

McALLEN
CHAMBER OF COMMERCE

Economic Pulse

2026

McAllen Area

January 2026 REPORT

MCALLEN AREA

January 2026 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 consumer spending, confidence, and economic momentum. Growth drives businesses and jobs, while declines suggest caution.



Trailing Twelve Months:

TTM %

January 2026

YoY %

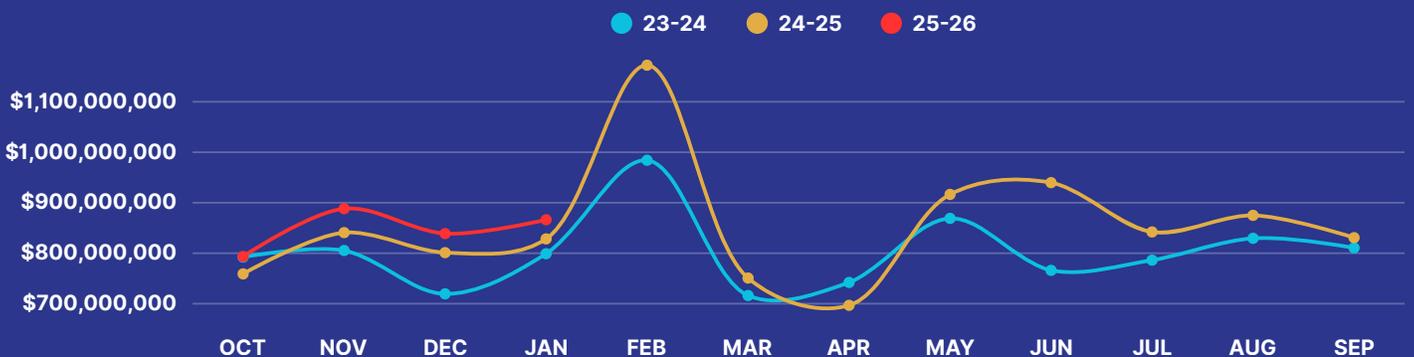
FY24-25: \$9,732,929,934

6.93%

\$866,315,716

4.59%

FY25-26: \$10,407,843,144



McAllen recorded \$866.3 million in retail sales in January 2026, up 4.59% year-over-year, against a backdrop of a 12.44% peso depreciation to 18.30 MXN/USD, a rate that measurably reduces the U.S. purchasing power of shoppers crossing from Tamaulipas and Nuevo León, who historically account for an estimated 25–40% of peak retail activity along the U.S. 83 corridor anchored by La Plaza Mall and the Expressway 83 power centers. The fact that retail sales grew despite peso headwinds indicates domestic Hidalgo County consumer demand absorbed the gap, a pattern reinforced by the simultaneous surge in home sales, newly established households typically generate retail spending in furnishings, appliances, and home improvement categories.

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 %

January 2026

YoY %

FY24-25: \$96,705,752

3.87%

\$8,653,736

5.70%

FY25-26: \$100,449,141



Sales tax receipts reached \$8.65 million in January 2026, up 5.70% year-over-year, outpacing the 4.59% retail sales growth rate and reflecting additional taxable activity generated by the 36.44% surge in construction permit values, building materials, contractor supplies, and home improvement purchases all contribute to the sales tax base. McAllen collects more local sales tax than any other municipality in the four-county Rio Grande Valley, and January, historically the softest month following the holiday sales surge, produced a growth rate that aligns with the broad-based consumer and construction activity visible across this month's dataset.

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 %

January 2026

YoY:

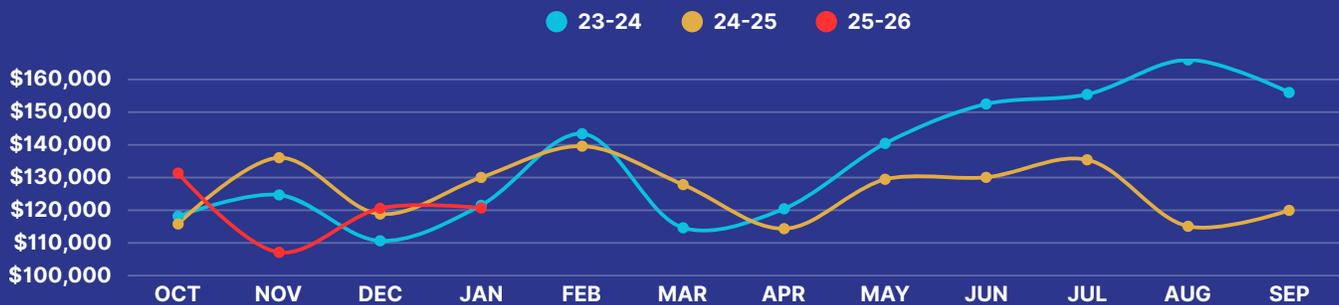
FY24-25: \$1,649,552

-9.58%

\$120,692

-7.18%

FY25-26: \$1,491,595



Mixed beverage tax receipts fell 7.18% to \$120,692 in January 2026, with the decline concentrated in McAllen's primary entertainment corridors where Mexican nationals face reduced purchasing power, 12.44% weaker than the prior year. The 14.55% drop in airport enplanements at MFE compounded this, as business travelers arriving by air represent a secondary but meaningful demand segment for full-service restaurant and bar receipts.



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 %:

January 2026

YoY:

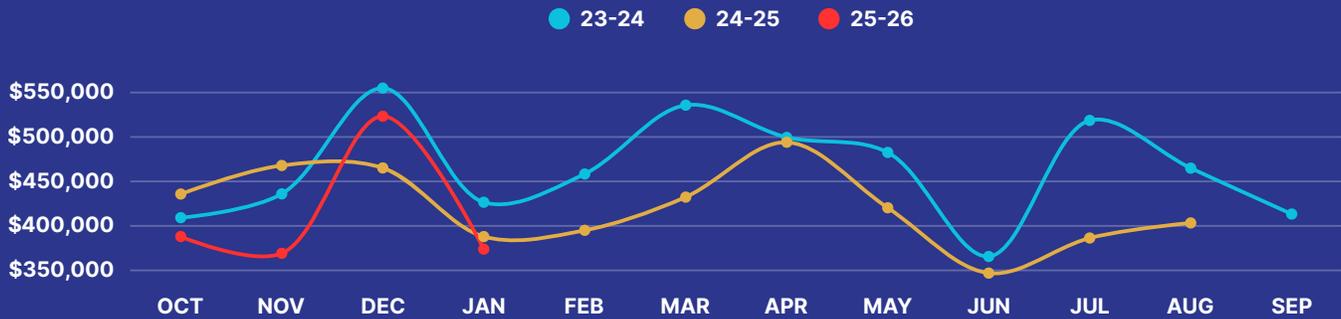
FY24-25: \$5,495,668

-9.94%

\$373,852

-3.64%

FY25-26: \$4,949,347



Lodging tax receipts declined 3.64% to \$373,852. The drop in airport enplanements at MFE reduced demand from the business traveler and medical tourist segments, patients traveling to South Texas Health System and Rio Grande Regional Hospital from interior Mexico represent a structurally important occupancy driver, while the 12.44% peso depreciation raised the effective cost of a McAllen hotel stay for peso-denominated visitors.

Construction & Housing



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 %:

January 2026

YoY %:

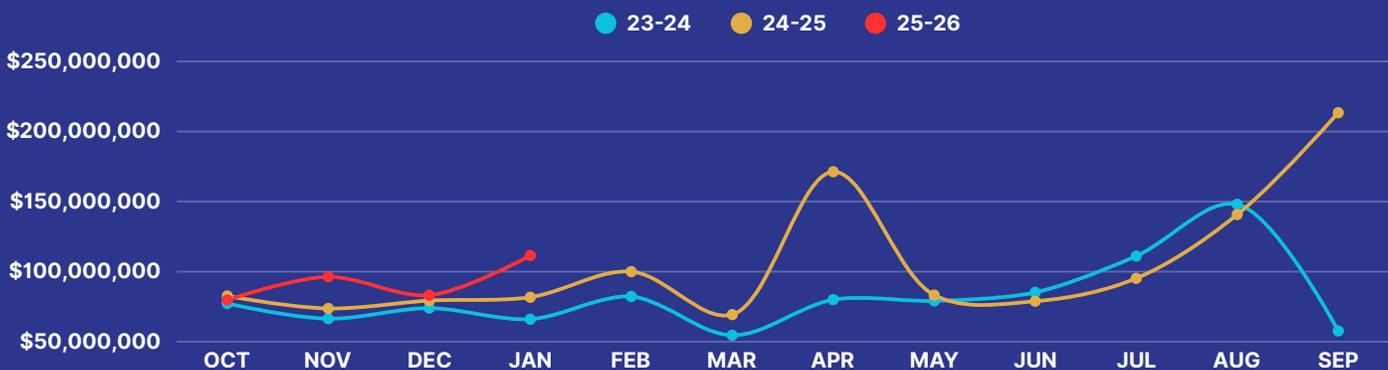
FY24-25: \$1,015,699,729

30.26%

\$111,504,698

36.44%

FY25-26: \$1,323,035,869



Total construction permit values surged 36.44% to \$111.5 million, the broadest measure of physical development activity across residential, commercial, and industrial categories, driven by sustained nearshoring related industrial demand and residential expansion in the northern McAllen growth zones. This figure directly anchors the simultaneous increases in new home permits (+15.38%), home sales (+19.92%), and residential real estate dollar volume (+23.18%), while also feeding upstream into sales tax collections through taxable materials procurement.

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 %

January 2026

YoY %

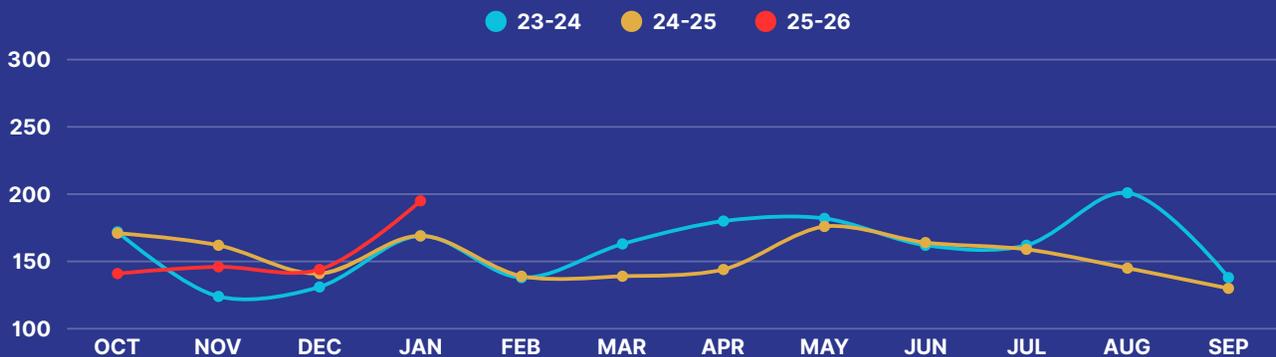
FY24-25: 1,965

-7.28%

195

15.38%

FY25-26: 1,822



McAllen issued 195 new home permits, a 15.38% year-over-year increase concentrated in the northern growth corridors, serving a buyer pool that includes dual-income households tied to the Reynosa maquiladora sector and federal agency employees, and healthcare professionals at the Valley's expanding hospital systems. Permits issued in January represent a leading indicator for closings 6–12 months ahead, making this figure consistent with continued elevated home sales volume through mid-to-late 2026 and directly connected to the 36.44% jump in total construction permit values and the 23.18% increase in residential real estate dollar volume already observed in closed transactions.

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 %

January 2026

YoY %

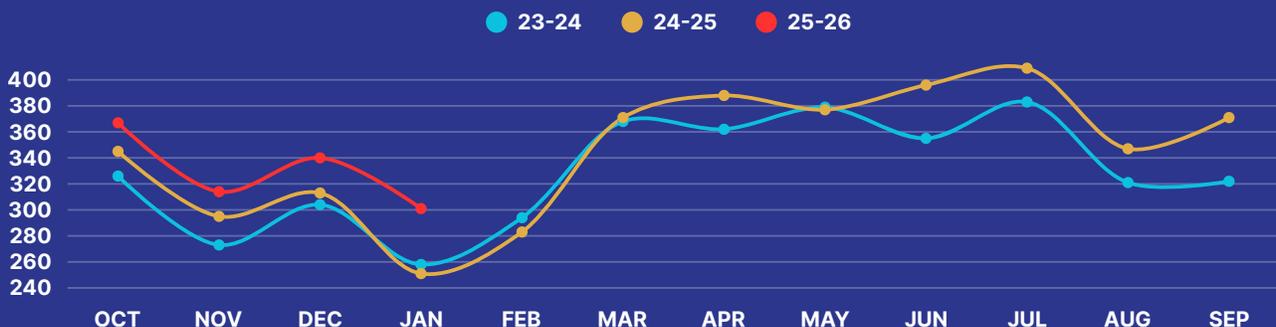
FY24-25: 3,988

6.82%

301

19.92%

FY25-26: 4,260



McAllen recorded 301 home sales, a 19.92% year-over-year increase driven by domestic demand, in-migration from Mexican nationals establishing primary U.S. residency, and colonia-to-city mobility as households relocate from county communities into McAllen. The 19.92% unit increase combined with only 2.72% average price appreciation produced the 23.18% dollar volume surge, confirming that market growth is driven by transaction breadth rather than price escalation, a pattern consistent with McAllen's historically stable appreciation rates.

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 %

January 2026

YoY %

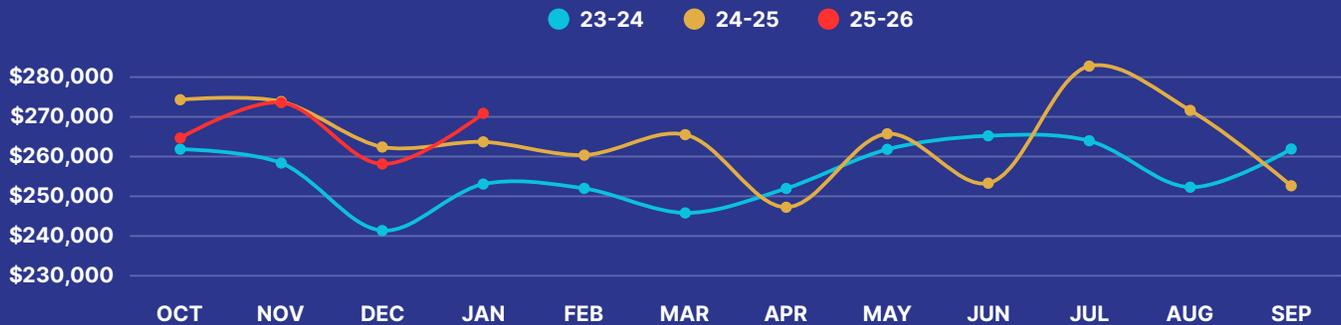
FY24-25: \$260,772

1.18%

\$270,869

2.72%

FY25-26: \$263,839



The average home sales price in McAllen reached \$270,869, up 2.72% year-over-year, remaining well below the Texas statewide average and reflecting a market where volume expansion, not price pressure, is the primary growth mechanism, as evidenced by the 19.92% unit sales increase occurring alongside this modest appreciation rate. The mathematical relationship is direct: a 19.92% volume increase at 2.72% higher average prices produces the 23.18% total residential dollar volume growth recorded this month.

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 %

January 2026

YoY %

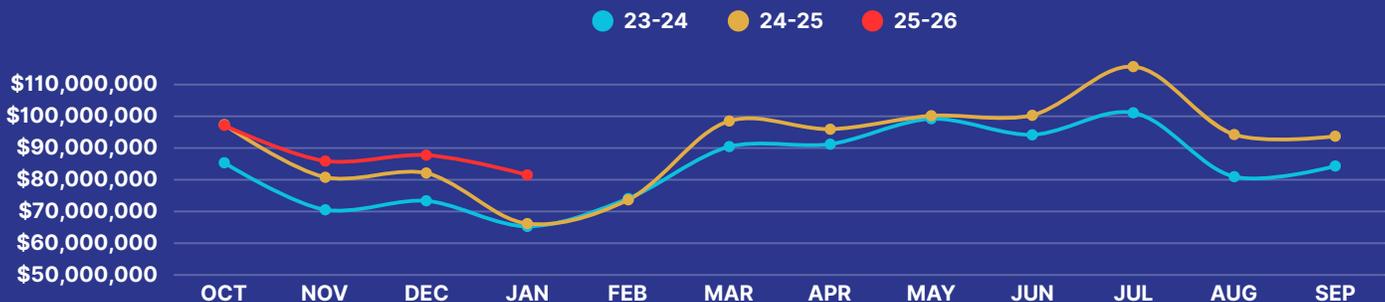
FY24-25: \$1,042,056,580

7.81%

\$81,531,632

23.18%

FY25-26: \$1,123,444,162



Total residential real estate dollar volume reached \$81.5 million, up 23.18% year-over-year, a figure produced by 301 closed home sales (+19.92%) at an average price of \$270,869 (+2.72%), meaning volume growth this month was driven almost entirely by unit sales velocity rather than price appreciation.

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 %

January 2026

YoY %

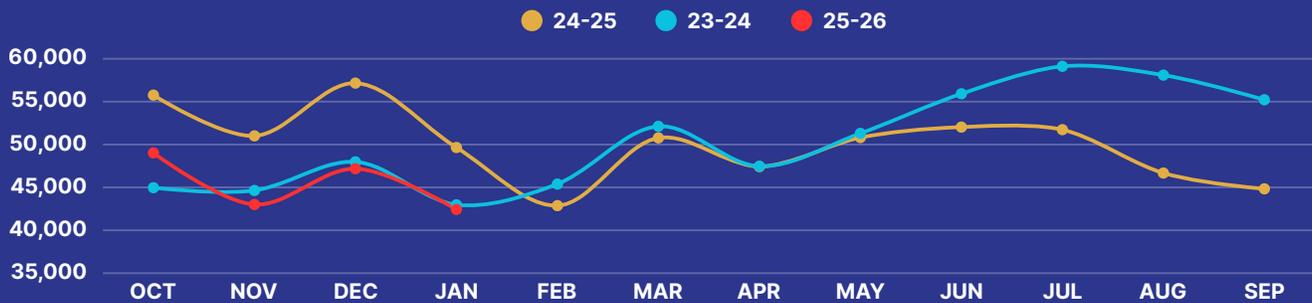
FY24-25: 638,215

-39.34%

42,428

-14.55%

FY25-26: 387,168



McAllen International Airport recorded 42,428 enplanements, a 14.55% year-over-year decline. The decline directly correlates with the 3.64% drop in lodging tax receipts and the 7.18% decline in mixed beverage receipts, as arriving air passengers are primary consumers of McAllen's hotel and restaurant sectors. A trend that could be restored by new routes recently announced.

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 %

January 2026

YoY %

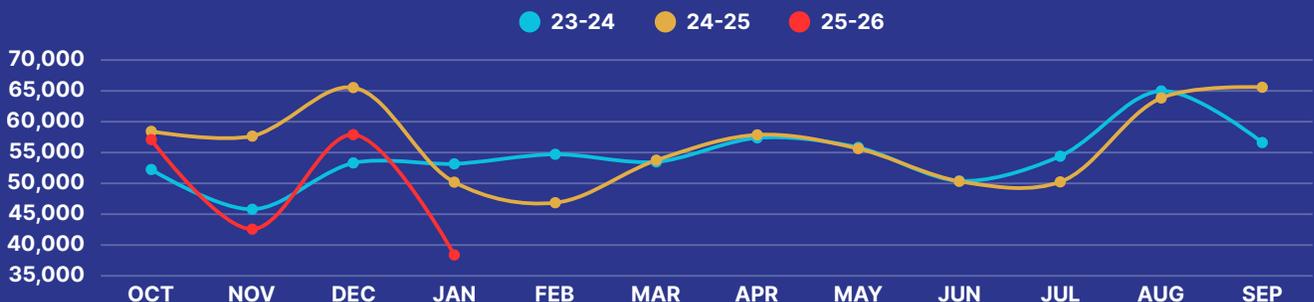
FY24-25: 679,672

-5.82%

38,393

-23.52%

FY25-26: 640,131



McAllen Metro recorded 38,393 trips, down 23.52% year-over-year. McAllen's vehicle ownership rates are among the highest in Texas for a city of comparable size, a function of the metro's low-density, car-dependent land use patterns, and the 15.38% increase in new home permits in auto-dependent northern growth corridors represents continued outward expansion away from transit-accessible areas.

Cross-Border Commerce

BRIDGE CROSSINGS

Category	January	YoY Change	TTM Change
Southbound Personal Vehicle Crossings	332,218	▼ 6.79%	▼ 15.75%
Northbound Personal Vehicle Crossings	364,428	▼ 4.27%	▼ 16.62%
Northbound Personal Vehicle Passenger Crossings	748,409	▼ 4.32%	▼ 17.95%
Northbound Bus Crossings	640	▼ 34.96%	▼ 20.81%
Northbound Bus Passenger Crossings	11,570	▼ 38.71%	▼ 23.27%
Northbound Truck Crossings	63,950	▲ 1.21%	▼ 0.70%

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 economic expansion and labor market strength.



Trailing Twelve Months

2023 - 2024: 302,067

2024 - 2026: 279,858

TTM %

January

YoY %

-23.84%



Non-farm payroll employment reached 310,000 jobs, up 2.45% year-over-year. The TTM growth of 1.14% signals steady labor market expansion across sectors. This continued job growth supports consumer spending, housing demand, and overall economic resilience.

13

UNEMPLOYMENT RATE

Moderate unemployment promotes labor market flexibility and productivity.



Trailing Twelve Months

2023 - 2024: 5.98%

2024 - 2026: 5.27%

TTM %

5.27%

January 2026

6.3%

YoY %

6.45%

NO UPDATE DUE TO GOVERNMENT LAPSE IN APPROPRIATIONS



The unemployment rate stood at 6.3%, reflecting a 3.28% year-over-year increase. Despite short-term movement, the TTM decline of 3.50% highlights improving labor market conditions over the year. Workforce development and employer attraction efforts remain key to sustaining progress.

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

FY24-25: \$2,591,105,691

FY25-26: \$2,616,018,064

TTM %

0.96%

January 2026

\$252,566,518

YoY %

6.75%

● 23-24 ● 24-25 ● 25-26



Auto purchases in McAllen totaled \$252.6 million, up 6.75% year-over-year. The 6.75% growth despite 12.44% peso depreciation confirms that domestic Valley household formation, consistent with the 19.92% home sales increase and 15.38% new home permit surge, was the primary demand driver this month, as new residential households in the McAllen metro typically accompany vehicle acquisition.

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 %

January 2026

YoY %

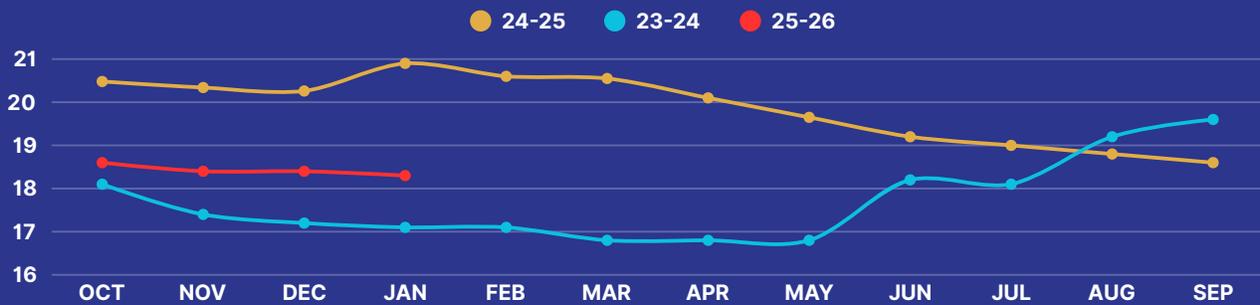
FY24-25: \$18.71

2.51%

\$18.30

-12.44%

FY25-26: \$19.18



The Mexican peso traded at 18.30 per U.S. dollar in January, 12.44% weaker than 2025's rate, representing the most broadly impactful variable in this month's dataset: The 18.30 rate is the direct suppressor behind declines in mixed beverage receipts (-7.18%), lodging tax (-3.64%), and airport enplanements (-14.55%), while retail sales (+4.59%), auto purchases (+6.75%), and all housing indicators posted gains, indicating that domestic Hidalgo County demand is currently offsetting reduced peso-denominated spending.

McALLEN
CHAMBER OF COMMERCE

SPONSORED BY

