

# McAllen Area ECONOMIC PULSE

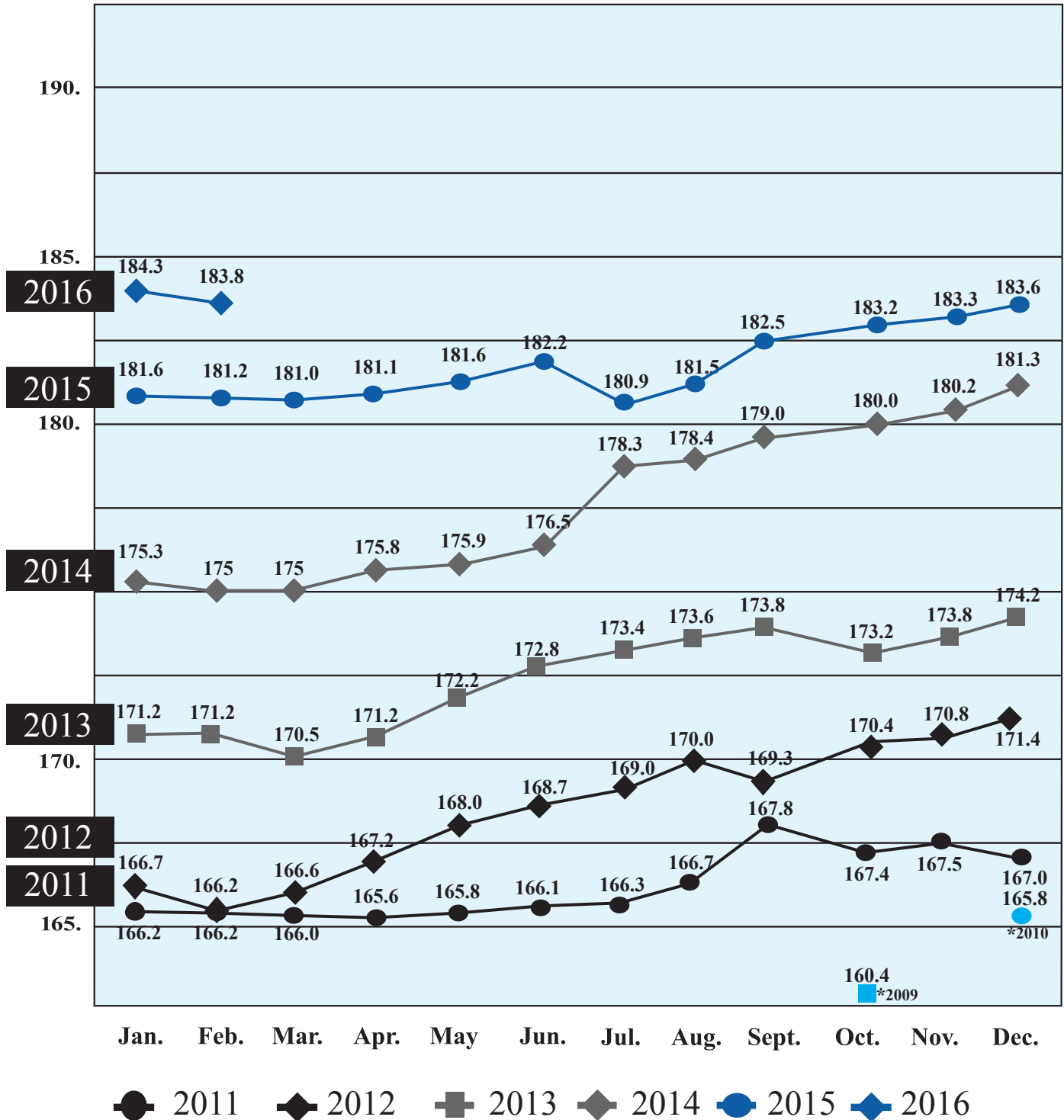
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## February 2016 Economic Pulse

### 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.



ECONOMIC INDICATORS	THIS YEAR February 2016	LAST YEAR February 2015	% CHANGE 2015 - 2016
Retail Sales (February)	\$645,766,655	\$657,424,758	-1.8%
Retail Sales (YTD)*	\$1,090,600,918	\$1,137,380,153	-4.1%
Dollars Spent on Auto Purchases (February)	\$127,473,374	\$128,542,907	-0.8%
Dollars Spent on Auto Purchases (YTD)	\$253,814,713	\$270,940,962	-6.3%
Lodging Tax Receipts (February)	\$290,670	\$340,384	-14.6%
Lodging Tax Receipts (YTD)	\$623,928	\$789,658	-21.0%
Airline Boardings (February)	26,303	26,715	-1.5%
Airline Boardings (YTD)	53,984	57,008	-5.3%
Value All Construction Permits (February)	\$34,874,817	\$35,771,132	-2.5%
Value All Construction Permits (YTD)	\$106,860,901	\$68,418,972	56.2%
New Home Permits (February)	101	98	3.1%
New Home Permits (YTD)	211	188	12.2%
Home Sales (February)	174	167	4.2%
Home Sales (YTD)	347	343	1.2%
Average Home Sale Price (February)	\$136,404	\$120,378	13.3%
Average Home Sale Price (YTD Avg)	\$135,168	\$127,110	6.3%
Dollar Volume Of Home Sales (February)	\$23,734,247	\$20,497,050	15.8%
Dollar Volume of Home Sales (YTD)	\$46,936,474	\$44,498,621	5.5%
Hidalgo Bridge Crossings (February)	442,803	401,289	10.3%
Hidalgo Bridge Crossings (YTD)	888,164	824,259	7.8%
Peso/Dollar Exchange Rate (February)	18.46	14.92	23.7%
<b>Employment</b>			
Wage & Salary Employment (February)	252,800	247,200	2.3%
Wage & Salary Employment (YTD Avg)	252,200	246,450	2.3%
Unemployment Rate (February)	4.4	4.9	-10.2%
Unemployment Rate (YTD Average)	4.6	5.1	-9.9%
INDEX - February (Base=100 Feb 1996)	183.8	181.2	1.4%

\* With the exception of the average monthly home sale price, all economic indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars

- The McAllen Economic Index retreated a bit in February falling to 183.8 for the month down from 184.3 in January, but still up 1.4% from the February 2015 MEI of 181.2. The spending indicators pressured the index downward in February along with year-over-year declines in the travel & tourism indicators. The relationship of the Mexican peso to the US dollar is historically weak (and spiked for the worse in February) and this also counts as a negative in the index as it reduces the purchasing power of Mexican citizens on the US side of the border. New housing construction and existing home sales were higher for the month; employment growth continues in the 2.3% range, and the McAllen city unemployment rate remains on the decline.

- The exchange rate disparity between the Mexican peso and the US dollar widened in February -- on average for the month, 18.46 pesos = \$1. That represents a change of about 50% over the last five years, and about 24% just over the last 12 months.

- That may be helping to pressure general taxable spending downward as well; general real (inflation-adjusted) spending per February sales tax receipts in the McAllen metro area was down by 1.8% in February compared to February of a year ago, and is down by over 4% through February compared to the first two months of 2015. Auto spending is lower as well with inflation-adjusted spending on new and used motor vehicles off slightly in February compared to year-ago levels, and down by over 6% for the first two months of 2016.

- Again, employment levels -- the number of jobs estimated to exist within the McAllen metro area economy -- were revised downward for 2014 and 2015, but the rate of year-over-year growth under these new payroll employment benchmarks remains generally in place. The total employment level for February 2016 is up by 2.3% compared to February of a year ago, reflecting the addition of an estimated 5,600 jobs over the last 12 months. That 2.3% ranks 11th among the 26 metro areas in Texas. The McAllen city unemployment rate continues to fall, coming in at 4.4% for February compared to 4.9% in February of a year ago.

- Construction activity as represented by real building permit valuations was down slightly in February; however, the January total was well more than double January of a year ago, and the January-February total is the highest since the first two months of 2008 (though 2016 totals are well behind the levels achieved in the years prior to the recession). Housing construction is slightly higher for the month, however, the number of new single-family residence permits issued is up by over 12% through February.

- The residential real estate market is impressive thus far in early 2016 with home sales up by over 4% in February, and 1.2% compared to the first two months of a year ago, which in turn was up by over 9% compared to the previous year. And in fact the number of closed sales through February is the highest January-February total since 2008. The monthly average price spiked in February, posting a 13% increase compared to February of a year ago, and is over 6% higher for the year-to-date. The real total dollar volume of residential real was up by a stout 16% in February, and 5.5% for the first two months of the year.