



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR January 2010	LAST YEAR January 2009	% CHANGE 01/09 - 01/10
Retail Sales (\$000's - January in 1995\$)	\$231,577	\$257,486	-10.1%
Retail Sales (\$000's - Year-To-Date)	\$231,577	\$257,486	-10.1%
Dollars Spent on Auto Purchases (\$000's - Jan in 1995\$)	\$66,970	\$71,012	-5.7%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$66,970	\$71,012	-5.7%
Lodging Tax Receipts (Jan)	\$296,303	\$335,907	-11.8%
Lodging Tax Receipts (YTD)	\$296,303	\$335,907	-11.8%
Airline Boardings (Jan)	27,220	26,979	0.9%
Airline Boardings (YTD)	27,220	26,979	0.9%
Value All Construction Permits (Jan)	\$35,518,158	\$27,281,406	30.2%
Value All Construction Permits (YTD)	\$35,518,158	\$27,281,406	30.2%
New Home Permits (Jan)	172	88	95.5%
New Home Permits (YTD)	172	88	95.5%
Home Sales (Jan)	137	162	-15.4%
Home Sales (YTD)	137	162	-15.4%
Average Home Sale Price (Jan)	\$111,628	\$101,811	9.6%
Average Home Sale Price (YTD Avg)	\$111,628	\$101,811	9.6%
Hidalgo Bridge Crossings (Jan)	501,140	504,022	-0.6%
Hidalgo Bridge Crossings (YTD)	501,140	504,022	-0.6%
Peso/Dollar Exchange Rate (Jan)	13.30	14.95	-11.0%
<b>Employment</b>			
Wage & Salary Employment (Jan)	217,800	218,700	-0.4%
Wage & Salary Employment (YTD Avg)	217,800	218,700	-0.4%
Unemployment Rate (Jan)	12.2	10.0	22.0%
Unemployment Rate (YTD Average)	12.2	10.0	22.0%
INDEX - January (Base=100 Jan 1996)	<b>163.3</b>	<b>175.0</b>	<b>-6.7%</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 per Manifestos	Total Retail Sales (Not adjusted for inflation)	Percent Export Sales of Total Sales
<b>January 2010</b>	\$29,603	\$327,711	9.0%
<b>YTD 2010</b>	\$29,603	\$327,711	9.0%

McAllen metro area employment data was revised in March for 2008 and 2009, and the end result was to lower the original employment estimates in 2009 by relatively modest amounts. However, per the revised data, employment in McAllen was below 2008 employment levels, as compared to the original estimates which had indicated slight employment gains over the course of the year.

The year-end 2009 employment estimate was reduced by about 4,100 jobs from the original December '09 total, a decline of about 1.3% compared to the revised December '08 employment estimate. For the year as a whole, average employment was lowered by about 3,000 jobs. The McAllen Economic Index was accordingly revised downward from the original MEI of 164.1 to 163.0, down 8.2% (the original margin of year-over-year decline was 7.4%). However, the pattern of month-to-month increase since October 2009 remains intact.

The January 2009 McAllen Economic Index rose again slightly to 163.3, up from the revised December index of 163.0 (and the November MEI of 162.5, and October index of 162.4, the low point in the McAllen Economic Index). The January index is down 6.7% from the January 2008 MEI of 175.0.

If the trend holds and the McAllen Economic Index continues to increase throughout the year, October 2009 will serve as the trough of the downward cycle which began in February 2008.

The construction sector served as fuel for index growth in January, with total building permit valuations up over 30% compared to January of a year ago, and new housing permits nearly double the number of permits issued in January 2009.

General spending remains negative, with inflation-adjusted retail spending down over 10% compared to January of last year. Employment is only slightly negative compared to year-ago revised levels, but the margin of decline has narrowed since December to a scant .4%.

The balance of 2010 will hopefully indicate modest but steady recovery in the McAllen metro area general economy, characterized by a turnaround in spending and employment, and improvement in other sectors of the local economy.

# Key Points