

The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR April 2009	LAST YEAR April 2008	% CHANGE 04/08 - 04/09
Retail Sales (000's - Month in 1995\$)	\$256,870	\$257,796	-0.4%
Retail Sales (000's - Year)	\$1,055,597	\$1,114,224	-5.3%
Motor Vehicle Tax Receipts (Month)	\$79,660	\$117,438	-32.2%
Motor Vehicle Tax Receipts (Year)	\$309,898	\$431,375	-28.2%
Lodging Tax Receipts (Year)	\$1,169,376	\$1,305,829	-10.4%
Airline Boardings (Month)	29,936	30,951	-3.3%
Airline Boardings (Year)	110,805	136,033	-18.5%
Value All Construction Permits (Month)	\$21,817,089	\$40,042,251	-45.5%
Value All Construction Permits (Year)	\$97,572,114	\$245,925,182	-60.3%
New Home Permits (Month)	97	148	-34.5%
New Home Permits (Year)	380	533	-28.7%
Home Sales (Month)	173	289	-40.1%
Home Sales (Year)	730	911	-19.9%
Average Home Sale Price (Month)	\$117,533	\$109,941	6.9%
Average Home Sale Price (Year)	\$111,875	\$110,522	1.2%
Hidalgo Bridge Crossings (Month)	502,365	525,952	-4.5%
Hidalgo Bridge Crossings (Year)	1,946,050	2,127,877	-8.5%
Peso Exchange Rate (Month)	13.70	10.70	28.0%
Employment			
Wage & Salary Employment (Month)	221,000	221,100	0.0%
Wage & Salary Employment (YTD Avg)	220,300	220,100	0.1%
Unemployment Rate (Month)	8.9	5.8	N/A
Unemployment Rate (YTD Average)	9.5	6.5	N/A
INDEX (Base=100 Jan 1996)	169.5	186.5	-9.1%

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 per Manifestos	Total Retail Sales	Export Sales of Total Sales
April 2009	\$27,066	\$360,234	7.5%
YTD 2009	\$106,466	\$1,477,206	7.2%

The McAllen metro area economy continues to retrench through April 2009 with the McAllen Economic Index falling to 169.5, down from 170.9 in March, and down a stiff 9.1% from the April 2008 MEI of 186.5. The McAllen Economic Index peaked at 188.0 in January 2008 and has declined each consecutive month since then.

Job growth has slowed to zero and the unemployment rate has risen sharply -- well over three full points over the last 12 months. General consumer activity is currently in decline with inflation-adjusted retail spending down over 5% for the year-to-date. The concurrent trends in these two important sectors help to clearly define the state of the local economy.

Other sectors continue to post deep declines; vehicle sales (inflation-adjusted spending on new and used autos) are down about 30% in 2009 compared to the same time period in 2008, hotel-motel receipts are down over 10% YTD (but were up for the month), and airport passenger boardings are down over 18%.

Construction activity continues to retreat with the value of all building permits down over 60% compared to the first four months of last year, and home building off about 30% again in '09.

Existing home sales have fallen sharply, but prices remain higher compared to year-ago levels, suggesting that home values have thus far been maintained even in the face of a sharp cyclical decline in local economic activity.

Border economic activity is on the decline (bridge crossings are down, the peso-dollar exchange rate is up); the national economy remains sluggish, and the Texas economy entered into recession in late 2008. Most external factors are exerting negative economic pressure in McAllen, causing the first defined cycle of contraction in the history of the McAllen Economic Pulse analysis.

Key Points