

McAllen:

Not just another border town



BY AMY SORTER

McAllen is not just any border town. Now the fifth-largest population center in Texas, the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA) has been quietly coming into its own with many service sector jobs in healthcare, leisure/hospitality and retail. Though not experiencing the massive growth of other Texas MSAs such as Dallas-Fort Worth or Austin, this region has been making plenty of waves on the Rio Grande border.

McAllen is home to La Plaza Mall, Simon Property's 1.2-million-square-foot regional shopping center that caters to shoppers on both sides of the border. "This is one of the few malls that is actually expanding," said Rebecca Olaguibel, retail and business development director for the city of McAllen. Simon Property Group recently completed construction of a \$71-million, 285,813-square-foot addition to the mall. Added Olaguibel: "This is only one in that group expanding its retail footprint."

McAllen's retail sector has generated billions of dollars in revenue for the state of Texas, with demand coming from both sides of the border. Will Collins, principal with San Antonio retail developer, Terracore Real Estate Services, noted that even though Hidalgo

County consists of 1 million people, the entire trade area, including Reynosa, is closer to 2.5 million. "A lot of families living in Reynosa cross the border to do their grocery shopping at the H-E-B," he said. Furthermore, according to sales reports he sees from retailers, "most of the top-performing units in their systems are in the McAllen area," Collins said.



Rebecca Olaguibel,
Retail & Business
Development Director

Most of Terracore's community center developments are in McAllen, with demand only one reason why retail is succeeding in the region. "McAllen is unique in that it is extremely developer-friendly," Collins observed, adding that the city's permitting, platting and entitlement processes are convenient. Furthermore, the city and regional focus on retail "arms us with good talking points when we reach out to tenants."

Many times, the city will reach out to tenants. Collins tells the story of attempting to recruit a Dallas tenant to McAllen and the city mayor, along with the city manager, assistant city manager and Olaguibel flew to Dallas to meet the tenant. "That's pretty unique," he said.

Nick Rhodes, president and CEO of Esperanza Homes, supported Collins' assertion about McAllen's development-friendly atmosphere. Rhodes also heads

Rhodes Enterprises Inc., which is developing Tres Lago, a 2,750-acre master-planned community in McAllen. "This is a mid-size market, but a nice size," he said, noting that barriers to entry and competition are, as of now, quite low.

Although border violence is repeatedly in the news and perception has been a challenge for the region, it is a misperception according to the McAllen Police Department. Texas southern border counties reportedly have the lowest crime rates in the state. In fact, crime has decreased in the city of McAllen since 2011, even as the population has increased, according to the police department. "A lot of people don't understand the border," Rhodes observed. "It's not a war zone with a bunch of undocumented immigrants."

McAllen continuously strives to improve quality of life for its residents. A Dave & Buster's restaurant opened during 2017 in McAllen and the McAllen Performing Arts Center opened in 2016. "The Broadway series has done very well here," Olaguibel said. "We're also paying attention to trends out there in retail; there is a ton of potential in live entertainment, which is why we wanted to get behind our own performing arts center."

Those involved with the McAllen MSA wouldn't want to be anywhere else. "It's a fun place to do business," Rhodes said. "We enjoy it down here and will stay for a long time."