



Economic Pulse

2025

McAllen Area

MAY 2025 REPORT

MCALLEN AREA

May 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.

Sales & Consumer

1

RETAIL SALES

Retail sales indicate consumerspending, confidence, andeconomic momentum. Growthdrives businesses and jobs, whiledeclines suggest caution.



Trailing Twelve Months:

2023 - 2024: \$9,481,727,166

2024 - 2025: \$9,958,040,412

TTM %

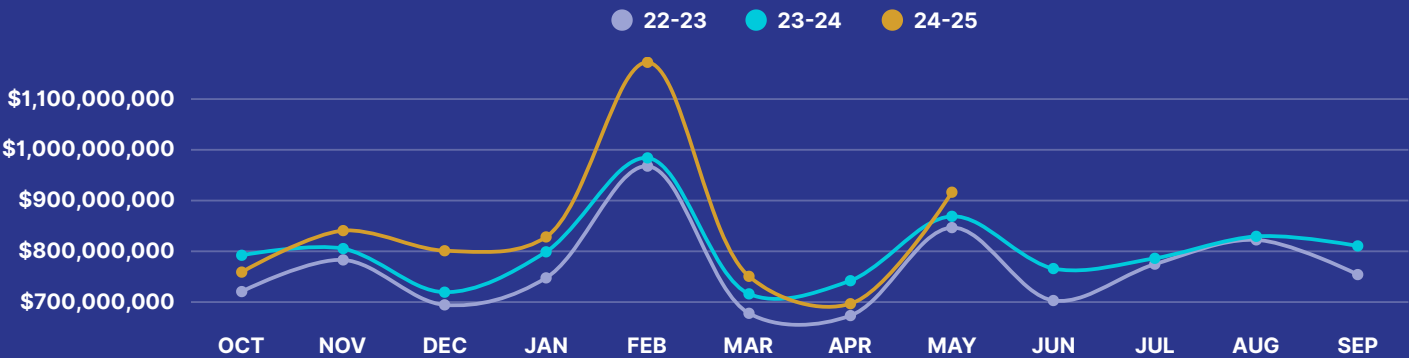
5.02%

May 2025

\$916,462,994

YoY %

5.46%



A 5.46% year-over-year increase in retail sales demonstrates strong local consumer confidence and sustained economic activity. This level of growth, especially in a border economy like McAllen’s, suggests that domestic demand is holding firm even as cross-border dynamics soften. It also indicates that inflationary impacts are being absorbed without significantly dampening consumer behavior.

2

SALES TAX RECEIPTS

Reflection on consumer spending, one of the strongest indicators of local economic activity. They offer timely insights into retail performance, business confidence, and the health of the regional economy.



Trailing Twelve Months:

TTM %

May 2025

YoY %

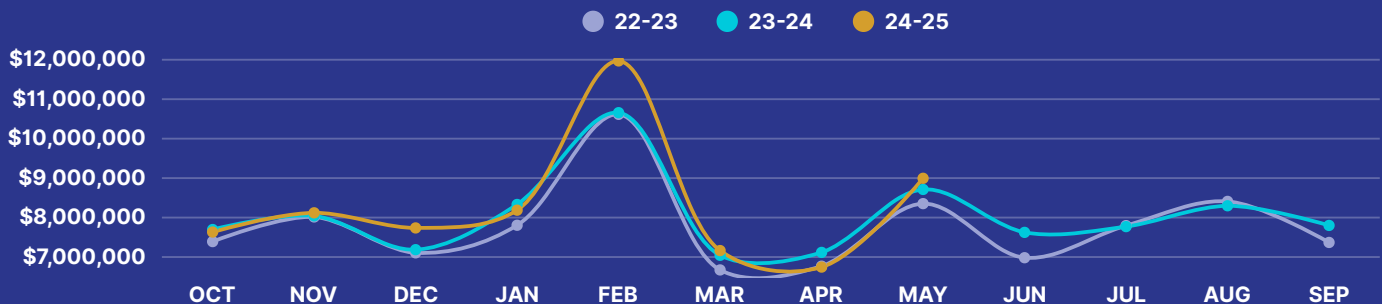
2023 - 2024: \$95,349,922

2.81%

\$8,995,423

3.24%

2024 - 2025: \$98,048,091



The 3.24% rise in sales tax receipts is a positive fiscal signal for the city, confirming that the increase in retail sales is being captured effectively by the local tax structure. These gains provide municipalities with greater flexibility in budget planning and could support reinvestment in infrastructure or public services if the trend continues.

Tourism & Service Sector

3

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.



Trailing Twelve Months:

TTM %

May 2025

YoY:

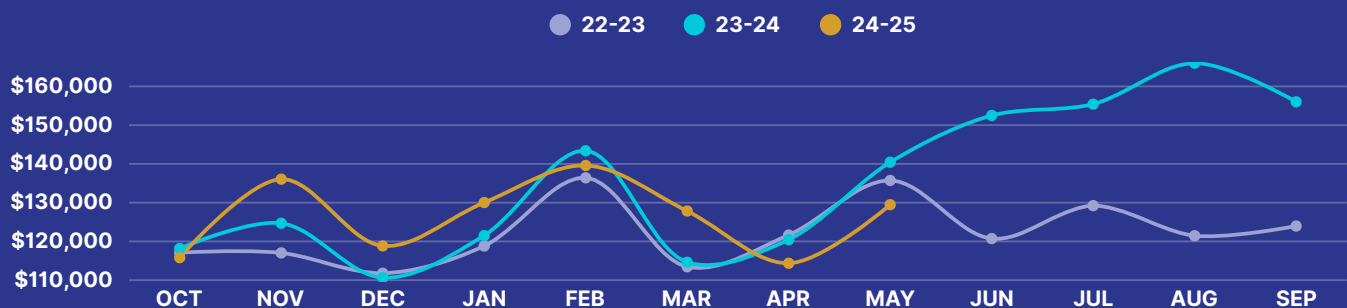
FY23-24: \$1,489,319

10.25%

\$129,474

-7.80%

FY24-25: \$1,641,911



A 7.8% drop in mixed beverage tax revenue points to either reduced discretionary spending or shifting patterns in nightlife and hospitality. This contraction could reflect broader affordability concerns, declining tourism traffic, or simply a normalization of post-pandemic behaviors where fewer consumers are dining or drinking out regularly.



4

LOADING TAX RECEIPTS

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



Trailing Twelve Months:

TTM %:

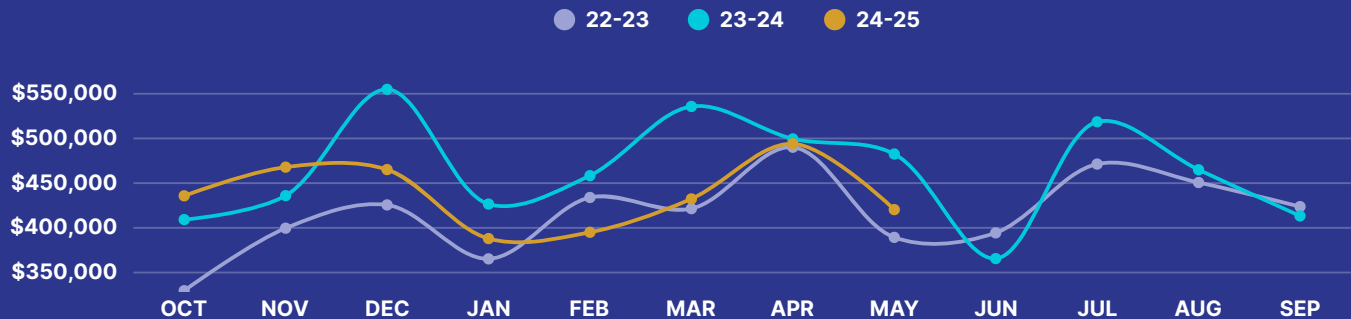
May 2025

YoY:

2023 - 2024: \$5,543,207

-5.09%**\$420,362****-12.90%**

2024 - 2025: \$5,261,192



The 12.9% decline in lodging tax receipts is concerning, especially in a region where hotels benefit from a mix of tourism, medical visits, and cross-border business travel. The drop is tied to reduced visitor volume from Mexico due to revisions and the border and reports of security issues at the Monterrey-Reynosa highway.

Construction & Housing

5

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.



Trailing Twelve Months:

TTM %

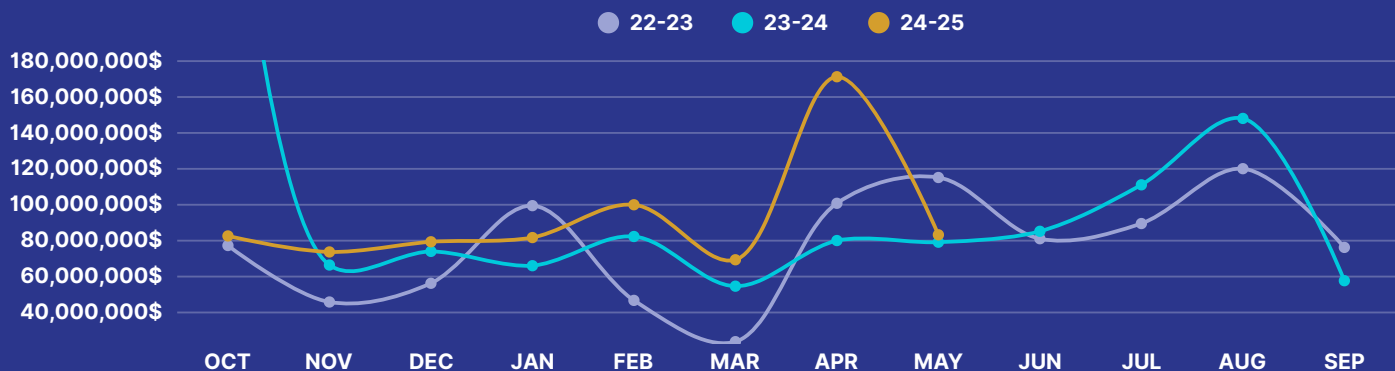
May 2025

YoY %

2023 - 2024: \$1,196,958,295

-4.47%**\$83,260,432****5.20%**

2024 - 2025: \$1,143,434,102



A 5.2% increase in construction permit value shows ongoing investment and confidence in the local economy. This upward trend in permit valuations indicates robust developer sentiment and a pipeline of future commercial and residential projects. It's a forward-looking signal of sustained activity in the building trades.



6

NEW HOME PERMITS

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



Trailing Twelve Months

TTM %

May 2025

YoY %

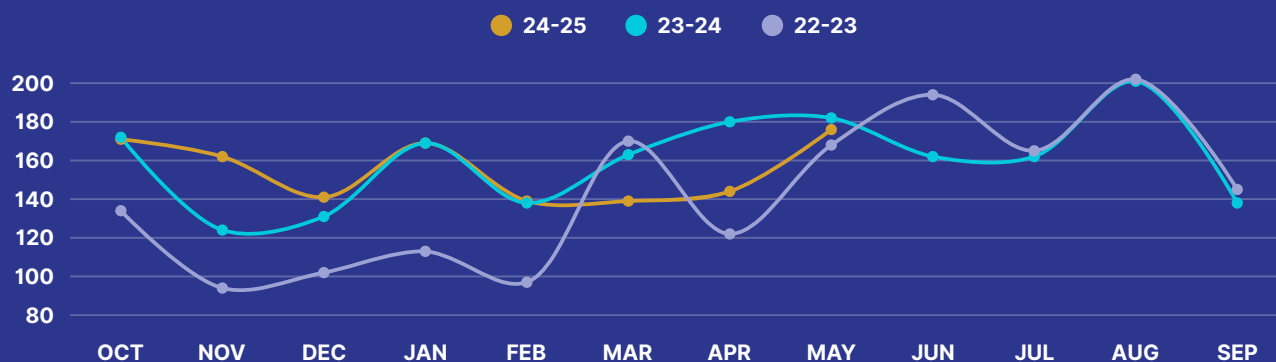
2023 - 2024: 1,965

-3.10%

176

-3.30%

2024 - 2025: 1,904



New home permits fell 3.3%, suggesting a slight pullback in housing starts. This could reflect higher construction costs, land constraints, or caution among builders anticipating a softening in buyer demand. While not alarming, the slowdown in permits should be monitored as it may impact inventory availability later in the year.

7

HOME SALES

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



Trailing Twelve Months

TTM %

May 2025

YoY %

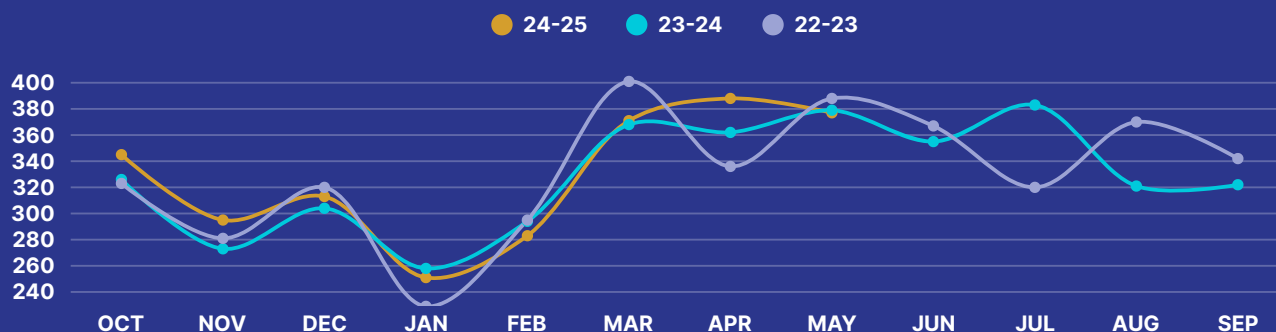
2023 - 2024: 3,963

1.03%

377

-0.53%

2024 - 2025: 4,004



Home sales remained relatively flat while average prices rose, indicating a stable housing market with continued upward pressure on pricing. This pattern suggests limited supply rather than waning demand. Rising prices may increasingly impact affordability for first-time buyers, especially if interest rates remain elevated.

8

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.



Trailing Twelve Months

TTM %

May 2025

YoY %

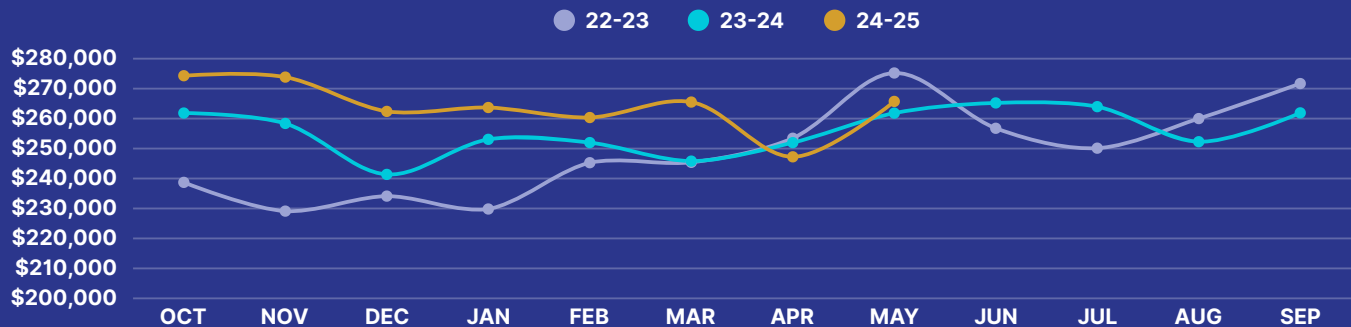
2023 - 2024: \$255,407

2024 - 2025: \$263,043

2.99%

\$265,734

1.49%



The average home sales price in McAllen rose 1.49% year-over-year to \$265,734, indicating steady demand and a stable housing market. This moderate increase suggests limited inventory and market resilience despite national headwinds. However, continued price growth may begin to challenge affordability for first-time and lower-income buyers.

9

DOLLAR VOLUME RESIDENTIAL REAL ESTATE SALES

Provides a clear picture of both housing demand and overall economic confidence in the region. It captures the total investment flowing into the local housing market, reflecting broader trends in wealth, lending activity, and growth.



Trailing Twelve Months

TTM %

May 2025

YoY %

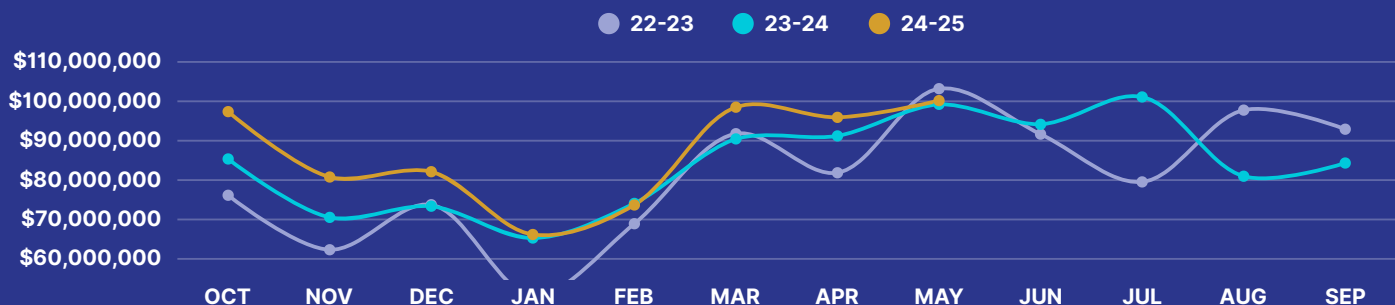
2023 - 2024: \$1,011,452,333

2024 - 2025: \$1,055,367,856

4.34%

\$100,182,010

0.96%



Increased by 0.96% year-over-year, reaching \$100.2 million in May 2025. This modest gain reflects stable transaction activity, supported by steady pricing and consistent buyer demand. While the growth is positive, the pace suggests the market is leveling off, emphasizing the importance of inventory and affordability in sustaining momentum.

Transportation



10

MFE ENPLANEMENT DATA

- 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



Trailing Twelve Months

TTM %

May 2025

YoY %

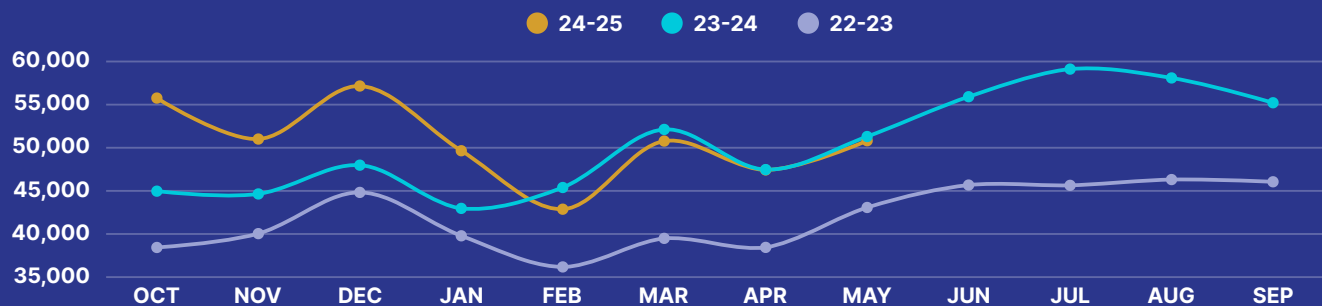
2023 - 2024: 376,844

68.19%

50,815

-0.95%

2024 - 2025: 633,824



The 0.95% decline in enplanements at McAllen International Airport is minimal, but stagnation in air travel volumes warrants attention. Air connectivity is critical for regional competitiveness, and any sustained downturn in traffic could impact business travel, tourism, and airline service levels.

11

METRO RIDERSHIP

provides insights into public transportation usage patterns, helping to identify trends in commuter behavior and demand. This information enables better planning and resource allocation to improve service efficiency, accessibility, and overall rider experience.



Trailing Twelve Months

TTM %

May 2025

YoY %

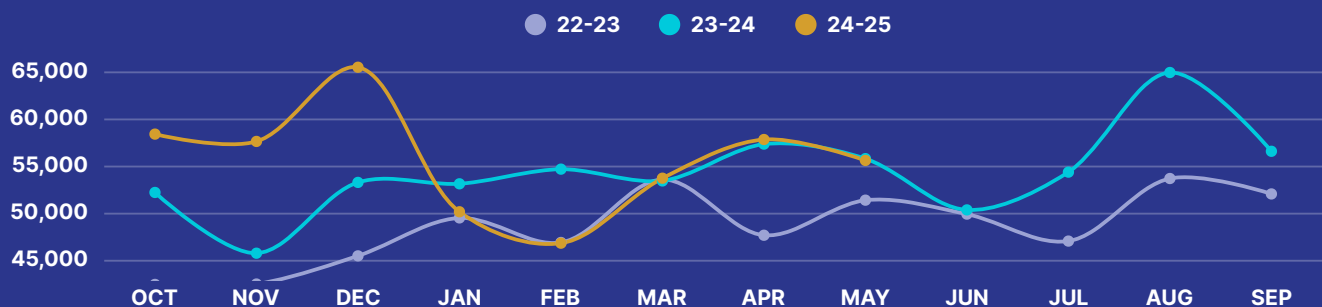
2023 - 2024: 628,810

6.93%

55,648

-0.35%

2024 - 2025: 672,395



This slight decline suggests that transit demand is holding steady, though it may also reflect a rising preference for personal vehicle use or persistent service limitations. To maintain and grow ridership, improving frequency, coverage, and affordability could help the system better meet community needs.

Cross-Border Commerce

BRIDGE CROSSINGS

Category	May-25	YoY Change	TTM Change
Southbound Personal Vehicle Crossings	320,507	▼ 20.94%	▼ 5.92%
Northbound Personal Vehicle Crossings	308,443	▼ 26.33%	▼ 7.13%
Northbound Personal Vehicle Passenger Crossings	617,060	▼ 26.79%	▼ 6.82%
Northbound Bus Crossings	865	▼ 20.57%	▼ 14.75%
Northbound Bus Passenger Crossings	15,296	▼ 21.00%	▼ 9.92%
Northbound Truck Crossings	55,648	▼ 4.24%	▲ 1.60%

Labor Market

12

NON-FARM PAYROLL

A key measure of job growth and economic activity across all major sectors, offering a broad view of employment health. Tracking these numbers helps assess business expansion and labor market strength.



Trailing Twelve Months

TTM %

May 2025

YoY %

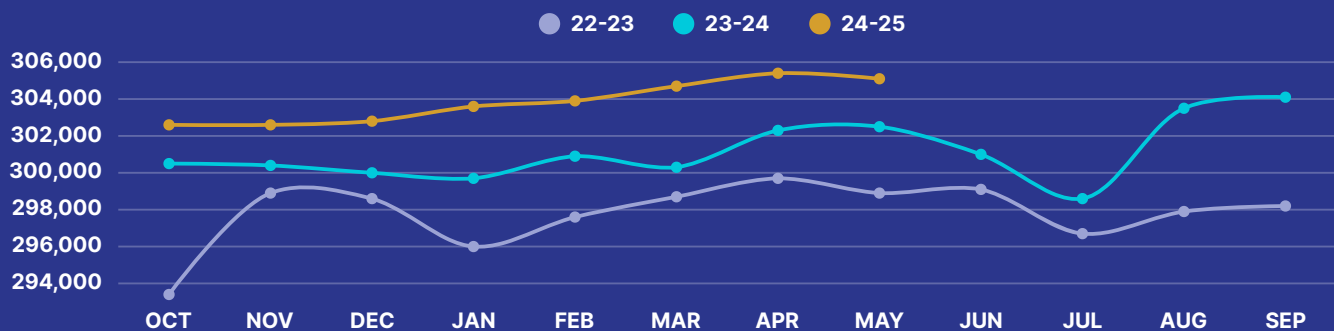
2023 - 2024: 299,875

2024 - 2025: 303,158

1.09%

305,100

0.86%



The total nonfarm payroll in McAllen grew by 0.86% year-over-year, reaching 305,100 jobs in May 2025, signaling steady but modest employment expansion. This growth reflects a diversified economy with gains in key sectors like manufacturing and professional services, supporting regional stability. However, the relatively high unemployment rate of 5.5% suggests there is still room to improve labor market participation and job matching.

13

UNEMPLOYMENT RATE

Moderate unemployment promotes labor market flexibility and productivity.

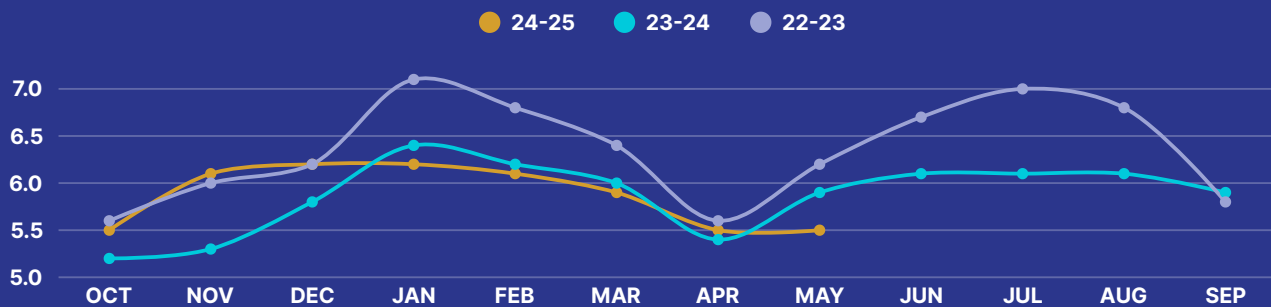


Trailing Twelve Months

TTM %

May 2025

YoY %

2023 - 2024: 6.0%**-1.79%****5.5%****-6.78%****2024 - 2025: 5.9%**

The unemployment rate in McAllen MSA decreased slightly to 5.5% in May 2025, indicating gradual improvement in the local labor market. While this decline reflects growing employment opportunities, the rate remains somewhat elevated compared to national averages, highlighting ongoing challenges in workforce participation and job matching.

Consumer Sentiment

14

DOLLARS SPENT ON AUTO PURCHASES

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

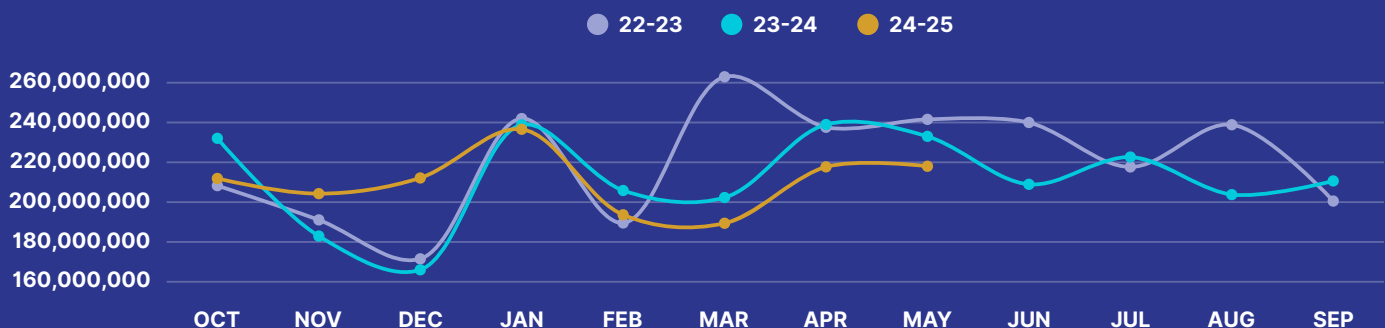


Trailing Twelve Months

TTM %

May 2025

YoY %

2023 - 2024: \$2,597,165,248**-2.60%****\$218,029,134****-6.44%****2024 - 2025: \$2,529,720,989**

A 6.44% drop in auto sales is a clear sign of consumer sensitivity to borrowing costs and overall vehicle affordability. The auto market is typically interest-rate sensitive, and as rates stay high, more consumers, particularly in lower and middle-income brackets are delaying purchases or shifting to used vehicles.

15

PESO EXCHANGE RATE

Monitoring the peso exchange rate is essential for border economies where cross-border commerce and consumer spending are deeply tied to the strength of the Mexican peso. Fluctuations in the exchange rate can signal broader economic shifts and influence regional trade dynamics.



Trailing Twelve Months

TTM %

May 2025

YoY %

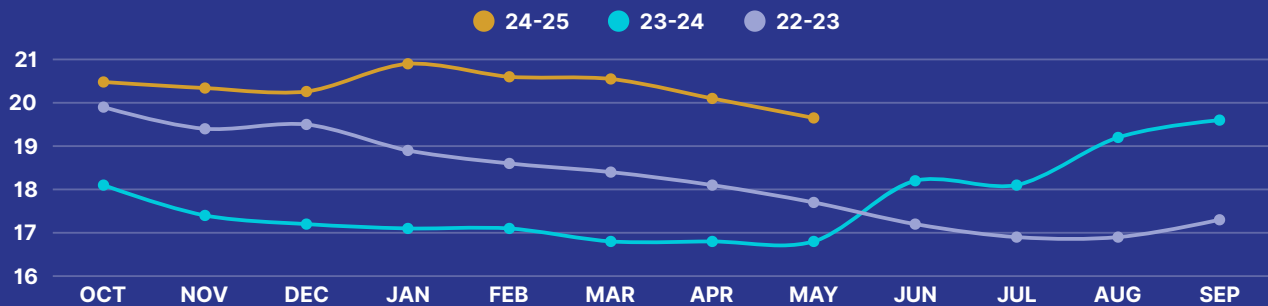
2023 - 2024: \$17.13

2024 - 2025: \$19.83

15.80%

\$19.65

17.03%



The peso's depreciation relative to the U.S. dollar, now at 19.65, up from 17.13, has direct implications for cross-border economic activity. A stronger dollar makes U.S. goods and services more expensive for Mexican consumers, likely contributing to the decline in bridge crossings and retail inflows from the south.



SPONSORED BY

