

10-2021

Paso del Norte Economic Indicator Review, October

Hunt Institute for Global Competitiveness

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Key Takeaways

Employment

- Non-farm employment increased in El Paso, Las Cruces and Ciudad Juárez by 1,600 jobs (0.5%), 1,500 jobs (2.2%) and 1,100 jobs (0.2%), respectively, in August compared to July.
- El Paso and Las Cruces exhibited gains in non-farm employment on a year-over-year basis in August, adding 7,800 jobs (2.5%) and 2,000 jobs (2.9%), respectively. Ciudad Juárez also experienced job gains in August with 20,700 jobs added (4.5%), its thirteenth straight month of year-over-year gains.
- However, El Paso and Las Cruces remain short of their pre-COVID recession employment levels, with El Paso down 6,600 jobs (-2.0%) and Las Cruces down 1,900 jobs (-2.6%) in August.

Hotel Occupancy Rates

- From May to August of this year, El Paso has recorded the highest hotel occupancy rates of the selected metropolitan statistical areas (MSAs) of El Paso, Las Cruces, Ciudad Juárez, Laredo, McAllen and San Antonio.
- January recorded its lowest hotel occupancy rate for each MSA through the first eight months of 2021. Hotel occupancy rates in El Paso were at their highest in June at 82%.

Residential Building Permits

- In 2020, El Paso ranked last and Las Cruces ranked fifth in terms of new, privately owned, single-unit building permits per 100,000 inhabitants across the eight selected MSAs of Austin, Dallas-Fort Worth, El Paso, Houston, Las Cruces, Laredo, McAllen and San Antonio.
- All selected MSAs recorded year-over-year increases in the January to August 2021 period for new residential building permits. El Paso exhibited an increase of 9 permits per 100,000 inhabitants (4.0%) and Las Cruces an increase of 83 permits (29.4%).

Employment

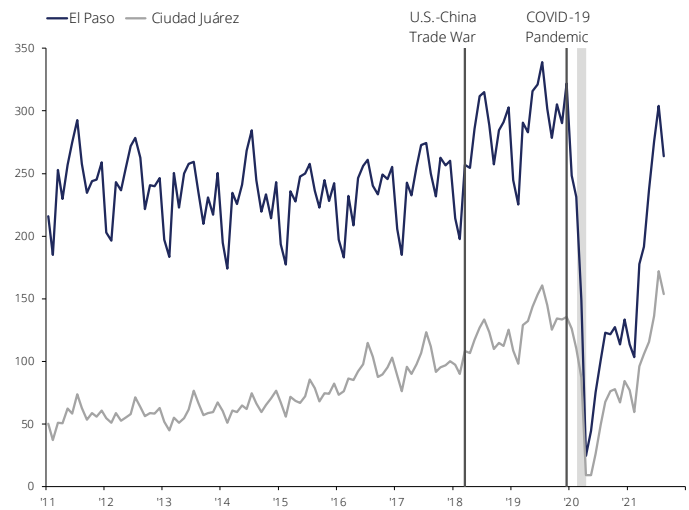
Jobs Remain Down Compared to 2019

Despite year-over-year gains, employment remains below 2019 (pre-pandemic) levels in El Paso and Las Cruces.

Following the losses in June and July, non-farm employment increased in August on a monthly basis for El Paso and Las Cruces by 1,600 jobs (0.5%) and 1,500 jobs (2.2%), respectively. In Ciudad Juárez, non-farm employment gained 1,100 jobs (0.2%) in August compared to July. August also marked the fifth month in a row for year-over-year non-farm employment gains in El Paso and Las Cruces, with El Paso adding 7,800 jobs (2.5%) and Las Cruces adding 2,000 jobs (2.9%). Ciudad Juárez also experienced job gains in August with 20,700 jobs added (4.5%), its thirteenth straight month of year-over-year gains. However, the struggle for El Paso and Las Cruces to recover pre-COVID recession employment levels continued. Compared to August 2019, El Paso and Las Cruces remained down 6,600 jobs (-2.0%) and 1,900 jobs (-2.6%), respectively.

Quick-Glance Indicators

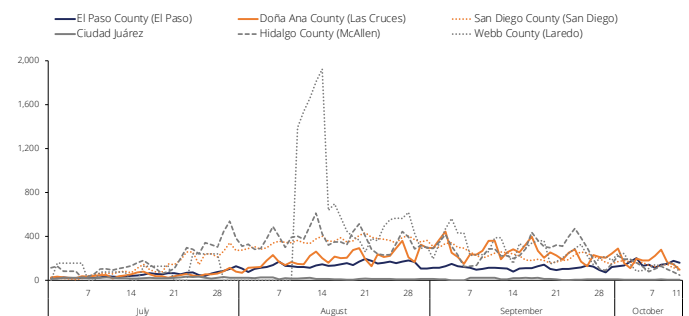
El Paso and Ciudad Juárez Air Passengers, Thousands



Note: Data as of August 2021. Shaded area indicates recession as defined by the National Bureau of Economic Research (2020 recession began in February and ended in April).

Source: Hunt Institute using El Paso International Airport and Grupo OMA data.

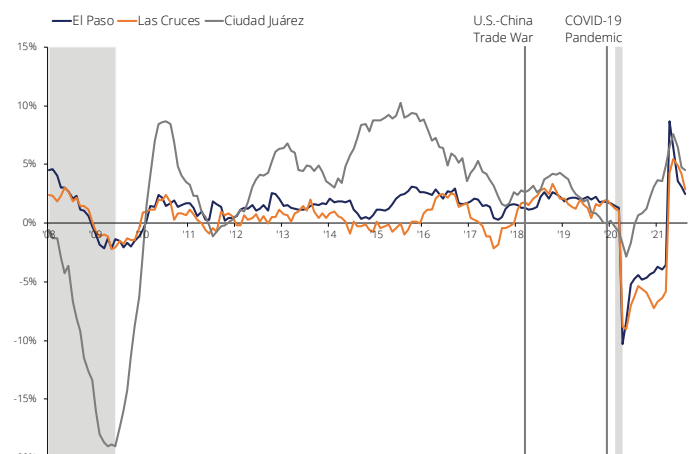
New Coronavirus Cases per 1 Million Inhabitants, 5-Day Moving Average



Note: Data as of October 11, 2021.

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.

Paso del Norte Total Non-Farm Employment (Year-over-Year, %)



Note: Preliminary data for August 2021. Shaded area indicates recession as defined by the National Bureau of Economic Research (2020 recession began in February and ended in April).

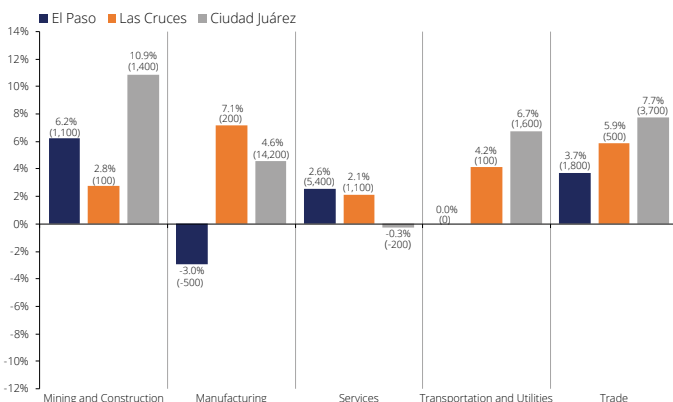
Source: Hunt Institute calculations using U.S. Bureau of Labor Statistics and Instituto Mexicano del Seguro Social data.

Restricting attention to the following five important employment sectors--(i) Transportation and Utilities, (ii) Trade, (iii) Services, (iv) Mining and Construction and (v) Manufacturing--reveals employment losses on a monthly basis in August for the first two sectors and gains for the last three sectors in El Paso. Specifically, Transportation and Utilities declined by 100 jobs (-0.6%) and Trade declined by 100 jobs (-0.2%), while Services, Mining and Construction, and Manufacturing increased by 1,400, 300, and 100 jobs (0.7%, 1.6% and 0.6%), respectively.

All five sectors increased in Las Cruces with the largest job gain exhibited in the Services sector (1,100 jobs or 2.1%). The Mining and Construction sector added 100 jobs (2.8%); the Manufacturing sector added 100 jobs (3.4%); the Transportation and Utilities sector added 100 jobs (4.2%); and the Trade sector added 100 jobs (1.1%). In Ciudad Juárez, the Services sector lost 200 jobs (-0.3%) and the Trade sector lost 100 jobs (-0.2%). The Manufacturing, Transportation and Utilities, and Mining and Construction sectors added 1,000 jobs (0.3%), 300 jobs (1.2%); and 100 jobs (0.9%), respectively.

On a year-over-year basis, the only sector to decrease in El Paso in August was the Manufacturing sector with 500 jobs lost (-3.0%). In contrast, the Services sector gained 5,400 jobs (2.6%); the Trade sector gained 1,800 jobs (3.7%); the Mining and Construction sector gained 1,100 jobs (6.2%); and the Transportation and Utilities sector remained stagnant. In Las Cruces, all sectors increased compared to last year with the Services, Trade, Manufacturing, Mining and Construction, and Transportation and Utilities sectors gaining 1,100 jobs (2.1%), 500 jobs (5.9%), 200 jobs (7.1%), 100 jobs (2.8%) and 100 jobs (4.2%), respectively. Ciudad Juárez decreased by 200 jobs (-0.3%) in the Services sector and increased across the other four sectors, adding 14,200 jobs (4.6%) in the Manufacturing sector, 3,700 jobs (7.7%) in the Trade sector, 1,600 jobs (6.7%) in the Transportation and Utilities sector and 1,400 jobs (10.9%) in the Mining and Construction sector.

Paso del Norte Total Non-Farm Employment by Sector, August 2021 (Year-over-Year)



Note: Preliminary data for August 2021. 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 Instituto Mexicano del Seguro Social data.

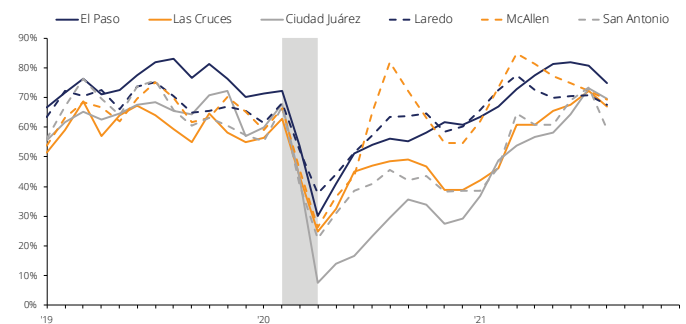
Hotel Occupancy Rates

Recovery Continues for Hotel Occupancy

Since March of this year, hotel occupancy in the Paso del Norte region has increased every month compared to 2020.

Despite having the highest hotel occupancy rates throughout nearly all 2019 and the first three months of 2020 for the selected metropolitan statistical areas (MSAs) of El Paso, Las Cruces, Ciudad Juárez, Laredo, McAllen and San Antonio, El Paso fell behind following the economic decline spurred by the COVID-19 crisis. However, El Paso has topped the other selected MSAs every month since May of this year. Through the first eight months of 2021, each of the MSAs recorded its lowest hotel occupancy rate in January. Ciudad Juárez had the lowest rate that month at 37%, while Laredo had the highest at 66%. From January to August, El Paso registered its highest hotel occupancy rate for 2021 in June at 82%. Las Cruces and Ciudad Juárez recorded their highest rates in July at 72% and 73%, respectively. Laredo and McAllen exhibited their highest rates in March at 78% and 85%; McAllen's rate was the highest observed across all MSAs in the thirty-two months analyzed. San Antonio's peak for the year was in July at 73%. From March 2021 onward, each MSA has consistently increased on a year-over-year basis every month; McAllen's decrease in August was the only one across all MSAs during this stretch. Moreover, El Paso, Las Cruces, Laredo and McAllen have each had at least three months in 2021 with higher hotel occupancy rates than the same months in 2019. Ciudad Juárez has had two such months, in July and August, while San Antonio has remained below 2019 occupancy rates the entire year to date.

Hotel Occupancy Rates by MSA



Note: Data as of August 2021. McAllen includes Edinburg and Mission; San Antonio includes New Braunfels. Shaded area indicates NBER defined recession (2020 recession began in February and ended in April).

Source: Hunt Institute using STR data.

Residential Building Permits

Single-Unit Residential Building Permits Increase in 2021

El Paso and Las Cruces recorded increases in building permits issued for new, privately owned, single-unit housing during the first eight months of the year.

New, privately owned, single-unit building permits were examined to assess residential building development in El Paso, Las Cruces and other selected metropolitan statistical areas (MSAs) in Texas including Austin, Dallas-Fort Worth, Houston, Laredo, McAllen, and San Antonio.¹ To account for population differences across these MSAs, the Hunt Institute estimated the number of such building permits per 100,000 inhabitants. In 2020, El Paso ranked last and Las Cruces ranked fifth across the MSAs. Nevertheless, all of these MSAs recorded year-over-year increases in the January to August 2021 period. In particular, El Paso exhibited an increase of 9 permits (4.0%) and Las Cruces an increase of 83 permits (29.4%) in new, privately owned, single-unit building permits per 100,000 people. Las Cruces' increase was the third largest on a relative basis, while El Paso's was the smallest by far. San Antonio and Laredo exhibited the largest relative increases in residential building permits at 118 (44.5%) and 100 (37.9%) new permits, respectively. It is important to note that permits for new housing units do not necessarily equal housing starts, as permits may be granted but construction may not end up taking place.

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

MSA	2020	A Jan-Aug 2020	B Jan-Aug 2021	B-A	B-A (Δ%)
Austin, TX	935	588	737	149	25.3%
Houston, TX	667	428	493	65	15.3%
Dallas-Fort Worth, TX	564	351	440	89	25.3%
Laredo, TX	465	263	363	100	37.9%
Las Cruces, NM	460	281	364	83	29.4%
San Antonio, TX	424	264	382	118	44.5%
McAllen, TX	443	283	337	54	19.0%
El Paso, TX	333	212	221	9	4.0%

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 data from the U.S. Census Bureau.

In 2020, Dallas-Fort Worth led the way among the selected MSAs in terms of the average value of building permits issued for new, privately owned, single-unit housing, at roughly \$257,000. Las Cruces was second with an average value of roughly \$256,000 and El Paso third with an average value for new, privately owned,

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

single-unit building permits of approximately \$235,000. During the January to August 2021 period, Las Cruces increased and El Paso decreased on a year-over-year basis in the average value of these home building permits by \$6,000 (2.3%) and -\$1,000 (-0.3%), respectively. Houston exhibited the largest increase by far at \$45,000 (24.6%), followed by McAllen at \$11,000 (5.8%).

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

MSA	2020	A Jan-Aug 2020	B Jan-Aug 2021	B-A	B-A (Δ%)
Dallas-Fort Worth, TX	\$257	\$259	\$263	\$4	1.7%
Las Cruces, NM	\$256	\$253	\$259	\$6	2.3%
El Paso, TX	\$235	\$235	\$234	-\$1	-0.3%
San Antonio, TX	\$229	\$230	\$233	\$3	1.4%
Austin, TX	\$224	\$228	\$219	-\$8	-3.7%
McAllen, TX	\$190	\$187	\$198	\$11	5.8%
Houston, TX	\$185	\$183	\$229	\$45	24.6%
Laredo, TX	\$181	\$168	\$164	-\$5	-2.7%

Note: 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 data from the U.S. Census Bureau.

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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