

ECONOMIC INDICATORS*	THIS YEAR August 2020	LAST YEAR August 2019	% CHANGE 2019-2020
Retail Sales (August)	\$ 612,213,378	\$ 591,226,838	3.5%
Retail Sales (YTD)	\$ 4,360,964,234	\$ 4,541,659,981	-4.0%
Dollars Spent on Auto Purchases (August)	\$ 158,803,949	\$ 155,997,264	1.8%
Dollars Spent on Auto Purchases (YTD)	\$ 1,249,973,013	\$ 1,261,722,172	-0.9%
Lodging Tax Receipts (August)	\$ 223,791	\$ 294,822	-24.1%
Lodging Tax Receipts (YTD)	\$ 1,761,217	\$ 2,695,806	-34.7%
Airline Boardings (August)	13,601	35,981	-62.2%
Airline Boardings (YTD)	127,954	291,549	-56.1%
Value All Construction Permits (August)	\$ 49,933,263	\$ 52,295,047	-4.5%
Value All Construction Permits (YTD)	\$ 316,876,258	\$ 363,385,397	-12.8%
New Home Permits (August)	184	144	27.8%
New Home Permits (YTD)	1,083	979	10.6%
Home Sales (August)	380	307	23.8%
Home Sales (YTD)	2,425	2,304	5.3%
Average Home Sale Price (August)	\$ 192,603	\$ 169,838	13.4%
Average Home Sale Price (YTD)	\$ 183,391	\$ 167,247	9.7%
Dollar Volume of Home Sales (August in 1995\$)	\$ 73,189,233	\$ 53,361,618	37.2%
Dollar Volume of Home Sales (YTD)	\$ 446,891,929	\$ 397,212,216	12.5%
Hidalgo Bridge Crossings (August)	201,906	422,611	-52.2%
Hidalgo Bridge Crossings (YTD)	2,093,180	3,382,259	-38.1%
Peso Exchange Rate (August)	22.17	19.66	12.8%
Employment			
Wage & Salary Employment (August)	254,900	269,100	-5.3%
Wage & Salary Employment (YTD)	261,825	269,235	-2.8%
Unemployment Rate (McAllen City - August)	8.7	4.4	97.7%
Unemployment Rate (YTD)	9.4	4.3	120.8%
INDEX - January (Base=100 January 1996)	185.5	195.0	-4.9%

* 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 for the eighth straight month in August, falling to 185.5 for the month down from 185.8 in July, and down 4.9% from the August 2019 MEI of 195.0. The rate of monthly decline is narrowing, however; the index fell by 3/10 of a point in August, compared to 8/10 of a point in July, 1.2 points in June, and over 4.0 points in April and May. The August McAllen Economic Index is down by 6.1% compared to its all-time peak of 197.6 achieved in December 2019.

The spending indicators posted modest monthly gains in August, and the housing numbers were sharply higher for both new single-family housing construction and existing home sales. Employment remains down compared to year-ago levels, and improvements appear to have stalled a bit after an impressive early rebound.

After the loss of nearly 25,000 jobs in April across the metro area (and 200 in February and 2,600 in March), nearly 12,000 jobs were added in May, June, and July. However, employment reversed course in August and about 300 jobs were lost according to the current estimates for seasonally adjusted payroll employment. The non-seasonally adjusted August employment total is down by 5.3% compared to August of a year ago; the margin of year-over-year decline widened in August compared to declines of 4.6% and 4.2% in June and July, respectively. Total employment in the McAllen metro is down by nearly 17,000 jobs compared to the record employment level achieved in January 2020.

General spending per August sales tax receipts in the metro area* turned positive compared to year-ago levels for the first time since the first quarter 2020, posting a 3.5% increase compared to the August 2019 total. For the year-to-date, real (inflation-adjusted) taxable spending is down by 4.0% compared to the first eight months of 2019.

Key Points (continued)

Auto sales activity also posted a slight increase in August with inflation-adjusted spending on new and used motor vehicles up by 1.8% for the month compared to August 2019. Auto spending began the year in strong fashion with a 13% year-over-year increase in the first quarter of the year, and because of that the year-to-date auto sales total is down by only 0.9% compared year-ago levels even though auto spending predictably declined by about 14% in the second quarter.

McAllen hotel/motel activity remains sharply lower with real occupancy spending down by 24% in August and 35% for the year-to-date compared to 2019 levels. Airline activity is especially slow to recover, though the 62% year-over-year decline in August has improved compared to a decrease in activity of over 90% in April.

Construction continues to trend downward (and actually that has been the case for the last four years) with real building permit valuations down by 4.5% in August compared to August 2019, and the permit total for the year-to-date off by 13% compared to the last eight months of a year ago. New housing construction was sharply higher in August, however, with a 28% increase in the number of new single-family residence permits. Housing construction has remained positive throughout 2020 and the permit total is up by over 10% year-over-year through August.

Existing home sales continue to put up record numbers with another sharp increase in August. The number of closed sales for the month is up by 24% compared to August of a year ago, and the total for the year-to-date is up by over 5% compared to the total through August 2019. The monthly and year-to-date sales totals are both records, as is the average price of those sales.

The total real dollar volume of residential real estate transactions is sharply higher, up by a whopping 37% in August and 12.5% for the year-to-date compared to year-ago levels.

The housing numbers, both new construction and existing home sales, are clearly providing upside support for the McAllen Economic Index. The benchmark indicators of employment and general spending have certainly improved after the worst months of April and May, but are still down compared to pre-corona levels (employment in particular) and are likely to be a bit choppy going forward as the economy continues to wrestle with the scourge of COVID that thus far just refuses to go away.

*McAllen, Edinburg, Mission, and Pharr