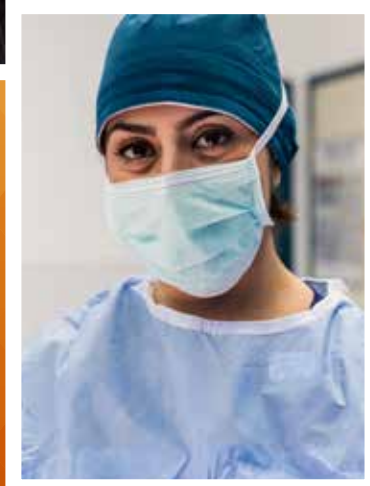
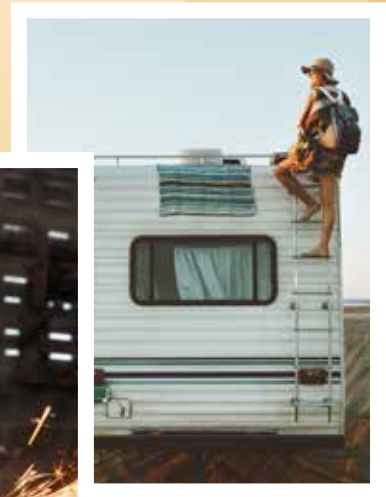
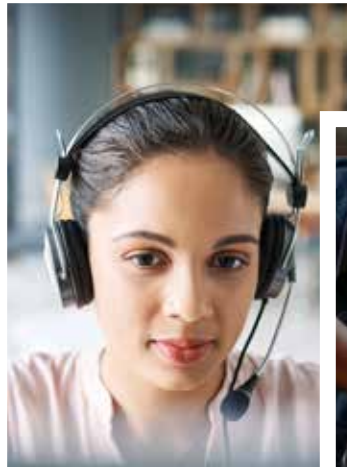


TEXAS BORDER ECONOMY

Joshua Roberson, Lead Data Analyst



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

TECHNICAL REPORT

2 1 6 5

FOURTH QUARTER 2023



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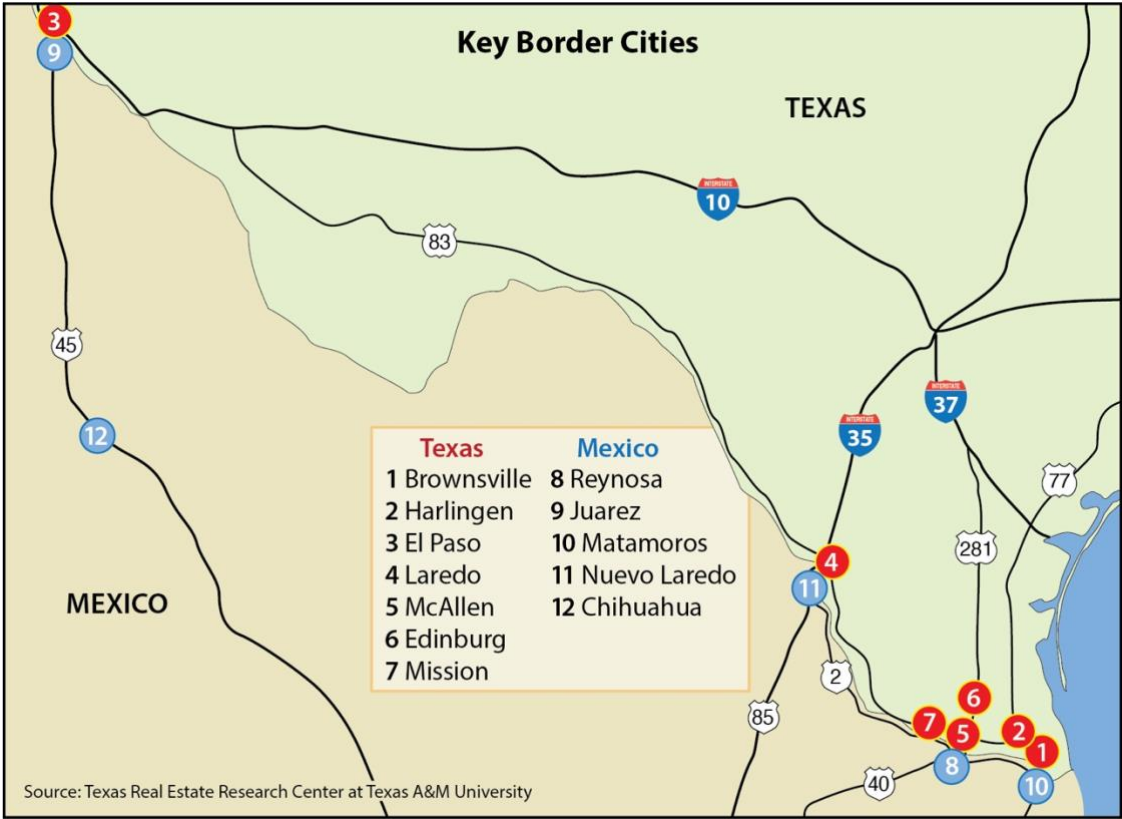


About this Report

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.

Author: Joshua Roberson



Data current as of February 8, 2024

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Border Summary Fourth Quarter 2023

BORDER EMPLOYMENT
▲ 3,800 jobs

UNEMPLOYMENT RATE
▼ 5.1% QOQ

HOUSING SALES
▼ -6.2% YOY

PESO/USD
▼ \$17.19

Economic indicators along the border were mixed in fourth quarter 2023. Border employment grew and the unemployment rate fell; however, average hourly wages also fell due to declines in both El Paso and Brownsville.

Housing sales are still down from last year, but home prices remain elevated. Inflation also continued to cool as the Federal Reserve's interest rate increases showed more impact. Data showed that while inflation is still well above the Fed's inflation target, it is showing continuing signs of decelerating.

Economy

El Paso led the border metros this quarter in general economic output according to the **Dallas Fed's Business-Cycle Index**. The other three metros reported stagnant output during this time. Over the past year, El Paso and Brownsville had strong growth, with rates of 3.4 and 7.2 percent year-over-year (YOY), respectively. Laredo also grew but at a much slower pace of 1.7 percent while McAllen's growth has been relatively flat, below 1 percent.

Overall, **border MSA nonfarm employment** added 3,800 positions, resulting in a 0.4 percent quarter-over-quarter (QOQ) growth rate with minor growth recorded in each of the four border metros (Table 1). The **border-wide unemployment rate** fell 30 basis points to 5.1 percent in fourth quarter 2023. Joblessness fell the most in Brownsville-Harlingen with the unemployment rate dropping 40 basis points down to 5.3 percent.

Border average hourly earnings fell 32 cents reaching \$21.20. The dip in earnings was influenced heavily by a \$1.07 plunge in El Paso's hourly wages during the latest quarter. Laredo also experienced a relatively large decline in wages, falling 74 cents to \$21.42.

Pedestrian border crossings grew by an impressive 8.5 percent QOQ and 21.5 percent YOY, reaching 4.4 million crossings in fourth quarter 2023. Despite the rapid climb in pedestrian crossings, the latest quarter is still far below fourth quarter 2019 levels of 5.2 million. **Personal vehicle passengers** also grew but at a much slower pace, recording only a 0.62 percent QOQ increase and a 1.2 percent YOY increase.

Table 1. Border Metros Employment

Metropolitan Statistical Area (MSA)	New Employed	Total Employed	QOQ Change	YOY Change
Brownsville-Harlingen	300	162,000	0.2%	1.9%
El Paso	1,600	340,900	0.5%	0.2%
Laredo	500	110,500	0.5%	1.9%
McAllen-Edinburg-Mission	1,400	302,700	0.5%	2.8%

Note: Data are seasonally adjusted.
Source: Texas Real Estate Research Center analysis of BLS data

On the southern side of the border, **Mexican manufacturing and maquiladora employment¹** continues to fall after peaking in 2Q2023 (Table 2). The biggest contributor to this loss comes from Juárez’s decrease in employment with nearly 20,000 manufacturing jobs lost since the second quarter. Reynosa and Matamoros have also lost jobs over the same period but to a much lesser extent.

Table 2. Mexican Manufacturing and Maquiladora Employment

City	Total Employed	QOQ Change	YOY Change
Reynosa	129,680	-1.8%	-9.5%
Juárez	305,741	-3.4%	-3.4%
Matamoros	62,160	-1.2%	-4.3%
Nuevo Laredo	36,568	-1.5%	+10.6%
Chihuahua	89,622	+0.8%	+6.8%

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

In the currency market, the **peso per dollar exchange rate** was relatively unchanged in the fourth quarter with the U.S. dollar losing only about \$0.12 on the Mexican peso. The past two quarters have been relatively quiet compared to the two quarters before when the dollar lost over \$2 in value against the peso.

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

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

Home sales continued to decline with fourth quarter sales dipping to 3,547 (Table 3). This time last year home sales were 3,766 indicating a 5.8 percent YOY drop. Sales have fallen in each of the four border metros while listing counts have increased. The result has been a ubiquitous rise in housing inventory levels, which has led to stalling aggregate home price growth.

Table 3. Border Metros Home Sales

Metropolitan Statistical Area (MSA)	Sales (Units)	YOY Change
Brownsville-Harlingen	529	-2.6%
El Paso	1,860	-8.9%
Laredo	258	-6.2%
McAllen-Edinburg-Mission	900	-0.7%
Source: Texas Real Estate Research Center at Texas A&M University		

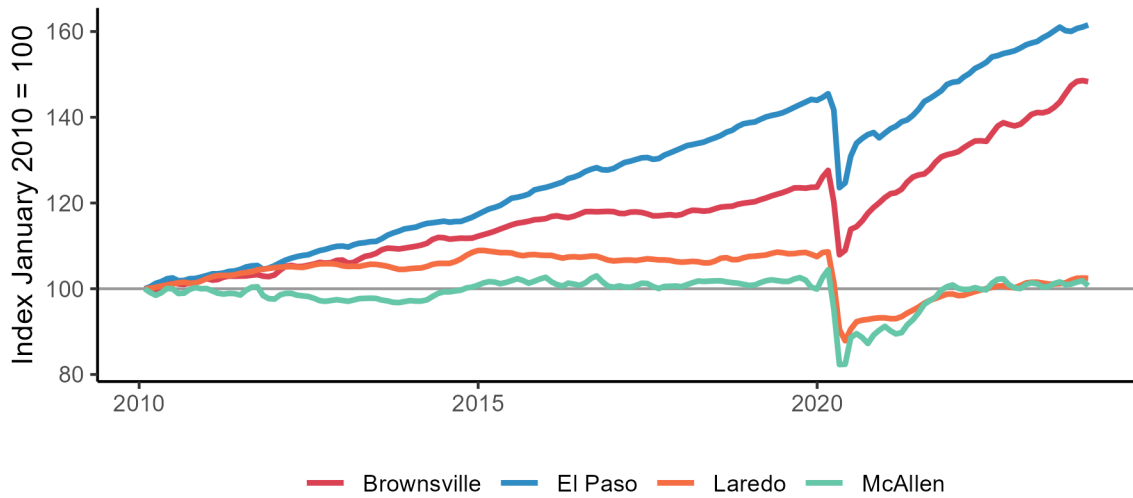
The median home price throughout the border has been hovering around \$250,000 since 2Q2023 (Table 4). Three out of four border metros grew compared to last year with both El Paso and McAllen increasing 6.1 percent YOY and Brownsville trailing closely behind at 5.7. Laredo recorded a minor dip in price with a -2 percent YOY rate.

Table 4. Border MSA Median Home Prices

Metropolitan Statistical Area (MSA)	Median Price	YOY Change
Brownsville-Harlingen	\$259,315	5.7%
El Paso	\$259,248	6.1%
Laredo	\$228,320	-2.0%
McAllen-Edinburg-Mission	\$233,499	6.1%
Source: Texas Real Estate Research Center at Texas A&M University		

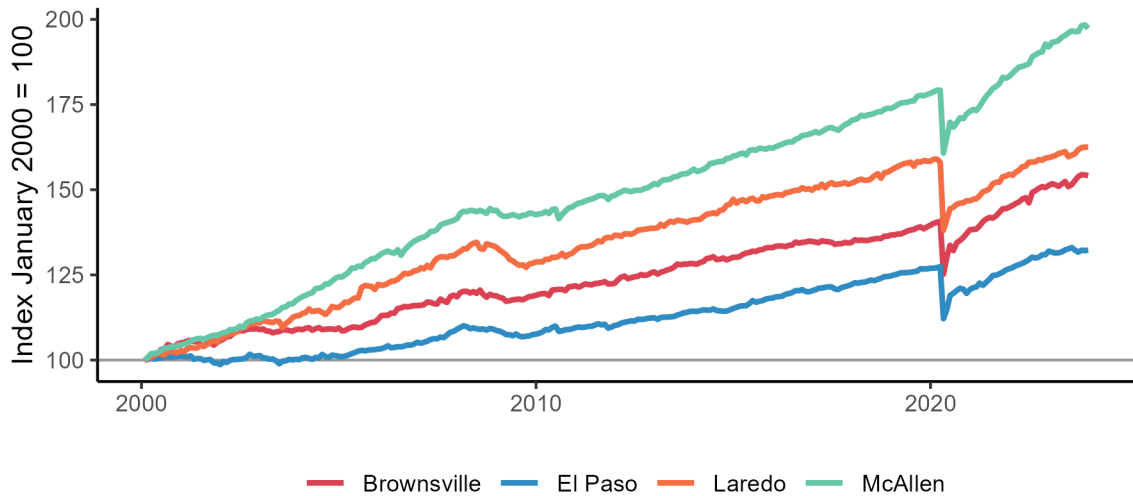
Economic Activity

Border Metro Business-Cycle Index



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

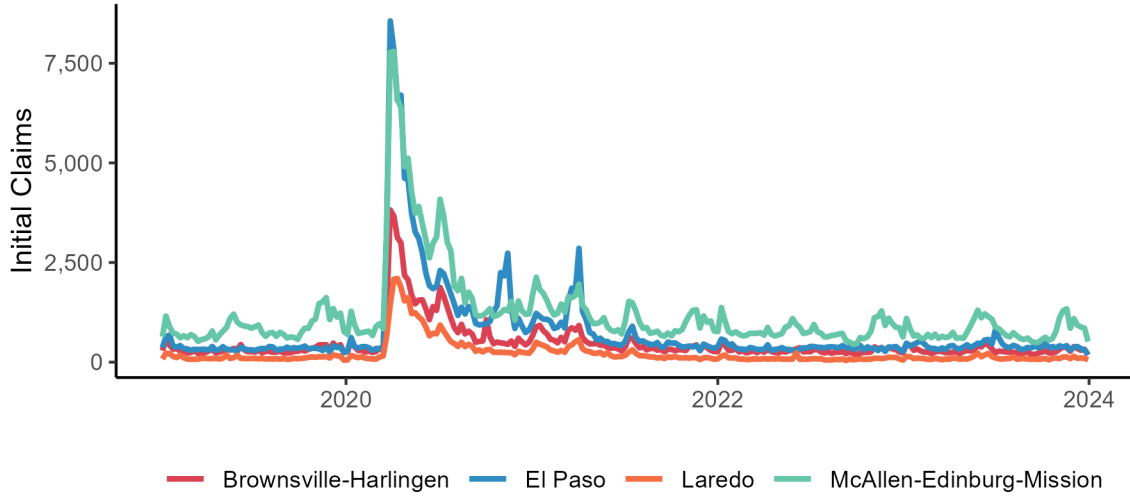
Border Employment Index



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

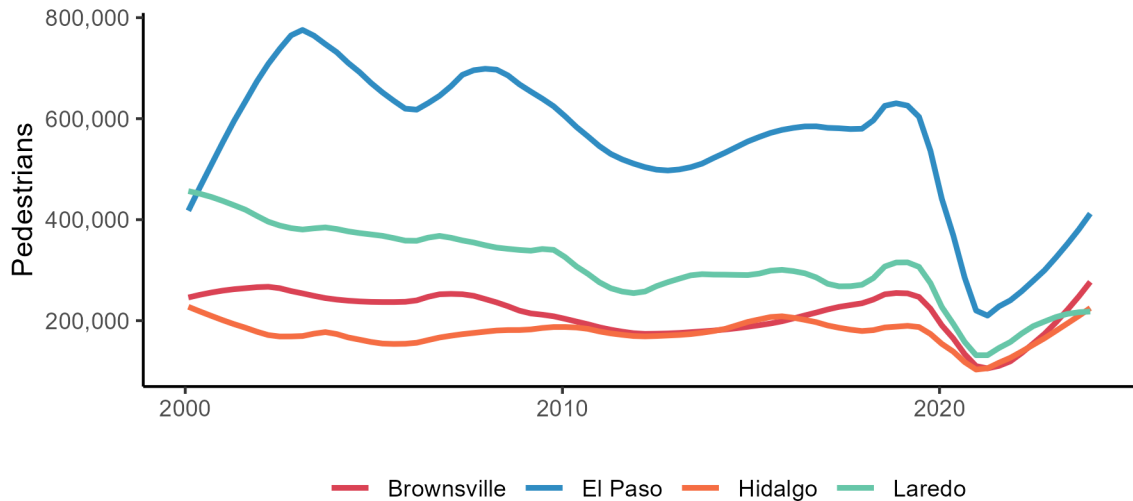
Economic Activity

Border Metro Weekly Initial Unemployment Claims



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

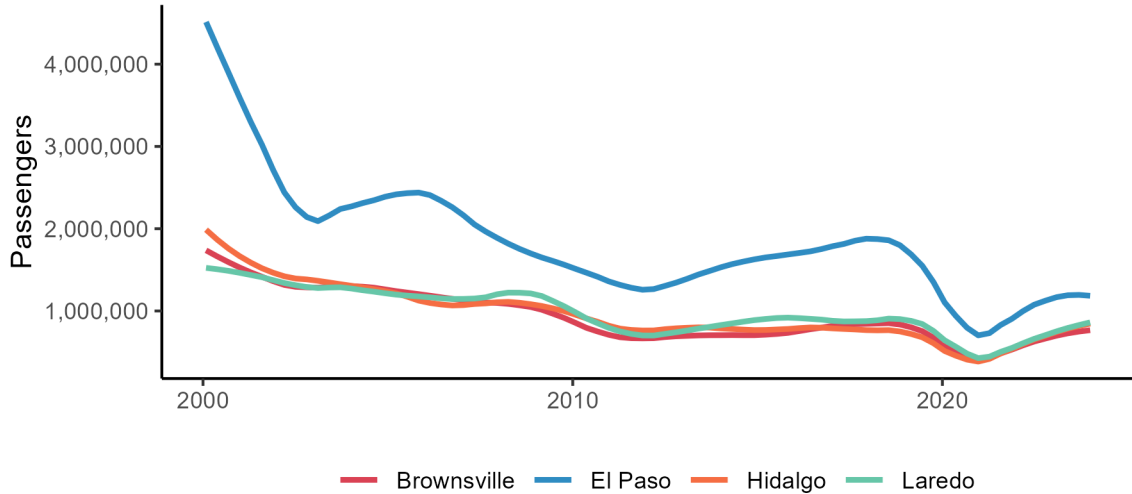
Pedestrian Border Crossings



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

Economic Activity

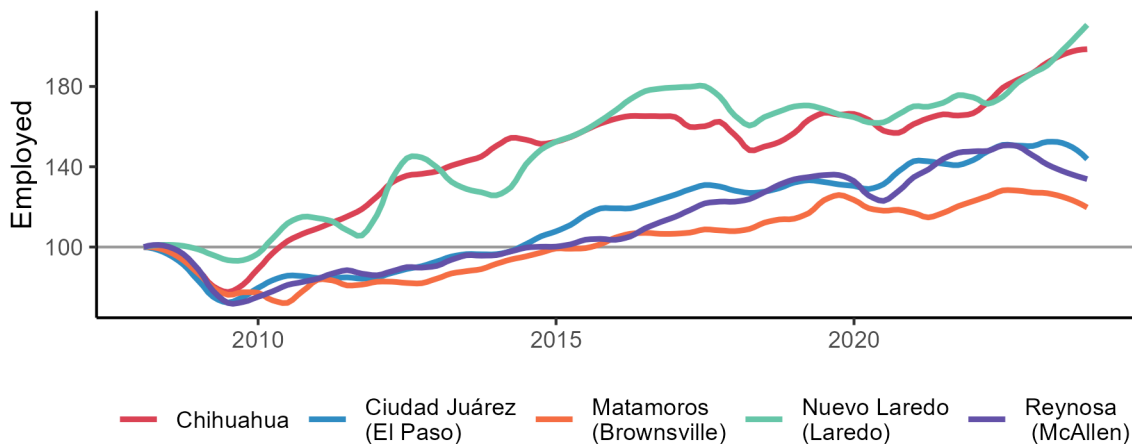
Personal Vehicle Passenger Border Crossings



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

Mexico Maquiladora & Manufacturing Employment

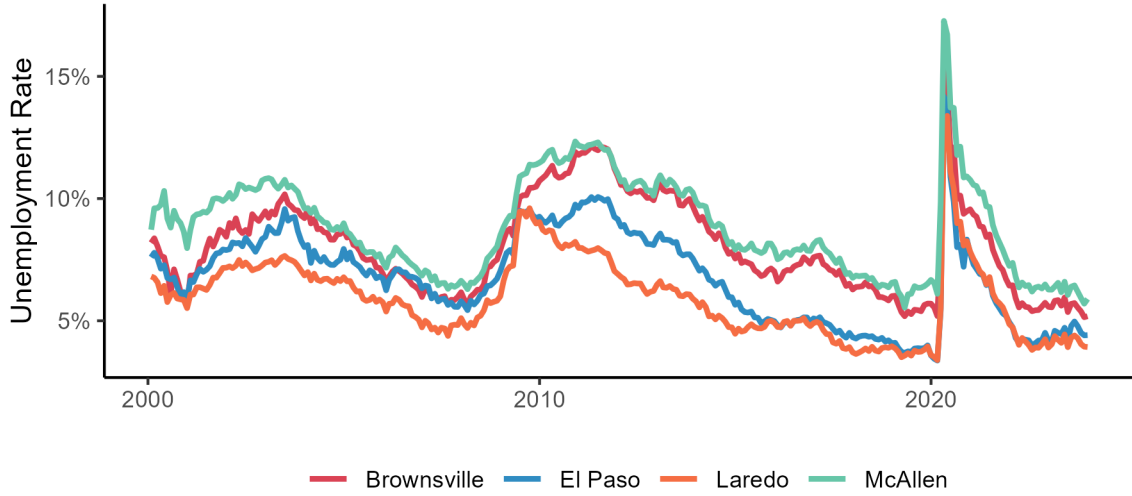
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Source: Instituto Nacional de Estadística y Geografía & Texas Real Estate Research Center at Texas A&M University

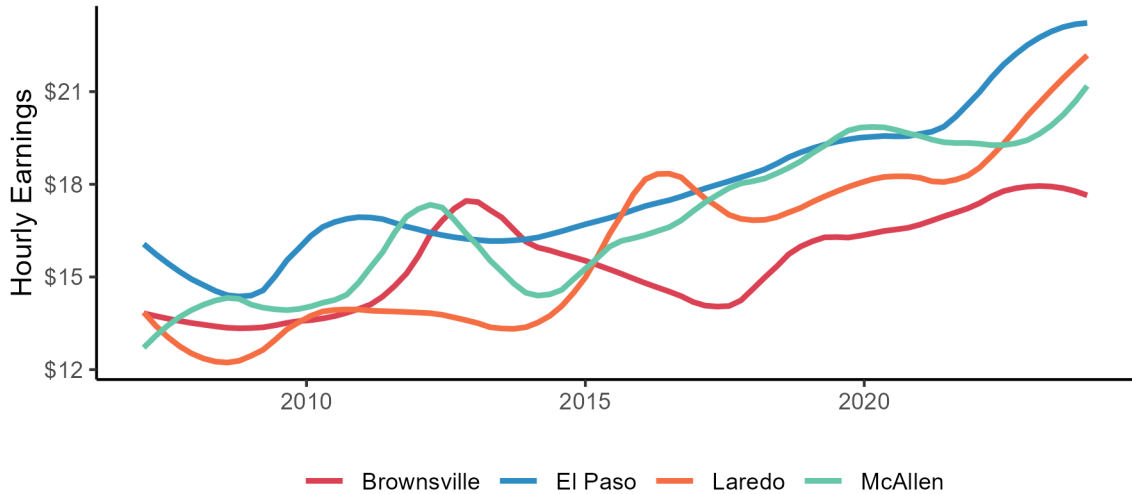
Economic Activity

Border Metro Unemployment Rate



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

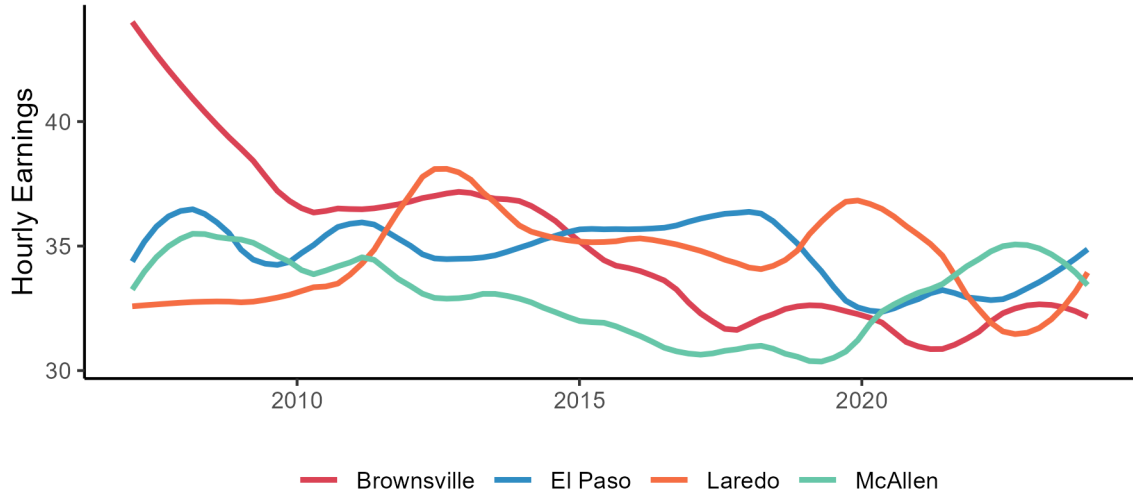
Border Metro Average Hourly Earnings



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

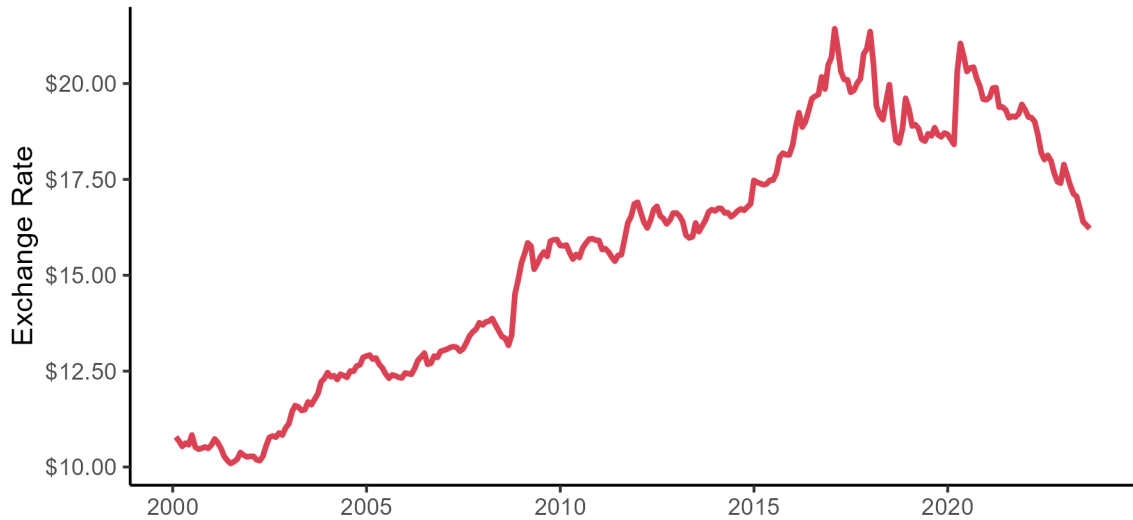
Economic Activity

Border Metro Average Weekly Hours Worked



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

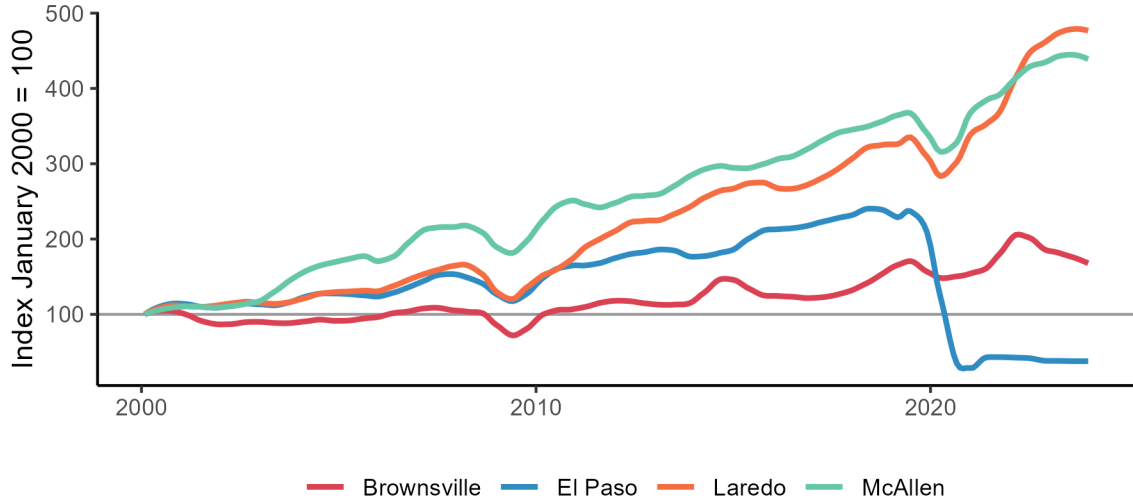
Real Peso per Dollar Exchange Rate



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

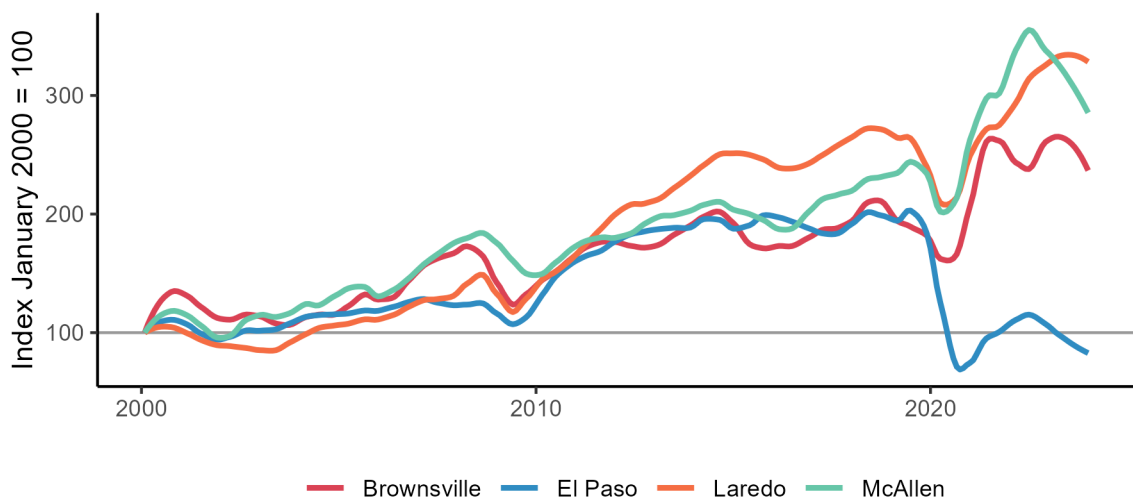
Economic Activity

Texas Border Import Values



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

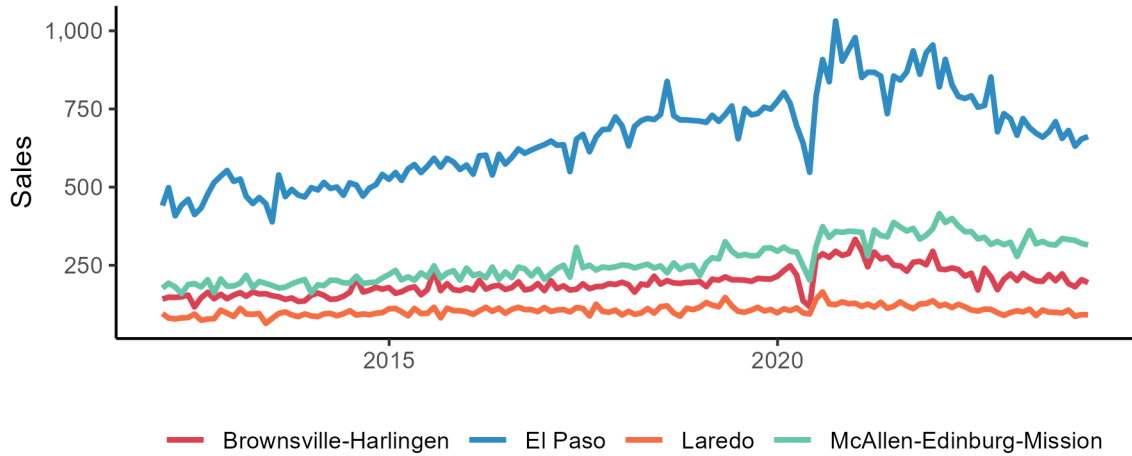
Texas Border Export Values



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

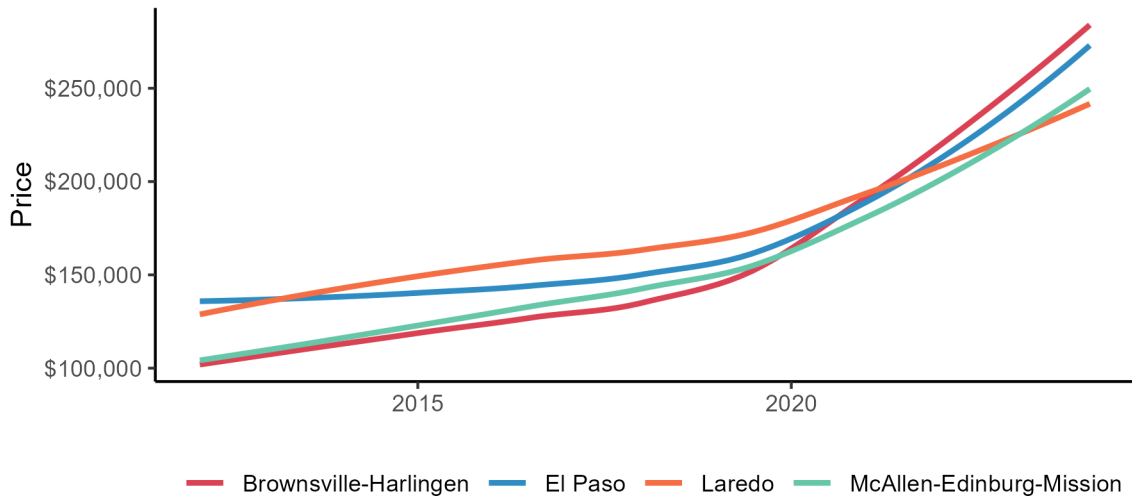
Housing

Border Metro Home Sales
Seasonally Adjusted Annualized Rate



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

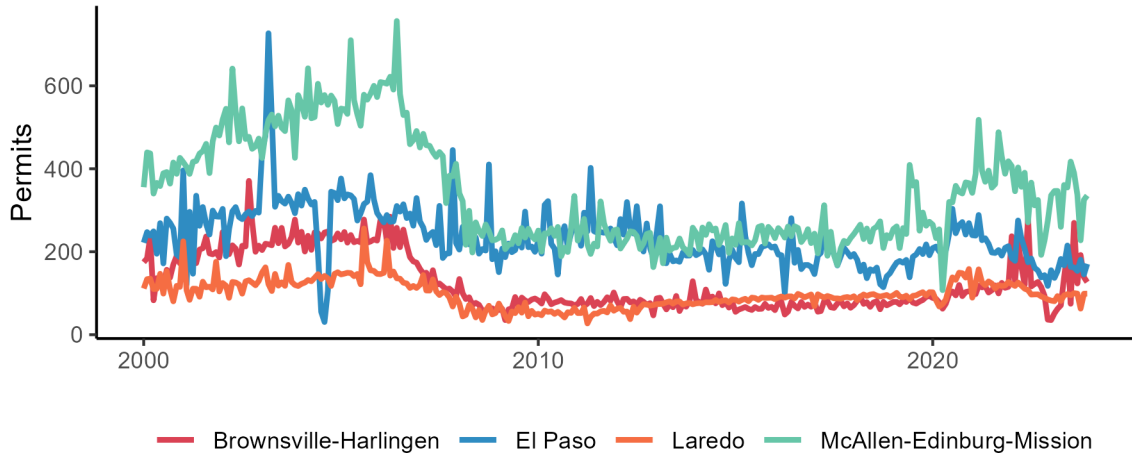
Border Metro Home Price Trend



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

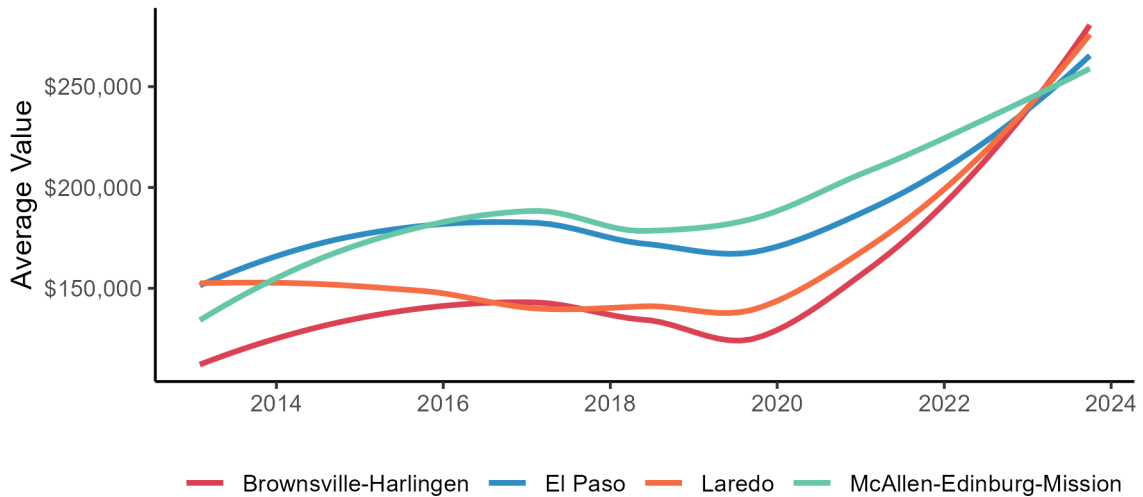
Housing

Border Metro Single-Family Permits
Seasonally Adjusted Annualized Rate



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

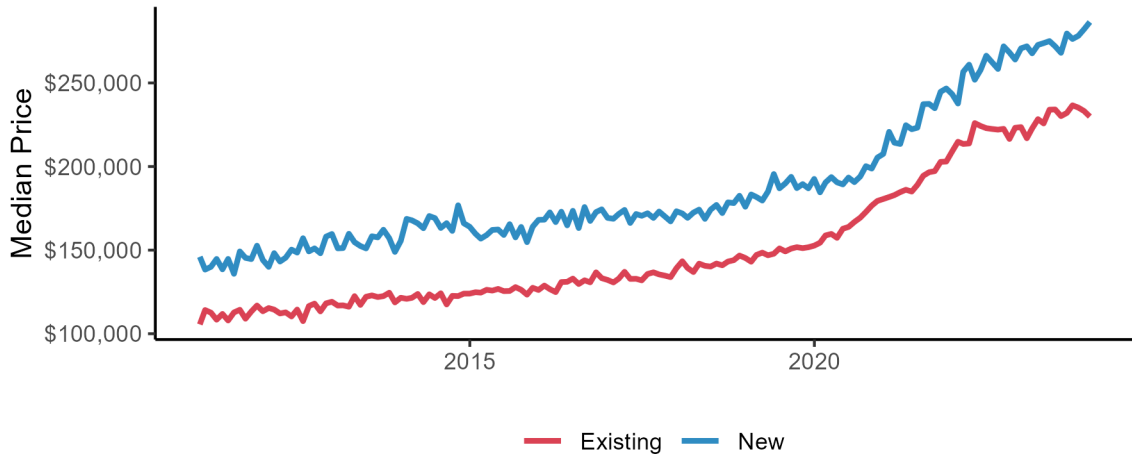
Border Metro Single-Family Start Values



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

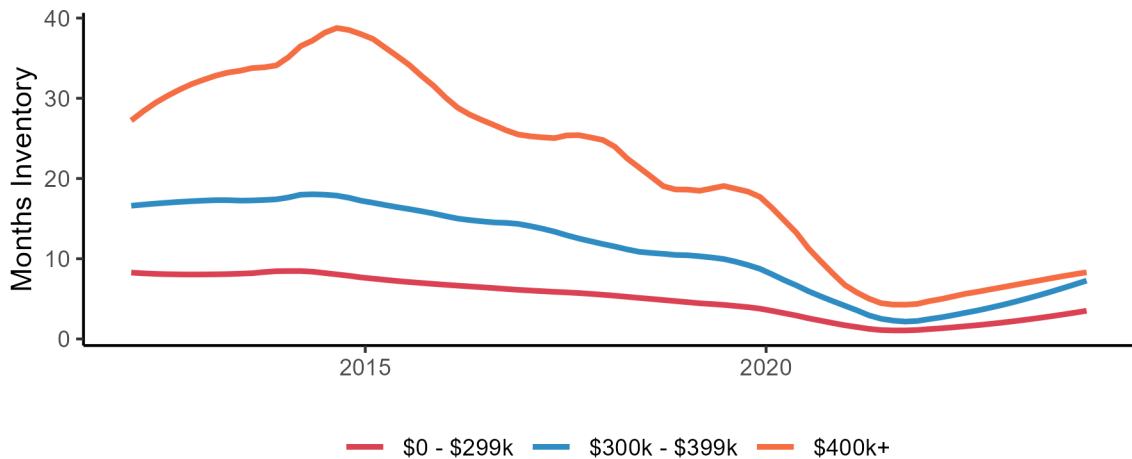
Housing

New and Existing Border Home Prices
Seasonally Adjusted Annualized Rate



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

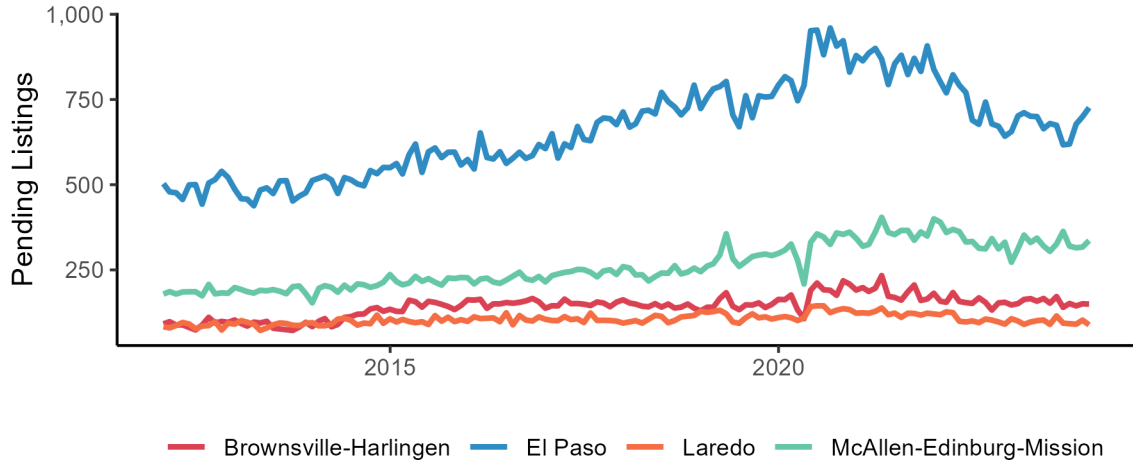
Border Housing Inventory by Price Range
Seasonally Adjusted Trend



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

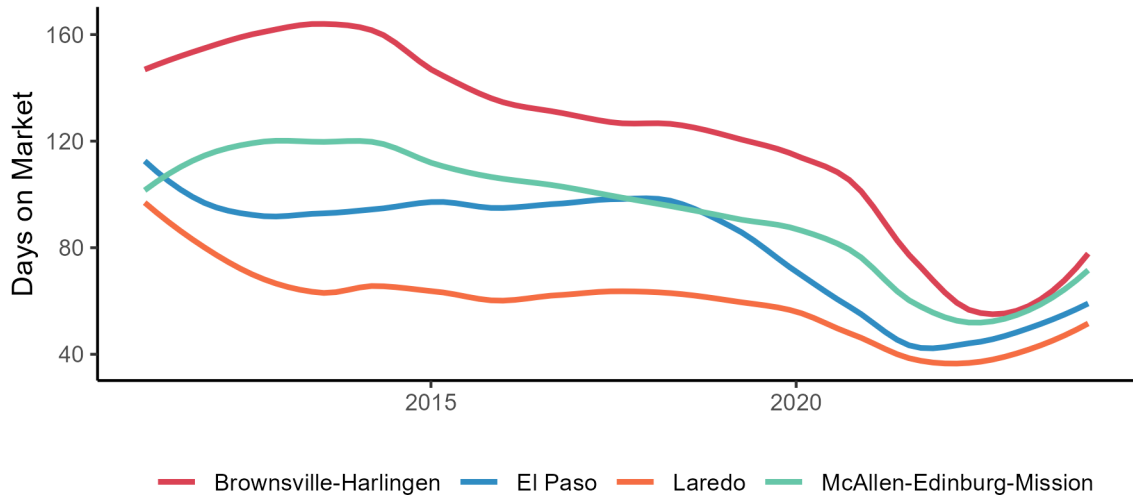
Housing

Border Metro Pending Listings
Seasonally Adjusted Annualized Rate



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

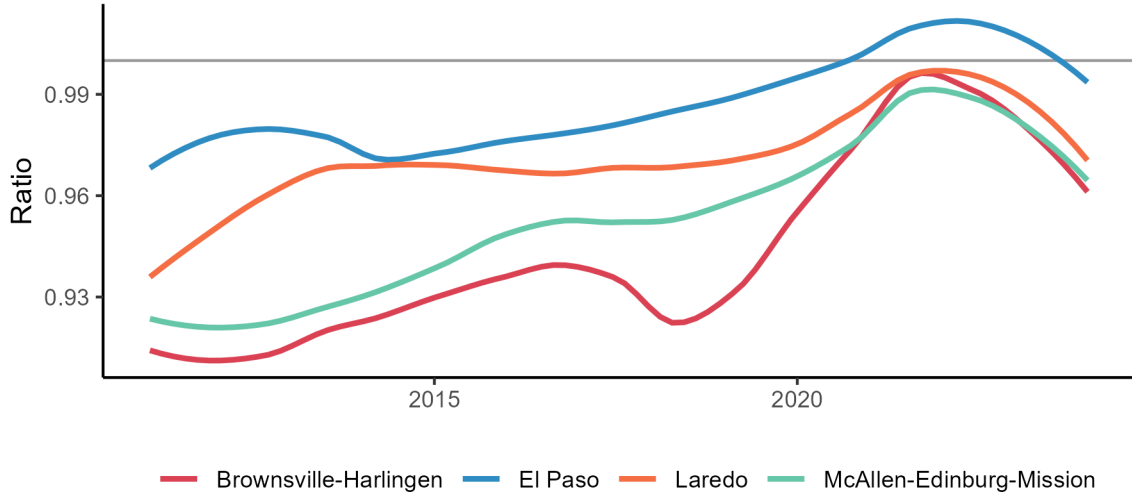
Border Metro Days on Market Trend



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

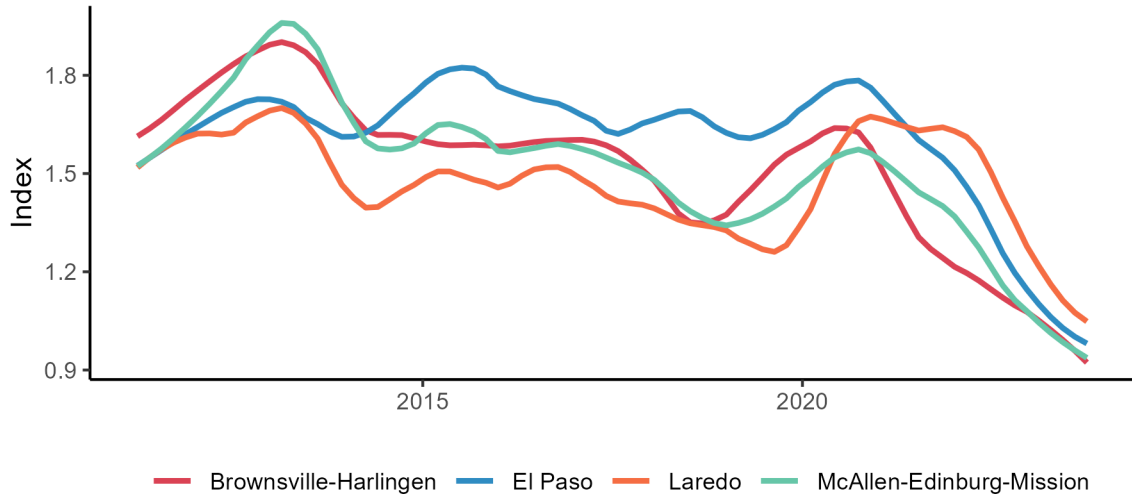
Housing

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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