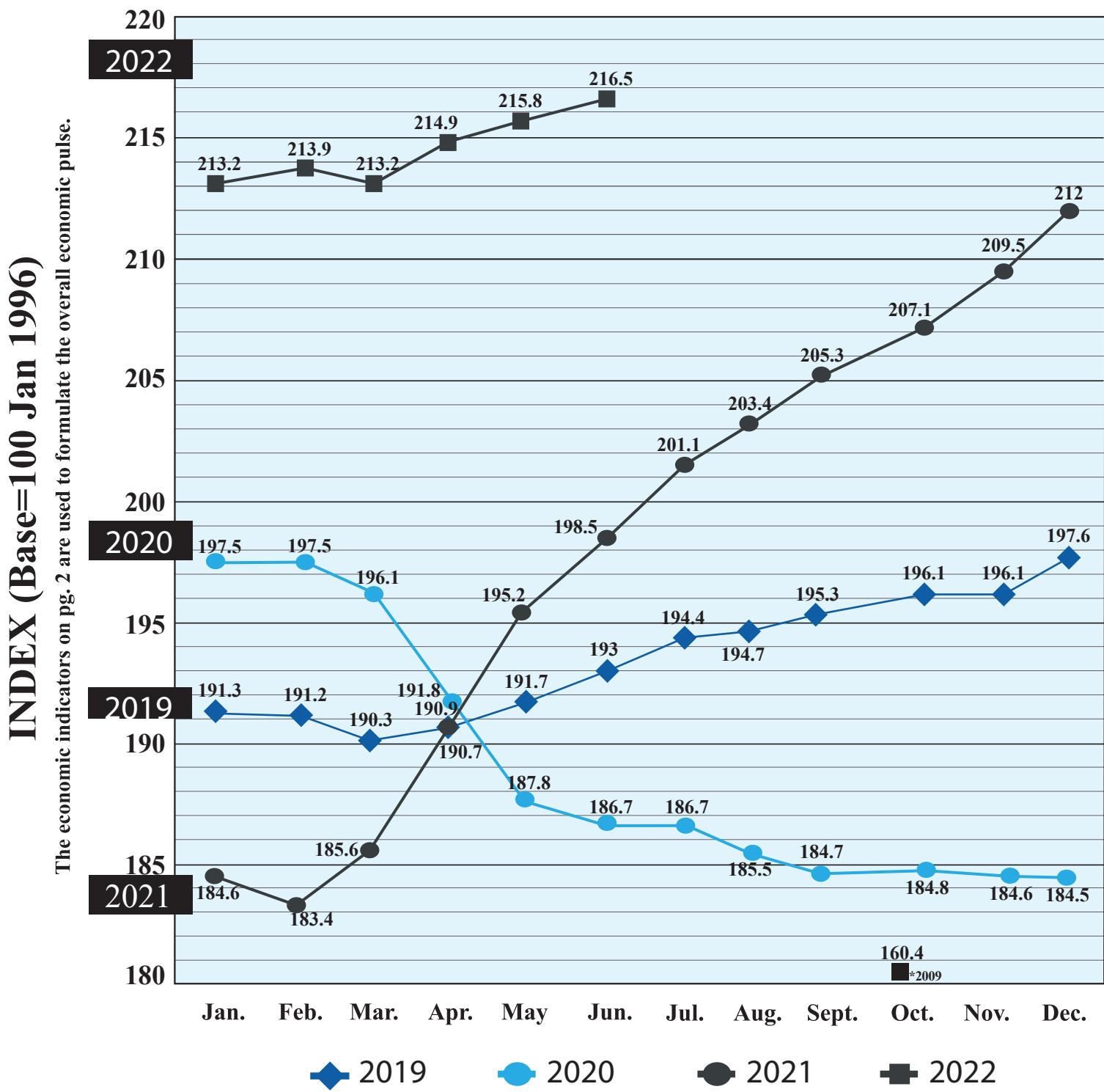


McAllen Area ECONOMIC PULSE

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June 2022 Economic Pulse

The McAllen Chamber of Commerce Economic Index



ECONOMIC INDICATORS*	THIS YEAR June 2022	LAST YEAR June 2021	% CHANGE 2021-2022
Retail Sales (\$000's - Per June sales tax rebate)	\$ 718,122,656	\$ 692,803,207	3.7%
Retail Sales (\$000's - 2nd Quarter)	\$ 2,221,428,152	\$ 2,064,026,472	7.6%
Retail Sales (\$000's - Year-To-Date)	\$ 4,573,694,551	\$ 4,080,688,150	12.1%
Dollars Spent on Auto Purchases (\$000's - June)	\$ 242,913,085	\$ 258,839,606	-6.2%
Dollars Spent on Auto Purchases (\$000's - 2nd Qtr)	\$ 706,162,502	\$ 787,672,781	-10.3%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$ 1,344,490,680	\$ 1,417,938,691	-5.2%
Lodging Tax Receipts (June)	\$ 336,615	\$ 287,890	16.9%
Lodging Tax Receipts (2nd Quarter)	\$ 1,112,693	\$ 981,099	13.4%
Lodging Tax Receipts (YTD)	\$ 2,459,142	\$ 1,922,860	27.9%
Airline Boardings (June)	40,308	47,209	-14.6%
Airline Boardings (2nd Quarter)	115,252	118,590	-2.8%
Airline Boardings (YTD)	215,226	184,237	16.8%
Value All Construction Permits (June)	\$ 74,862,238	\$ 111,523,479	-32.9%
Value All Construction Permits (2nd Qtr)	\$ 229,592,131	\$ 259,856,473	-11.6%
Value All Construction Permits (YTD)	\$ 413,976,655	\$ 613,129,786	-32.5%
New Home Permits (June)	180	206	-12.6%
New Home Permits (2nd Qtr)	518	615	-15.8%
New Home Permits (YTD)	999	1,135	-12.0%
Home Sales (June)	395	427	-7.5%
Home Sales (2nd Qtr)	1,181	1,166	1.3%
Home Sales (YTD)	2,298	2,084	10.3%
Average Home Sale Price (June)	255,987	222,722	14.9%
Average Home Sale Price (2nd Qtr)	\$ 253,074	\$ 214,161	18.2%
Average Home Sale Price (YTD)	\$ 242,395	\$ 208,751	16.1%
Dollar Volume Residential Real Estate Sales (June)	\$ 101,115,003	\$ 100,422,615	0.7%
Dollar Volume Residential Real Estate Sales (2nd Qtr)	\$ 300,748,109	\$ 264,329,167	13.8%
Dollar Volume Residential Real Estate Sales (YTD)	\$ 564,924,131	\$ 461,824,280	22.3%
Hidalgo Bridge Crossings (June)	397,846	277,439	43.4%
Hidalgo Bridge Crossings (2nd Qtr)	1,253,827	872,044	43.8%
Hidalgo Bridge Crossings (YTD)	2,421,258	1,606,790	50.7%
Peso Exchange Rate (June)	19.97	20.04	-0.4%
Employment			
Wage & Salary Employment (June)	285,200	271,500	5.0%
Wage & Salary Employment (2nd Qtr Avg)	284,465	271,535	4.8%
Wage & Salary Employment (YTD Avg)	283,000	269,165	5.1%
Unemployment Rate (June)	5.4	7.3	-26.0%
Unemployment Rate (2nd Qtr Avg)	4.9	6.8	-27.9%
Unemployment Rate (YTD Average)	5.1	7.2	-29.5%
INDEX - June (Base =100 January 1996)	216.5	199.7	8.4%

* 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 cycle of expansion in the McAllen metro area economy extended to 16 months in June with another solid increase in the McAllen Economic Index. The index improved to 216.5 in June up from 215.8 in May, and up 8.4% from the June 2021 MEI of 199.7.

Since reaching its post-COVID low point of 184.0 in February 2021, the McAllen Economic Index fully recovered its COVID-related downturn in June 2021, and has now increased by 17.7% compared to the February 2021 index trough. The rate of growth in the index is slowing, however, with the 8.4% year-over-year growth down compared to the peak of 16.2% in February 2022. The index increased at a 6.1% annualized rate in the second quarter 2022.

Key Points (continued)

General spending and employment, the two mainstay local economic indicators, continue to reflect growth midway through 2022, with both at record levels and climbing. Hotel/motel activity is showing impressive growth in 2022, and Hidalgo bridge crossings remain sharply higher through midyear.

Both total construction and new housing construction remain lower compared to high numbers in 2021, and existing home sales have now slid into negative year-over-year territory compared to record sales last year. Higher prices are keeping the total dollar volume of sales at record levels, however.

General spending activity continues to improve even compared to fantastic rates of growth in 2021. General real (inflation-adjusted) spending per June sales tax receipts in the four-city metro area were up by 3.5% compared to June 2021, which in turn was up by a whopping 51% compared to June of the prior year. Second quarter spending was up by an impressive 7.6%, and spending for the year-to-date was up by over 12% compared to the first six months of 2021, which in turn was up by nearly 20% compared to the prior year.

Auto spending is lower, however, compared to record totals in 2021 and inflation rates that remain elevated, though they are falling now. Real auto spending in June was down by 6.2% in June, 10.3% for the quarter, and 5.2% for the year-to-date. The June, second quarter, and year-to-date totals in 2021 were all records, and were up sharply compared to the previous year, so in that context current year sales are still relatively high, but clearly peaked in 2021.

Hotel/motel activity is improving rapidly in 2022, and is now up by some 28% midway through the year. The midyear totals are down only slightly compared to the record years of 2014 and 2015, but are rapidly closing that gap. The other travel-related indicator, airport passenger enplanements, after increasing in the first four months of the year, has begun to wane as of May and June, off by over 14% in June and nearly 3% in the second quarter compared to year-ago levels. The midyear total remains up by nearly 17% year-over-year thanks to the early year strength in the numbers.

The construction indicators remain lower across the board. The inflation-adjusted total building permit valuation in the four cities was down by 33% in June, 12% in the second quarter, and 33% for the year-to-date compared to strong numbers from a year ago.

New single-family housing construction permits are down compared to record totals in 2021, posting declines of 13%, 16%, and 12% for the month, quarter, and year-to-date compared to record totals for those time periods last year (through June 2021 the permit total was up by a sharp 50% compared to the previous year).

Existing home sales also set records in 2021, and continued to do so in the first five months of 2022. The June monthly sales total was lower, however, off by 7.5% compared to a record June 2021. The second quarter and year-to-date were still higher, however, up by 1.3% and 10.3%, respectively, but sales may continue to weaken in 2022.

The nominal average price of those sales was once again up sharply at 15% in June year-over-year, along with second quarter growth of 18.2% and the average in the first six months of the year up by 16.2%.

Those price increases mean the total dollar volume of residential real estate sales up by 14% for the quarter and a stout 22% for the year-to-date. The June total suggests these numbers are slowing, however, at less than 1% improvement compared to June 2021.

An estimated 13,700 jobs were added over the 12 months ending in June for a year-over-year growth rate of an impressive 5.0%. Employment fully recovered its COVID losses in July 2021 and has been at record and climbing levels since then.

The McAllen city unemployment rate increased from May to June, but that is a normal seasonal increase that occurs each year. The relevant comparison is to the same month in previous years, and the 5.4% unemployment rate in June is down compared to 7.3% in June 2021, but remains higher compared to the pre-COVID June 2019 unemployment rate of 4.5%.

Even with a few negatives here and there on the June/2nd quarter/midyear table of economic indicators, the McAllen metro area economy remains an economy clearly in expansion through midyear 2022. The McAllen Economic Index in the coming months (soon to be updated through September and October) may shed some light on economic trends in the face of economic uncertainty caused by inflation and other broader economic concerns. Considerable discussion has been devoted to whether the US economy is presently in recession. The answer to that question is probably 'no'.

The likelihood of a recession in the near future is a much more open question and one we do not yet know the answer to. Recession indicators are suggesting that possibility, however, and we should be diligent about tracking the economy as best we can with this in mind.