

McAllen Area ECONOMIC PULSE

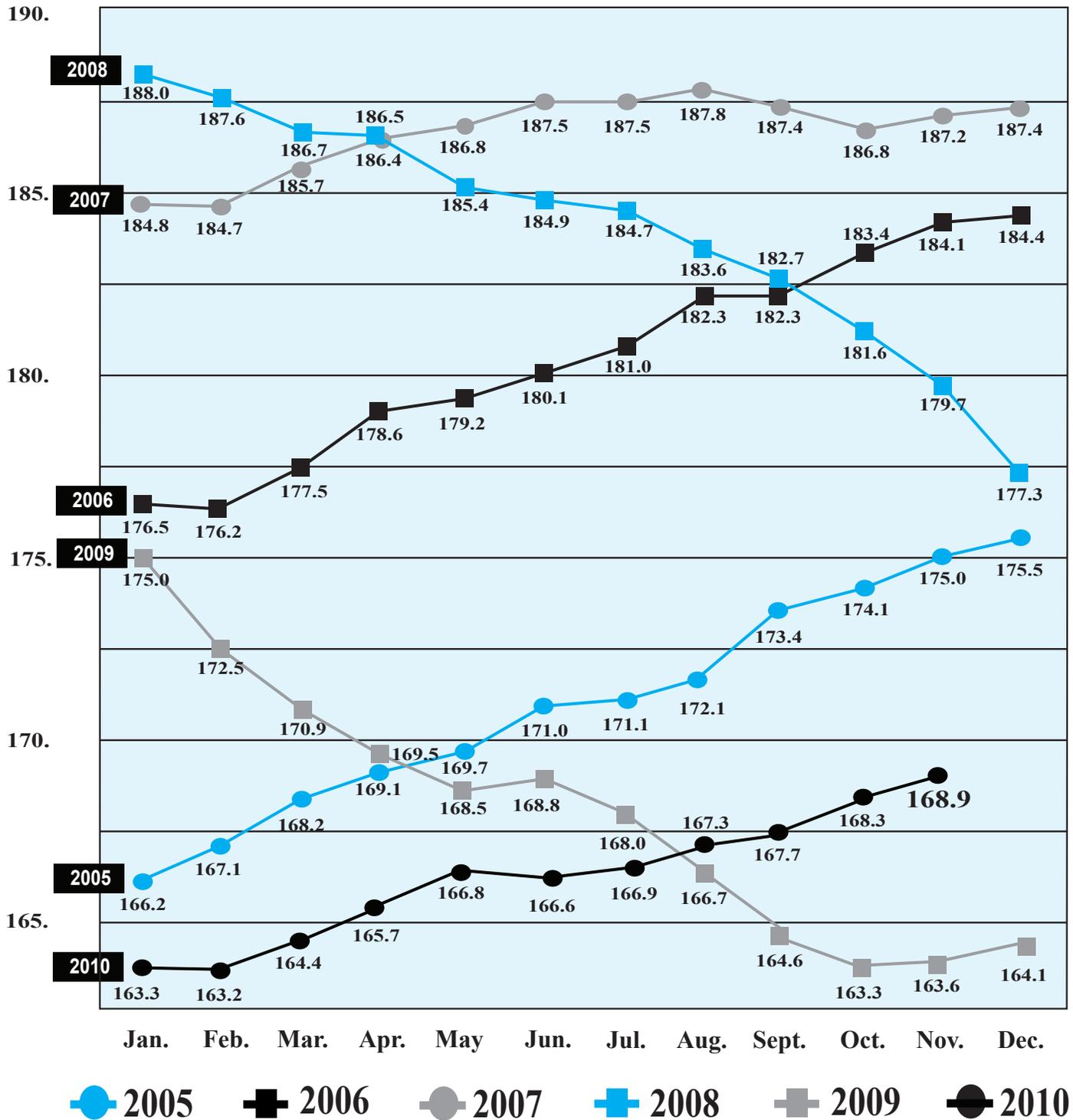
McAllen • Mission • Edinburg • Pharr

November 2010 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 November 2010	LAST YEAR November 2009	% CHANGE 11/09 - 11/10
Retail Sales (\$000's - November in 1995\$) *	\$261,058	\$264,057	-1.1%
Retail Sales (\$000's - Year-To-Date) *	\$2,843,772	\$2,839,490	0.2%
Dollars Spent on Auto Purchases (\$000's - Nov in 1995\$)	\$76,105	\$55,204	37.9%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$892,471	\$787,602	13.3%
Lodging Tax Receipts (November)	\$226,886	\$362,171	-37.4%
Lodging Tax Receipts (YTD)	\$2,974,878	\$3,156,701	-5.8%
Airline Boardings (November)	28,283	28,331	-0.2%
Airline Boardings (YTD)	323,631	339,118	-4.6%
Value All Construction Permits (November)	\$21,803,193	\$20,241,810	7.7%
Value All Construction Permits (YTD)	\$340,131,173	\$302,578,954	12.4%
New Home Permits (November)	98	95	3.2%
New Home Permits (YTD)	1,425	1,124	26.8%
Home Sales (November)	161	196	-17.9%
Home Sales (YTD)	2,087	2,075	0.6%
Average Home Sale Price (November)	\$130,876	\$126,079	3.8%
Average Home Sale Price (YTD Avg)	\$122,296	\$119,460	2.4%
Hidalgo Bridge Crossings (November)	464,254	515,617	-10.0%
Hidalgo Bridge Crossings (YTD)	5,175,249	5,479,836	-5.6%
Peso/US Dollar Exchange Rate (November)	12.50	13.20	-5.3%
Employment			
Wage & Salary Employment (November)	224,600	219,200	2.5%
Wage & Salary Employment (YTD Avg)	219,973	216,882	1.4%
Unemployment Rate (November)	12.0	11.1	8.1%
Unemployment Rate (YTD Average)	11.7	10.5	11.4%
INDEX - November (Base=100 Jan 1996)	168.9	162.8	3.7%

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
November 2010	\$26,975	\$372,651	7.2%
YTD 2010	\$285,837	\$4,046,641	7.1%

The McAllen Economic Index posted strong month-to-month growth again in November 2010, increasing to 168.9 up from 168.3 in October and up 3.7% from the November 2009 MEI of 162.8. The McAllen metro area economy is now 13 months into its post-recession recovery through November though it remains well off its pre-recession peak levels resulting in a pinnacle of 188.0 for the McAllen Economic Index reached in January 2008.

General spending across the metro area remains sluggish, however, with inflation-adjusted taxable spending per sales tax receipts down some 1.1% compared to November 2009, and the year-to-date through November total essentially flat compared to the same period in '09, which in turn was down by about 8% compared to the YTD 2008 total.

Auto sales are faring better, however; inflation-adjusted spending on new and used autos based on county motor vehicle sales tax receipts were up by nearly 38% in November and over 13% YTD through November after two consecutive years of decline, and particularly sharp decline in 2009.

Travel and tourism indicators remain generally weak through November, with airline passenger boardings flat compared to November '09 and down about 4.6% for the YTD. Hotel/motel tax receipts are down sharply for November and about 5.8% for the YTD through November time frame compared to 2009.

Construction activity continues to improve, at least compared to last year's dramatically low totals, with the value of all building permits issued up about 7.7% year-over-year in November, and over 12% for the YTD. However, the YTD through November '09 total was down by well over 40% compared to the prior year.

Housing construction is in its 2nd straight year of improvement, though growth in activity has slowed in the 2nd half of the year. New single-family residence permits grew by about 3% in November, and the sector remains nearly 27% improved for the year-to-date.

Existing home sales have dropped off drastically in recent months for reasons previously discussed -- expiring homebuyer tax credits and increasingly restrictive mortgage credit requirements. Prices have continued to strengthen, however, up 3.8% in November and about 2.4% for the YTD.

Employment growth remains relatively strong given the state of the general economy of the region, up some 2.5% in November -- about 5,400 jobs added over the 12 months ending November 2010. The unemployment rate remains elevated, and is likely to continue to be so until later in the recovery process.

Key Points