

McAllen Area ECONOMIC PULSE

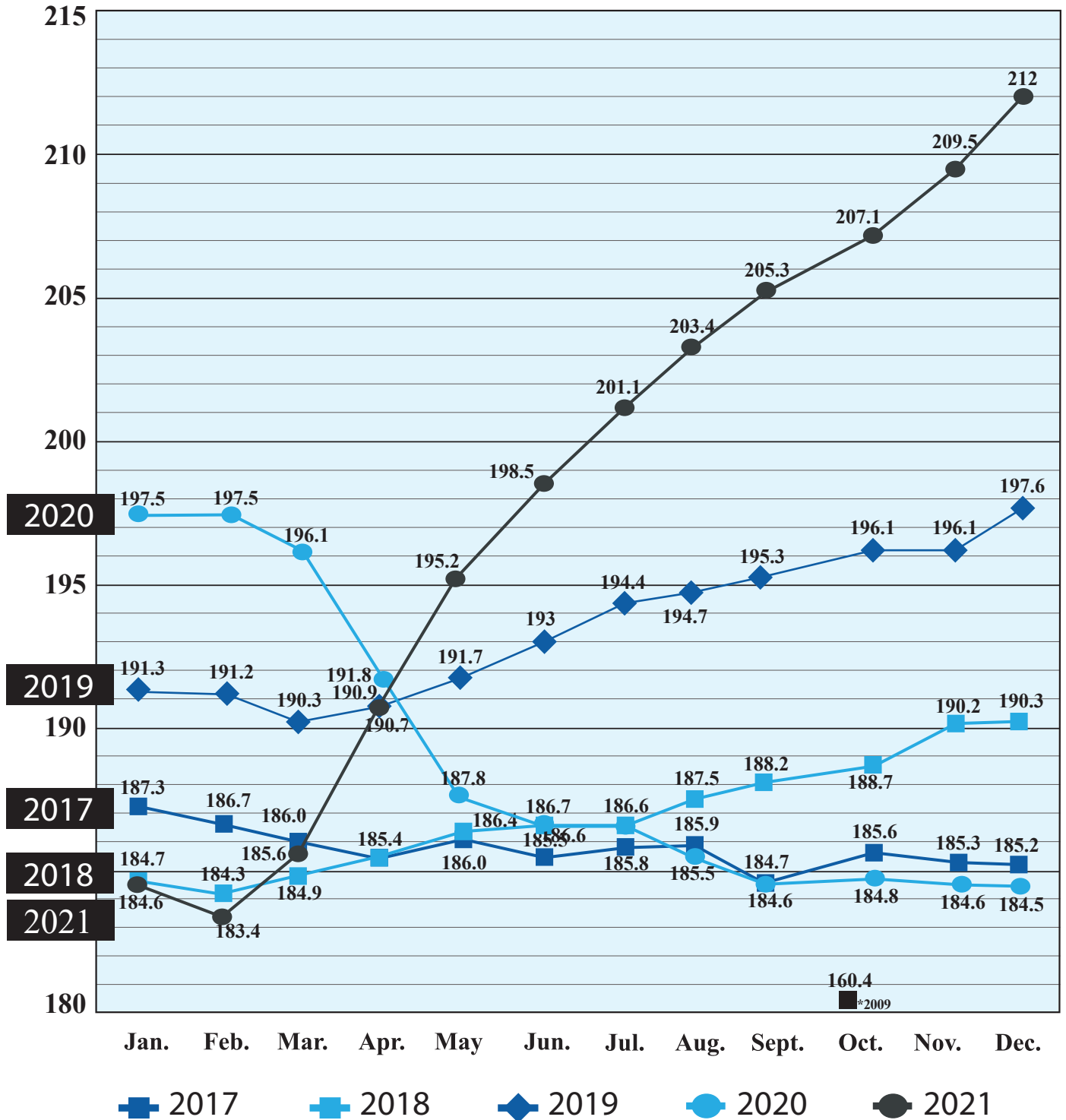
McAllen • Mission • Edinburg • Pharr

December 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

Key Points

ECONOMIC INDICATORS*	THIS YEAR December 2021	LAST YEAR December 2020	% CHANGE 2020-2021
Retail Sales (Per December Sales Tax Receipts)	\$ 631,991,528	\$ 568,191,764	11.2%
Retail Sales (4th Quarter)	\$ 2,034,034,893	\$ 1,769,645,119	14.9%
Retail Sales (Annual)	\$ 8,077,522,202	\$ 6,801,720,569	18.8%
Dollars Spent on Auto Purchases (December)	\$ 190,250,051	\$ 195,661,988	-2.8%
Dollars Spent on Auto Purchases (4th Qtr)	\$ 601,270,773	\$ 578,722,406	3.9%
Dollars Spent on Auto Purchases (Annual)	\$ 2,650,345,261	\$ 2,335,467,510	13.5%
Lodging Tax Receipts (December)	\$ 407,044	\$ 187,902	116.6%
Lodging Tax Receipts (4th Quarter)	\$ 1,049,657	\$ 534,151	96.5%
Lodging Tax Receipts (Annual)	\$ 3,965,759	\$ 2,595,670	52.8%
Airline Boardings (December)	\$ 38,819	\$ 18,952	104.8%
Airline Boardings (4th Qtr)	120,226	53,210	125.9%
Airline Boardings (Annual)	449,106	194,872	130.5%
Value All Construction Permits (December)	\$ 48,046,628	\$ 95,812,902	-49.9%
Value All Construction Permits (4th Qtr)	\$ 235,856,853	\$ 248,534,121	-5.1%
Value All Construction Permits (Annual)	\$ 1,003,330,891	\$ 677,935,564	48.0%
New Home Permits (December)	161	156	3.2%
New Home Permits (4th Qtr)	544	473	15.0%
New Home Permits (Annual)	2,272	1,726	31.6%
Home Sales (December)	359	351	2.3%
Home Sales (4th Qtr)	980	1,023	-4.2%
Home Sales (Annual)	4,198	3,798	10.5%
Average Home Sale Price (December)	233,915	208,650	12.1%
Average Home Sale Price (4th Qtr)	\$ 232,234	\$ 198,561	17.0%
Average Home Sale Price (Annual)	\$ 219,142	\$ 188,456	16.3%
Dollar Volume Residential Real Estate Sales (December)	\$ 83,975,566	\$ 75,735,938	10.9%
Dollar Volume Residential Real Estate Sales (4th Qtr)	\$ 228,483,238	\$ 210,397,587	8.6%
Dollar Volume Residential Real Estate Sales (Annual)	\$ 936,311,635	\$ 746,180,707	25.5%
Hidalgo Bridge Crossings (December)	462,618	269,150	71.9%
Hidalgo Bridge Crossings (4th Qtr)	1,165,738	758,683	53.7%
Hidalgo Bridge Crossings (Annual)	3,642,365	3,053,724	19.3%
Peso Exchange Rate (December)	\$ 20.92	\$ 19.96	4.8%
Employment			
Wage & Salary Employment (December)	283,000	269,000	5.2%
Wage & Salary Employment (4th Qtr Avg)	281,000	266,200	5.6%
Wage & Salary Employment (Annual Avg)	273,125	263,425	3.7%
Unemployment Rate - McAllen City (December)	4.9	7.5	-34.7%
Unemployment Rate - McAllen City (4th Qtr Avg)	5.3	7.5	-29.6%
Unemployment Rate - McAllen City (Annual Average)	6.5	9.1	-28.3%
INDEX - November (Base =100 January 1996)	212.0	185.6	14.2%

* 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 Texas Workforce Commission in March released revised employment data for McAllen and other Texas metro areas. The revisions were primarily for 2021 monthly estimates, with less significant revisions for 2020 monthly data. The revisions were positive for the McAllen metro area. On average, monthly payroll employment estimates were revised upward by over 2,900 jobs including upward revisions of 5,000 and 6,100, respectively, in April and May 2021. At year-end, the original December monthly employment estimate was revised upward by 1,700 jobs.

Key Points (continued)

The McAllen Economic Index was revised accordingly, raising index values throughout the year. By year's end, the original December 2021 MEI of 211.0 was revised upward by a full point to 212.0.

The McAllen metro area economy finished the year in strong fashion with the McAllen Economic Index logging its 10th straight monthly increase in December improving to 212.0 in December up from 210.6 in November, and up a sharp 14.2% from the December 2020 MEI of 185.6. Since troughing (reaching its cyclical low point) in February 2021 the McAllen Economic Index has improved by an impressive 15.2%. Growth rates had begun to moderate a bit by year-end, but the annualized pace of growth in the index in the fourth quarter was still an impressive 10.4%.

Employment increased to an estimated 283,000 jobs in December reflecting a 5.2% year-over-year growth rate. Total McAllen metro area employment fully recovered its COVID job losses in July 2021 and has been pushing ever deeper into record territory since then.

General spending growth was impressive in 2021 as well with inflation-adjusted spending per sales tax receipts in the four-city metro area* up by nearly 19% for the year compared to the 2020 annual total. Fourth quarter general spending was up by nearly 15%, while December posted an 11.2% year-over-year gain.

Inflation did a number on the auto sales sector in 2021, though real auto spending still managed to finish the year with annual growth of 13.5%. However, the annual increase in the raw data was about 29%. For the month of December, nominal (unadjusted for inflation) auto spending was up by nearly 18% year-over-year, but the inflation-adjusted monthly total was down by 2.5% compared to December 2021.

Hotel/motel activity in McAllen, among the hardest hit by COVID in 2020, rebounded impressively in 2021 with real spending on lodging in the city up by some 53% compared to the 2020 annual total. Even at that, hotel/motel activity remained slightly below 2019 levels, but will complete the recovery in early 2022. December monthly hotel/motel spending was well more than double December 2020, and the fourth quarter was up by about 96% compared to the fourth quarter 2020.

Airline travel was actually the hardest hit by COVID with enplanements off by over 50% in 2020 (and over 85% in the second quarter 2020). However, enplanements at McAllen International airport were up by 130% in 2021, and in fact exceeded the 2019 annual total by a significant amount as well.

For the first time since 2007 the number of new single-family housing permits issued in McAllen, Edinburg, Mission, and Pharr exceeded 2,000 for the year, and in fact surpassed 2,000 permits in November. The 2021 annual total outpaced the number of permits issued in 2020 by over 30%, including a 15% increase in the fourth quarter.

Existing home sales exceeded 4,000 closed sales in 2021 for the first time ever, recording a 10.5% year-over-year increase in the process, compared to the then-record 2020 annual home sales total. Fourth quarter home sales were up by nearly 20%, and the December monthly total was up by 8.6% year-over-year. The average price of those sales increased sharply in 2021 averaging a 16.3% increase for the year.

The inflation-adjusted total dollar volume of housing sales in the McAllen metro area improved by over 25% in 2021, setting a new record by far. Fourth quarter real housing spending was up by 8.6% year-over-year, and the December monthly total was up by about 11%.

Economic growth in the McAllen metro area in 2021 was impressive as the numbers and the graph of the index indicate. The upward trend in the chart in the current expansion is easily the sharpest upward trend of all the growth cycles captured by the index, at least thus far. That pace of growth will not be sustainable, obviously, but it certainly represents a very impressive post-COVID year recovery and sets the stage for continued expansion in 2021, though perhaps at a lower rate of growth.

Inflation will continue to be an issue, though it appears that auto inflation may have peaked. Broader inflation measures continue to rise, and that will affect the numbers moving forward in 2022.

*McAllen, Edinburg, Mission, and Pharr