

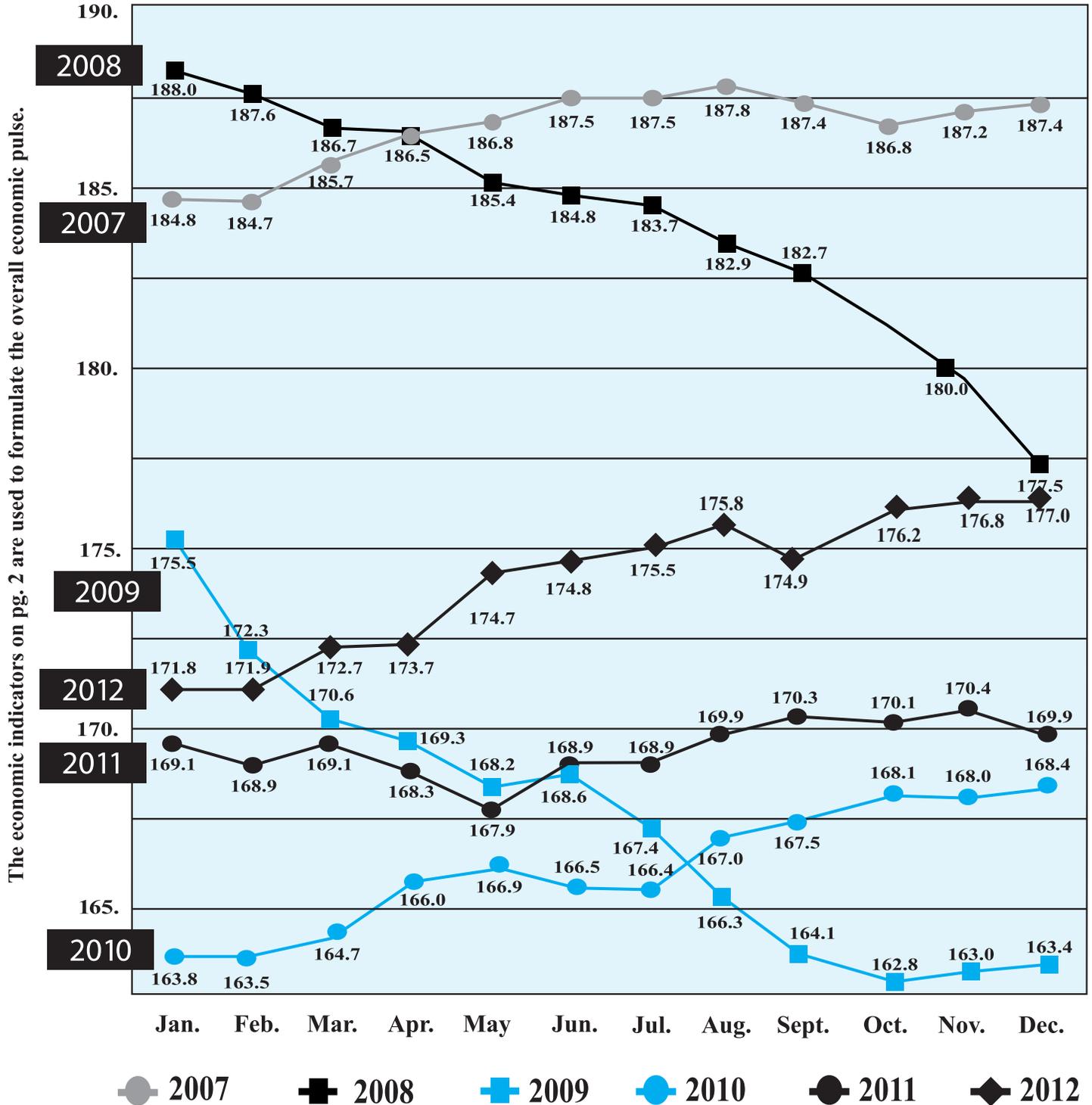
McAllen Area ECONOMIC PULSE

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December 2012 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR December 2012	LAST YEAR December 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - 4th Quarter in 1995\$)	\$1,012,144	\$953,200	6.2%
Retail Sales (\$000's - Annual)	\$3,714,713	\$3,503,448	6.0%
Dollars Spent on Auto Purchases (\$000's - 4th Qtr in 1995\$)	\$307,049	\$255,777	20.0%
Dollars Spent on Auto Purchases (\$000's - Annual)	\$1,303,146	\$1,117,967	16.6%
Lodging Tax Receipts (4th Quarter)	\$996,230	\$806,166	23.6%
Lodging Tax Receipts (Annual)	\$3,650,526	\$3,173,565	15.0%
Airline Boardings (4th Qtr)	77,404	84,655	-8.6%
Airline Boardings (Annual)	332,984	342,733	-2.8%
Value All Construction Permits (4th Qtr)	\$116,046,551	\$80,515,270	44.1%
Value All Construction Permits (Annual)	\$471,275,126	\$459,809,009	2.5%
New Home Permits (4th Qtr)	267	293	-8.9%
New Home Permits (Annual)	1,142	1,295	-11.8%
Home Sales (4th Qtr)	519	472	10.0%
Home Sales (Annual)	2,180	1,938	12.5%
Average Home Sale Price (4th Qtr)	\$133,246	\$129,812	2.6%
Average Home Sale Price (Annual)	\$127,010	\$125,894	0.9%
Hidalgo Bridge Crossings (4th Qtr)	1,422,905	1,411,707	0.8%
Hidalgo Bridge Crossings (Annual)	5,413,576	5,338,241	1.4%
Peso Exchange Rate (December)	\$12.60	\$13.65	-7.7%
Employment			
Wage & Salary Employment (December)	234,800	229,400	2.4%
Wage & Salary Employment (Annual Avg)	228,750	224,758	1.8%
Unemployment Rate (December)	10.5	11.1	-5.4%
Unemployment Rate (Annual Average)	11.0	12.0	-8.5%
INDEX - December (Base=100 Jan 1996)	177.0	172.0	2.9%

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 2012	\$38,557	\$585,307	6.6%
YTD 2012	\$309,285	\$5,215,315	5.9%

McAllen metro area employment data was revised in March for 2011 and 2012, and the McAllen Economic Index was updated accordingly. Employment estimates for 2011 were revised fairly significantly downward by year-end (the revised December 2011 estimate was some 3,500 jobs lower compared to the original estimate), any by about 975 jobs on average for the year as a whole. The 2012 employment estimates were revised only slightly downward, with about 300 jobs knocked off the original estimates.

The McAllen economy remained a growth economy in 2012; the McAllen Economic Index finished the year (under these revised employment benchmarks) at 177.0 up from 176.8 in November, and up 2.9% from the revised 2011 MEI of 172.0. The year was characterized by growth in general spending and employment, along with stout growth in auto spending and home sales.

General spending, a critical local economic indicator, posted a solid increase for the quarter and for the year. Inflation-adjusted taxable spending was up by over 6% for the quarter (year-over-year), and up by 6% for the year in 2012 compared to the 2011 annual total.

Auto spending continued to post sharp improvement in 2012 with inflation-adjusted spending on new and used automobiles up by 20% in the fourth quarter, and over 16% for the year compared to auto spending in 2011.

Construction improved in the metro area for the third straight year; building permit valuations were up by only about 2.5% compared to the 2011 annual total, but that in turn was up by over 20% compared to the prior year. Building permit valuations in the fourth quarter were up by a sharp 44% compared to the fourth quarter 2011.

Housing construction fell for the second straight year, with the number of new single-family residence permits issued down by nearly 9% in the fourth quarter, and about 12% for the year as a whole. Existing home sales improved in 2012 (compared to a down year in 2011) with the number of closed sales up by 10% in the fourth quarter, and 12.5% for the year. The average sale price was up by a solid 2.6% in the fourth quarter compared to the fourth quarter 2011; for the year on the whole, prices were up only slightly with the 2012 annual total up by less than a percent compared to the 2011 annual average price.

Economic conditions should continue to improve across the McAllen metro area in 2013, characterized primarily by growth in general spending and employment, and continued decline in the metro area unemployment rate.

Key Points