

McAllen Area ECONOMIC PULSE

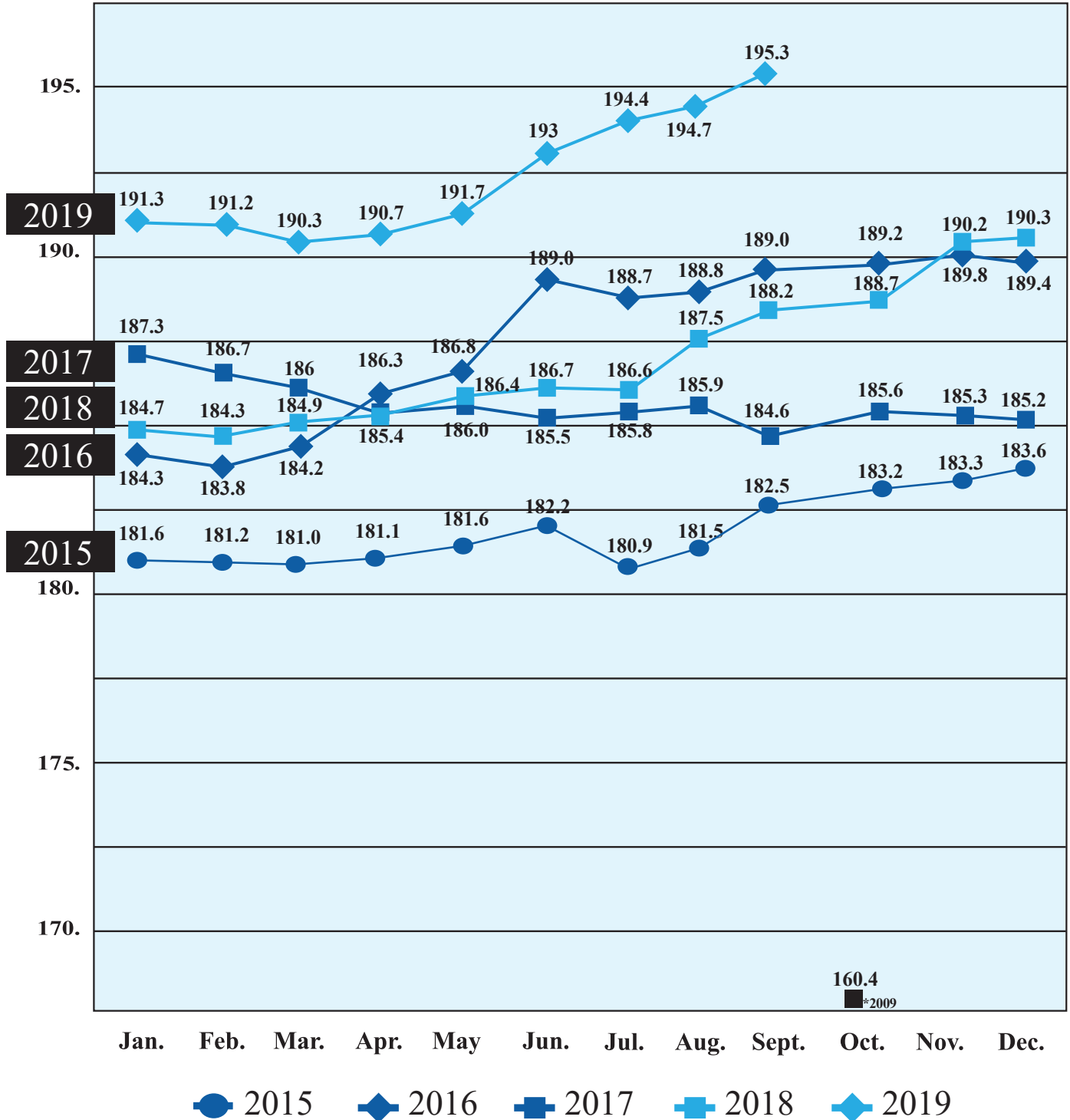
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September 2019 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)

The economic indicators on pg. 2 are used to formulate the overall economic pulse.



| ECONOMIC INDICATORS* | THIS YEAR September 2019 | LAST YEAR September 2018 | % CHANGE 2018-2019 |
|---|-----------------------------|-----------------------------|-----------------------|
| Retail Sales (September) | \$ 573,664,559 | \$ 496,599,726 | 15.5% |
| Retail Sales (3rd Quarter) | \$ 1,693,803,591 | \$ 1,547,578,259 | 9.4% |
| Retail Sales (YTD) | \$ 5,043,551,030 | \$ 4,619,108,505 | 9.2% |
| Dollars Spent on Auto Purchases (September) | \$ 137,411,824 | \$ 132,641,763 | 3.6% |
| Dollars Spent on Auto Purchases (3rd Quarter) | \$ 451,173,435 | \$ 457,060,111 | -1.3% |
| Dollars Spent on Auto Purchases (YTD) | \$ 1,371,315,002 | \$ 1,317,151,440 | 4.1% |
| Lodging Tax Receipts (September) | \$ 361,681 | \$ 312,518 | 15.7% |
| Lodging Tax Receipts (3rd Quarter) | \$ 1,100,953 | \$ 1,002,778 | 9.8% |
| Lodging Tax Receipts (YTD) | \$ 3,218,955 | \$ 2,922,544 | 10.1% |
| Airline Boardings (September) | 30,404 | 26,412 | 15.1% |
| Airline Boardings (3rd Quarter) | 113,497 | 90,611 | 25.3% |
| Airline Boardings (YTD) | 321,953 | 266,666 | 20.7% |
| Value All Construction Permits (September) | \$ 46,948,882 | \$ 33,496,400 | 40.2% |
| Value All Construction Permits (3rd Quarter) | \$ 167,691,471 | \$ 142,414,854 | 17.7% |
| Value All Construction Permits (YTD) | \$ 415,245,358 | \$ 458,959,332 | -9.5% |
| New Home Permits (September) | 141 | 145 | -2.8% |
| New Home Permits (3rd Quarter) | 424 | 404 | 5.0% |
| New Home Permits (YTD) | 1,120 | 1,090 | 2.8% |
| Home Sales (September) | 277 | 238 | 16.4% |
| Home Sales (3rd Quarter) | 860 | 748 | 15.0% |
| Home Sales (YTD) | 2,535 | 2,237 | 13.3% |
| Average Home Sale Price (September) | 162,690 | 162,981 | -0.2% |
| Average Home Sale Price (3rd Quarter) | \$ 170,408 | \$ 163,977 | 3.9% |
| Average Home Sale Price (YTD) | \$ 166,708 | \$ 161,297 | 3.4% |
| Dollar Volume of Home Sales (September in 1995\$) | \$ 45,065,259 | \$ 39,808,644 | 13.2% |
| Dollar Volume of Home Sales (3rd Quarter) | \$ 146,918,361 | \$ 126,095,240 | 16.5% |
| Dollar Volume of Home Sales (YTD) | \$ 426,285,165 | \$ 373,110,136 | 14.3% |
| Hidalgo Bridge Crossings (September) | 420,809 | 423,811 | -0.7% |
| Hidalgo Bridge Crossings (3rd Quarter) | 1,253,058 | 1,318,733 | -5.0% |
| Hidalgo Bridge Crossings (YTD) | 3,803,068 | 3,908,975 | -2.7% |
| Peso Exchange Rate (September) | 19.59 | 19.02 | 3.0% |
| Employment | | | |
| Wage & Salary Employment (September) | 270,500 | 262,900 | 2.9% |
| Wage & Salary Employment (3rd Quarter Avg) | 267,835 | 261,000 | 2.6% |
| Wage & Salary Employment (YTD) | 269,435 | 262,980 | 2.5% |
| Unemployment Rate (McAllen City - September) | 4.0 | 4.5 | -11.1% |
| Unemployment Rate (3rd Quarter Average) | 4.3 | 4.8 | -10.4% |
| Unemployment Rate (YTD) | 4.2 | 4.8 | -12.4% |
| INDEX - January (Base=100 January 1996) | 195.3 | 188.9 | 3.4% |

* 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

The McAllen metro area economy continued its impressive growth trend through the third quarter 2019 with the September McAllen Economic Index improving to 195.3 up from 194.8 in August, and up 3.4% from the September 2018 MEI of 188.9. Third quarter growth was especially impressive with the index expanding at a 4.7% annualized rate over the course of the quarter.

Spending growth remains stout through the third quarter, and the pace of employment growth has ticked upward. Auto spending was higher for the month and year-to-date, and hotel/motel activity is rapidly on the rise. Construction was sharply higher for the month and quarter but remains lower for the year on the whole, while home sales activity is sharply higher.

General spending in the metro area* continues its impressive run with inflation-adjusted spending per September sales tax receipts up by over 15% for the month, 9.4% for the quarter, and 9.2% for the year-to-date compared to year-ago levels, which were also higher compared to a down year in 2017.

Real (inflation-adjusted) auto spending is up by over 4% for the year-to-date; third quarter auto sales were down slightly, but only compared to a huge number in the third quarter 2018 which posted a 21% year-over-year increase.

After declining in recent years, hotel/motel activity is improving in 2018 with inflation-adjusted lodging taxes up by 10% through the end of the third quarter. Passenger enplanements at McAllen International Airport remain sharply higher through September as well, suggesting that travel and tourism is providing an economic boost in 2019 and helping to raise other numbers, spending most notably.

Construction activity remains lower on balance for the third straight year, though the September monthly and third quarter real building permit valuations were the highest since 2015. The 1,120 new single-family housing construction permits issued through September is the highest January-September total since 2010, and the third quarter total is the highest since 2006.

Home sales remain sharply higher and at record levels for the month of September, the third quarter, and year-to-date. Third quarter housing sales were up by 15% year-over-year and the total through September was up by over 13%. The third quarter average sale price is up by nearly 4% compared to Q3 2018, and the year-to-date average is up by a healthy 3.4%. The September monthly average was down only compared to a high number in 2018, in which the September monthly average home sale price was over 10% higher compared to the prior year. The real total dollar volume of residential real estate sales is easily at record levels, posting sharp year-over-year increases across the board.

September payroll employment is up by 2.9% (7,600 jobs added) compared to the September 2018 estimate, the highest rate of year-over-year growth since July 2018. The McAllen city unemployment rate continues its steady decline as well at 4.0% in September down from 4.5% in September 2018.

*McAllen, Edinburg, Mission, and Pharr