

McAllen Area ECONOMIC PULSE

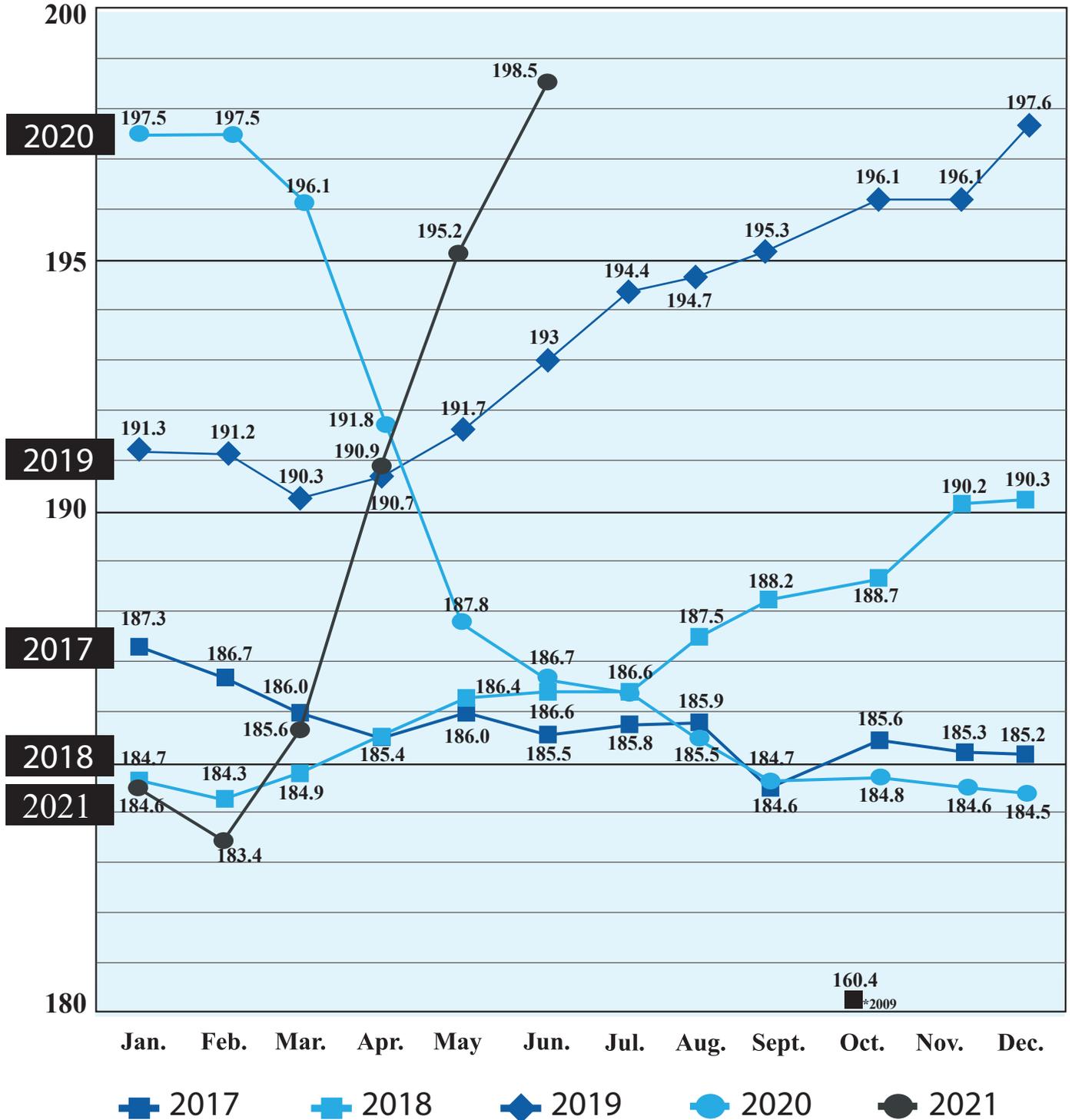
McAllen • Mission • Edinburg • Pharr

June 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 June 2021	LAST YEAR June 2020	% CHANGE 2020-2021
Retail Sales (\$000's - Per June sales tax rebate)	\$ 660,301,766	\$ 437,591,863	50.9%
Retail Sales (\$000's - 2nd Quarter)	\$ 1,967,196,905	\$ 1,489,275,069	32.1%
Retail Sales (\$000's - Year-To-Date)	\$ 3,889,251,038	\$ 3,264,792,549	19.1%
Dollars Spent on Auto Purchases (\$000's - June)	\$ 236,044,396	\$ 192,859,308	22.4%
Dollars Spent on Auto Purchases (\$000's - 2nd Qtr)	\$ 702,214,170	\$ 472,056,459	48.8%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$ 1,247,592,845	\$ 1,027,882,897	21.4%
Lodging Tax Receipts (June)	\$ 232,853	\$ 148,223	57.1%
Lodging Tax Receipts (2nd Quarter)	\$ 793,538	\$ 367,314	116.0%
Lodging Tax Receipts (YTD)	\$ 1,555,258	\$ 1,064,590	46.1%
Airline Boardings (June)	47,209	7,705	512.7%
Airline Boardings (2nd Quarter)	118,590	16,852	603.7%
Airline Boardings (YTD)	184,237	103,504	78.0%
Value All Construction Permits (June)	\$ 92,303,068	\$ 49,460,093	86.6%
Value All Construction Permits (2nd Qtr)	\$ 215,030,773	\$ 106,197,785	102.5%
Value All Construction Permits (YTD)	\$ 507,261,056	\$ 241,545,967	110.0%
New Home Permits (June)	206	177	16.4%
New Home Permits (2nd Qtr)	615	380	61.8%
New Home Permits (YTD)	1,135	757	49.9%
Home Sales (June)	425	345	23.2%
Home Sales (2nd Qtr)	1,162	848	37.0%
Home Sales (YTD)	2,078	1,659	25.3%
Average Home Sale Price (June)	222,834	185,563	20.1%
Average Home Sale Price (2nd Qtr)	\$ 214,379	\$ 179,422	19.5%
Average Home Sale Price (YTD)	\$ 208,896	\$ 177,327	17.8%
Dollar Volume Residential Real Estate Sales (June)	\$ 94,704,375	\$ 65,465,298	44.7%
Dollar Volume Residential Real Estate Sales (2nd Qtr)	\$ 249,721,677	\$ 155,779,353	60.3%
Dollar Volume Residential Real Estate Sales (YTD)	\$ 436,402,277	\$ 301,974,026	44.5%
Hidalgo Bridge Crossings (June)	277,439	208,650	33.0%
Hidalgo Bridge Crossings (2nd Qtr)	872,044	544,761	60.1%
Hidalgo Bridge Crossings (YTD)	1,606,790	1,720,362	-6.6%
Peso Exchange Rate (June)	20.04	22.31	-10.2%
Employment			
Wage & Salary Employment (June)	267,600	260,400	2.8%
Wage & Salary Employment (2nd Qtr Avg)	266,535	254,300	4.8%
Wage & Salary Employment (YTD Avg)	265,585	264,765	0.3%
Unemployment Rate (June)	7.6	11.7	-35.0%
Unemployment Rate (2nd Qtr Avg)	7.2	13.5	-47.0%
Unemployment Rate (YTD Average)	7.7	9.4	-18.1%
INDEX - June (Base =100 January 1996)	198.5	186.8	6.3%

* 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

The McAllen Economic Index surged upward to a new record in June, improving to 198.5 for the month up from 195.2 in May, and up 6.3% from the June 2020 MEI of 186.8. The previous record of 197.6 was established in December 2019 in advance of the onset of COVID in 2020 during which the index plunged to 183.4 in February 2021 before beginning to recover. That recovery is now complete, at least in terms of the index, regaining all that was lost and moving into new record territory.

Not all components of the McAllen Economic Index have fully recovered, however, employment

Key Points (continued)

most notably. The non-seasonally adjusted number of jobs in the McAllen metro area economy in June is still down from the June 2019 total, and the seasonally adjusted jobs total is still down by over 7,000 jobs compared to the peak employment level in February 2020. Jobs are being added in large chunks, however, and that recovery will be complete in the coming months as well.

Spending activity has fully recovered, however, surpassing 2019 pre-COVID highs and soaring upward beyond that with inflation-adjusted general spending per sales tax receipts in the four-city metro area* through June up by 19% compared to the total through June 2020, and up by over 13% compared to the first six months of 2019, the previous record spending year. The June monthly and second quarter spending totals are records as well up by 50% and 32%, respectively, compared to year-ago levels.

The auto sales sector has also fully recovered, regaining the COVID losses from last year and increasing sharply to new record levels in 2021. Midway through the year, inflation-adjusted spending on new and used motor vehicles is up by over 21% compared to the first six months of a year ago. Second quarter real auto spending was up by 48% compared to the second quarter 2020, when the worst of the COVID auto sales declines occurred. The June 2020 auto sales total was a record, posting an increase compared to June 2019, and the June 2021 total is higher yet again, up by some 22% compared to June of a year ago.

Hotel/motel activity, while significantly improved compared to year-ago levels, is the lowest through the first six months of the year since 1999 in real (inflation-adjusted) terms. Second quarter inflation-adjusted spending on lodging is the lowest since 2010, though it is more than double the year-ago total. Part of that calculation is the deep deflation in the hotel/motel sector, which is normalizing with each passing month but remains a major influence on the numbers.

Housing construction is smashing records in 2021 with the number of new single-family residence permits in McAllen, Edinburg, Mission, and Pharr up by 50% midway through the year and 62% in the second quarter. The June monthly total, the highest ever for the month of June, was up by 16% year-over-year.

Existing home sales are also the highest on record for the month, second quarter, and year-to-date. Second quarter home sales are in fact the highest for any quarter, not just the second quarter (and housing sales are quite seasonal in nature). The average price of those sales is sharply higher as well, up by 20% in June and the second quarter, and 18% through the first six months of the year compared to year-ago levels.

That pushes the real total dollar volume of housing sales activity to over 60% higher in the second quarter, and 45% higher for the year-to-date (and for the month of June) compared to 2020.

Even though employment (and hotel/motel spending) continue to lag behind record levels through June, the sharp increases in other sectors helped to push the McAllen Economic Index to a new record as of June 2021. Employment has since made up all of that ground, and these increases will be reflected in the upcoming monthly reports.

*McAllen, Edinburg, Mission, and Pharr