

The McAllen Area Economy

ECONOMIC INDICATORS*	THIS YEAR November 2020	LAST YEAR November 2019	% CHANGE 2019-2020
Retail Sales (November)	\$ 638,407,430	\$ 571,669,453	11.7%
Retail Sales (YTD)	\$ 6,066,919,420	\$ 6,239,996,204	-2.8%
Dollars Spent on Auto Purchases (November)	\$ 156,036,108	\$ 145,671,155	7.1%
Dollars Spent on Auto Purchases (YTD)	\$ 1,776,456,041	\$ 1,755,849,757	1.2%
Lodging Tax Receipts (November)	\$ 164,135	\$ 375,505	-56.3%
Lodging Tax Receipts (YTD)	\$ 2,256,837	\$ 3,563,901	-36.7%
Airline Boardings (November)	17,318	37,250	-53.5%
Airline Boardings (YTD)	175,920	393,131	-55.3%
Value All Construction Permits (November)	\$ 52,285,719	\$ 19,073,018	174.1%
Value All Construction Permits (YTD)	\$ 498,428,348	\$ 477,883,963	4.3%
New Home Permits (November)	146	111	31.5%
New Home Permits (YTD)	1,570	1,387	13.2%
Home Sales (November)	321	281	14.2%
Home Sales (YTD)	3,429	3,176	8.0%
Average Home Sale Price (November)	\$ 196,687	\$ 166,324	18.3%
Average Home Sale Price (YTD)	\$ 186,650	\$ 167,455	11.5%
Dollar Volume of Home Sales (Nov. in 1995\$)	\$ 63,136,572	\$ 47,732,002	32.3%
Dollar Volume of Home Sales (YTD)	\$ 644,747,575	\$ 549,171,442	17.4%
Hidalgo Bridge Crossings (November)	250,485	467,941	-46.5%
Hidalgo Bridge Crossings (YTD)	2,784,574	4,722,402	-41.0%
Peso Exchange Rate (November)	20.43	19.28	6.0%
Employment			
Wage & Salary Employment (November)	262,200	275,500	-4.8%
Wage & Salary Employment (YTD)	261,090	270,390	-3.4%
Unemployment Rate (McAllen City - November)	9.1	4.3	111.6%
Unemployment Rate (YTD)	9.3	4.2	120.0%
INDEX - January (Base=100 January 1996)	184.6	196.2	-5.9%

* With the exception of the average monthly home sale price, all economic indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars

Key Points

The McAllen metro area economy added jobs for the first time in four months in November and general spending was higher for the month as well, but that was insufficient to keep the McAllen Economic Index from posting a slight decline for the month to 184.6 in November down from 184.8 in October, and down 5.9% from the November 2019 MEI of 196.2.

The bridge crossings number is the culprit, at least in part, along with hotel/motel and airport activity, all of which remain sharply lower compared to year-ago and pre-COVID levels. Hidalgo bridge crossings, which foster economic activity on both sides of the border and certainly on the US side, began to drop noticeably in March before declining by 67% in April compared to April 2019. November 2020 bridge crossings were down by 47% year-over-year and are down by over 40% for the year-to-date through November.

Even at that, general inflation-adjusted spending per November monthly sales tax receipts in the four-city McAllen metro area* was the highest of 2020, spiking upward to nearly 12% higher compared to the November 2019 real spending total. That narrowed the margin of year-over-year decline to a more modest 2.8% through November. One reason that spending (sales tax receipts) did not decline more sharply in 2020 is that most online purchases made by McAllen area residents are assessed the local sales tax according to the "ship-to" address, along with the state sales tax.

Auto spending improved in November as well with inflation-adjusted spending on new and used motor vehicles (per Hidalgo County motor vehicle sales taxes paid) was up by over 7% in November compared to November 2019, pulling the year-to-date total to 1.2% improved over the auto sales total through November 2019.

After three straight months of job loss (per the seasonally adjusted monthly employment

Key Points (continued)

estimates) the McAllen metro area added an estimated 1,300 jobs from October to November, bringing the net job loss in 2020 to 15,700 through November. The non-seasonally adjusted employment estimates, indicated on the monthly table of economic indicators, suggest the loss of 14,200 jobs from November 2019 to November 2020, a year-over-year decline still in excess of 5%.

Building permit activity in the four cities was sharply higher in November, though mostly due to an abnormally low total from November 2019 (adjusted for inflation, the November 2019 monthly valuation total was the lowest for any month since we began collecting data for the index in January 1995). That pulled the year-to-date total into positive year-over-year territory, however, with permit valuations up by over 4% through November.

Single-family housing construction also posted an impressive year-over-year increase with the number of permits issued up by over 30% for the month compared to November 2019, and the year-to-date total up by over 13%.

The metro area residential real estate market continued its record run through November with another monthly sales record and posting a 14% year-over-year increase. Through the first eleven months of the year home sales are now up by 8% compared to the total through November 2019, and the year-to-date total is a record as well. Also posting sharp increases and record levels is the average price of those sales, up by 18% in November and 11.5% for the year-to-date.

The total dollar volume of housing sales was up by over 30% in November compared to year-ago levels, a record by far, and the total through November is up by over 19% compared to the first eleven months of 2019.

A turnaround in the McAllen Economic index is sure to happen in the coming months as lost economic activity returns, the signs of which are becoming evident in the monthly numbers. And a welcome turnaround it will be, as the index through November has lost 6.6% of its value since peaking in December 2019.

*McAllen, Edinburg, Mission, and Pharr