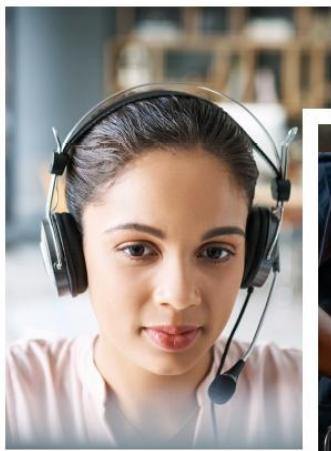


TEXAS BORDER ECONOMY

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TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

TECHNICAL REPORT
2165
FOURTH 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 Fourth Quarter 2024

BORDER EMPLOYMENT
▲ 3,100 jobs

UNEMPLOYMENT RATE
▼ 2.4% QoQ

HOUSING SALES
▲ 12.9% YoY

PESO/USD
▲ \$20.26

Border metros ended the year on a positive note. Overall employment and average wages increased while the unemployment rate decreased. The dollar continues to rise against the peso and Texas exports fell, leading to a greater trade deficit. Finally, housing activity increased with sales growing in each of the border metros and prices increasing in most metros.

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 3.5 percent year-over-year (YoY) increase. Brownsville and Laredo followed, albeit at a slower pace, with 2 and 1 percent YoY growth rates, respectively. McAllen was the only one of the four border metros that recorded a decline of -0.2 percent.

Border MSA nonfarm employment grew in the last quarter of 2024. Total employment increased by 3,100 positions, marking a 0.3 percent quarter-over-quarter (QoQ) rise and a 1.7 percent YoY increase. Brownsville added 500 jobs, reflecting a 0.3 percent QoQ growth and a 1.2 percent YoY rise. El Paso saw an increase of 1,100 positions, with a 0.3 percent QoQ growth and a notable 2.3 percent YoY rise. Laredo experienced the highest QoQ growth rate at 0.97 percent, adding 1,100 jobs, and a 2.2 percent YoY increase. McAllen's employment grew by 400 positions, showing a modest 0.1 percent QoQ rise and a 1 percent YoY increase. These figures highlight steady improvement in employment across the border region during this period.

Unemployment rates along the southern border showed a general decline in fourth quarter 2024.

Border-wide unemployment dropped to 5.1 percent, reflecting a QoQ decrease of 2.4 percent. Brownsville saw the most significant QoQ decline, with its unemployment rate falling by 3.2 percent to 5.3 percent. El Paso's unemployment rate edged down by 0.8 percent, reaching 4.4 percent. Laredo experienced a notable QoQ decline of 3 percent, bringing its unemployment rate down to 4.1 percent. Meanwhile, McAllen's unemployment rate decreased by 2 percent, ending the quarter at 6.1 percent. These figures indicate an overall improvement in employment conditions across the border region during this period.

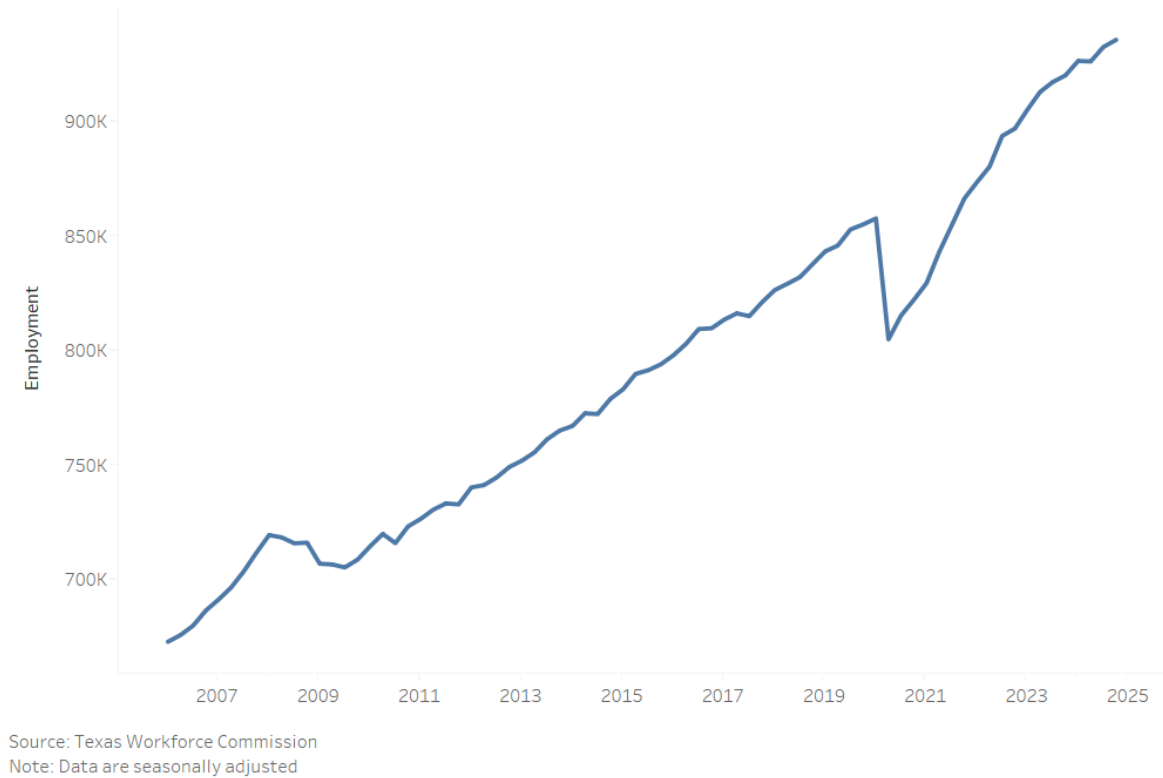
Border MSA average hourly earnings decreased by 6 cents, reaching \$21.49 in 4Q2024.

Brownsville led QoQ growth with earnings rising by 1.7 percent to \$21.46. El Paso also experienced minimal wage growth, with hourly earnings increasing from \$22.79 to \$22.97. Average wages in

both Laredo and McAllen fell last quarter. Laredo fell below \$20 for the first time since 4Q2022 to \$19.82 while McAllen fell slightly to \$21.71 from \$21.86 in 3Q2024.

Pedestrian border crossings increased by 11.5 percent QoQ and 9.4 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 3.3 percent from last quarter and 5.3 percent from last year. Unlike pedestrian traffic, vehicle passenger traffic is ahead of 4Q2019.

Figure 1. Border Employment



Mexican manufacturing and maquiladora employment¹ fell in each city across the southern border. The most significant QoQ decline was in Nuevo Laredo, where employment dropped 6.2 percent, followed by a decrease in Matamoros of 3.1 percent (Table 1). The remaining cities experienced declines of nearly 1 percent, with Juárez, the largest manufacturing city, falling by 0.6 percent.

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

Table 1. Mexican Maquiladora Employment

	Average Employment	QOQ Change	YOY Change
Juárez	280,050	-0.6%	-7.4%
Reynosa	132,349	-1.1%	2.9%
Chihuahua	90,421	-1.5%	1.0%
Matamoros	56,053	-3.1%	-9.2%
Nuevo Laredo	32,490	-6.2%	-9.9%

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

In the currency market, the average **peso-to-dollar exchange rate** rose to \$20.26 in the fourth 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. A stronger dollar can make Texas exports less competitive in the global market.

Border trade decreased in 4Q2024, resulting in a larger decrease in net trade. Total border imports decreased \$1.8 billion (2.3 percent) QoQ, while total exports decreased \$2.4 billion (-5.1 percent QoQ). The sharp decline in exports resulted in an expanded trade deficit of \$29.9 billion from \$29.2 billion in 3Q2024.

Real Estate

Table 2. Border Metros Home Sales

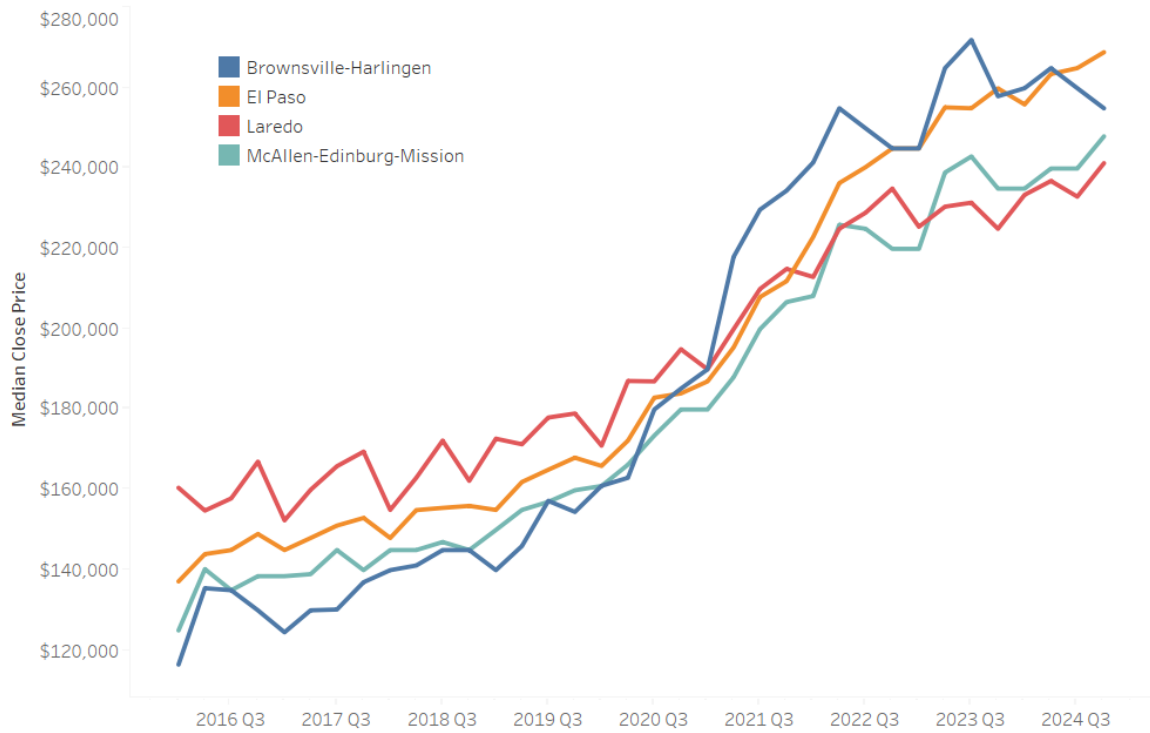
	Sales	YOY Change
Brownsville-Harlingen	604	14.8%
El Paso	2,178	17.4%
Laredo	261	0.4%
McAllen-Edinburg-Mission	960	6.3%

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

Border home sales totaled 4,003, reflecting a major YoY increase of 12.9 percent compared to 3,545 sales in the previous year (Table 2). Each of the four border metros registered increases over last year, yet some grew more than others. El Paso had the most significant YoY rise, increasing by 17.4 percent, followed by Brownsville-Harlingen with a 14.8 percent YoY increase. McAllen had a single-digit increase of 6.3 percent. Laredo edged out last year’s fourth quarter sales with only a 0.4 percent increase.

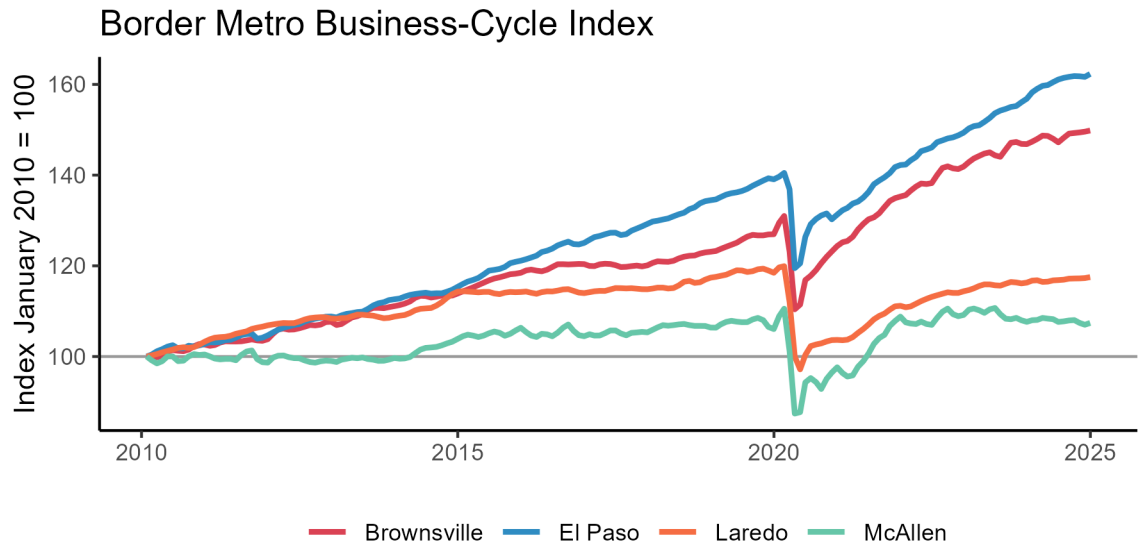
Median home prices also grew in each of the border metros, with the exception of Brownsville-Harlingen (Figure 2), which had a 1.2 percent YOY dip. As for the other metros, Laredo grew the most at 7.3 percent, followed by McAllen at 5.5 percent, and El Paso at 3.5 percent YoY.

Figure 2. Border Median Home Prices

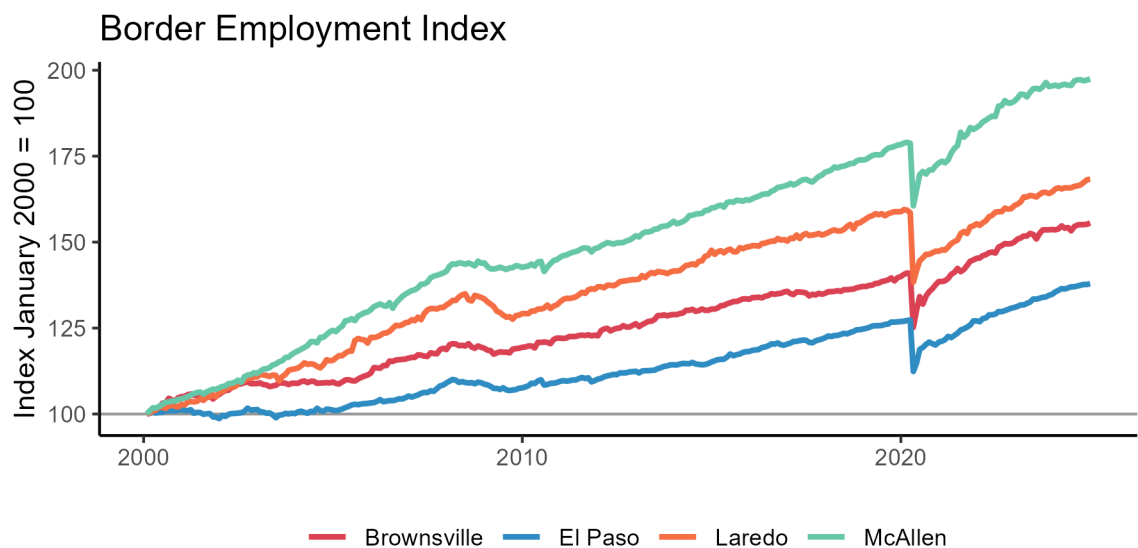


Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University

Economic Activity

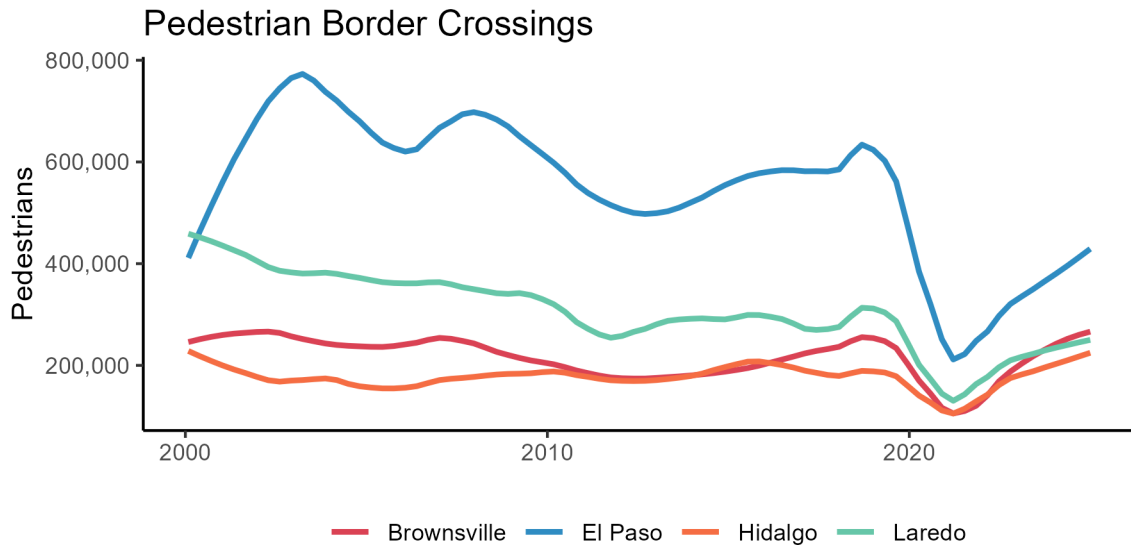


Source: Federal Reserve Bank of Dallas - Texas Real Estate Research Center at Texas A&M University

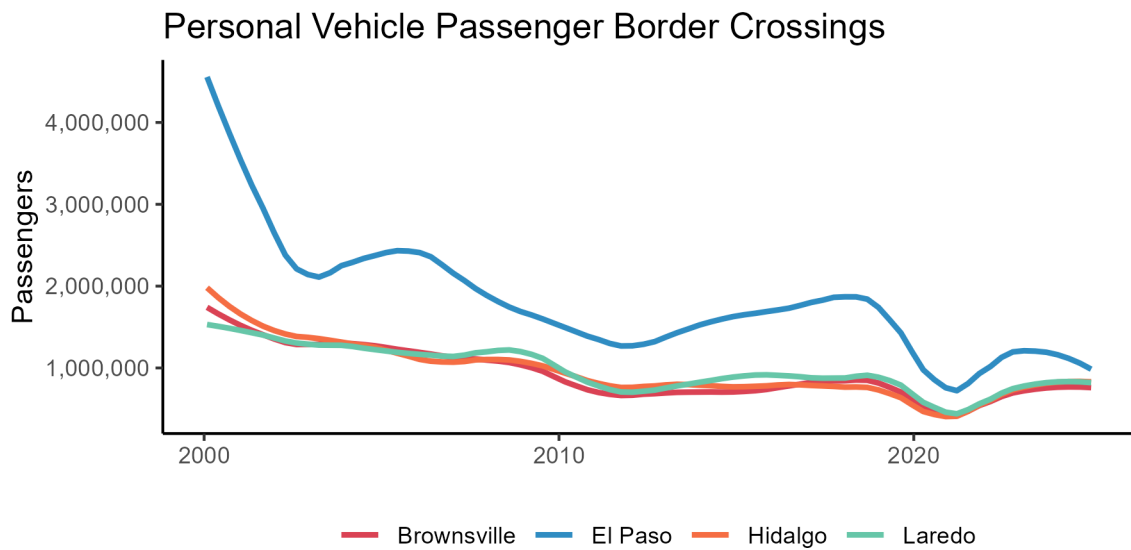


Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

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

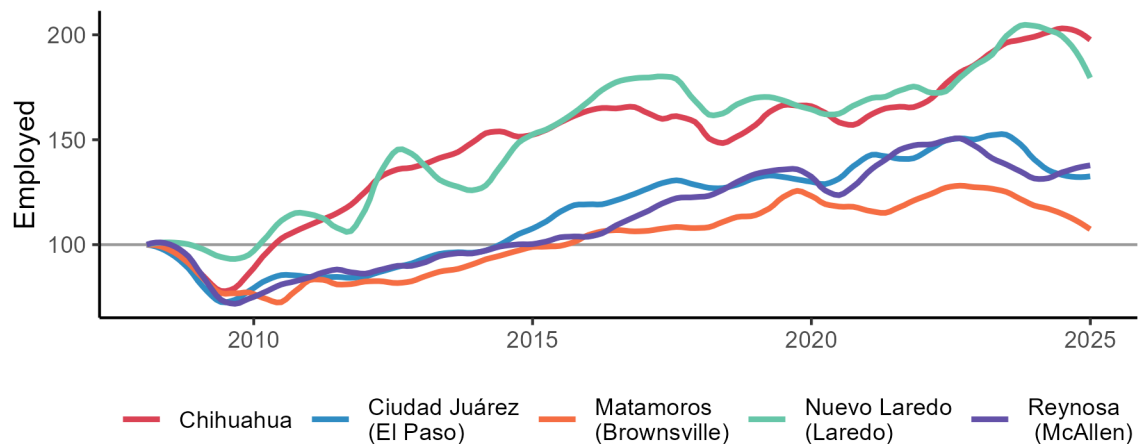
Real Peso per Dollar Exchange Rate



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

Mexico Maquiladora & Manufacturing Employment

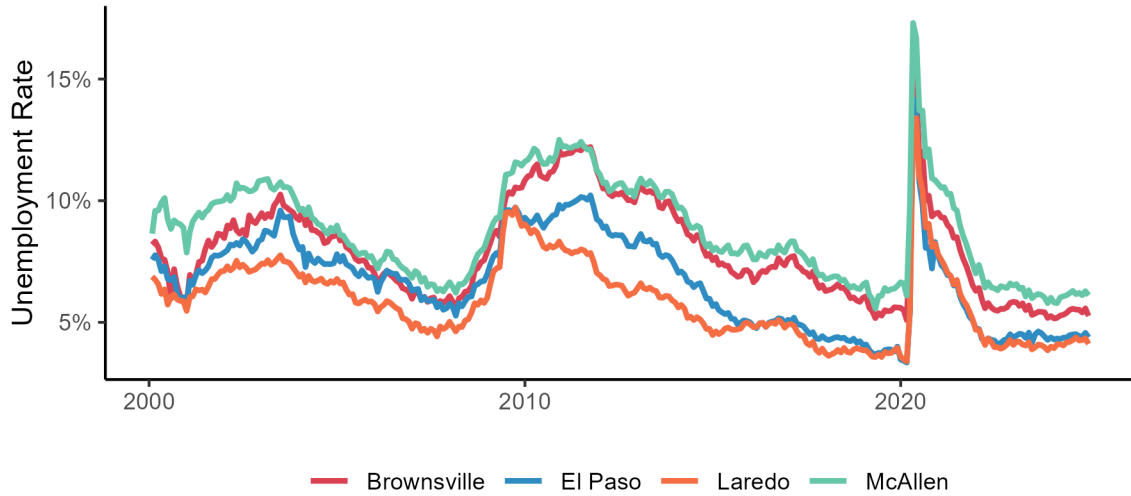
Index January 2008 = 100



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

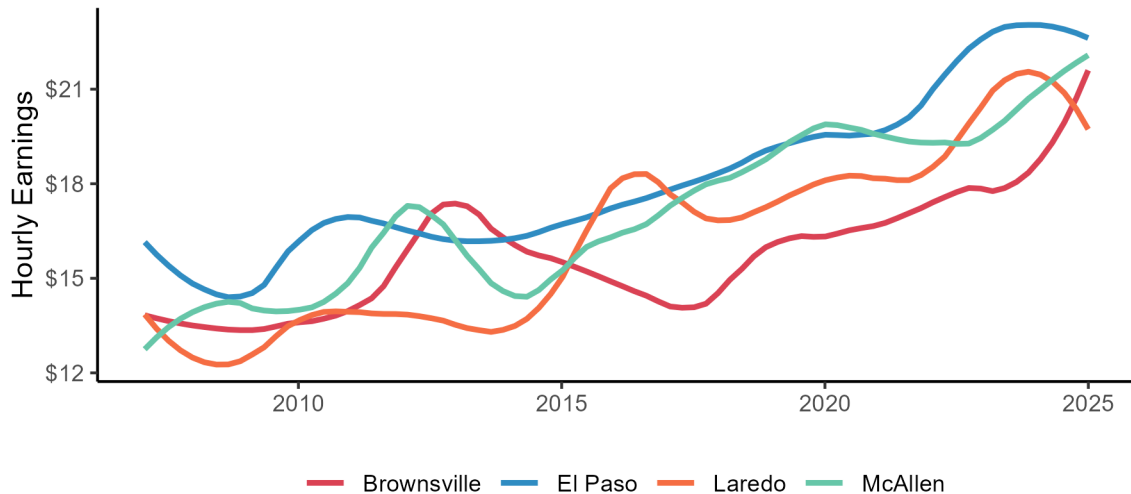
Economic Activity

Border Metro Unemployment Rate



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

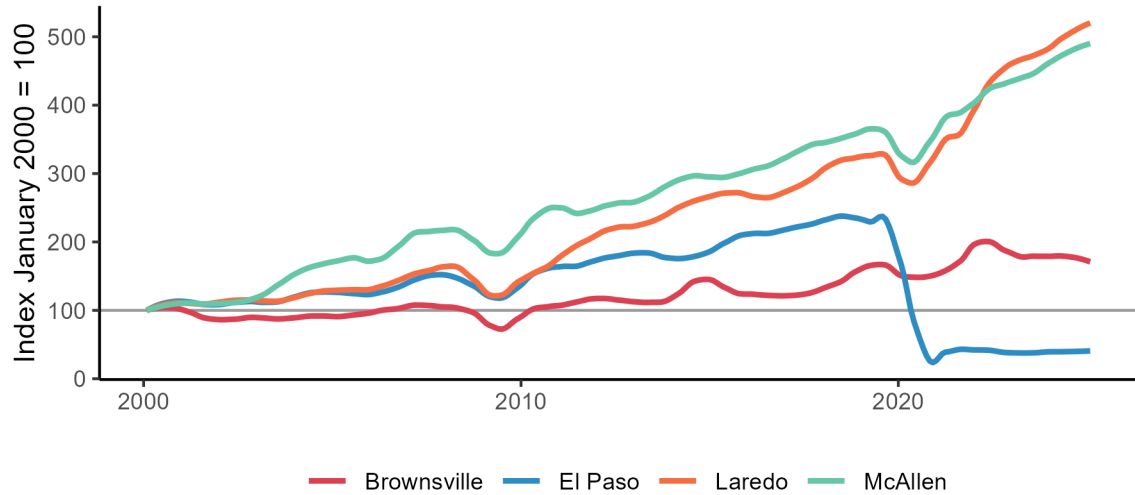
Border Metro Average Hourly Earnings



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

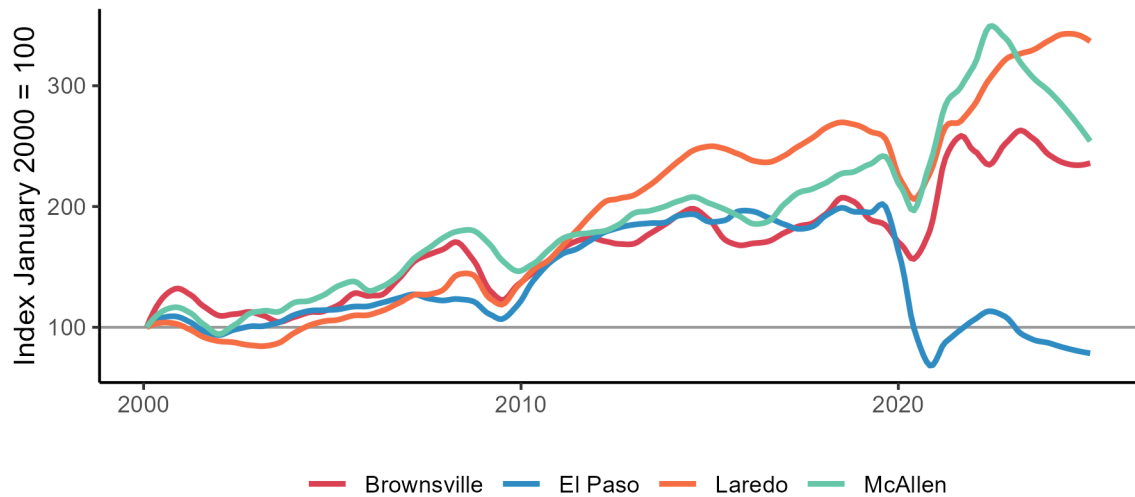
Economic Activity

Texas Border Import Values



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

Texas Border Export Values

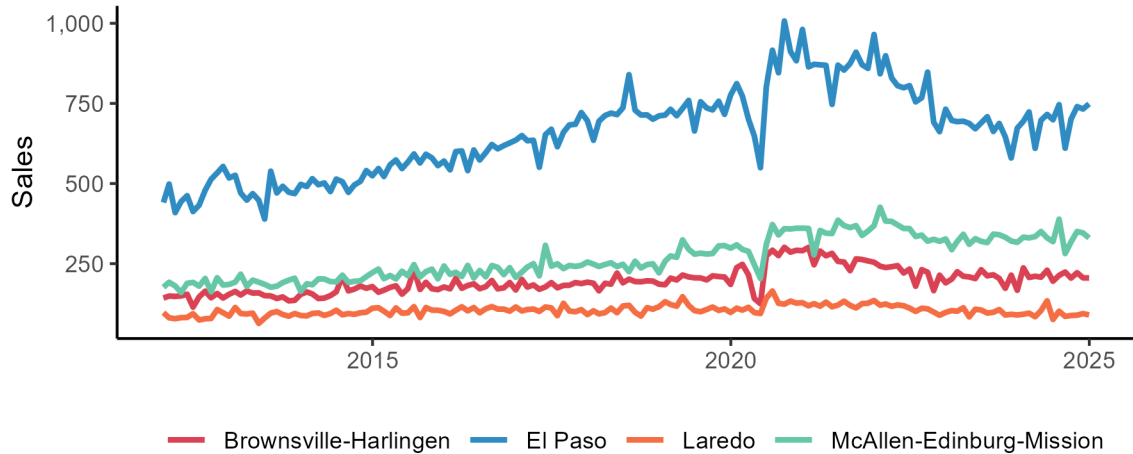


Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

Housing

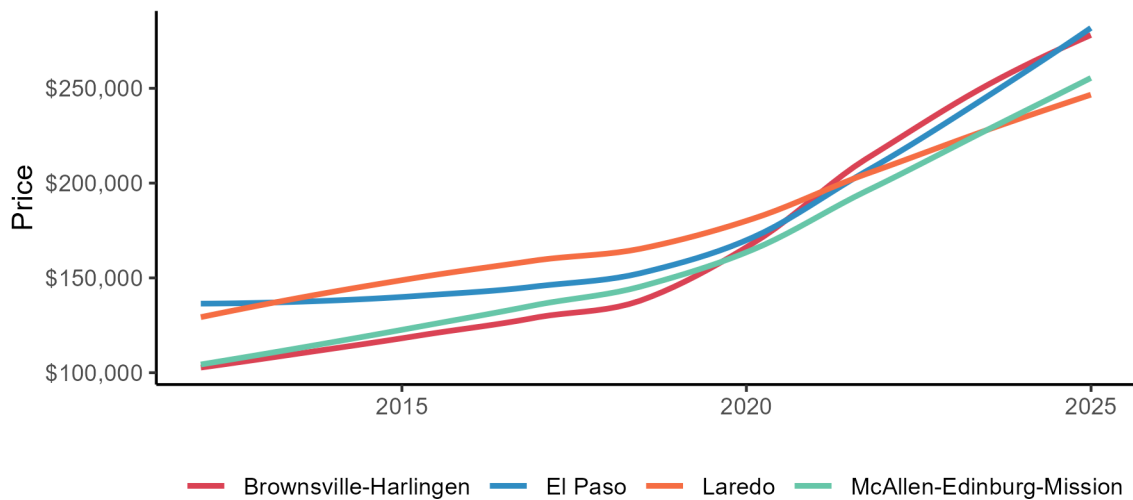
Border Metro Home Sales

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



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Housing

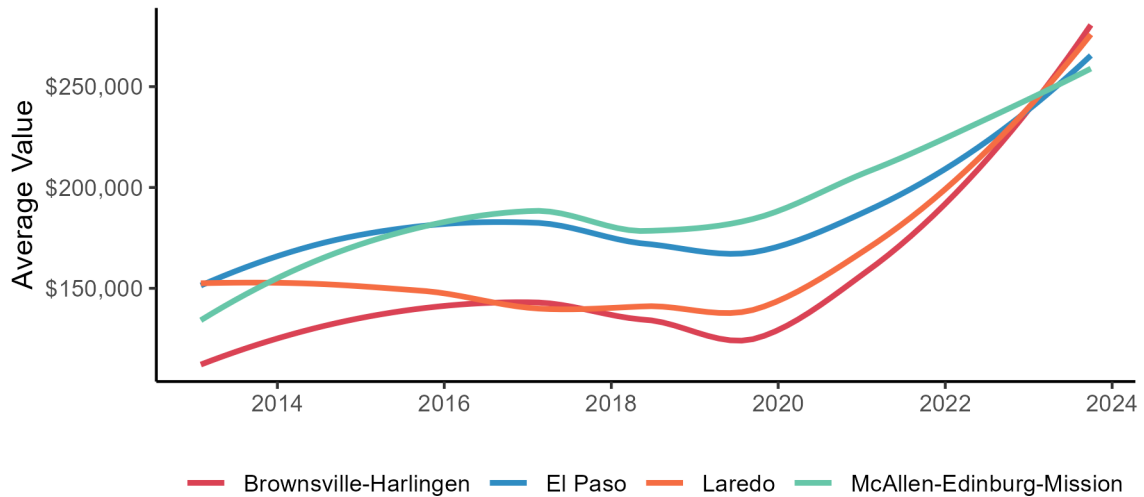
Border Metro Single-Family Permits

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

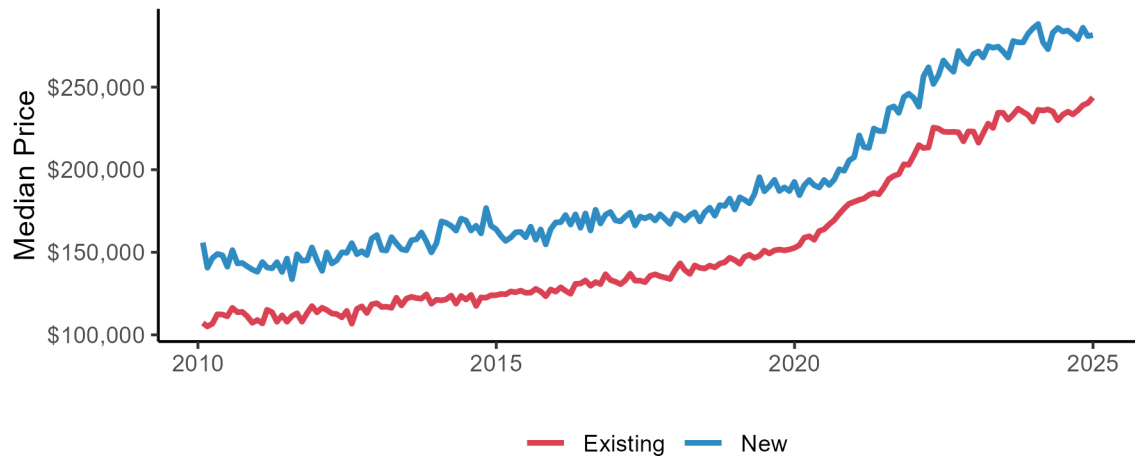


Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University

Housing

New and Existing Border Home Prices

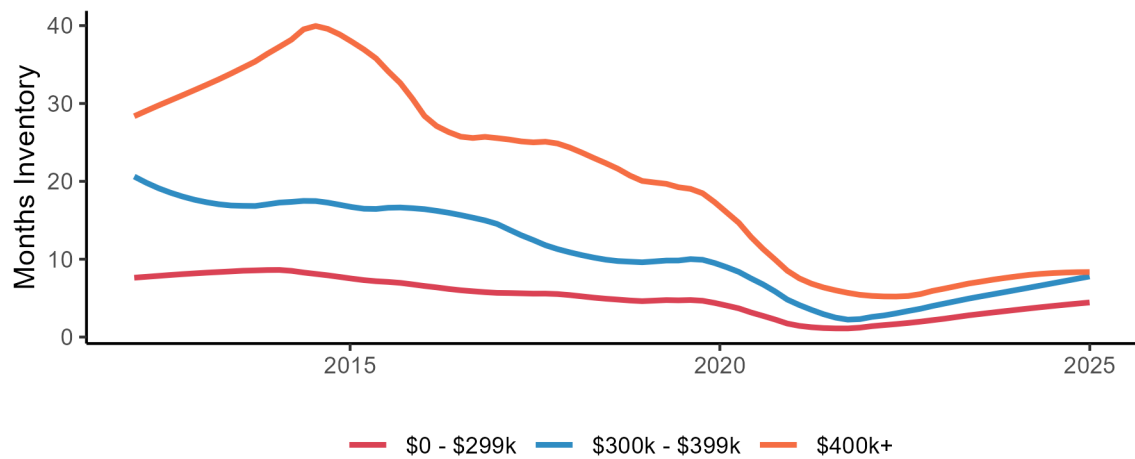
Seasonally Adjusted Annualized Rate



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

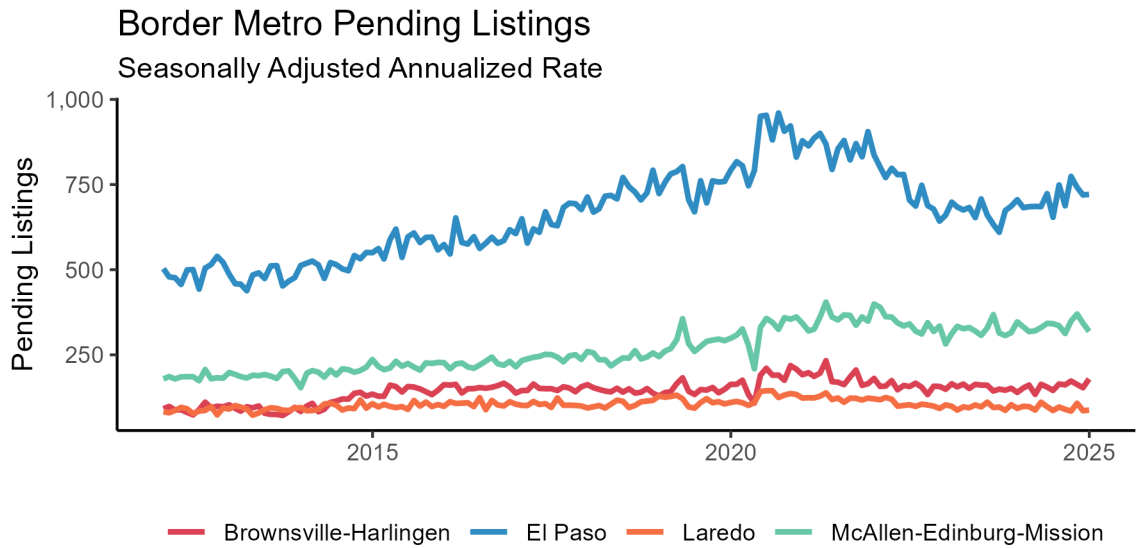
Border Housing Inventory by Price Range

Seasonally Adjusted Trend

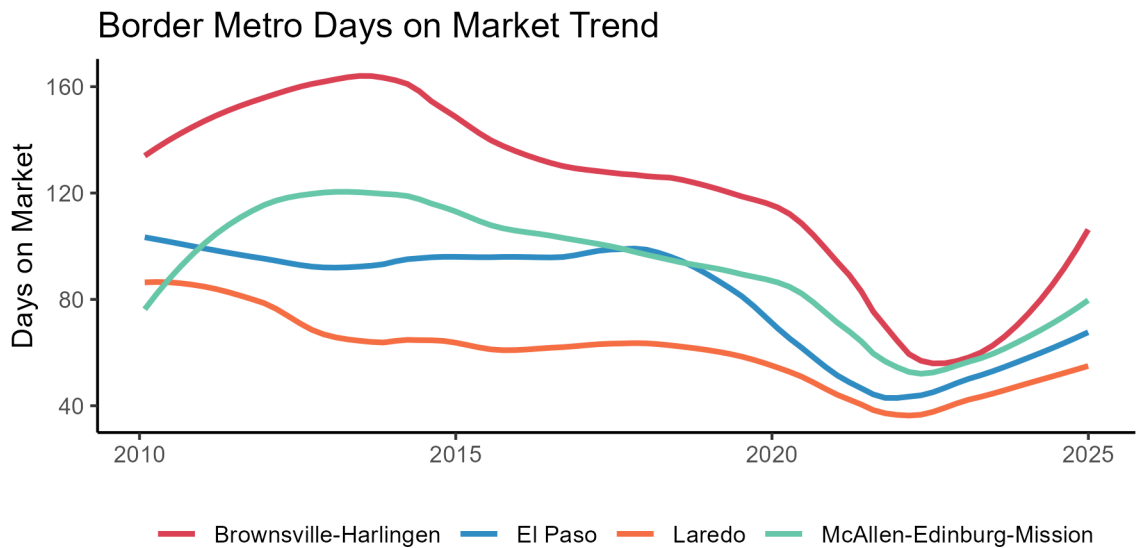


Source: Texas Real Estate Research Center at Texas A&M University

Housing



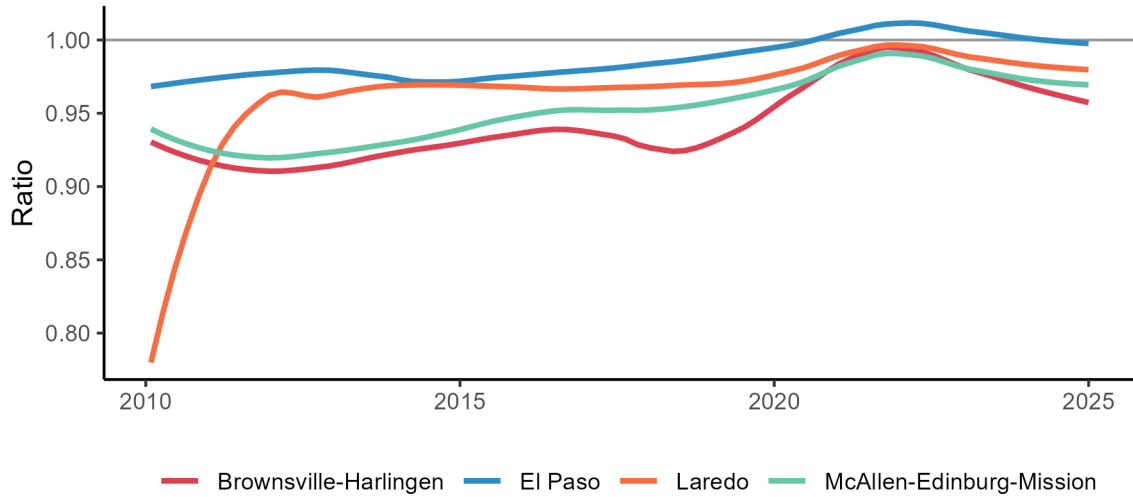
Source: Texas Real Estate Research Center at Texas A&M University



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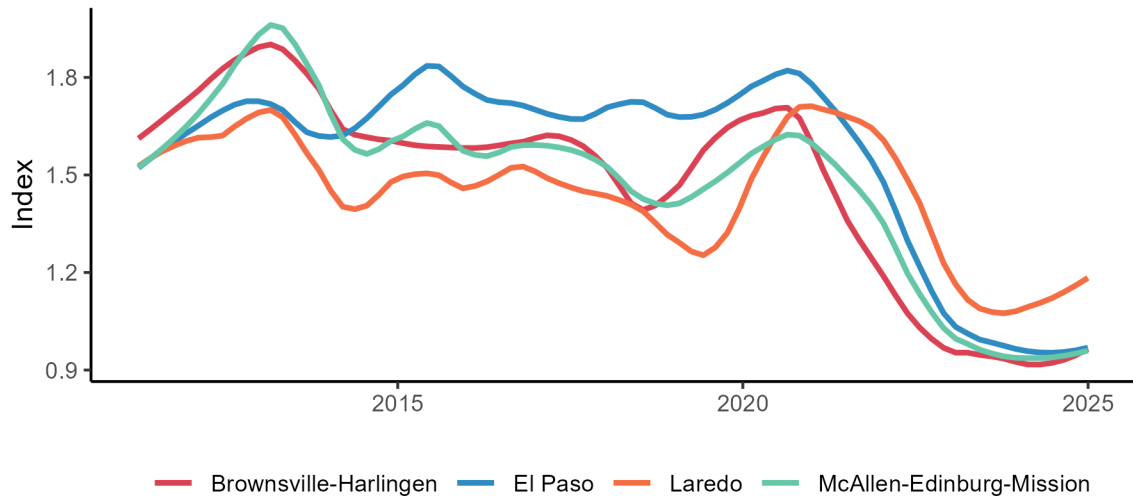
Housing

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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