-8.39%

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

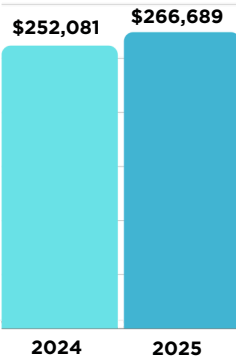
NEW HOME PERMITS



2.68% ★

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

AVERAGE HOME SALES PRICE



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: 1,823
FY24-25: 1,858

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

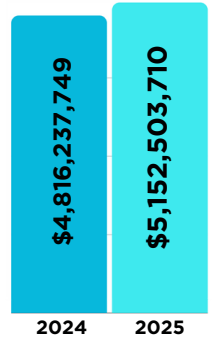
DOLLARS SPENT ON AUTO PURCHASES



1.62% Increase

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

RETAIL SALES



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

DOLLAR VOLUME RESIDENTIAL REAL ESTATE SALES

+8.62%



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

307,233 enplanements **+10.49%**

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 **+18.83%** 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

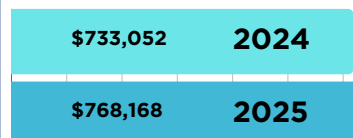
UNEMPLOYMENT



+3.15%

Moderate unemployment promotes labor market flexibility and productivity

MIXED BEVERAGE TAX RECEIPTS



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

-36.90%



YoY increase in bridge crossings among McAllen's bridges.



Indicates McAllen only data.
Otherwise, data is MSA

October - March YoY Data



March 2025 Report



1. Retail Sales **(+4.83%)**

2024: \$716,145,765

2025: \$750,736,218

Retail remains a cornerstone of McAllen's economy, and this growth affirms our city's role as the shopping hub of the Rio Grande Valley. The rise may be fueled by continued strength in La Plaza Mall traffic. Local businesses and national retailers alike continue to benefit from this resilient sector.



2. Sales Tax Receipts **(+1.70%)**

2024: \$7,043,753

2025: \$7,163,810

While modest, this increase shows a steady revenue stream for the city, supporting local infrastructure, public safety, and beautification projects. This reflects healthy commercial activity across both small businesses and big-box retailers, especially along 10th Street and the expanding Ware Road corridor.



3. Mixed Beverage Tax Receipts **(+11.52%)**

2024: \$114,634

2025: \$127,838

The nightlife and dining scene in McAllen continues to thrive. This uptick reflects post-pandemic confidence, tourist engagement, and a rise in food and beverage entrepreneurship. Local bars and restaurants are increasingly hosting live music and events that draw steady crowds. Although data is slightly skewed due to that this year non-profits alcoholic sales are being taxed.



4. Lodging Tax Receipts **(-19.30%)**

2024: \$535,784

2025: \$432,375

A concerning drop, particularly in a month with major events like MXLAN and spring shopping season. This may point to travelers choosing day trips over overnight stays, or increased competition from short-term rentals not captured in lodging tax. It underscores a need to reinvigorate tourism campaigns and better promote McAllen as a multi-day destination.



5. Value of Construction Permits **(+26.92%)**

2024: \$54,647,603

2025: \$69,359,553

This boom reflects ongoing commercial and multifamily development, especially along McColl and Ware Roads. The numbers confirm what residents are seeing on the ground: continued growth in logistics, warehousing, and healthcare-related construction, which are key components of McAllen's long-term economic diversification.



6. New Home Permits **(-14.72%)**

2024: 163

2025: 139

While the value of construction is up, the number of single-family starts is declining, likely a response to higher borrowing costs and affordability concerns. The slowdown might also indicate a pivot toward denser, more affordable multifamily housing, particularly around schools and hospitals.



7. Enplanement Data **(-2.59%)**

2024: 52,124

2025: 50,775

Still a strong showing for MFE, even with a slight dip. Valley travelers continue to choose McAllen for its convenience, especially with business travel and medical tourism rebounding. Maintaining and promoting direct flights to Houston, Dallas, Mexico City and now, Cancun which is vital for continued growth of the market.



8. Bridge Crossings

Bridge crossings into McAllen dropped in March 2025, with personal vehicle crossings down 6.87% southbound and 7.43% northbound compared to last year. Bus traffic also saw a sharp 14.83% decline, signaling reduced mobility from Mexican consumers. A stronger peso-to-dollar exchange rate and long wait times at the Hidalgo and Anzalduas bridges likely discouraged casual or frequent cross-border shopping. These shifts have impacted foot traffic at retail centers like La Plaza Mall and Palms Crossing, contributing to a notable decline in hotel occupancy and tax revenue. Busier weekends and fewer spontaneous visits suggest shoppers are now consolidating trips and spending more strategically. While passenger travel softened, freight and commercial cargo activity at regional ports of entry remained strong, reinforcing McAllen's role in international trade.



9. Peso Exchange Rate (+22.39%)

2024: 16.79

2025: 20.55

A higher exchange rate means it's more expensive for Mexican shoppers to buy in the U.S., which may partly explain lower bridge traffic and lodging tax. Maintaining strong cross-border relationships and bilingual retail strategies will help offset this challenge.



10. Unemployment Rate (-1.67%)

2024: 6.0%

2025: 5.9%

Job growth is being driven by healthcare expansions (South Texas Health System, DHR) and education-related hiring. The lower unemployment rate is encouraging, but workforce development efforts, especially in trades and technology, remain essential to meet demand.

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