

# McAllen Area ECONOMIC PULSE

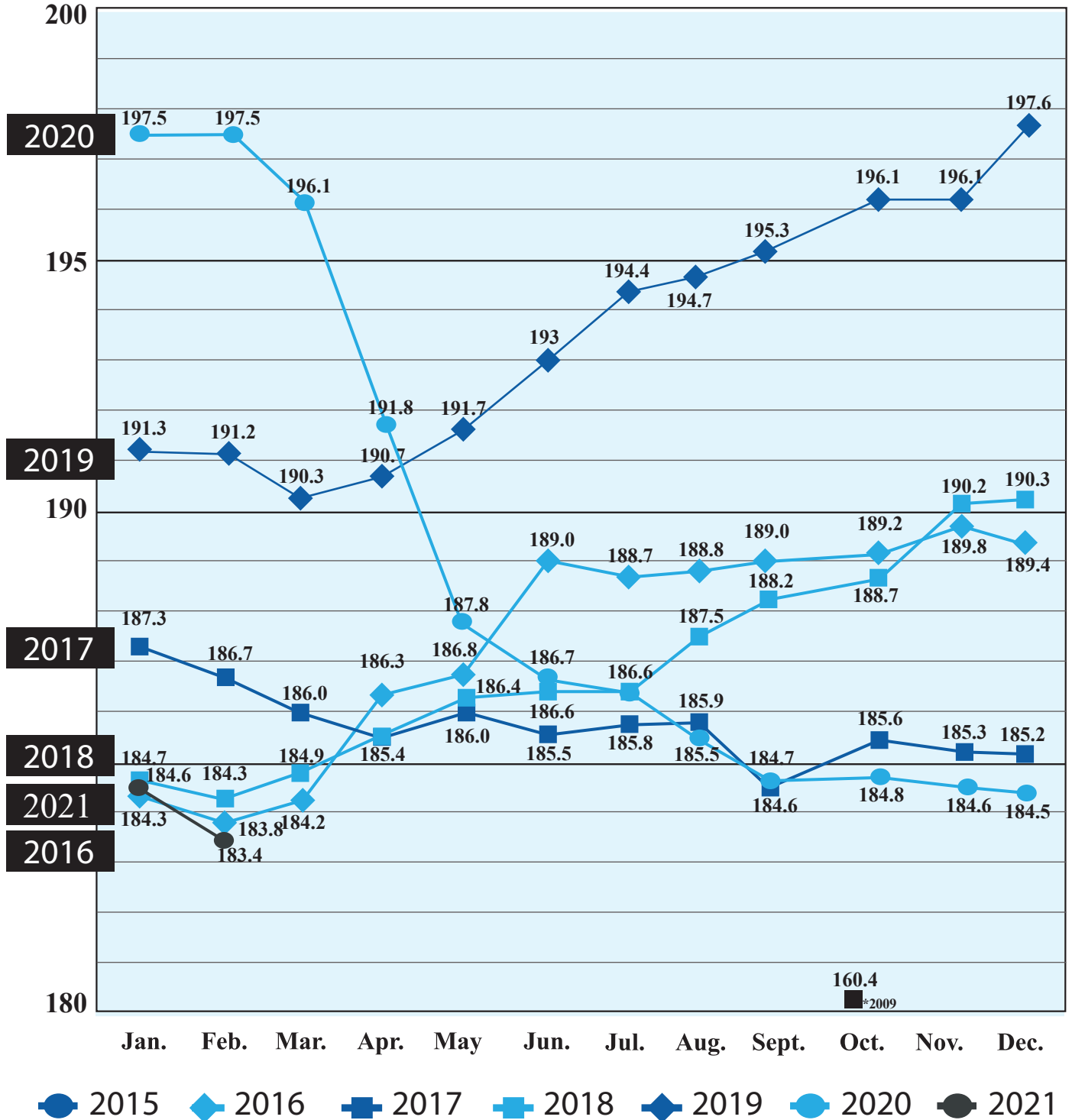
McAllen • Mission • Edinburg • Pharr

## February 2021 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.



160.4  
\*2009

# The McAllen Area Economy

## Key Points

ECONOMIC INDICATORS*	THIS YEAR February 2021	LAST YEAR February 2020	% CHANGE 2020-2021
Retail Sales (January)	\$ 784,505,127	\$ 719,055,894	9.1%
Retail Sales (YTD)	\$ 1,354,440,604	\$ 1,269,144,139	6.7%
Dollars Spent on Auto Purchases (January)	\$ 150,758,626	\$ 159,619,999	-5.6%
Dollars Spent on Auto Purchases (YTD)	\$ 318,626,906	\$ 343,113,837	-7.1%
Lodging Tax Receipts (January)	\$ 308,101	\$ 274,114	12.4%
Lodging Tax Receipts (YTD)	\$ 484,811	\$ 603,522	-19.7%
Airline Boardings (January)	16,448	32,162	-48.9%
Airline Boardings (YTD)	34,406	66,145	-48.0%
Value All Construction Permits (January)	\$ 41,528,189	\$ 48,429,157	-14.2%
Value All Construction Permits (YTD)	\$ 111,617,556	\$ 80,446,209	38.7%
New Home Permits (January)	156	118	32.2%
New Home Permits (YTD)	309	255	21.2%
Home Sales (January)	240	259	-7.3%
Home Sales (YTD)	546	515	6.0%
Average Home Sale Price (January)	\$ 197,072	\$ 176,503	11.7%
Average Home Sale Price (YTD Avg)	\$ 198,875	\$ 172,489	15.3%
Dollar Volume of Home Sales (January in 1995\$)	\$ 47,297,216	\$ 46,616,710	1.5%
Dollar Volume of Home Sales (YTD)	\$ 108,683,902	\$ 90,677,854	19.9%
Hidalgo Bridge Crossings (January)	216,140	411,521	-47.5%
Hidalgo Bridge Crossings (YTD)	450,051	844,356	-46.7%
Peso/US Dollar Exchange Rate (January)	20.30	18.82	7.8%
<b>Employment</b>			
Wage & Salary Employment (January)	264,500	275,800	-4.1%
Wage & Salary Employment (YTD Avg)	263,950	274,900	-4.0%
Unemployment Rate (McAllen City - January)	8.4	4.4	90.9%
Unemployment Rate (McAllen City - YTD Average)	8.3	4.7	76.6%
INDEX - January (Base=100 January 1996)	183.4	197.0	-6.9%

\* 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

The McAllen Economic Index declined again in February, falling to 183.4 for the month down from 184.6 in January, and down 6.9% from the February 2020 MEI of 197.0. The McAllen Economic Index reached its all-time peak of 197.6 in December 2019, and is now down by 7.2% compared to that record index level.

Solid improvement in general spending, a return to year-over-year growth in hotel/motel activity, and a strong increase in new housing permits were offset by continued weakness in employment recovery, airline travel and bridge crossings that both remain sharply lower, and lower housing sales in February.

After recovering nearly 17,000 of the 28,500 jobs that were lost because of the pandemic shutdown in March and April 2020, employment recovery has stalled in recent months, actually losing about 500 jobs since December according to the seasonally adjusted McAllen metro area employment estimates. The non-seasonally adjusted estimate (reflected on the monthly table of economic indicators) has total metro area employment down by 4.1% (-11,300 jobs) in February compared to the February 2020 monthly estimate.

General real (inflation-adjusted) spending across the metro area\* was impressively higher, however,

## Key Points (continued)

posting an increase of 9.1% in February compared to the February 2020 total, which in turn was down by 3.3% compared to February of the previous year. Through the first two months of the year general spending is up by a solid 6.7% compared to the total through February 2020.

Auto sales activity was down for the month, but only compared to a strong number from last year; inflation-adjusted spending on new and used motor vehicles in February was off by 5.6% compared to February 2020, which in turn was up by a sharp 20% compared to February of the prior year. The year-to-date 2021 total is lower as well, but again, real auto spending for the first two months of 2020 was up by over 14% as pre-COVID auto sales activity was strong last year.

Airline travel as reflected in airport passenger enplanements remains nearly 50% down compared to year-ago levels, as February was the last month in 2020 unaffected by COVID and the numbers began to fall sharply in March. There certainly has been some recovery in activity levels but there has been little improvement in the last four months.

The same is true of Hidalgo bridge crossings – continuing to post year-over-year declines of over 45% and moving sideways rather than upward. The deep declines in both of these components of the McAllen Economic Index continue to act as a considerable drag on the index as the economy continues its quest to normalize post-COVID.

Building permits were down in February compared to a year-ago, but off to a strong start thanks to the January increase. Through the first two months of the year inflation-adjusted permit valuations are up by nearly 38% compared to the January-February 2020 total. New single-family housing construction is off to its strongest start since 2007 with 309 permits issued in the first two months of the year, an increase of over 20% compared to 255 permits issued through February 2020.

Existing home sales were lower for the month with the number of closed sales down by about 7% compared to February of a year ago. However, the strong January total has sales in record territory through the first two months of the year, continuing the record-setting trends from 2020. The average price of those sales continues to climb as well, up by nearly 12% in January and over 15% through the first two months of the year compared to year-ago levels.

The real (inflation-adjusted) total dollar volume of home sales activity continues to set records and is up by a sharp 20% through the first two months of the year, though the February increase was modest at only about 1.5% year-over-year.

\*McAllen, Edinburg, Mission, and Pharr