

The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR March 2010	LAST YEAR March 2009	% CHANGE 03/09 - 03/10
Retail Sales (\$000's - March in 1995\$ *)	\$315,544	\$298,673	5.6%
Retail Sales (\$000's - 1st Quarter)	\$788,908	\$798,727	-1.2%
Dollars Spent on Auto Purchases (\$000's - March in 1995\$ *)	\$97,983	\$84,691	15.7%
Dollars Spent on Auto Purchases (\$000's - 1st Qtr)	\$240,603	\$231,007	4.2%
Lodging Tax Receipts (March)	\$343,111	\$280,212	22.4%
Lodging Tax Receipts (1st Qtr)	\$854,704	\$854,078	0.1%
Airline Boardings (March)	31,229	28,965	7.8%
Airline Boardings (1st Qtr)	84,076	80,869	4.0%
Value All Construction Permits (March)	\$30,715,643	\$29,526,419	4.0%
Value All Construction Permits (1st Qtr)	\$89,646,761	\$75,755,025	18.3%
New Home Permits (March)	168	93	80.6%
New Home Permits (1st Qtr)	450	283	59.0%
Home Sales (March)	256	226	13.3%
Home Sales (1st Qtr)	547	557	-1.8%
Average Home Sale Price (March)	\$113,931	\$122,185	-6.8%
Average Home Sale Price (1st Qtr Avg)	\$114,512	\$109,988	4.1%
Hidalgo Bridge Crossings (March)	481,522	498,488	-3.4%
Hidalgo Bridge Crossings (1st Qtr)	1,434,596	1,443,685	-0.6%
Peso/Dollar Exchange Rate (March)	13.65	14.75	-7.5%
Employment			
Wage & Salary Employment (March)	220,000	217,900	1.0%
Wage & Salary Employment (1st Qtr Avg)	218,800	218,167	0.3%
Unemployment Rate (March)	11.6	9.8	N/A
Unemployment Rate (1st Qtr Average)	11.9	9.9	N/A
<i>*Adjusted for inflation by restating in year 1995 dollars</i>			
INDEX - March (Base=100 Jan 1996)	164.4	170.6	-3.6%

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
March 2010	\$28,937	\$447,920	6.5%
YTD 2010	\$82,654	\$1,118,153	7.4%

The McAllen area economy continued to indicate a modest recovery in the first quarter of 2010, and the McAllen Economic Index in March enjoyed its largest month-to-month increase since August 2006, rising to 164.4 up from 163.2 in February. The index remains down compared to year-ago levels with the March MEI down by 3.6% compared to March of a year ago; however, that margin of decrease has narrowed from 5.3% last month, and a high of 10.9% in October of last year.

General spending in the metro area posted its first year-over-year increase in 14 months, and the largest margin of year-over-year improvement in 2 1/2 years, with inflation-adjusted taxable retail spending by McAllen area households and businesses up some 5.6% compared to March 2009. For the first quarter, sales declined by about 1.2% compared to the first three months of a year ago.

Auto spending grew (year-over-year) by the largest margin since October 2007 with inflation-adjusted spending on new and used automobiles up by nearly 16% compared to March of '09. First quarter auto spending improved by over 4% compared to the first three months of last year, after eight consecutive quarters of year-over-year decline.

The important hotel/motel tax indicator also enjoyed an impressive increase in March, rising by over 22% compared to March of last year, signaling an uptick in business and leisure travel to and through the metro area, which provides a boost in business activity throughout the local economy.

Construction activity remains low compared to most of the last 12 years; the first quarter 2010 total valuation of building permits issued was the 2nd lowest since 1998 behind only last year. First quarter home building improved by about 60% in terms of new single-family residence permits issued, the largest quarterly total in over two years.

Employment growth remains sluggish across the McAllen metro area; however, the 1.0% increase over the last 12 months is the largest margin of year-over-year growth in well over a year. The unemployment rate remains elevated, but again, is generally considered to be a "lagging" economic indicator, meaning it will begin to show improvement later in the recovery cycle.

Key Points