

# McAllen Area ECONOMIC PULSE

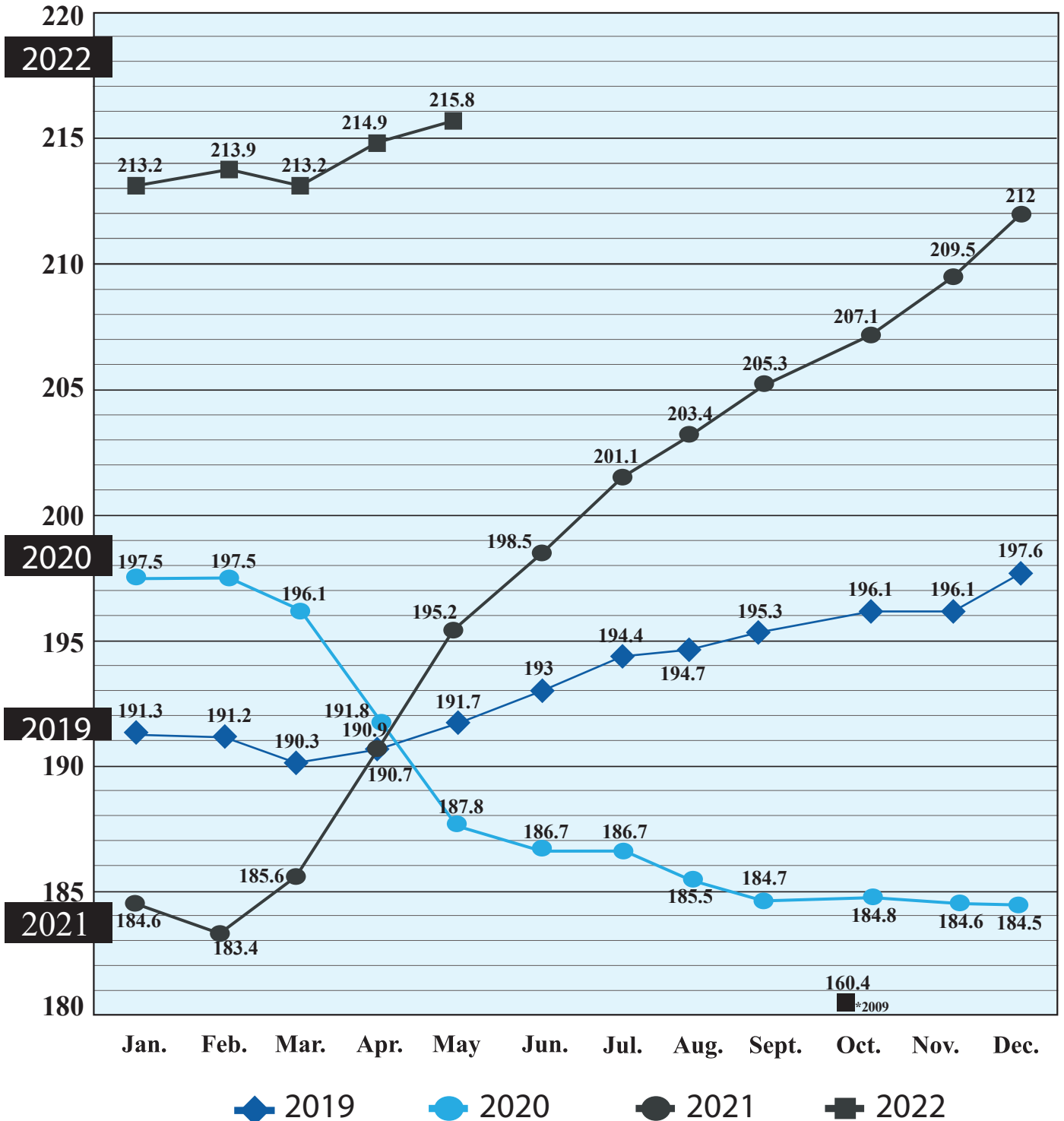
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## May 2022 Economic Pulse

### 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 May 2022	LAST YEAR May 2021	% CHANGE 2021-2022
Retail Sales (May)	\$ 845,823,293	\$ 816,861,813	3.5%
Retail Sales (Year-to-date)	\$ 3,834,540,556	\$ 3,369,404,738	13.8%
Dollars Spent on Auto Purchases (May)	\$ 223,026,481	\$ 240,795,143	-7.4%
Dollars Spent on Auto Purchases (YTD)	\$ 1,083,712,890	\$ 1,140,301,531	-5.0%
Lodging Tax Receipts (May)	\$ 361,744	\$ 457,368	-20.9%
Lodging Tax Receipts (YTD)	\$ 2,122,527	\$ 1,634,969	29.8%
Airline Boardings (May)	39,062	39,058	0.01%
Airline Boardings (YTD)	174,918	136,970	27.7%
Value All Construction Permits (May)	\$ 67,541,100	\$ 73,185,320	-7.7%
Value All Construction Permits (YTD)	\$ 333,963,502	\$ 493,987,252	-32.4%
New Home Permits (May)	165	186	-11.3%
New Home Permits (YTD)	819	929	-11.8%
Home Sales (May)	408	390	4.6%
Home Sales (YTD)	1,903	1,657	14.8%
Average Home Sale Price (May)	\$ 250,881	\$ 211,904	18.4%
Average Home Sale Price (YTD Avg)	\$ 239,573	\$ 205,151	16.8%
Dollar Volume of Home Sales (May)	\$ 103,026,986	\$ 87,505,959	17.7%
Dollar Volume of Home Sales (YTD)	\$ 463,809,128	\$ 361,401,665	28.3%
Hidalgo Bridge Crossings (May)	425,160	306,159	38.9%
Hidalgo Bridge Crossings (YTD)	2,023,412	1,329,351	52.2%
Peso/US Dollar Exchange Rate (May)	20.04	19.98	0.3%
Employment			
Wage & Salary Employment (May)	284,400	271,900	4.6%
Wage & Salary Employment (YTD Avg)	282,560	268,700	5.2%
Unemployment Rate - McAllen City (May)	4.7	6.5	-27.7%
Unemployment Rate - McAllen City (YTD Avg)	5.0	7.1	-30.3%
INDEX - May (Base =100 January 1996)	215.8	196.2	10.0%

\* 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

After a decline in March – the first since February 2021 which is the post-COVID cyclical trough in the McAllen general economy – the McAllen Economic Index improved in April and May, increasing in May to a record 215.8 for the month up from 214.9 in April (and 213.3 in March), and up 10.0% from the May 2021 MEI of 196.2.

Even though the May results are somewhat mixed with some year-over-year negatives on the table of economic indicators, the increase in the index – and thus the McAllen metro area general economy – continues to be driven by growth in general real spending and employment. Home sales and prices were higher as well, and Hidalgo bridge crossings were sharply higher compared to year-ago levels.

With help from continued high inflation, auto spending was down year-over-year, as was the monthly hotel/motel spending total. Total construction and new single-family housing construction were lower for the month and year-to-date compared to high numbers in 2021.

General spending per May sales tax receipts in the four-city McAllen metro area\* was up only modestly compared to May 2021; however, the May 2021 spending total was up by a sharp 39% compared to May of the previous year, so in that context the spending trends remain impressive. In addition, the May raw

## Key Points

## Key Points (continued)

the previous year, so in that context the spending trends remain impressive. In addition, the May raw spending total was up by 8-9% higher year-over-year, but inflation whittled that down to the 3.5% rate of year-over-year growth.

The auto sales sector is more deeply affected by inflation, which is to say inflation rates are much higher (though they have moderated considerably). What began as a 5.3% year-over-year increase in Hidalgo County motor vehicle sales tax collections became a 7.4% year-over-year decline when the inflation adjustment was applied. For the year-to-date real auto spending is down by about 5.0% compared to the record pace set in the first five months of 2021.

Employment growth remains steady and impressive, and payroll employment itself is at record levels. The May McAllen metro area employment total was up by a stout 4.6% compared to May 2021, reflecting the addition of an estimated 12,500 jobs over the last 12 months. The McAllen city unemployment rate continues its steady decline; it has yet to return to 2019 pre-COVID lows but is closing the gap. The 4.7% unemployment rate in May 2022 is down compared to the 6.5% recorded in May of a year ago, but remains a full point ahead of the May 2019 unemployment rate of 3.7%.

McAllen new single-family housing construction has dropped off after four years of growth, and very strong growth the last two years. The number of permits issued in May was down by about 11% compared to May of a year ago, and the total through May is off by nearly 12% compared to the total through May 2021, which in turn was up by a whopping 60% compared to the first five months of the prior year.

Building permit valuations in May in the four cities was down compared to a strong month and year for construction in 2021. Inflation-adjusted building permits were down by 7.7% in May compared to May 2021, which in turn was up by over 40% compared to May of the prior year. The year-to-date permit total is off by 32% compared to the total through May 2021, which in turn was well more than double the total from the previous year.

McAllen metro area existing home sales are at record levels for May and the year-to-date through May, up by 4.6% and 14.8%, respectively. The average price of those sales continues to climb sharply up by double-digit percentage points each month thus far in 2022 including the 18.4% year-over-year increase in May.

The inflation-adjusted total dollar volume of residential real estate sales across the metro area continues to put up impressive and record numbers, up by nearly 18% in May and 28% for the year-to-date through May compared to year-ago levels.

\*McAllen, Edinburg, Mission, and Pharr