

McAllen Area ECONOMIC PULSE

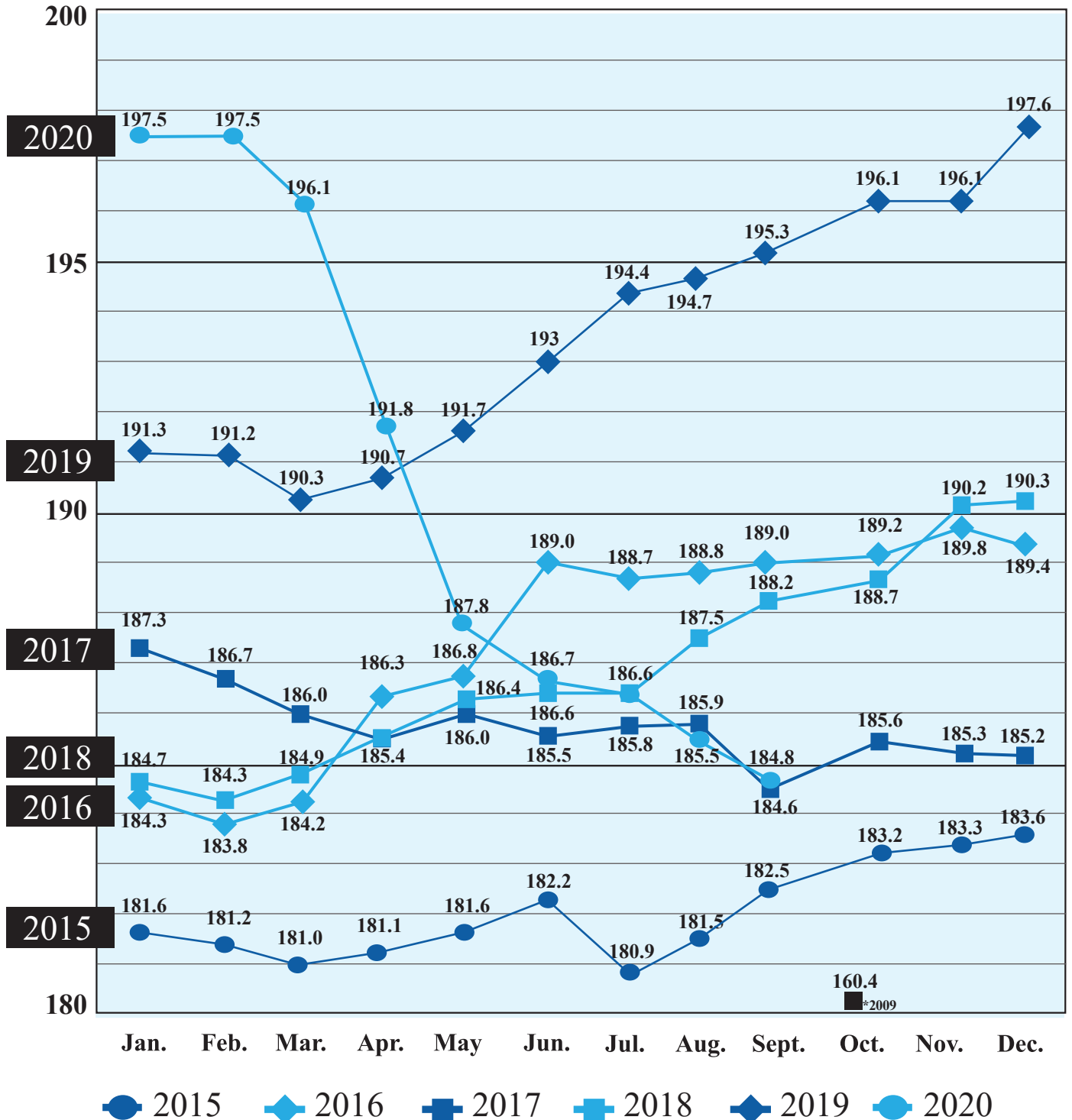
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October 2020 Economic Pulse

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.



160.4
*2009

The McAllen Area Economy

ECONOMIC INDICATORS*	THIS YEAR October 2020	LAST YEAR October 2019	% CHANGE 2019-2020
Retail Sales (October)	\$ 530,467,549	\$ 530,108,682	0.1%
Retail Sales (YTD)	\$ 5,423,747,351	\$ 5,663,351,624	-4.2%
Dollars Spent on Auto Purchases (October)	\$ 161,535,795	\$ 168,243,671	-4.0%
Dollars Spent on Auto Purchases (YTD)	\$ 1,619,814,029	\$ 1,609,576,528	0.6%
Lodging Tax Receipts (October)	\$ 162,683	\$ 275,223	-40.9%
Lodging Tax Receipts (YTD)	\$ 2,122,374	\$ 3,233,603	-34.4%
Airline Boardings (October)	16,940	33,928	-50.1%
Airline Boardings (YTD)	158,602	355,881	-55.4%
Value All Construction Permits (October)	\$ 78,447,842	\$ 48,163,238	62.9%
Value All Construction Permits (YTD)	\$ 445,806,678	\$ 458,465,455	-2.8%
New Home Permits (October)	171	156	9.6%
New Home Permits (YTD)	1,424	1,276	11.6%
Home Sales (October)	346	301	15.0%
Home Sales (YTD)	3,108	2,895	7.4%
Average Home Sale Price (October)	\$ 191,106	\$ 172,327	10.9%
Average Home Sale Price (YTD)	\$ 185,614	\$ 167,565	10.8%
Dollar Volume of Home Sales (October in 1995\$)	\$ 66,122,618	\$ 53,001,921	24.8%
Dollar Volume of Home Sales (YTD)	\$ 580,639,528	\$ 500,601,877	16.0%
Hidalgo Bridge Crossings (October)	239,048	451,393	-47.0%
Hidalgo Bridge Crossings (YTD)	2,534,089	4,254,461	-40.4%
Peso Exchange Rate (October)	21.28	19.33	10.1%
Employment			
Wage & Salary Employment (October)	259,300	274,500	-5.5%
Wage & Salary Employment (YTD)	260,980	269,880	-3.3%
Unemployment Rate (McAllen City - October)	7.7	3.9	97.4%
Unemployment Rate (YTD)	9.3	4.2	120.9%
INDEX - January (Base=100 January 1996)	184.8	196.3	-5.9%

* 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

Key Points

The McAllen Economic Index in October posted a monthly increase for the first time in 2020, having declined each month January – September. The index reached its all-time high of 197.7 in December 2019 before losing 6.5% of its value through September 2020, largely thanks to COVID, of course. The McAllen Economic Index improved only slightly in October to 184.8 up from 184.7 in September, but down 5.9% from the October 2019 MEI of 196.3.

Stronger construction and housing numbers in October helped to push the index slightly upward, while general spending, auto spending, employment, and the travel/tourism indicators remain generally weak.

Employment in the McAllen metro area remains significantly lower compared to year-ago levels with the not-seasonally adjusted October estimate down by 5.5% compared to October of a year ago, reflecting the loss of over 15,000 jobs over the last 12 months. The seasonally adjusted data indicates the loss of another 200 jobs from September to October, and a net loss of 17,000 jobs from the employment peak of 174,900 jobs in January 2020.

The McAllen city unemployment rate remains essentially double its year-ago level at 7.7% in October compared to 3.9% in October 2019. The year-over-year margin of unemployment rate decline has narrowed since spiking to over 4 times its year-ago level in April, but unemployment rate recovery remains slow and choppy.

Real (inflation-adjusted) taxable spending in the four-city metro area* was flat in October compared to the prior year and remains down by over 4% compared to the first ten months of 2019, which in turn was up by nearly 9% compared to the total through October of the prior year. Real auto spending was down in October as well but has recovered to a slight year-over-year gain for the year-to-date thanks to a strong September total.

Key Points (continued)

Hotel/motel and airline travel activity continue to take a beating thanks to COVID with real spending on lodging in the city off by 40% in October and 34% for the year-to-date, and airport passenger enplanements down by over 50% year-over-year.

Construction activity spiked upward in October, posting a 63% year-over-year increase in the inflation-adjusted valuation for all building permits issued, though the year-to-date total remains down by over 10% compared to year-ago levels. Single-family housing construction remains seemingly unaffected by COVID with the highest number of permits issued in the month of October since 2006, which was part of the massive increase of new homes added to the McAllen metro market in which over 3,000 permits were issued each year 2002-2006. The year-to-date total, though nowhere near record levels, is still up by over 11% compared to the permit total through October 2019.

Home sales activity is at a record level and has been for most of the year save for the two COVID-affected months of April and May 2020. October housing sales outpaced the October 2019 total by 15%, pulling the year-to-date sales total to over 7% higher year-over-year. The average price of those sales has been increasing rapidly in 2020 and that remains the case in October with the monthly average price up by some 11% compared to October 2019, and the average through the first ten months of the year up by a stout 10.8%.

The total inflation-adjusted dollar volume of residential real estate sales in the McAllen metro market posted a sharp 25% year-over-year increase in October, and is now up by 16% for the year-to-date, both records for those time periods.

The McAllen Economic Index remains lower largely due to the employment and spending indicators, though obviously some segments of the McAllen metro area economy have performed exceedingly well under the circumstances, the housing numbers in particular. Employment has proven to be a slow recovery, but should be poised to begin to register improvement in the coming months.

*McAllen, Edinburg, Mission, and Pharr