

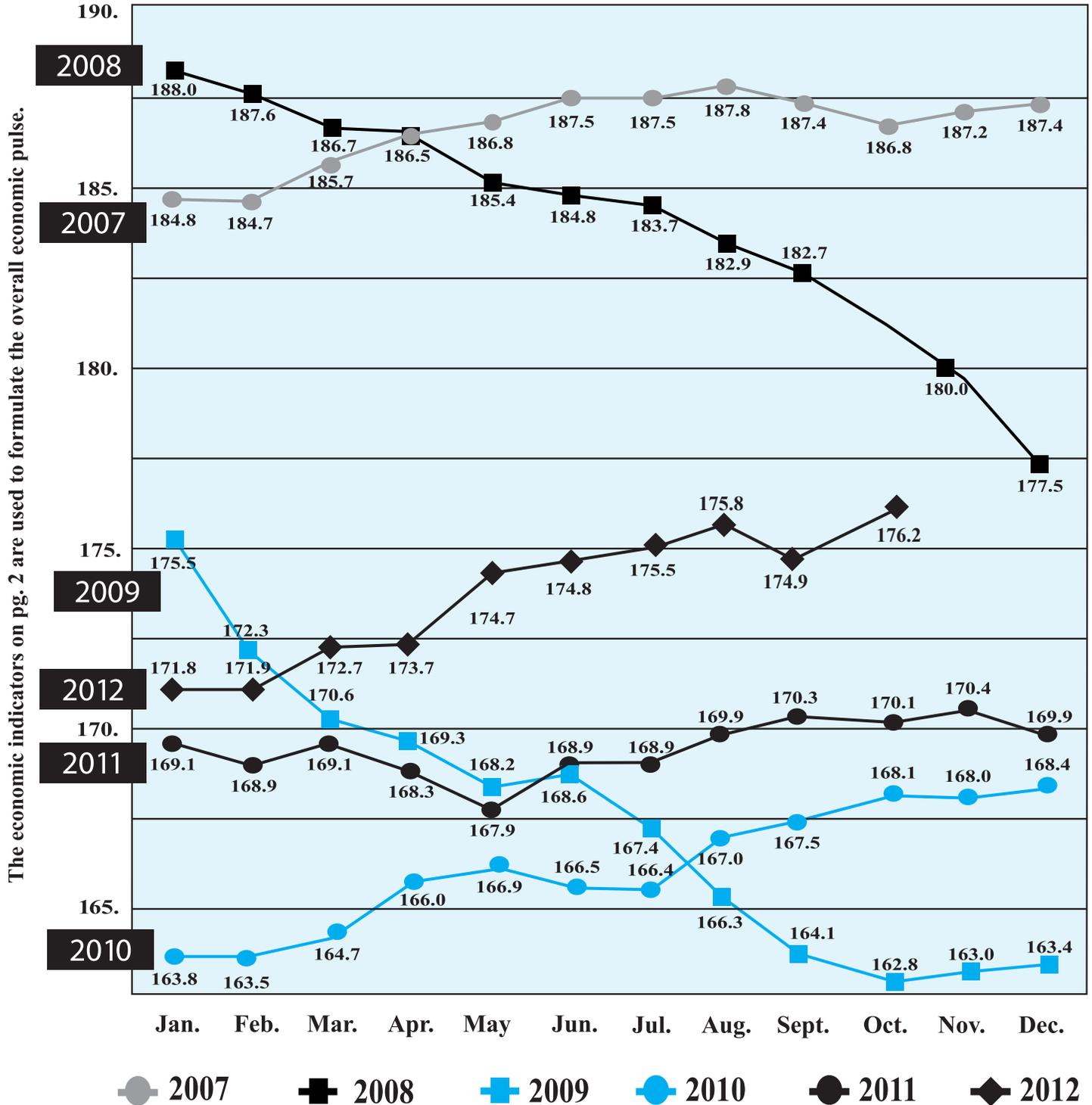
McAllen Area ECONOMIC PULSE

McAllen • Mission • Edinburg • Pharr

October 2012 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



The McAllen Area Economy

| ECONOMIC INDICATORS | THIS YEAR October 2012 | LAST YEAR October 2011 | % CHANGE 2011 - 2012 |
|---|---------------------------|---------------------------|-------------------------|
| Retail Sales (\$000's - 3rd Quarter in 1995\$) | \$287,643 | \$251,730 | 14.3% |
| Retail Sales (\$000's - Year-To-Date) | \$2,990,212 | \$2,801,979 | 6.7% |
| Dollars Spent on Auto Purchases (\$000's - 3rd Qtr in 1995\$) | \$115,978 | \$88,024 | 31.8% |
| Dollars Spent on Auto Purchases (\$000's - YTD) | \$1,111,549 | \$949,792 | 17.0% |
| Lodging Tax Receipts (3rd Quarter) | \$262,289 | \$232,203 | 13.0% |
| Lodging Tax Receipts (YTD) | \$2,916,586 | \$2,599,602 | 12.2% |
| Airline Boardings (3rd Qtr) | 22,009 | 27,419 | -19.7% |
| Airline Boardings (YTD) | 277,589 | 285,497 | -2.8% |
| Value All Construction Permits (3rd Qtr) | \$66,208,512 | \$25,425,297 | 160.4% |
| Value All Construction Permits (YTD) | \$421,437,087 | \$404,719,036 | 4.1% |
| New Home Permits (3rd Qtr) | 111 | 112 | -0.9% |
| New Home Permits (YTD) | 986 | 1,114 | -11.5% |
| Home Sales (3rd Qtr) | 204 | 168 | 21.4% |
| Home Sales (YTD) | 1,865 | 1,634 | 14.1% |
| Average Home Sale Price (3rd Qtr) | \$146,090 | \$130,454 | 12.0% |
| Average Home Sale Price (YTD) | \$127,362 | \$125,231 | 1.7% |
| Hidalgo Bridge Crossings (3rd Qtr) | 444,446 | 479,426 | -7.3% |
| Hidalgo Bridge Crossings (YTD) | 4,435,117 | 4,405,960 | 0.7% |
| Peso Exchange Rate (September) | 12.50 | 12.75 | -2.0% |
| Employment | | | |
| Wage & Salary Employment (September) | 229,300 | 229,200 | 0.0% |
| Wage & Salary Employment (YTD Avg) | 228,120 | 224,330 | 1.7% |
| Unemployment Rate (September) | 10.1 | 11.2 | -9.8% |
| Unemployment Rate (YTD Average) | 11.1 | 12.2 | -9.0% |
| INDEX - October (Base=100 Jan 1996) | 176.2 | 172.3 | 2.3% |

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 |
|---------------------|--------------------------------|-----------------------|--------------------------------|
| October 2012 | \$27,992 | \$406,264 | 6.9% |
| YTD 2012 | \$242,002 | \$4,189,201 | 5.8% |

The McAllen Economic Index returned to growth in October after a one-month retreat in September, rising to 176.2 up from 174.9 in September, and up 2.3% from the October 2012 MEI of 172.3.

Spending activity and solid improvements in the residential real estate market drove the increases in September; payroll employment growth flattened but the unemployment rate continued its steady decline.

Spending by households and businesses in the greater McAllen area continues to improve with inflation-adjusted taxable spending per sales tax receipts in McAllen, Edinburg, Mission, and Pharr up a sharp 14.3% in October (year-over-year). For the year-to-date, real spending in the metro area is up by 6.7% compared to the first ten months of 2011.

Auto sales continue to improve dramatically, with inflation-adjusted spending on new and used automobiles up by over 30% in October, and up 17% for the year-to-date.

Employment growth has dwindled in recent months according to current estimates with no statistical change in total employment in October compared to October of a year ago. The unemployment rate continues to come down, however, dropping to its lowest level since 2008.

Lodging tax receipts in McAllen are solidly improved through October, while passenger enplanements declined sharply for the month. Hotel/motel tax receipts are up by 13% for the month and over 12% for the year-to-date; however, passenger enplanements at McAllen International Airport were down by nearly 20% in October, and are down close to 3% for the year-to-date.

Construction activity was sharply higher for the month with the value of all building permits issued in the four-city metro area up by 160% in October compared to October 2011; that pulled the year-to-date total into positive territory, now up by about 4% compared to the YTD through October 2011 total.

Housing construction remains a bit sluggish compared to prior years with the number of new single-family residence construction permits flat for the month, and down close to 12% for the year-to-date.

Existing home sales are flourishing, however, with the number of closed sales in the metro market up by over 20% in October, and up over 14% for the year-to-date. The average price spiked in October, up by some 12% compared to October of a year ago, but the YTD through October average is up a more subdued 1.7%.

Key Points