



# The McAllen Area Economy

| ECONOMIC INDICATORS                    | THIS YEAR<br>April 2006 | LAST YEAR<br>April 2005 | % CHANGE<br>04/05 - 04/06 |
|--|-------------------------|-------------------------|---------------------------|
| Retail Sales (000's - Month in 1995\$) | \$265,618               | \$229,334               | 15.8%                     |
| Retail Sales (000's - Year)            | \$1,084,758             | \$1,011,115             | 7.3%                      |
| Motor Vehicle Tax Receipts (Month)     | \$90,300                | \$83,971                | 7.5%                      |
| Motor Vehicle Tax Receipts (Year)      | \$357,617               | \$313,450               | 14.1%                     |
| Lodging Tax Receipts (Year)            | \$1,140,941             | \$1,061,377             | 7.5%                      |
| Airline Boardings (Month)              | 33,510                  | 28,384                  | 18.1%                     |
| Airline Boardings (Year)               | 134,336                 | 120,010                 | 11.9%                     |
| Value All Construction Permits (Month) | \$66,735,831            | \$53,195,500            | 25.5%                     |
| Value All Construction Permits (Year)  | \$253,018,164           | \$251,394,309           | 0.6%                      |
| New Home Permits (Month)               | 341                     | 359                     | -5.0%                     |
| New Home Permits (Year)                | 1,164                   | 1,177                   | -1.1%                     |
| Home Sales (Month)                     | 209                     | 169                     | 23.7%                     |
| Home Sales (Year)                      | 734                     | 645                     | 13.8%                     |
| Average Home Sale Price (Month)        | \$127,952               | \$111,570               | 14.7%                     |
| Average Home Sale Price (Year)         | \$120,718               | \$111,192               | 8.6%                      |
| Hidalgo Bridge Crossings (Month)       | 575,621                 | 575,639                 | 0.0%                      |
| Hidalgo Bridge Crossings (Year)        | 2,252,349               | 2,230,538               | 1.0%                      |
| Peso Exchange Rate (Month)             | 11.20                   | 11.25                   | -0.4%                     |
| <b>Employment</b>                      |                         |                         |                           |
| Wage & Salary Employment (Month)       | 203,300                 | 196,000                 | 3.7%                      |
| Wage & Salary Employment (YTD Avg)     | 202,700                 | 192,900                 | 5.1%                      |
| Unemployment Rate (Month)              | 7.0                     | 7.4                     | N/A                       |
| Unemployment Rate (YTD Average)        | 7.4                     | 8.5                     | N/A                       |
| <b>INDEX (Base=100 Jan 1996)</b>       | <b>179.0</b>            | <b>169.1</b>            | <b>5.9%</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 2006</b>   | \$25,795                       | \$348,167             | 7.4%                           |
| <b>Year-to-date</b> | \$104,616                      | \$1,417,117           | 7.4%                           |

The McAllen metro area economy continues to flourish, with the April McAllen Economic Index taking a big jump upward to 179.0, up from the March index of 177.8, and up 5.9% from the April 2005 MEI of 169.1.

Growth is broad-based, and spread throughout most sectors of the McAllen area economy -- the homebuilding sector is the only year-to-date negative on the table of economic indicators, and the decline is marginal, down just over 1% from year-ago levels.

And existing home sales are filling that gap with the number of homes sold up nearly 24% in April compared to April of a year ago, and up 13.8% YTD; prices are steadily on the rise as well, and the total dollar volume of residential real estate activity is up over 23% compared to the first four months of 2005.

Construction activity in the metro area is high -- the value of permitted projects is only slightly improved over year-ago levels, but the \$253 million in valuations through April 2006 is a new record for the January-April period.

Consumer spending continues to be the primary driving force behind local economic growth, with inflation-adjusted retail spending up nearly 16% in April compared to April 2005, and year-to-date growth of a very stout 7.3%; automobile sales are strongly on the rise as well -- inflation-adjusted spending on new and used autos is over 14% improved over the first four months of 2005.

The rate of job growth has slowed a bit, but most Texas metro areas would happily trade for the current 3.7% year-over-year employment growth; the job growth average through April remains above 5%, and the unemployment rate continues to decline (the monthly unemployment rate of 7% is a record low for the month of April).

# Key Points