

McAllen Area ECONOMIC PULSE

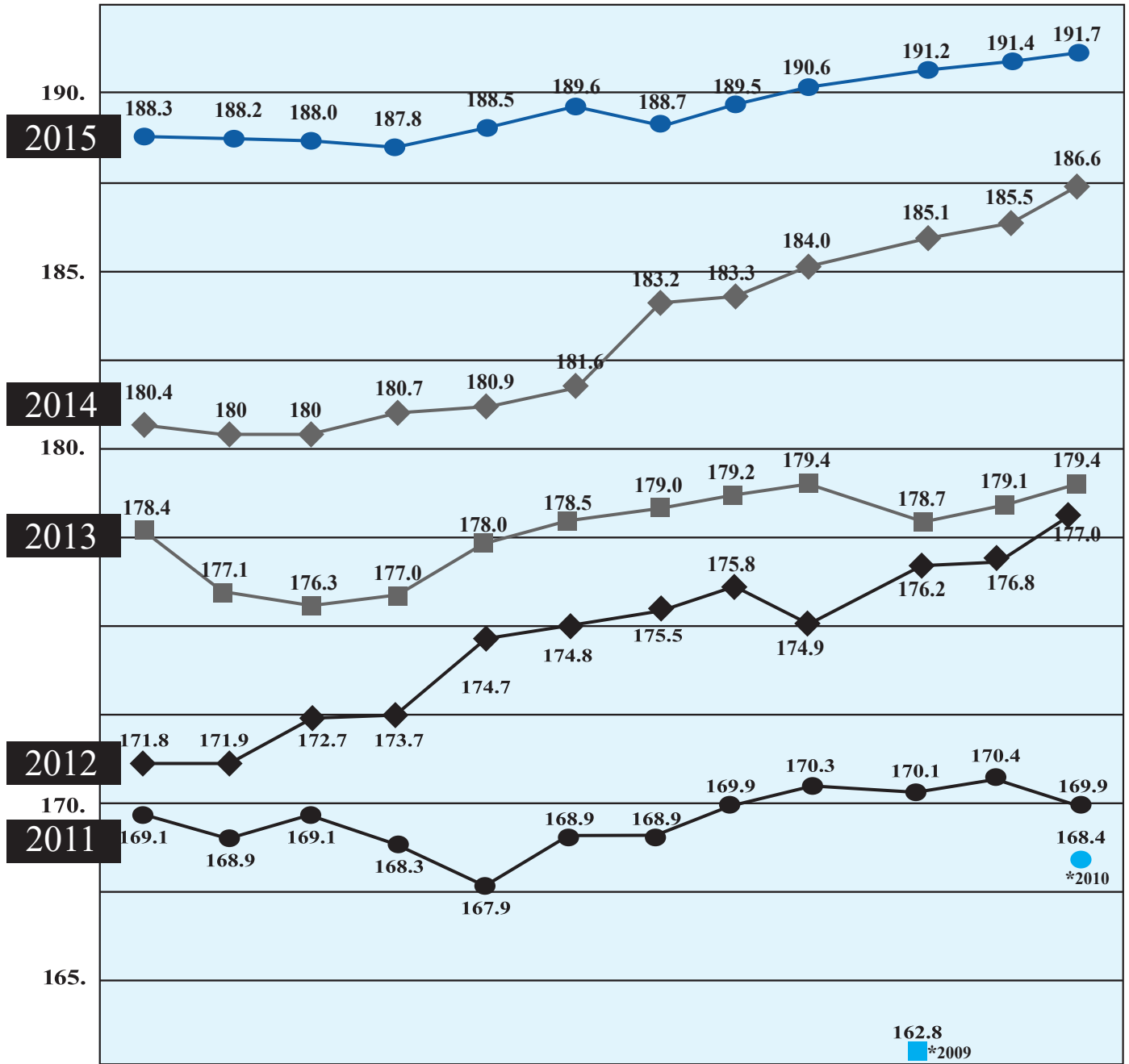
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December 2015 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)

The economic indicators on pg. 2 are used to formulate the overall economic pulse.



● 2011 ◆ 2012 ■ 2013 ◆ 2014 ● 2015

ECONOMIC INDICATORS	THIS YEAR December 2015	LAST YEAR December 2014	% CHANGE 2014 - 2015
Retail Sales (\$000's - December in 1995\$)	\$282,158	\$294,638	2.0%
Retail Sales (4th Quarter)	\$923,174	\$918,308	1.8%
Retail Sales (Annual)	\$3,841,683	\$3,811,924	0.9%
Dollars Spent on Auto Purchases (December)	\$119,979	\$121,394	3.7%
Dollars Spent on Auto Purchases (4th QTR)	\$391,853	\$367,126	2.1%
Dollars Spent on Auto Purchases (Annual)	\$1,582,501	\$1,504,545	4.7%
Lodging Tax Receipts (December)	\$395,761	\$346,922	-5.0%
Lodging Tax Receipts (4th QTR)	\$1,072,567	\$1,087,205	-5.5%
Lodging Tax Receipts (Annual)	\$4,240,512	\$4,213,682	1.3%
Airline Boardings (December)	\$31,241	\$34,449	-0.2%
Airline Boardings (4th QTR)	95,125	95,011	3.9%
Airline Boardings (Annual)	400,059	390,758	3.1%
Value All Construction Permits (December)	\$53,401,114	\$38,448,387	49.7%
Value All Construction Permits (4th QTR)	\$139,484,855	\$96,463,532	-34.3%
Value All Construction Permits (Annual)	\$490,132,289	\$512,698,336	-15.8%
New Home Permits (December)	112	90	18.4%
New Home Permits (4th QTR)	306	269	30.5%
New Home Permits (Annual)	1,329	1,226	6.9%
Home Sales (December)	241	220	16.7%
Home Sales (4th QTR)	613	605	13.1%
Home Sales (Annual)	2,589	2,416	9.1%
Average Home Sale Price (December)	161,183	142,856	-0.4%
Average Home Sale Price (4th QTR)	\$153,826	\$136,143	0.7%
Average Home Sale Price (Annual)	\$140,842	\$135,667	1.0%
Dollar Volume Residential Real Estate Sales (December)*	\$23,974,054	\$19,798,765	13.6%
Dollar Volume Residential Real Estate Sales (4th QTR)*	\$58,286,715	\$52,004,473	11.3%
Dollar Volume Residential Real Estate Sales (Annual)*	\$226,966,938	\$208,984,461	7.5%
Hidalgo Bridge Crossings (December)	533,556	505,546	8.3%
Hidalgo Bridge Crossings (4th QTR)	1,461,089	1,409,994	3.8%
Hidalgo Bridge Crossings (Annual)	5,473,255	5,330,122	2.3%
Peso Exchange Rate (per one US dollar - December)	\$17.07	\$14.53	25.3%
Employment			
Wage & Salary Employment (December)	255,800	249,800	
Wage & Salary Employment (4th Quarter Average)	254,300	247,700	3.4%
Wage & Salary Employment (Annual Average)	249,100	242,442	3.1%
Unemployment Rate (December)	4.4	4.5	2.8%
Unemployment Rate (4th Quarter Average)	4.7	4.8	-9.3%
Unemployment Rate (Annual Average)	4.8	5.6	-14.2%
INDEX - December (Base=100 Jan 1996)	191.7	188.3	-18.2%
*Adjusted for Inflation by Re-Statement in Year 1995 Dollars			2.6%

- The McAllen Economic Index finished the year 2015 on the rise, increasing to a record 191.7 in December up from 191.4 in November, and up 1.8% from the December 2014 MEI of 188.3. In the fourth quarter of 2015 the index increased at an annualized rate of 2.6%.

- Construction and housing (both new residential construction and existing home sales) were the driving force behind growth in the index at year-end (and in the fourth quarter). General taxable spending weakened at year-end and was flat in 2015 compared to 2014; however, the employment situation continued to register improvement throughout the year with steady job growth and a declining unemployment rate.

- Real (inflation-adjusted) spending per McAllen metro area sales tax receipts flattened in 2015 and were noticeably weaker at year-end. Real general spending per December sales tax numbers was down by over 4% compared to December 2014, and fourth quarter spending was essentially flat, up by only .5% compared to the fourth quarter 2014. For the year, general real spending was up by less than a percent compared to the 2014 annual total.

- The McAllen economy continued to add jobs in 2015 at a pace quite consistent with post-recession rates of employment growth. By year-end 2015 an estimated 6,000 jobs were added over the year compared to the December 2014 estimate, a growth rate of about 2.4%. Employment growth averaged 2.7% in 2015. Interestingly, employment growth in the post-2008 recession McAllen metro area economy have averaged just under 2.5%; in the five years prior to the recession employment growth averaged about 5%. The McAllen city unemployment rate fell to its lowest level over the entire history of the McAllen Economic Index in 2015 at 4.4% in December and 4.8% on average for the year.

- Auto sales remained very strong in 2015, particularly compared with the high numbers in 2014. Inflation-adjusted spending on new and used automobiles was up by 5.2% for the year compared to the 2014 annual total, which in turn was up by over 9% compared to the prior year. In the fourth quarter 2015 real auto spending was up by 6.7% compared to the fourth quarter 2014, which was up by nearly 16% compared to the fourth quarter 2013. The December 2015 real auto spending total was down just slightly compared to the previous year; however, auto spending in December 2014 was up by over 17% year-over-year.

- Construction in the McAllen metro area was sharply improved in December and the fourth quarter compared to year-ago levels, with the valuation of all building permits issued up by nearly 40% and 45%, respectively compared to 2014. For the year as a whole, building permit valuations were down about 4.4% compared to the 2014 annual total. While permit activity has improved fairly steadily following the recession, construction activity has come nowhere near matching the levels of building activity in the years leading up to the recession of 2009.

- Single-family housing construction was up for the second straight year (after declining for the three previous years) with the number of new housing construction permits up by over 8% in 2015 compared to the 2014 annual total. The number of permits issued in the fourth quarter was up by nearly 14% year-over-year, while the number of December permits issued was up a sharp 24% compared the December 2014.

- The 2,589 closed home sales in 2015 was the second-highest on record behind only the 2,602 sales in 2008, and was up by 7% compared to the number of sales recorded in 2014. Fourth quarter home sales were up only slightly compared to the fourth quarter 2014, in which sales were up by over 15% year-over-year. The 241 December sales is a record for the month of December and was up by about 10% compared to December of a year ago. December and fourth quarter average sale prices were up sharply compared to year-ago levels, and the 2015 annual average price was up by a solid 3.8% compared to the 2014 annual average. In aggregate terms the residential real estate market was significantly improved for the fourth straight year with the real (inflation-adjusted) total dollar volume of sales activity up by over 8% compared to 2014.

- The McAllen economy achieved an important milestone in 2015, with the McAllen Economic Index finally reaching and surpassing its pre-recession peak. The economy has been a steadily growing economy post-recession, though at a slower pace compared to the stratospheric rates of growth in the years leading up to the recession of 2008-2009.