

# McAllen Area ECONOMIC PULSE

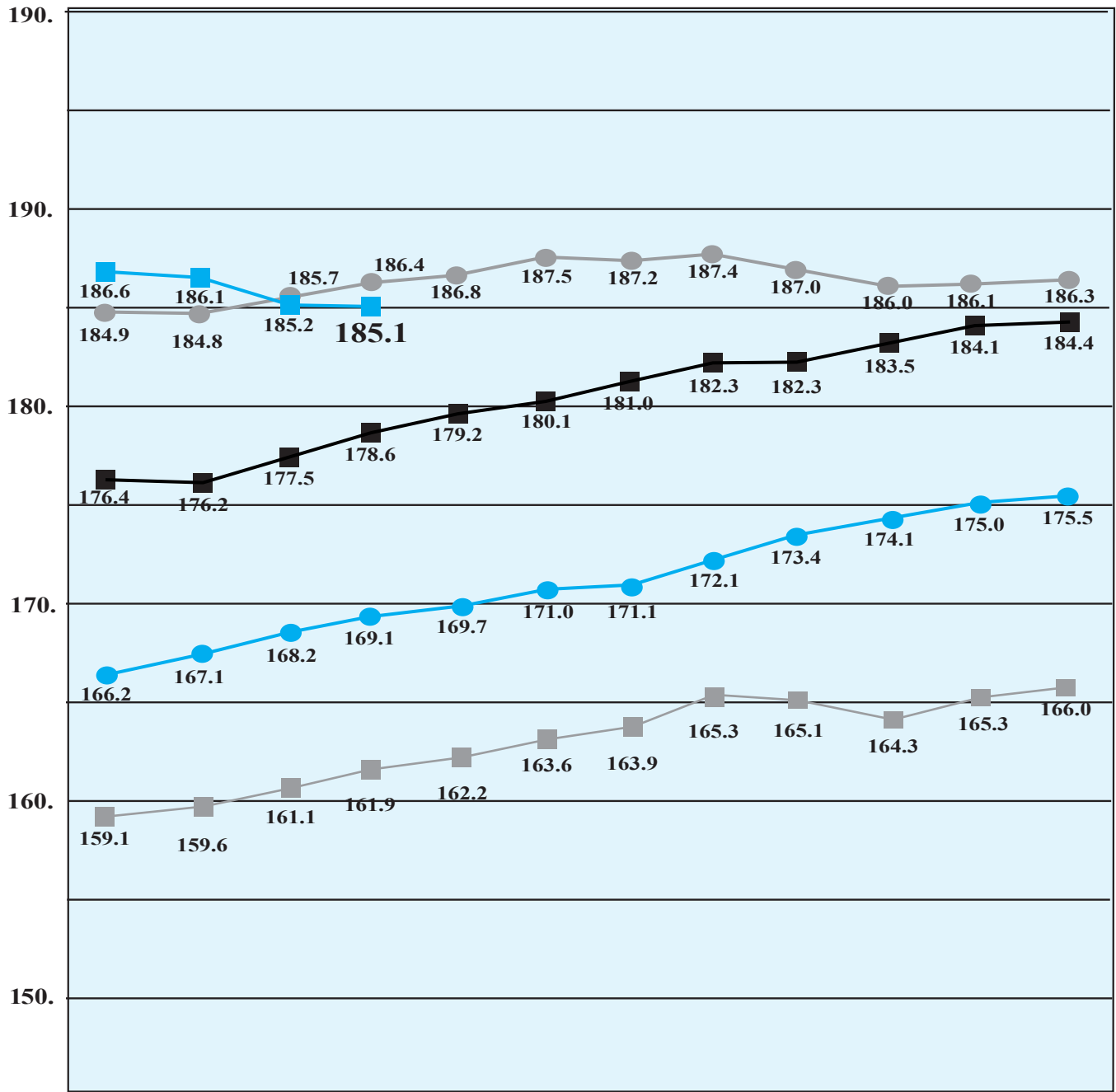
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## April 2008 Economic Pulse

### 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.



■ 2004     
 ● 2005     
 ■ 2006     
 ● 2007     
 ■ 2008

# The McAllen Area Economy

| ECONOMIC INDICATORS                    | THIS YEAR<br>April 2008 | LAST YEAR<br>April 2007 | % CHANGE<br>04/07 - 04/08 |
|--|-------------------------|-------------------------|---------------------------|
| Retail Sales (000's - Month in 1995\$) | \$257,796               | \$267,667               | -3.7%                     |
| Retail Sales (000's - Year)            | \$1,114,224             | \$1,131,409             | -1.5%                     |
| Motor Vehicle Tax Receipts (Month)     | \$117,438               | \$115,012               | 2.1%                      |
| Motor Vehicle Tax Receipts (Year)      | \$431,375               | \$430,601               | 0.2%                      |
| Lodging Tax Receipts (Year)            | \$1,305,829             | \$1,327,522             | -1.6%                     |
| Airline Boardings (Month)              | 30,951                  | 36,295                  | -14.7%                    |
| Airline Boardings (Year)               | 136,033                 | 138,512                 | -1.8%                     |
| Value All Construction Permits (Month) | \$40,042,251            | \$53,041,545            | -24.5%                    |
| Value All Construction Permits (Year)  | \$245,925,182           | \$281,938,331           | -12.8%                    |
| New Home Permits (Month)               | 148                     | 246                     | -39.8%                    |
| New Home Permits (Year)                | 533                     | 896                     | -40.5%                    |
| Home Sales (Month)                     | 289                     | 216                     | 33.8%                     |
| Home Sales (Year)                      | 991                     | 806                     | 23.0%                     |
| Average Home Sale Price (Month)        | \$109,941               | \$118,764               | -7.4%                     |
| Average Home Sale Price (Year)         | \$110,522               | \$122,632               | -9.9%                     |
| Hidalgo Bridge Crossings (Month)       | 525,952                 | 557,852                 | -5.7%                     |
| Hidalgo Bridge Crossings (Year)        | 2,127,877               | 2,169,619               | -1.9%                     |
| Peso Exchange Rate (Month)             | 10.70                   | 11.05                   | -3.2%                     |
| <b>Employment</b>                      |                         |                         |                           |
| Wage & Salary Employment (Month)       | 217,400                 | 212,100                 | 2.5%                      |
| Wage & Salary Employment (YTD Avg)     | 215,000                 | 209,900                 | 2.4%                      |
| Unemployment Rate (Month)              | 5.7                     | 6.2                     | N/A                       |
| Unemployment Rate (YTD Average)        | 6.5                     | 6.9                     | N/A                       |
| <b>INDEX (Base=100 Jan 1996)</b>       | <b>185.1</b>            | <b>186.4</b>            | <b>-0.7%</b>              |

In January 2004 the Texas Comptroller's Office began tracking "Manifestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.

|                   | Export Sales<br>per Manifestos | Total<br>Retail Sales | Export Sales of<br>Total Sales |
|-------------------|--------------------------------|-----------------------|--------------------------------|
| <b>April 2008</b> | \$33,407                       | \$356,621             | 9.4%                           |
| <b>YTD 2008</b>   | \$130,656                      | \$1,533,313           | 8.5%                           |

The McAllen Economic Index posted slight year-over-year negatives in March and April, and so March marks the first time a monthly index value has fallen below the same month the prior year in the history of the McAllen Economic Pulse. The McAllen metro area economy has slowed noticeably in recent months after peaking mid-year 2007.

A number of year-over-year negatives conspired to push the April McAllen Economic Index down to 185.1, down from 185.2 in March, and 186.1 in February. The April index is .7% below the April 2007 MEI of 186.4.

General consumer activity in the metro area has slowed thus far in 2008, with inflation-adjusted retail sales down some 3.7% in April compared to April of a year ago, and the year-to-date retail total about 2.5% lower compared to the first four months of 2007.

Auto sales have flattened, but are basically level for the year-to-date 2008, and these numbers were very high in 2007 (the April '07 YTD total was over 20% higher than the YTD 2006 sales total).

McAllen hotel/motel tax receipts are flat as well but again, last year's numbers were high, so the economic contribution from travel and tourism remains high, but has leveled in recent months. Enplanements at McAllen International Airport indicate the same trends.

Construction activity has fallen off a bit in 2008; the value of all building permits issued was down about 25% in April (year-over-year), and down about 13% for the year-to-date. Homebuilding continues sharply lower across the metro area with the number of new single-family residence permits down about 40% for the month and year-to-date.

Sales of existing homes are up strongly, however; the number of closed sales in April was up nearly 34% compared to April of last year, and some 23% for the year-to-date. Prices have corrected a bit, however, with the average sales prices down about 10%.

Metro area Job growth continues at a respectable clip -- about 2.5%, representing an estimated 5,300 jobs added over the last 12 months. The unemployment rate continues to decline as well at 5.7% in April.

# Key Points