



CHAPTER

6

ECONOMIC
DEVELOPMENT

Economic Policies



Strengthen Local Business & Entrepreneurship

Support small businesses, startups and local industries by providing financial incentives, workforce training and business support services.



Leverage Assets to Drive Sustainable Growth

Promote strategic development that enhances Harlingen’s unique character, including downtown revitalization, tourism and infrastructure investments.



Foster a Resilient & Diverse Economy

Encourage economic diversification by attracting industries in healthcare, technology and advanced manufacturing that will help attract and support ancillary services such as retail.

What We’ve Heard So Far...

“We need more job opportunities within the city, especially higher-wage jobs.”

“Support local businesses and entrepreneurs so we can keep money in Harlingen.”

“Rising rent and inflation are making it hard for small businesses to survive.”

“Attracting new industries and employers will help retain young professionals.”

“Downtown Harlingen has so much potential let’s make it a real destination.”

“The city should invest in workforce training programs to match local job needs.”

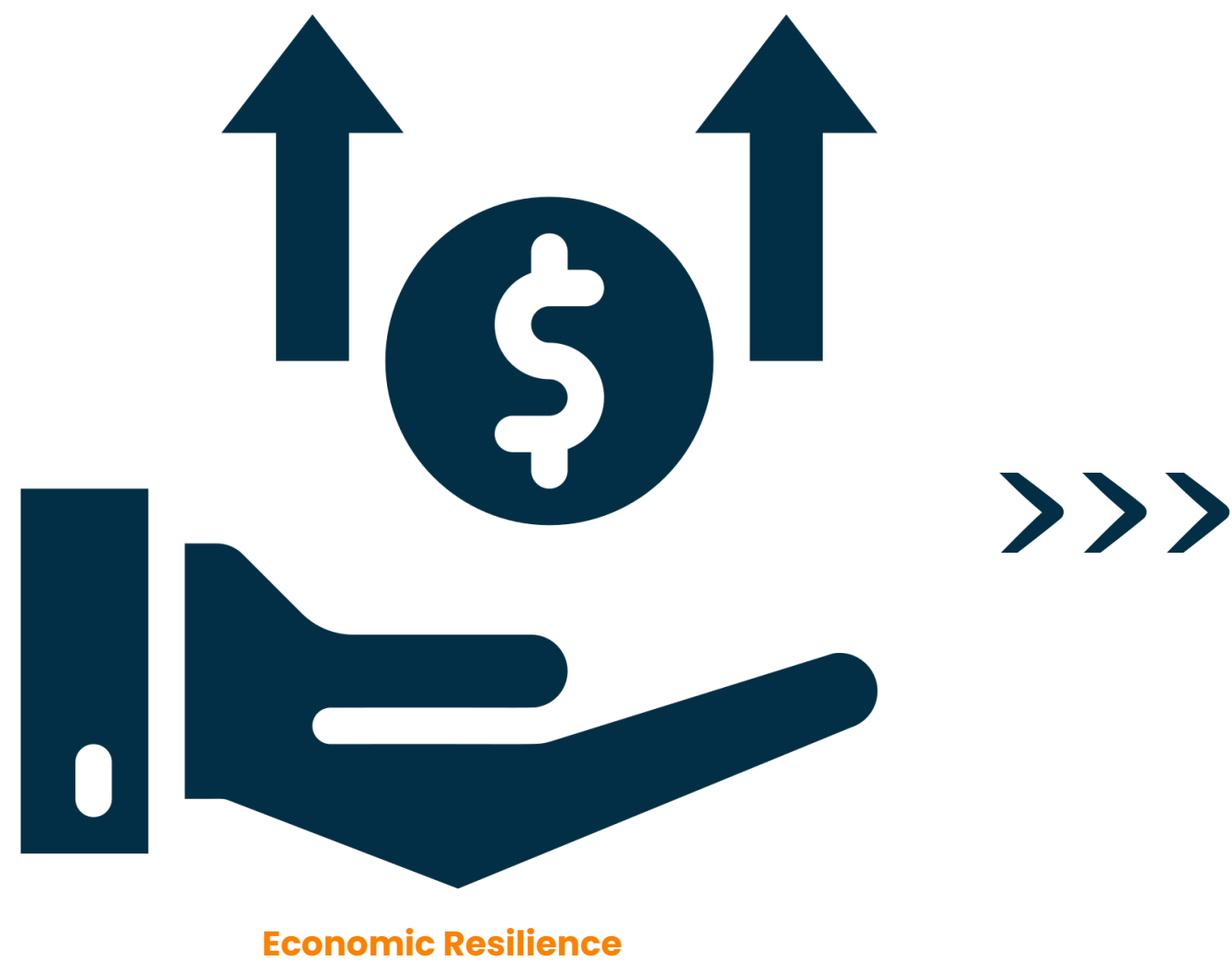
“Promoting Harlingen’s cultural and eco-tourism opportunities will bring more visitors and revenue.”

“A strong bi-national economy will help Harlingen thrive—we need to support cross-border trade.”

“Affordable spaces for start-ups and micro-businesses will help grow Harlingen’s economy.”

Economics & Resilience Connection

Incorporating housing resilience into growth planning entails strategically aligning city development with a focus on fostering diverse housing solutions. This approach leverages growth to promote responsible housing development practices and supporting community needs.



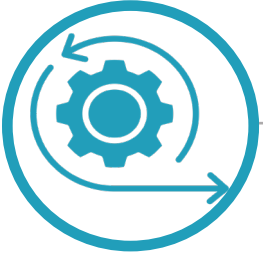
Education

Expanding access to quality education, vocational training and workforce development programs will equip Harlingen residents with the skills needed for stable, well-paying jobs, fostering long-term economic resilience.



Mobility

Limited transportation options make it difficult for residents without personal vehicles to access jobs, education and essential services. Enhancing public transit and walkability will improve economic opportunities for all.



Recovery

Harlingen’s small businesses and lower-income communities face challenges in rebuilding after natural disasters. Faster access to funding, disaster preparedness plans and resilient infrastructure will support long-term recovery.



Risk Disparities

Many low-income households and small businesses in Harlingen are at risk of being located in flood-prone or underinvested areas. Strategic planning and investment in infrastructure can help mitigate these disparities and protect economic assets.



Health Disparities

Limited access to healthcare and wellness services can strain household finances, making it harder for families to recover from economic shocks. Strengthening health infrastructure will improve community resilience.



Human Capital

Investing in Harlingen’s workforce, entrepreneurship programs and small business support will drive economic growth, encourage innovation and strengthen the City’s ability to adapt to future disruptions.

Background Information

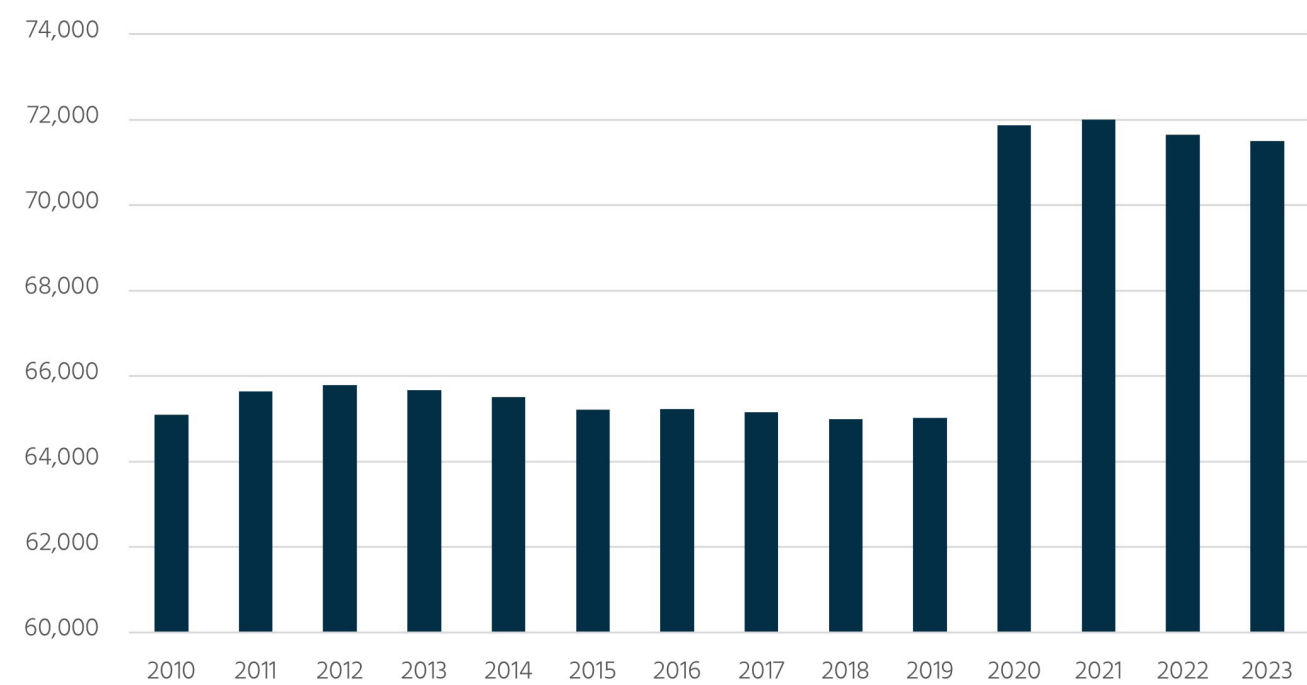
As Harlingen works to broaden its economy and strengthen its employment base, the City is well positioned for growth. Recent demographic shifts, including a rising regional population and local expansion at the University of Texas Rio Grande Valley School of Medicine, create new opportunities for business recruitment and retention. Building on these trends, the socioeconomic analysis evaluates demographic and economic conditions in Harlingen and Cameron County, providing insights that can guide the City in building long-term economic resilience and sustainability.

Demographic & Economic Profile

The City of Harlingen is the 2nd most populous city in Cameron County. Since 2010, the City’s population has increased by 9.8 percent, adding more than 6,400 new residents. The 2023 population estimate for Harlingen is 71,510 residents. The City has consistently represented 17 percent of Cameron County’s overall population. As a point of reference, Cameron County’s population expanded by 4.7 percent over this period. Harlingen’s population growth is above the City of Brownsville, but well behind the state overall.

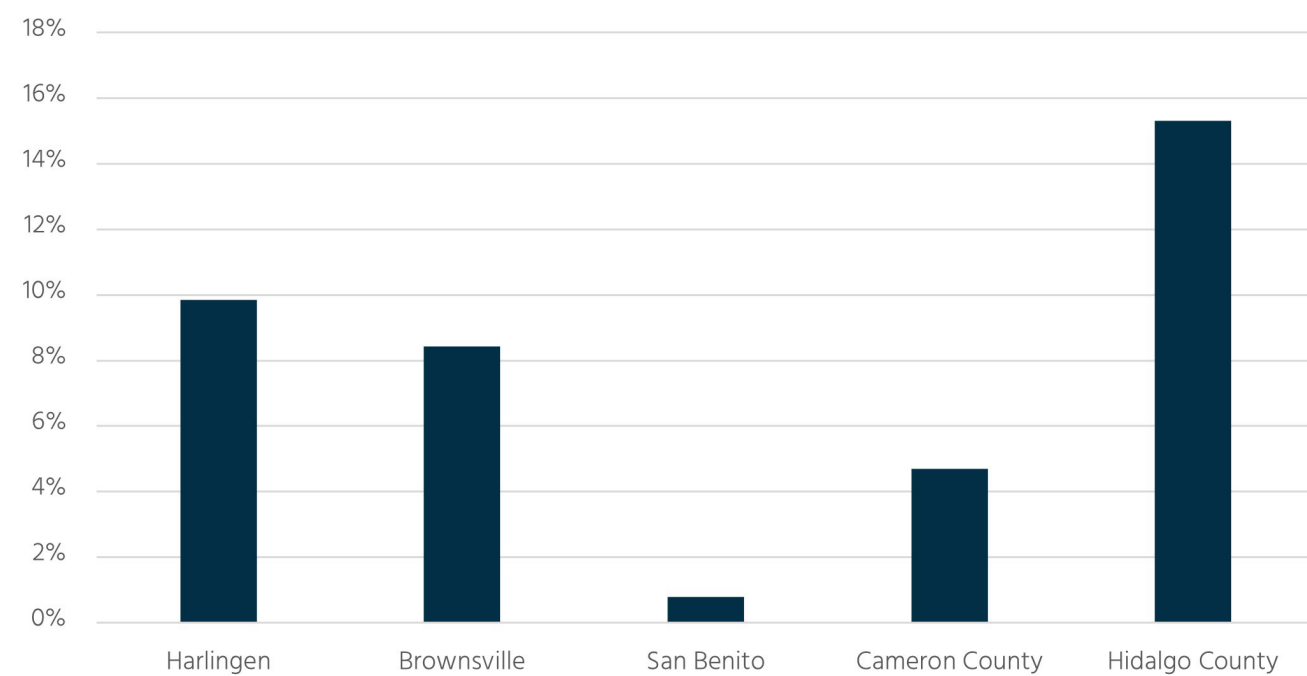
Over the next 10 years, the Texas Water Development Board projects the Harlingen Water User Group area will add just 5,000 residents. If trends hold, this translates into 2,500 new City residents. In the short term, Harlingen should continue to grow at a compound annual growth rate of less than 1 percent per year. This will create demand for local goods and services, but might not create enough excess labor supply to recruit a large employer. To remain competitive, Harlingen will also need to focus on workforce development and training, ensuring that residents have the skills necessary to attract and support new industries.

Figure 22. Harlingen Population Growth



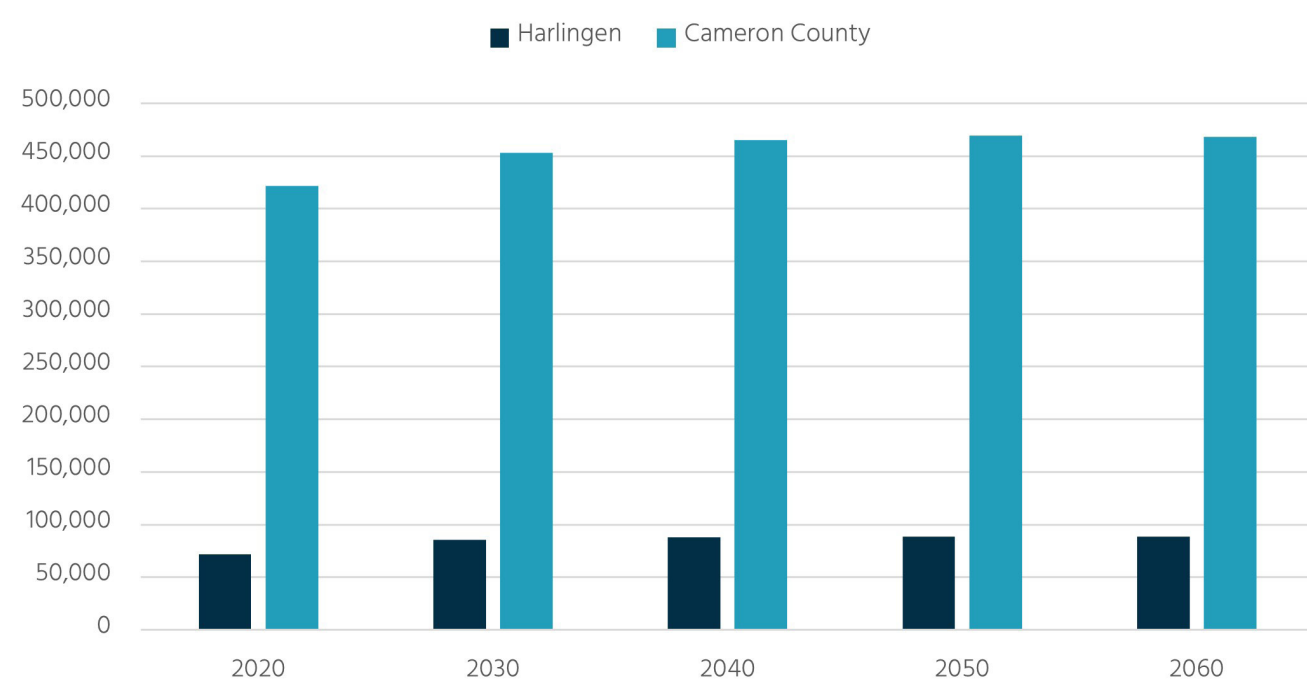
Source: U.S. Census Bureau

Figure 23. Regional Population Growth (2010 to 2023)



Source: U.S. Census Bureau

Figure 24. Regional Population Forecast (2020 to 2060)



Source: Texas Water Development Board

Harlingen-Based Employment

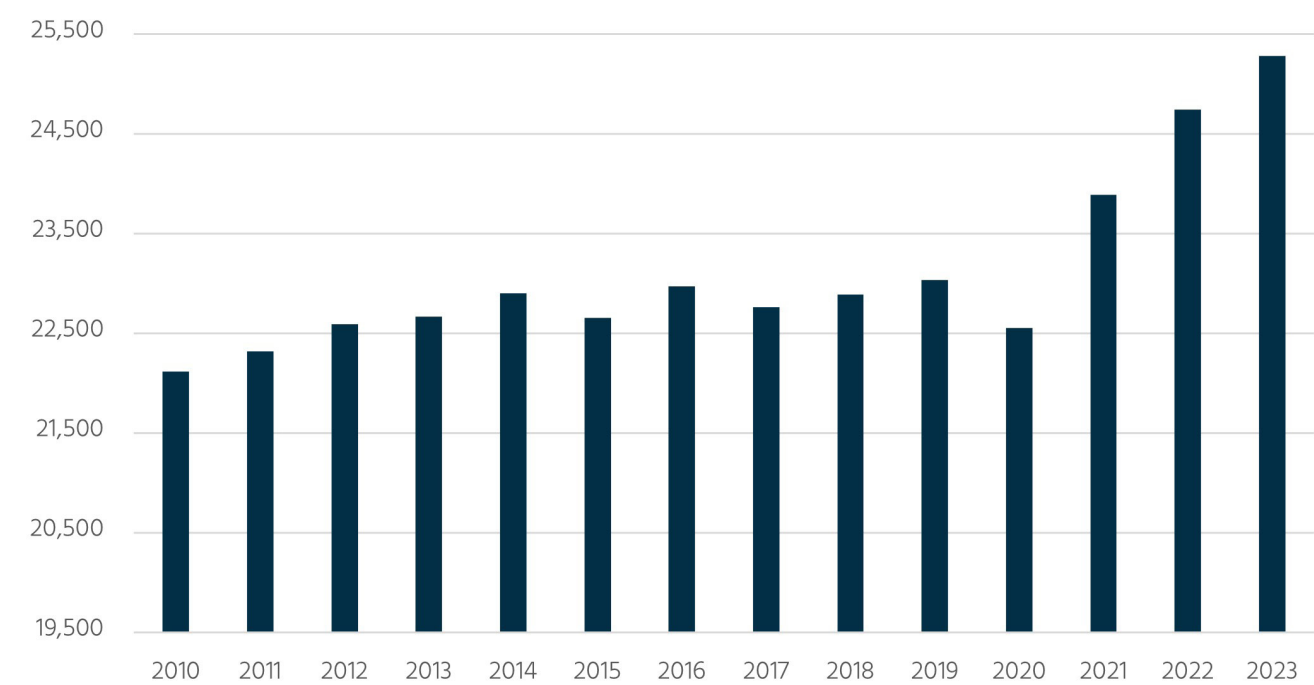
Total employment at businesses located within Harlingen has expanded over the past decade. In 2022, there were approximately 41,811 jobs at Harlingen-based employers. Between 2010 and 2022, companies within the City added 2,400 new jobs, a growth rate of 6.2 percent. Since 2010, job growth has lagged behind the pace of overall population growth.

Based on a review of Cameron County establishment startup and exit datasets, businesses do not appear to face unique challenges in the Harlingen area. About the same percentage of establishments open and close in Cameron County as elsewhere in the state, indicating the region has a favorable businesses climate compared to other places in Texas. Given the limited labor

force, promoting small business start-ups and entrepreneurship presents an opportunity to attract small firms to the area and diversify employment opportunities.

A location quotient (LQ) is an analytical measure that compares a region’s industrial specialization to that of the United States. It is calculated by dividing an industry’s share of total regional employment divided by the industry’s share of national employment. Using employment data from ESRI, Harlingen’s LQ was computed. Results show relatively strong concentrations in Health Care & Social Assistance, Accommodation and Food Services, Retail Trade and Utilities.

Figure 25. Employed Harlingen Residents



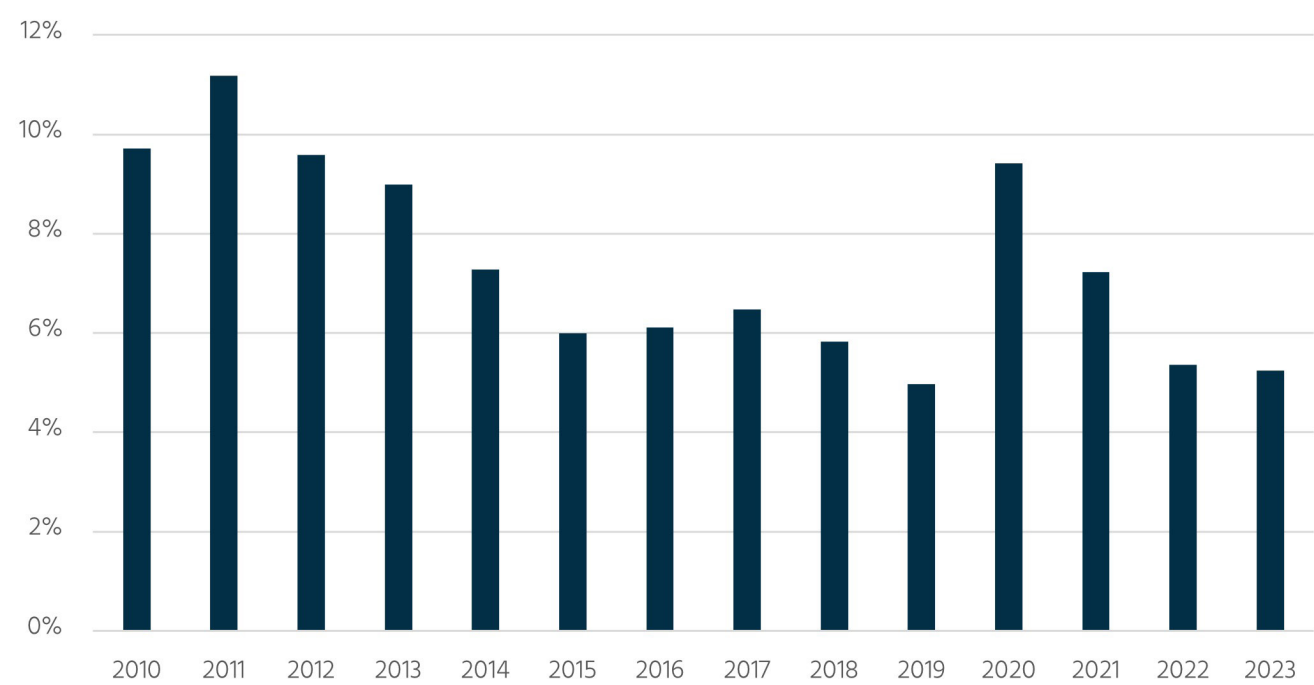
Source: Texas Workforce Commission

Labor Force Participation

The number of Harlingen residents in the labor force has increased over the past decade but at a slower pace than population growth. In 2023, the Texas Workforce Commission reported that 31,150 Harlingen residents were in the labor force. The City’s unemployment rate for 2023 was 5.2 percent, significantly below the peak of 11.2 percent in 2011. Given the large number of Harlingen residents under 14 years of age or over 65 years of age, only 58.0 percent of the population is categorized as in the labor force, well below statewide labor force participation rate of 64.7 percent. However, the younger demographic does represent long-term labor supply that might be drawn into the labor market if the right employment opportunities and training existed.

Another metric used to evaluate the health of a labor market is the share of local jobs held by residents. This can be evaluated using two statistics: 1) the % of Harlingen residents who work in the city and 2) the % of overall jobs in the city held by Harlingen residents. In 2023, 65.5 percent of Harlingen residents indicated they worked at a job within their place of residence. This implies about 10,000 residents commute outside the city each day for work. Based on data from the US Census Bureau LEHD program, 73.1 percent of employees at Harlingen-based businesses (or 30,000 workers) commute to the city each day for work. This indicates Harlingen-based businesses can draw upon a regional labor market without overly relying on existing residents.

Figure 26. Unemployment Rate for Harlingen Residents



Source: Texas Workforce Commission

Figure 27. Employment Levels by Business Establishment Location (2022)

NAICS	Description	Harlingen	Cameron County	State of Texas
11	Agriculture, Forestry, Fishing and Hunting	168	531	58,872
21	Mining, Quarrying, and Oil and Gas Extraction	45	99	192,735
22	Utilities	221	754	85,217
23	Construction	1,127	3,983	808,876
31-33	Manufacturing	580	7,178	924,909
42	Wholesale Trade	925	3,161	629,103
44-45	Retail Trade	4,808	16,644	1,381,623
48-49	Transportation and Warehousing	1,165	4,739	634,074
51	Information	994	1,392	233,968
52	Finance and Insurance	1,003	2,968	608,776
53	Real Estate and Rental and Leasing	527	1,704	244,840
54	Professional, Scientific, and Technical Services	892	4,105	986,665
55	Management of Companies and Enterprises	31	652	171,279
56	Administrative and Support Services	3,865	9,778	902,896
61	Educational Services	3,788	17,377	1,283,229
62	Health Care and Social Assistance	15,018	42,816	1,737,154
71	Arts, Entertainment, and Recreation	337	1,358	167,005
72	Accommodation and Food Services	3,899	14,543	1,191,187
81	Other Services (except Public Administration)	914	2,701	353,921
92	Public Administration	1,504	5,528	395,704
Total		41,811	142,011	12,992,033

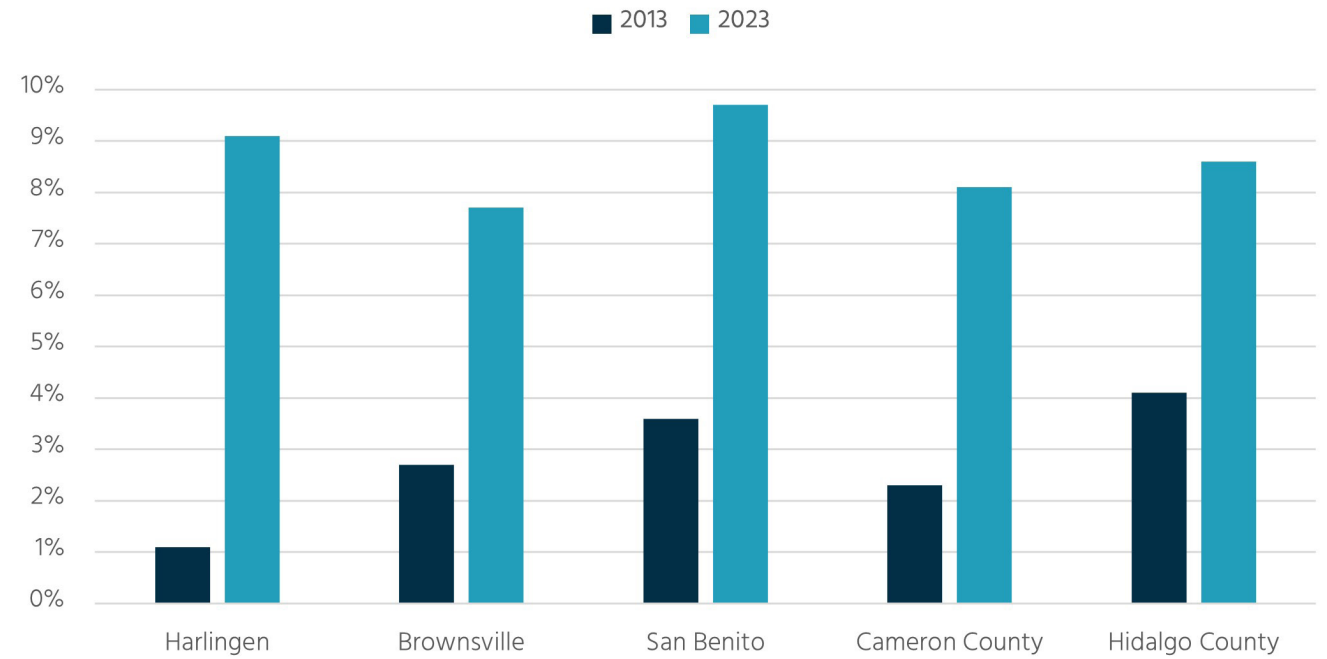
Source: U.S. Census Bureau - Longitudinal Employer-Household Dynamics

Where Residents Work

Based on full-time employment data for workers over the age of 16, nearly one third of Harlingen residents work in the Educational Services and Health Care and Social Assistance sector. This is not surprising given the City is home to several large hospitals as well as Texas State Technical College. The region is below the statewide average for high paying industries such as professional services, finance, and manufacturing.

For 2023, 9.1 percent of Harlingen residents worked from home. This is much higher than the 2013 figure of 1.1 percent. This is a larger percentage than the averages for Brownsville and Cameron County. Remote or work-from-home jobs tend to be professional services jobs that pay high wages. However, more and more companies are asking employees to return to the office a few days a week. While many smaller and rural communities across the country attracted remote workers during the peak of the COVID-19 pandemic, this trend appears to be reversing.

Figure 28. Percent of People Who Worked from Home (2013 and 2023)

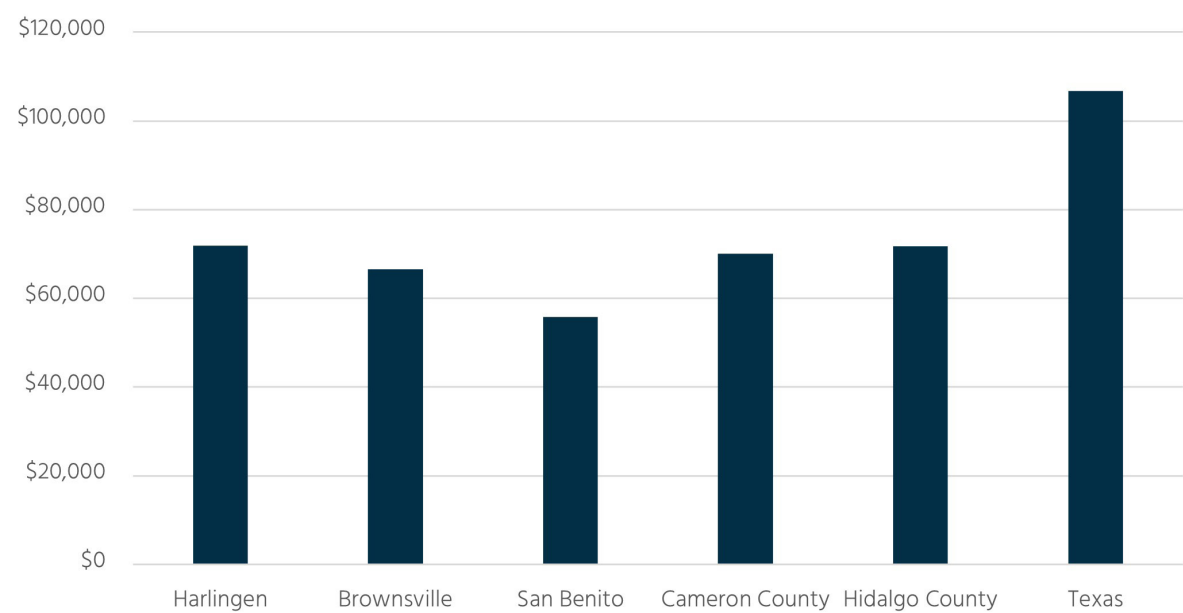


Source: U.S. Census Bureau - American Community Survey (ACS)

Wages & Income

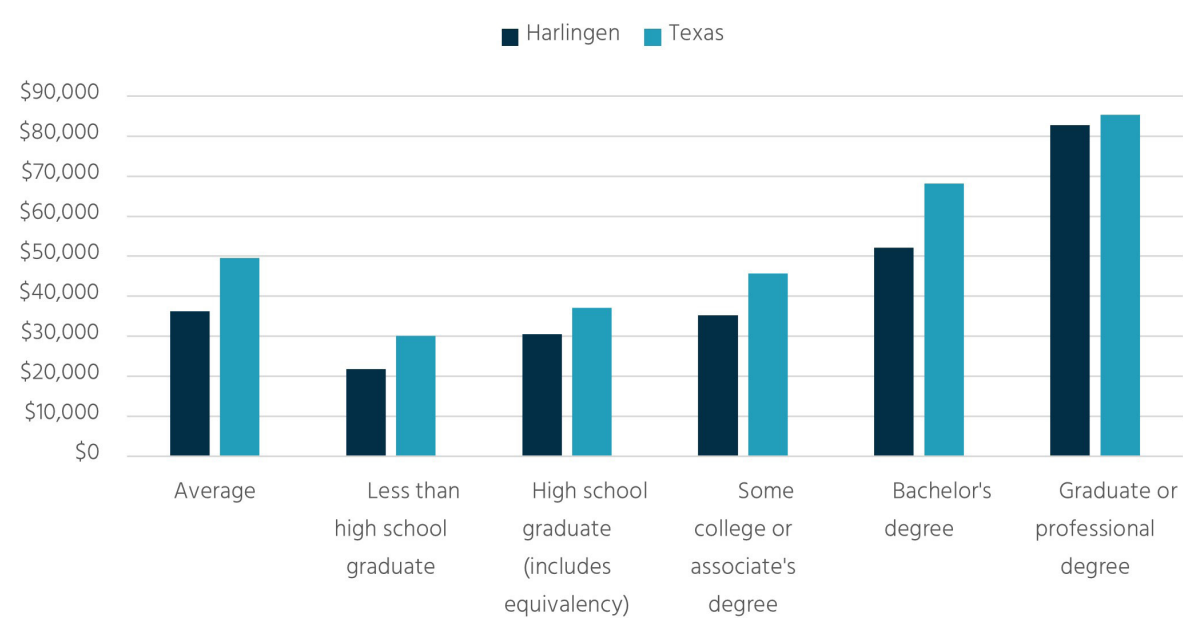
Similar to other communities near the Texas-Mexico border, Harlingen’s wage and income levels are below the statewide averages. It is not projected that the City’s wage and income levels will reach parity with the statewide figures. In 2023, Harlingen’s median household income was \$55,891 versus \$76,292 for the State of Texas. The City’s per capita income was \$26,217 versus \$39,446 for the State of Texas during this same period.

Figure 29. Average Household Income (2023 ACS 5-Year Estimate)



Source: U.S. Census Bureau - American Community Survey (ACS)

Figure 30. Median Earnings by Educational Attainment (2023 5-Year Estimate)

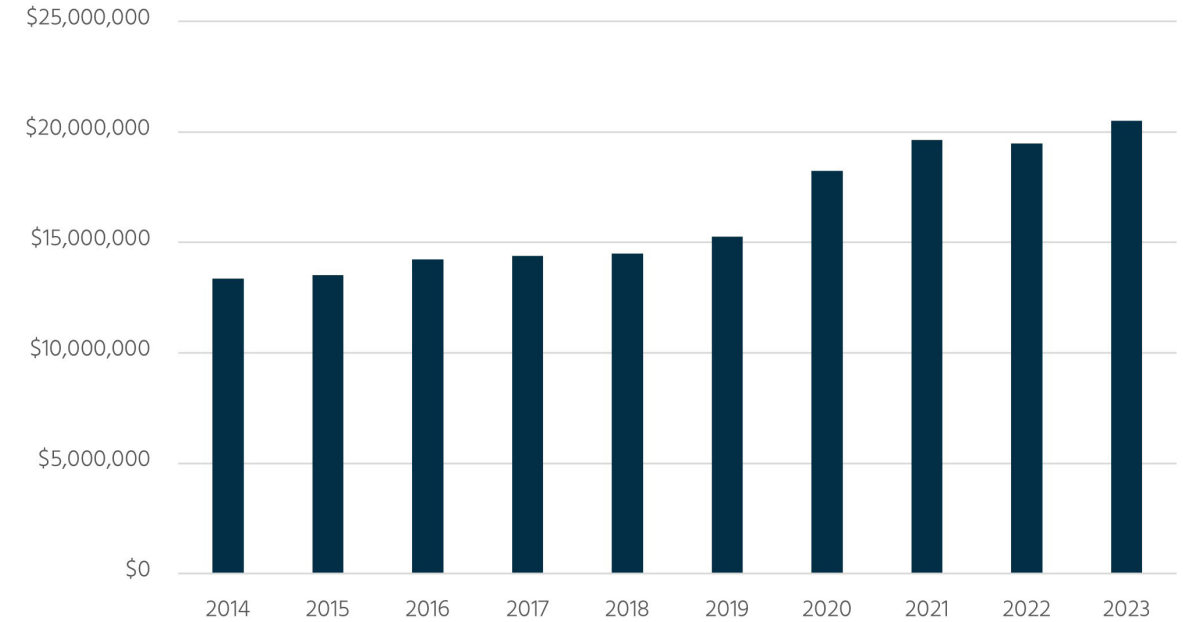


Source: U.S. Census Bureau - American Community Survey (ACS)

Tax Revenue

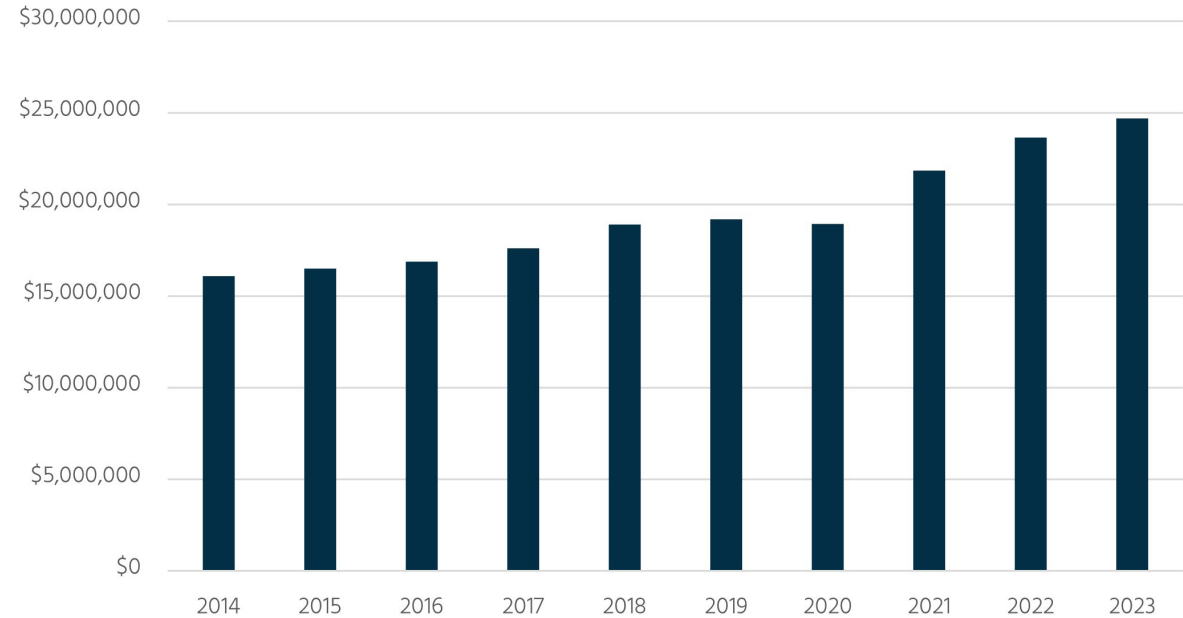
Over the past decade, Harlingen’s property tax revenue has increased by more than 53 percent. In FY 2023, general fund property tax revenue was \$20.5 million. Sales tax revenue has also been growing in the City. For FY 2023, sales tax collections were \$24.7 million. Between FY 2014 and FY 2023, sales tax revenue increased by 53.3 percent. For FY 2023, hotel occupancy tax revenue was \$1.8 million.

Figure 31. Harlingen Property Tax Revenue



Source: City of Harlingen Annual Comprehensive Financial Report

Figure 32. Harlingen Sales Tax Revenue



Source: City of Harlingen Annual Comprehensive Financial Report

Visitor Activity

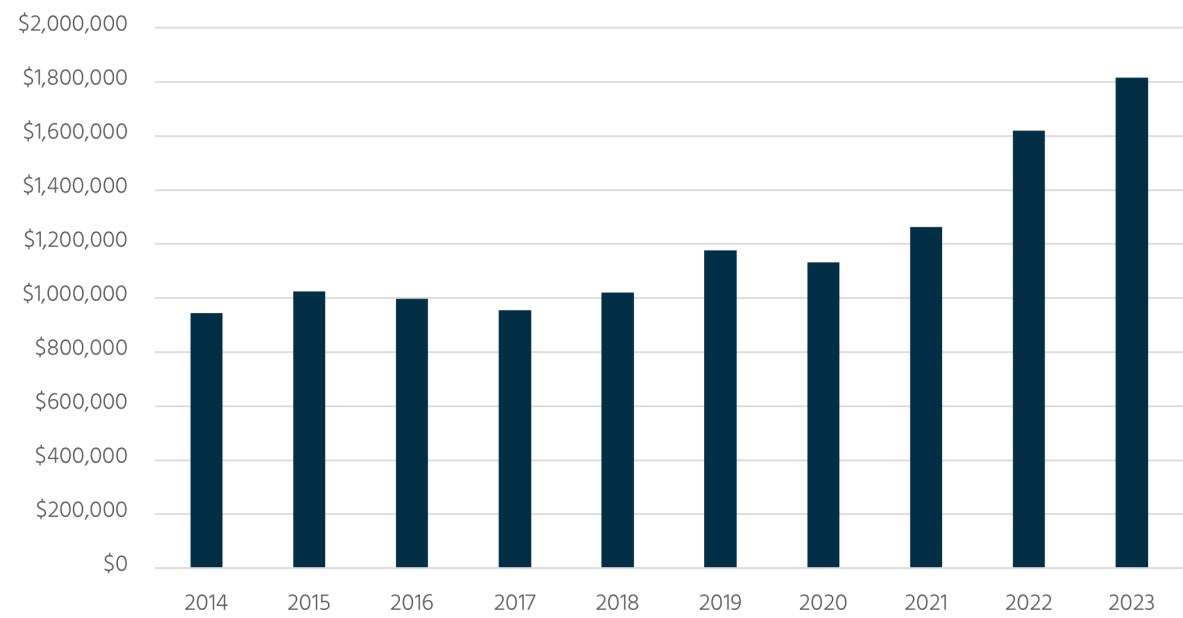
Visitor activity plays an important role in the Harlingen economy. According to the Governor’s Economic Development & Tourism Department, tourism spending supports over 1,450 local jobs, \$43.3 million in direct earnings and \$6.1 million in local tax receipts. Direct tourism spending supports roughly 3.5 percent of all jobs in Harlingen. Much of this tourism spending is linked to “Winter Texans” and the Valley International Airport. To capture the full economic potential of tourism activity, Harlingen should focus on developing unique destinations and experiences that keep people in Harlingen for multiple days. Hosting special events and festivals are also important to encourage overnight stays in local hotels, which can significantly increase visitor spending and maximize local economic impact.

Figure 33. Tourism Activity in Harlingen

Year	Total Direct Travel Spending	Total Direct Earnings	Total Direct Employment	Local Visitor Tax Receipts
2010	\$122,795,996	\$22,679,420	1,060	\$2,850,996
2011	\$127,435,232	\$23,027,168	1,050	\$2,806,900
2012	\$136,331,414	\$24,586,617	1,100	\$3,019,241
2013	\$131,988,267	\$24,464,024	1,090	\$3,045,129
2014	\$134,296,946	\$25,605,441	1,110	\$3,199,946
2015	\$136,586,706	\$28,494,959	1,220	\$3,403,583
2016	\$137,528,446	\$29,260,094	1,270	\$3,475,091
2017	\$135,845,806	\$29,580,724	1,270	\$3,609,367
2018	\$139,383,274	\$29,283,631	1,220	\$3,842,102
2019	\$153,477,012	\$33,986,453	1,390	\$4,402,326
2020	\$133,497,501	\$30,010,888	1,140	\$4,198,740
2021	\$179,181,855	\$35,696,139	1,330	\$6,039,640
2022	\$196,144,838	\$39,832,193	1,410	\$5,992,039
2023	\$198,094,307	\$43,258,482	1,480	\$6,064,637

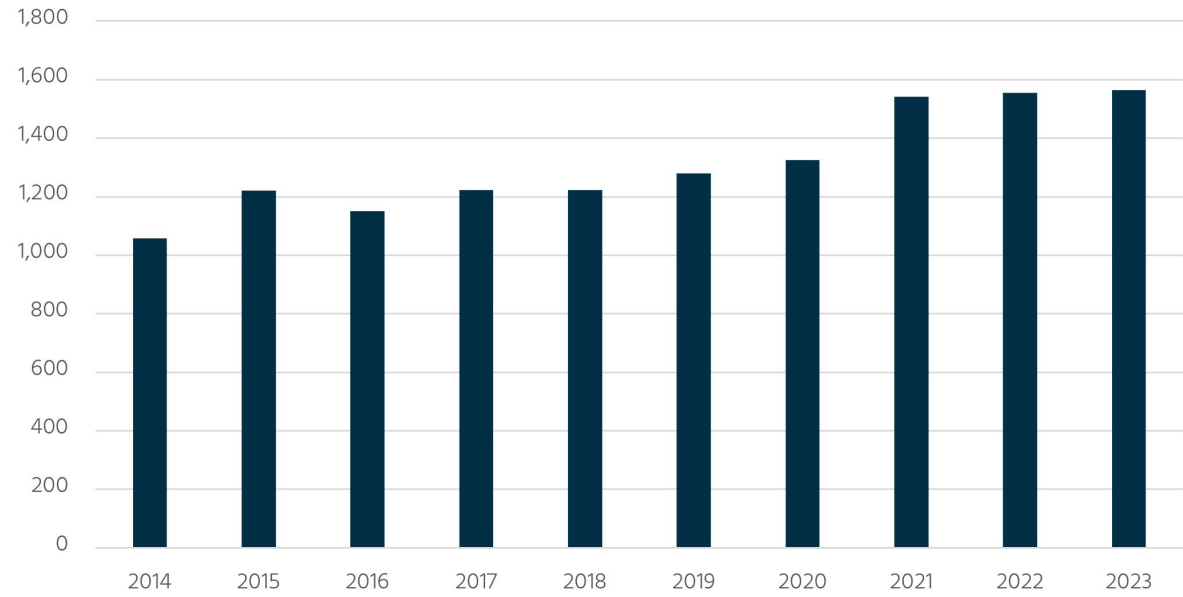
Source: State of Texas, Office of the Governor, Economic Development & Tourism

Figure 34. Harlingen Hotel Occupancy Tax Collections



Source: City of Harlingen Annual Comprehensive Financial Report

Figure 35. Number of Available Rooms in Harlingen



Source: Source Strategies

Future Demand

Based on a forecast from Moody’s Analytics, Cameron County businesses are projected to add 21,700 employees by 2033. A large percentage of these jobs will be in Harlingen. The Education & Health Services sector, for example, is forecasted to add over 9,400 jobs. The Professional & Business Services sector is expected to generate 2,200 jobs. A retail demand forecast from ESRI projects strong consumer demand for restaurants, entertainment and shopping in Harlingen. Taken together, the future for the City is bright but consistent with past growth trends. If Harlingen wants to change its future trajectory, the City will need to develop a bold plan that leverages the resources of all its economic development partners.

Figure 36. Cameron County Employment Forecast

Description	2023	2033	Change	% Change
Natural Resources & Mining	120	80	-40	-33.3%
Construction	3,790	4,330	540	14.2%
Manufacturing	7,510	8,100	590	7.9%
Wholesale Trade	3,260	3,490	230	7.1%
Retail Trade	17,650	18,630	980	5.6%
Transportation, Warehousing, & Utilities	5,100	5,600	500	9.8%
Information	1,480	1,560	80	5.4%
Financial Activities	5,330	5,920	590	11.1%
Professional & Business Services	17,060	19,280	2,220	13.0%
Education & Health Services	48,660	58,140	9,480	19.5%
Leisure & Hospitality	18,500	20,780	2,280	12.3%
Other Services (except Public Administration)	3,580	4,050	470	13.1%
Government	28,880	32,690	3,810	13.2%
Total	160,800	182,570	21,770	13.5%

Source: Moody’s Analytics

Figure 37. Harlingen Retail Demand Outlook for Key Sectors

Description	2024	2029	Projected Growth
Apparel and Services	\$42,964,466	\$50,818,266	\$7,853,800
Entertainment & Recreation	\$66,946,731	\$79,274,020	\$12,327,289
Food	\$201,126,792	\$238,034,381	\$36,907,589
Food at Home	\$128,370,425	\$151,934,452	\$23,564,027
Food Away from Home	\$72,756,367	\$86,099,929	\$13,343,562
Health			
Nonprescription Drugs	\$3,282,830	\$3,890,120	\$607,290
Prescription Drugs	\$7,238,822	\$8,579,100	\$1,340,278
Eyeglasses and Contact Lenses	\$1,961,071	\$2,322,583	\$361,512
Household Furnishings and Equipment			
Household Textiles	\$2,447,898	\$2,895,864	\$447,966
Furniture	\$16,547,388	\$19,594,729	\$3,047,341
Rugs	\$629,082	\$744,966	\$115,884
Major Appliances	\$10,688,425	\$12,663,526	\$1,975,101
Housewares	\$1,846,379	\$2,186,334	\$339,955
Luggage	\$313,745	\$371,321	\$57,576
Telephones and Accessories	\$2,026,137	\$2,399,375	\$373,238

Source: ESRI

Economic Development Best Practices

To support a thriving local economy, Harlingen must take proactive steps to differentiate itself, attract investment and create the right conditions for sustainable growth. The following best practices reflect feedback from stakeholders, economic trends across the Rio Grande Valley and the unique assets and challenges present in Harlingen. Together, these strategies aim to strengthen the City’s competitive position, enhance quality of life and ensure long-term economic resilience.



Develop a brand for Harlingen that differentiates the City from other communities in the Rio Grande Valley

Economic development in the Rio Grande Valley is competitive. There are numerous well-funded Type A and Type B EDCs actively recruiting and incentivizing projects in Cameron and Hidalgo Counties. Despite its strategic location and the Valley International Airport, Harlingen has not developed a unique brand or identity for the community. What is it that Harlingen offers or provides that cannot be found in another city? Harlingen should craft a marketing campaign that differentiates the City from its neighbors. Harlingen should create marketing materials for target audiences that clearly articulate the value proposition available to each.



Proactively support the redevelopment of Valle Vista Mall

Once a thriving regional destination and sales tax generator, Valle Vista Mall has been struggling for years. With the rise of ecommerce, malls across the country have had to reinvent themselves. The 60 acre site has significant constraints due to the complex ownership structure of occupied spaces and existing use restrictions. Harlingen will likely have to play a proactive role in the redevelopment of this site, including the use of incentives. All options should be explored as the community seeks the highest and best use of this site.



Extend infrastructure along key corridors to drive growth

Harlingen stakeholders identified basic infrastructure as a major impediment to the type of growth the community would like to attract. Water, sewer, transportation and drainage issues were identified as issues throughout the City. The opportunity for Harlingen as it considers fiscal sustainability is to use its financial resources and incentives to strategically guide growth geographically (ex. special districts). In addition, this would assist in creating more sites that are shovel ready for development.



Commit long-term financial resources to Downtown

Harlingen’s authentic downtown is important to the community. However, other cities in the Rio Grande Valley also have thriving downtowns too. Harlingen will need to make long-term strategic financial investments to keep pace with neighboring cities. Without long-term dedicated financial resources, it will be challenging to implement strategic planning initiatives. The existing public improvement district (PID) provides some financial resources to pay for limited grant programs, but additional financial resources should be identified.



Facilitate the development of planned neighborhoods with high-quality amenities

Limited housing options were identified as a major impediment to attracting higher-income professionals (ex. medical sector, college faculty and business professionals) to live and work in Harlingen. While housing affordability is a real issue, long-term fiscal sustainability is linked to a diversity of jobs, housing options and quality of life. Ultimately, the real estate market will indicate what is appropriate for Harlingen long-term based on supply and demand. However, it is likely Harlingen will have to participate. One potential option is exploring the use of Type B Economic Development funding, which could help support downtown improvements and strategic initiatives.

