

McAllen Area ECONOMIC PULSE

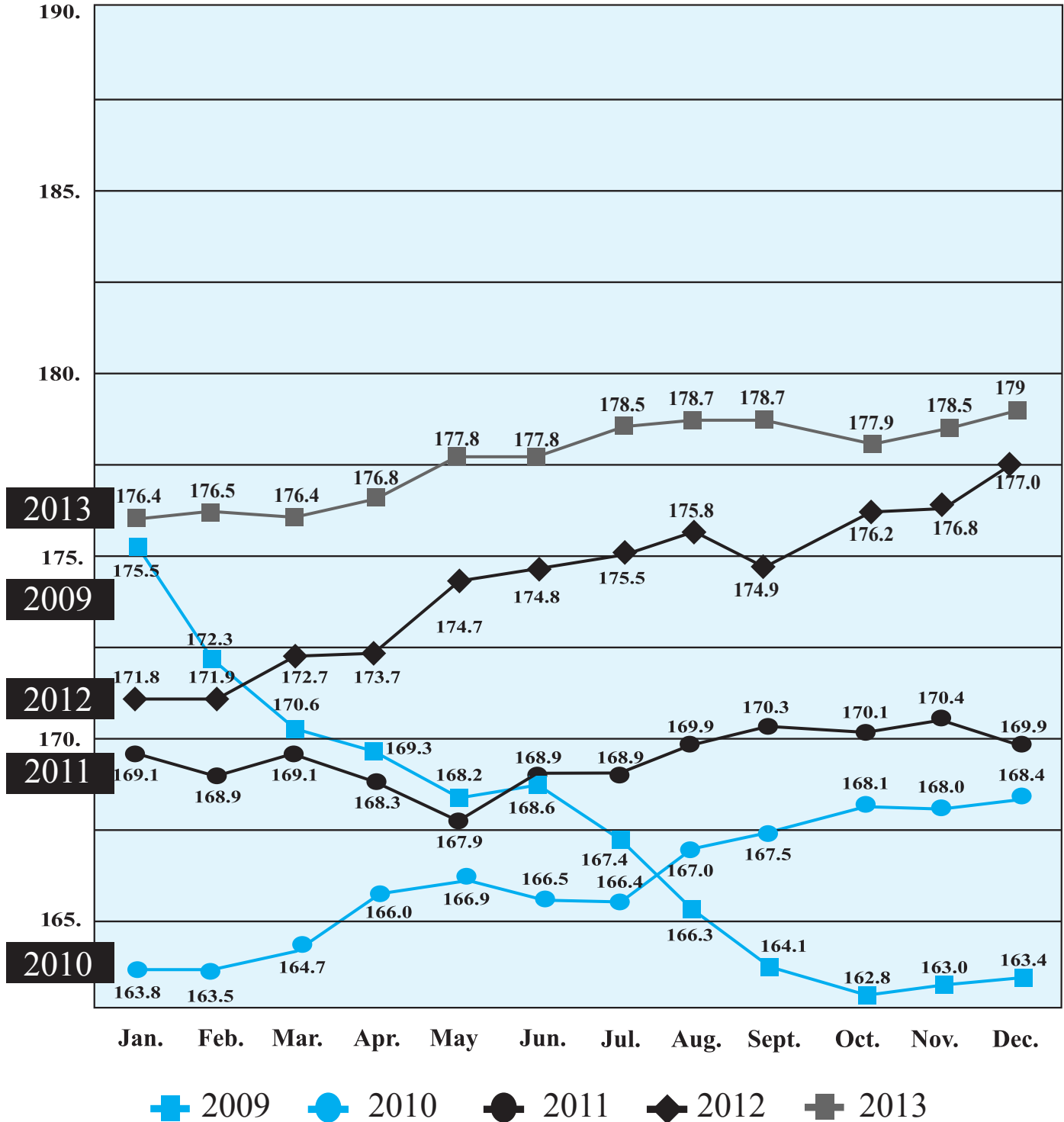
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December 2013 Economic Pulse

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 December 2013	LAST YEAR December 2012	% CHANGE 2012 - 2013
Retail Sales (\$000's - 4th Quarter in 1995\$)	\$1,025,155	\$1,012,144	-0.9%
Retail Sales (\$000's - Annual)	\$3,703,886	\$3,714,713	-1.1%
Dollars Spent on Auto Purchases (\$000's - 4th Qtr in 1995\$)	\$317,240	\$307,049	-7.6%
Dollars Spent on Auto Purchases (\$000's - Annual)	\$1,378,137	\$1,303,146	5.2%
Lodging Tax Receipts (4th Quarter)	\$1,012,097	\$996,230	2.7%
Lodging Tax Receipts (Annual)	\$3,856,986	\$3,650,526	7.8%
Airline Boardings (4th Qtr)	84,252	77,404	2.2%
Airline Boardings (Annual)	352,589	332,984	6.0%
Value All Construction Permits (4th Qtr)	\$91,124,383	\$116,046,551	57.6%
Value All Construction Permits (Annual)	\$485,330,009	\$471,275,126	3.8%
New Home Permits (4th Qtr)	271	267	15.4%
New Home Permits (Annual)	1,119	1,142	-3.6%
Home Sales (4th Qtr)	524	519	23.9%
Home Sales (Annual)	2,218	2,180	3.2%
Average Home Sale Price (4th Qtr)	\$138,748	\$133,246	8.4%
Average Home Sale Price (Annual)	\$133,362	\$127,010	4.6%
Hidalgo Bridge Crossings (4th Qtr)	1,399,068	1,422,905	-1.5%
Hidalgo Bridge Crossings (Annual)	5,359,452	5,413,576	-0.8%
Peso Exchange Rate (December)	\$13.35	\$12.60	7.9%
Employment			
Wage & Salary Employment (December)	237,300	234,800	1.2%
Wage & Salary Employment (Annual Avg)	232,260	228,750	1.6%
Unemployment Rate (December)	10.4	10.5	4.0%
Unemployment Rate (Annual Average)	10.8	11.0	-1.6%
INDEX - December (Base=100 Jan 1996)	179.1	177.0	1.0%

* Adjusted for inflation by restating in year 1995 dollars

In January 2004 the Texas Comptroller's Office began tracking "Manifiestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.	Export Sales per Manifiestos	Total Retail Sales	Export Sales of Total Sales
December 2013	\$37,820	\$635,444	6.0%
YTD 2013	\$359,705	\$5,311,290	6.8%

- The McAllen metro area economy finished the year on the upswing with two consecutive months of increase in the McAllen Economic Index. The December MEI rose to 179.0 up from 178.5 in November, and up a modest 1.1% compared to the December 2012 index. The year-over-year growth rate of 1.1% reflects the annual growth rate in the index (economy), compared to 2.9% in 2012. Year-over-year growth rates were in excess of 3% early in the year before settling into a slower pace for the balance of the year.

- The McAllen Economic Index has grown steadily, but at a much slower rate since bottoming out after the 2008-2009 recession, and remains down by some 5.7% compared to its peak level of 189.8 reached in January 2008.

- General real spending by households and business in McAllen was flat over the course of the year, and was up slightly in the fourth quarter, posting a 1.3% rate of growth compared to the fourth quarter of 2012. In December, however, general real (inflation-adjusted) spending was up by a solid 6.3% compared to December of a year ago, pointing to a respectable holiday spending season in the metro area.

- The rate of employment growth slowed a bit in 2013 as well, with the number of payroll jobs in the McAllen metro area up by 1.1% at year-end 2013 compared to year-end 2012, and averaged about 1.5% for the year as a whole. The local economy has added jobs steadily each of the four years since the recession came to and end in 2009, but at generally modest rates of growth, especially compared to pre-recession rates of employment growth.

- Auto sales were up solidly in the fourth quarter, and for the year as a whole. Inflation-adjusted spending on new and used autos was up by 3.3% in the fourth quarter 2013 compared to the fourth quarter 2012, which in turn was up by a stout 20% compared to the fourth quarter of the prior year. Annual real auto spending in 2013 was up by 5.8% compared to the 2012 annual total, which in turn was up by over 16% compared to the 2011 total.

- Construction activity declined in the fourth quarter, with the valuation of building permits issued down by over 21% compared to the fourth quarter 2012; however, building permit valuations were up sharply in the fourth quarter 2012 (nearly 45%) compared to the prior year. For the year, building permit valuations were up for the fourth straight year, if only slightly, posting an increase of 3% compared to 2012.

- Home building in the metro area was generally flat - up slightly for the quarter, and down about 2% for the year in terms of the number of new single-family residence construction permits issued. Home building by this measure has been flat to declining for three straight years now; however, the November and December 2013 permit totals were up by 15% and 19%, respectively, compared to the same months in 2012.

- Residential real estate market activity remained solid in 2013 with increases in both the average housing price and the total dollar volume of activity. The number of closed sales was up only slightly (1% for the quarter, and 1.7% for the year), but the average price was up by a solid 5% in 2013 compared to 2012. The inflation-adjusted total dollar volume of residential real estate sales in 2013 was up by 5% compared to 2012, which in turn was up by 11% compared to the prior year.

- Revised employment data for McAllen and other Texas metro areas will be released in early March, so we will factor those into the McAllen Economic Index at that time, and issue a general forecast for the balance of 2014 based on those new benchmarks.