

McAllen Area ECONOMIC PULSE

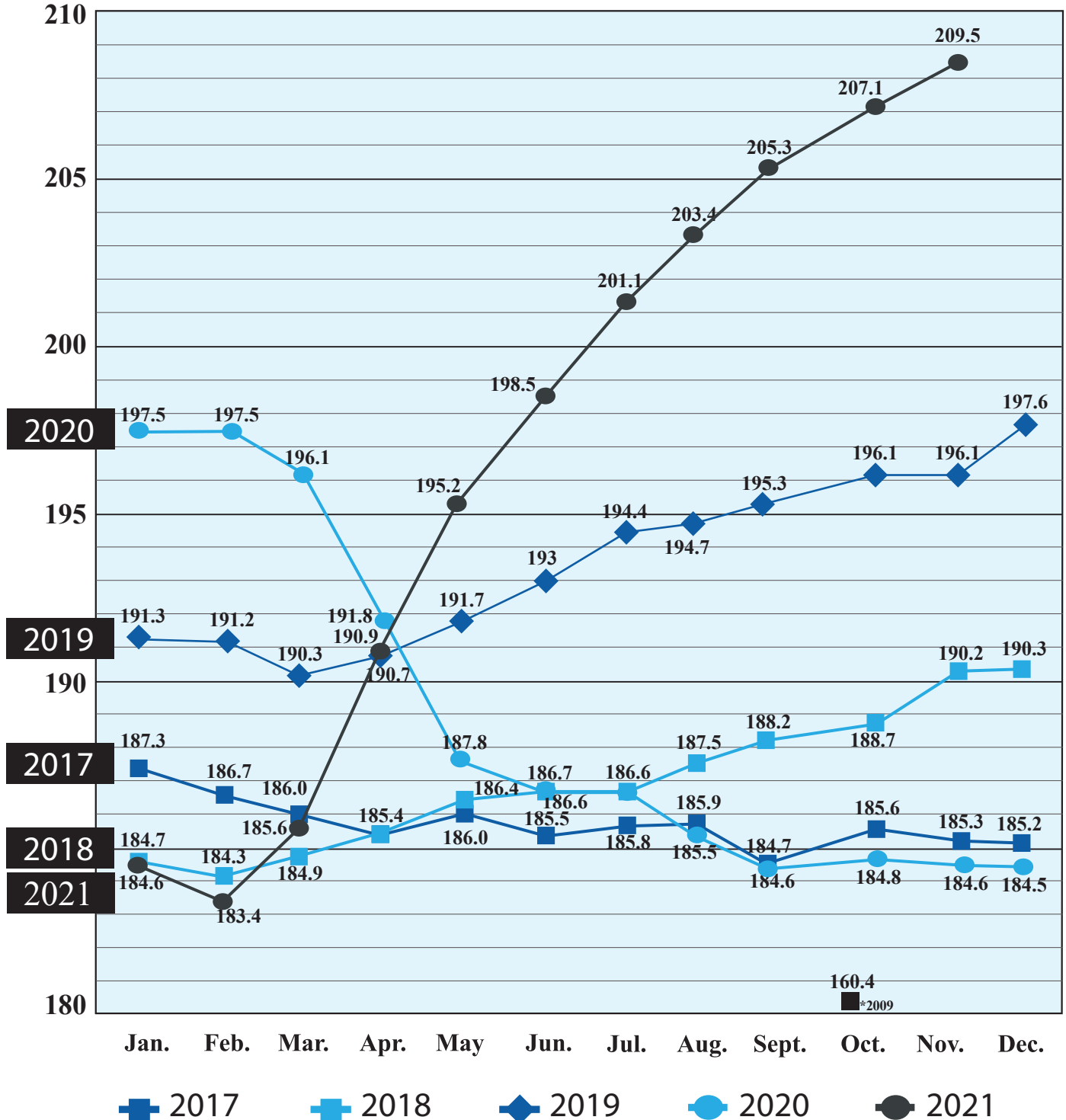
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November 2021 Economic Pulse

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

ECONOMIC INDICATORS*	THIS YEAR November 2021	LAST YEAR November 2020	% CHANGE 2020-2021
Retail Sales - Per Sales Tax Receipts (November)	\$ 752,756,843	\$ 653,727,768	15.1%
Retail Sales (Year-To-Date through November)	\$ 7,420,427,282	\$ 6,212,511,806	19.4%
Dollars Spent on Auto Purchases (November)	\$ 199,806,832	\$ 184,724,637	8.2%
Dollars Spent on Auto Purchases (YTD)	\$ 2,414,118,344	\$ 2,099,814,568	15.0%
Lodging Tax Receipts (November)	\$ 314,063	\$ 172,040	82.6%
Lodging Tax Receipts (YTD)	\$ 3,496,272	\$ 2,365,521	47.8%
Airline Boardings (November)	40,255	17,318	132.4%
Airline Boardings (YTD)	410,287	175,920	133.2%
Value All Construction Permits (November)	\$ 113,306,853	\$ 60,129,614	88.4%
Value All Construction Permits (YTD)	\$ 940,870,552	\$ 573,339,362	64.1%
New Home Permits (November)	183	146	25.3%
New Home Permits (YTD)	2,111	1,570	34.5%
Home Sales (November)	299	323	-7.4%
Home Sales (YTD)	3,836	3,447	11.3%
Average Home Sale Price (November)	\$ 230,963	\$ 195,990	17.8%
Average Home Sale Price (YTD Avg)	\$ 217,824	\$ 186,400	16.9%
Dollar Volume Residential Real Estate Sales (Nov)	\$ 69,058,056	\$ 65,300,238	5.8%
Dollar Volume Residential Real Estate Sales (YTD)	\$ 848,379,704	\$ 667,657,566	27.1%
Hidalgo Bridge Crossings (November)	386,542	250,485	54.3%
Hidalgo Bridge Crossings (YTD)	3,179,747	2,784,574	14.2%
Peso/US Dollar Exchange Rate (November)	20.86	20.43	2.1%
Employment			
Wage & Salary Employment (McAllen Metro - Nov)	280,100	264,900	5.7%
Wage & Salary Employment (YTD Avg)	269,200	262,300	2.6%
Unemployment Rate (McAllen City - November)	5.1	7.8	-34.6%
Unemployment Rate (YTD Average)	6.9	9.2	-25.3%
INDEX - November (Base =100 January 1996)	209.5	185.3	13.0%

* 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

The McAllen Economic Index posted its ninth straight monthly increase in November improving to 209.5 for the month up from 207.1 in October, and up 13.0% from the November 2020 MEI of 185.3. With the exception of monthly existing home sales all components of the index are improved compared to year-ago levels.

Employment growth remains stout at 5.7% year-over-year according to the current estimates, which will be revised for 2021 (and 2020 as well) with the release of the December report. The current November estimate reflects the addition of some 15,200 jobs over the 12 months ending November 2021.

Spending activity – an excellent representation of the state of the current economy along with payroll employment – continues to soar ever upward with inflation-adjusted spending per November sales tax receipts in the four-city metro area* up by over 15% compared to November 2020, which in turn was up by nearly 12% compared to the prior year. Through the first eleven months of 2021 general real spending is up by over 19% compared to the January-November 2020 total.

Auto spending continues to climb as well, even in the face of extraordinary inflation rates in the auto sector. Real (inflation-adjusted) spending on new and used motor vehicles in November was up by 8.2% compared to November 2020. However, the raw (not adjusted for inflation) auto spending total in November was 28%

Key Points

Key Points (continued)

higher year-over-year, so the inflation bite is a big one. Even at that, real auto spending remains a solid 15% improved for the year-to-date.

Hotel/motel spending, which is quickly transitioning from deflation to inflation, posted an 82% year-over-year increase in November; in November 2020 the sector was still sharply lower and only beginning to recover from the COVID downturns of that year, so the gains are large in 2021 as leisure and business travel continue to normalize.

Construction activity spiked upward in November with an 88% year-over-year increase in the real valuation of all building permits issued, even with a 15% inflation rate in the Producer Price Index in the construction sector. The recovery remains in place in 2021 with year-to-date permit valuations up by over 64%.

Home building continues to increase rapidly as well with a 25% increase for the month of November, and 35% increase through the first 11 months of the year, the highest numbers since 2007.

Existing home sales were lower for the second straight month (compared to year-ago levels), but the year-to-date total remains a record by far. The average sale price across the McAllen market area continue to increase sharply with a nearly 18% year-over-year increase in November and 16% for the year-to-date.

Because of the higher prices, the real total dollar volume of residential real estate sales activity posted a year-over-year increase even though the number of sales was lower. And for the year-to-date real spending on housing sales transactions is up by over 27% compared to the January-November 2020 total.

The December report will incorporate the employment data revisions for 2020 and 2021 into the McAllen Economic Index. We will analyze the revisions, and re-calculate the index using the revised data.

*McAllen, Edinburg, Mission, and Pharr