

McAllen Area ECONOMIC PULSE

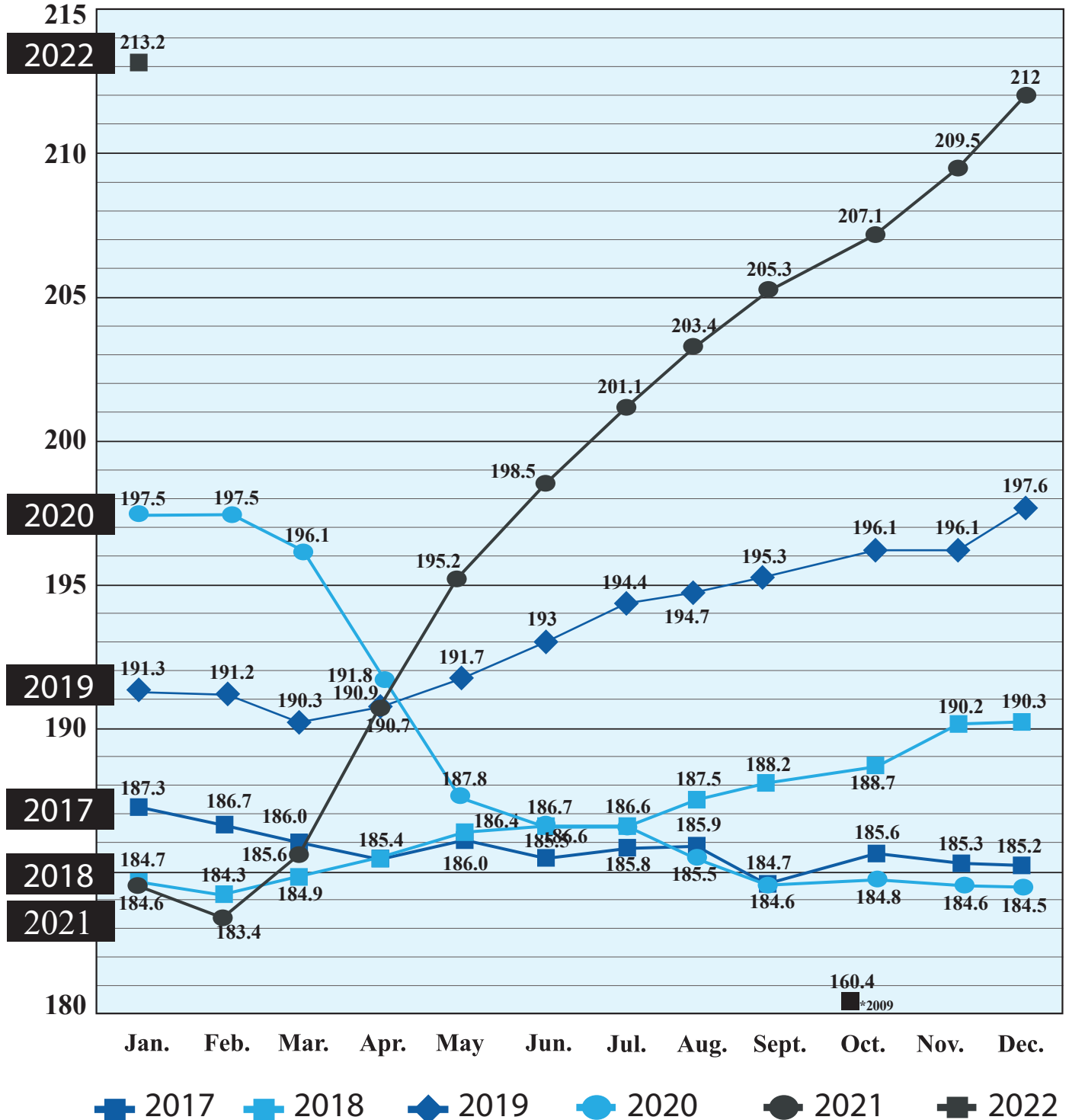
McAllen • Mission • Edinburg • Pharr

January 2022 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 January 2022	LAST YEAR January 2021	% CHANGE 2021-2022
Retail Sales (January)	\$ 738,346,143	\$ 586,263,162	25.9%
Retail Sales (YTD)	\$ 738,346,143	\$ 586,263,162	25.9%
Dollars Spent on Auto Purchases (January)	\$ 189,307,352	\$ 207,585,815	-8.8%
Dollars Spent on Auto Purchases (YTD)	\$ 189,307,352	\$ 207,585,815	-8.8%
Lodging Tax Receipts (January)	\$ 445,881	\$ 198,169	125.0%
Lodging Tax Receipts (YTD)	\$ 445,881	\$ 198,169	125.0%
Airline Boardings (January)	33,326	17,958	85.6%
Airline Boardings (YTD)	33,326	17,958	85.6%
Value All Construction Permits (January)	\$ 55,658,423	\$ 82,395,519	-32.4%
Value All Construction Permits (YTD)	\$ 55,658,423	\$ 82,395,519	-32.4%
New Home Permits (January)	160	153	4.6%
New Home Permits (YTD)	160	153	4.6%
Home Sales (January)	350	304	15.1%
Home Sales (YTD)	350	304	15.1%
Average Home Sale Price (January)	\$ 223,417	\$ 199,490	12.0%
Average Home Sale Price (YTD Avg)	\$ 223,417	\$ 199,490	12.0%
Dollar Volume of Home Sales (January in 1995\$)	\$ 78,195,787	\$ 62,909,087	24.3%
Dollar Volume of Home Sales (YTD)	\$ 78,195,787	\$ 62,909,087	24.3%
Hidalgo Bridge Crossings (January)	369,516	233,911	58.0%
Hidalgo Bridge Crossings (YTD)	369,516	233,911	58.0%
Peso/US Dollar Exchange Rate (January)	20.50	19.95	2.7%
Employment			
Wage & Salary Employment (January)	278,900	265,700	5.0%
Wage & Salary Employment (YTD Avg)	278,900	265,700	5.0%
Unemployment Rate (McAllen City - January)	5.8	7.8	-25.6%
Unemployment Rate (McAllen City - YTD Average)	5.8	7.8	-25.6%
INDEX - November (Base =100 January 1996)	213.2	185.1	15.2%

* 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 McAllen metro area economy began the year 2022 on the right foot with the 11th straight monthly increase in the McAllen Economic Index. The index improved to a record 213.2 for the month up from a revised (upward) 212.5 in January, and up a stout 15.2% from the January 2021 MEI of 185.1.

Auto spending was lower for the month compared to year-ago levels thanks to continued high inflation in that sector, and the building permit total was lower as well. Otherwise, all other components of the McAllen Economic Index registered impressive improvement compared to year-ago levels, some even at triple-digit percentage increases.

The all-important general spending and employment numbers continue to post significant increases. General real (inflation-adjusted) spending was up by 26% per January sales tax receipts in the metro area* compared to the January 2021 total, and employment was up by 5.0% reflecting the addition of an estimated 13,200 jobs over the last 12 months. Both are at record levels and climbing.

Real auto spending was down thanks to inflation rates for new and used motor vehicles that remain in excess of 20%. What began as a 12.5% year-over-year increase in terms of the raw motor vehicle tax collected became an 8.8% year-over-year decline when the inflation adjustment was applied. The "good" news is

Key Points

Key Points (continued)

that the inflation rate in that sector appears to have peaked. That doesn't mean prices are declining – it simply means they are not rising as fast, and hopefully that will continue.

Hotel/motel activity was well more than double its year-ago level; January 2021 was the last of the COVID negatives that actually began in February 2020, so the January 2022 real hotel/motel spending total in the city of McAllen is compared to a January 2021 total that was down by 45% compared to the prior year. McAllen real hotel/motel activity has now fully recovered those COVID losses and is now at record levels.

Construction activity in the four-city metro area was respectable enough but was still down by 32% compared to the January 2021 total which in turn was up by a sharp 119% compared to the previous year.

Included in that total is the value of new single-family housing construction, for which we count the number of permits issued separately. The 160 permits issued in January is the highest January monthly total on record and was up by nearly 5% compared to January 2021, which was at the time a January record itself.

Also setting a January record was the number of existing home sales, posting a 15% increase over January 2021, which in turn was up by over 18% year-over-year. The average price of those sales has been climbing sharply, increasing by double-digit percentages since mid-2020.

That means the total inflation-adjusted dollar volume of home sales across the metro area is easily at a record level and climbing, up by over 24% in January compared to January of a year ago.

*McAllen, Edinburg, Mission, and Pharr