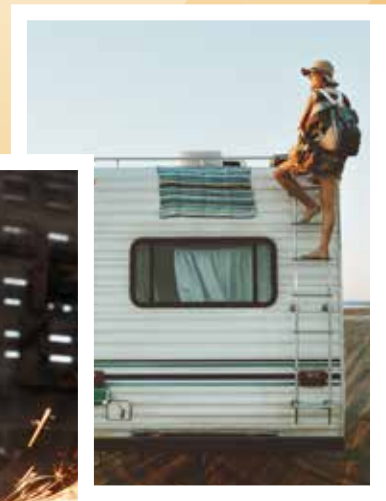
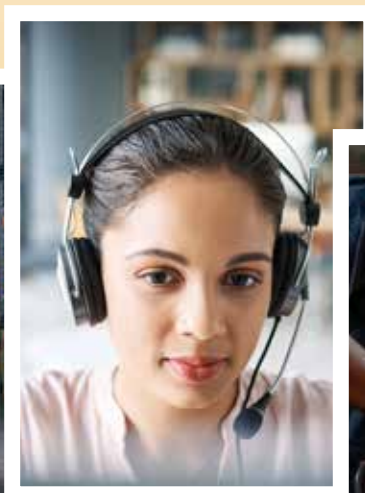


TEXAS BORDER ECONOMY

Joshua Roberson, Lead Data Analyst
Rajendra Patidar, Research Intern



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

TECHNICAL REPORT

2 1 6 5

JANUARY 2023 DATA

TR

About this Report	2
January 2023 Border Summary	3
Economic Activity	7
Border Metro Busines-Cycle Index	7
Border Employment Index.....	7
Border Metro Weekly Initial Unemployment Claims	8
Pedestrian Border Crossings.....	8
Personal Vehicle Passenger Border Crossings	9
Mexico Maquiladora & Manufacturing Employment	9
Border Metro Unemployment Rate	10
Border Metro Average Hourly Earnings	10
Border Metro Average Weekly Hours Worked	11
Real Peso per Dollar Exchange Rate	11
Texas Border Import Values	12
Texas Border Export Values	12
Housing	13
Border Metro Home Sales	13
Border Metro Home Price Trend.....	13
Border Metro Single-Family Permits	14
Border Metro Single-Family Average Permit Values	14
New and Existing Border Home Prices	15
Border Housing Inventory by Price Range.....	15
Border Metro Pending Listings	16
Border Metro Days on Market Trend	16
Border Metro Close to List Price Ratio Trend.....	17
Border Housing Affordability Index	17



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 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.

Authors: Joshua Roberson and Rajendra Patidar

Data current as of February 28, 2022

© 2023, Texas Real Estate Research Center. All rights reserved.

Border Summary January 2023

BORDER EMPLOYMENT
▲ **1,700 jobs**

UNEMPLOYMENT RATE
▼ **5.4% MOM**

NET TRADE VALUE
▲ **12.0% MOM**

HOUSING SALES
▼ **9.4% MOM**

Economic indicators along the border showed mixed responses for January. Payrolls expanded in all border Metropolitan Statistical Areas (MSAs), corroborated by decreases in unemployment rates and unemployment claims. International trade across the border increased and reduced the trade deficit. Commercial real estate activity is growing, and there is consistent growth in residential construction as well.

Demand for homes fell while more construction permits were issued in January. Falling housing demand has increased inventory and days to sale after listing, and it has reduced the median prices. Inflation was higher than expected, which could impact consumer earnings.

Economy

The **Dallas Fed’s Business-Cycle Indexes** indicated a slight deceleration in growth. At the metro level, El Paso reported a seasonally adjusted annualized growth rate of 5.4 percent, while slowdown in McAllen and Brownsville-Harlingen led to trivial growth. Meanwhile, the metric shrank by 7.2 percent in Laredo. Both pedestrian and personal vehicle crossings at the border were down by 9 percent and 3.4 percent in January. Border crossings were up from a year ago.

Overall, **border nonfarm employment** added 1,700 positions due to a hiring expansion in McAllen-Edinburg-Mission (Table 1). Sectors like trade, transportation, manufacturing, and hospitality were major contributors to employment growth in the border region.

Table 1. Border Metros Employment

City	Total Employed	Monthly Change	Monthly Percentage Change
Brownsville-Harlingen	159,200	200	0.1%
McAllen-Edinburg-Mission	296,000	1600	0.5%
El Paso	340,200	100	0
Laredo	108,200	-200	-0.2%

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

The spike in jobs led to the lowest unemployment numbers since the onset of COVID-19. The border region’s **unemployment rate** fell to 5.4 percent in January. Joblessness in Laredo and El Paso were both less than 5 percent, while McAllen and Brownsville fell to 6.8 and 5.9 percent, respectively. The labor force participation rate ticked down statewide, while weekly unemployment claims declined across border areas.

Fluctuations in **average private hourly earnings** led to an increase in earnings. Consequently, inflationary pressures prevented meaningful gains in purchasing power. Nominal wages across the border grew to \$20.82, while they stabilized at \$18.22 in Brownsville. Hourly wages in El Paso and Laredo were at all-time highs at \$23 and \$20.88, while the metric averaged around \$19 in McAllen-Edinburg-Mission and Laredo. Nominal wages across the border grew significantly in the first half of 2022 and surpassed pre-pandemic levels.

On the southern side of the border, **Mexican manufacturing and maquiladora employment**¹ continued plummeting and reported a steep fall in December with 11,400 job losses. The decrease in Mexican manufacturing employment was driven by layoffs in Reynosa and Juarez (Table 2).

Table 2. Mexican Manufacturing and Maquiladora Employment

City	Total Employed	Monthly Change	Monthly Percentage Change
Reynosa	138,750	-5,675	-3.9%
Juarez	313,459	-3,826	-1.2%
Matamoros	64,036	-858	-1.3 %
Nuevo Laredo	32,899	-445	-1.3%
Chihuahua	83,648	-594	0.7%

Source: National Institute of Statistics, Geography and Informatics (INEGI) December 2022

Global supply chain pressures decreased moderately in January, disrupting the upward trend seen over the previous two months as indicated by the Global Supply Chain Pressure Index (GSCPI). GSCPI’s recent movements suggest developments in Asia are slowing the index’s return to normal historical levels. Supply chain pressures were significantly down from a year ago and are expected to decline further.

The S&P Global Mexico Manufacturing PMI for January indicated worsening conditions in Mexican manufacturing as firms scale down production amid contraction in demand for goods.

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.

In the currency market, the **peso per dollar exchange rate** averaged \$18.97². After adjusting for inflation, the metric decreased over the month, revealing gains for Mexican importers. **Total border trade values** increased along with the reduction in the trade deficit. At the metropolitan level, El Paso’s and Brownsville’s exports expanded, resulting in positive net trade. Meanwhile, growth in exports at Laredo and McAllen reduced the trade deficit. In a broader context, the decline in real effective exchange rate (REER) for the second consecutive month reveals the softening of the U.S. dollar relative to its 2022 peaks.

Real Estate

Overall **construction activity** went up due to a rise in commercial and residential construction values. Changes in residential and nonresidential construction values varied across border areas. Construction of retail, offices, and schools boosted construction values by 48 percent in Laredo and 115 percent in McAllen year over year (YOY). Meanwhile, there was a slowdown in commercial construction in Brownsville and El Paso. Residential construction values have grown significantly along with new permits over the last few months. The metric went up by 76 percent in Brownsville-Harlingen and 16.7 percent in El Paso.

January’s housing market showed no signs of cooling as **housing sales** dropped by 9.4 percent month over month (MOM) after seasonal adjustments. There has been a steep fall in home sales over the last two quarters in McAllen-Edinburg-Mission and El Paso (Table 3).

Table 3. Border Metros Housing Sales

Metropolitan Statistical Area (MSA)	Sales (Units)	Month-Over-Month (MOM) Change	Year-Over-Year (YOY) Change
Brownsville-Harlingen	200	-3.4%	-14.5%
McAllen-Edinburg-Mission	287	-11.3%	-31.3%
El Paso	688	-2.8%	-18.1%
Laredo	105	3.2%	-12.6%

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

Housing sales rely heavily on mortgage rates, and Freddie Mac’s 30-year fixed rate was 6.5 percent in January. Consumer buying behavior has changed in the last few months with concerns about rising mortgage rates and high inflation.

² The real peso per dollar exchange rate is inflation-adjusted using the Texas trade-weighted value of the Dollar.

Border metros reported a rise in **single-family housing construction permits** in January after a continued reduction in new projects. A total of 600 permits were issued in all border metros, with McAllen-Edinburgh leading. Fewer permits were issued in 2022 than in the previous year as all major metros except McAllen reported declines. Despite declines in permit counts and values, the average value per permit remains elevated compared with pre-pandemic conditions.

Volatility in housing markets led to a rise in **months of inventory (MOI)** along the border, though the metric remained much lower than the typical six-month MOI benchmark. Laredo’s declining sales activity and an uptick in new listings pushed the average MOI for January to 3.2 months. El Paso’s metric was more than two months, while Brownsville’s metric averaged around four months. McAllen metro has the border region’s highest months of available inventory, at 4.2 months. These increases indicate inventory is growing primarily due to a decrease in home sales and an increase in listings.

Average **Days on Market (DOM)** in January increased across the border as reduced demand in the last few months led to a rise in inventory and a change in consumer buying behavior. El Paso’s DOM remained around 50 days, while Laredo’s DOM moved down to 37 days. New listings in Brownsville and McAllen took more than two months to complete the sale.

Reduced demand dented **seasonally adjusted median home prices** sharply across border regions in January (Table 4). The border region’s housing market is known for its affordability, a factor that has attracted many buyers from other areas.

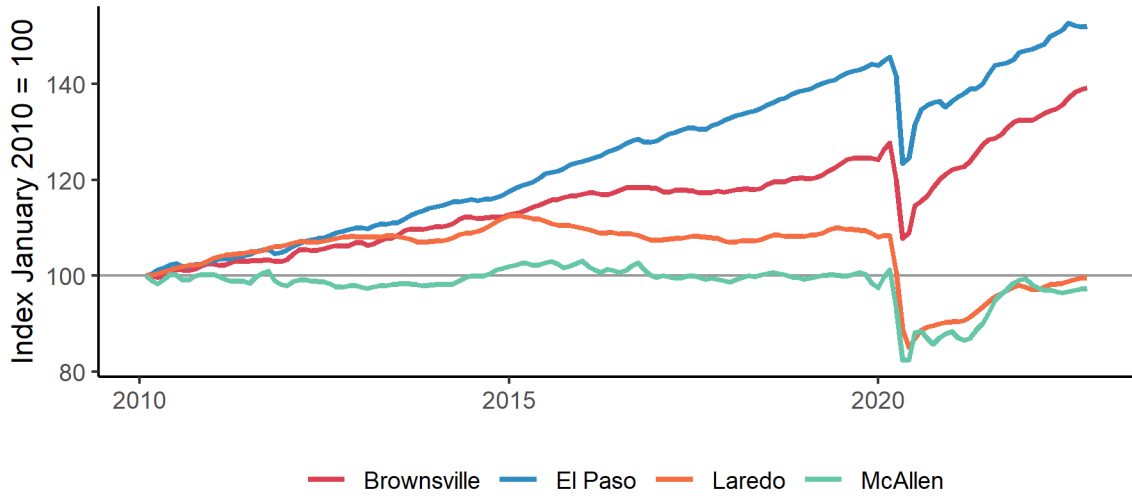
Table 4. Border Metros Median Home Prices

Metropolitan Statistical Area (MSA)	Median Price	Month-Over-Month (MOM) Change	Year-Over-Year (YOY) Change
Brownsville-Harlingen	\$253,883	-1.5%	-4.5%
McAllen-Edinburg-Mission	\$210,061	-4.5%	3.8%
El Paso	\$240,150	-1.5%	9.3%
Laredo	\$224,632	-6.5%	4.3%

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

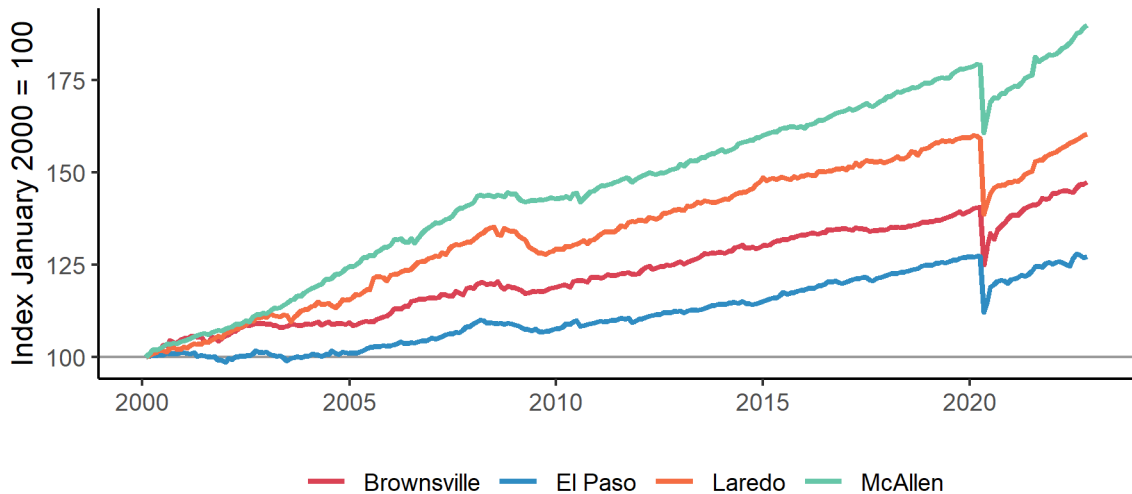
Economic Activity

Border Metro Business-Cycle Index



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

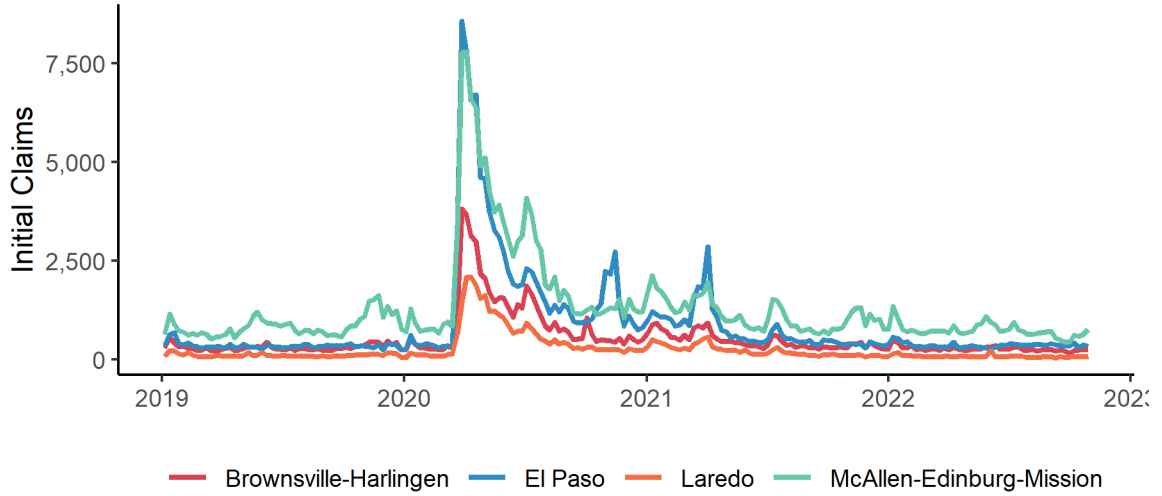
Border Employment Index



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

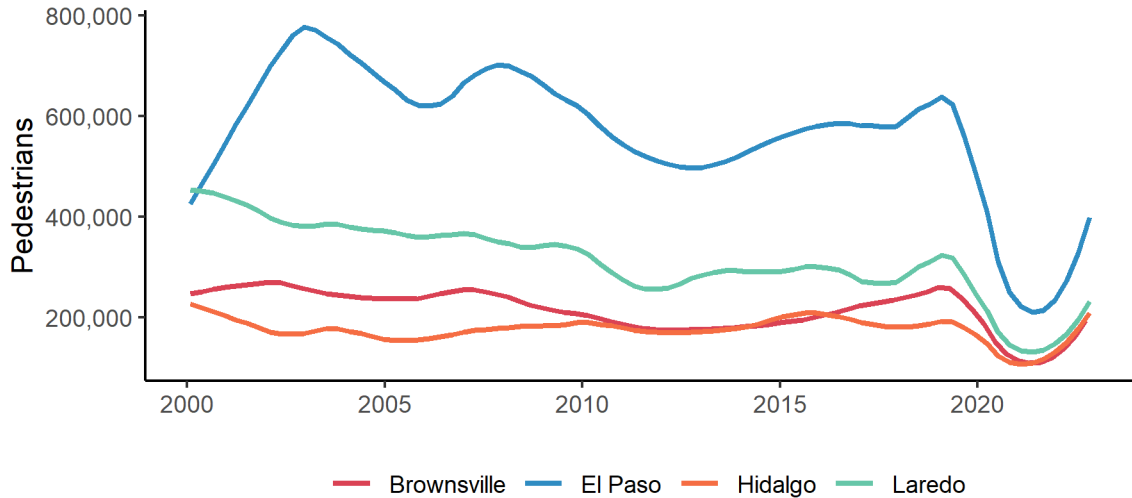
Economic Activity

Border Metro Weekly Initial Unemployment Claims



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

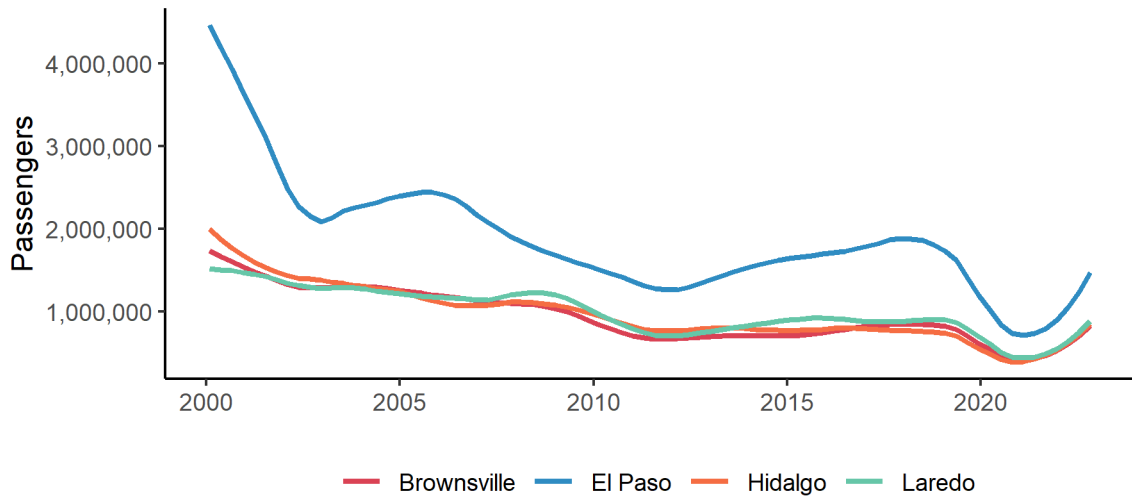
Pedestrian Border Crossings



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

Economic Activity

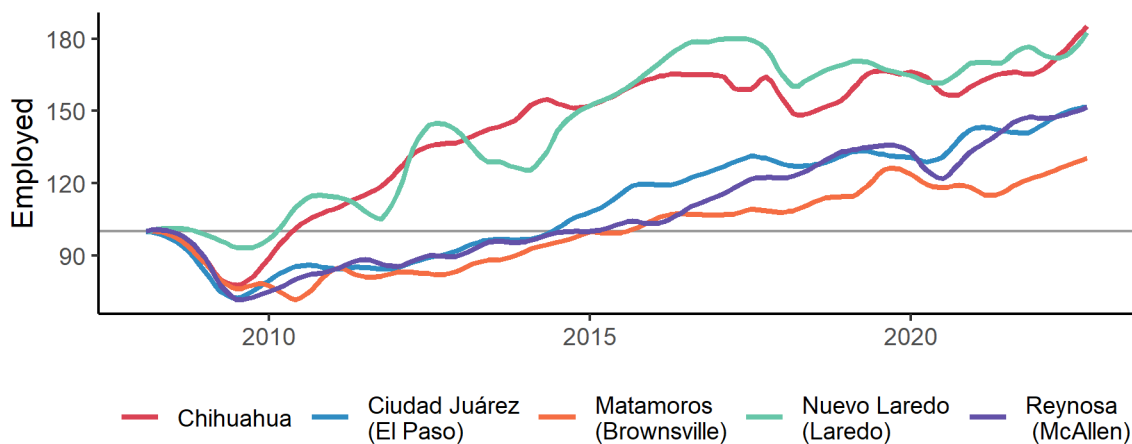
Personal Vehicle Passenger Border Crossings



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

Mexico Maquiladora & Manufacturing Employment

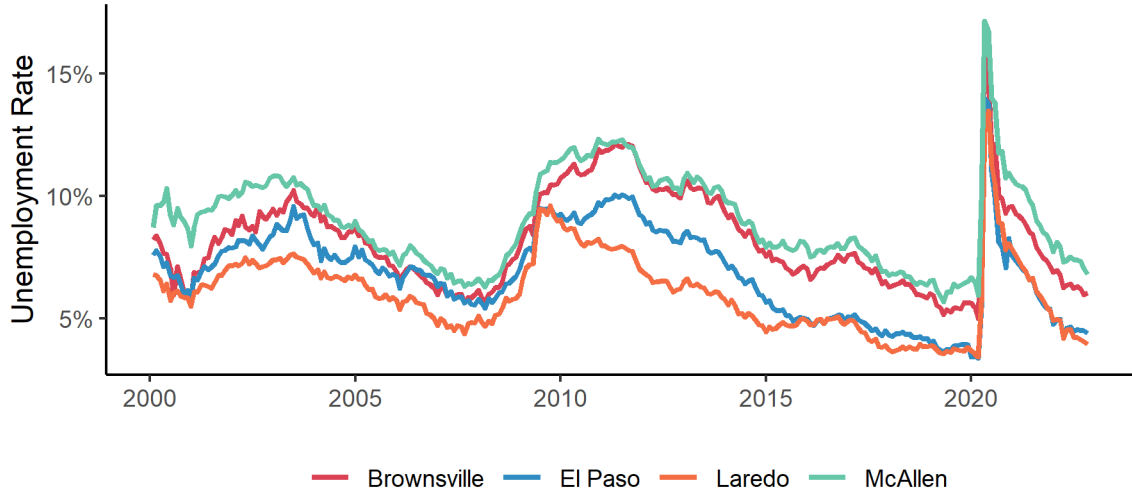
Index January 2008 = 100



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

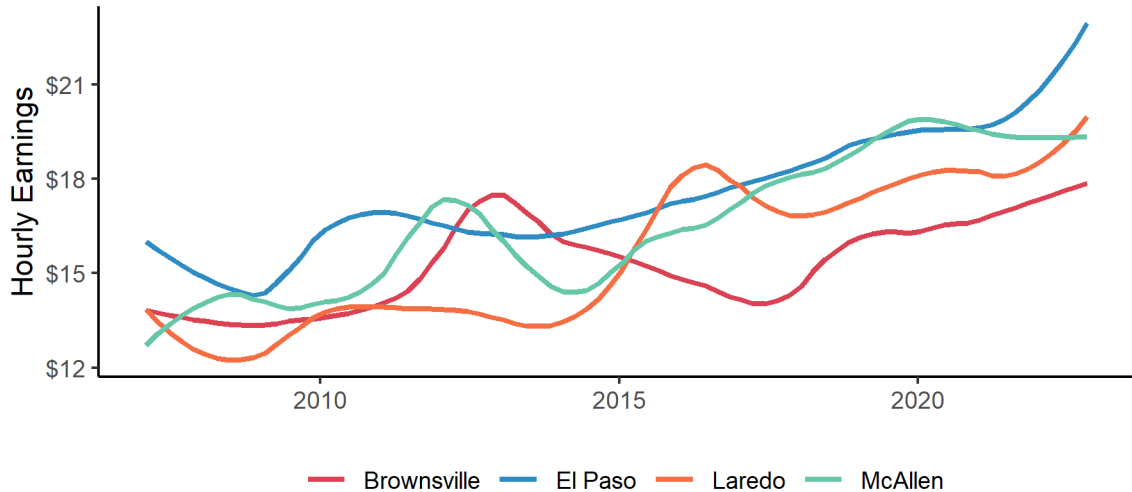
Economic Activity

Border Metro Unemployment Rate



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

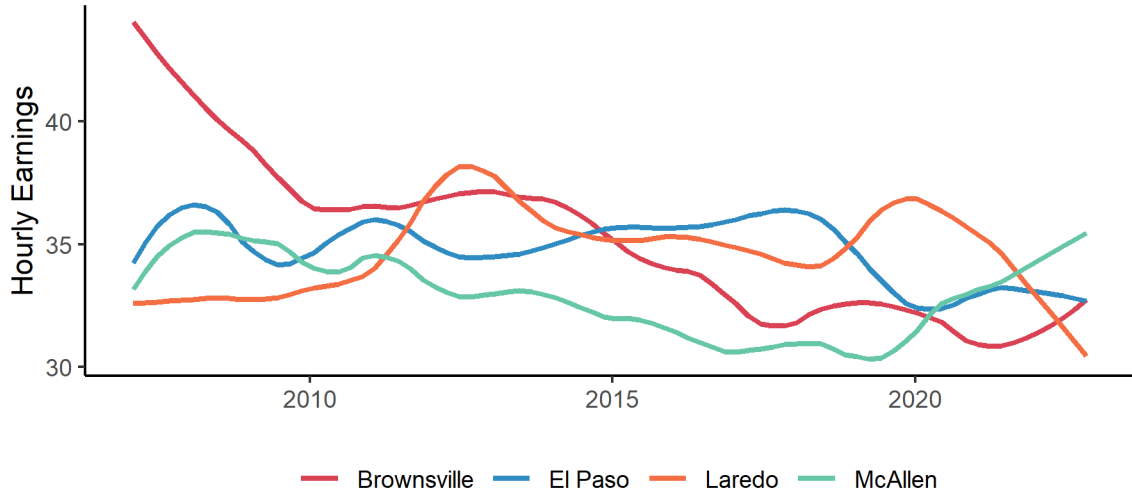
Border Metro Average Hourly Earnings



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

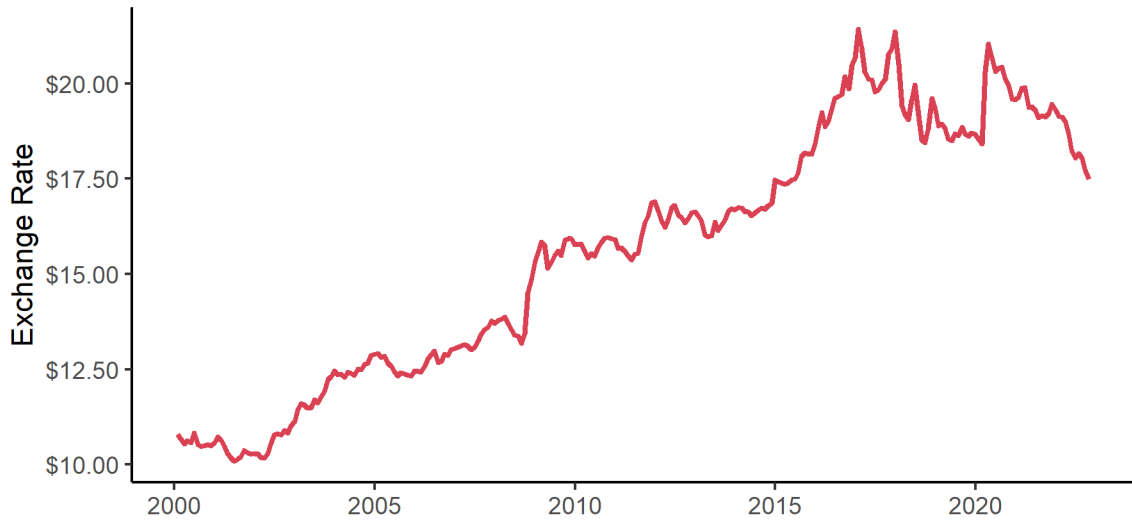
Economic Activity

Border Metro Average Weekly Hours Worked



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

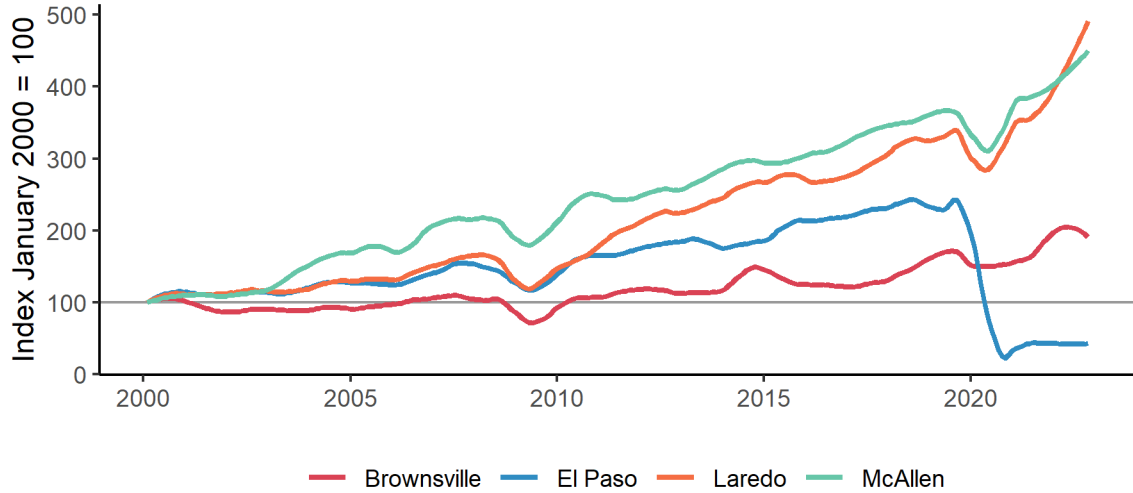
Real Peso per Dollar Exchange Rate



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

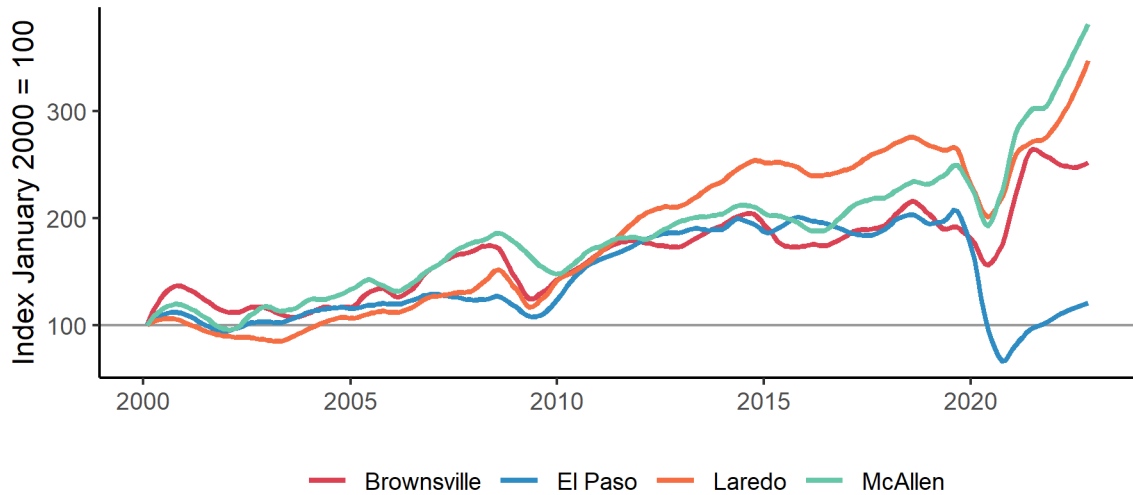
Economic Activity

Texas Border Import Values



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

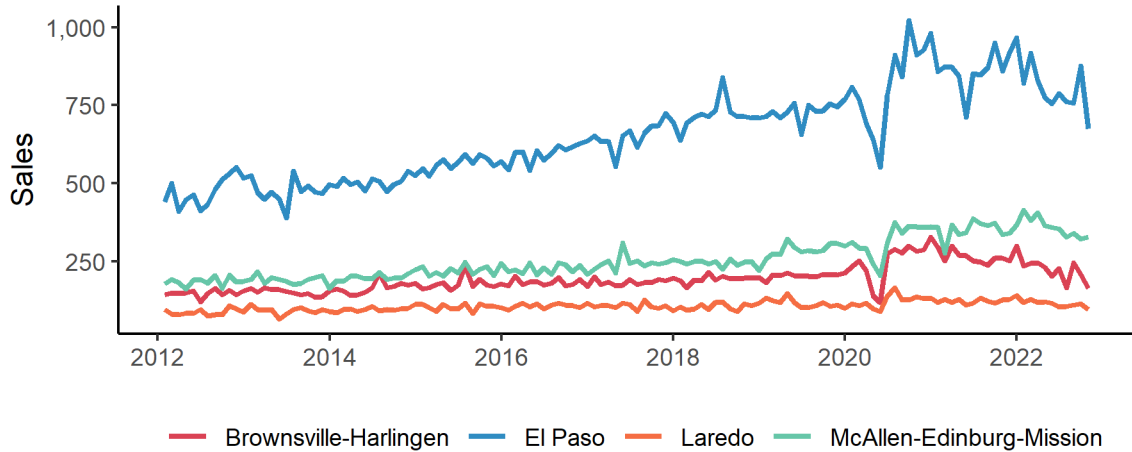
Texas Border Export Values



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

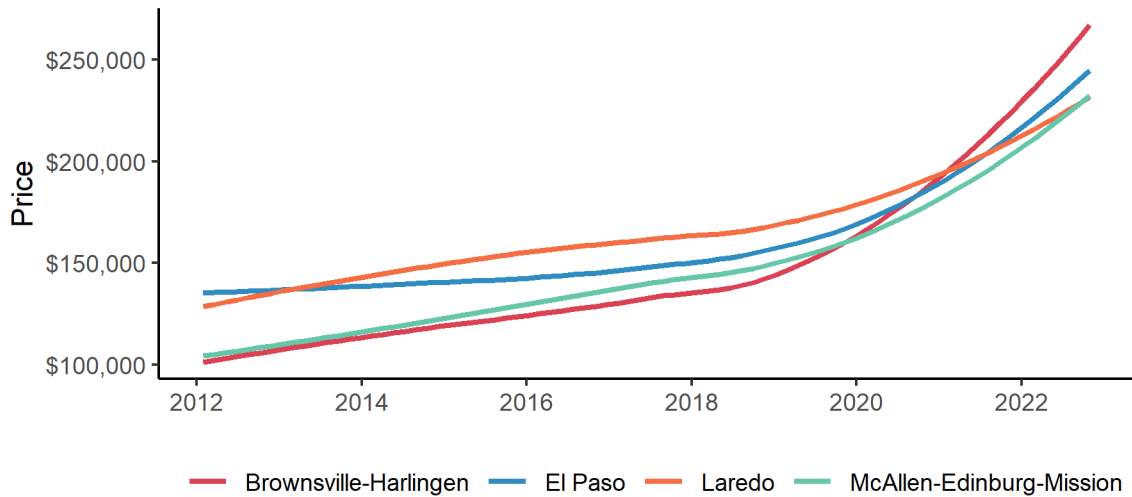
Housing

Border Metro Home Sales
Seasonally Adjusted Annualized Rate



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

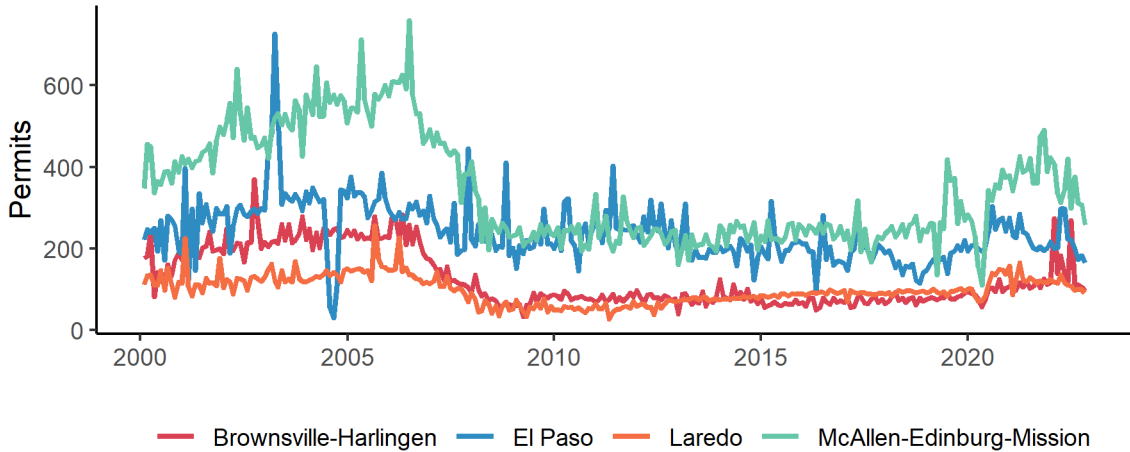
Border Metro Home Price Trend



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

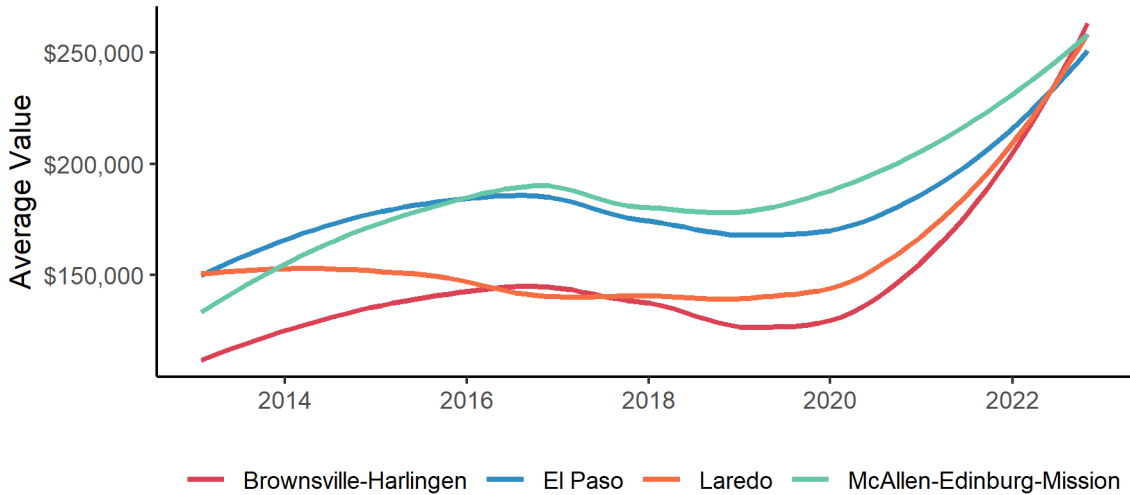
Housing

Border Metro Single-Family Permits
Seasonally Adjusted Annualized Rate



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

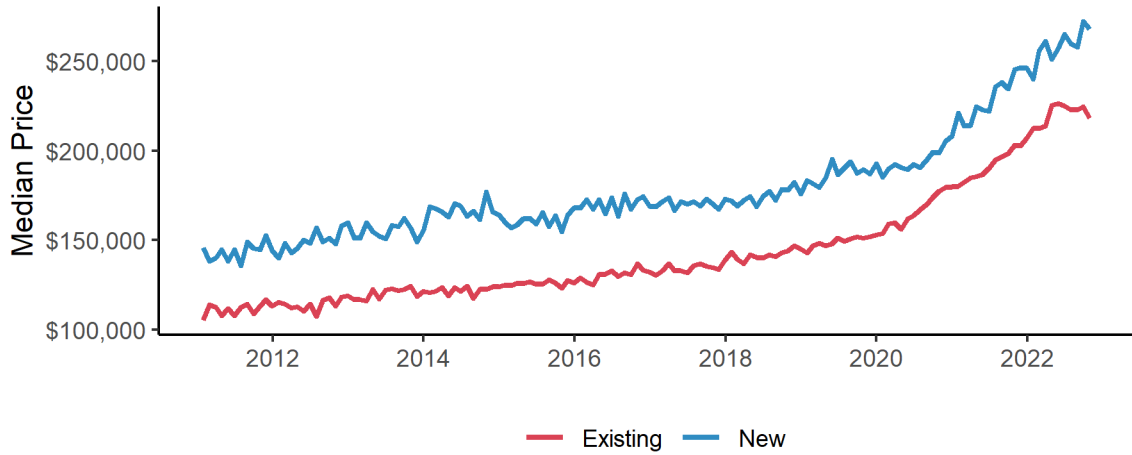
Border Metro Single-Family Average Permit Values



Source: Dodge Data & Analytics - Texas Real Estate Research Center at Texas A&M University

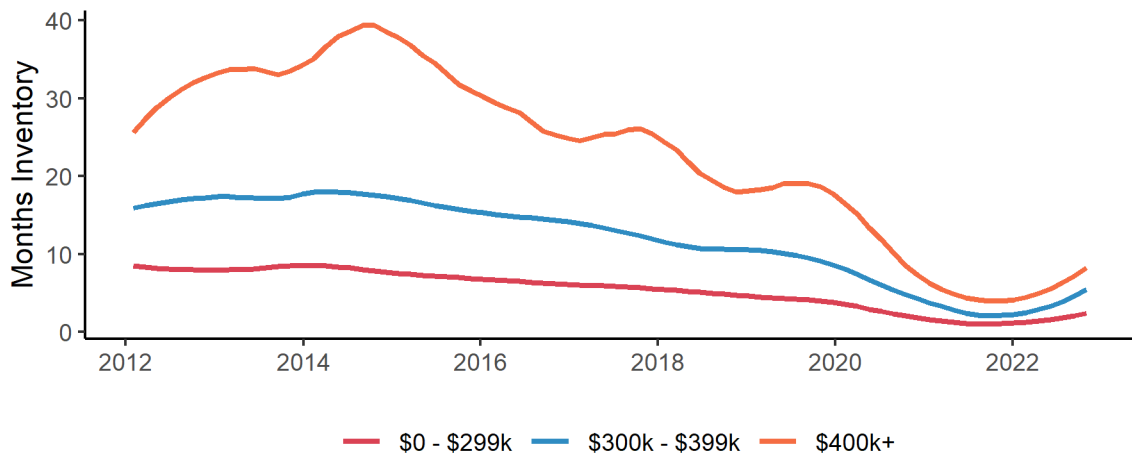
Housing

New and Existing Border Home Prices
Seasonally Adjusted Annualized Rate



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

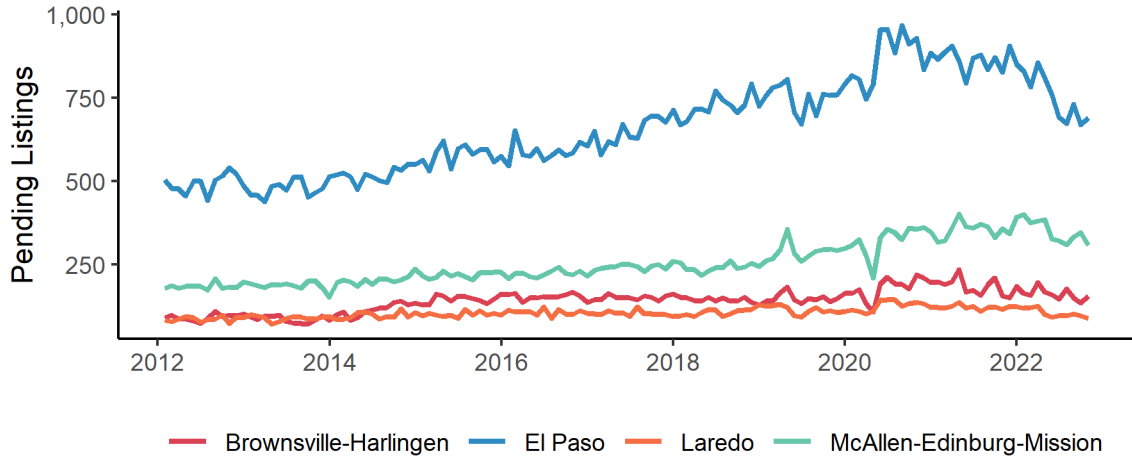
Border Housing Inventory by Price Range
Seasonally Adjusted Trend



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

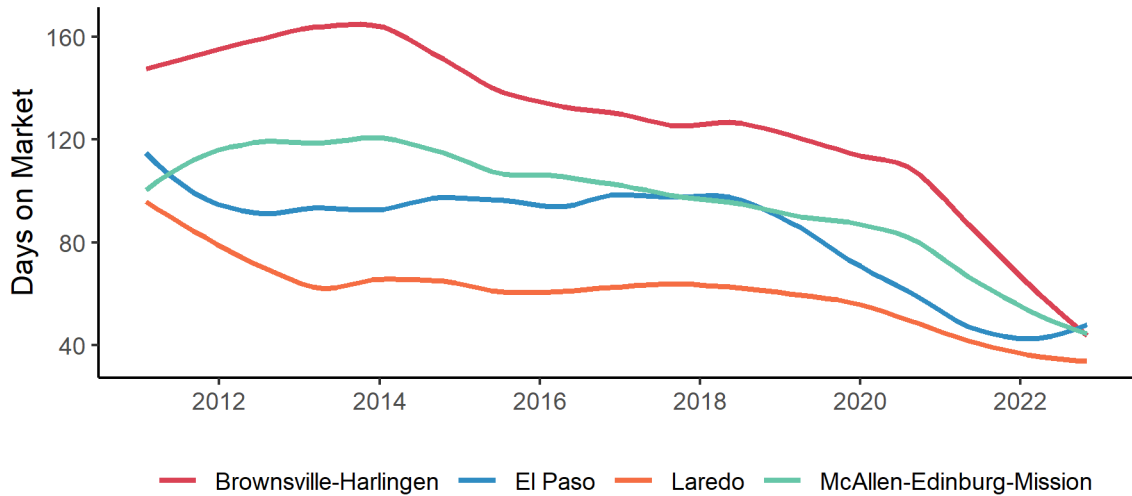
Housing

Border Metro Pending Listings
Seasonally Adjusted Annualized Rate



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

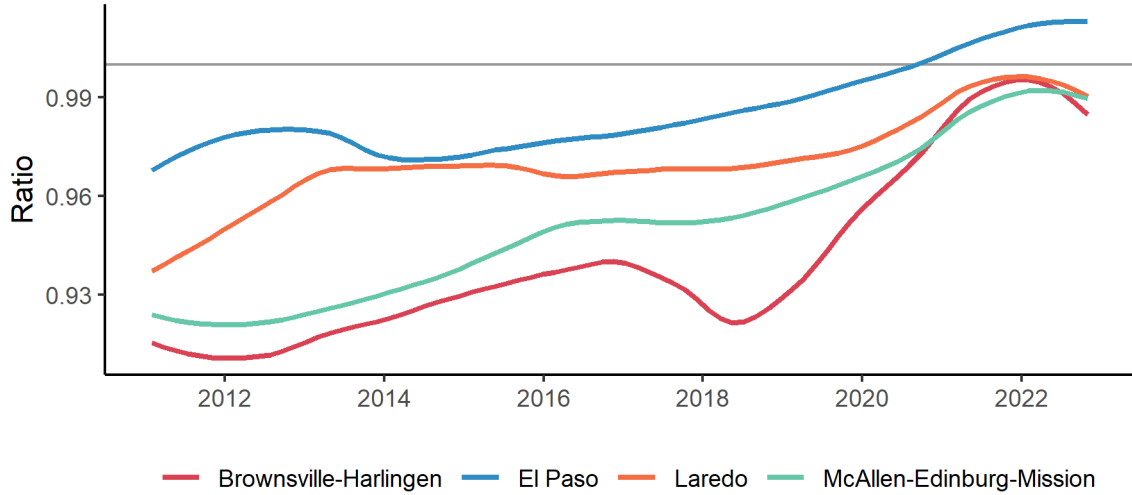
Border Metro Days on Market Trend



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

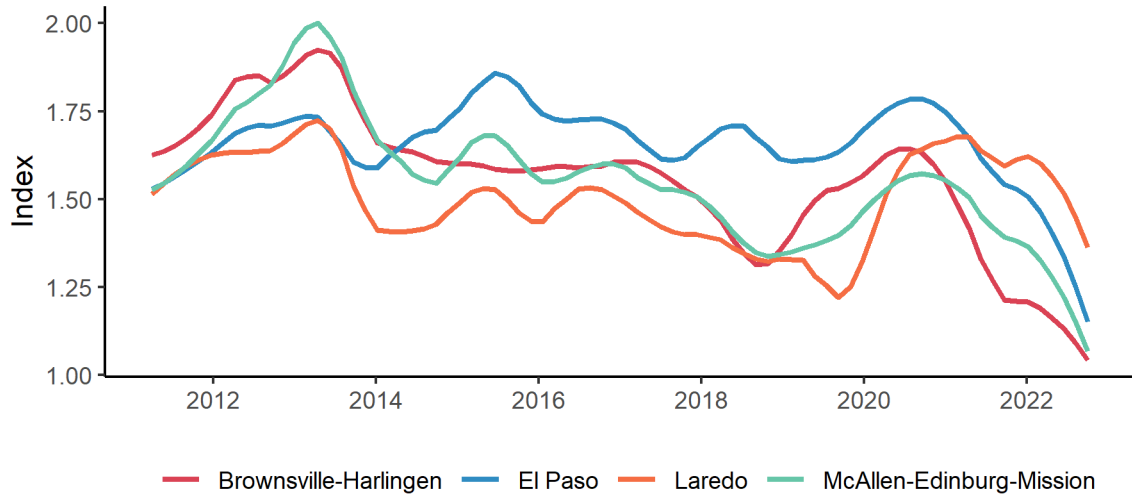
Housing

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



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	PATRICK GEDDES Dallas
RUSSELL CAIN Port Lavaca	BESA MARTIN Boerne
VICKI FULLERTON The Woodlands	BECKY VAJDAK Temple
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/@recentertx](https://www.youtube.com/@recentertx)



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



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