

McAllen Area ECONOMIC PULSE

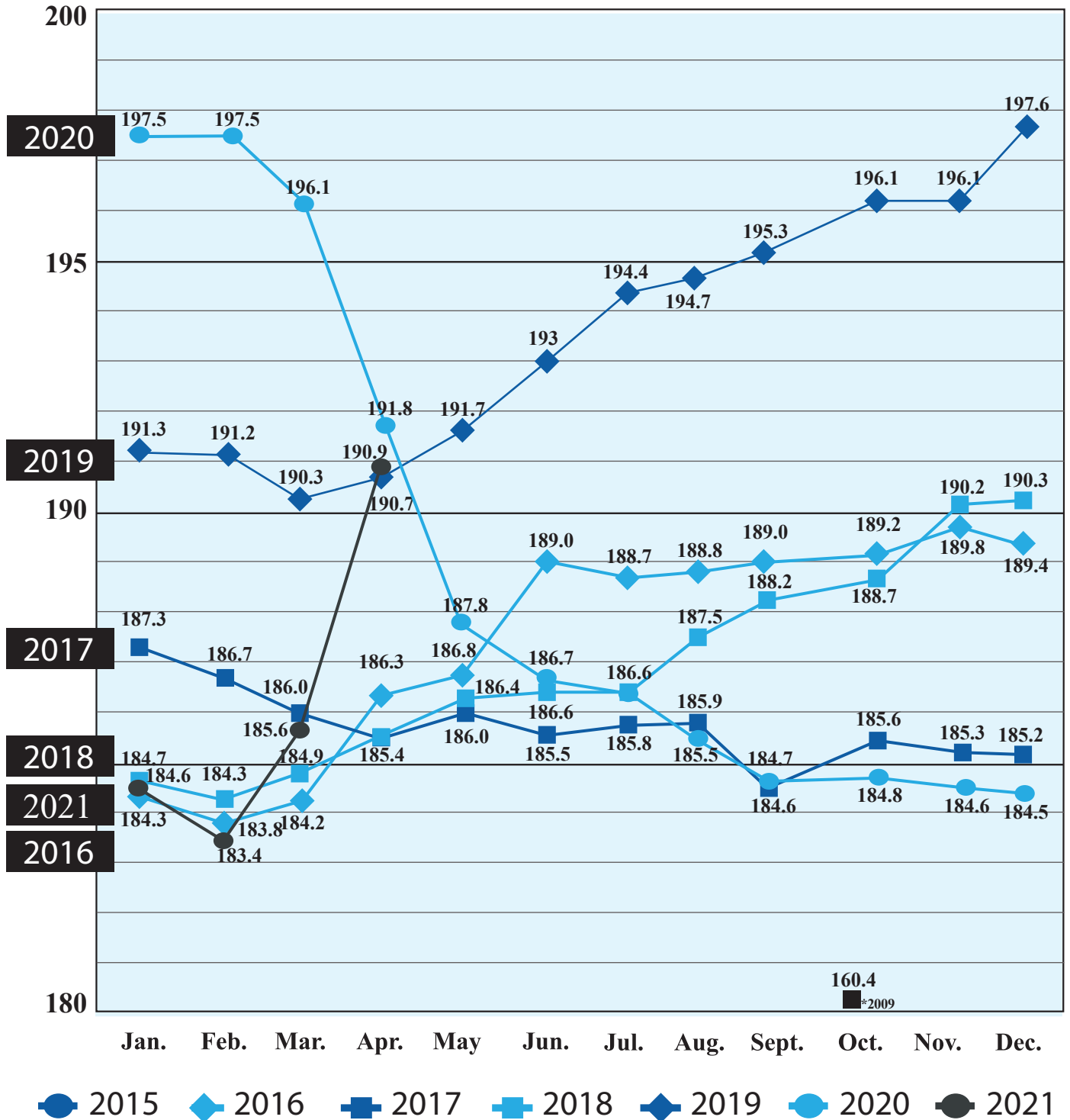
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April 2021 Economic Pulse

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.



ECONOMIC INDICATORS*	THIS YEAR April 2021	LAST YEAR April 2020	% CHANGE 2020-2021
Retail Sales (April)	\$ 522,707,052	\$ 486,951,626	7.3%
Retail Sales (Year to Date)	\$ 2,439,708,901	\$ 2,257,802,006	8.1%
Dollars Spent on Auto Purchases (April)	\$ 236,063,255	\$ 110,191,172	114.2%
Dollars Spent on Auto Purchases (YTD)	\$ 760,026,881	\$ 644,192,316	18.0%
Lodging Tax Receipts (April)	\$ 187,816	\$ 143,433	30.9%
Lodging Tax Receipts (YTD)	\$ 937,805	\$ 829,971	13.0%
Airline Boardings (April)	32,265	2,729	1082.3%
Airline Boardings (YTD)	97,912	89,381	9.5%
Value All Construction Permits (April)	\$ 59,284,587	\$ 12,675,111	367.7%
Value All Construction Permits (YTD)	\$ 341,981,657	\$ 143,556,496	138.2%
New Home Permits (April)	223	96	132.3%
New Home Permits (YTD)	743	473	57.1%
Home Sales (April)	350	252	38.9%
Home Sales (YTD)	1,264	1,063	18.9%
Average Home Sale Price (April)	\$ 206,909	\$ 167,031	23.9%
Average Home Sale Price (YTD Avg)	\$ 203,748	\$ 173,214	17.6%
Dollar Volume of Home Sales (April in 1995\$)	\$ 72,418,021	\$ 42,940,055	68.6%
Dollar Volume of Home Sales (YTD)	\$ 258,244,501	\$ 188,354,027	37.1%
Hidalgo Bridge Crossings (April)	288,446	133,100	116.7%
Hidalgo Bridge Crossings (YTD)	1,023,192	1,308,701	-21.8%
Peso/US Dollar Exchange Rate (April)	20.07	24.21	-17.1%
Employment			
Wage & Salary Employment (April)	266,200	247,700	7.5%
Wage & Salary Employment (YTD Avg)	265,025	268,350	-1.2%
Unemployment Rate (McAllen City - April)	7.1	15.4	-53.9%
Unemployment Rate (McAllen City - YTD Average)	7.9	7.8	1.9%
INDEX - March (Base=100 January 1996)	190.9	191.9	-0.5%

* 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 posted its largest ever monthly increase in April improving by 5.3 points to 190.9 up from 185.6 in March, but still down slightly (0.5%) compared to the April 2021 of 191.9. The index was falling sharply in April of last year as COVID lockdowns took hold and economic activity slowed dramatically. April 2021 represents the first full month of year-over-year recovering economic activity compared to falling activity last year, and in fact the McAllen Economic Index in April 2020 declined by its largest-ever margin, falling by 4.3 points from the March MEI.

The April increase is the second straight monthly improvement in the index following the COVID low point of 183.4 in February of this year. The economy as represented by the McAllen Economic Index will continue to improve going forward in 2022 and is likely to fully recover and move into new record territory in the next two or three months. The April MEI of 190.9 remains down by 3.4% compared to the all-time index peak of 197.6 achieved in December 2019.

Because the numbers declined so deeply and sharply beginning in April of last year, the year-over-year increases are dramatic in a number of sectors of the McAllen metro economy as activity levels are rapidly returning to pre-COVID levels and beyond. Auto spending in April was more than double April of a year ago, which in turn was down by about 40% compared to April of

Key Points (continued)

the prior year. Not only has auto spending fully recovered, but the April monthly auto spending total is the highest on record by far, easily surpassing even pre-COVID levels. Even the year-to-date total is a record for the first four months of the year even though the first two months of the year were lower compared to year-ago levels.

General real spending per April sales tax rebates were up by an impressive 7.3%; however, that represents spending that largely took place in February, and is therefore being compared to spending that took place in February of a year ago in advance of COVID spending declines. That means the year-over-year improvements will be much larger beginning with May sales tax numbers.

Travel and tourism were especially hard-hit last year – monthly passenger enplanements at McAllen International Airport fell to about 2,700 last April compared to normal monthly activity of 30,000-40,000 enplanements. April 2021 activity levels have largely returned to normal with over 32,000 enplanements for the month. Hotel/motel activity is rapidly recovering as well, and those numbers will only get bigger in the coming months.

Employment in the McAllen metro area in April logged its first year-over-year increase since March 2020 with estimated payroll employment up by 7.5% compared to April of a year ago. In April 2020, however, employment had fallen by over 28,000 jobs in one month alone. While employment is steadily recovering, April employment remains down by about 9,800 jobs compared to the employment peak in February 2020.

Construction activity dropped off significantly in April 2020 in response to COVID in terms of building permits issued but recovered nicely in April 2021 with a 368% year-over-year increase. Moreover, the year-to-date real (inflation-adjusted) building permit total is the highest since 2007. The 743 new single-family residence construction permits issues is also the highest since 2007, and is up by 57% year-over-year.

The residential real estate market is setting records in every respect in 2021, fully recovering from lower sales in April and May and exploding well beyond pre-COVID sales levels. April home sales were up by close to 40% compared to April of a year ago, and the year-to-date sales total is up by about 19%. The average price of those sales, which did not decline at all in 2020, was up by 24% in April and 17.6% for the year-to-date.

The total inflation-adjusted dollar volume of residential real estate sales in the McAllen metro market was up by a whopping 68% in April compared to April 2020, and the year-to-date total is up by 37% through April. Clearly, not only has the housing market fully recovered from COVID declines (in the number of closed sales) but has blown beyond that and is rapidly expanding in 2021.

It is fully apparent now – the McAllen metro area economy has entered into a new round of expansion following the contraction, mostly as a result of COVID though the McAllen Economic Index also declined mildly in January and February of last year, that came to an end in February 2021. Further, it appears as though the index will reach its previous high in short order, signaling a new round of real growth post-recovery from the COVID economy of 2020.

*McAllen, Edinburg, Mission, and Pharr