

ECONOMIC INDICATORS*	THIS YEAR March 2021	LAST YEAR March 2020	% CHANGE 2020-2021
Retail Sales (March)	\$ 559,165,897	\$ 498,551,113	12.2%
Retail Sales (1st Quarter)	\$ 1,915,011,716	\$ 1,769,011,973	8.3%
Dollars Spent on Auto Purchases (March)	\$ 180,758,692	\$ 165,745,729	9.1%
Dollars Spent on Auto Purchases (1st Qtr)	\$ 500,992,533	\$ 510,589,996	-1.9%
Lodging Tax Receipts (March)	\$ 278,164	\$ 97,460	185.4%
Lodging Tax Receipts (1st Qtr)	\$ 755,212	\$ 691,318	9.2%
Airline Boardings (March)	31,241	20,507	52.3%
Airline Boardings (1st Qtr)	65,647	86,652	-24.2%
Value All Construction Permits (March)	\$ 166,321,395	\$ 47,911,887	247.1%
Value All Construction Permits (1st Qtr)	\$ 278,960,214	\$ 129,094,151	116.1%
New Home Permits (March)	211	122	73.0%
New Home Permits (1st Qtr)	520	377	37.9%
Home Sales (March)	356	296	20.3%
Home Sales (1st Qtr)	902	811	11.2%
Average Home Sale Price (March)	\$ 207,730	\$ 179,740	15.6%
Average Home Sale Price (1st Qtr Avg)	\$ 202,370	\$ 175,136	15.6%
Dollar Volume of Home Sales (March in 1995\$)	\$ 73,951,888	\$ 54,248,902	36.3%
Dollar Volume of Home Sales (1st Qtr)	\$ 182,836,186	\$ 145,093,951	26.0%
Hidalgo Bridge Crossings (March)	284,695	331,245	-14.1%
Hidalgo Bridge Crossings (1st Qtr)	734,746	1,175,601	-37.5%
Peso/US Dollar Exchange Rate (March)	20.78	22.20	-6.4%
Employment			
Wage & Salary Employment (March)	266,000	275,900	-3.6%
Wage & Salary Employment (1st Qtr Avg)	264,635	275,235	-3.9%
Unemployment Rate (McAllen City - March)	7.9	6.2	27.4%
Unemployment Rate (McAllen City - 1st Qtr Average)	8.2	5.2	57.1%
INDEX - March (Base=100 January 1996)	185.6	196.2	-5.4%

* 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 McAllen Economic Index in March posted its largest monthly increase since 2003, rising by 2.2 points to 185.6 for the month up from 183.4 in February, but still down by 5.4% compared to the March 2020 MEI of 196.2. The increase also hopefully marks the end of the COVID-related decline in the McAllen metro area economy as measured by the index.

If so, the McAllen Economic Index post-COVID low point would be 183.4 in February 2021. The MEI achieved its most recent cyclical peak, and in fact its all-time high of 197.6 in December 2019 before embarking on a 14-month contraction in which the index declined by 7.2%. The index experienced declines in January and February 2020 (which would likely have been only temporary) before COVID began to affect economic numbers in McAllen and elsewhere in March 2020.

Even though the recovery is hopefully underway, the economy faces a considerable climb in the months ahead to regain all that was lost during the COVID downturn. But the numbers through the end of the first quarter suggest a solid start to that process.

Even though the numbers in March and the coming months will be compared to low numbers from last year as economic activity was dropping sharply, the March 2021 table of economic indicators is impressive with strong year-over-year gains in many components. Not surprisingly, however, some

Key Points (continued)

remain lower compared to year-ago levels, most notably Hidalgo bridge crossings and employment.

Employment has improved, however, and in fact nearly 2,000 jobs were added from February to March alone according to the seasonally adjusted metro area employment estimates. Of the 28,600 jobs lost from February to April last year (almost all of which were lost in April), about 18,300 of them have been added back through the end of the first quarter 2021. This still leaves the McAllen metro area over 10,000 jobs below its February 2020 peak levels. Non-seasonally adjusted payroll employment for March is down by 3.6% (9,900 jobs) compared to the March 2020 estimate.

The spending indicators were strong in March; general real (inflation-adjusted) spending per March sales tax rebates in the four-city metro area* was up by over 12% compared to March of a year ago (March 2020 numbers were not yet reflecting the COVID effects) and was a March monthly record. Through the end of the first quarter spending is up by over 8% compared to the first three months of a year ago.

Auto spending was up by some 9% in March compared to March 2020, which in turn was up by nearly 10% compared to March of the prior year (the COVID declines in auto sales first occurred in March last year).

Hotel/motel activity was hit hard by COVID beginning in March last year but is recovering strongly now with the March lodging total up by 185% compared to March 2020. The March 2021 total is still down significantly compared to March activity in years past prior to 2020, but the recovery is well underway and will continue to improve in the coming months. The same is true of airport activity – sharply improved compared to a low number from last year and catching up more quickly to pre-COVID levels.

The inflation-adjusted building permit valuation total in March was the third-highest permit valuation total on record and was up by nearly 250% compared to the March 2020 total. This was spurred primarily by a record \$110 monthly permit total in Edinburg in March. The 211 new single-family residence construction permits issued is the highest monthly total since 2007, and was up by 73% compared to March of a year ago. The first quarter permit total is also the highest since 2007.

Existing home sales are setting all-time records in 2021; the 902 closed sales in the first quarter are the highest on record, and the 356 sales in March represents a March monthly record as well. Average prices have been climbing sharply since midyear 2020 and that continues through the first quarter 2021 with the average home sale price up by nearly 16% year-over-year.

The first quarter 2021 will hopefully be the time frame in which the McAllen economy turned from contraction to expansion, representing a new round of recovery and growth in the McAllen metro area economy on the heels of the damage wrought by COVID in 2020. The McAllen Economic Index through March is still down by just over 6% compared to the index peak from December 2019. The sharp improvement in March narrowed the gap considerably, and the balance of 2021 should bring continued economic improvement.

*McAllen, Edinburg, Mission, and Pharr