

# McAllen Area ECONOMIC PULSE

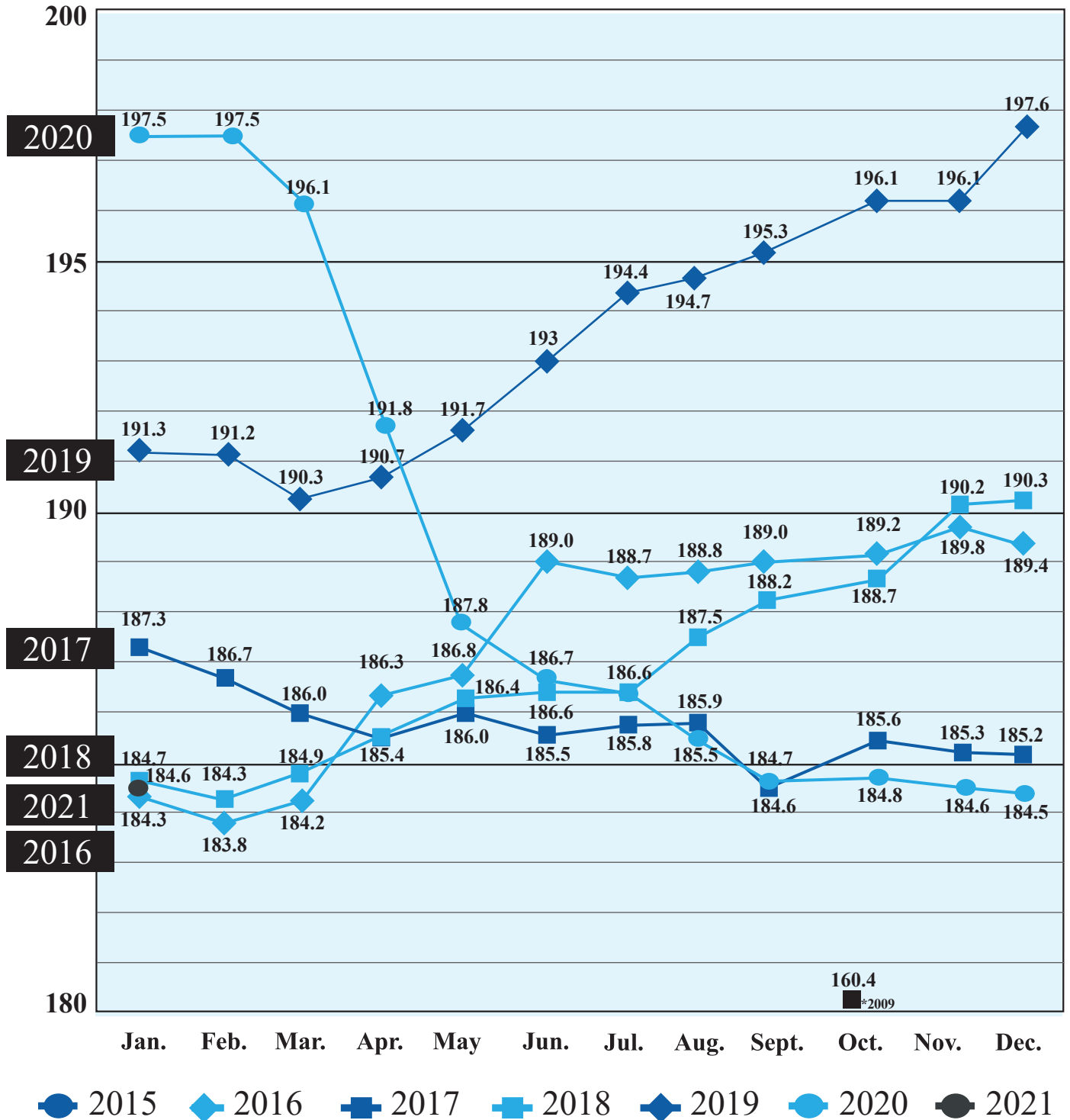
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## January 2021 Economic Pulse

### 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.



# The McAllen Area Economy

## Key Points

ECONOMIC INDICATORS*	THIS YEAR January 2021	LAST YEAR January 2020	% CHANGE 2020-2021
Retail Sales (January)	\$ 569,450,690	\$ 549,620,339	3.6%
Retail Sales (YTD)	\$ 569,450,690	\$ 549,620,339	3.6%
Dollars Spent on Auto Purchases (January)	\$ 168,346,444	\$ 184,016,510	-8.5%
Dollars Spent on Auto Purchases (YTD)	\$ 168,346,444	\$ 184,016,510	-8.5%
Lodging Tax Receipts (January)	\$ 178,759	\$ 333,228	-46.4%
Lodging Tax Receipts (YTD)	\$ 178,759	\$ 333,228	-46.4%
Airline Boardings (January)	17,958	33,983	-47.2%
Airline Boardings (YTD)	17,958	33,983	-47.2%
Value All Construction Permits (January)	\$ 69,747,203	\$ 31,860,750	118.9%
Value All Construction Permits (YTD)	\$ 69,747,203	\$ 31,860,750	118.9%
New Home Permits (January)	153	137	11.7%
New Home Permits (YTD)	153	137	11.7%
Home Sales (January)	306	256	19.5%
Home Sales (YTD)	306	256	19.5%
Average Home Sale Price (January)	\$ 200,290	\$ 168,428	18.9%
Average Home Sale Price (YTD Avg)	\$ 200,290	\$ 168,428	18.9%
Dollar Volume of Home Sales (January in 1995\$)	\$ 61,288,675	\$ 43,990,794	39.3%
Dollar Volume of Home Sales (YTD)	\$ 61,288,675	\$ 43,990,794	39.3%
Hidalgo Bridge Crossings (January)	233,911	432,835	-46.0%
Hidalgo Bridge Crossings (YTD)	233,911	432,835	-46.0%
Peso/US Dollar Exchange Rate (January)	19.95	18.81	6.1%
<b>Employment</b>			
Wage & Salary Employment (January)	263,400	274,000	-3.9%
Wage & Salary Employment (YTD Avg)	263,400	274,000	-3.9%
Unemployment Rate (McAllen City - January)	8.2	5.0	64.0%
Unemployment Rate (McAllen City - YTD Average)	8.2	5.0	64.0%
INDEX - January (Base=100 January 1996)	184.6	197.5	-6.5%

\* 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 Texas Workforce Commission recently released revised monthly employment estimates for McAllen and other metro areas in Texas. The revisions primarily affect the 2019 and 2020 data, with limited revisions in prior periods as well. The updates were generally favorable for McAllen, in that the original 2020 employment estimates were revised significantly upward.

On average, 2020 monthly employment estimates were revised upward by nearly 1,700 jobs per month with the largest upward revisions coming in the latter half of the year. By year-end, the December 2020 monthly employment estimate was revised upward by 2,700 jobs, and the average upward revision in the final four months of the year was 3,600 jobs. The 2019 estimates were revised very modestly downward, losing an average 275 jobs per month according to the updated data.

The McAllen Economic Index was revised accordingly, raising monthly index values throughout 2020. By year's end the original December 2020 index of 184.5 was increased to 185.3 as a result of the upward employment data revisions.

That does not change the fact that COVID ravaged the McAllen area economy and its employment situation last year. The revised data indicate the loss of 28,500 jobs in March and April, with 28,200

## Key Points (continued)

of those coming in April alone. By year-end about 16,900 jobs had been recovered with the bulk of that coming in May, June, and July. Employment recovery slowed at year-end 2020 and remains flat in early 2021.

For January, monthly payroll employment is down by 3.9% compared to the January 2020 estimate, reflecting the loss of 10,600 jobs over the last 12 months. A modest number of jobs was lost from December to January according to the seasonally adjusted data so again, employment recovery from the COVID losses has stalled since November 2020 into the early months of 2021.

The McAllen Economic Index in January declined to 184.6 down from the revised 185.3 in December and is down by 6.5% compared to the January 2020 MEI of 197.5. In addition to the modest employment decline, the primary drags on the index (and thus the local economy) are the sectors of the economy most affected by COVID – business and leisure travel as reflected in airline numbers and hotel/motel activity, and border crossings, most of which are related to commerce in McAllen in some fashion. Those three indicators, airline passenger enplanements, hotel/motel taxes in McAllen, and Hidalgo bridge crossings, are all down by approaching 50% compared to year-ago levels.

Encouragingly, however, general spending has improved, as has auto sales activity (though auto sales were lower in January compared to year-ago levels), along with the residential real estate market which is setting records in early 2021 in terms of sales, prices, and the total dollar volume of sales activity. New housing construction, only mildly affected by COVID last year, was strong on balance in 2020 and has begun the year 2021 in the same fashion with a nearly 12% year-over-year increase in the number of new single-family residence construction permits issued in the four-city metro area.

General real (inflation-adjusted) spending per sales tax receipts in the McAllen metro area\* was up by a solid 3.6% compared to January 2020, and in fact is a record total for the month of January. Spending had improved late in 2020 as well, posting a 4.0% year-over-year increase in the fourth quarter.

The McAllen Economic Index remains down by 6.6% compared to its all-time high of 197.6 achieved in December 2019. The good news is that 2020 should be a year of recovery spurred by widespread COVID vaccinations and declining infection numbers, hopefully accompanied by a positive governmental response that leads to a faster-paced return to normal economic activity.

\*McAllen, Edinburg, Mission, and Pharr