

12-2020

Paso Del Norte Economic Indicator Review, December

Hunt Institute for Global Competitiveness

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Key Takeaways

Employment

- Non-farm employment increased slightly across the Paso del Norte region in October. El Paso, Las Cruces, and Ciudad Juárez exhibited improvements of 1.2% (3,600 jobs gained), 1.0% (700 jobs gained), and 0.8% (3,600 jobs gained), respectively, relative to September. El Paso and Las Cruces, however, continued to struggle to reach their employment levels from 2019, as they recorded non-farm employment declines on a year-over-year basis in October of -4.6% and -7.3%, respectively.

Employment in Mexican Border Cities

- On a year-over-year basis in October, non-farm employment increased in Tijuana (19,600 jobs gained), Ciudad Juárez (5,600 jobs gained), and Mexicali (1,100 jobs gained).
- During the January to October 2020 period, on a year-over-year basis, the top two sub-industries in terms of average employment decreases for each city lost a total of 6,700 jobs in Ciudad Juárez, 2,700 jobs in Tijuana and 2,000 jobs in Nuevo Laredo. The top sub-industries recording employment declines in Tijuana and Ciudad Juárez were related to the automotive industry.

Residential Building Permits

- From January to October 2019 and January to October 2020, in terms of the number of new, privately owned, single-unit building permits per 100,000 inhabitants, El Paso and Las Cruces ranked last for selected metropolitan statistical areas including Austin, Houston, Dallas-Fort Worth, McAllen, San Antonio, and Laredo.
- In 2019, Dallas led the way among the selected MSAs in terms of average value of new, privately owned, single-unit building permits issued, at roughly \$270,000, while Las Cruces was second and El Paso 5th with average values of roughly \$241,000 and \$224,000, respectively.

Employment

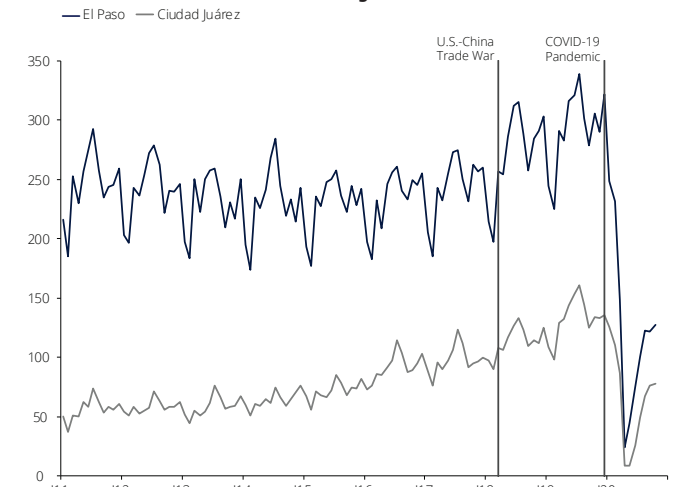
Job Recovery Remains Slow

El Paso and Las Cruces showed minor improvements in employment, while Ciudad Juárez continued its uptick.

Non-farm employment increased in October across the Paso del Norte region. In El Paso, non-farm employment went up 1.2% (3,600 jobs gained) in October on a monthly basis following a 0.1% decrease in September. In Las Cruces, non-farm employment increased on a monthly basis for the third month in a row at 1.0% (700 jobs gained), while non-farm employment in Ciudad Juárez also continued its upward trend, increasing 0.8% (3,600 jobs gained) in October relative to September. Nevertheless, non-farm employment on a year-over-year basis in October decreased in El Paso by 4.6% (15,100 jobs lost) and Las Cruces by 7.3% (5,500 jobs lost).

Quick-Glance Indicators

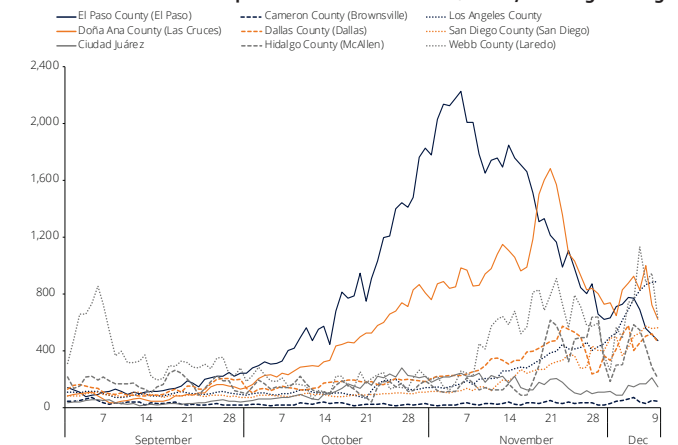
El Paso and Ciudad Juárez Air Passengers, Thousands



Note: Data as of October 2020.

Source: El Paso International Airport and Grupo OMA.

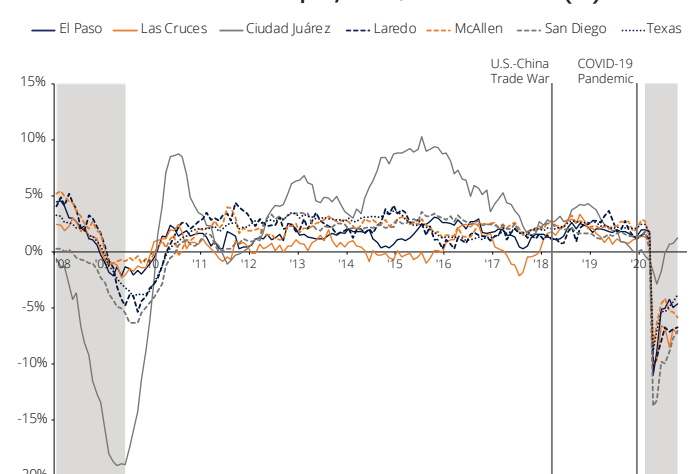
New Coronavirus Cases per 1 Million Inhabitants, 5-Day Moving Average



Note: Data as of December 9, 2020.

Source: Hunt Institute calculations using Texas Health and Human Services, New Mexico Department of Health, Secretaría de Salud de Chihuahua, Center for Systems Science and Engineering at Johns Hopkins University, U.S. Census Bureau, and Consejo Nacional de Población data.

Total Non-Farm Employment, Year-over-Year (%)

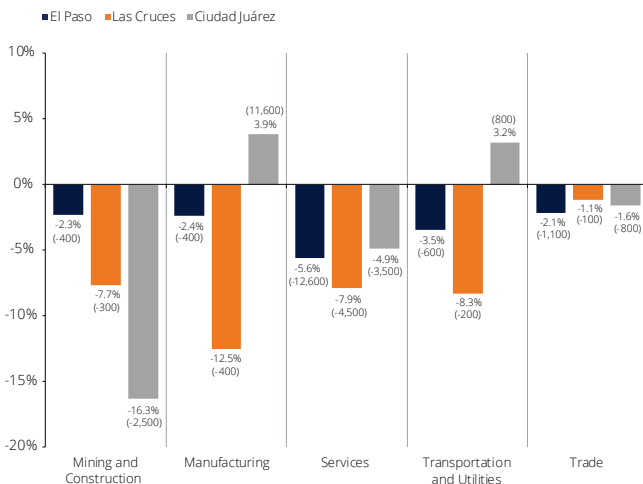


Note: Preliminary data for October 2020. Shaded area indicates NBER defined recession (2020 recession began in February with no end date at time of publication).

Source: Hunt Institute calculations using U.S. Bureau of Labor Statistics and IMSS data.

Analyzing five sectors of employment from September to October, the Services sector led the month-to-month job gains in October for El Paso (2,800 jobs gained) and Las Cruces (800 jobs gained), and the Manufacturing sector (3,200 jobs gained) led gains for Ciudad Juárez. El Paso increased across four of the five sectors, with the largest increases in Services and Trade (400 jobs gained), while Manufacturing remained unchanged for the second month in a row. In Las Cruces, sectors other than Services (800 jobs gained) either lost jobs (Manufacturing with -100 jobs) or remained stagnant (Mining and Construction, Transportation and Utilities, and Trade). In Ciudad Juárez, all sectors, except Mining and Construction (200 jobs lost) and Services (stagnant), increased, led by job gains in Manufacturing and Trade with 3,200 jobs and 400 jobs, respectively. On a year-over-year basis, however, all sectors in El Paso and Las Cruces experienced job losses; while in Ciudad Juárez, all sectors, except Manufacturing (11,600 jobs gained) and Transportation and Utilities (800 jobs gained), experienced job losses.

Paso del Norte Total Non-Farm Employment by Sector, October 2020 (Year-over-Year)

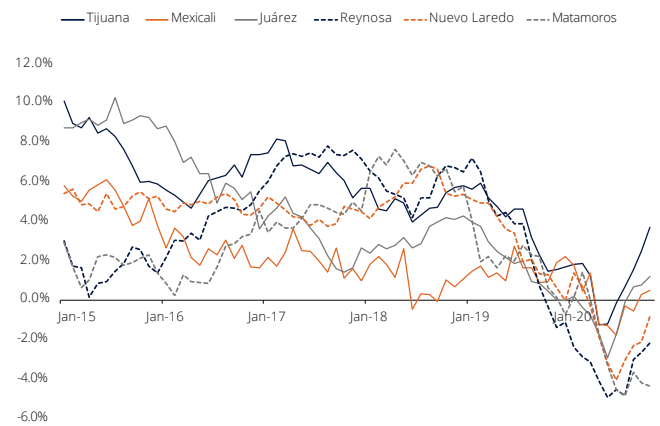


Note: Preliminary data for October 2020. Services exclude Transportation and Utilities and Trade. Numbers are rounded to the nearest hundred.

Source: Hunt Institute calculations using U.S. Bureau of Labor Statistics and IMSS data.

and Nuevo Laredo. When comparing the average monthly employment during the January to October 2020 period to the average monthly employment during the January to October 2019 period, the top two sub-industries in terms of employment increases for each city added a total of approximately 7,800 jobs in Tijuana; 5,400 jobs in Ciudad Juárez; and 1,400 jobs in Nuevo Laredo.

Total Non-Farm Employment for Selected U.S.-Mexico Border Cities, Year-over-Year (%)



Note: Data as of October 2020.

Source: Hunt Institute calculations using IMSS data.

One of the top employment sub-industries that led the average employment increases across Tijuana (3,500 jobs gained), Ciudad Juárez (3,100 jobs gained), and Nuevo Laredo (1,000 jobs gained) in the January to October 2020 period on a year-over-year basis was the manufacturing of scientific and professional apparatus sub-industry. According to conversations with local manufacturing and assembly plants in Ciudad Juárez, due to the COVID-19 outbreak, some manufacturing firms have shifted their production to produce medical equipment. Among others, this could potentially explain the increased employment across these cities for this sub-industry, given that it includes the manufacturing of medical and laboratory equipment.

Top 2 Sub-Industry Average Employment Increases in Selected Mexican Cities, Jan-Oct 2020 (YoY)

Code	Sector	Tijuana	Ciudad Juárez	Nuevo Laredo	Total
(A)	Scientific and Professional Apparatus	3,500	3,100	1,000	7,600
(B)	Radio, Television and Communications	4,300	2,300		6,600
(C)	Supermarkets and Self-Service Stores			400	400
Total		7,800	5,400	1,400	14,600

Note: Average employment refers to the average monthly employment during the January to October period. YoY denotes year-over-year. Numbers are rounded to the nearest hundred. (A) is the manufacturing, assembly and/or repair of scientific and professional apparatus equipment; (B) is the manufacturing and/or assembly of radio, television and communications equipment; (C) is supermarkets, self-service stores and specialized department stores by merchandise line.

Source: Hunt Institute calculations using IMSS data.

The sub-industries hit the hardest during the January to October 2020 period compared to the same period in 2019 lost on average a total of 6,700 jobs in Ciudad Juárez, 2,700 jobs in Tijuana, and 2,000 jobs in Nuevo Laredo. The top sub-industries recording employment declines in Tijuana and Ciudad Juárez were related to the automotive industry.

COVID Impact on Mexican Employment

Automotive Industry Employment Impacted in Mexican Border Cities

Automotive related employment sub-industries were hit the hardest in Tijuana and Ciudad Juárez.

On a year-over-year basis, non-farm employment increased in October by 19,600 jobs in Tijuana; 5,600 jobs in Ciudad Juárez; and 1,100 jobs in Mexicali. Selected Mexican cities to the east of Ciudad Juárez, however, recorded job losses with respect to employment levels from a year ago: Matamoros with 5,200 jobs lost; Reynosa with 4,700 jobs lost; and Nuevo Laredo with 800 jobs lost. In order to examine the impact of COVID across Mexican border cities, the top sub-industries in terms of employment increases and decreases were assessed for Tijuana, Ciudad Juárez,

This industry was one of the first impacted by COVID given that Wuhan, China, where the COVID-19 outbreak and lockdowns began, is home to automotive production powerhouses, affecting many vehicle parts suppliers and factories around the world.

During this period, the sub-industries which led the way for average employment declines in Ciudad Juárez were the electronic accessories manufacturing sub-industry, with 4,300 jobs lost, and the motor vehicle electrical systems manufacturing sub-industry, with 2,400 jobs lost. In Tijuana, the leading sub-industry in average employment decline was the automobiles, buses, trucks and motorcycles manufacturing sub-industry with 1,400 jobs lost. In Nuevo Laredo, the leading sub-industry in employment decline was the manufacturing of other articles sub-industry with 1,400 jobs lost.

Top 2 Sub-Industry Average Employment Decreases in Selected Mexican Cities, Jan-Oct 2020 (YoY)

Code	Sector	Tijuana	Ciudad Juárez	Nuevo Laredo	Total
(D)	Electronic Accessories		-4,300		-4,300
(E)	Motor Vehicle Electrical Systems		-2,400		-2,400
(F)	Other Articles			-1,400	-1,400
(C)	Automobiles, Buses, Trucks and Motorcycles	-1,400			-1,400
(H)	Electrical Conductors	-1,300			-1,300
(I)	Machined Metal Products			-600	-600
Total		-2,700	-6,700	-2,000	-11,400

Note: Average employment refers to the average monthly employment during the January to October period. YoY denotes year-over-year. Numbers are rounded to the nearest hundred. (D) is the manufacturing and/or assembly of devices, electrical or electronic accessories; (E) is the manufacturing and/or assembly of parts for the electrical system of motor vehicles; (F) is the manufacturing, assembly and/or repair of other manufactured articles not classified with machinery and/or motorized equipment; (C) is the manufacturing and/or assembly of automobiles, buses, trucks and motorcycles; (H) is the manufacturing of electric conductors; (I) is the manufacturing of other machined metal products.

Source: Hunt Institute calculations using IMSS data.

Residential Building Permits

Single-Unit Residential Building Permits Up in 2020

Despite increases, El Paso and Las Cruces ranked lowest across several MSAs in terms of new, privately owned, single-unit building permits.

New, privately owned, single-unit building permits were examined to assess residential building development in El Paso, Texas; Las Cruces, New Mexico; and other selected Metropolitan Statistical Areas (MSAs) in Texas.¹ For a comparison accounting for population differences across these MSAs, the Hunt Institute estimated the number of these building permits per 100,000 inhabitants. For these estimations, from January to October 2019 and January to October 2020, El Paso and Las Cruces ranked last across these MSAs including Austin, Houston, Dallas-Fort Worth, McAllen, San Antonio, and Laredo. Nevertheless, all of these MSAs recorded year-over-year increases in the January to October 2020 period. In particular, El Paso exhibited a 17.2%

¹ According to the U.S. Census Bureau, the single-family statistics include "fully detached, semidetached (semi-attached, side-by-side), row houses, and townhouses."

increase (+40), and Las Cruces a 19.9% increase (+67) in new, privately owned, single-unit building permits per 100,000 people.

Building Permits for New, Privately Owned, Single-Unit Housing in Selected MSAs per 100,000 of the Population

MSA	2019	A Jan-Oct 2019	B Jan-Oct 2020	B-A	B-A (%)
Austin, TX	818	698	757	58	8.3%
Houston, TX	561	478	554	76	15.9%
Dallas-Fort Worth, TX	462	389	460	71	18.4%
McAllen, TX	365	316	333	17	5.2%
San Antonio, TX	351	295	338	43	14.4%
Laredo, TX	412	353	406	53	15.1%
Las Cruces, NM	394	334	401	67	19.9%
El Paso, TX	280	235	275	40	17.2%

Note: Authorized unadjusted units by Metropolitan Statistical Area (MSA). Austin includes Round Rock and Georgetown; Houston includes The Woodlands and Sugar Land; Dallas-Fort Worth includes Arlington; McAllen includes Edinburg and Mission; and San Antonio includes New Braunfels.

Source: Hunt Institute calculations using U.S. Census Bureau data.

In 2019, Dallas led the way among the selected MSAs in terms of average value of building permits issued for new, privately owned, single-unit housing, at roughly \$270,000. Las Cruces was second with an average value of roughly \$241,000 and El Paso 5th with an average value for new, privately owned, single-unit building permits of approximately \$224,000. During the January to October 2020 period, Las Cruces and El Paso both exhibited increases on a year-over-year basis in the average value of these home building permits at 7.2% and 5.7%, respectively. The general increase in the average value of building permits for new, privately owned, single-unit housing across these cities may be partially attributed to lower mortgage rates.

Average Price of Building Permits for New, Privately Owned, Single-Unit Housing in Selected MSAs (Thousand USD)

MSA	2019	A Jan-Oct 2019	B Jan-Oct 2020	B-A	B-A (%)
Dallas-Fort Worth, TX	\$270	\$272	\$258	\$(14)	-5.2%
Las Cruces, NM	\$241	\$237	\$254	\$17	7.2%
Austin, TX	\$233	\$234	\$227	\$(7)	-2.9%
San Antonio, TX	\$232	\$232	\$229	\$(2)	-1.0%
El Paso, TX	\$224	\$222	\$235	\$13	5.7%
Houston, TX	\$181	\$181	\$185	\$4	2.0%
McAllen, TX	\$158	\$163	\$188	\$25	15.3%
Laredo, TX	\$152	\$155	\$176	\$21	13.5%

Note: Numbers in parenthesis indicate negative numbers. Authorized unadjusted units by Metropolitan Statistical Area (MSA). Numbers are rounded to the nearest thousand. Austin includes Round Rock and Georgetown; Houston includes The Woodlands and Sugar Land; Dallas-Fort Worth includes Arlington; McAllen includes Edinburg and Mission; and San Antonio includes New Braunfels.

Source: Hunt Institute calculations using U.S. Census Bureau data.

About Hunt Institute for Global Competitiveness

Since 2014, the Hunt Institute for Global Competitiveness at The University of Texas at El Paso has provided economic analysis of the Paso del Norte Region that includes the binational communities of El Paso, Texas; Las Cruces, N.M.; and Ciudad Juárez, Mexico. The mission of the Hunt Institute is to produce high-quality market analysis tools that can strengthen regional and binational cross-border economic and social development.

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