

Key Takeaways

Employment

- Recent Month-over-Month (MoM) data shows a plateauing or even a decline in specific employment sectors in the Paso del Norte region, indicating a potential deceleration in job creation.
- The U.S. and the Paso del Norte region experienced mixed Year-over-Year (YoY) employment results across sectors. Employment declines were registered in the U.S. in the Transportation and Utilities sector, with a decrease of 13,000 jobs (-0.2%).

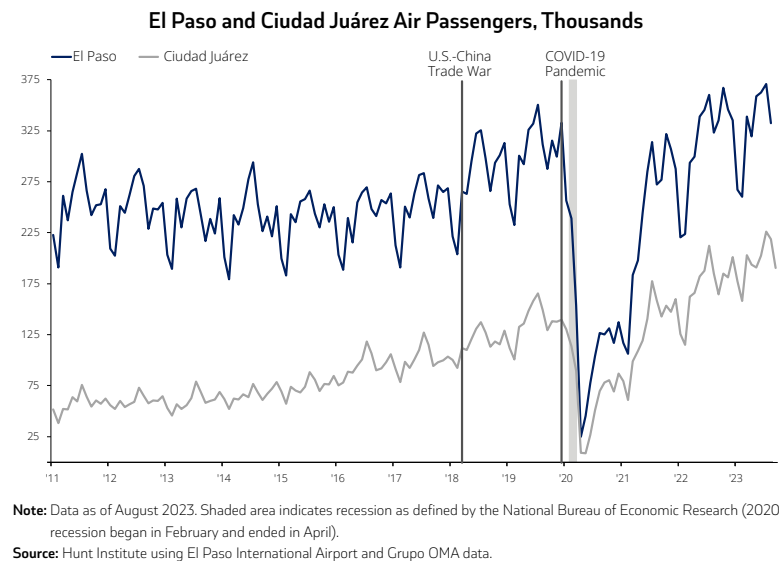
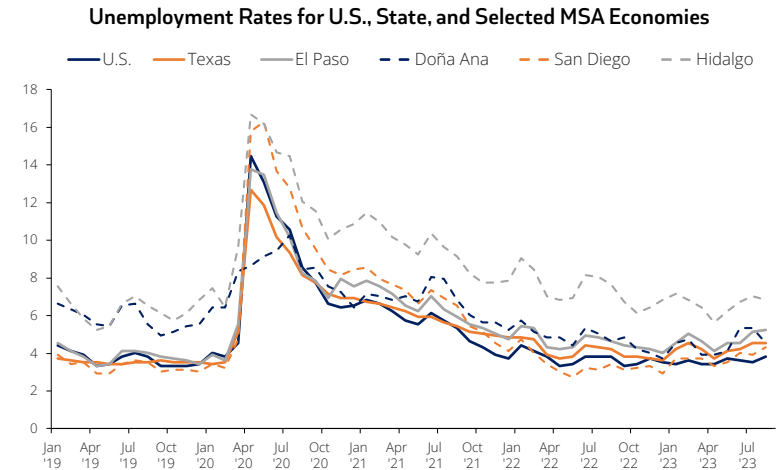
Remittances

- Remittances from the U.S. to Mexico have increased by \$4,093.4 million (9.5%) from \$42,978.0 million in the first three quarters of 2022 to \$47,071.4 million in the first three quarters of 2023. This increase is lower than the 15.1% YoY gain observed in the first three quarters of 2022.
- Remittances to Tijuana and Ciudad Juárez accounted for 53.2% of the total remittance flow among the top ten border cities during the first half of 2023.¹

Residential Building Permits

- From January to August 2023, the number of new, privately owned, single-unit buildings per 100,000 inhabitants recorded a decline across the selected MSAs. Las Cruces recorded the largest decline of 126 (-34.9%).
- All selected MSAs² experienced an increase in the average value of new, privately owned, single-unit building permits issued in August 2022 and 2023, except for Houston, TX, which recorded a slight decrease of \$7,997 (-3.0%) in the average value.

Quick-Glance Indicators

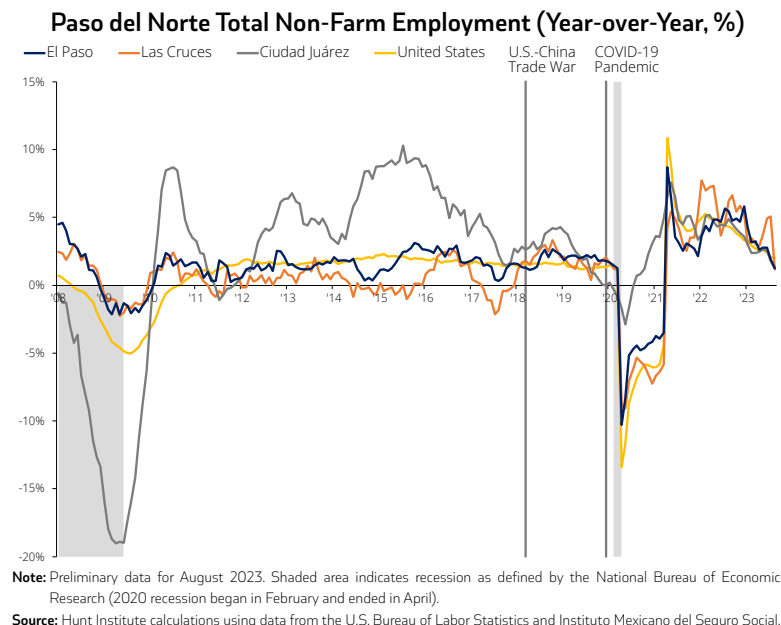


Employment

Paso del Norte's 29-Month Non-farm Employment Surge Slows Down

Non-farm employment in August 2023 for the Paso del Norte region exceeded August 2022.

August 2023 marked the twenty-ninth consecutive month of YoY non-farm employment gains in the U.S., El Paso, and Las Cruces, and the thirty-seventh consecutive month in Ciudad Juárez. While the region continues to exhibit YoY employment growth, there's a noticeable deceleration in the monthly comparisons, as several sectors have been stagnant or declining. This shift suggests that the pace of job creation is slowing. At the national level, YoY gains of 3,131,000 jobs (2.0%) were observed in August 2023. Total non-farm employment also increased in El Paso by 4,200



¹ The top ten cities in terms of remittances include Tijuana, Ciudad Juárez, Mexicali, Reynosa, Guadalupe, Nuevo Laredo, Piedras Negras, San Luis Río Colorado, Ciudad Acuña and Nogales.

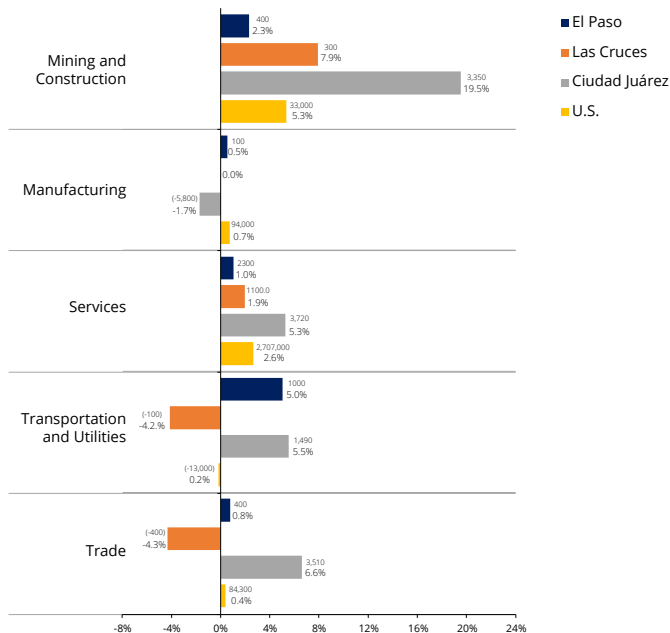
PASO DEL NORTE ECONOMIC INDICATOR REVIEW

October 2023

jobs (1.3%), Las Cruces by 900 jobs (1.2%), and Ciudad Juárez by 6,260 jobs (1.2%). In a MoM comparison, however, the non-farm employment outlook for the U.S. and the Paso del Norte region is mixed, with an increase in the U.S. and Ciudad Juárez of 394,000 jobs (0.3%) and 670 jobs (0.1%), respectively. El Paso lost 1,200 jobs (-0.4%), while Las Cruces MoM growth remained stagnant.

The Hunt Institute tracks five non-farm employment sectors in the Paso del Norte region. In August 2023, only El Paso added jobs in all five sectors on a YoY basis. In contrast, the U.S. and Ciudad Juárez added jobs in four out of five sectors, while Las Cruces added jobs in two out of five sectors. The Services sector drove YoY job growth in the Paso del Norte region and the U.S.

Paso del Norte Total Non-Farm Employment by Sector, August 2023 (Year-over-Year)



Note: Preliminary data for August 2023. Services excludes Transportation and Utilities, and Trade. Numbers are rounded to the nearest hundred.

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

In El Paso, the following sectors experienced employment growth: Services by 2,300 jobs (1.0%), Manufacturing by 100 jobs (0.5%), Transportation and Utilities by 1,000 jobs (5.0%), Mining and Construction by 400 jobs (2.3%), and Trade by 400 jobs (0.8%). Las Cruces increased in the Services sector by 1,100 jobs (1.9%), and in the Mining and Construction sector by 300 jobs (7.9%), while the Trade and Transportation and Utilities sectors lost 400 jobs (-4.3%), and 100 jobs (-4.2%), respectively. The Manufacturing sector remained stagnant. Ciudad Juárez recorded increases in four sectors: 3,510 jobs (6.6%) in Trade, 3,350 jobs (19.5%) in Mining and Construction, 1,490 jobs (5.5%) in Transportation and Utilities, and 3,720 jobs (5.3%) in Services. The Manufacturing sector lost 5,800 jobs (-1.7%).

In a MoM comparison, El Paso's non-farm employment decreased in four out of the five sectors. The Services sector lost 500 jobs (-0.2%), the Transportation and Utilities decreased by 400 jobs (-1.9%), the Manufacturing sector shrank by 200 jobs (-1.1%), and the Mining and Construction sector reduced by 100 jobs (-0.6%); the Trade sector remained stagnant. Las Cruces MoM total non-farm employment remained stagnant, with the Services, Transportation and Utilities, and Mining and Construction sectors remaining stagnant. Manufacturing grew by 100 jobs (2.9%), while the Trade sector decreased by 100 jobs (-1.1%). Ciudad Juárez demonstrated moderate job gains in three out of five sectors in a MoM comparison. The Trade sector added 390 jobs (0.7%), the Mining and Construction sector added 580 jobs (2.9%), and the Services sector grew by 1,000 jobs (1.4%). The Manufacturing sector lost 1,320 jobs (-0.4%), and the Transportation and Utilities sector remained stagnant.

Remittances

Growth Continues in Remittances to Mexican Border States

The remittance landscape among the top six Border States reveals an upward trend, showcasing a significant increase in financial support flowing across the border.

Mexicans living abroad sent \$47,071.4 million in remittances to their communities from January to September 2023. Remittances in non-border states increased by \$3,948.3 million (10.6%) during this period, while remittances in Border States increased by \$145.1 million (2.6%). In the Border States, Baja California experienced the largest increase in remittances between the first three quarters of 2023 compared to the same period in 2022, accounting for \$48.0 million or 4.5%. On the other hand, Tamaulipas experienced a slight decline of \$1.9 million, less than 0.2 %, among the top six Mexican northern Border States.

Remittances to Mexican States, Million USD

Region	A Jan-Sep 2022	B Jan-Sep 2023	B-A	B-A (Δ%)
Chihuahua	\$1,209.7	\$1,222.3	\$12.6	1.0%
Nuevo León	\$1,073.6	\$1,111.7	\$38.2	3.6%
Baja California	\$1,058.5	\$1,106.5	\$48.0	4.5%
Tamaulipas	\$839.9	\$838.0	-\$1.9	-0.2%
Coahuila	\$757.6	\$795.9	\$38.2	5.0%
Sonora	\$673.8	\$683.8	\$10.1	1.5%
Border States	\$5,613.1	\$5,758.2	\$145.1	2.6%
Non-Border States	\$37,364.9	\$41,313.2	\$3,948.3	10.6%
Mexico	\$42,978.0	\$47,071.4	\$4,093.4	9.5%

Note: Border states refer to the Mexican states along its northern border.

Source: Hunt Institute calculations using data from Banco de México.

In the first half of 2022 and 2023, five out of the top ten Mexican border cities experienced growth while the others

experienced decline. Reynosa, Tijuana, and Mexicali stand out as top performers in terms of growth, with 24.6%, 5.9%, and 3.1%, respectively. However, San Luis Río Colorado, Nuevo Laredo, and Guadalupe experienced significant declines in growth rates of 19.7%, 14.8%, and 11.9%, respectively. The foremost ten Mexican cities saw an increase of \$13.0 million in remittances during the first half of 2023 in contrast to the same period in 2022.

Top Ten Mexican Border Cities in Remittances, Million USD

Region	A Jan-Sep 2022	B Jan-Sep 2023	B-A	B-A (Δ%)
Tijuana	\$364.3	\$385.6	\$21.3	5.9%
Ciudad Juárez	\$238.0	\$239.7	\$1.7	0.7%
Mexicali	\$141.3	\$145.6	\$4.4	3.1%
Reynosa	\$69.8	\$86.9	\$17.1	24.6%
Guadalupe	\$85.0	\$74.9	-\$10.1	-11.9%
Nuevo Laredo	\$65.6	\$55.9	-\$9.7	-14.8%
Piedras Negras	\$49.6	\$50.5	\$0.9	1.7%
San Luis Río Colorado	\$57.1	\$45.9	-\$11.2	-19.7%
Ciudad Acuña	\$46.8	\$45.8	-\$1.0	-2.2%
Nogales	\$45.9	\$45.5	-\$0.3	-0.7%
Total	\$1,163.4	\$1,176.3	\$13.0	1.1%

Note: Top ten in 2023 on Mexico's northern border.

Source: Hunt Institute calculations using data from Banco de México.

Residential Building Permits

Rising Average Value of Residential Permits Amidst Quantity Decline

All selected MSAs recorded declines in newly constructed, privately owned, single-unit buildings per 100,000 inhabitants between January and August 2023 compared to the same period in 2022.

The Hunt Institute analyzed new, privately owned, single-unit building permits in El Paso, Texas, Las Cruces, New Mexico, and selected Texas MSAs, comparing permits per 100,000 inhabitants. From January to August 2022 and 2023, El Paso consistently ranked lowest, with all MSAs showing declines. Las Cruces had the largest drop with 126 units (-34.9%), followed by Austin-Round Rock-Georgetown with 204 units (-31.1%), while Houston saw the smallest decline of 15 units (-3.1%).

Generally, the majority of the MSAs exhibited an increase greater than 9.0% in the average value of building permits issued for new, privately owned, single-unit housing in August 2023 YoY. On the contrary, Houston experienced a marginal decline of approximately 3.1% during this period while the average value of building permits for El Paso remained constant.

In August 2022, Las Cruces 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 approximately \$262,481 while Dallas ranked first in 2023 during the same

period due to an increase in its average value by roughly \$52,006 (20.3%). El Paso ranked last in the same period in 2023, with an average value of approximately \$234,038. Laredo recorded the highest increase in its average value by roughly \$95,596 (59.5%).

The contrast between the decrease in the number of new, privately owned, single-unit buildings per 100,000 inhabitants and the increase in the average value of building permits issued for new, privately owned, single-unit housing in the specified MSAs might be influenced by variations in housing demand and market preferences, as well as increased construction costs and interest rates.

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

MSA	A Jan-Aug '22	B Jan-Aug '23	B-A	B-A (Δ%)
Houston, TX	490	475	-15	-3.1%
Austin, TX	655	451	-204	-31.1%
Dallas, TX	421	356	-65	-15.4%
Laredo, TX	353	289	-63	-18.0%
Las Cruces, NM	361	235	-126	-34.9%
San Antonio, TX	298	222	-76	-25.5%
El Paso, TX	213	161	-52	-24.4%

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. The number of building permits issued per 100,000 inhabitants is rounded to the nearest whole number. The percentage change may differ slightly as a result.

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

Average Price of Building Permits for New, Privately Owned, Single-Unit Housing in Selected MSAs, August 2023

MSA	A Jan-Aug '22	B Jan-Aug '23	B-A	B-A (Δ%)
Dallas, TX	\$255,830	\$307,836	\$52,006	20.3%
Las Cruces, NM	\$262,481	\$299,286	\$36,804	14.0%
Austin, TX	\$235,530	\$284,479	\$48,948	20.8%
San Antonio, TX	\$253,294	\$276,327	\$23,033	9.1%
Laredo, TX	\$160,621	\$256,217	\$95,596	59.5%
Houston, TX	\$262,449	\$254,452	-\$7,997	-3.0%
El Paso, TX	\$233,383	\$234,038	\$654	0.3%

Note: Authorized unadjusted units by Metropolitan Statistical Area (MSA). The number of building permits issued per 100,000 inhabitants is rounded to the nearest whole number. The percentage change may differ slightly as a result.

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 strengthen regional and binational cross-border social and economic development.

utep.edu/hunt-institute