



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR March 2009	LAST YEAR March 2008	% CHANGE 03/08 - 03/09
Retail Sales (000's - Month in 1995\$)	\$298,673	\$335,838	-11.1%
Retail Sales (000's - Year)	\$798,727	\$856,428	-6.7%
Motor Vehicle Tax Receipts (Month)	\$84,575	\$111,361	-24.1%
Motor Vehicle Tax Receipts (Year)	\$230,238	\$313,937	-26.7%
Lodging Tax Receipts (Year)	\$854,078	\$1,013,574	-15.7%
Airline Boardings (Month)	28,965	37,605	-23.0%
Airline Boardings (Year)	80,869	105,082	-23.0%
Value All Construction Permits (Month)	\$29,526,419	\$42,264,619	-30.1%
Value All Construction Permits (Year)	\$75,755,025	\$205,882,931	-63.2%
New Home Permits (Month)	93	126	-26.2%
New Home Permits (Year)	283	385	-26.5%
Home Sales (Month)	226	304	-25.7%
Home Sales (Year)	557	702	-20.7%
Average Home Sale Price (Month)	\$122,185	\$110,376	10.7%
Average Home Sale Price (Year)	\$109,988	\$110,716	-0.7%
Hidalgo Bridge Crossings (Month)	498,488	574,887	-13.3%
Hidalgo Bridge Crossings (Year)	1,443,685	1,601,925	-9.9%
Peso Exchange Rate (Month)	14.75	10.90	35.3%
<b>Employment</b>			
Wage & Salary Employment (Month)	220,300	220,300	0.0%
Wage & Salary Employment (YTD Avg)	220,100	219,700	0.2%
Unemployment Rate (Month)	9.5	6.4	N/A
Unemployment Rate (YTD Average)	9.7	6.7	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>170.9</b>	<b>186.7</b>	<b>-8.5%</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	Export Sales of Total Sales
<b>March 2009</b>	\$30,141	\$417,855	7.2%
<b>YTD 2009</b>	\$79,400	\$1,117,973	7.1%

# Key Points

The McAllen metro area economy continues to contract through the first quarter of 2009, with the McAllen Economic Index dipping sharply again to 170.9 in March, down from 172.5 in February, and down 8.5% from the March 2009 MEI of 186.7.

Local consumer activity remains on the decline, with inflation-adjusted general retail sales down over 11% in March (compared to March of last year), and is now down 6.7% for the year-to-date compared to the first three months of 2008.

The big-ticket auto sector in McAllen (and all across the country) continues to reel, with inflation-adjusted spending on new and used automobiles down some 25% year-over-year through the first quarter of '09.

The employment situation continues to worsen; job growth has narrowed, and is now level with year-ago numbers (and will likely go negative in the coming months) while the metro area unemployment rate is over three full points higher than the March 2008 unemployment rate.

The ever-important travel and tourism sector is on the wane as well, with airline activity and hotel/motel tax receipts down by double-digit percentage points compared to the first quarter of a year ago.

Construction activity is down sharply; the value of building permits issued in the first quarter is off by over 60% compared to year-ago totals, and homebuilding in McAllen and elsewhere continues to decrease, with local permits for new single-family homes falling by over 25% over the last 12 months.

Existing home sales are down as well, but importantly, prices continue to suggest that there has not yet been any sign of erosion in local residential real estate values.