

McAllen Area ECONOMIC PULSE

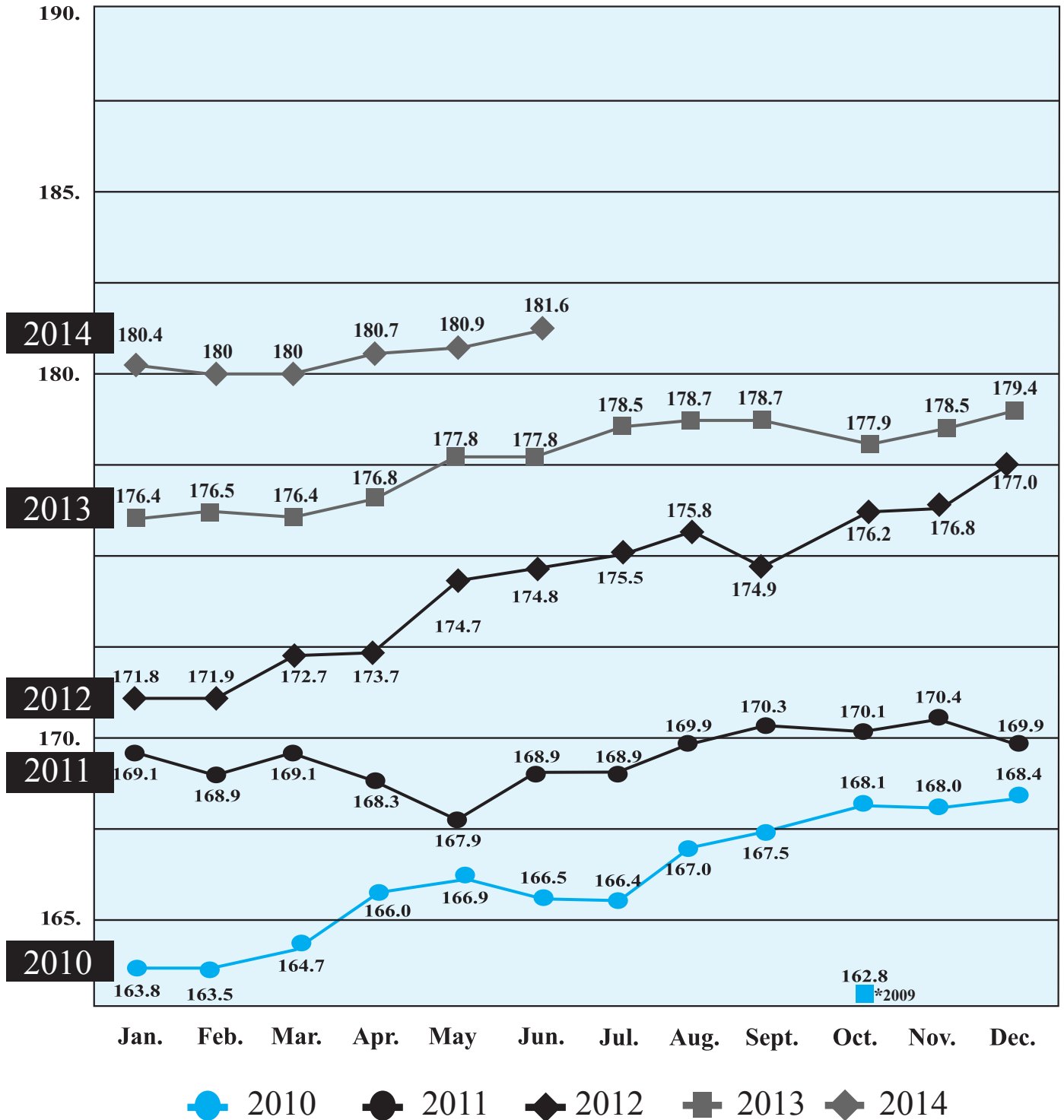
McAllen • Mission • Edinburg • Pharr

June 2014 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 June 2014	LAST YEAR June 2013	% CHANGE 2013 - 2014
Retail Sales (\$000's - June in 1995\$)	\$312,517	\$280,726	11.3%
Retail Sales (\$000's - 2nd Quarter)	\$957,512	\$912,727	4.9%
Retail Sales (\$000's - Year-to-Date)	\$1,976,722	\$1,909,019	3.5%
Dollars Spent on Auto Purchases (\$000's - June in 1995\$)	\$126,739	\$120,573	5.1%
Dollars Spent on Auto Purchases (\$000's - 2nd Quarter)	\$368,681	\$338,932	8.8%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$742,453	\$690,913	7.5%
Lodging Tax Receipts (June)	\$309,619	\$285,146	8.6%
Lodging Tax Receipts (2nd Quarter)	\$990,276	\$869,314	13.9%
Lodging Tax Receipts (YTD)	\$2,048,024	\$1,869,238	9.6%
Airline Boardings (June)	39,391	34,778	13.3%
Airline Boardings (2nd Quarter)	106,757	94,411	13.1%
Airline Boardings (YTD)	191,888	174,684	9.8%
Value All Construction Permits (June)	38,632,189	53,060,512	-27.2%
Value All Construction Permits (2nd Quarter)	\$114,435,769	\$176,820,748	-35.3%
Value All Construction Permits (YTD)	\$220,625,706	\$281,800,907	-21.7%
New Home Permits (June)	114	96	18.8%
New Home Permits (2nd Quarter)	354	308	14.9%
New Home Permits (YTD)	655	551	18.9%
Home Sales (June)	221	195	13.3%
Home Sales (2nd Quarter)	647	622	4.0%
Home Sales (YTD)	1,172	1,147	2.2%
Average Home Sale Price (June)	141,026	142,175	-0.8%
Average Home Sale Price (2nd Quarter)	\$136,216	\$135,213	0.7%
Average Home Sale Price (YTD)	\$132,105	\$128,203	3.0%
Hidalgo/Anzalduas Bridge Crossings (June)	429,205	442,465	-3.0%
Hidalgo/Anzalduas Bridge Crossings (2nd Quarter)	1,311,806	1,338,627	-2.0%
Hidalgo/Anzalduas Bridge Crossings (YTD)	2,602,297	2,628,377	-1.0%
Peso/Dollar Exchange Rate (June)	\$12.60	\$12.75	-1.19%
Employment			
Wage & Salary Employment (June)	237,600	234,600	1.3%
Wage & Salary Employment (YTD Avg)	237,765	233,785	1.7%
Unemployment Rate (June)	9.6	11.4	-15.8%
Unemployment Rate (YTD Average)	9.5	11.0	-13.2%
INDEX - May (Base=100 Jan 1996)	181.6	178.5	1.7%

- The McAllen economy continued to improve through mid-year 2014 with the McAllen Economic Index rising to 181.6 in June up from 180.9 in May, and up 1.7% from the June 2013 MEI of 178.5. The June 2014 index value is the highest since November 2008, and is now down by less than 5% compared to the all-time McAllen Economic Index peak of 190.6 achieved in January 2008.

- The economy improved at a faster rate in the first half of the year and in the second quarter, with the McAllen Economic Index from January-June increasing at an annualized rate of 2.5%, and growing at a 3.5% annualized pace in the second quarter. Most sectors of the McAllen metro area economy which serve as components of the McAllen Economic Index are improved at the mid-point 2014, with only total construction (building permits issued) and border crossings down through June compared to year-ago levels.

- General real (inflation-adjusted) spending per monthly sales tax receipts was up by nearly 5% in the second quarter compared to the second quarter of a year ago, and the June monthly total was up a sharp 11.3% compared to the June 2014 total. Midway through the year, taxable spending is up by a solid 3.5% compared to the first six months of last year.

- Employment remains at a record level in the McAllen metro area but the pace of growth has slowed through mid-year with the number of jobs in June increasing by only about 1.3% compared to June of a year ago reflecting the addition of about 3,000 jobs over the last 12 months. The unemployment rate indicates a normal seasonal uptick from May to June, but the correct measure is June of this year compared to June of last (or any prior June), and the unemployment rate of 9.6% in June 2014 compares favorably with the 11.4% rate of unemployment in June of a year ago.

- Auto sales remain strong in McAllen, pushing ever deeper into record territory. Inflation-adjusted spending on new and used automobiles was up by nearly 9% in the second quarter (year-over-year), and by about 5% in June. Thus far in 2014, real auto spending is up by some 7.5% compared to the first six months of a year ago.

- The travel and tourism indicators suggest stout gains compared to year-ago levels, with hotel/motel tax receipts and airport passenger enplanements both up by nearly 10% compared to year-ago levels.

- Construction activity is down in 2014 posting year-over-year declines for the month, quarter, and year-to-date. The \$220.6 million in building permits issued thus far in 2014 is off by nearly 22% compared to the January-June total in 2013, and in fact is the lowest total for the first six months of the year since 2010. Home building is on the rise, however, with the number of new single-family residence construction permits up by 15% for the quarter and about 19% for the year-to-date. And in fact the 865 permits issued in McAllen, Edinburg, Mission, and Pharr is the highest January-June total since 2010.

- The McAllen metro area residential real estate market remains in healthy condition with modest increases in the number of homes sold at rising prices. The number of closed sales is up by only about 2% year-over-year, but that comes on top of a 6% gain through June of last year, and a 17% gain through June of the prior year. The second quarter average price was flat compared to year-ago levels; however, the second quarter 2013 average home sale price was up by over 10% compared to the prior year. The real dollar volume of residential real estate sales activity is slowly but very steadily on the rise, and is up by a respectable 3% compared to the first six months of 2013.