TEXAS BORDER ECONOMY

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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.

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Data current as of May 7, 2024.

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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](https://www.dallasfed.org/research/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 (QQQ) 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.
On the southern side of the border, **Mexican manufacturing and maquiladora employment**\(^1\) 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

<table>
<thead>
<tr>
<th>City</th>
<th>Total Employed</th>
<th>QOQ Change</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reynosa</td>
<td>125,475</td>
<td>-2.4%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Juárez</td>
<td>291,374</td>
<td>-3.7%</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Matamoros</td>
<td>60,070</td>
<td>-2.7%</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Nuevo Laredo</td>
<td>35,099</td>
<td>-2.7%</td>
<td>+5.3%</td>
</tr>
<tr>
<td>Chihuahua</td>
<td>90,276</td>
<td>+0.9%</td>
<td>+6.3%</td>
</tr>
</tbody>
</table>

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

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1 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**

<table>
<thead>
<tr>
<th>Metropolitan Statistical Area (MSA)</th>
<th>Sales (Units)</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brownsville-Harlingen</td>
<td>590</td>
<td>-2.6%</td>
</tr>
<tr>
<td>El Paso</td>
<td>1,768</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Laredo</td>
<td>230</td>
<td>-6.2%</td>
</tr>
<tr>
<td>McAllen-Edinburg-Mission</td>
<td>921</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

*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
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
Pedestrian Border Crossings

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

Personal Vehicle Passenger Border Crossings

Source: Department of Transportation - Texas Real Estate Research Center at Texas A&M University
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 Estadistica y Geographia & Texas Real Estate Research Center at Texas A&M University
Border Metro Unemployment Rate

Unemployment Rate

2000       2010  2020

Brownsville  El Paso  Laredo  McAllen

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

Border Metro Average Hourly Earnings

Hourly Earnings

2010       2015  2020  2021

Brownsville  El Paso  Laredo  McAllen

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

Index January 2000 = 100

- Brownsville
- El Paso
- Laredo
- McAllen

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

Texas Border Export Values

Index January 2000 = 100

- Brownsville
- El Paso
- Laredo
- McAllen

Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University
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
Border Metro Single-Family Permits
Seasonally Adjusted Annualized Rate

![Permits Graph]

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

Border Metro Single-Family Start Values

![Average Value Graph]

Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University
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
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
### Border Metro Close to List Price Ratio Trend

- **Brownsville-Harlingen**: Blue line
- **El Paso**: Green line
- **Laredo**: Red line
- **McAllen-Edinburg-Mission**: Purple line

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

### Border Housing Affordability Index

- **Brownsville-Harlingen**: Blue line
- **El Paso**: Green line
- **Laredo**: Red line
- **McAllen-Edinburg-Mission**: Purple line

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