

# McAllen Area ECONOMIC PULSE

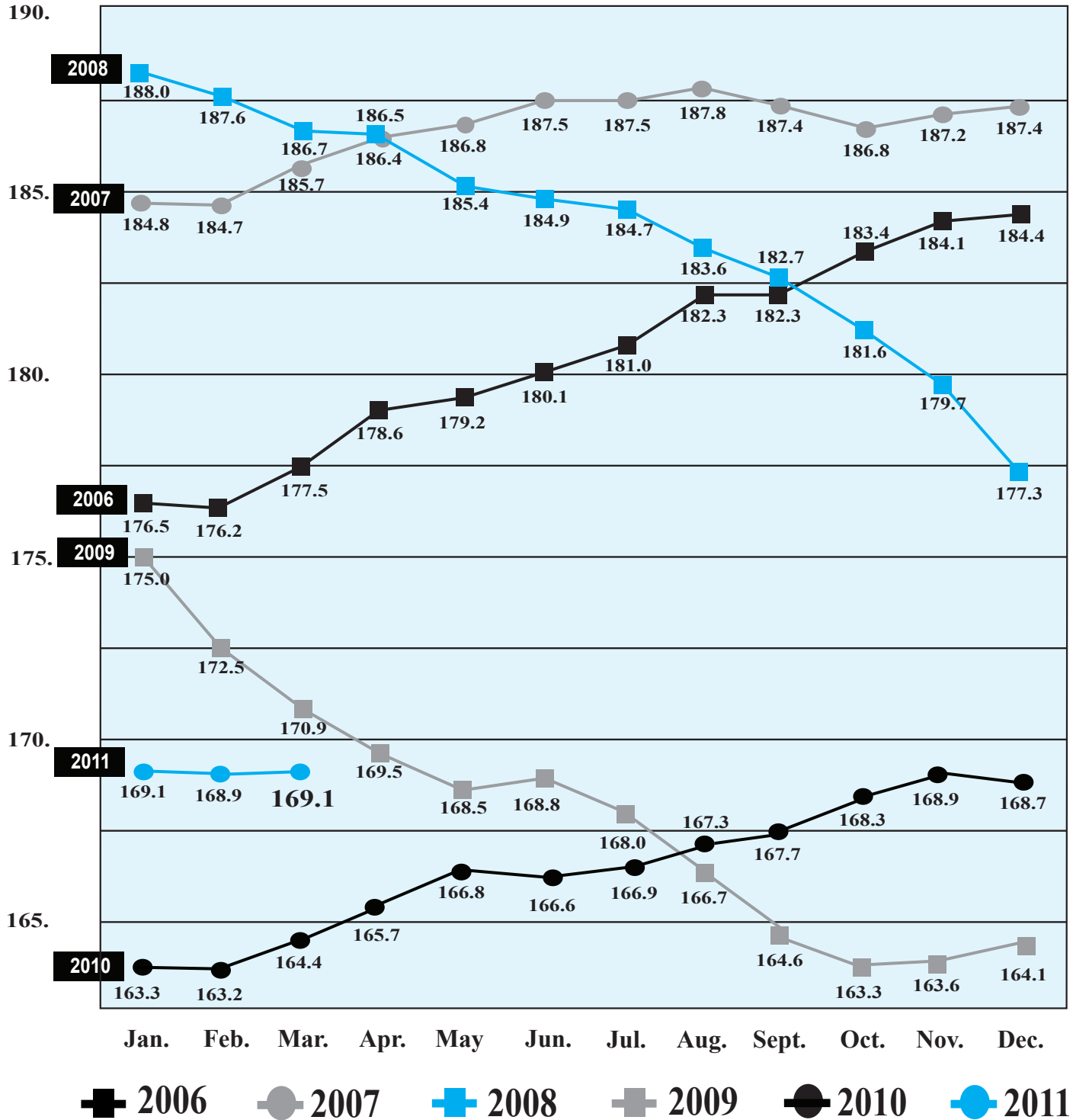
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## March 2011 Economic Pulse

### 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.



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR March 2011	LAST YEAR March 2010	% CHANGE 03/10 - 03/11
Retail Sales (\$000's - March in 1995\$ *)	\$320,057	\$315,544	1.4%
Retail Sales (\$000's - 1st Quarter *)	\$827,912	\$788,908	4.9%
Dollars Spent on Auto Purchases (\$000's - March in 1995\$ *)	\$118,695	\$97,983	21.1%
Dollars Spent on Auto Purchases (\$000's - 1st Qtr *)	\$288,525	\$240,603	19.9%
Lodging Tax Receipts (March)	\$310,898	\$343,111	-9.4%
Lodging Tax Receipts (1st Qtr)	\$839,775	\$854,704	-1.7%
Airline Boardings (March)	29,347	31,229	-6.0%
Airline Boardings (1st Qtr)	79,986	84,076	-4.9%
Value All Construction Permits (March)	\$40,834,740	\$30,715,643	32.9%
Value All Construction Permits (1st Qtr)	\$132,725,401	\$89,646,761	48.1%
New Home Permits (March)	138	168	-17.9%
New Home Permits (1st Qtr)	328	450	-27.1%
Home Sales (March)	185	256	-27.7%
Home Sales (1st Qtr)	455	547	-16.8%
Average Home Sale Price (March)	\$120,123	\$113,931	5.4%
Average Home Sale Price (1st Qtr Avg)	\$120,917	\$114,512	5.6%
Hidalgo Bridge Crossings (March)	454,290	481,522	-5.7%
Hidalgo Bridge Crossings (1st Qtr)	1,292,551	1,434,596	-9.9%
Peso/Dollar Exchange Rate (March)	12.00	13.65	-12.1%
<b>Employment</b>			
Wage & Salary Employment (March)	224,800	220,200	2.1%
Wage & Salary Employment (1st Qtr Avg)	223,700	219,200	2.1%
Unemployment Rate (March)	11.9	11.6	2.6%
Unemployment Rate (1st Qtr Average)	12.3	11.9	3.4%
INDEX - March (Base=100 Jan 1996)	<b>169.1</b>	<b>164.7</b>	<b>2.7%</b>

\* Adjusted for inflation by restating in year 1995 dollars

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>March 2011</b>	\$19,578	\$459,954	4.3%
<b>YTD 2011</b>	\$64,154	\$1,187,399	5.4%

The McAllen Economic Index improved only very modestly over the course of the first quarter 2011, and rose slightly in March to 169.1, up from 168.9 in February, and up 2.7% from the March 2010 MEI of 164.7. It still appears that a slow recovery is underway in the McAllen metro area economy, but aggregate local economic activity remains well below the prior few years; the March 2011 McAllen Economic Index is still down relative to the March index for each of the four years 2006-2009.

General real spending in the first quarter was up by nearly 5% compared to the first quarter 2010; most of that strength occurred in January -- the February spending figure was down slightly (year-over-year), and the March total is up by only a slightly 1.4%. The first quarter 2011 spending total remains down relative to the first quarter in 2007 and 2008.

Auto sales were strong in the first quarter, at least compared to the previous two years. Inflation-adjusted spending on new and used autos was nearly 20% improved over the first quarter 2010, but also remains lower compared to the first quarter 2007 and 2008.

Employment is the one major local economic indicator that is at a record level in McAllen in 2011, with payroll employment estimates thus far surpassing all prior years. March employment is up just over 2% in March compared to a year ago.

The housing sectors remain sharply negative, with the number of new housing construction permits and existing home sales down by double-digit percentage points compared to March and the first quarter of 2010. This is a common theme in the recent McAllen economy, and all across Texas; lower construction and sales numbers, but housing sale prices that are at or near record levels. In other words, weak sales numbers and a significant recession have yet to cut into housing values.

The border indicators remain troublesome, with bridge crossings down by nearly 10% in the first quarter and in fact, at their lowest level in the 15-year history of the McAllen Economic Pulse analysis. The share of local activity from across the border has begun to wane as well, with manifesto data suggesting that sales to Mexican nationals are accounting for a smaller share of the total in recent months.

# Key Points