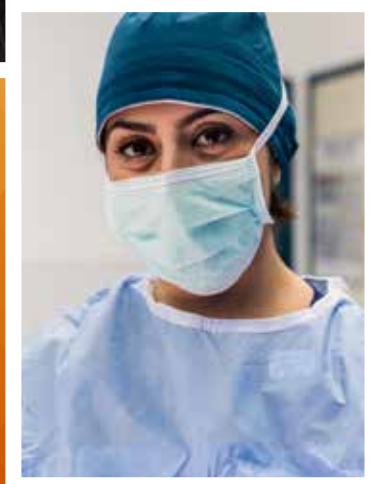
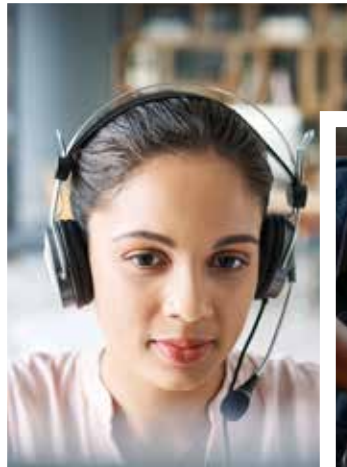


TEXAS BORDER ECONOMY

Joshua Roberson, Lead Data Analyst
Rajendra Patidar, Research Intern
Weiling Yan, Research Intern



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

TECHNICAL REPORT

2165

APRIL 2022 DATA



About this Report	2
April 2022 Border Summary	3
Economic Activity	9
Business Cycle Index	9
Employment Growth Rate	9
U.S. Manufacturing Production	10
Mexico Maquiladora and Manufacturing Employment	10
Unemployment Rate.....	11
Total Private Employee Hourly Earnings	11
Total Construction Values.....	12
Nonresidential Construction Values	12
Residential Construction Values	13
Real Peso per Dollar Exchange Rate	13
Import Values	14
Export Values	14
Housing	15
Housing Sales	15
Single-Family Housing Construction Permits.....	15
Total New Private Single-Family Construction Value	16
New Home Months of Inventory.....	16
Existing Home Months of Inventory	17
McAllen Months of Inventory by Price Cohort.....	17
Laredo Months of Inventory by Price Cohort	18
El Paso Months of Inventory by Price Cohort.....	18
Brownsville Months of Inventory by Price Cohort	19
New Home Days on Market.....	19
Exiting Home Days on Market	20
New Home Median Sales Price.....	20
Existing Home Median Sales Price.....	21
New Home Median Price Per Square Foot	21
Existing Home Median Price Per Square Foot	22
Housing Affordability Index	22



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. All measurements are calculated using seasonally adjusted data, and percentage changes are calculated Month-over-Month, unless stated otherwise.

This monthly 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, Rajendra Patidar, and Weiling Yan

Data current as of April 2, 2022

© 2022, Texas Real Estate Research Center. All rights reserved.

Border Summary

BORDER EMPLOYMENT

▲ 2.3% SAAR

FEB. MAQUILADORA EMPLOYMENT

▲ 8,190 MOM

TOTAL TRADE VALUES

▲ 2.6% MOM

HOUSING SALES

▼ 2.9% MOM

April 2022

Economic indicators in the border areas have reported mixed response for the month of April. The Texas border economy heavily depends on processing international trade and labor supply with Mexico, which can be valued at about \$350 billion per year. The border economy was disrupted by the COVID-19 pandemic, but it was recovering quickly due to the government economic policies.

Payrolls in border Metropolitan Statistical Areas (MSAs) increased monthly. Construction activities decreased while trade activities improved as imports increased across the border. Problems like growing inflation, scarcity of raw materials, and supply chain issues greatly impacted the automotive and electronics sectors. Housing sales decreased for the first time this year, primarily due to rising inflation and higher mortgage rates. Rising median home prices and depleting inventories remained challenges for housing markets. In addition to COVID-19-related supply-chain disruptions, conflict in eastern Europe and Russia's increased aggression in Ukraine disrupted the global economy and international trade. Rising inflation and interest rates can hamper future demand and overall border economy in the future.

Economy

The border economy continued its growth, as indicated by the **Dallas Fed's Business-Cycle Indexes**. McAllen's metric accelerated 8.7 percent on a seasonally adjusted annualized rate (SAAR) amid the largest payroll expansion among all border metros. El Paso's index elevated by 2 percent while Brownsville and Laredo's indexes increased by 4.9 and 7 percent, respectively. Pedestrian and personal-vehicle crossings were 70.3 and 42.6 percent higher, respectively, than a year ago (Figures 1 and 2), as the Department of Homeland Security revised its policy to allow noncitizens who are fully vaccinated and have appropriate documents to travel across borders during the last quarter of 2021.

Overall, **border nonfarm employment** added 1,500 jobs during April, resulting in 0.2 percent growth. Laredo added 400 positions while El Paso reported a loss of 900 jobs. Meanwhile, in the Rio Grande Valley, Brownsville and McAllen added 500 and 1,500 jobs, respectively. Trade, transportation, healthcare, education, and government contributed to the growth.



On the southern side of the border, **Mexican manufacturing and maquiladora employment**¹ increased by 8,190 jobs in March. Reynosa's employment increased by 0.2 percent month over month (MOM), and Juarez's increased by 1.8 percent MOM after adding 283 workers in the former and 5,536 in the latter during March. Meanwhile, maquiladora employment increased by 0.9 percent in Matamoros and by 1.2 percent in Nuevo Laredo MOM after adding 560 workers in the former and 355 workers in the latter. On the U.S. side of the border in April, motor vehicle manufacturing faced supply-chain issues in procuring semiconductor and increased security checks for vehicles entering Texas from Mexico, causing further logistic disruption.

The IHS Markit Mexico Manufacturing PMI for April indicated further deterioration in the overall confidence of Mexican manufacturing, primarily due to inflation concerns, raw material scarcity, and the war in Ukraine. The war in eastern Europe has led to an increase in energy, oil, and gasoline prices in border areas.

The average April **unemployment rate** fell to 6 percent along with the border metros. Joblessness fell to 4.8 percent for both El Paso and Laredo, while the metrics for the Rio Grande Valley fell to 7.7 percent in McAllen and 6.7 percent in Brownsville. Additionally, the labor force participation rate ticked up, while the number of weekly initial unemployment remained unchanged across border areas during April (Figure 3).

Fluctuations in the **average private hourly earnings** revealed positive real wage growth along the border except in Brownsville. Moreover, inflationary pressures prevented meaningful gains in purchasing power. Earnings in McAllen rose in real terms to an average nominal wage of \$19.45 in April. Hourly wages in Brownsville (\$16.95) trended downward, decreasing by 2.3 percent on average, while El Paso (\$21.60) and Laredo (\$19.45) reported increases of 2.71 percent and 2.1 percent, respectively, MOM. While baseline effects are mechanically weighed on YOY numbers, nominal wages are approaching pre-pandemic levels along the border.

Total construction values decelerated during April after increasing significantly the previous month. Changes in residential and nonresidential values varied across border areas. Nonresidential values for El Paso decreased while residential values for McAllen increased due to increases in single-family and multifamily construction. On the other side, the nonresidential values increased in Laredo as did warehouse construction. Meanwhile, Brownsville reported an increase in residential values and nonresidential construction values.

In the currency market, the **peso per dollar exchange rate** dropped to \$20.09, but the inflation-adjusted rate² decreased 3.5 percent YOY and 1.7 percent MOM, revealing gains for Mexican importers. **Total trade values** increased by 2.6 percent along the border areas in April. At the metropolitan level, total imports grew by 5.7 percent due to expanding trade activities in El Paso

¹ Mexican manufacturing and maquiladora employment is generated by the Instituto Nacional de Estadística Y Geografía. Its release typically lags the *Texas Border Economy* by one month.

² The real peso per dollar exchange rate is inflation adjusted using the Texas Trade-Weighted Value of the Dollar. Its release typically lags the *Texas Border Economy* by one month.

and Laredo, which rose 17.4 and 9.8 percent, respectively. Exports decreased 1.5 percent along the border with Laredo and McAllen both decreasing by 1.9 percent. Export values decelerated in El Paso as well, while Brownsville's metric rebounded in the last two months. The border's trade sector remains an integral component of the local economies. Ongoing supply-chain disruptions uniquely affected El Paso as its international commerce is largely dependent on products containing semiconductors.

Housing

Border housing sales inched down 2.9 percent in April after rising during the initial months of the year. In the Rio Grande Valley, McAllen posted a 1 percent decrease in housing sales, and Brownsville sales continued their decline from the previous month of 0.1 percentage points. Sales activity in Laredo increased slightly while El Paso's metric fell by 2.3 percent. The sharp increase in mortgage rates is the primary reason for dwindling housing demand. The Federal Home Loan Mortgage Corporation's 30-year, fixed-rate skyrocketed to 5 percent in April 2022, rising from a record low of 2.7 percent in January 2021.

Border metros issued 1,030 **single-family housing construction permits**, increasing 8.3 percent, due to a significant rise in new permits issued in McAllen (15.1 percent) and El Paso (12.9 percent). Brownsville had exponential growth in new permits issued during the first quarter, but they declined in April by 8.7 percent. They increased by 1.5 percent in Laredo. Meanwhile, **private single-family construction values** trended downward in the border area as the metric declined by 4.4 percent. Brownsville's values rose by 5.1 percent, and McAllen's values rose by 0.6 percent. El Paso's and Laredo's metrics posted declines in MOM growth in values after impressive growth the previous two months, which contributed to an overall decline in border construction values. While construction values corroborated positive levels of current supply-side activity, the dearth of permits suggests long-term supply challenges.

While a balanced housing market typically has a **months of inventory (MOI)** closer to six months, the MOI along the border remained much lower. Laredo's growing sales activity and a downtick in new listings pushed the average MOI for April to 1.8 months. El Paso's metric remained at a month. McAllen's metric increased continuously to 2.1 months, while Brownsville's inventory increased to 1.6 months in the first quarter. April's increase in MOI during April indicates housing inventory is increasing.

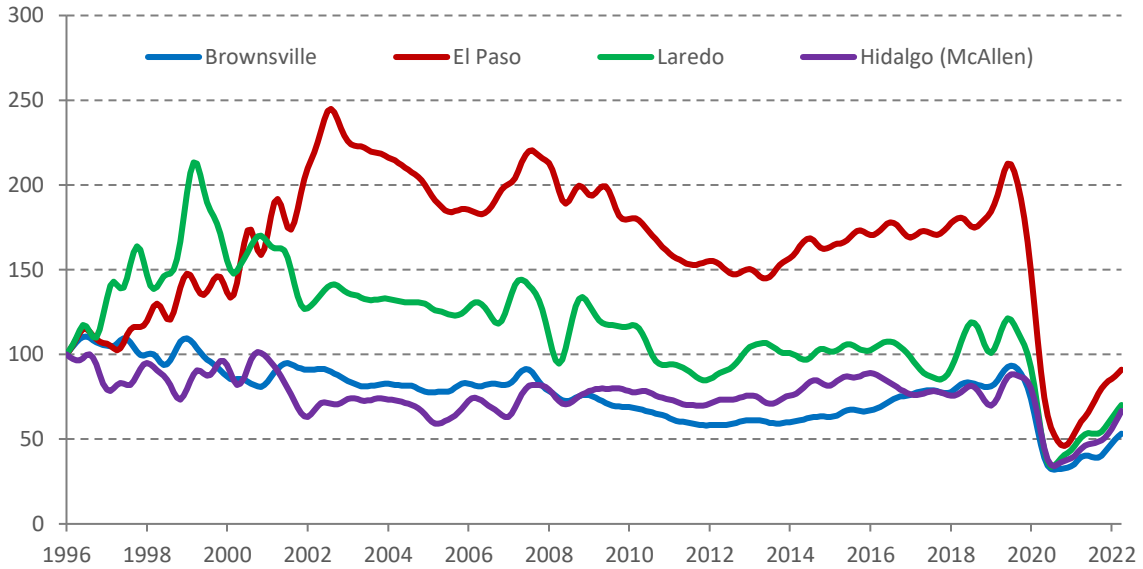
Falling home sales increased the **average number of days on market (DOM)** along the border. However, the average metric was exceptionally lower in April than it was the previous year. El Paso's DOM increased to 43 days, while McAllen's rose to 55. Laredo's DOM decreased to 37 days, while listings in Brownsville averaged nearly two months on the market.

Rising inflation contributed to **median home price** growth in the border metros. Tight inventories at the lower end of the market pushed activity into higher price cohorts. El Paso's metric was at an all-time high of \$238,359; Brownsville's increased to \$254,865. McAllen's median home price



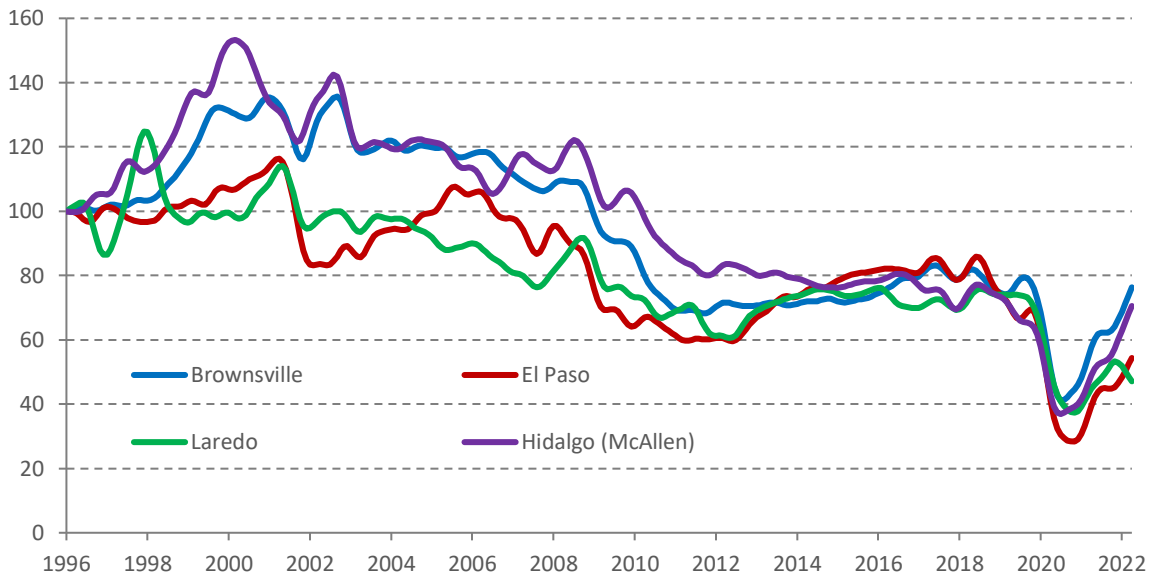
increased to \$223,983 after falling during the initial months of the year. Laredo's metric increased from \$214,065 to \$233,607.

Figure 1. Pedestrian Crossings
(Index Jan 1996 = 100)



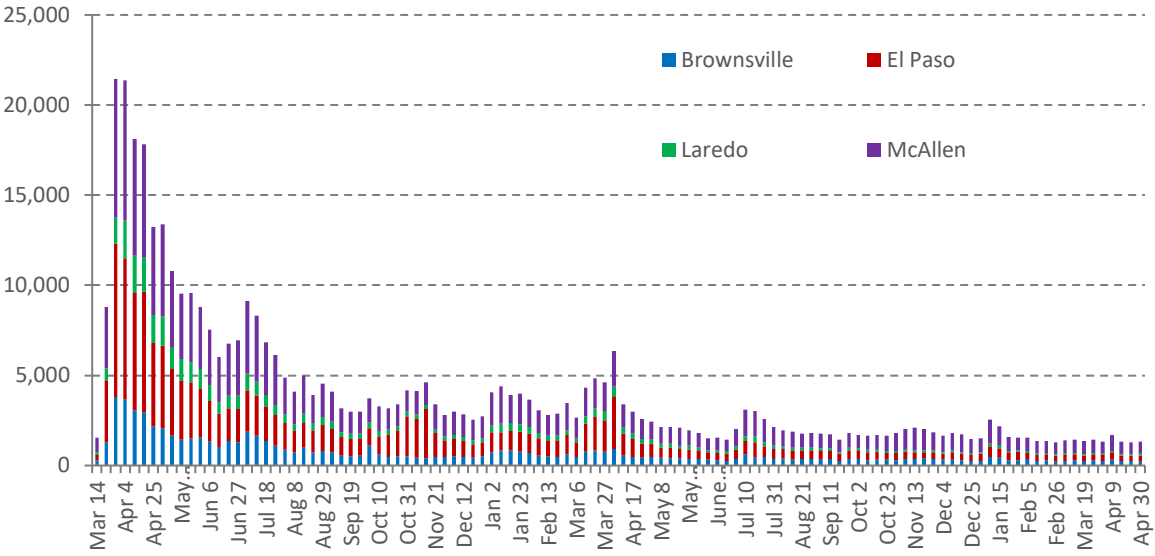
Note: Pedestrians entering the United States from Mexico. Data collected at ports of entry by U.S. Customs and Border Protection. Trend-cycle component.
Source: U.S. Bureau of Transportation Statistics

Figure 2. Personal Vehicle Crossings
(Index Jan 1996 = 100)



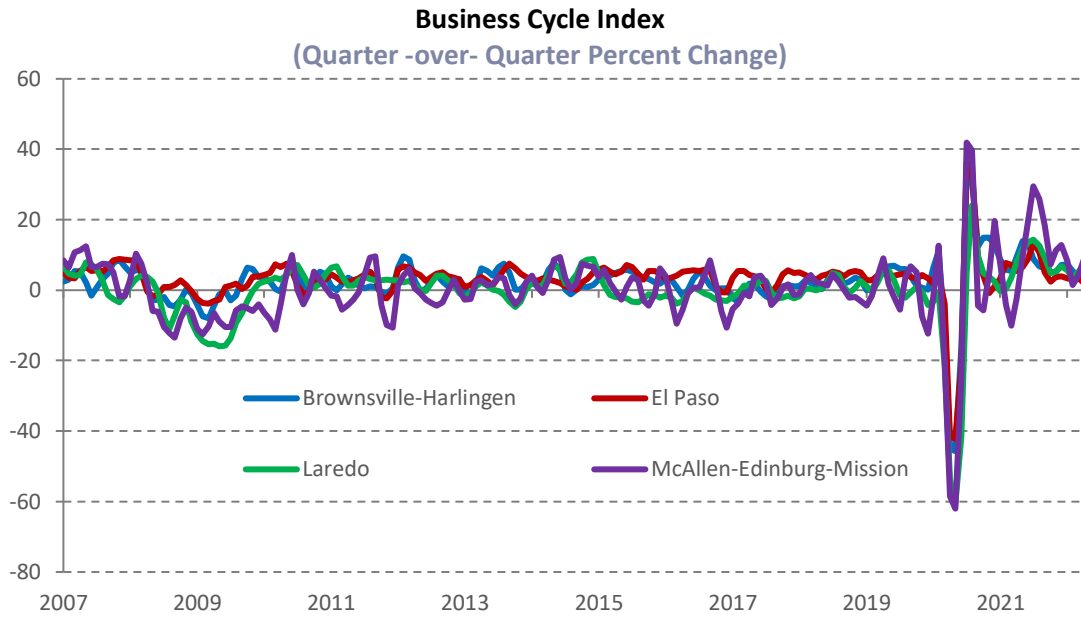
Note: Personal vehicles entering the United States from Mexico. Data collected at ports of entry by U.S. Customs and Border Protection. Trend-cycle component.
Source: U.S. Bureau of Transportation Statistics

Figure 3. Border Metro Weekly Initial Unemployment Claims (2020-22)

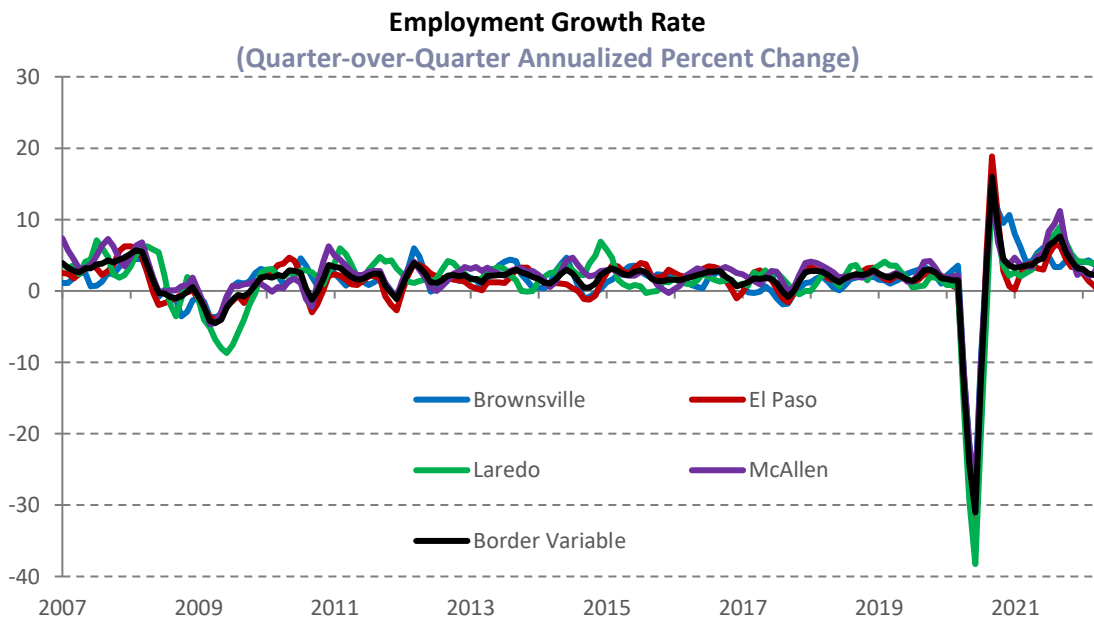


Note: Seasonally adjusted.
 Sources: Texas Workforce Commission, U.S. Department of Labor Employment and Training Administration, and Texas Real Estate Research Center at Texas A&M University calculations

Economic Activity

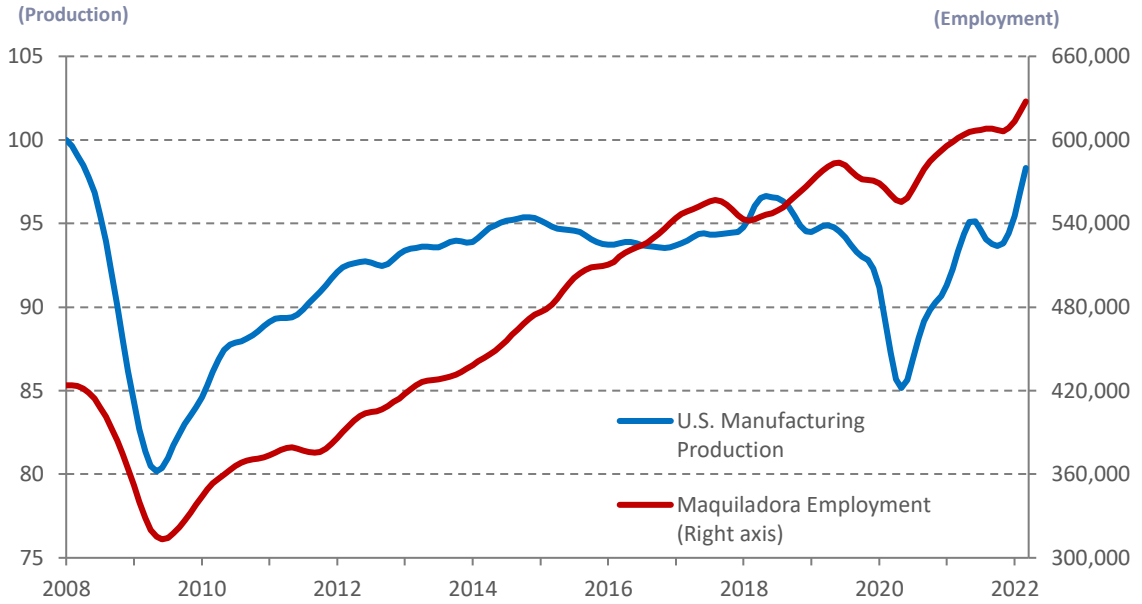


Note: Seasonally adjusted. For more information, see [Texas Business Cycle Index](#).
Source: Federal Reserve Bank of Dallas



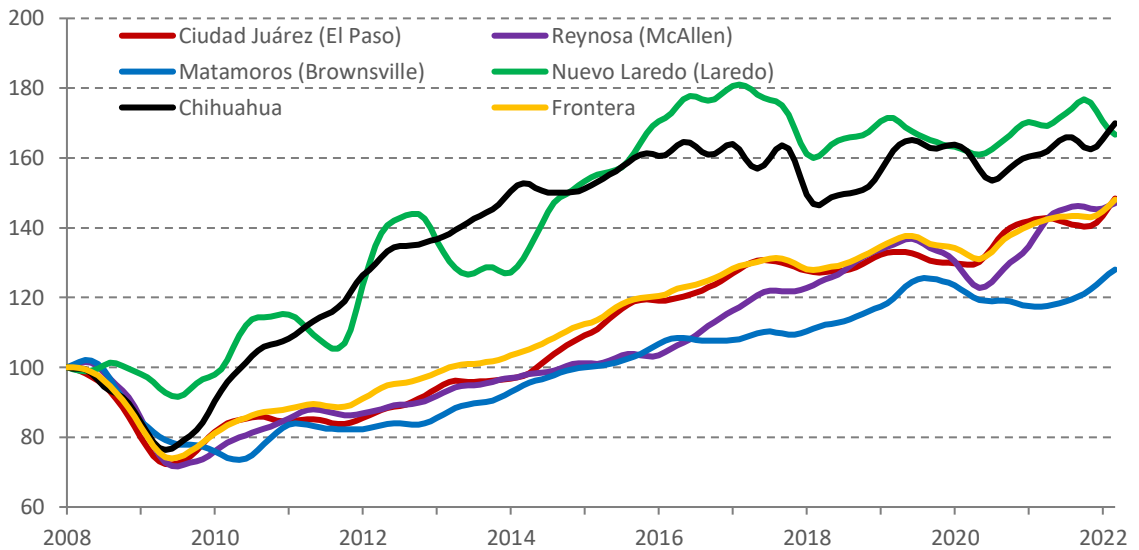
Note: Seasonally adjusted, three-month moving average. April 2021 is preliminary.
For more information, see [Employment Growth Rate](#).
Source: Bureau of Labor Statistics

U.S. Manufacturing Production (Index Jan 2008 = 100; Number of Employees)



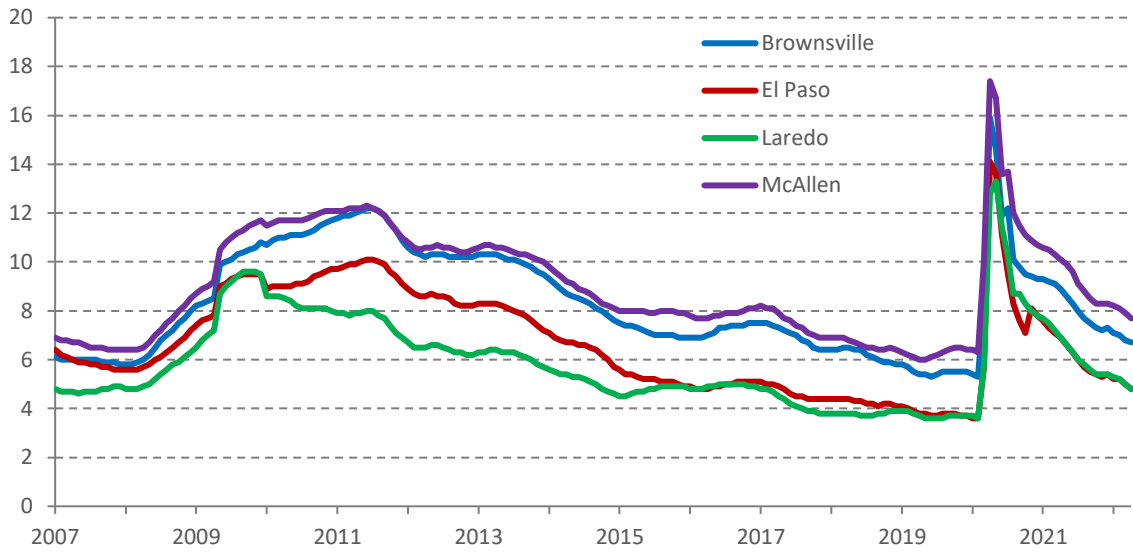
Note: Trend-cycle component.
Sources: Federal Reserve Bank of St. Louis and Instituto Nacional de Estadística y Geografía

Mexico Maquiladora and Manufacturing Employment (Index Jan 2008 = 100)



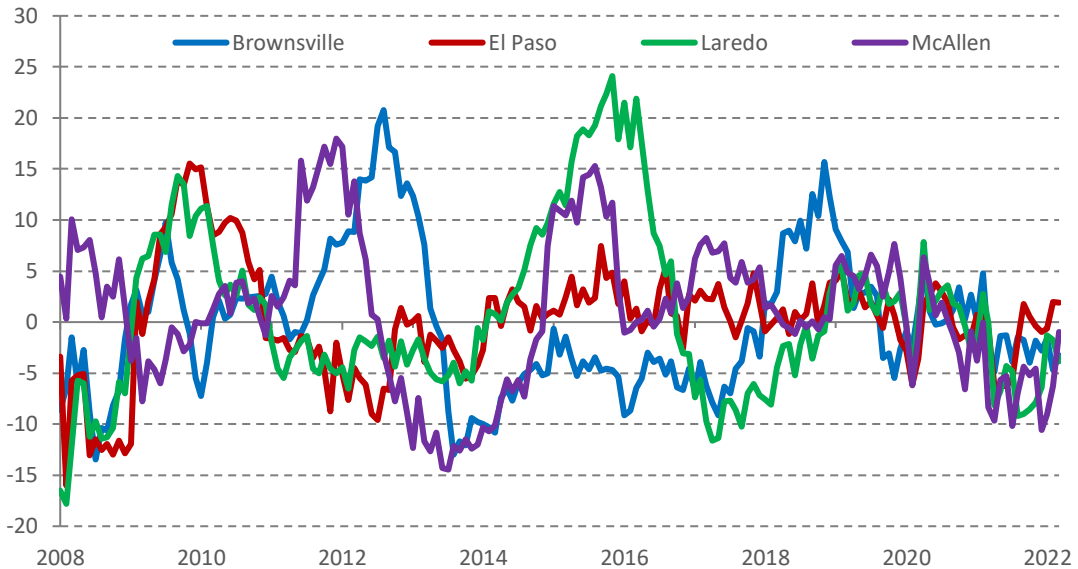
Note: Trend-cycle component.
Source: Instituto Nacional de Estadística y Geografía

Unemployment Rate (Percent)



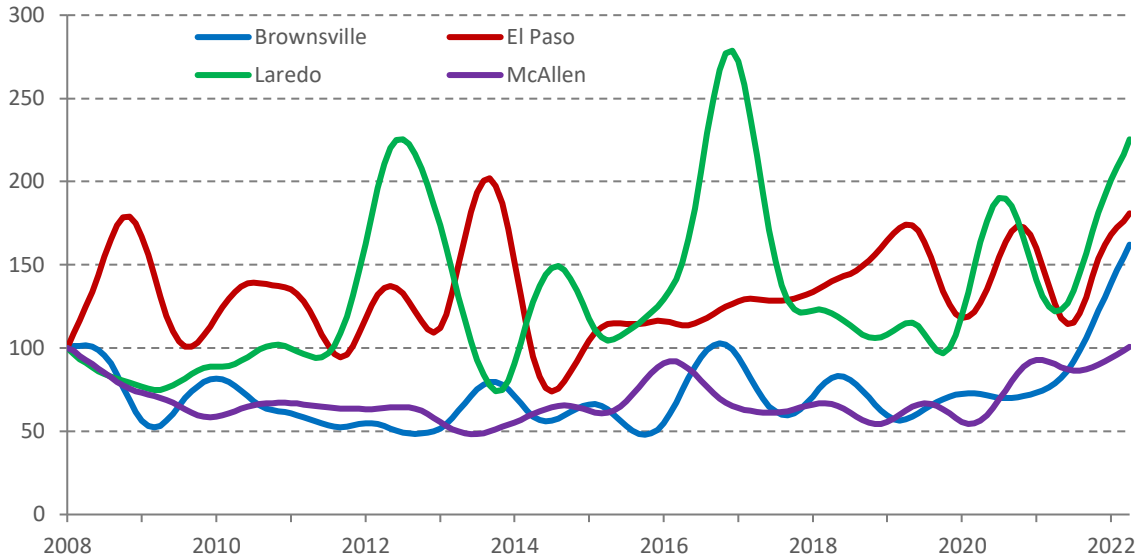
Note: Seasonally adjusted. April 2021 is preliminary. For more information, see [Unemployment Rate](#).
Source: Bureau of Labor Statistics

Total Private Employee Hourly Earnings (Year-over-Year Percent Change)



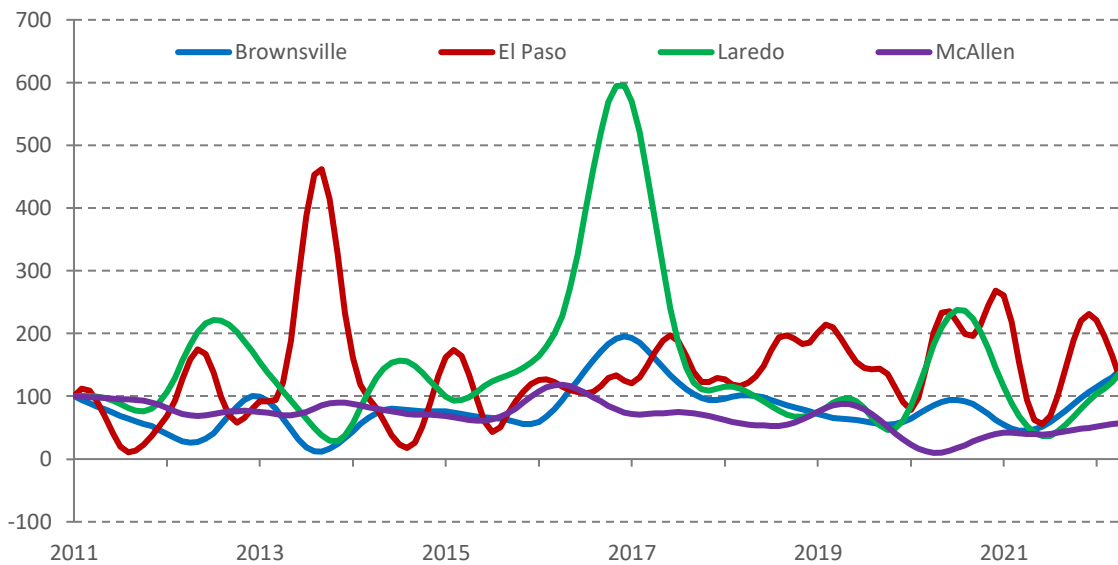
Notes: Inflation adjusted, seasonally adjusted. April 2021 is preliminary.
For more information, see [Total Private Employee Hourly Earnings](#).
Source: Bureau of Labor Statistics

Total Construction Values
(Index Jan 2008= 100)



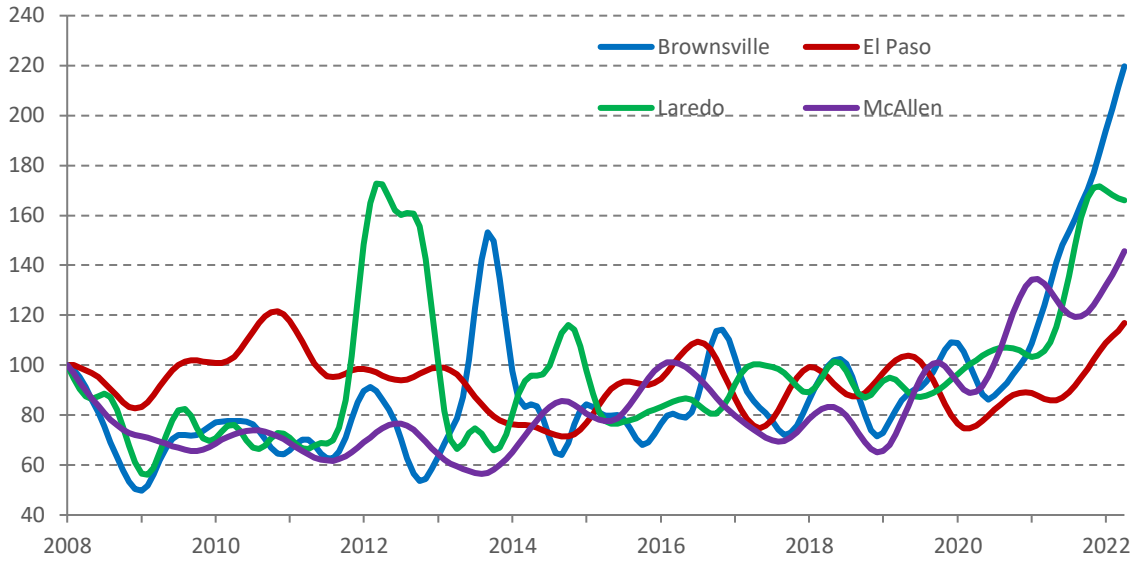
Note: Inflation-adjusted. Trend-cycle component.
Source: Dodge Data & Analytics

Nonresidential Construction Values
(Index Jan 2011 = 100)



Note: Inflation-adjusted. Trend-cycle component.
Source: Dodge Data & Analytics

Residential Construction Values
(Index Jan 2008 = 100)



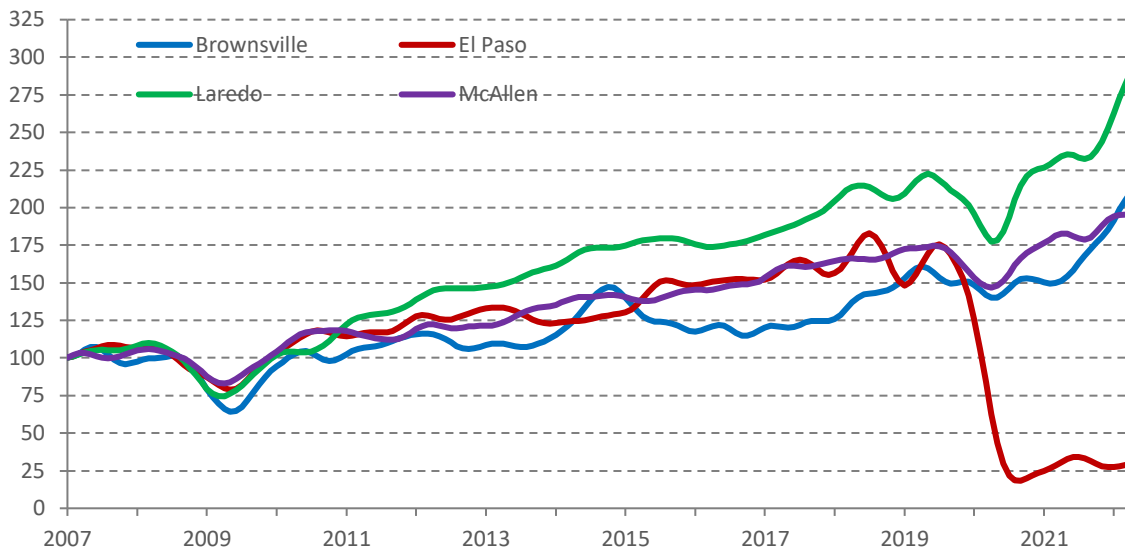
Note: Inflation-adjusted. Trend-cycle component.
Source: Dodge Data & Analytics

Real Peso per Dollar Exchange Rate
(\$)



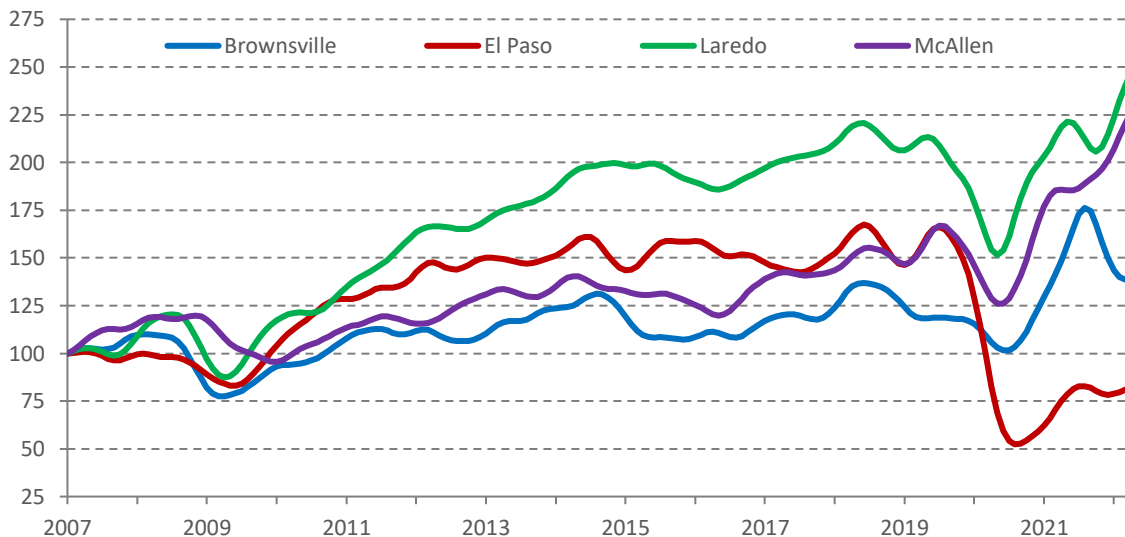
Note: Deflated using the Texas Trade Weighted Value of the Dollar.
Source: Federal Reserve Bank of Dallas

Import Values (Index Jan 2007 = 100)



Note: Trend-cycle component.
Sources: Foreign Trade Division and U.S. Census Bureau

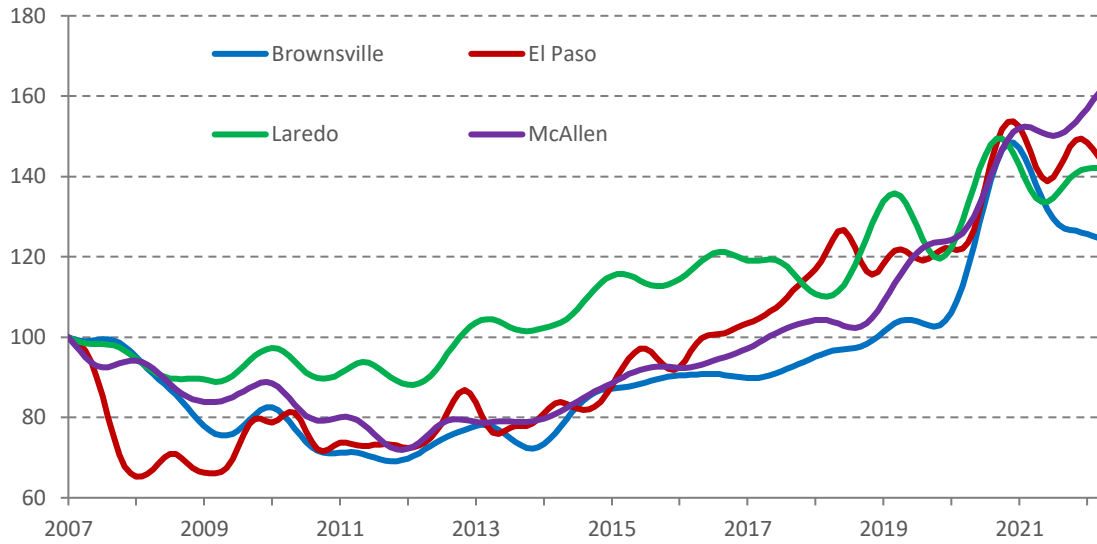
Export Values (Index Jan 2007 = 100)



Note: Trend-cycle component.
Sources: Foreign Trade Division and U.S. Census Bureau

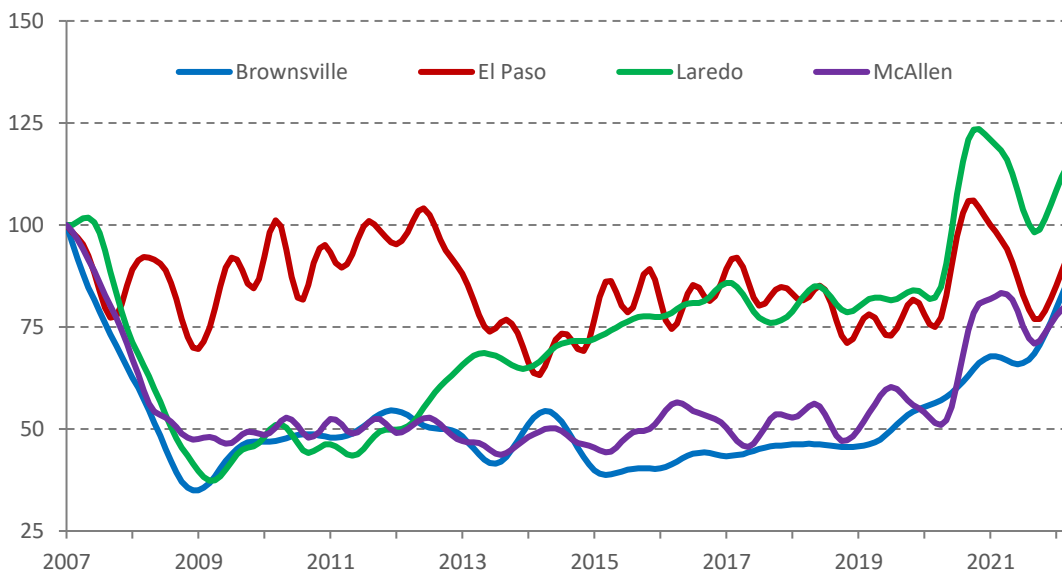
Housing

Housing Sales
(Index Jan 2007 = 100)



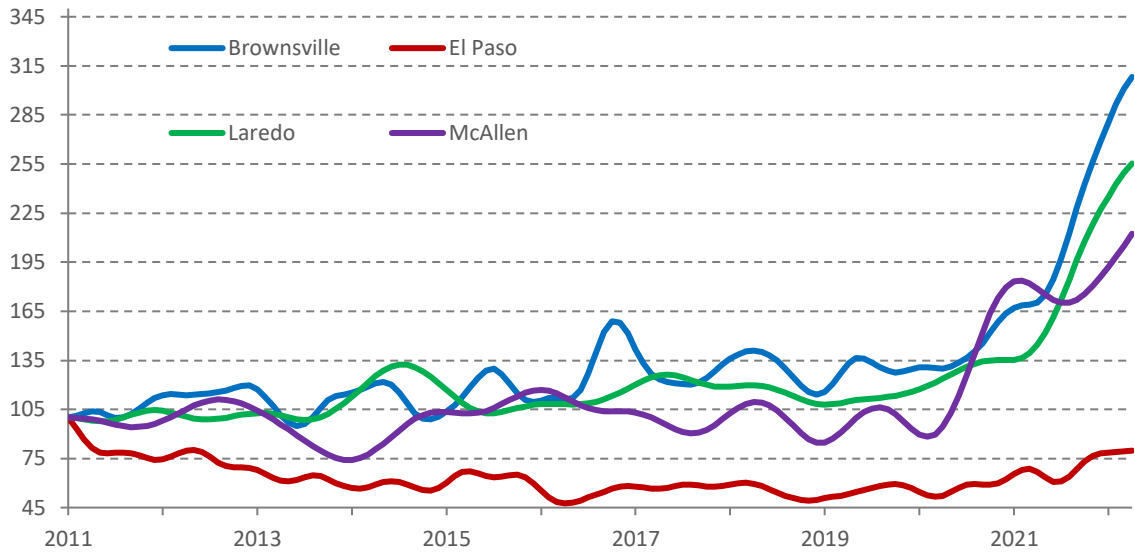
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

Single-Family Housing Construction Permits
(Index Jan 2007 = 100)



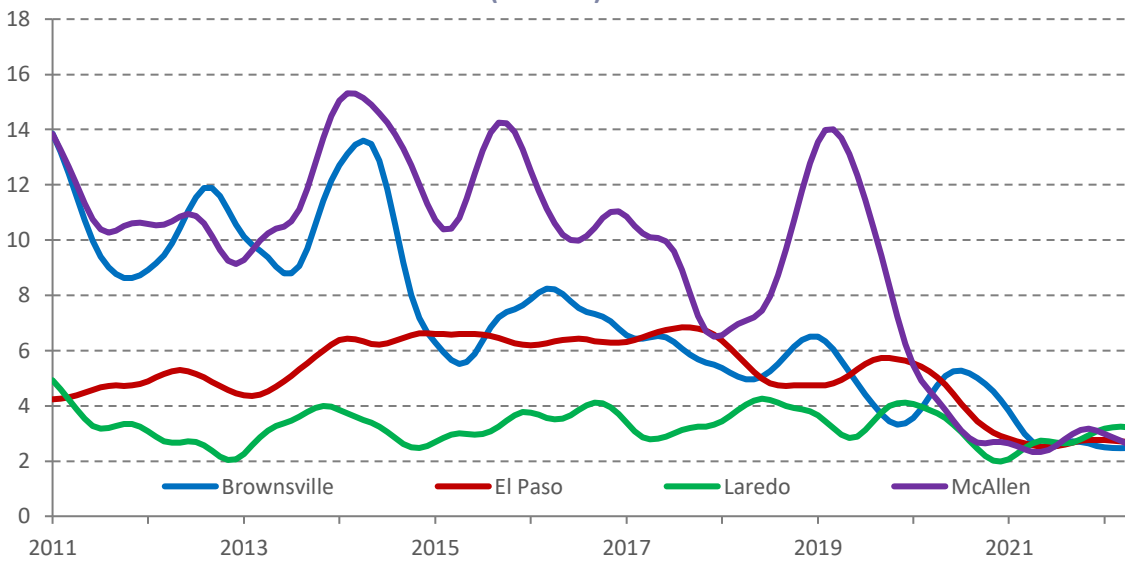
Note: Trend-cycle component.
Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University

Total New Private Single-Family Construction Value
(Index Jan 2011 = 100)



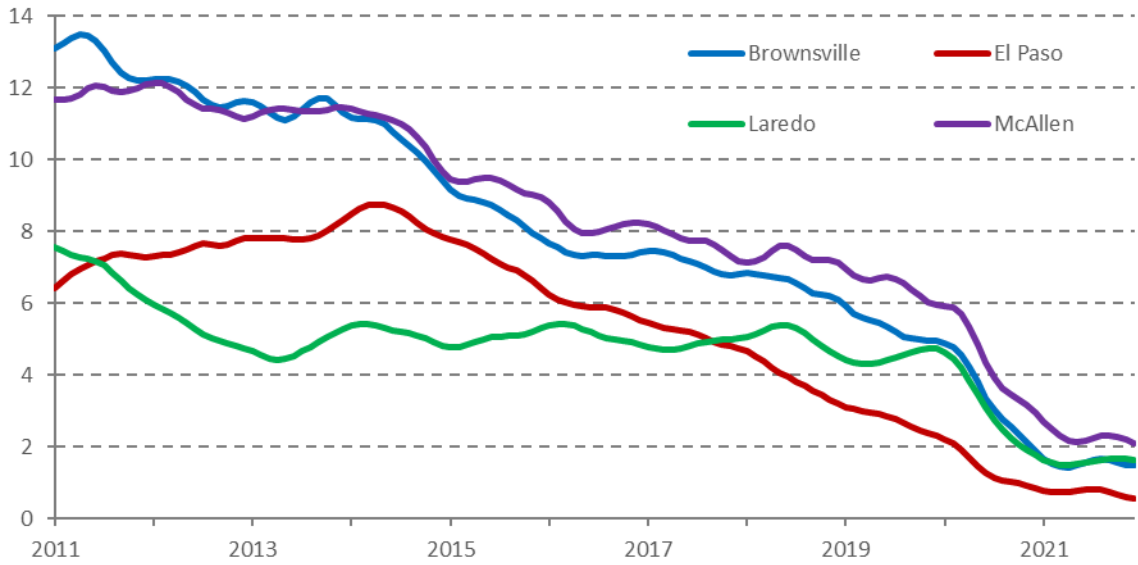
Note: Inflation adjusted. Trend-cycle component.
Source: Dodge Data & Analytics

New Home Months of Inventory
(Months)



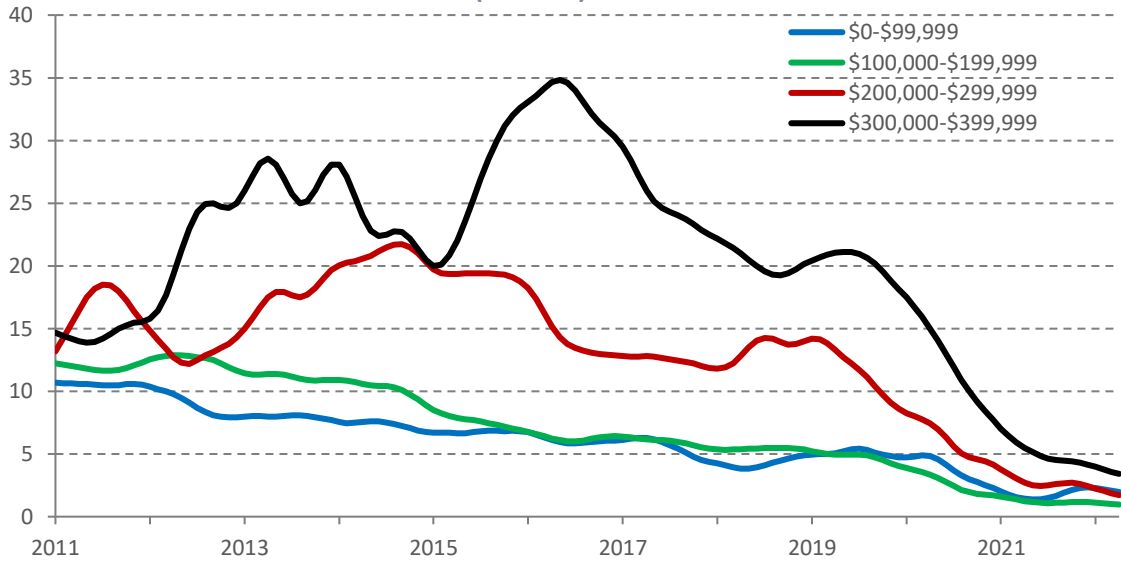
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

Existing Home Months of Inventory (Months)



Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

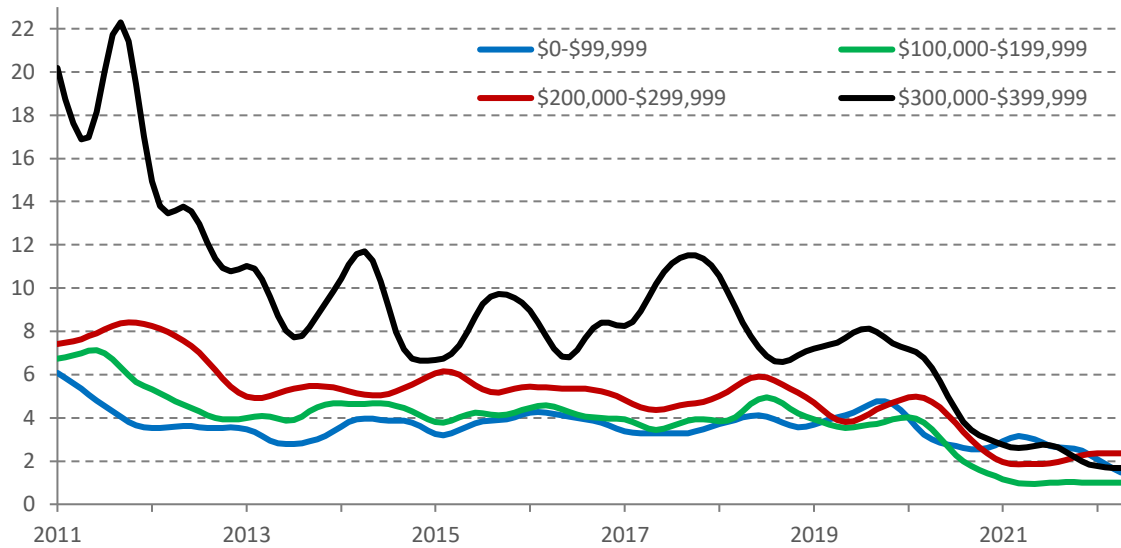
McAllen Months of Inventory by Price Cohort (Months)



Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University



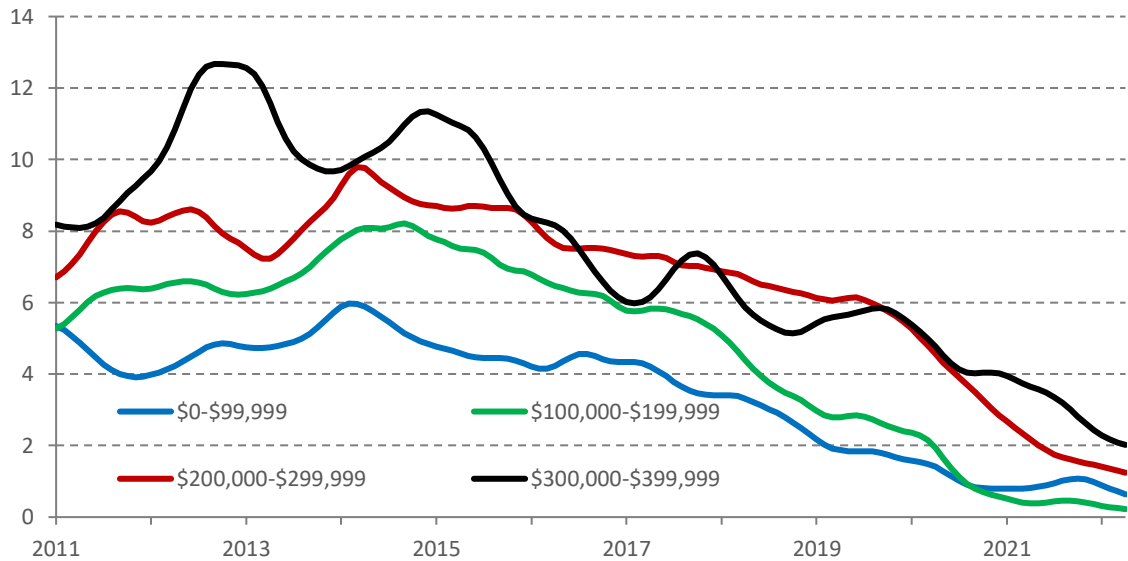
Laredo Months of Inventory by Price Cohort (Months)



Note: Trend-cycle component.

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

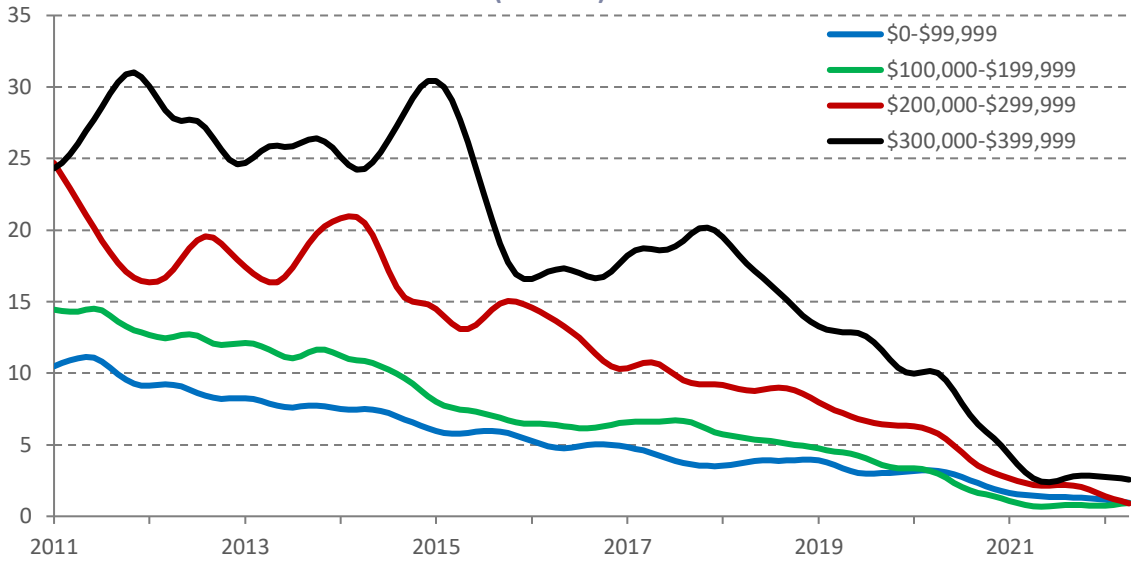
El Paso Months of Inventory by Price Cohort (Months)



Note: Trend-cycle component.

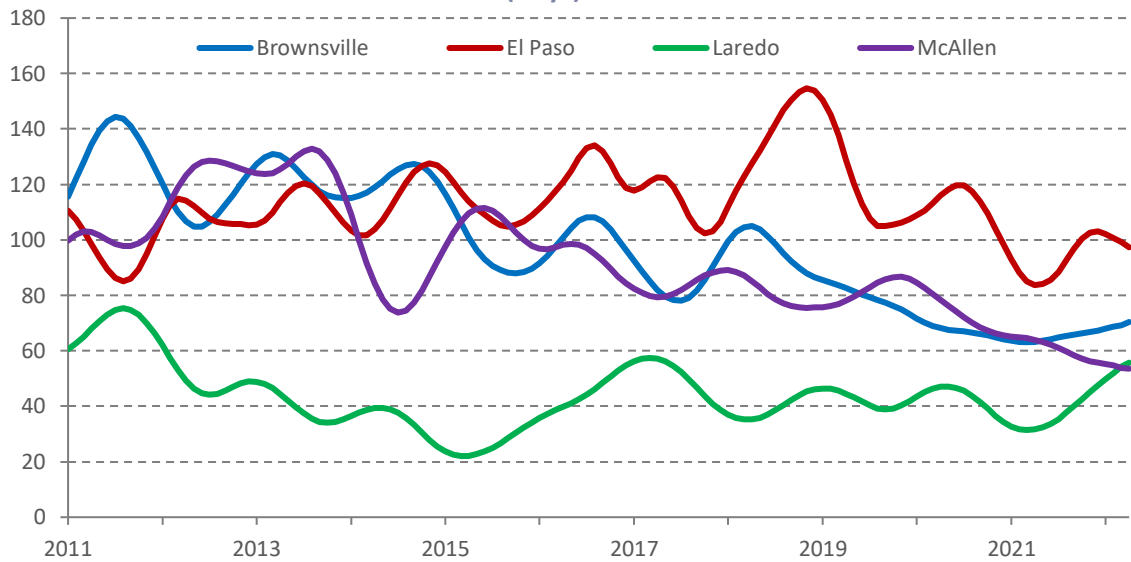
Source: Texas Real Estate Research Center at Texas A&M University

Brownsville Months of Inventory by Price Cohort (Months)



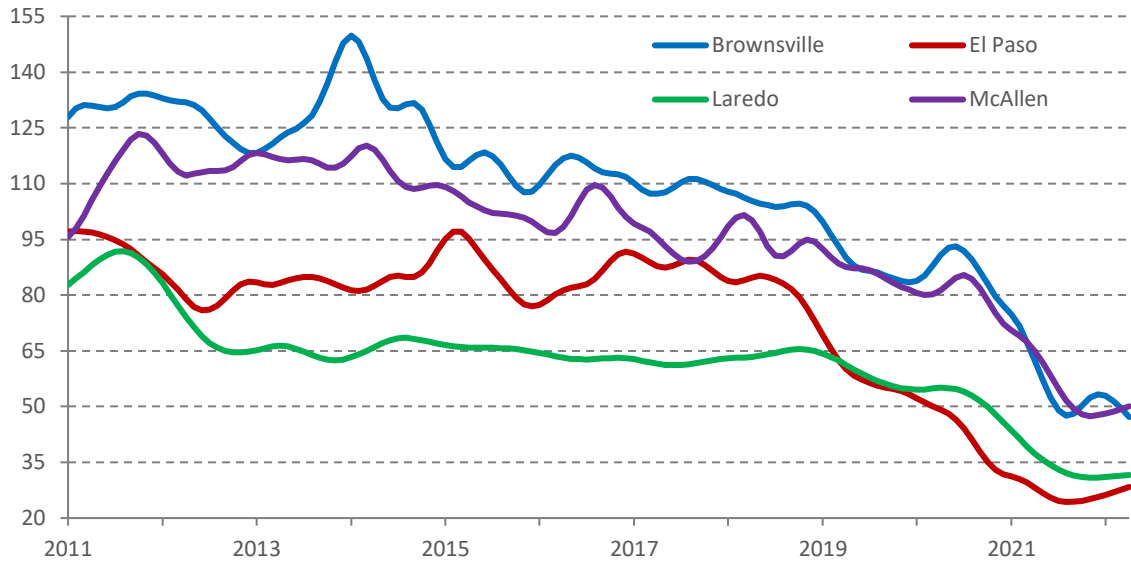
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

New Home Days on Market (Days)



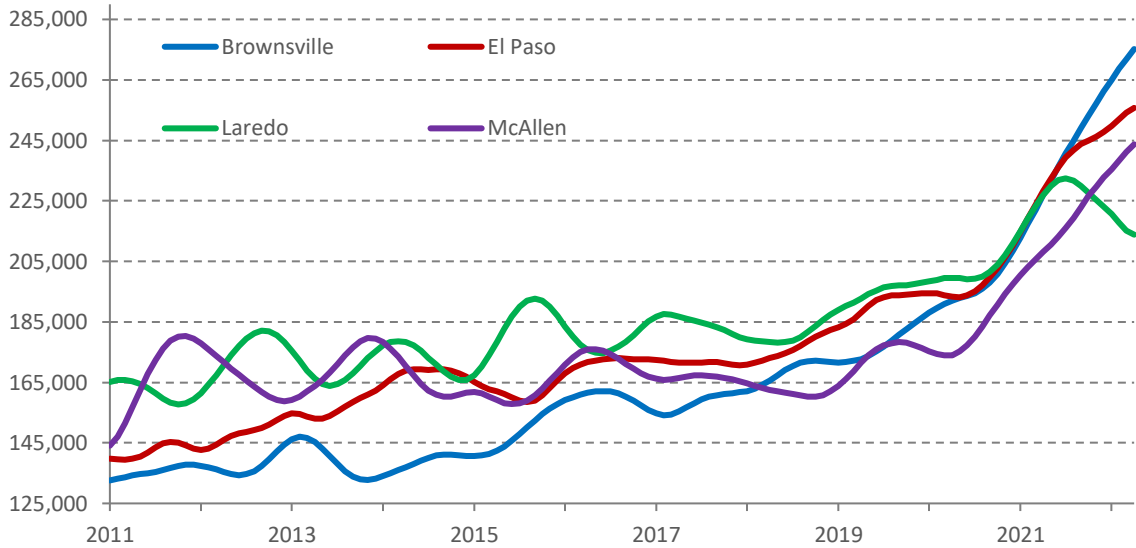
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Existing Home Days on Market (Days)



Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

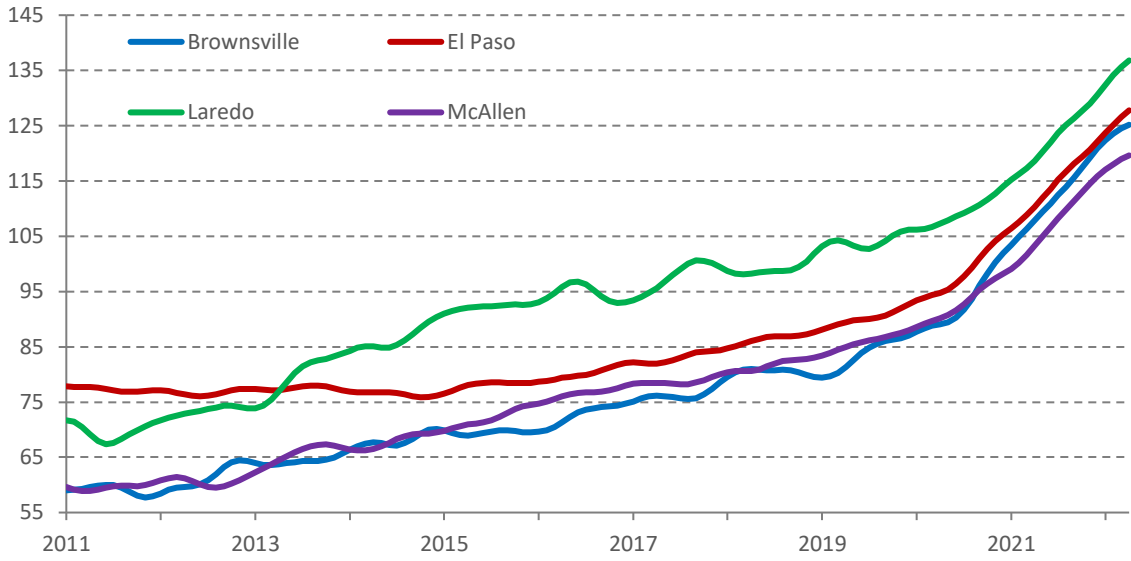
New Home Median Sales Price (\$)



Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Existing Home Median Sales Price

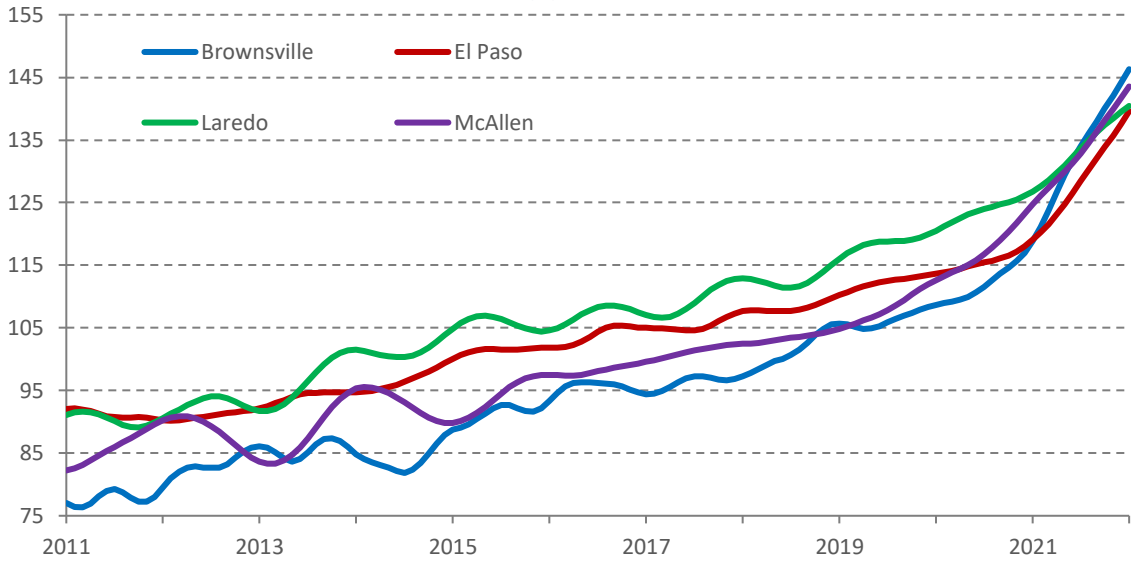
(\$)



Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

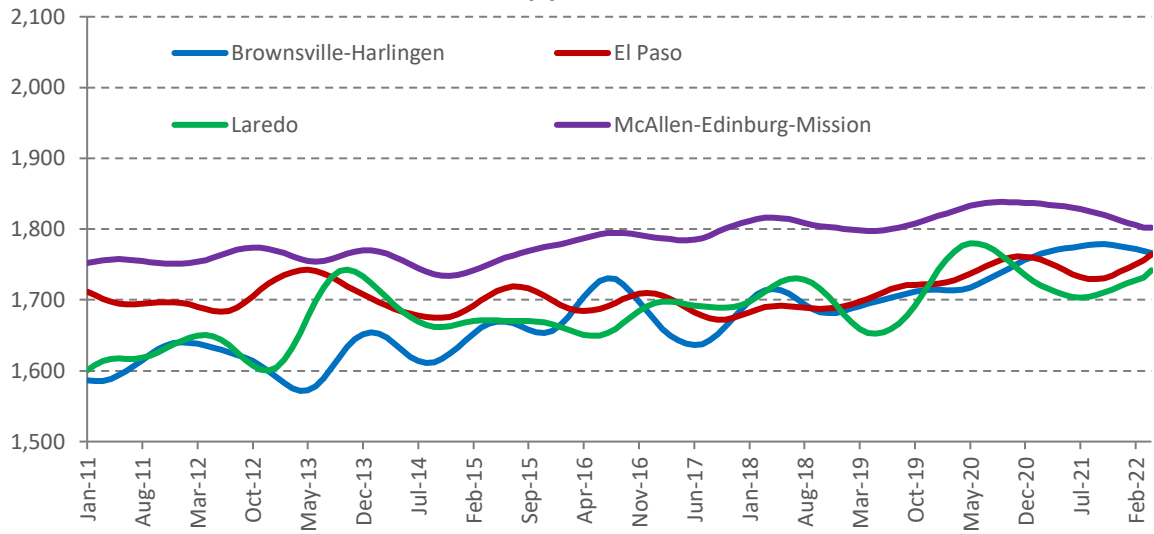
New Home Median Price Per Square Foot

(\$)



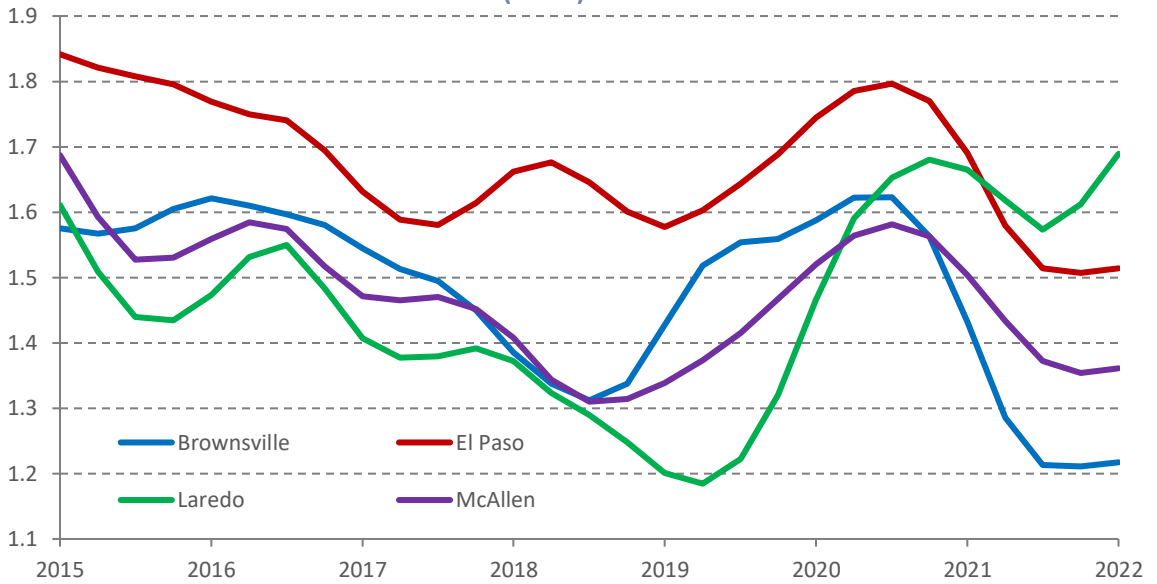
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

Existing Home Median Price Per Square Foot
($\text{\$}$)



Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Housing Affordability Index
(Ratio)



Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

DIVISION OF ACADEMIC AND STRATEGIC COLLABORATIONS

Texas A&M University
2115 TAMU
College Station, TX 77843-2115

<http://recenter.tamu.edu>
979-845-2031

EXECUTIVE DIRECTOR

GARY W. MALER

ADVISORY COMMITTEE

DOUG JENNINGS, CHAIRMAN Fort Worth	DOUG FOSTER, VICE CHAIRMAN Lockhart
TROY ALLEY, JR. DeSoto	BESA MARTIN Boerne
RUSSELL CAIN Port Lavaca	TED NELSON Houston
VICKI FULLERTON The Woodlands	BECKY VAJDAK Temple
PATRICK GEDDES Dallas	BARBARA RUSSELL, EX-OFFICIO Denton



LinkedIn
[linkedin.com/company/recentertx](https://www.linkedin.com/company/recentertx)



Instagram
[instagram.com/recentertx](https://www.instagram.com/recentertx)



YouTube
[YouTube.com/realestatecenter](https://www.youtube.com/realestatecenter)



Facebook
[facebook.com/recentertx](https://www.facebook.com/recentertx)



Twitter
[twitter.com/recentertx](https://www.twitter.com/recentertx)