McALLEN
CHAMBER OF COMMERCE

Economic **Pulse**

McAllen Area

May 2026 REPORT

MCALLEN AREA

May 2026 Economic Pulse

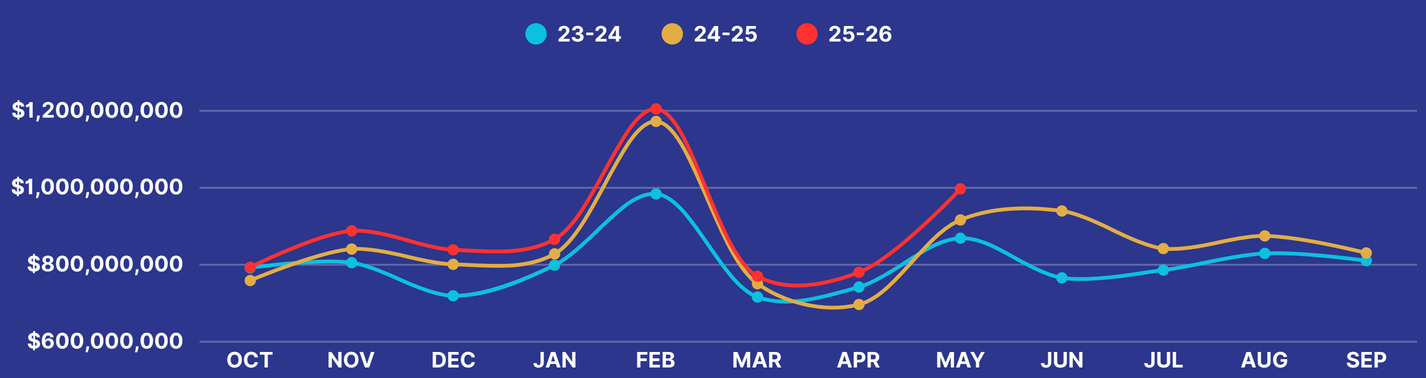
Let's break down the data analysis to explore the **economic impact on McAllen, Texas**, specifically focusing on the role of McAllen as a border town and the broader implications for its local economy.

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 %	May 2026	YoY %
FY24-25: $9,958,040,412 FY25-26: $10,624,059,382	6.69%	$997,193,243	8.81%

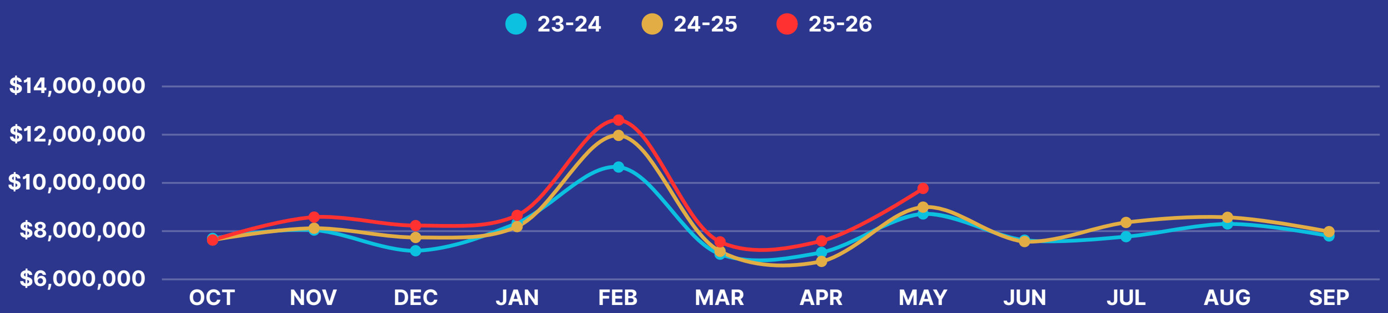


Retail sales in the McAllen MSA reached $997,193,243 in May 2026, up 8.8% from $916,462,944 in May 2025. Approaching the $1 billion threshold in a single month is a landmark achievement for the McAllen MSA retail sector, and May's figure sits just $2.8 million shy of that milestone. The combination of Mother's Day, graduations, end-of-school spending, and supercharged cross-border shopping from peso-strong Mexican consumers drove one of the most impressive retail months on record for the region. This data point is a powerful asset for retail attraction campaigns, commercial real estate investment conversations, and McAllen's broader economic development narrative.

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 2026	YoY %
FY24-25: $98,048,094 FY25-26: $103,102,036	5.15%	$9,771,023	8.62%



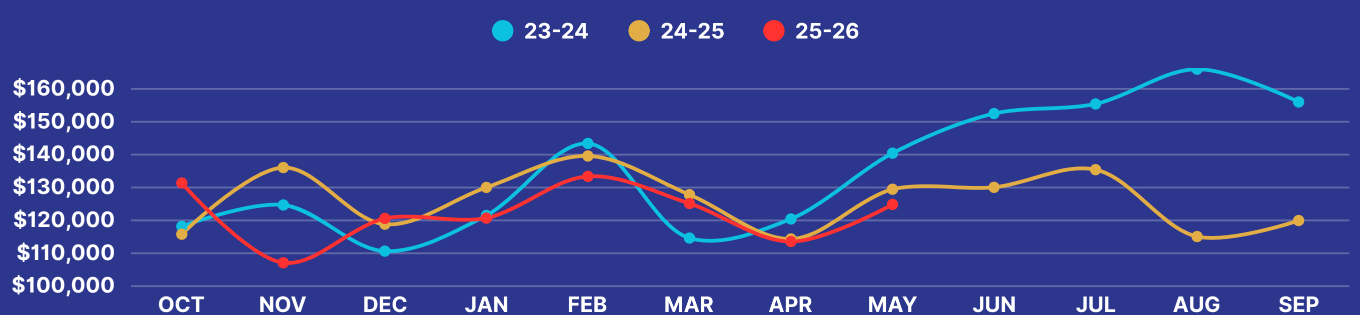
Sales tax receipts for May 2026 totaled $9,771,023, up 8.6% year-over-year from $8,995,423 in May 2025. This is a strong result for one of the year's historically highest-volume months, driven by Mother's Day retail activity, end-of-school-year spending, and the continued influx of Mexican consumers benefiting from a favorable peso exchange rate. McAllen's sustained sales tax momentum through the first five months of 2026 — with growth now confirmed in every reported month — sends a clear signal to retailers and commercial developers that consumer demand in this market remains exceptionally healthy.

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 2026	YoY:
FY24-25: $1,641,911 FY25-26: $1,477,293	-10.03%	$124,858	-3.57%

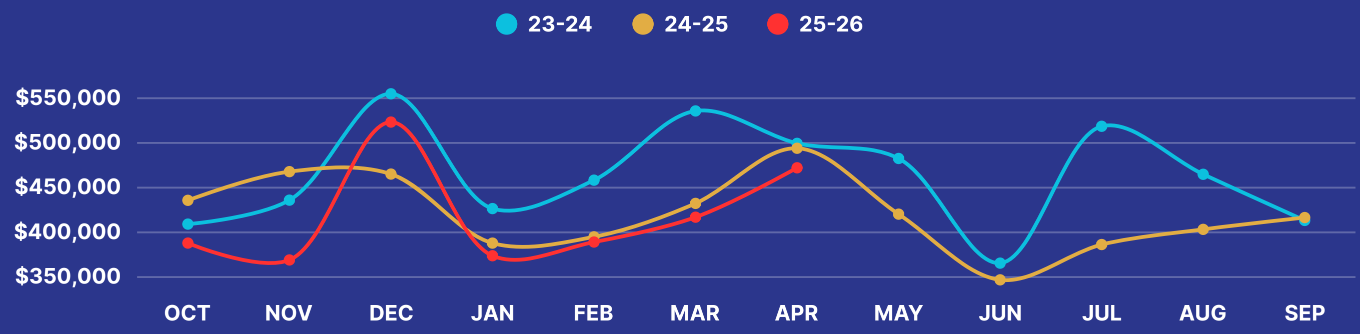


Mixed beverage tax receipts totaled $124,858 in May 2026, down 3.6% from May 2025. While the decline is modest, strengthening summer events and supporting local hospitality businesses may help boost activity in the coming months.

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 2026	YoY:
FY24-25: $5,261,191 FY25-26: $4,854,529	-7.73%	$368,631	-12.31%



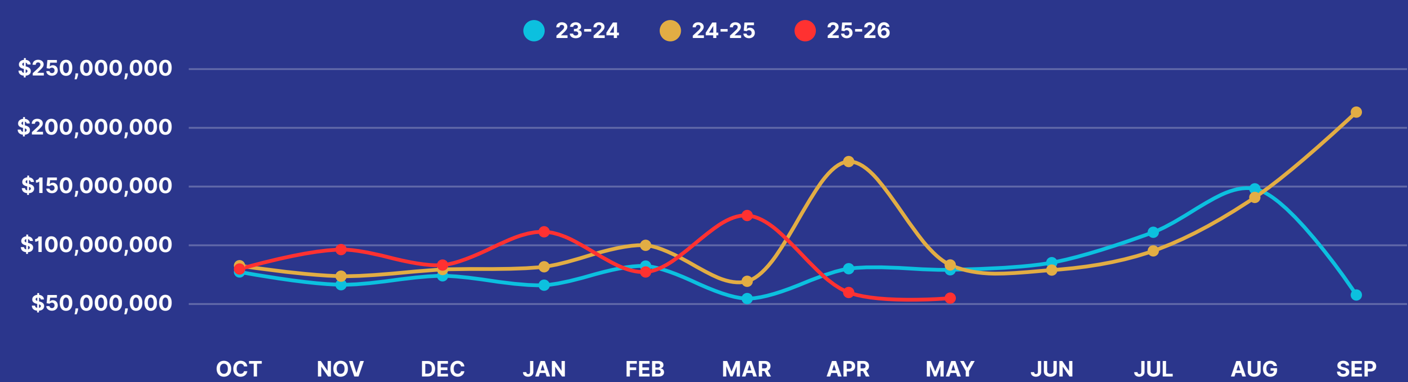
Lodging tax receipts totaled $368,631 in May 2026, down 12.3% from $420,362 in May 2025. This is the most notable lodging decline of the year so far and deserves close attention from McAllen's hospitality sector and convention marketing leadership. May 2025 benefited from strong conference and group travel bookings, and the absence of comparable demand this May suggests either event calendar gaps or softer corporate travel. Proactive outreach to meeting planners, medical associations, and binational business organizations to fill the summer and fall convention calendar should be a priority for the McAllen Convention Center and area hotel partners.

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 2026	YoY %
FY24-25: $1,143,434,102 FY25-26: $1,216,636,974	6.40%	$55,014,024	-33.93%

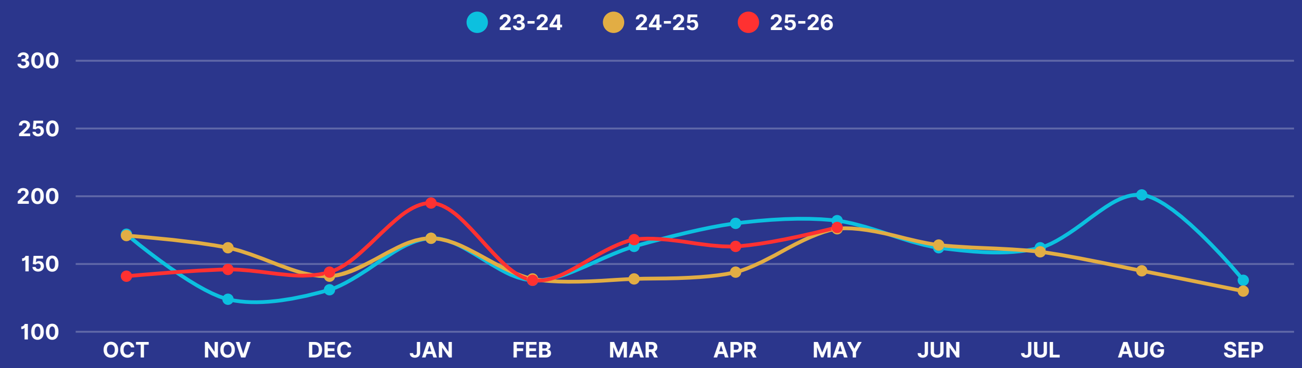


The value of all construction permits in the McAllen MSA totaled $55,014,024 in May 2026, down 33.9% from $83,260,432 in May 2025. This decline follows a pattern seen in recent months where monthly permit values fluctuate significantly based on the timing of large individual projects. The May 2025 figure was elevated by one or more major projects not replicated this May; underlying residential and smaller commercial construction activity appears to remain steady, as evidenced by the healthy new home permit count. Stakeholders should track the rolling 12-month total for a more stable view 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 %	May 2026	YoY %
FY24-25: 1,900 FY25-26: 1,870	-1.58%	177	0.57%

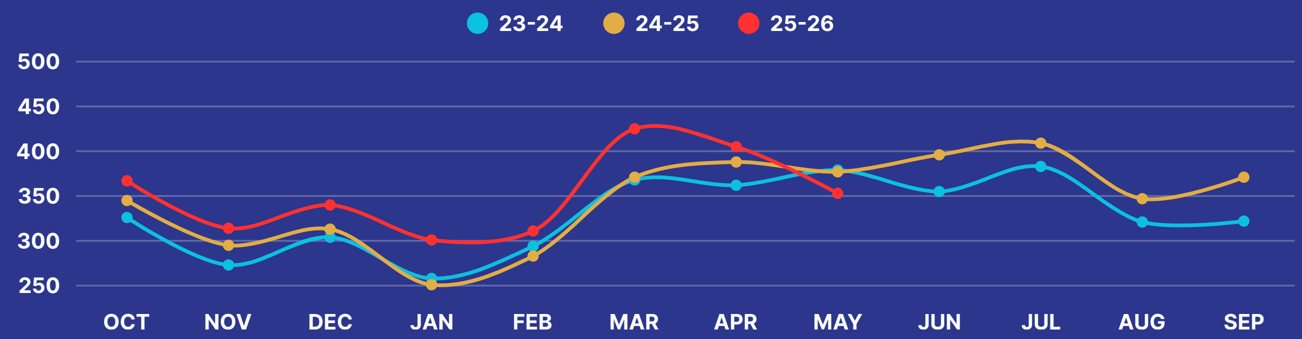


New home permits in the McAllen MSA totaled 177 in May 2026, up 0.6% from 176 in May 2025 — essentially flat. Following two strong months of permit growth in March and April, this stable May result maintains the broader upward trend in residential construction activity without overheating. The consistency of permit volumes in the 160–180 range over recent months signals a residential pipeline that is meeting demand without creating oversupply risk, a balanced outcome that supports sustainable price appreciation and healthy absorption rates across the McAllen MSA.

7 HOME SALES

The average home sale price signals wealth,inflation, and buying power. Rising pricesboost homeowner equity, while declinesmay indicate economic slowdowns.

Trailing Twelve Months	TTM %	May 2026	YoY %
FY24-25: 4,004 FY25-26: 4,334	8.24%	353	-6.37%

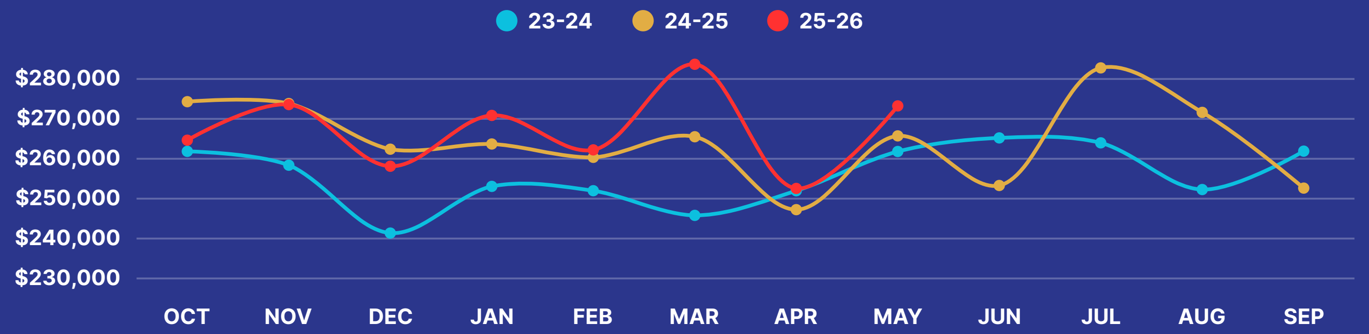


Home sales in Hidalgo County totaled 353 in May 2026, down 6.4% from 377 in May 2025. This is the first month of negative year-over-year home sale transaction volume after several strong months, and may reflect some buyer hesitation related to mortgage rate levels, limited available inventory in certain price ranges, or seasonal timing variation. One month does not constitute a trend, and the broader spring buying season has shown healthy activity; real estate professionals and housing policy advocates should monitor June and July figures to determine whether this is a temporary pause or the beginning of a softening cycle.

8 AVERAGE HOME SALES PRICE

The average home sale price signals wealth,inflation, and buying power. Rising pricesboost homeowner equity, while declinesmay indicate economic slowdowns.

Trailing Twelve Months	TTM %	May 2026	YoY %
FY24-25: $263,043 FY25-26: $266,578	1.34%	$273,250	2.83%

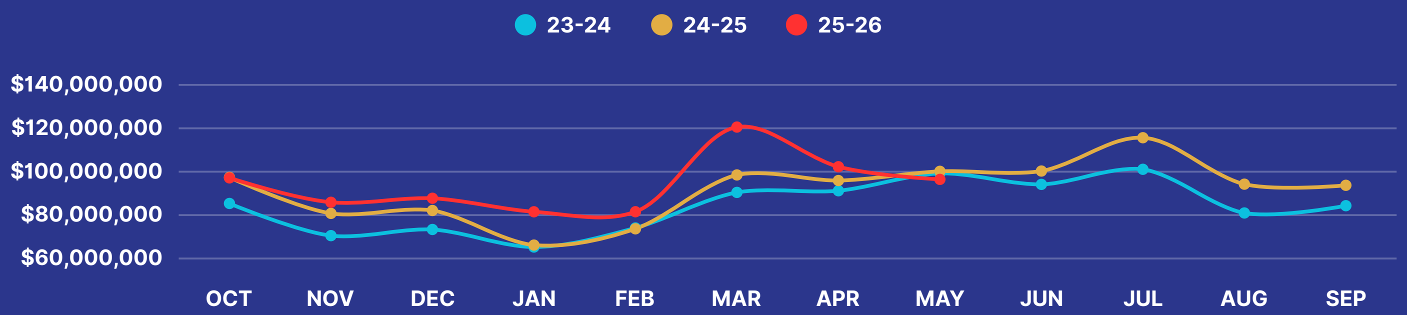


The average home sales price reached $273,250 in May 2026, up 2.8% from $265,734 in May 2025. Price appreciation continued at a measured and healthy pace in May, reflecting genuine demand pressure in the McAllen MSA's housing market without the runaway escalation seen in larger Texas metros. For McAllen — a city where median household incomes remain below state averages — this moderate appreciation is broadly positive for homeowners building wealth while remaining accessible enough to avoid pricing out a new generation of buyers. Workforce housing development and affordability programs remain important complements to this market dynamic.

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 2026	YoY %
FY24-25: $1,055,367,856 FY25-26: $1,156,006,310	9.54%	$96,457,326	-3.72%



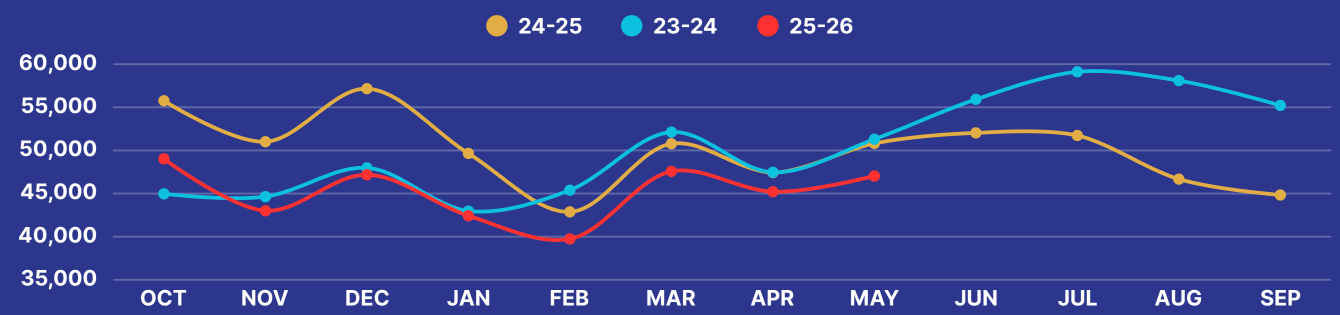
Total residential real estate dollar volume came in at $96,457,326 in May 2026, down 3.7% from $100,182,010 in May 2025. The modest dip in dollar volume reflects the lower transaction count this month, partially offset by higher average prices. While falling below the $100 million mark for the first time after several strong months, this figure still represents a healthy level of residential real estate economic activity that sustains a wide ecosystem of supporting businesses. The underlying market fundamentals — population growth, household formation, and in-migration — remain supportive of recovery in coming months.

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 2026	YoY %
FY24-25: 633,824 FY25-26: 556,478	-12.20%	47,031	-7.45%

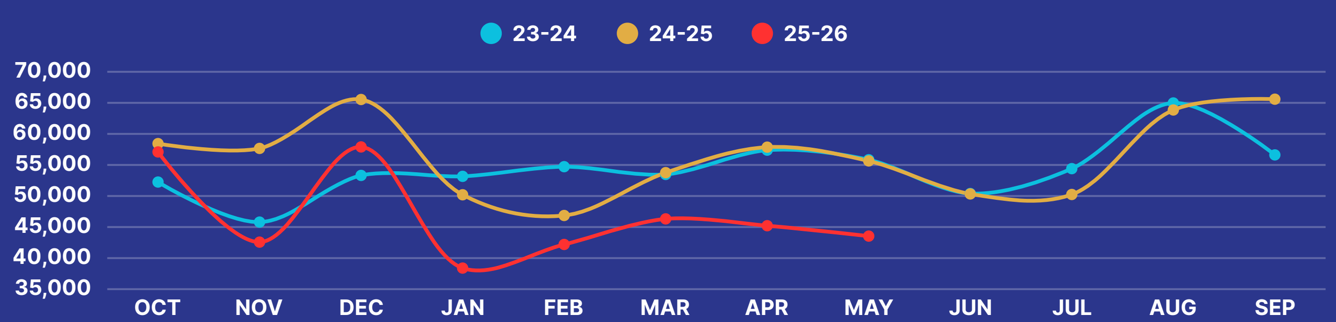


McAllen International Airport recorded 47,031 enplanements in May 2026, down 7.4% from 50,815 in May 2025. While enplanements were lower than the previous year, May remains an important travel month as summer demand begins to increase. Continued efforts to support air service, strengthen airline partnerships, and grow passenger demand will help position the airport for future growth.

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 2026	YoY %
FY24-25: 672,395 FY25-26: 601,575	-10.53%	43,542	-21.75%



Metro McAllen recorded 43,542 riders in May 2026, down 21.7% from 55,648 in May 2025. The continued year-over-year decline indicates a trend worth monitoring to better understand changes in ridership patterns and transit demand.

Cross-Border Commerce

BRIDGE CROSSINGS

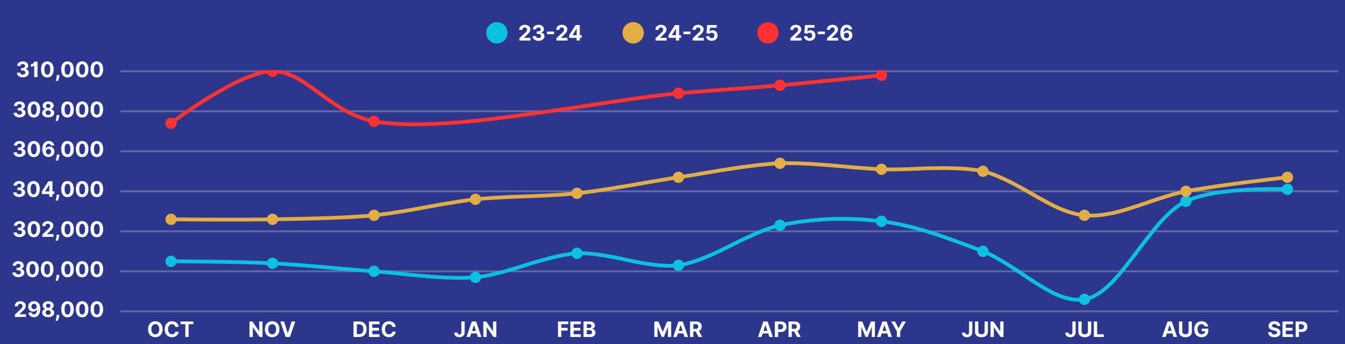
Category	May	YoY Change	TTM Change
Southbound Personal Vehicle Crossings	364,965	▲ 13.87%	▼ 5.33%
Northbound Personal Vehicle Crossings	390,390	▲ 26.57%	▼ 2.63%
Northbound Personal Vehicle Passenger Crossings	798,293	▲ 29.37%	▼ 3.56%
Northbound Bus Crossings	838	▼ 3.12%	▼ 23.53%
Northbound Bus Passenger Crossings	15,773	▲ 3.12%	▼ 22.80%
Northbound Truck Crossings	57,952	▼ 3.26%	▲ 1.43%

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 2026	YoY %
2023 - 2024: $303,158 2024 - 2026: $307,458	1.42%	$309,800	1.54%

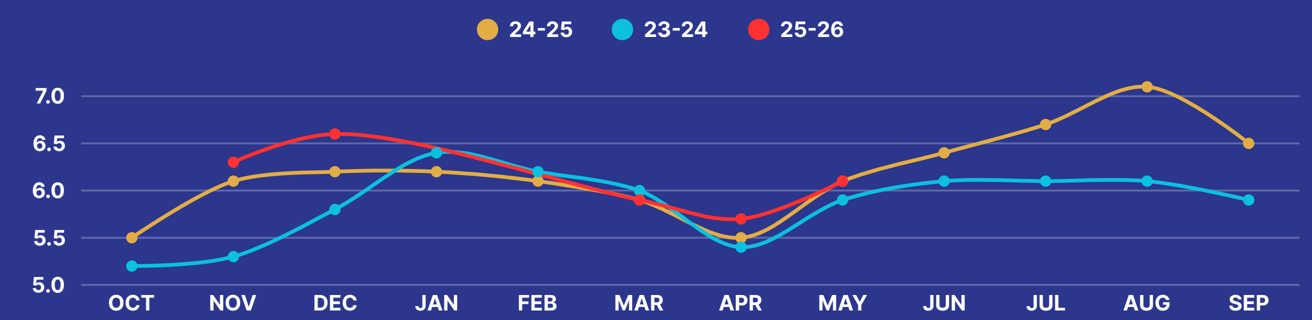


Total nonfarm payroll employment in the McAllen MSA reached 309,800 jobs in May 2026, up 1.5% from 305,100 in May 2025. The region added approximately 4,700 jobs year-over-year, reflecting continued growth in the local labor market. Healthcare, education, retail trade, and logistics remain key drivers of employment, supporting a steadily expanding workforce and the region's overall economic activity.

13 UNEMPLOYMENT RATE

Moderate unemployment promotes labor market flexibility and productivity.

Trailing Twelve Months	TTM %	May 2026	YoY %
2023 - 2024: 5.99% 2024 - 2026: 5.86%	-2.23%	6.1%	0.00%



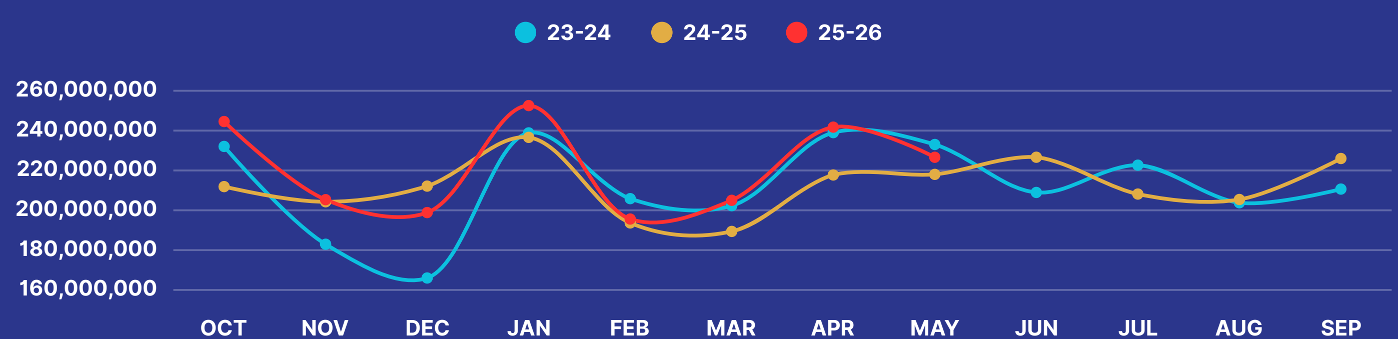
TThe unemployment rate for the McAllen MSA was 6.1% in May 2026, unchanged from May 2025. With payroll employment continuing to grow, the stable unemployment rate reflects a steady labor market. Continued investment in workforce pipelines through STEM education, vocational training, and employer-education partnerships at South Texas College and UTRGV will be essential to converting this labor supply into higher-wage employment that lifts the region's income profile.

Consumer Sentiment

14 DOLLARS SPENT ON AUTO PURCHASES

Home sales reflect economic healthby indicating consumer confidence,job stability, and credit access.Strong sales drive relatedindustries, while declines signaluncertainty.

Trailing Twelve Months	TTM %	May 2026	YoY %
FY24-25: $2,538,499,285 FY25-26: $2,724,746,517	7.34%	$226,617,907	2.94%

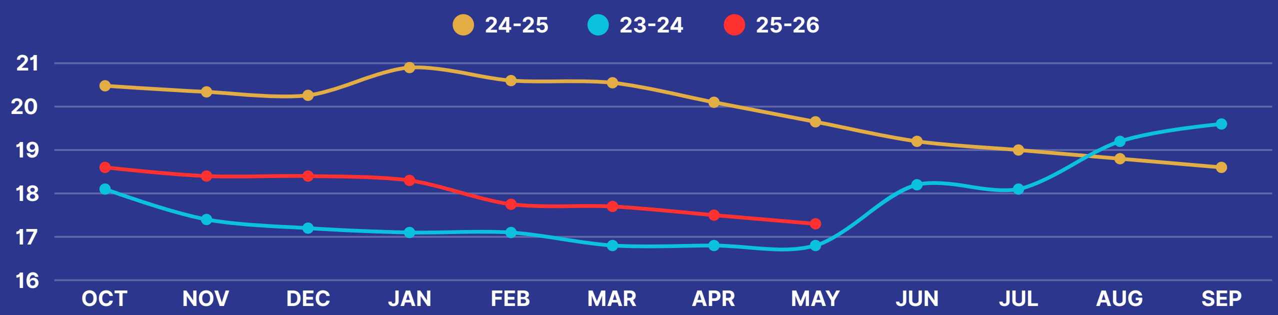


Auto purchase spending in May 2026 totaled $226,617,907, up 3.0% from $220,149,043 in May 2025. Auto spending remains firmly above the $200 million monthly threshold, reflecting McAllen's continued role as the premier vehicle market for the Rio Grande Valley and a significant destination for cross-border auto buyers. The modest growth rate this month, compared to April's stronger 11% gain, suggests a normalization following a burst of spring buying activity rather than any deterioration in underlying demand. Dealers and financing institutions should remain optimistic about the summer selling season.

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 2026	YoY %
FY24-25: $19.80 FY25-26: $18.30	-7.75%	$17.30	-11.96%



The peso exchange rate averaged 17.30 MXN per USD in May 2026, compared to 19.65 in May 2025, representing an 11.9% appreciation year-over-year. The stronger peso has remained a consistent trend in 2026 and continues to support cross-border economic activity, including retail spending and bridge crossings. This favorable exchange rate presents an opportunity for businesses and community partners to strengthen engagement with Mexican consumers and businesses while market conditions remain favorable.

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