

McAllen Area ECONOMIC PULSE

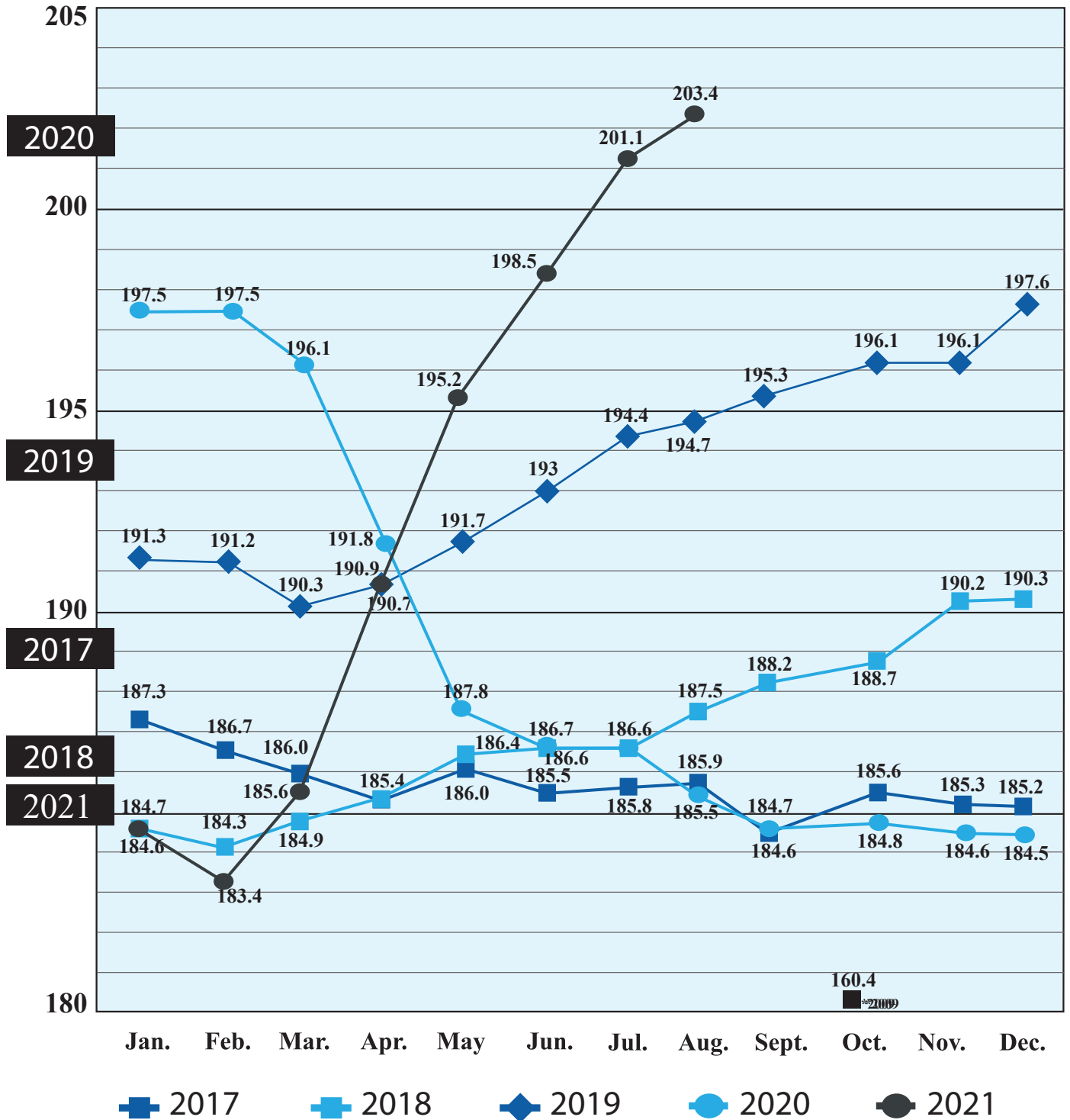
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August 2021 Economic Pulse

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.



The McAllen Area Economy

ECONOMIC INDICATORS*	THIS YEAR August 2021	LAST YEAR August 2020	% CHANGE 2020-2021
Retail Sales (Per August sales tax rebate)	\$ 755,605,750	\$ 621,986,449	21.5%
Retail Sales (Year-To-Date)	\$ 5,318,457,207	\$ 4,430,580,503	20.0%
Dollars Spent on Auto Purchases (August)	\$ 214,016,794	\$ 186,240,159	14.9%
Dollars Spent on Auto Purchases (YTD)	\$ 1,763,814,510	\$ 1,468,633,475	20.1%
Lodging Tax Receipts (August)	\$ 358,280	\$ 214,201	67.3%
Lodging Tax Receipts (YTD)	\$ 2,330,945	\$ 1,685,741	38.3%
Airline Boardings (August)	47,636	13,601	250.2%
Airline Boardings (YTD)	288,645	127,954	125.6%
Value All Construction Permits (August)	\$ 72,957,763	\$ 55,120,354	32.4%
Value All Construction Permits (YTD)	\$ 671,017,902	\$ 349,834,958	91.8%
New Home Permits (August)	209	184	13.6%
New Home Permits (YTD)	1,538	1,083	42.0%
Home Sales (August)	399	371	7.5%
Home Sales (YTD)	2,847	2,410	18.1%
Average Home Sale Price (August)	\$ 215,938	\$ 191,713	12.6%
Average Home Sale Price (YTD)	\$ 212,879	\$ 182,855	16.4%
Dollar Volume Residential Real Estate Sales (August)	\$ 86,159,460	\$ 72,935,549	18.1%
Dollar Volume Residential Real Estate Sales (YTD)	\$ 611,224,490	\$ 454,114,582	34.6%
Hidalgo Bridge Crossings (August)	296,920	201,906	47.1%
Hidalgo Bridge Crossings (YTD)	2,177,860	2,093,180	4.0%
Peso/Dollar Exchange Rate (August)	20.08	22.17	-9.4%
Employment			
Wage & Salary Employment (August)	269,900	255,900	5.5%
Wage & Salary Employment (YTD Avg)	266,290	262,350	1.5%
Unemployment Rate (McAllen City - August)	6.2	8.5	-27.1%
Unemployment Rate (YTD Avg)	7.4	9.5	-22.5%
INDEX - August (Base =100 January 1996)	203.4	185.8	9.5%

* 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 increased by another sizable chunk in August improving to 203.4 for the month up from 201.1 in July, and up 9.5% from the August 2020 MEI of 185.8. The index moved above 200.0 for the first time ever in July and continued to expand in August.

Also in August, seasonally adjusted employment (meaning these estimates can be compared with any prior month) reached its pre-COVID high point at 273,500, which was the record seasonally adjusted employment level last achieved in September 2019. Non-seasonally adjusted employment (which can only be compared to the same month in prior years, and is the estimate listed on the table of economic indicators) is an August monthly record, and is up by 5.5% compared to August 2020 reflecting the addition of 14,000 jobs over the last 12 months.

Spending increases reflect the rapid pace of improvement in the McAllen metro area economy with real (inflation-adjusted) spending in the four-city metro area* up by 21.5% in August compared to August of a year ago, and the year-to-date spending total up by 20% compared to the first eight months of 2020.

Auto spending per county motor vehicle sales tax numbers was up by 15% in real terms, and that factors in an inflation rate of over 17% (the raw motor vehicle sales tax total for August was up by

Key Points

Key Points (continued)

nearly 35% compared to August 2020). Real auto spending for the year-to-date is up by 20% compared to the total through August of a year ago, and again, inflation is taking a big bite out of that growth rate.

Passenger enplanements at McAllen International Airport are close to making up the deep COVID declines with 288,645 recorded January-August 2021, compared to 291,549 through August of 2019 (and 127,954 through August 2020).

Construction activity continues to put up impressive numbers in 2021 with the August real total building permit valuation in the four cities up by 32% compared to August of a year ago, and up by 92% for the year-to-date. Building activity is enjoying its first strong growth year since 2016, and began its turnaround in the second half of 2020 after declining fairly sharply in 2017, 2018, 2019, and the first half of 2020.

New housing construction experienced no such sustained dips in activity, declining only very modestly in 2017 before improving each year thereafter, including the COVID year of 2020 in which a record number of permits was issued. That record performance continues in 2021 with the number of new single-family construction permits up by a whopping 42% through August compared to the total through August 2020, and the August monthly permit total up by nearly 14%.

After a slight year-over-year decline in July, existing home sales returned to growth and record numbers in August with the August closed sale total up by 7.5% year-over-year and the year-to-date total up by over 18%, again both record sales totals for those time periods at 399 in August and 2,847 through the first nine months of the year. The average price of those sales continued its strong upward trend as well posting a 12.6% year-over-year increase in August and over 16% for the year-to-date.

Adjusted for inflation, then, the total dollar volume of residential real estate sales activity in the McAllen market area was up by over 18% in August, and nearly 38% January – August compared to year-ago levels, both record totals by far.

*McAllen, Edinburg, Mission, and Pharr