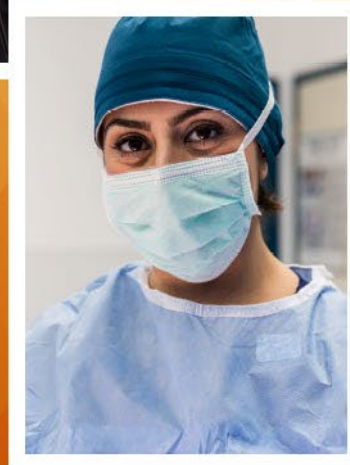
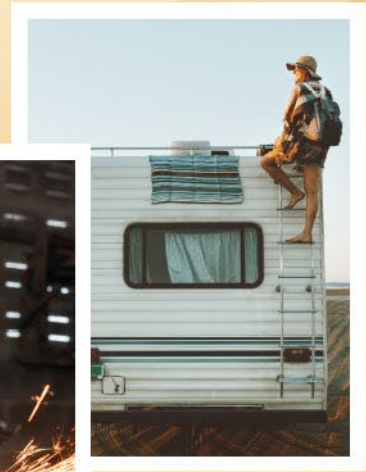
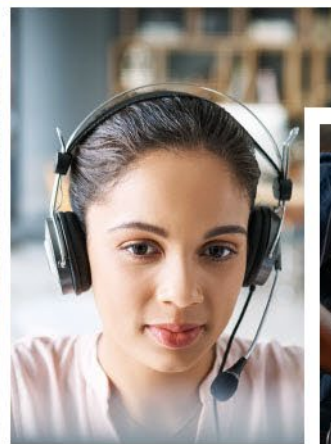


TEXAS BORDER ECONOMY

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TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

TECHNICAL REPORT
2165
THIRD 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.

Joshua Roberson and Junqing Wu

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Border Summary Third Quarter 2024

BORDER EMPLOYMENT

▲ 7,100 jobs

UNEMPLOYMENT RATE

▲ 5.2% QOQ

HOUSING SALES

▼ -0.6% YOY

PESO/USD

▲ \$19.59

Like last quarter, border employment grew in 3Q2024 but not enough to prevent an increase in the unemployment rate. Housing sales had a worse second quarter this year than last year, and home prices increased in two of the four border metros. Inflation also continued to cool as the Federal Reserve's interest rate increases showed more impact. However, the inflation rate was still above the Fed's inflation target, showing continuing signs of decelerating.

Economy

According to the **Dallas Fed's Business-Cycle Index**, El Paso experienced the strongest economic growth among the four border MSA areas, with a 4.9 percent year-over-year (YOY) increase. Brownsville followed, albeit at a slower pace, with 2.6 percent YOY growth. In contrast, Laredo saw a decline of 1.3 percent for the quarter, while McAllen registered a slight 0.1 percent increase, indicating a stable but minimal growth trajectory.

Overall, **border MSA nonfarm employment** grew by 7,100 positions, representing a 0.8 percent quarter-over-quarter (QOQ) increase (Figure 1). Brownsville led the gains with a 1.7 percent rise, adding 2,800 jobs. Both Laredo and McAllen followed with 0.6 percent increases, contributing 700 and 1,800 positions, respectively. El Paso experienced the smallest growth, with a 0.5 percent increase, also adding 1,800 jobs.

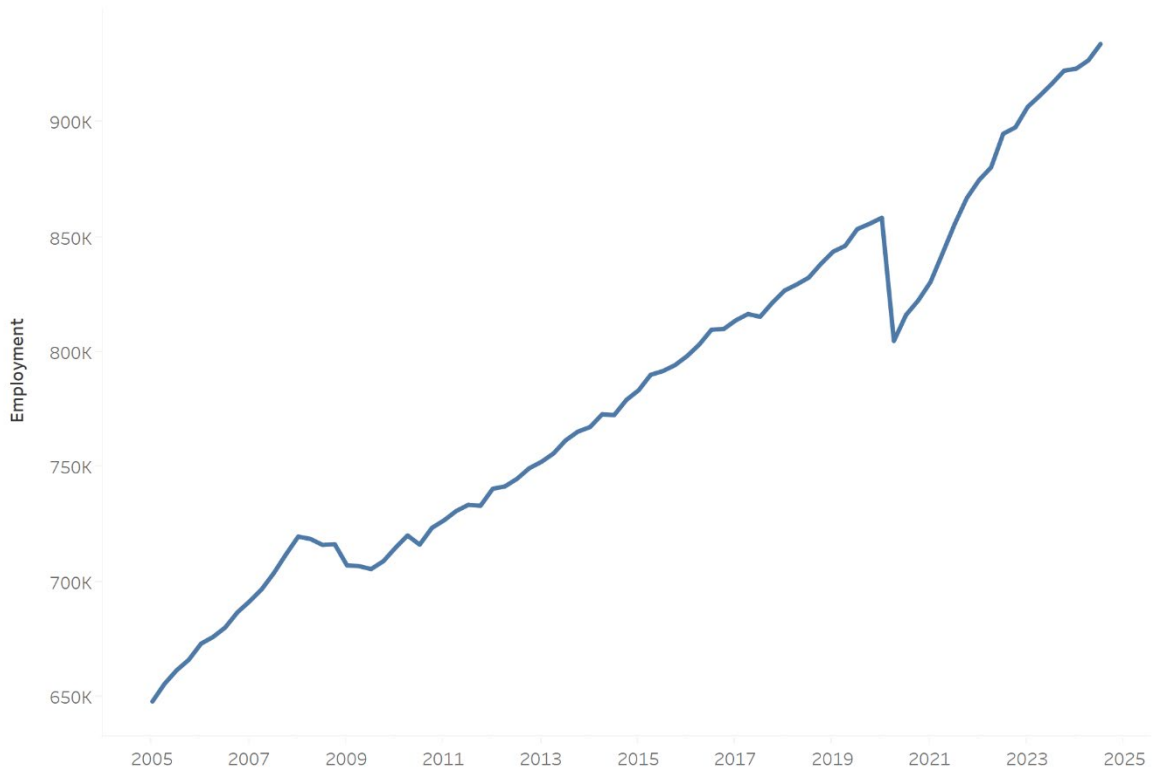
The **border-wide unemployment rate** inched up to 5.2 percent in 3Q2024, 0.1 above the previous quarter. Brownsville saw a slight increase, rising by 0.1 percent to 5.5 percent. McAllen reported the highest unemployment rate along the border at 6.1 percent. El Paso and Laredo maintained their previous rates of 4.4 percent and 4.2 percent, respectively, showing stable labor market conditions in these regions.

Border MSA average hourly earnings increased by 29 cents, reaching \$21.65 in 3Q2024. Brownsville led the QOQ growth, with earnings rising by 6.0 percent to \$21.11. El Paso also experienced wage growth, with hourly earnings increasing from \$22.72 to \$23. Notably, Brownsville's hourly earnings saw a substantial **YOY** increase, climbing from \$17.76 in 3Q2023 to \$21.11 in 3Q2024.

Pedestrian border crossings increased by 4.4 percent QOQ and 6.5 percent YOY. Pedestrian border crossings are still almost a million people short of the pre-pandemic peak of 5.2 million in 4Q2019.

Personal vehicle passengers were up 2.7 percent from last quarter and 2.5 percent from last year. Unlike pedestrian traffic, vehicle passenger traffic is ahead of 4Q2019.

Figure 1. Border Employment



Source: Texas Workforce Commission
Note: Data are seasonally adjusted

Mexican manufacturing and maquiladora employment¹ along the southern border presents a mixed picture. The most significant QOQ decline was in Nuevo Laredo, where employment dropped 4 percent, followed by decreases in Matamoros and Chihuahua, at 2.2 percent and 0.2 percent, respectively (Table 1). Juárez, the largest maquiladora employment hub along the Texas border, saw a 1.2 percent QOQ increase in 3Q2024, though it still faced a substantial YOY decline of 10.4 percent. Reynosa reported modest growth, with a 1.4 percent QOQ increase and a slight 0.2 percent YOY increase. These figures reflect varied employment dynamics across key industrial cities, with some areas experiencing recovery, while others continue to face employment challenges.

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

Table 1. Mexican Manufacturing and Maquiladora Employment

City	Total Employed	QOQ Change	YOY Change
Reynosa	132,351	1.40%	0.20%
Nuevo Laredo	34,729	-4.00%	-6.40%
Matamoros	58,622	-2.20%	-6.80%
Chihuahua	91,127	-0.20%	2.50%
Juárez	283,606	1.20%	-10.40%

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

In the currency market, the average **peso-to-dollar exchange rate** rose to \$19.59 in the third quarter. The upward trend continued into the current quarter, pushing the exchange rate above the ten-year average of 19.04 pesos per dollar for the first time since December 2022.

Border trade was mixed in 3Q2024, resulting in a larger decrease in net trade. Total border imports increased \$1.7 billion (2.3 percent) QOQ, while total exports decreased \$0.8 billion (-1.7 percent QOQ). The larger rise in imports resulted in an expanded trade deficit of \$29.2 billion from \$26.7 billion in 2Q2024.

Real Estate

Border home sales totaled 4,247, reflecting a slight YOY decrease of 0.6 percent compared to 4,274 sales in the previous year (Table 2). Laredo recorded the most significant YOY decline, dropping by 8.5 percent. McAllen-Edinburg-Mission experienced a marginal decrease of 0.1 percent. In contrast, Brownsville-Harlingen was the only Metropolitan Statistical Area (MSA) with growth, achieving a modest 0.9 percent increase. El Paso held steady with a minor 0.1 percent YOY gain, indicating steady demand like the prior year.

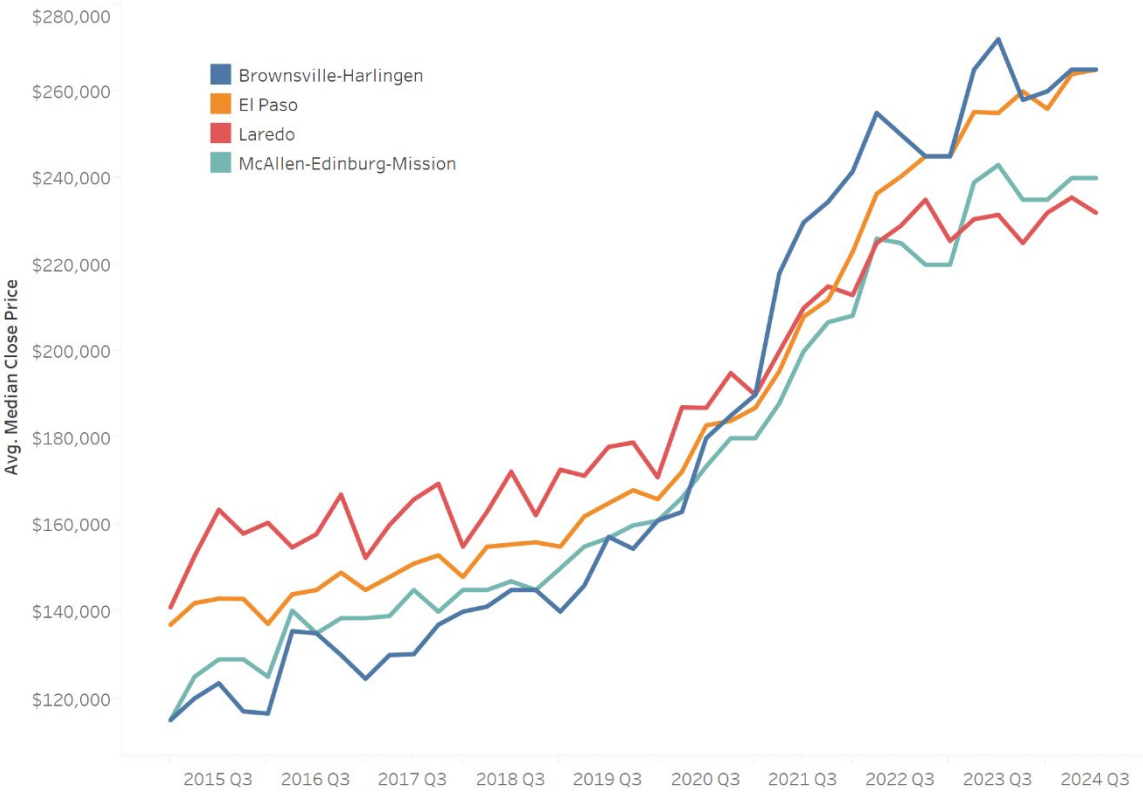
Table 2. Border Metros Home Sales

Metropolitan Statistical Area (MSA)	Sales (Units)	YOY Change
Brownsville-Harlingen	658	0.9%
El Paso	2,184	0.1%
Laredo	303	-8.5%
McAllen-Edinburg-Mission	1039	-0.1%

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

Median home prices showed a mixed trend across the four border metros (Figure 2). Brownsville-Harlingen had the most significant YOY decline, with prices dropping 2.8 percent. Similarly, McAllen-Edinburg-Mission recorded a modest 1.2 percent YOY decrease. In contrast, El Paso saw the highest YOY growth rate at 3.9 percent. Laredo had a minimal price YOY increase of 0.7 percent, pointing to relatively stable conditions.

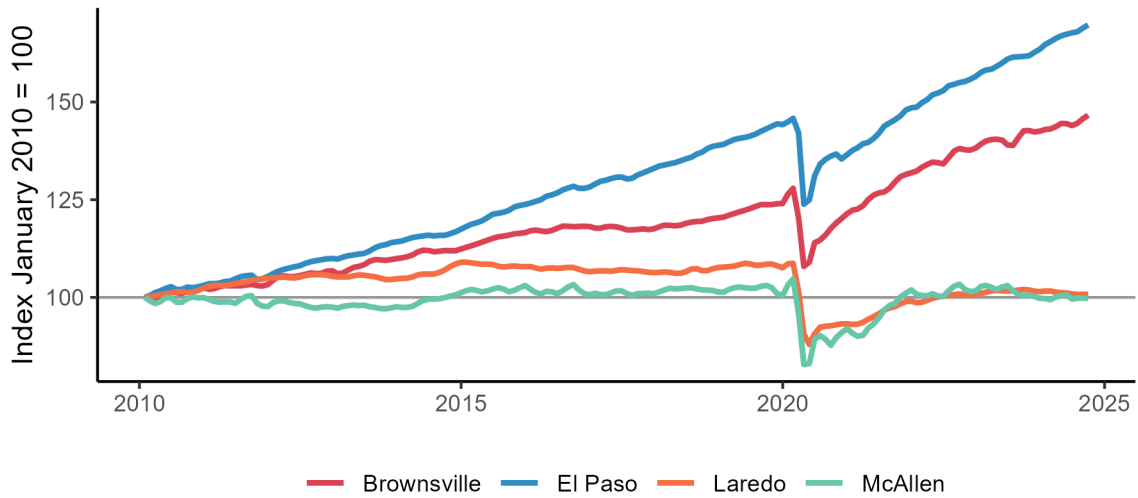
Figure 2. Border Median Home Prices



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

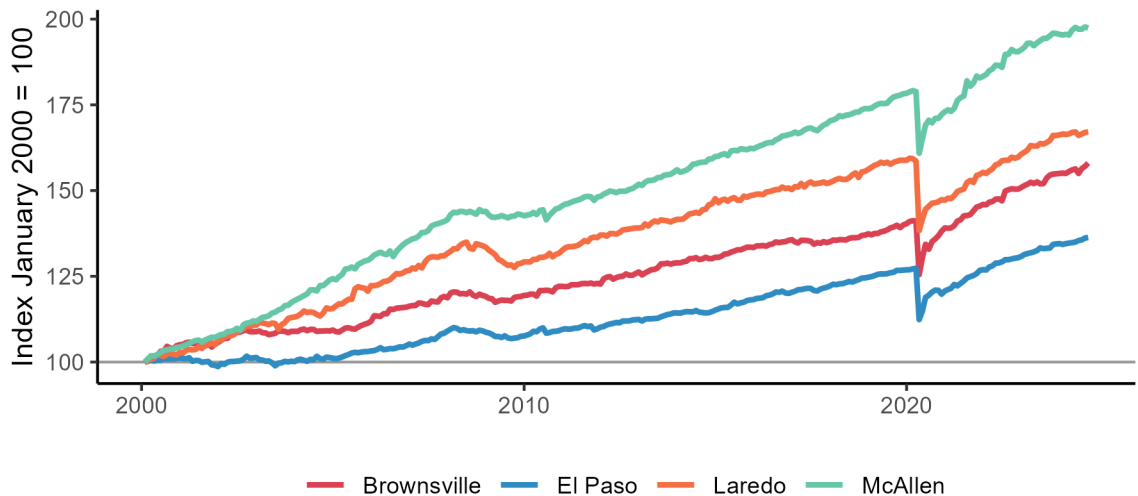
Economic Activity

Border Metro Business-Cycle Index



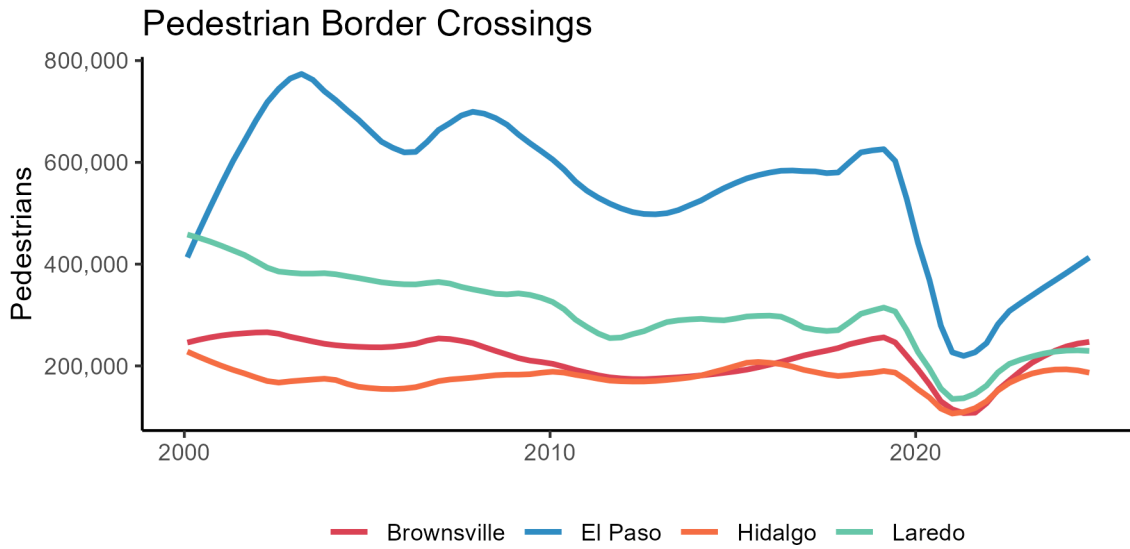
Source: Federal Reserve Bank of Dallas - Texas Real Estate Research Center at Texas A&M University

Border Employment Index

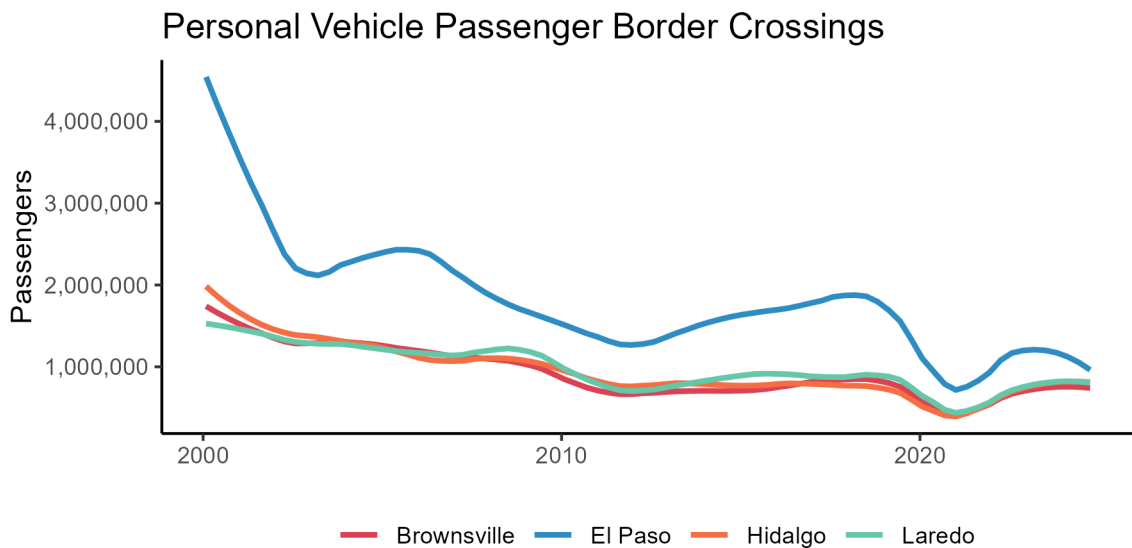


Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

Economic Activity



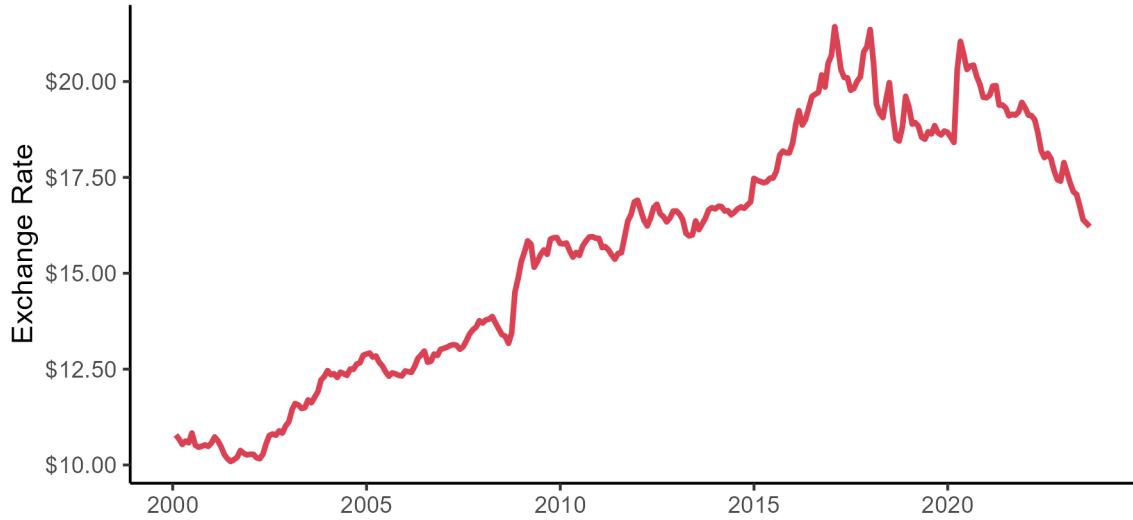
Source: Department of Transportation - Texas Real Estate Research Center at Texas A&M University



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

Economic Activity

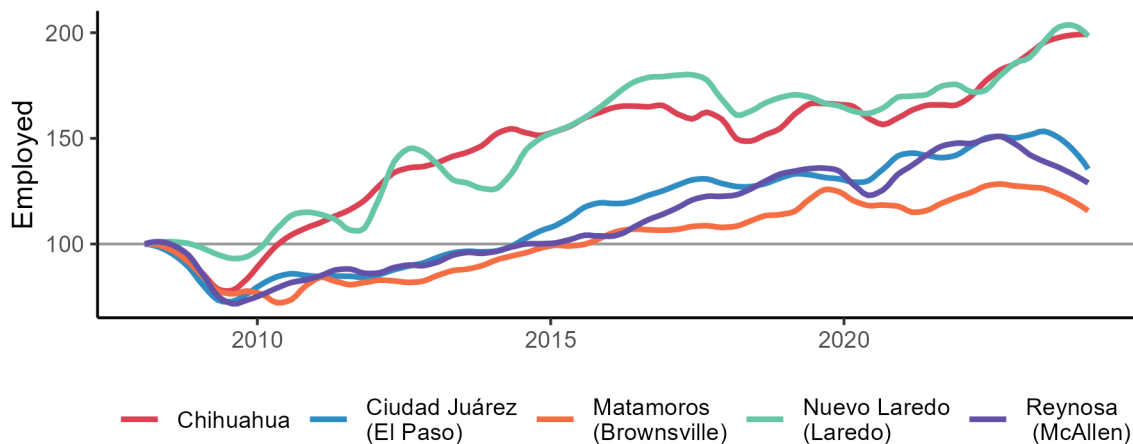
Real Peso per Dollar Exchange Rate



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

Mexico Maquiladora & Manufacturing Employment

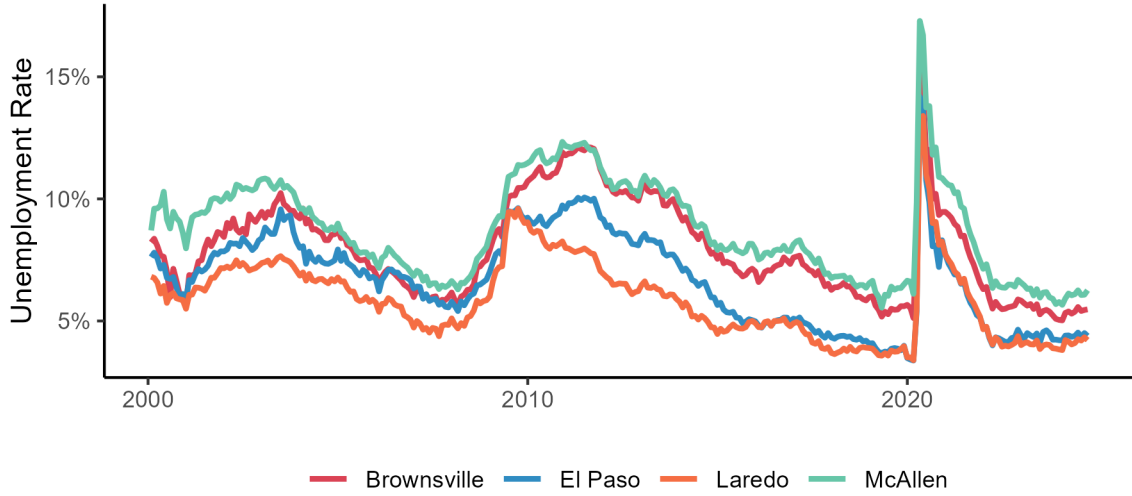
Index January 2008 = 100



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

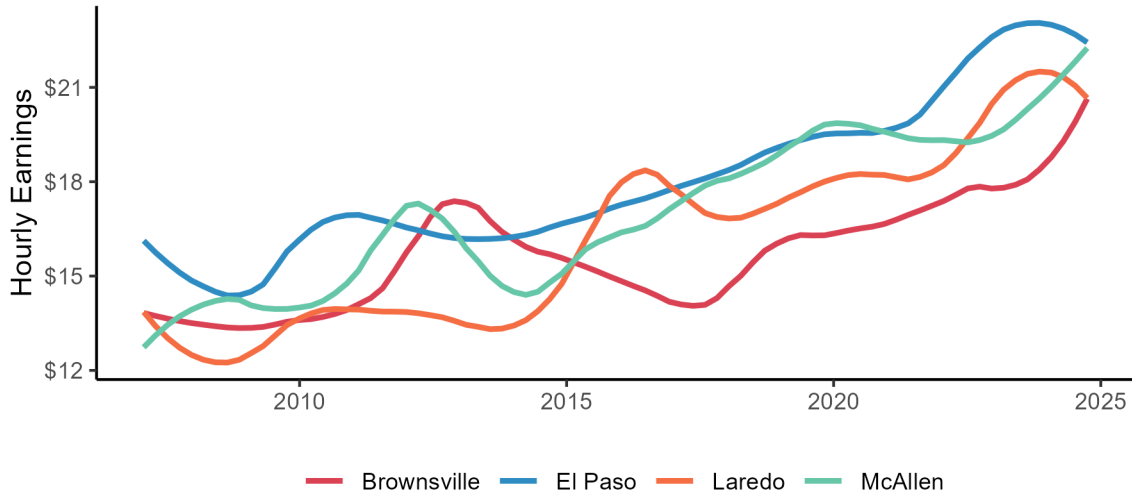
Economic Activity

Border Metro Unemployment Rate



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

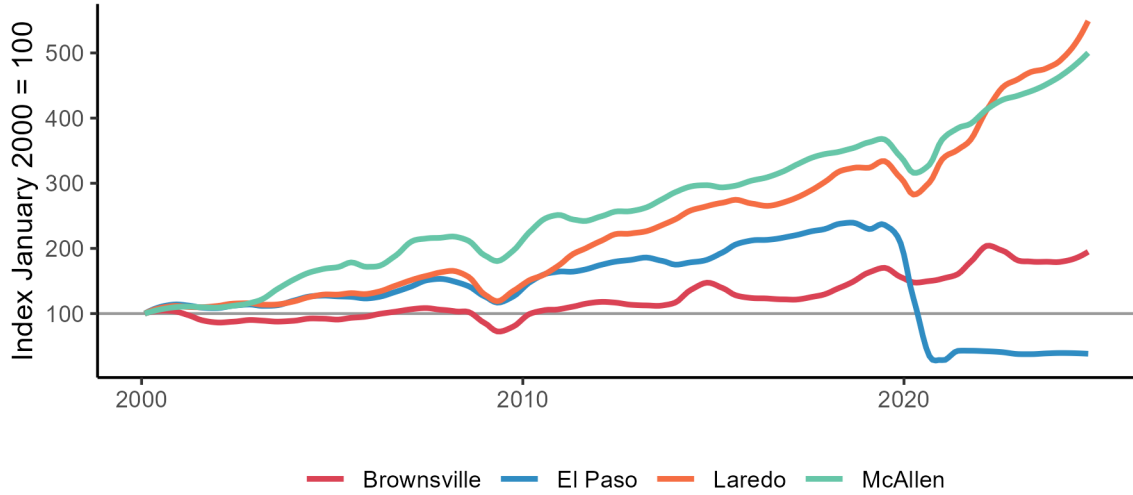
Border Metro Average Hourly Earnings



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

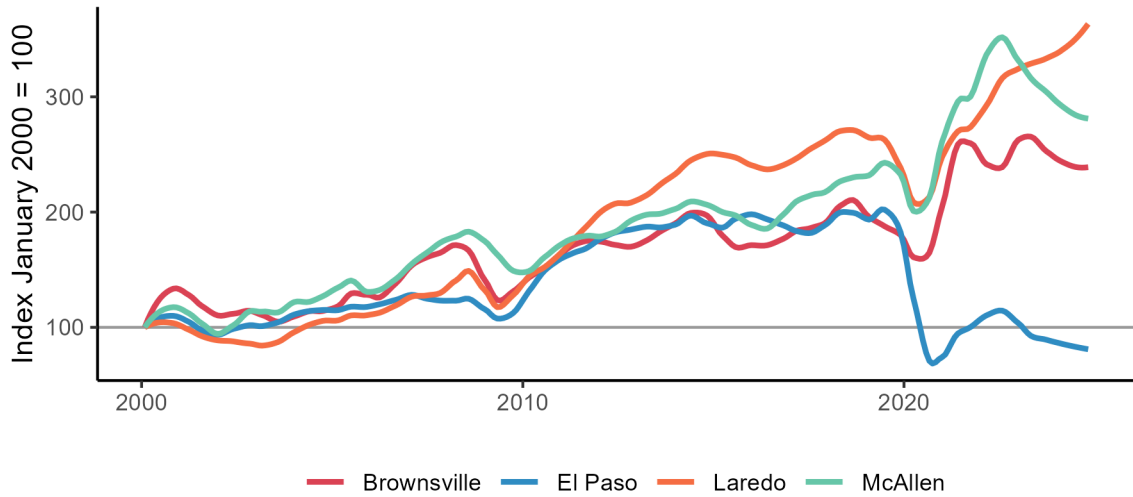
Economic Activity

Texas Border Import Values



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

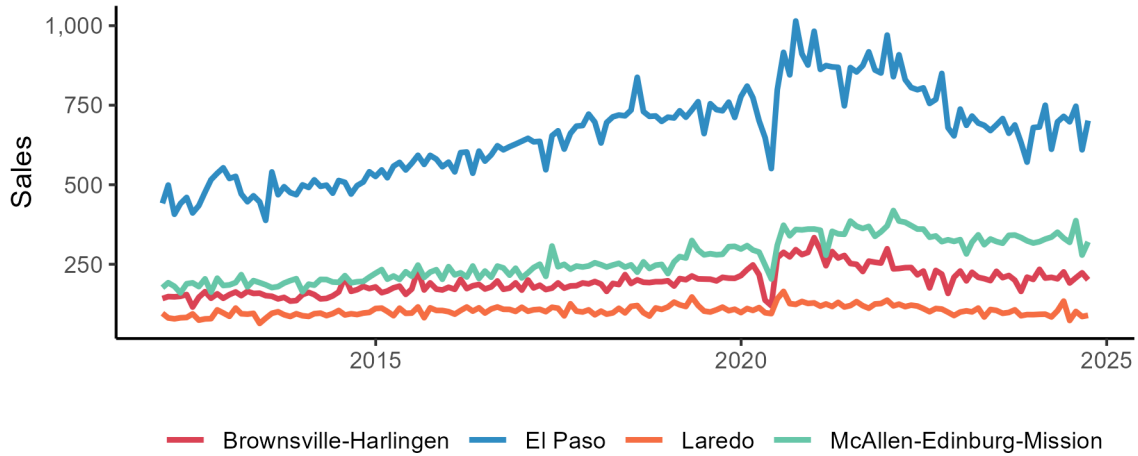
Texas Border Export Values



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

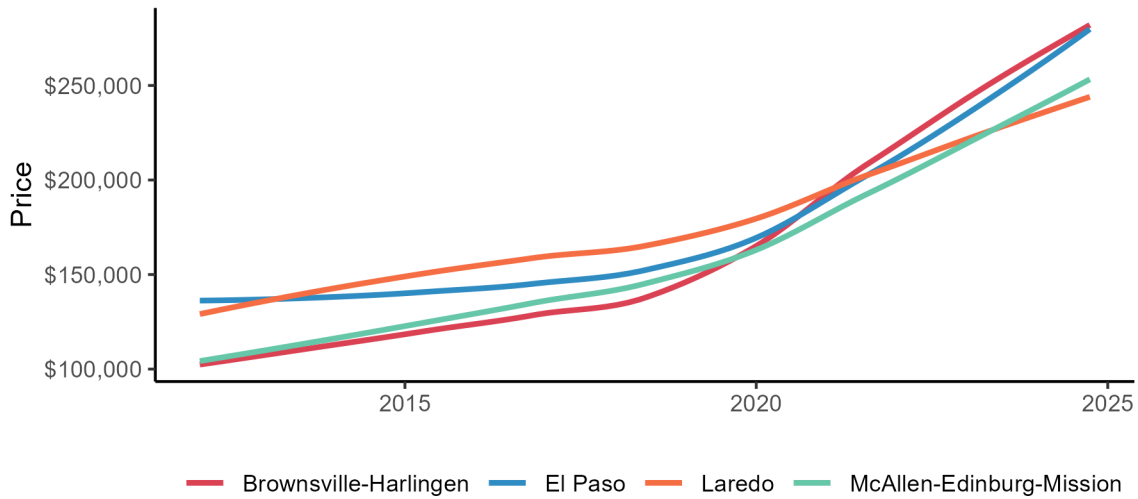
Housing

Border Metro Home Sales
Seasonally Adjusted Annualized Rate



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

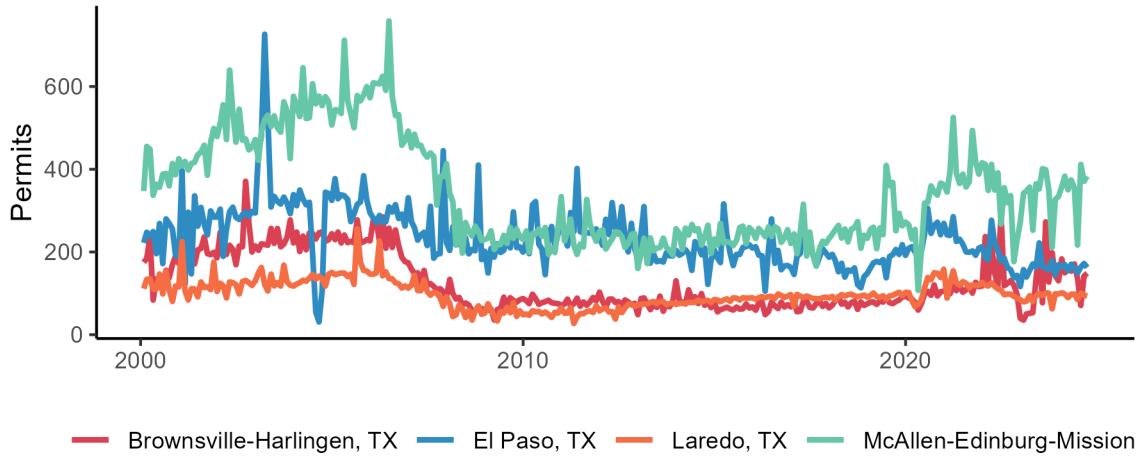
Border Metro Home Price Trend



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

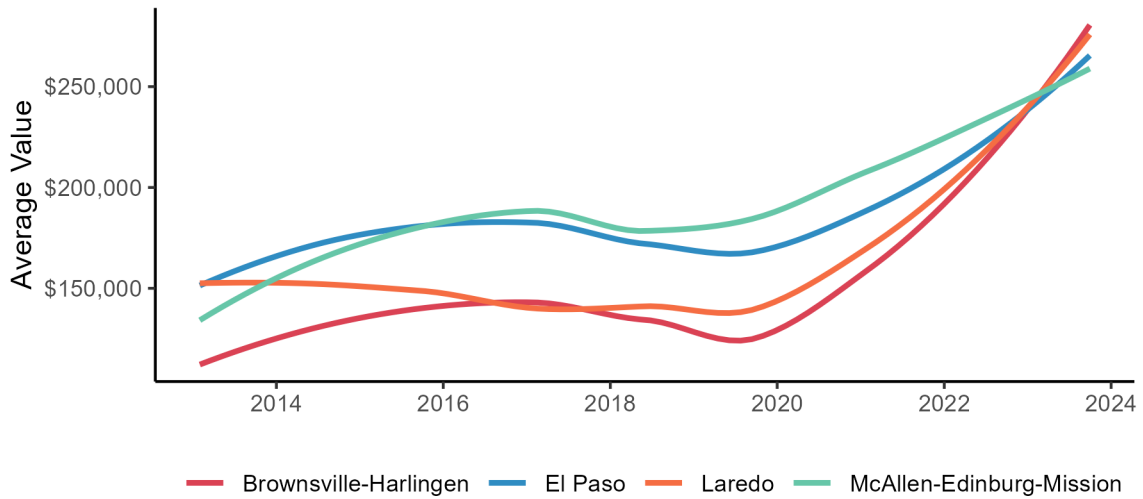
Housing

Border Metro Single-Family Permits
Seasonally Adjusted Annualized Rate



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

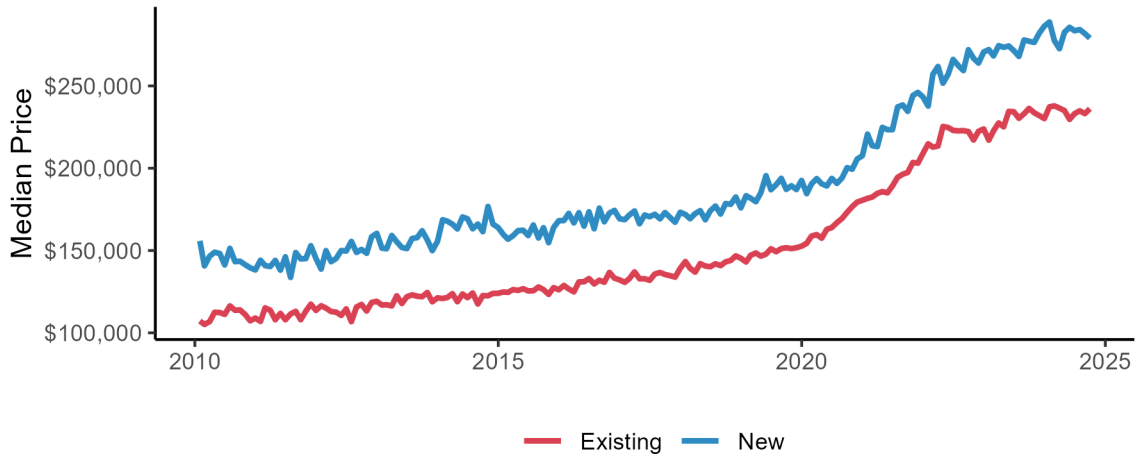
Border Metro Single-Family Start Values



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

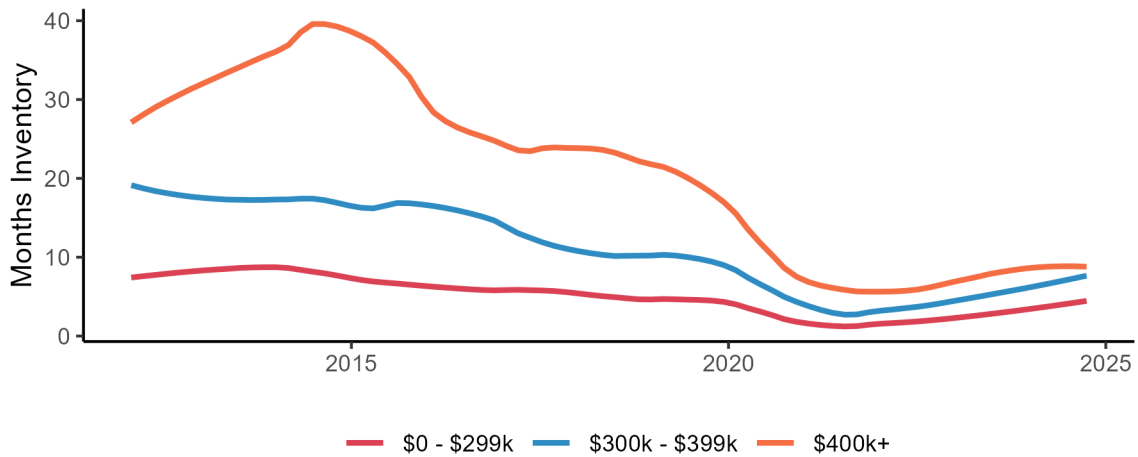
Housing

New and Existing Border Home Prices
Seasonally Adjusted Annualized Rate



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

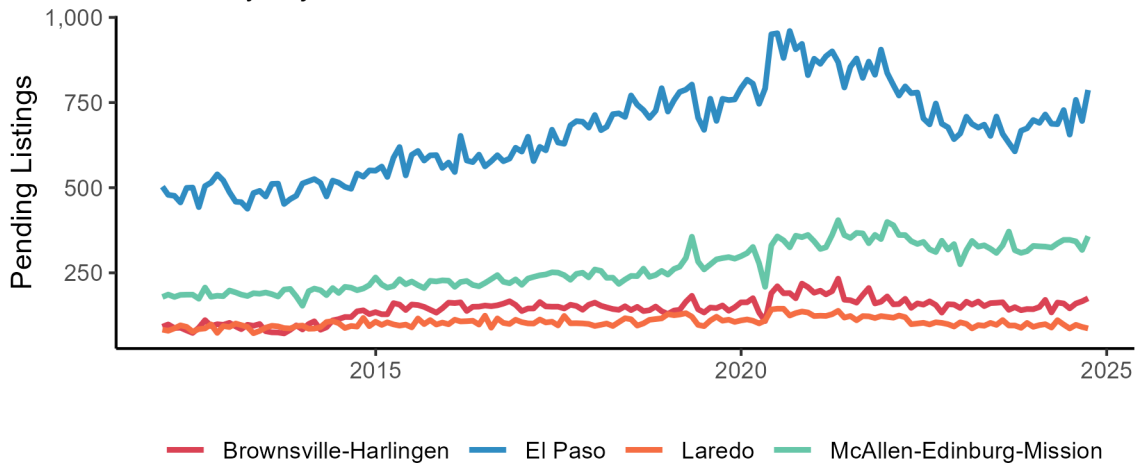
Border Housing Inventory by Price Range
Seasonally Adjusted Trend



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

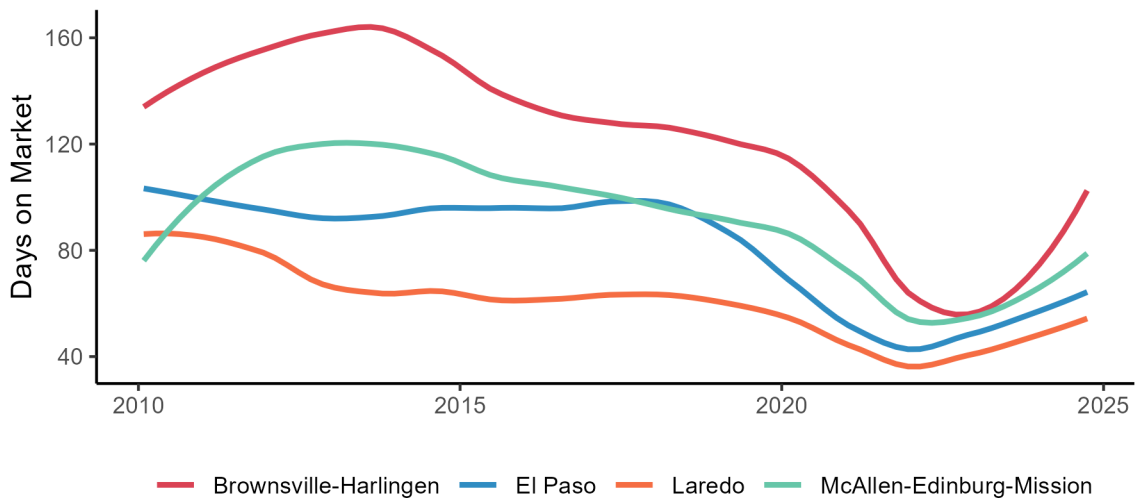
Housing

Border Metro Pending Listings
Seasonally Adjusted Annualized Rate



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

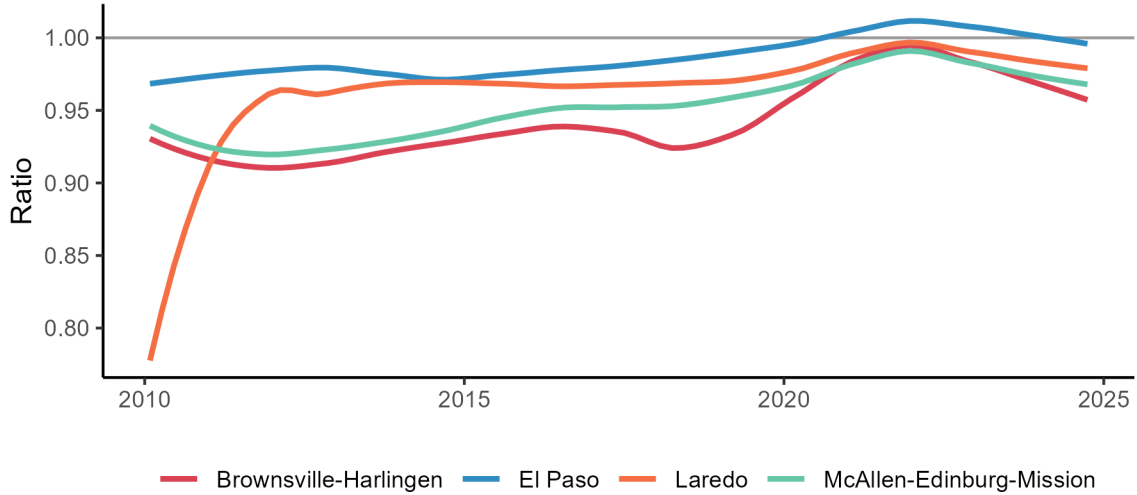
Border Metro Days on Market Trend



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

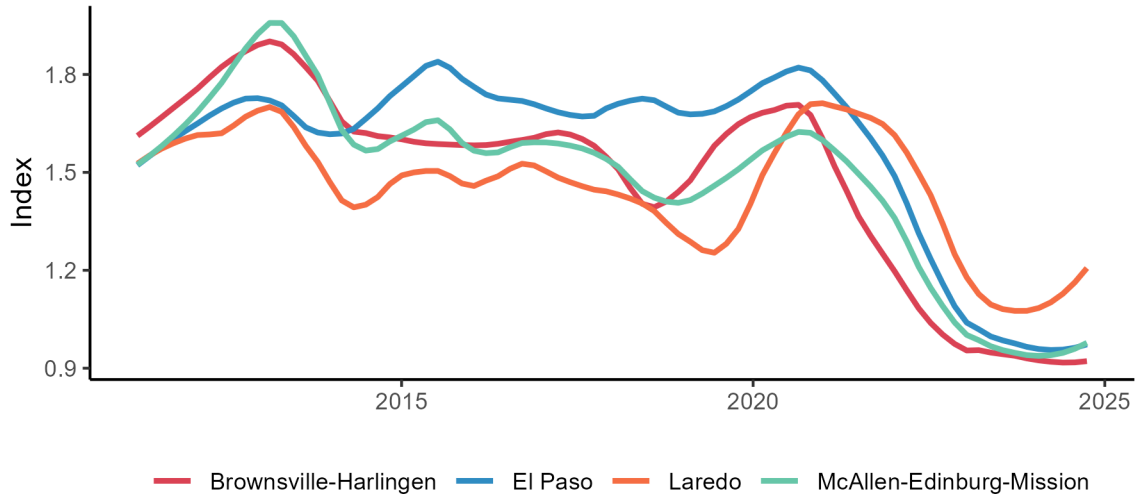
Housing

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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