

McAllen Area ECONOMIC PULSE

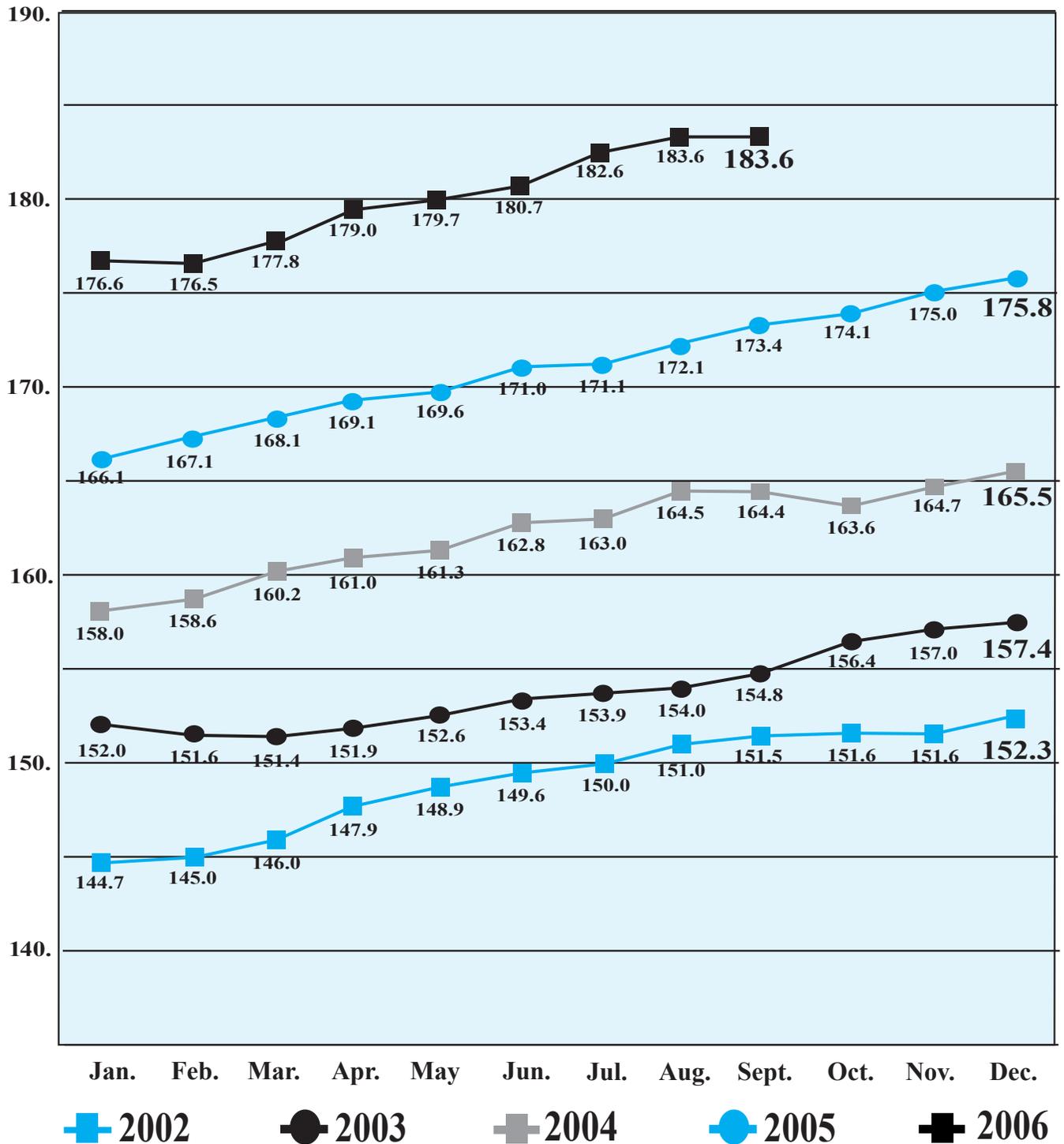
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September 2006 Economic Pulse

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 September 2006	LAST YEAR September 2005	% CHANGE 09/05 - 09/06
Retail Sales (000's - Month in 1995\$)	\$803,160	\$767,338	4.7%
Retail Sales (000's - Year)	\$2,444,539	\$2,312,500	5.7%
Motor Vehicle Tax Receipts (Month)	\$263,334	\$240,460	9.5%
Motor Vehicle Tax Receipts (Year)	\$808,707	\$712,029	13.6%
Lodging Tax Receipts (Year)	\$2,621,913	\$2,411,344	8.7%
Airline Boardings (Month)	100,114	93,671	6.9%
Airline Boardings (Year)	305,850	275,536	11.0%
Value All Construction Permits (Month)	\$234,430,935	\$137,153,347	70.9%
Value All Construction Permits (Year)	\$614,872,857	\$502,823,191	22.3%
New Home Permits (Month)	875	892	-1.9%
New Home Permits (Year)	2,649	2,723	-2.7%
Home Sales (Month)	690	596	15.8%
Home Sales (Year)	1,869	1,641	13.9%
Average Home Sale Price (Month)	\$135,577	\$124,927	8.5%
Average Home Sale Price (Year)	\$127,239	\$117,302	8.5%
Hidalgo Bridge Crossings (Month)	1,650,001	1,648,804	0.1%
Hidalgo Bridge Crossings (Year)	5,013,615	5,032,403	-0.4%
Peso Exchange Rate (Month)	\$11.25	\$11.00	2.3%
Employment			
Wage & Salary Employment (Month)	205,800	195,300	5.4%
Wage & Salary Employment (YTD Avg)	203,000	193,000	5.2%
Unemployment Rate (Month)	6.6	6.9	N/A
Unemployment Rate (YTD Average)	7.3	8.0	N/A
INDEX (Base=100 Jan 1996)	183.6	173.4	5.9%

In January 2004 the Texas Comptroller's Office began tracking "Manifiestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.

	Export Sales per Manifiestos	Total Retail Sales	Export Sales of Total Sales
September 2006	\$30,924	\$384,788	8.0%
Year-to-date	\$251,243	\$3,221,427	7.8%

The McAllen Economic Index for September was unchanged from the August index at 183.6 (the August index was revised slightly upward based on upward revisions to some of the construction data), but plainly the trend is still one of growth, with the continued impressive performance of most sectors of the McAllen metro area economy; the year-over-year growth rate remains very healthy at 5.9% compared to September 2005.

The consumer sector remains a driving force behind local economic growth -- the third quarter was a solid one for both general retail sales and automobile sales, up 4.7% and 9.5%, respectively, adjusted for inflation. The year-to-date numbers are even more impressive, with retail activity up 5.7% compared to the first nine months of 2005, and auto spending up nearly 14%.

The area economy continues to add jobs at an impressive clip, with an estimated 10,500 jobs added across the metro area over the last 12 months (a growth rate of 5.4%). The unemployment rate remains on the decline as well, and the area's employment situation just looks better and better month-by-month, year-by-year.

Construction in the McAllen metro area is simply on fire -- the \$234 million in permit valuations in the third quarter is the highest quarterly total ever posted for the four cities, and the same is true of the year-to-date total thus far in 2006.

New home construction remains one of the very few slight negatives on the table of indicators, with the number of new home permits issued in the third quarter down about 2% compared to the same period a year ago, and the year-to-date total down some 2.7%. The third quarter '05 total was a big one, however (up about 24% compared to the third quarter 2004), so the number of homes on tap to be built per third quarter permits issued is actually a stout number, and homebuilding in the metro area remains active and vibrant.

The 690 homes sold in the third quarter is a record quarterly total as well, as is the YTD total thus far in '06. Prices continue to increase as well, pushing the dollar volume of residential real estate market ever further into record territory.

Plainly, the third quarter of 2006 was a strong one in terms of local economic performance -- and a record quarter in several respects -- as growth across the McAllen metro area continues virtually unabated, with no signs of slowing in sight.

Key Points