



**McALLEN**  
CHAMBER OF COMMERCE

# Economic Pulse

2026

McAllen Area

February 2026 REPORT

MCALLEN AREA

# February 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 %

February 2026

YoY %

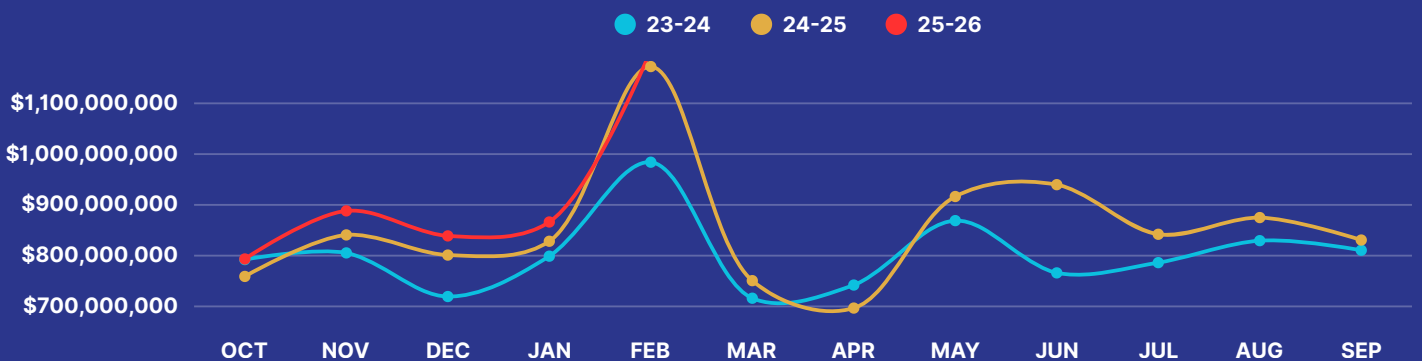
FY24-25: \$9,921,310,858

5.23%

\$1,204,956,860

2.77%

FY25-26: \$10,440,347,098



Retail sales in the McAllen MSA reached \$1,204,956,860 in February 2026, up 2.8% year-over-year from \$1,172,452,906 in February 2025. Breaking the \$1.2 billion monthly threshold for retail sales reflects the scale of McAllen's consumer market, which extends far beyond the city's 150,000 residents to encompass a binational trade zone of several million people. This metric reinforces McAllen's status as a top-tier Texas retail market and supports continued investment in commercial real estate, mixed-use development, and experiential retail concepts.

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:

**FY24-25: \$98,017,274**

**FY25-26: \$101,085,050**

TTM %

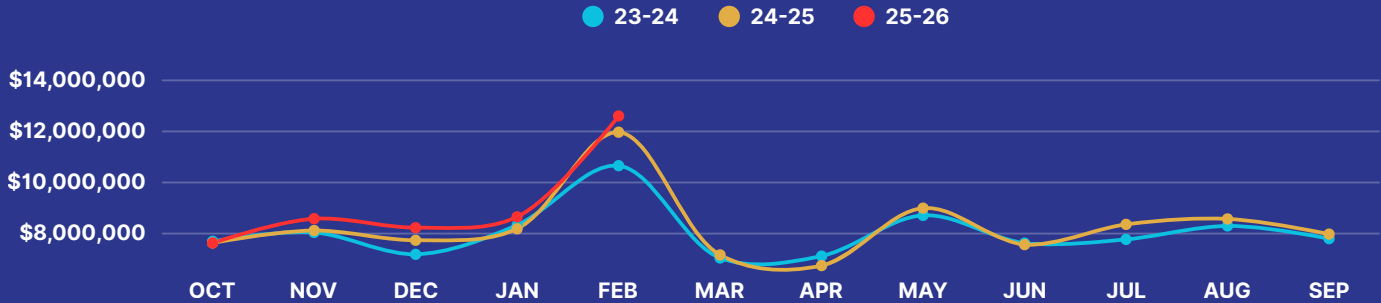
**3.13%**

February 2026

**\$12,605,685**

YoY %

**5.31%**



Sales tax receipts for February 2026 totaled \$12,605,685, up 5.3% year-over-year from \$11,969,776 in February 2025. This strong February performance continues a streak of growth and reflects McAllen's enduring position as the dominant retail hub in the Rio Grande Valley, fueled by both local consumer activity and cross-border shoppers from Reynosa and surrounding Tamaulipas communities. City leaders and business development stakeholders should continue prioritizing retail attraction and retention strategies, as this sustained tax base growth directly funds municipal services and public infrastructure.

**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:

**FY24-25: \$1,645,747**

**FY25-26: \$1,485,392**

TTM %

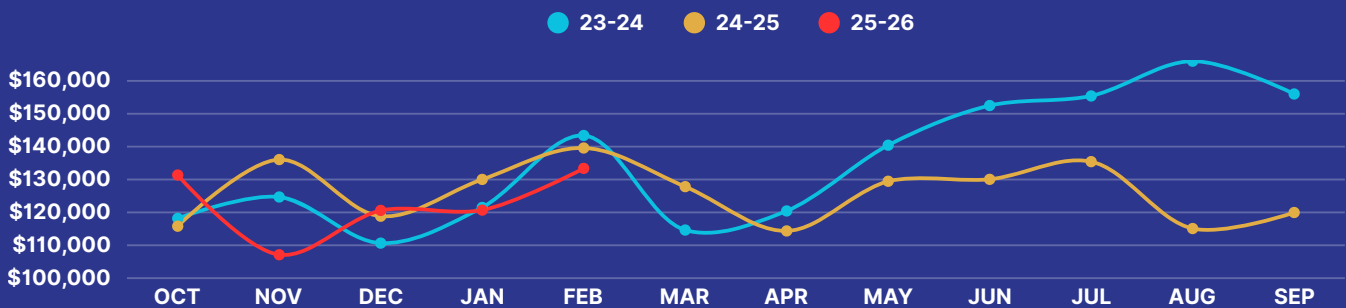
**-9.74%**

February 2026

**\$133,385**

YoY:

**-4.44%**



Mixed beverage tax receipts came in at \$133,385 in February 2026, down 4.4% from \$139,589 in February 2025. While this is a modest decline, February is historically a slower month for hospitality and dining, and the figure remains well within normal seasonal range for a mid-size border city. McAllen's growing food and entertainment scene, anchored by downtown venues and regional dining destinations, offers continued upside; targeted event programming and tourism marketing efforts tied to spring festival season could help reverse this slight dip heading into warmer months.



### 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:

**FY24-25: \$5,432,318**

**FY25-26: \$4,943,516**

TTM %:

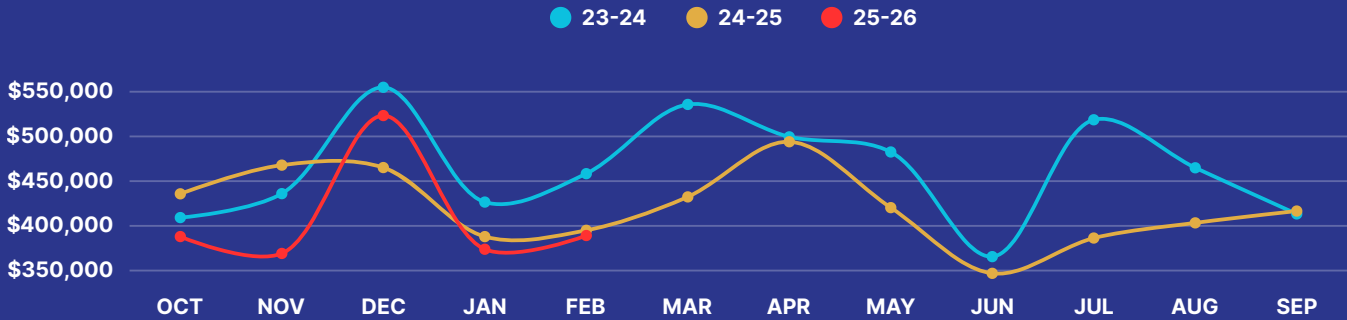
**-9.00%**

February 2026

**\$389,185**

YoY:

**-1.48%**



Lodging tax receipts reached \$389,185 in February 2026, down 1.5% compared to \$395,016 in February 2025. Despite the slight year-over-year decrease, February lodging revenues remain substantially elevated compared to the pre-pandemic baseline, reflecting McAllen's growing profile as a regional business travel and medical tourism destination. Continued investment in convention and group travel marketing, particularly around binational business events and healthcare conferences, positions the city well to sustain and grow this revenue stream through 2026.

## 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:

**FY24-25: \$1,033,378,631**

**FY25-26: \$1,300,343,664**

TTM %:

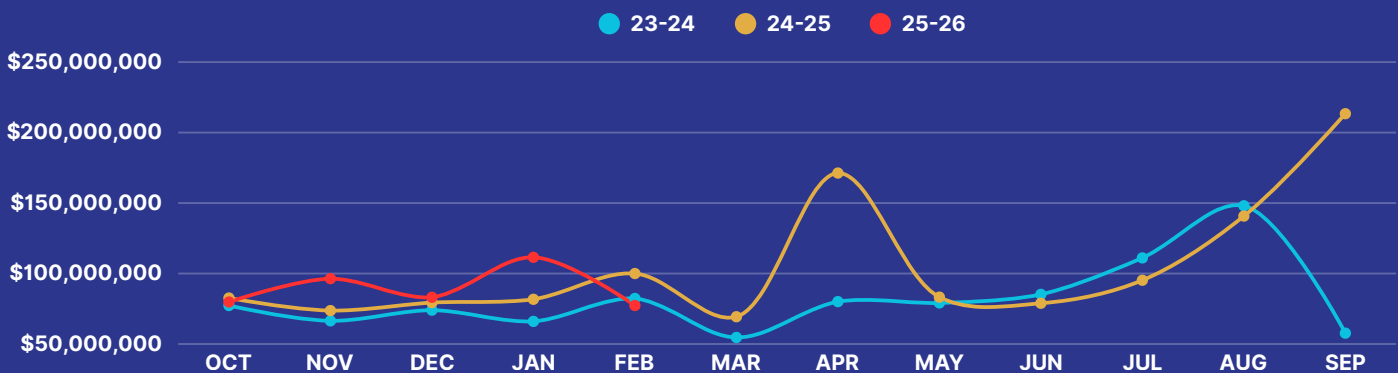
**25.83%**

February 2026

**\$77,304,549**

YoY %:

**-22.69%**



The value of all construction permits in the McAllen MSA totaled \$77,304,549 in February 2026, down 22.7% from \$99,996,754 in February 2025. This is a notable decline, though construction permit values can be lumpy from month to month due to the timing of large commercial and institutional projects. The prior-year February figure was elevated by one or more significant projects, so this month's number should be interpreted cautiously; monitoring the coming months for trend stabilization will provide a clearer picture of construction sector health.

**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 %

February 2026

YoY %

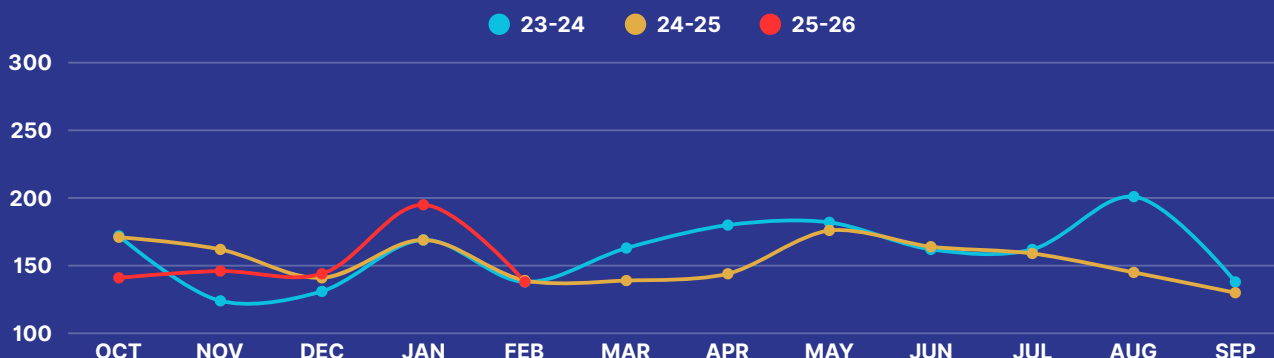
**FY24-25: 1,966**

**-7.38%**

**138**

**-0.72%**

**FY25-26: 1,821**



New home permits in the McAllen MSA totaled 138 in February 2026, essentially flat with 139 permits issued in February 2025, representing a less than 1% change. This consistency signals that residential construction activity in the metro remains stable despite elevated interest rates nationally, a testament to the region's population growth, immigration from other Texas metros, and the ongoing demand driven by maquiladora workforce expansion and cross-border professional relocation. Local municipalities and housing advocates should remain attentive to affordability gaps as demand continues to outpace supply in many entry-level and mid-range segments.

**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 %

February 2026

YoY %

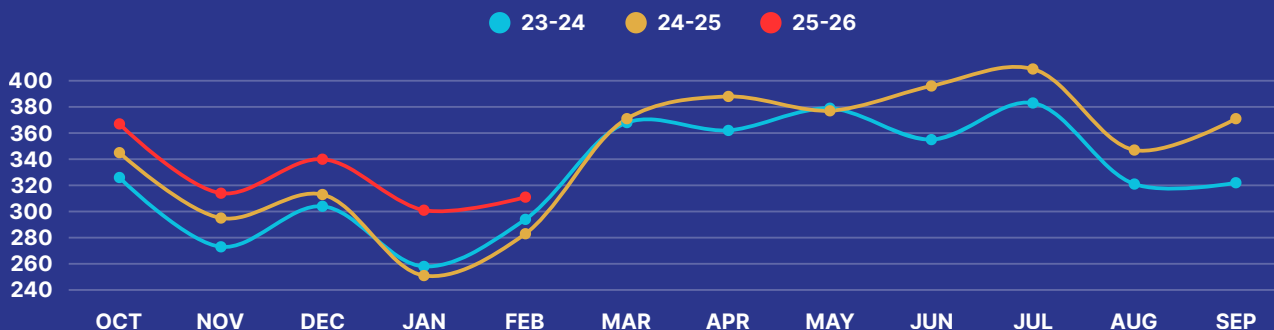
**FY24-25: 3,977**

**7.82%**

**311**

**9.89%**

**FY25-26: 4,288**



Home sales in McAllen totaled 311 in February 2026, up 9.9% from 283 in February 2025. This increase in closed transactions is a positive signal for the local real estate market and suggests that buyers are adjusting to current rate environments or accessing programs that ease affordability barriers. For the RGV, where median incomes are below state averages, this growth in home sales likely reflects a combination of new affordable product, down payment assistance programs, and continued household formation by younger demographics.

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### 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 %

February 2026

YoY %

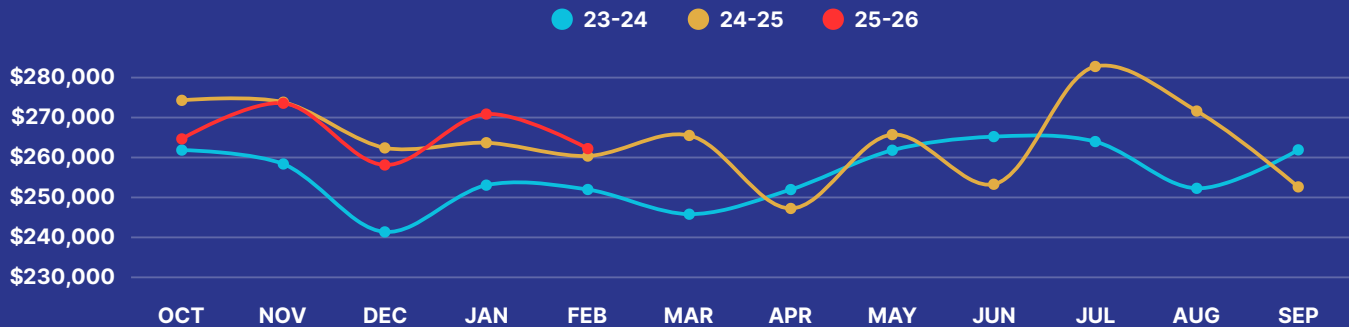
FY24-25: \$261,469

0.97%

\$262,225

0.72%

FY25-26: \$263,994



The average home sales price reached \$262,225 in February 2026, up slightly less than 1% from \$260,356 in February 2025. Price stability at this level is a relatively healthy sign for McAllen's housing market: buyers are not facing the runaway appreciation seen in larger Texas metros, while sellers are still achieving values well above pre-pandemic levels. Maintaining this balance requires thoughtful policy attention to new residential supply, zoning flexibility, and workforce housing incentives.

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### 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 %

February 2026

YoY %

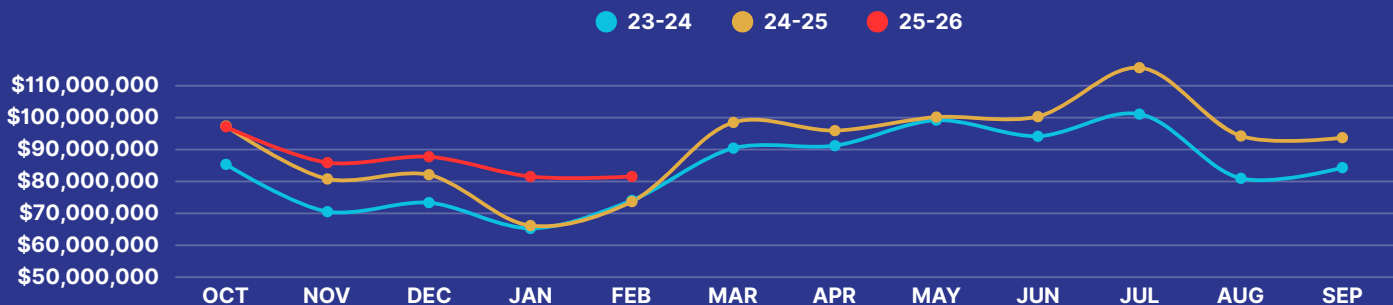
FY24-25: \$1,041,651,963

8.61%

\$81,552,103

10.68%

FY25-26: \$1,131,315,350



Total residential real estate dollar volume came in at \$81,552,103 in February 2026, up 10.7% year-over-year from \$73,680,915 in February 2025. The combined lift from higher transaction volume and stable pricing produced this meaningful gain, which directly supports real estate professionals, title companies, lenders, and the broader ecosystem of services tied to home sales. This trend bodes well for continued local economic circulation and household wealth formation in the region.

# Transportation



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## 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 %

February 2026

YoY %

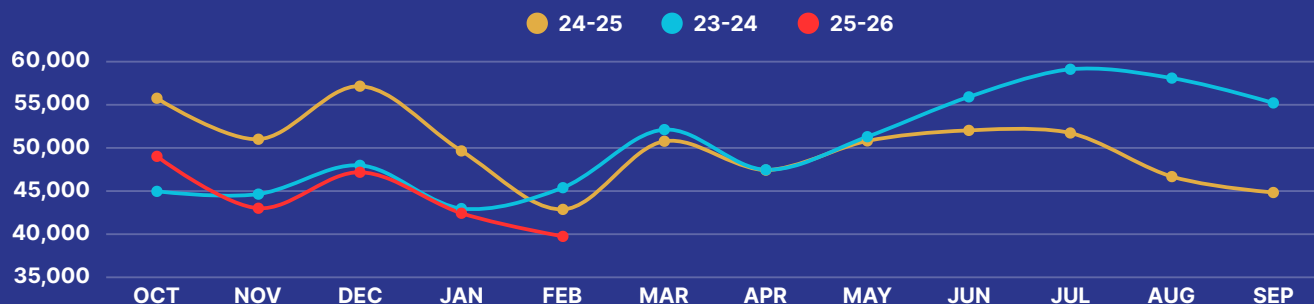
FY24-25: 635,700

**-11.01%**

**39,746**

**-7.30%**

FY25-26: 565,680



McAllen International Airport recorded 39,746 enplanements in February 2026, down 7.3% from 42,875 in February 2025. This pullback warrants attention but should be read in context: February 2025 saw elevated travel tied to specific regional events and the airport was operating with a broader route mix. Efforts to diversify McAllen's air service offerings and attract new carriers remain critical, especially as the Monterrey-McAllen binational corridor strengthens; growing direct business travel and convention-driven demand will be key strategies to regain and surpass prior-year performance.

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## 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 %

February 2026

YoY %

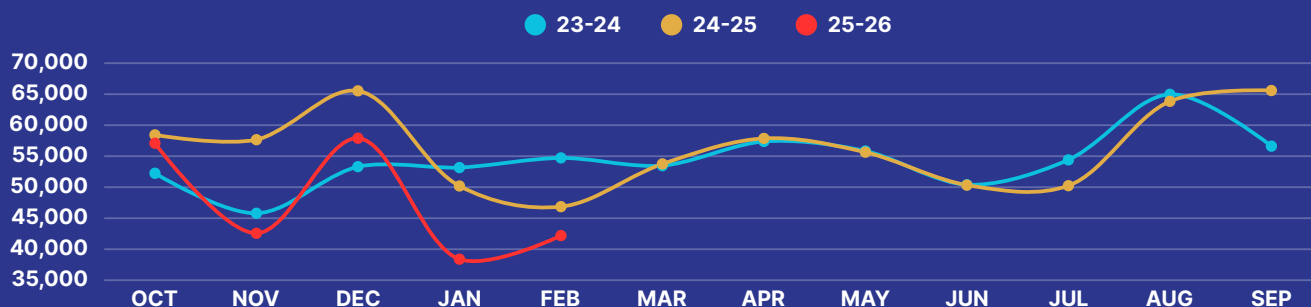
FY24-25: 671,812

**-5.41%**

**42,199**

**-9.95%**

FY25-26: 635,466



Metro McAllen recorded 42,199 riders in February 2026, down 10% from 46,864 in February 2025. Transit ridership declines are a national trend as remote and hybrid work patterns persist, but for a border city like McAllen where many essential workers depend on public transit, this warrants a closer look at route coverage and service frequency. Strengthening transit connectivity between residential areas and employment centers, particularly for healthcare and retail workers, remains a key quality-of-life and workforce equity priority.

# Cross-Border Commerce

## BRIDGE CROSSINGS

Category	February	YoY Change	TTM Change
Southbound Personal Vehicle Crossings	312,784	▲ 5.60%	▼ 14.20%
Northbound Personal Vehicle Crossings	338,201	▲ 13.21%	▼ 14.52%
Northbound Personal Vehicle Passenger Crossings	666,220	▲ 13.33%	▼ 15.87%
Northbound Bus Crossings	564	▼ 34.95%	▼ 22.21%
Northbound Bus Passenger Crossings	8,867	▼ 34.76%	▼ 24.47%
Northbound Truck Crossings	57,219	▲ 13.77%	▲ 1.30%

# Labor Market

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## 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 2025

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.

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**UNEMPLOYMENT RATE**

Moderate unemployment promotes labor market flexibility and productivity.



Trailing Twelve Months

2023 - 2024: 5.98%

2024 - 2026: 5.27%

TTM %

5.27%

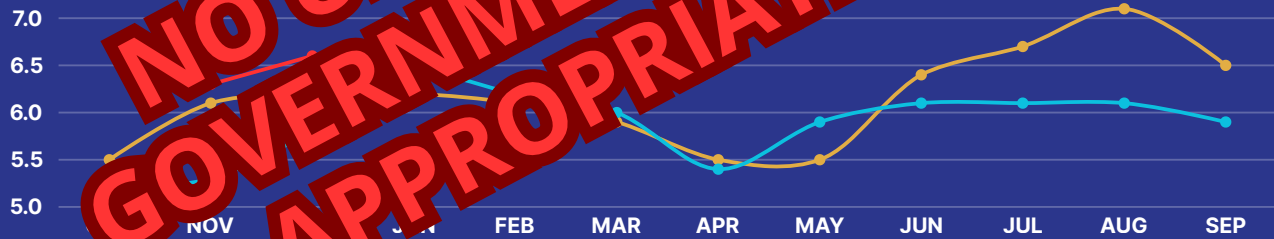
February 2026

6.45%

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**

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**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: \$2,578,912,008

FY25-26: \$2,617,977,592

TTM %

1.51%

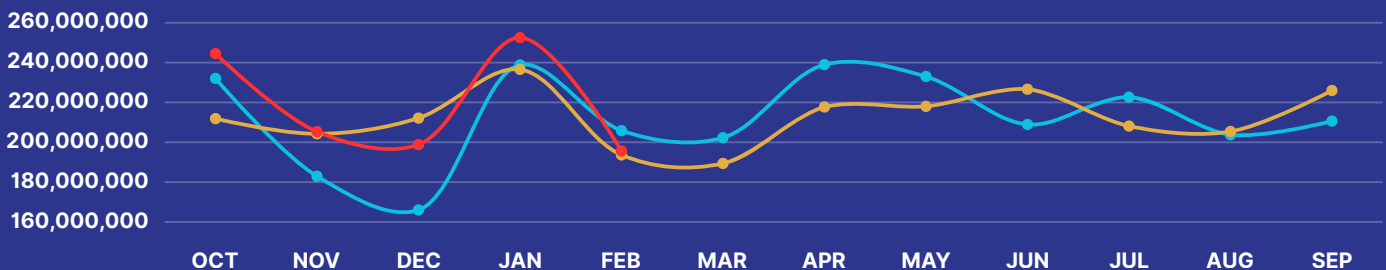
February 2026

\$195,612,214

YoY %

1.01%

● 23-24 ● 24-25 ● 25-26



Auto purchase spending in February 2026 totaled \$195,612,214, up approximately 1% from \$193,652,686 in February 2025. McAllen remains one of the most active auto markets in South Texas, benefiting from a large consumer base spanning multiple border counties and cross-border buyers who take advantage of U.S. vehicle financing and selection. Dealers and auto-adjacent businesses should feel encouraged by this stability, particularly given ongoing interest rate headwinds that have softened vehicle sales in other markets.

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**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 %

February 2026

YoY %

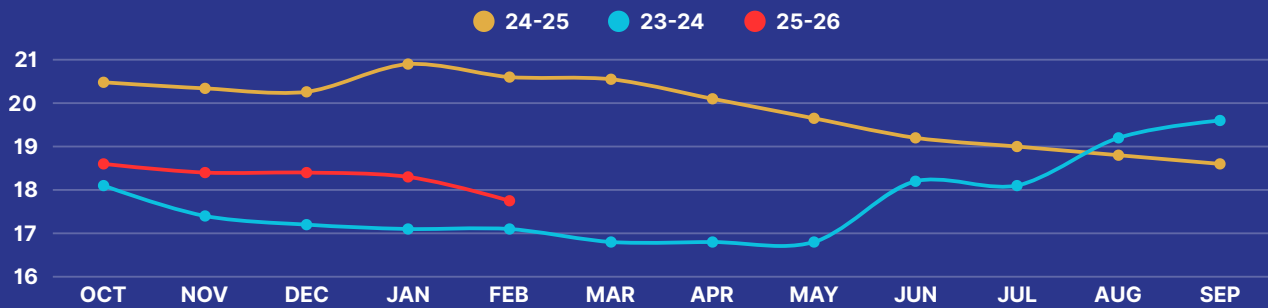
FY24-25: \$19.01

**-0.32%**

**\$17.75**

**-13.83%**

FY25-26: \$18.95



The peso exchange rate stood at 17.75 MXN per USD in February 2026, down from 20.60 in February 2025, representing a 13.8% appreciation of the peso against the dollar. A stronger peso is generally positive for McAllen's economy: Mexican consumers and businesses experience greater purchasing power in U.S. markets, which tends to boost cross-border retail, lodging, and service consumption. Business owners and economic development professionals should highlight this currency advantage in outreach to Mexican business partners and in marketing to cross-border shoppers.

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