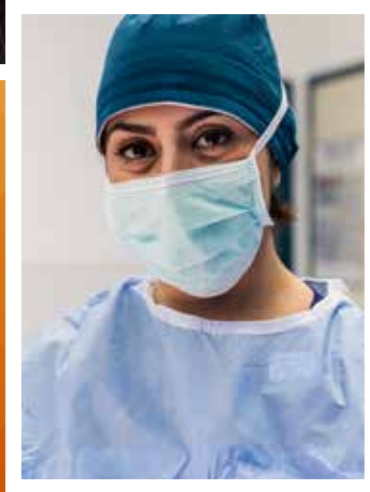
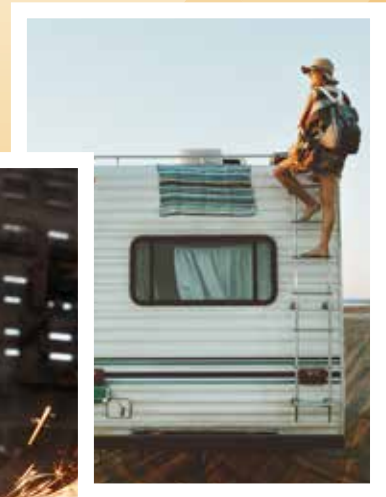
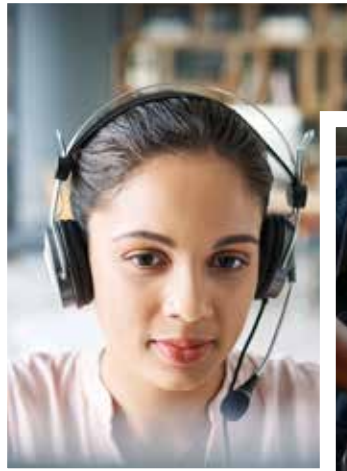


# TEXAS BORDER ECONOMY

Joshua Roberson, Lead Data Analyst



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

TECHNICAL REPORT

2165

FIRST QUARTER 2024



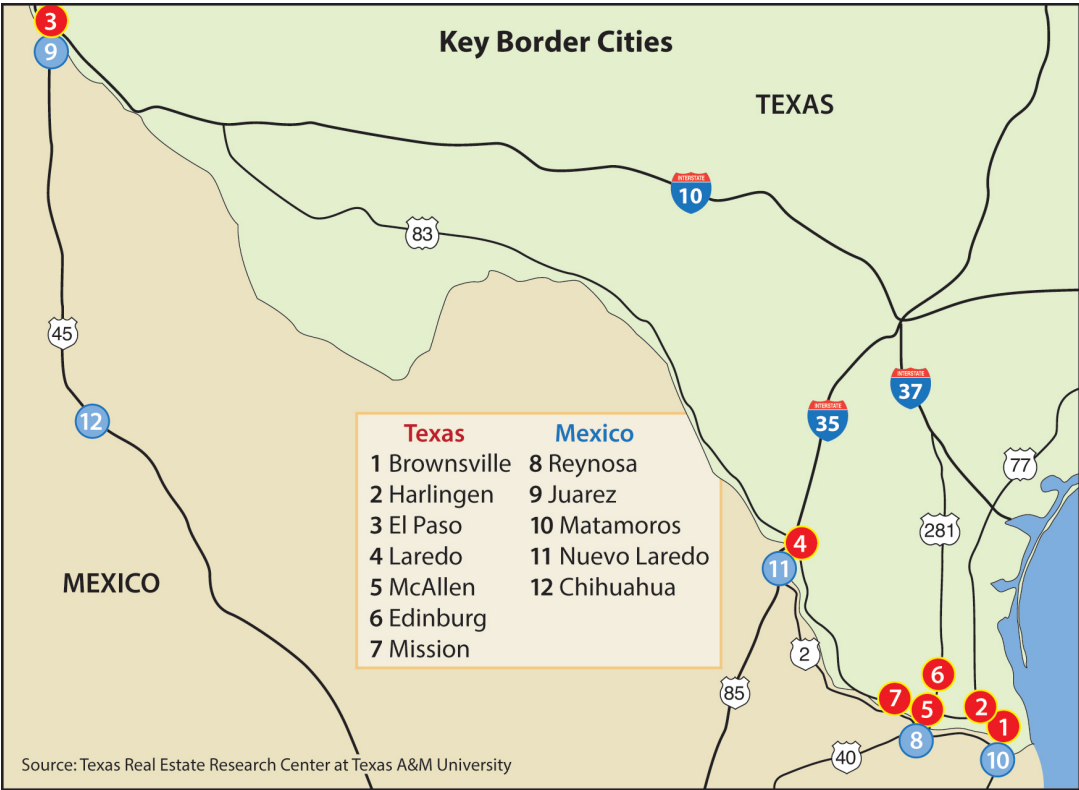
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# About this Report

Texas Real Estate Research Center economists continuously monitor many facets of the global, national, and Texas economies. *Texas Border Economy* is a summary of important economic indicators that help discern trends in the housing markets along the Texas-Mexico border.

This quarterly publication provides data and insights on the Texas border markets. We hope you find them useful. Your feedback is always appreciated. Send comments and suggestions to [info@recenter.tamu.edu](mailto:info@recenter.tamu.edu).

Author: Joshua Roberson



Data current as of May 7, 2024.

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# Border Summary First Quarter 2024

BORDER EMPLOYMENT

▼ 400 jobs

UNEMPLOYMENT RATE

▼ 5.0% QOQ

HOUSING SALES

▼ -1.2% YOY

PESO/USD

▼ \$16.77

Employment and earnings growth are both showing signs of flattening, which isn't helping local housing sales. Sales are still down from this quarter last year, but home prices remain elevated. Inflation also continued to cool as the Federal Reserve's interest rate increases showed more impact but were still above the Fed's inflation target, showing continuing signs of decelerating.

## Economy

El Paso continued to lead the border metros in general economic output, according to the **Dallas Fed's Business-Cycle Index**, with year-over-year (YOY) index growth of 3.6 percent. Brownsville's economic growth trailed behind El Paso with 2.7 percent YOY growth. Laredo grew at 1.1 percent while McAllen was the only border metro with stagnant growth with no change since last year.

Overall, **border MSA nonfarm employment** lost 400 positions. This minor change resulted in a 0 percent quarter-over-quarter (QOQ) growth rate (Figure 1). Both El Paso and McAllen had minor job losses that were nearly canceled out by job growth in Brownsville and Laredo. The **border-wide unemployment rate** was 5 percent in 1Q2024. Since the 4Q2023 report, the unemployment rate was revised downward to 5 percent, meaning there was a slight change in initial unemployment estimates. Of the four border metros, only McAllen registered a dip in unemployment from 5.9 to 5.8 percent. Brownsville was unchanged, but both El Paso and Laredo recorded minor upticks.

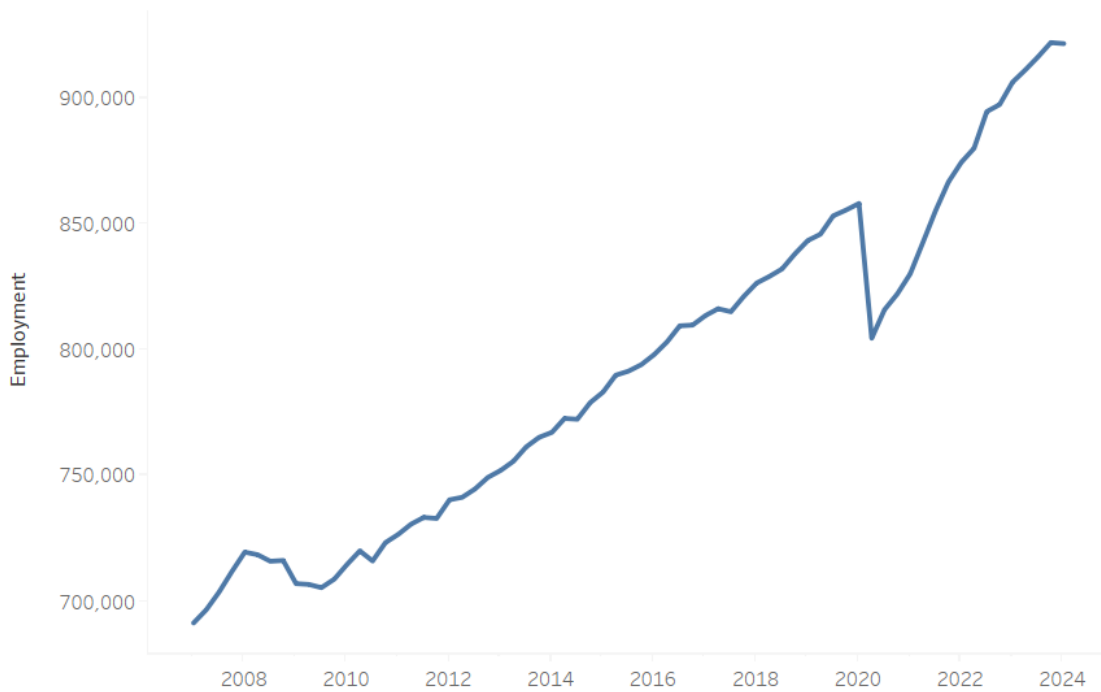
**Border average hourly earnings** rose 25 cents reaching \$21.46. However, after last quarter's dip earnings are back within five cents of 3Q2023. The largest gains this past quarter were from Brownsville and McAllen. Since 2Q2023, average Brownsville wages have grown from \$17.45 to \$18.95 in 1Q2024. In McAllen wages have grown from \$18.85 in 4Q2022 to \$21.64 in 1Q2024.

**Pedestrian** border crossings fell by 9.3 percent QOQ but gained 8.1 percent YOY. This was the first quarterly dip in pedestrian crossings since 3Q2022. Pedestrian border crossings are still over a million counts shy of the pre-pandemic peak of 5.2 million in 4Q2019.

**Personal vehicle passengers** were down compared to last quarter and last year. The bigger dip was 1.4 percent QOQ whereas the YOY decline was very slight at 0.2 percent. Unlike pedestrian traffic, vehicle passenger traffic is ahead of 4Q2019.



**Figure 1. Border Employment**



Source: Texas Workforce Commission  
 Note: Data are seasonally adjusted

On the southern side of the border, **Mexican manufacturing and maquiladora employment<sup>1</sup>** continues to fall after peaking in 2Q2023. Except for the city of Chihuahua, each of the border cities on the Mexico side lost manufacturing employment (Table 1). Compared to last year, both Chihuahua and Nuevo Laredo are ahead 6.3 percent YOY and 5.3 percent YOY, respectively.

**Table 1. Mexican Manufacturing and Maquiladora Employment**

City	Total Employed	QOQ Change	YOY Change
Reynosa	125,475	-2.4%	-8.0%
Juárez	291,374	-3.7%	-8.6%
Matamoros	60,070	-2.7%	-8.4%
Nuevo Laredo	35,099	-2.7%	+5.3%
Chihuahua	90,276	+0.9%	+6.3%

Source: National Institute of Statistics, Geography and Informatics (INEGI)

<sup>1</sup> Mexican manufacturing and maquiladora employment is generated by the Instituto Nacional de Estadística y Geografía.

In the currency market, the average **peso per dollar exchange rate** dipped to \$16.77 in the first quarter with the U.S. dollar losing about \$0.42 on the Mexican peso. The past two quarters have been relatively quiet compared to the two previous quarters when the dollar lost over \$2 in value against the peso.

Border trade ended the year on a weak quarter with both imports and exports declining. Total border imports fell \$1.8 billion (2.6 percent QOQ), while total exports fell \$400 million (1.7 percent QOQ). Even with the down quarter for border trade, overall U.S. trade activity is still on the rise with imports continuing to edge out exports, contributing to the rising trade deficit of \$23.6 billion.

### Real Estate

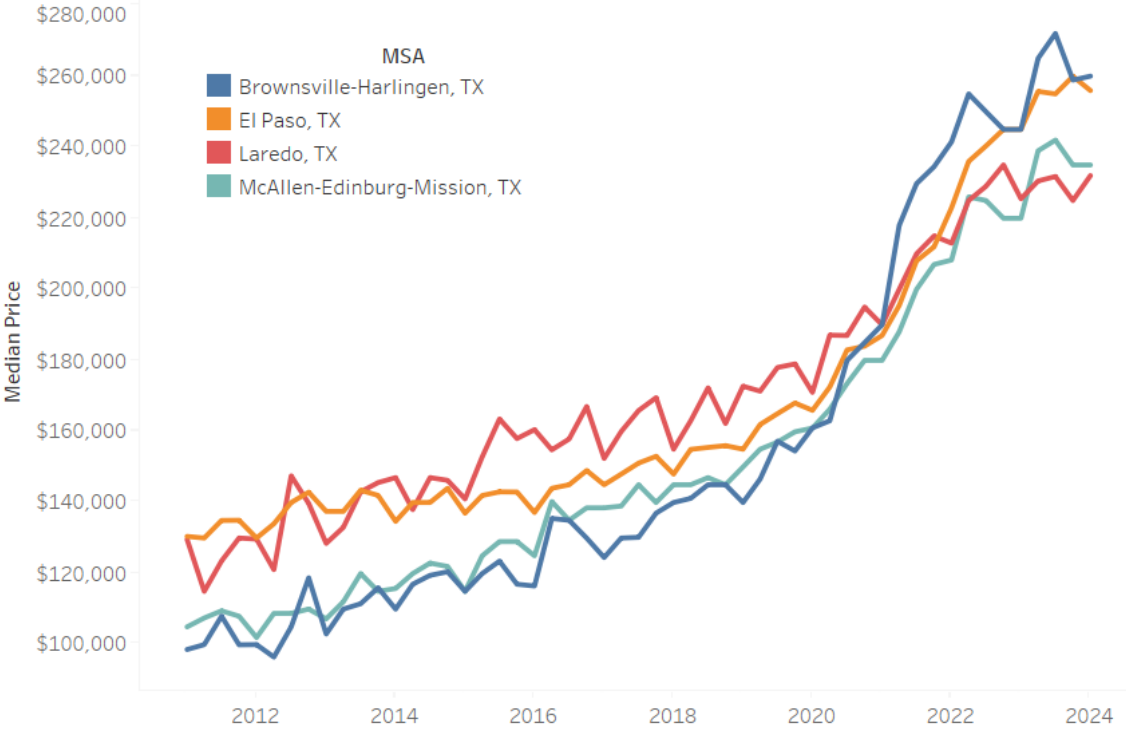
Border home sales continued to decline with first quarter sales dipping to 3,509 (Table 2). This quarter the YOY drop was relatively minor with a 1.2 percent change compared to last year’s sales of 3,550. El Paso and Laredo both recorded the largest YOY declines at 8.9 and 6.2 percent, respectively. Regardless, each of the four border metros experienced rising housing inventory levels, which has led to stalling aggregate home price growth.

**Table 2. Border Metros Home Sales**

<b>Metropolitan Statistical Area (MSA)</b>	<b>Sales (Units)</b>	<b>YOY Change</b>
Brownsville-Harlingen	590	-2.6%
El Paso	1,768	-8.9%
Laredo	230	-6.2%
McAllen-Edinburg-Mission	921	-0.7%
Source: Texas Real Estate Research Center at Texas A&M University		

Median home prices rose throughout each of the four border metros (Figure 2). Compared to last year, home prices in each of the four border metros grew. However, Brownsville currently has both the highest growth rate and home prices at \$260,000 for 1Q2024. El Paso followed closely with median home prices at \$255,950.

**Figure 2. Median Home Prices**

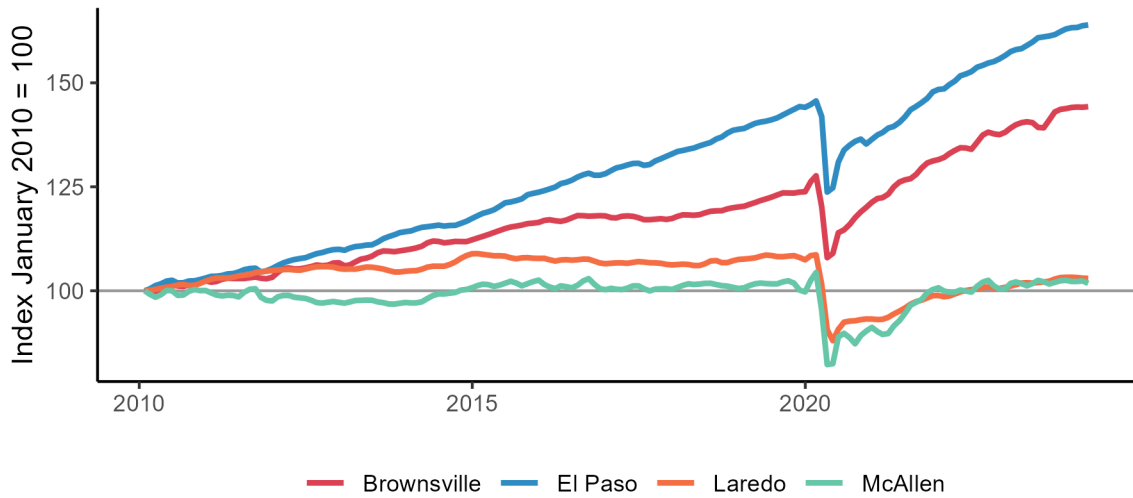


Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University



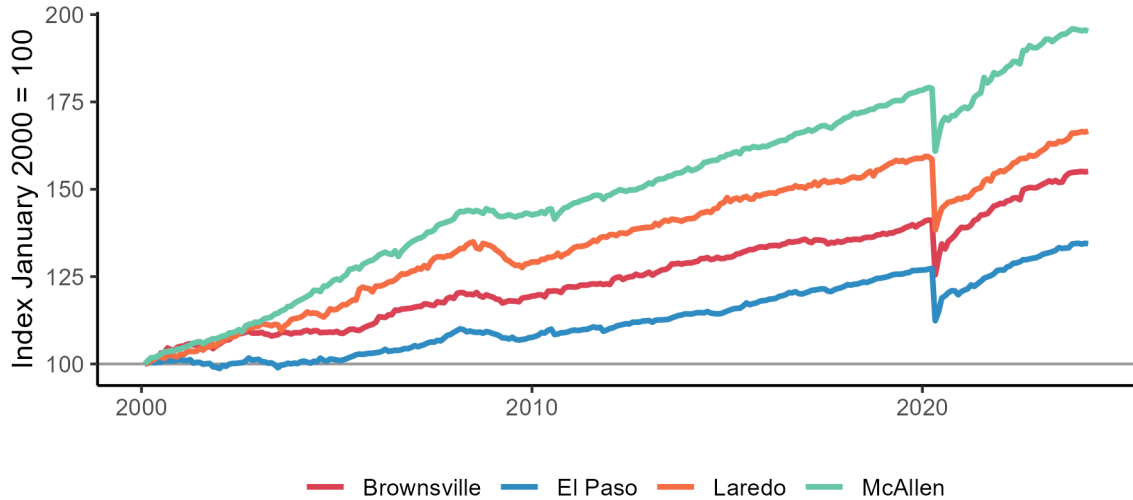
# Economic Activity

## Border Metro Business-Cycle Index



Source: Federal Reserve Bank of Dallas - Texas Real Estate Research Center at Texas A&M University

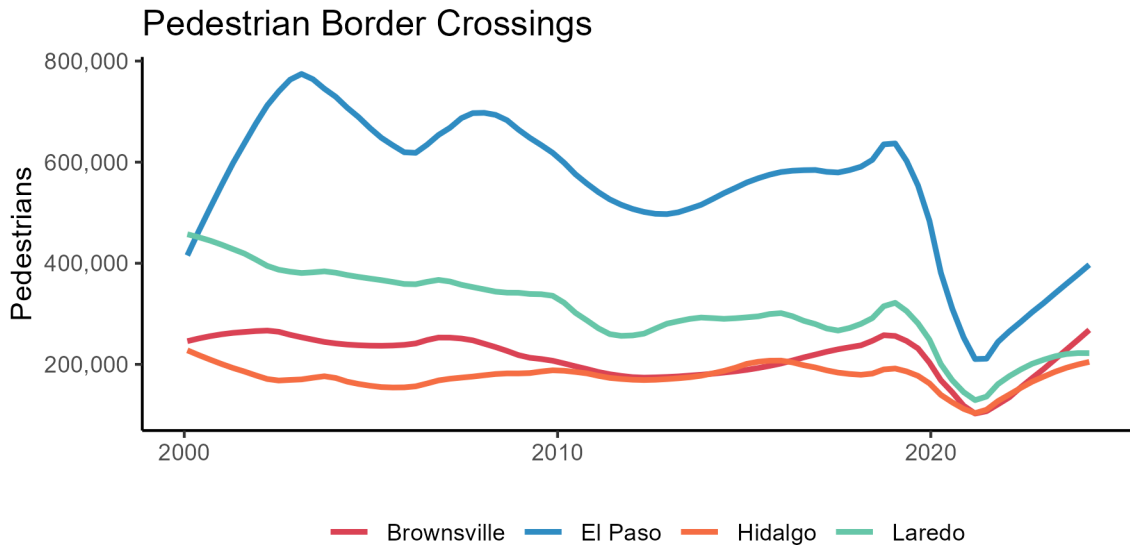
## Border Employment Index



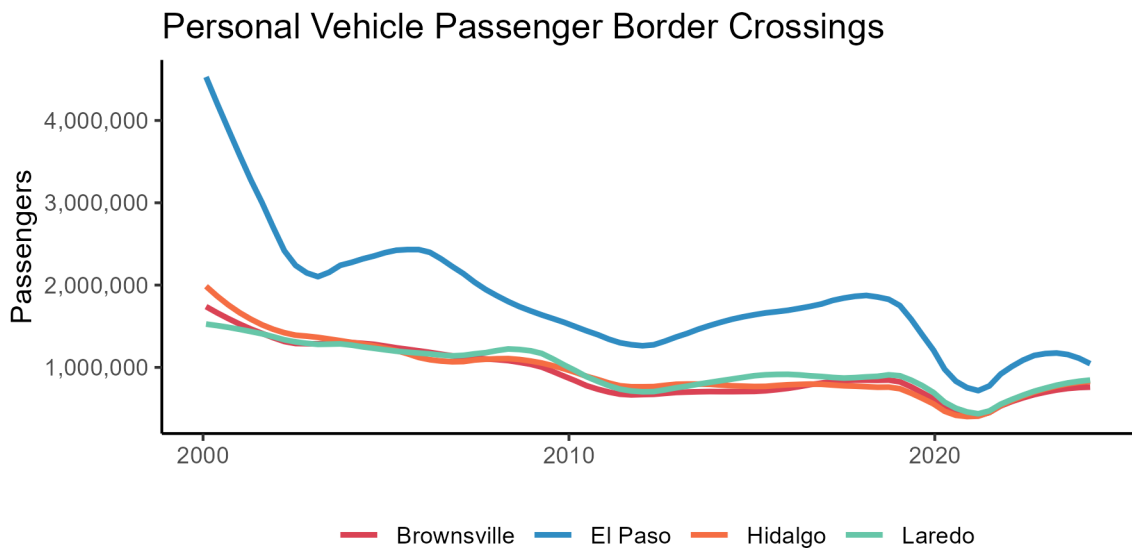
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University



# Economic Activity



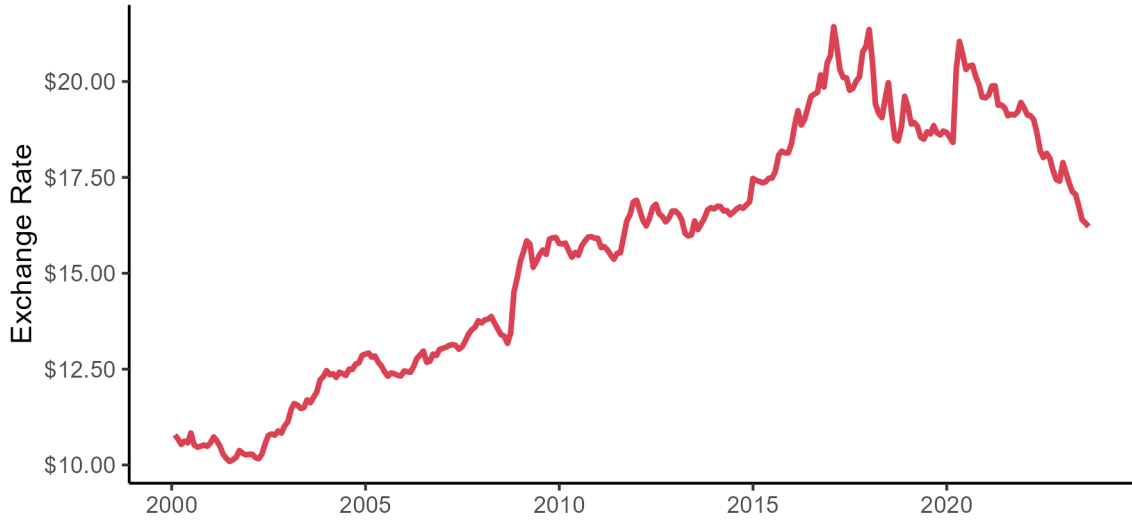
Source: Department of Transportation - Texas Real Estate Research Center at Texas A&M University



Source: Department of Transportation - Texas Real Estate Research Center at Texas A&M University

# Economic Activity

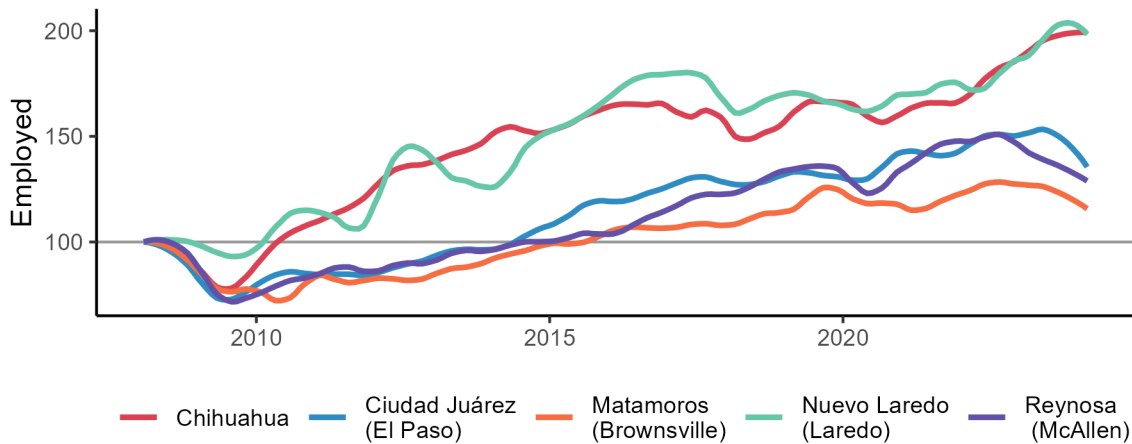
Real Peso per Dollar Exchange Rate



Source: Federal Reserve Bank of Dallas - Texas Real Estate Research Center at Texas A&M University

Mexico Maquiladora & Manufacturing Employment

Index January 2008 = 100

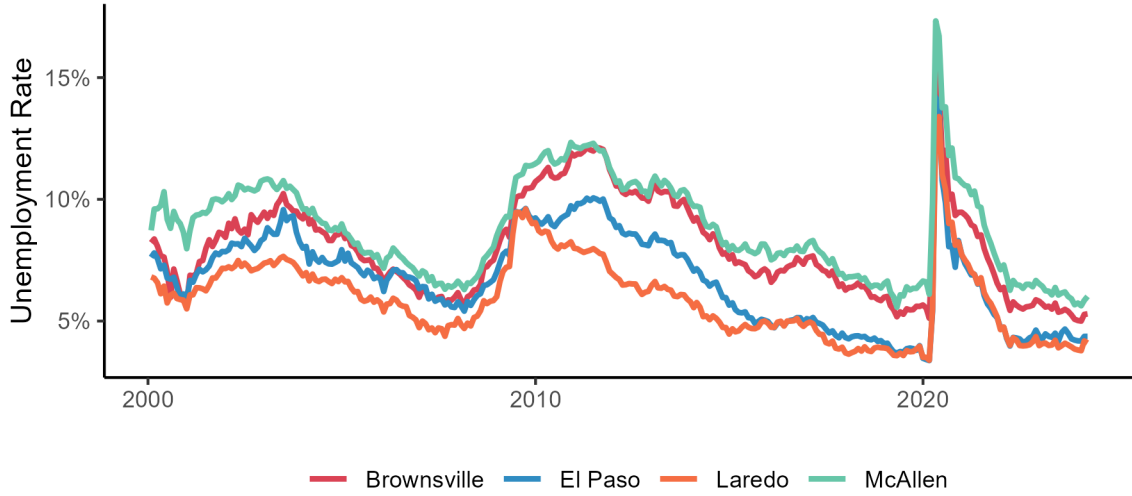


Source: Instituto Nacional de Estadística y Geografía & Texas Real Estate Research Center at Texas A&M University



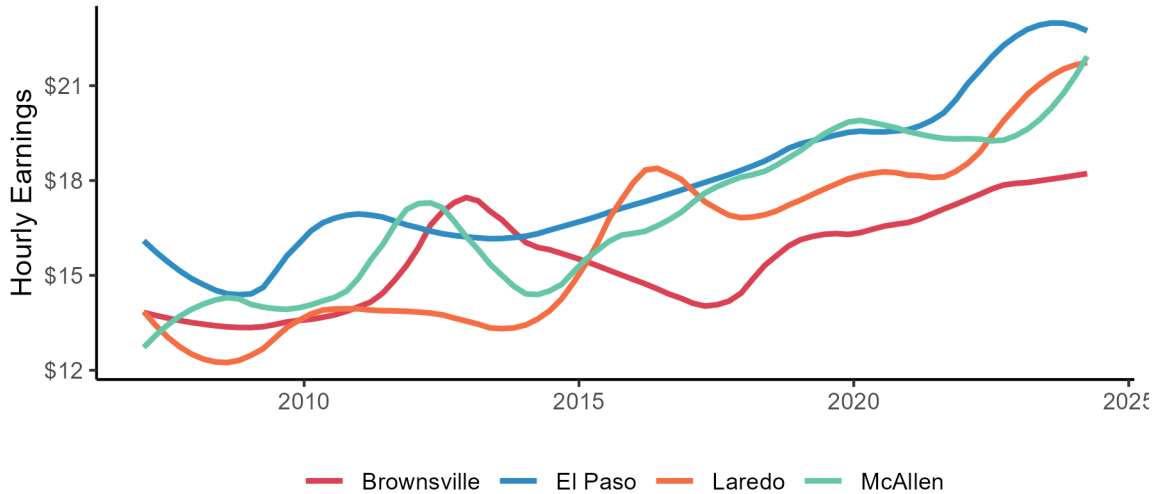
# Economic Activity

## Border Metro Unemployment Rate



Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

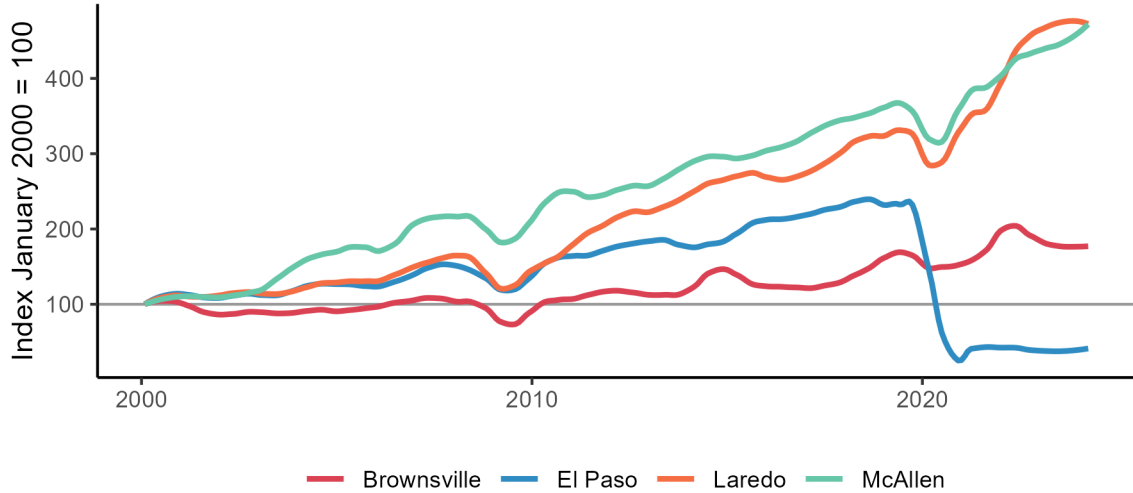
## Border Metro Average Hourly Earnings



Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

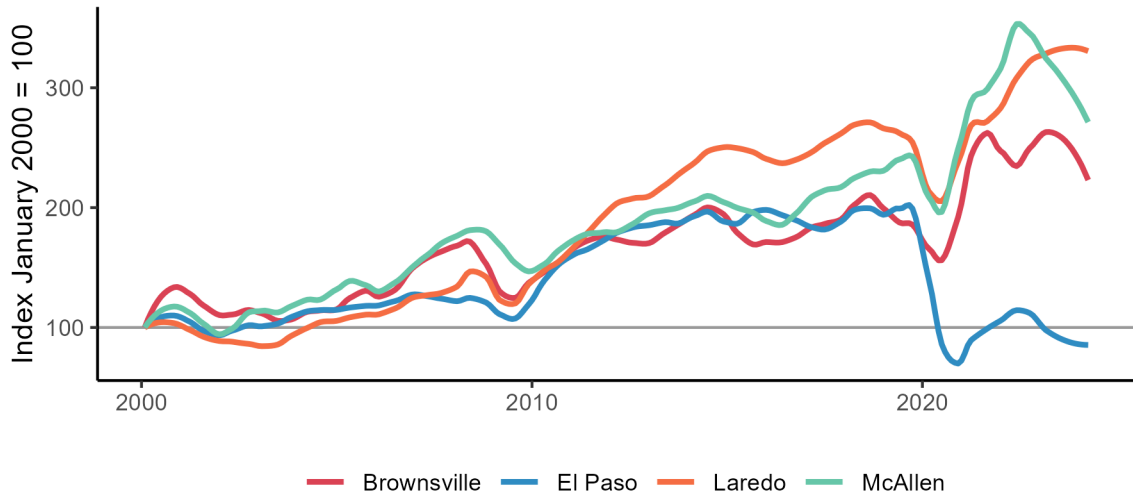
# Economic Activity

## Texas Border Import Values



Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

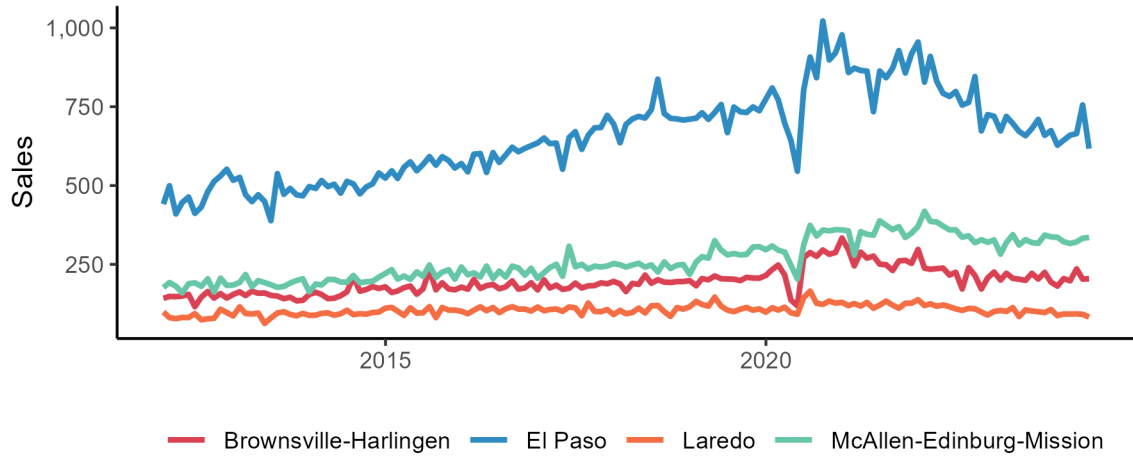
## Texas Border Export Values



Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

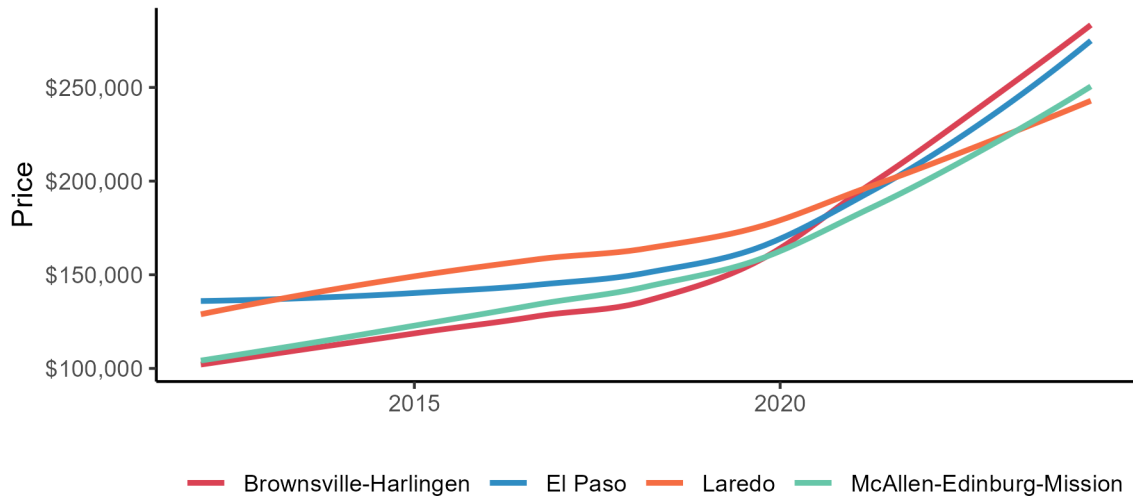
# Housing

**Border Metro Home Sales**  
Seasonally Adjusted Annualized Rate



Source: Texas Real Estate Research Center at Texas A&M University

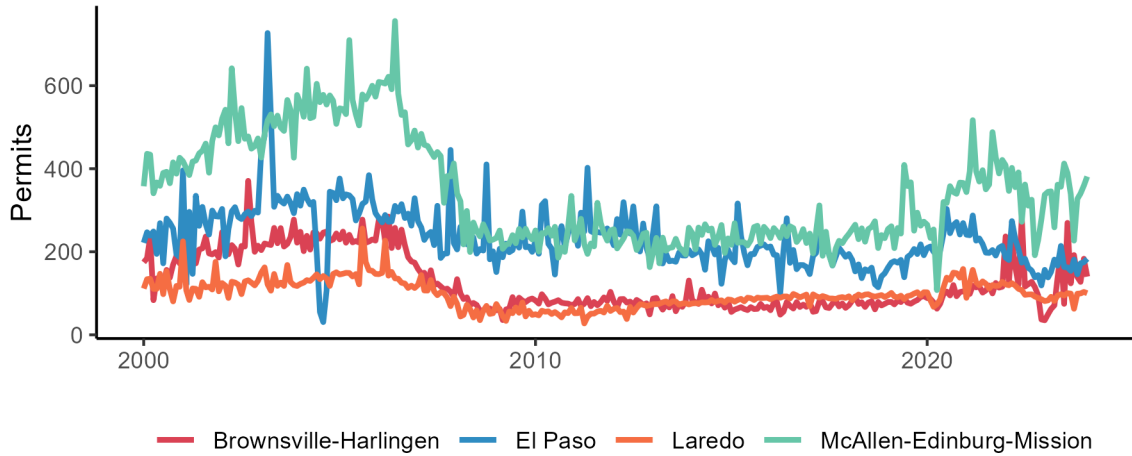
**Border Metro Home Price Trend**



Source: Texas Real Estate Research Center at Texas A&M University

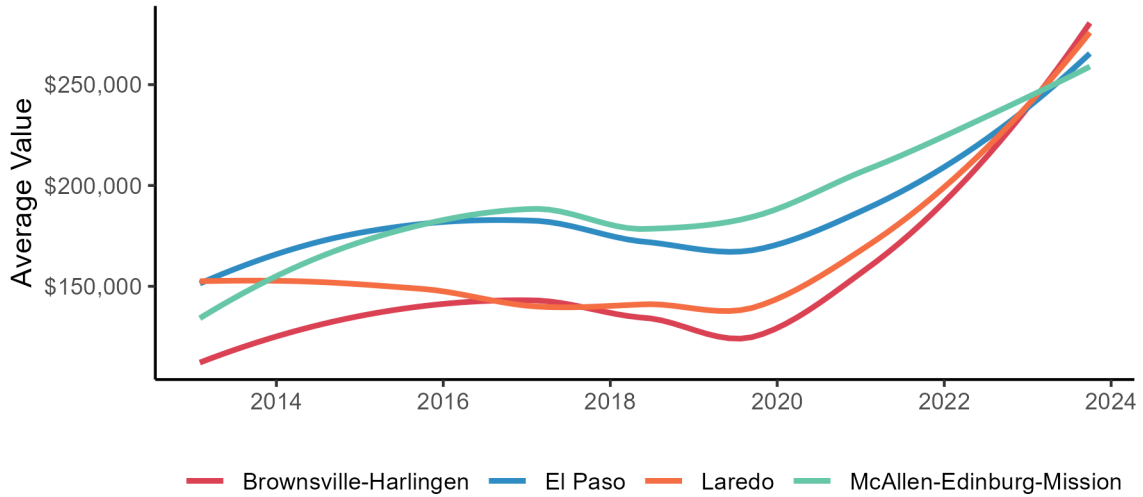
# Housing

**Border Metro Single-Family Permits**  
Seasonally Adjusted Annualized Rate



Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

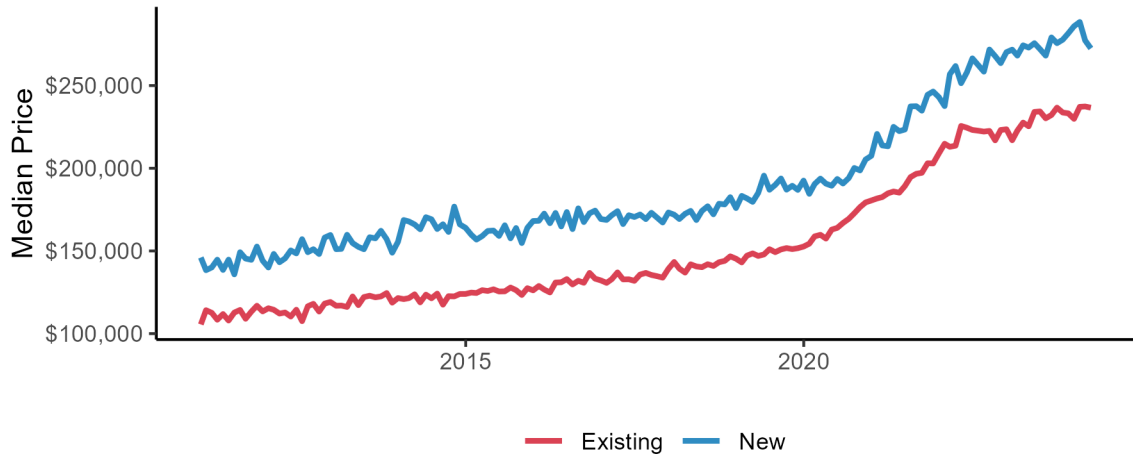
**Border Metro Single-Family Start Values**



Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University

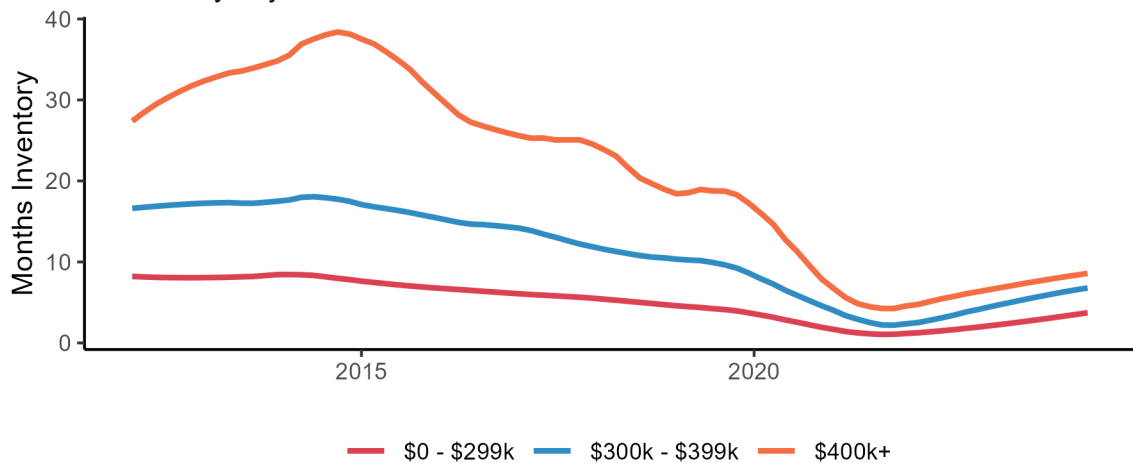
# Housing

**New and Existing Border Home Prices**  
Seasonally Adjusted Annualized Rate



Source: Texas Real Estate Research Center at Texas A&M University

**Border Housing Inventory by Price Range**  
Seasonally Adjusted Trend

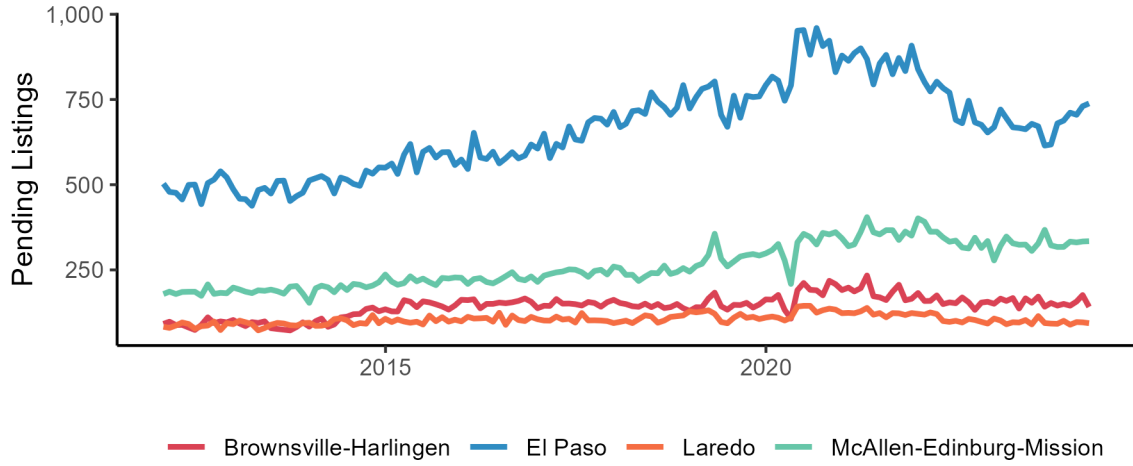


Source: Texas Real Estate Research Center at Texas A&M University



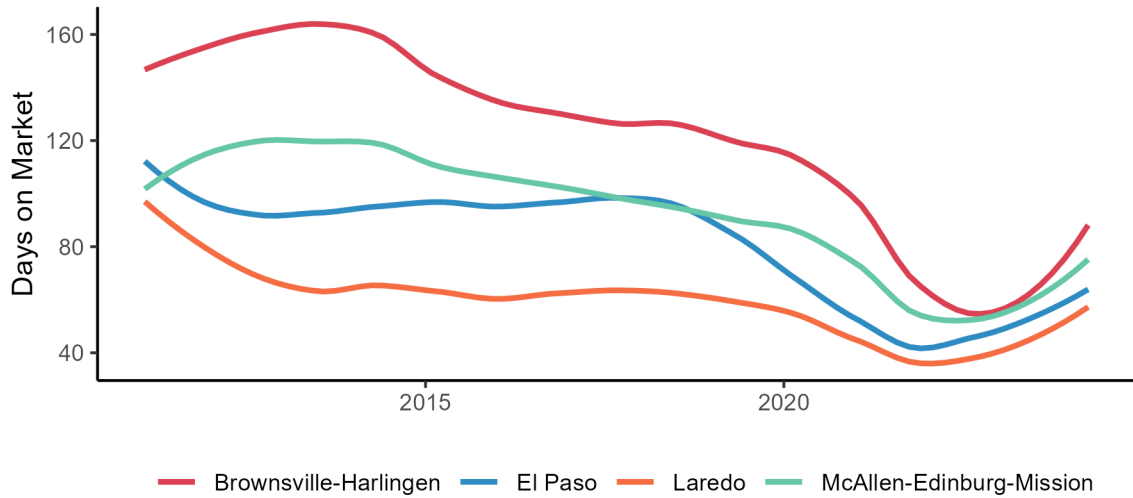
# Housing

**Border Metro Pending Listings**  
Seasonally Adjusted Annualized Rate



Source: Texas Real Estate Research Center at Texas A&M University

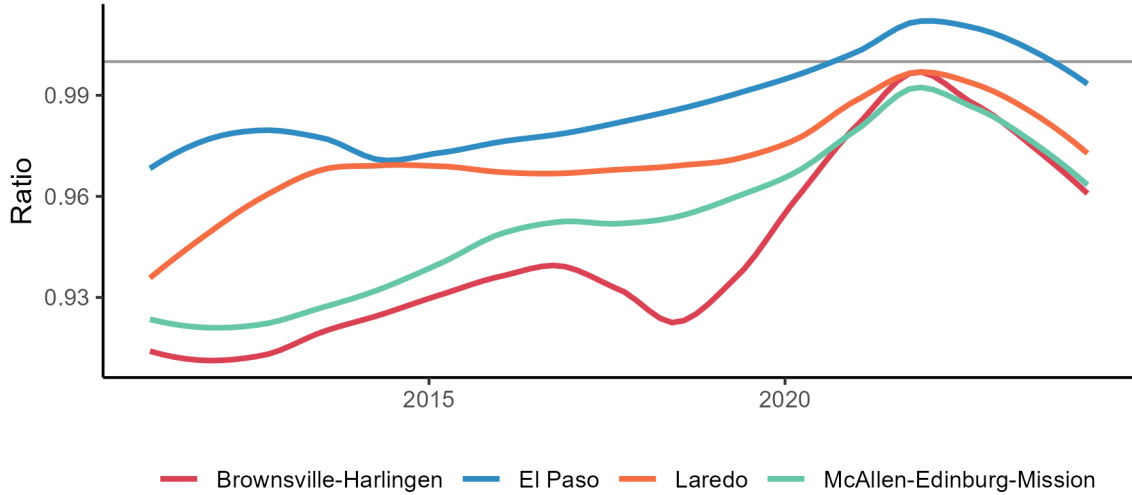
**Border Metro Days on Market Trend**



Source: Texas Real Estate Research Center at Texas A&M University

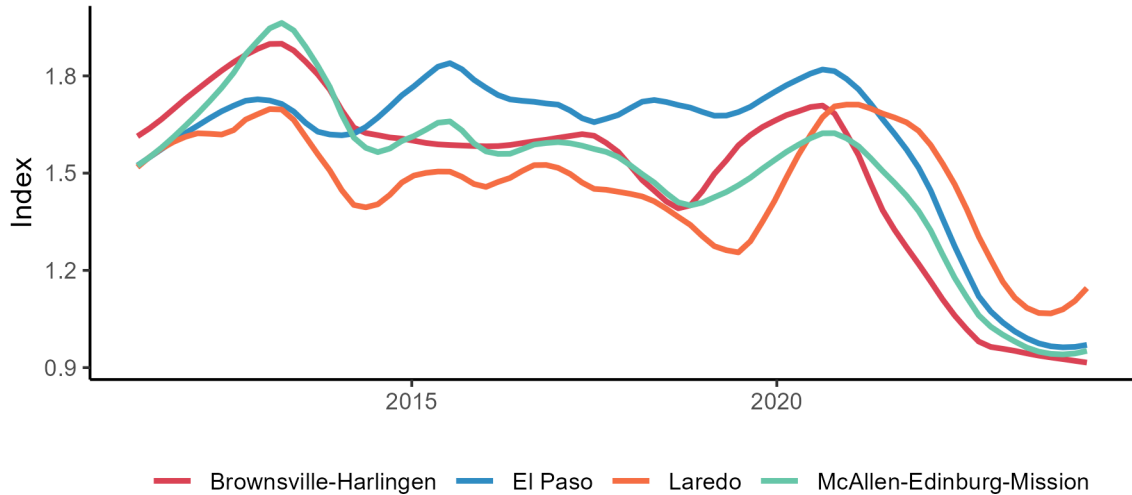
# Housing

Border Metro Close to List Price Ratio Trend



Source: Texas Real Estate Research Center at Texas A&M University

Border Housing Affordability Index



Source: Texas Real Estate Research Center at Texas A&M University



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