

# McAllen Area ECONOMIC PULSE

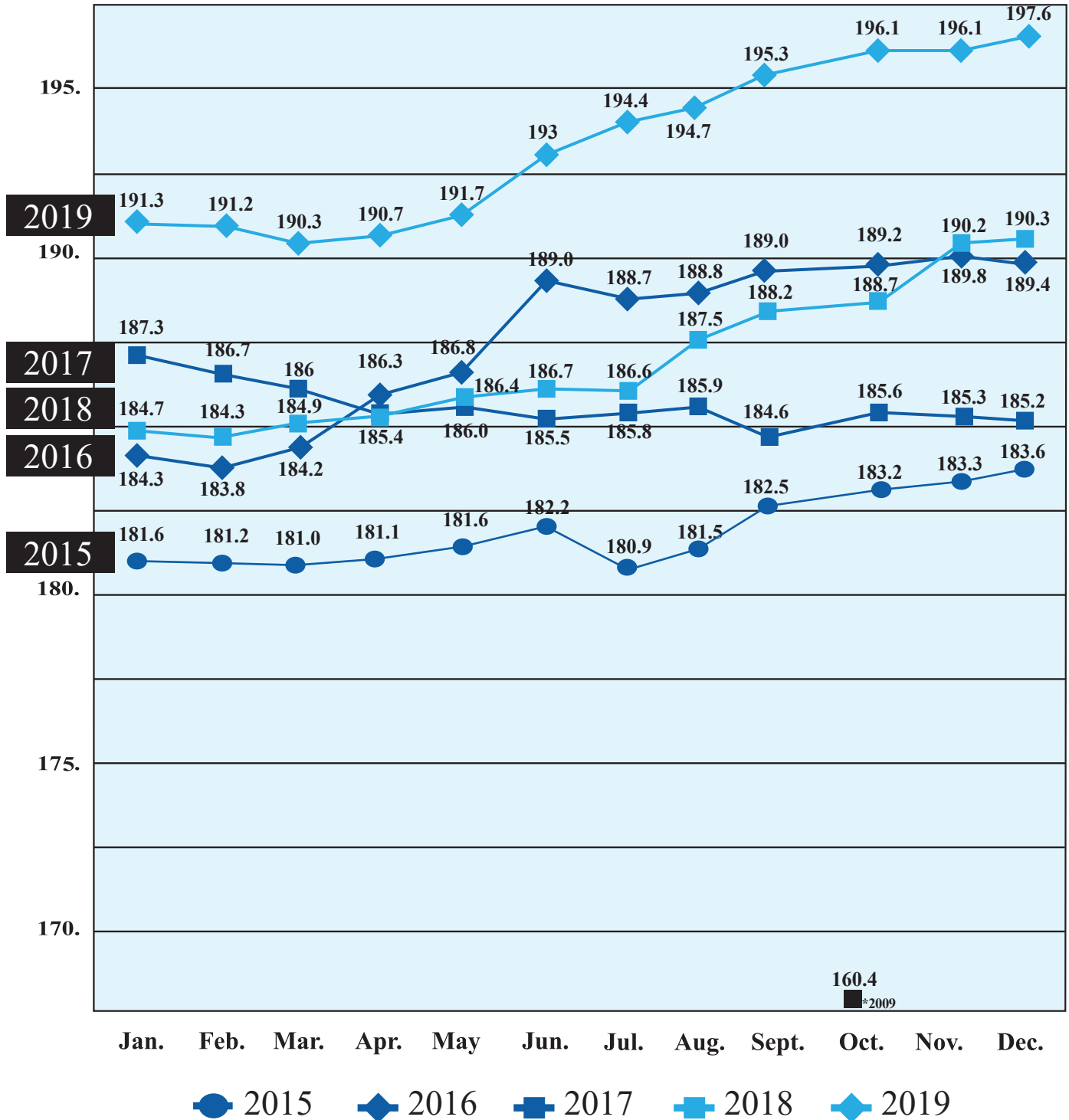
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## December 2019 Economic Pulse

### 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 December 2019	LAST YEAR December 2018	% CHANGE 2018-2019
Retail Sales (December)	\$ 546,031,147	\$ 535,430,827	2.0%
Retail Sales (4th Quarter)	\$ 1,634,130,964	\$ 1,623,515,661	0.7%
Retail Sales (Annual)	\$ 6,705,955,641	\$ 6,268,518,430	7.0%
Dollars Spent on Auto Purchases (December)	\$ 140,859,565	\$ 116,098,542	21.3%
Dollars Spent on Auto Purchases (4th Quarter)	\$ 439,051,287	\$ 398,738,756	10.1%
Dollars Spent on Auto Purchases (Annual)	\$ 1,808,429,477	\$ 1,714,117,567	5.5%
Lodging Tax Receipts (December)	\$ 284,600	\$ 321,977	-11.6%
Lodging Tax Receipts (4th Quarter)	\$ 1,004,512	\$ 975,359	3.0%
Lodging Tax Receipts (Annual)	\$ 4,250,857	\$ 3,922,772	8.4%
Airline Boardings (December)	\$ 36,525	\$ 31,623	15.5%
Airline Boardings (4th Quarter)	107,703	92,250	16.8%
Airline Boardings (Annual)	429,656	358,916	19.7%
Value All Construction Permits (December)	\$ 62,753,402	\$ 33,300,427	88.4%
Value All Construction Permits (4th Quarter)	\$ 130,736,614	\$ 126,758,506	3.1%
Value All Construction Permits (Annual)	\$ 545,680,939	\$ 585,348,414	-6.8%
New Home Permits (December)	105	75	40.0%
New Home Permits (4th Quarter)	372	321	15.9%
New Home Permits (Annual)	1,492	1,411	5.7%
Home Sales (December)	272	206	32.0%
Home Sales (4th Quarter)	843	658	28.1%
Home Sales (Annual)	3,398	2,895	17.4%
Average Home Sale Price (December)	\$ 171,572	\$ 169,279	1.4%
Average Home Sale Price (4th Quarter)	\$ 170,188	\$ 167,106	1.8%
Average Home Sale Price (Annual)	\$ 167,853	\$ 162,617	3.2%
Dollar Volume of Home Sales (December in 1995\$)	\$ 46,667,485	\$ 35,812,215	30.3%
Dollar Volume of Home Sales (4th Quarter)	\$ 143,781,852	\$ 113,172,352	27.0%
Dollar Volume of Home Sales (Annual)	\$ 577,276,988	\$ 488,782,616	18.1%
Hidalgo Bridge Crossings (December)	497,533	497,570	0.0%
Hidalgo Bridge Crossings (4th Quarter)	1,416,867	1,379,490	2.7%
Hidalgo Bridge Crossings (Annual)	5,219,935	5,288,465	-1.3%
Peso Exchange Rate (December)	\$ 19.11	\$ 20.12	-5.0%
<b>Employment</b>			
Wage & Salary Employment (December)	276,800	271,300	2.0%
Wage & Salary Employment (4th Quarter Avg)	275,600	269,735	2.2%
Wage & Salary Employment (Annual)	270,925	264,850	2.3%
Unemployment Rate (McAllen City - December)	4.4	4.5	-2.2%
Unemployment Rate (4th Quarter Average)	4.2	4.2	-0.8%
Unemployment Rate (Annual)	4.2	4.7	-9.3%
<b>INDEX - January (Base=100 January 1996)</b>	197.6	191.2	3.3%

\* 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

Employment data for McAllen and other Texas metro areas was revised in March as a part of the Texas Workforce Commission's annual data revision in which employment estimates are reconciled to more complete year-end employer reports, and the benchmarks are put in place for the estimates in 2020. The 2019 monthly revisions were mild and statistically insignificant with monthly employment estimates revised downward by only about 200 jobs for the year as a whole. For 2018, however, McAllen metro area monthly employment estimates were revised sharply upward, particularly at year-end with 2,100 jobs added to the original December 2018 estimate. For the year 2018, employment was revised upward by an average 600 jobs.

The revised December monthly payroll employment estimate finished the year up by 2.0% compared to December 2018. The original estimates indicated a 2.7% year-over-year increase, but the upward revision in the 2018 data lowered the rate of increase for 2019. On balance the revisions were positive for 2018 and neutral for 2019, and most importantly, at least through year-end 2018 jobs continued to be added to the McAllen metro area economy.

The McAllen Economic Index was updated to incorporate the monthly employment data revisions for the last two years, and finished the year at 197.6 in December up from 196.1 in November, and up a stout 3.3% from the December 2018 MEI. Fourth quarter growth was particularly strong with the McAllen Economic Index improving at a 4.3% annualized rate over the last three months of the year.

Along with continued employment growth (and decline in the unemployment rate), general spending and auto spending were strong for the year as were hotel/motel activity and airline travel in and out of the region. New housing construction was higher for the year, and sharply higher in the fourth quarter, and existing home sales put up some big numbers in 2019.

General real (inflation-adjusted) spending per metro area sales tax receipts\* in December were up by a solid 7.0% compared to the 2018 annual total. Fourth quarter spending was up by less than a percent compared to the fourth quarter 2018, which in turn was up by over 14% compared to the fourth quarter of the prior year. The December spending total was up by 2.0% compared to December 2018, which in turn was up by a sharp 21% over the previous year.

Real auto spending was strong across the board setting new records along the way, up by over 21% in December, 10% in the fourth quarter, and 5.5% for the year compared to prior year levels.

The travel and tourism indicators were very strong in 2019 with hotel/motel activity up by over 8% for the year, and airline passenger enplanements at McAllen International Airport up by nearly 20%.

Only the building permit valuation total and Hidalgo bridge crossing were down in 2019 compared to 2018; building permit activity in the four-city metro area was down for the fourth straight year though the December and fourth quarter totals were higher compared to year-ago levels.

The 1,492 new housing construction permits issued in 2019 was the highest annual total since 2010, and was up by nearly 6% compared to the 2018 annual total. The fourth quarter total was the highest since 2008 at 372 permits.

The 2019 home sales numbers were sharply higher, and set all kinds of new records for the number of sales, the average price of those sales, and the total dollar volume of residential real estate activity. For the year, the number of closed sales was up by over 17%, including a 28% increase in the fourth quarter and 32% in December. The average home sale price in 2019 was up by a healthy 3.1% compared to the 2018 annual average.

The inflation-adjusted total dollar volume of existing home sales in the metro area was up by over 18% in 2019, while the December and fourth quarter totals were up by 30% and 27%, respectively, compared to last year.

The year 2019 was clearly a year of continued economic expansion in the McAllen metro area. The coming reports for January and the first quarter will likely indicate that continuing trend and by March or April the impacts of the coronavirus will start to become apparent, and in McAllen just like everywhere else, the cycle of economic expansion will come to an end.

\*McAllen, Edinburg, Mission, and Pharr