

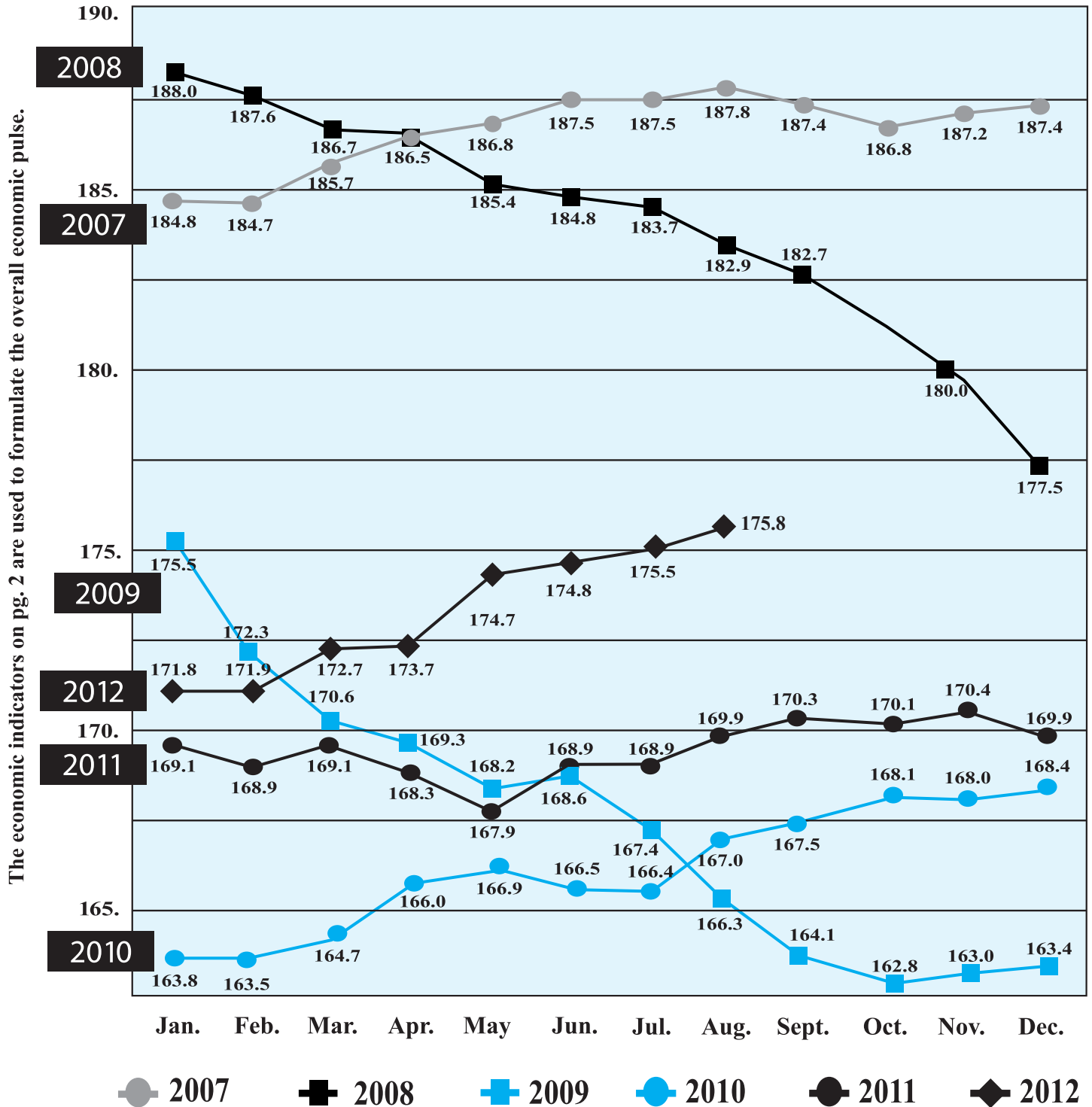
# McAllen Area ECONOMIC PULSE

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## August 2012 Economic Pulse

### The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR August 2012	LAST YEAR August 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - August in 1995\$) *	\$295,962	\$277,497	6.7%
Retail Sales (\$000's - Year-To-Date) *	\$2,409,367	\$2,257,969	6.7%
Dollars Spent on Auto Purchases (\$000's - August in 1995\$)	\$121,036	\$95,191	27.2%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$894,232	\$765,513	16.8%
Lodging Tax Receipts (August)	\$291,355	\$266,401	9.4%
Lodging Tax Receipts (YTD)	\$2,407,617	\$2,129,300	13.1%
Airline Boardings (August)	27,209	29,081	-6.4%
Airline Boardings (YTD)	232,414	232,183	0.1%
Value All Construction Permits August)	\$56,043,135	\$32,580,928	72.0%
Value All Construction Permits (YTD)	\$330,345,515	\$321,621,136	2.7%
New Home Permits (August)	86	118	-27.1%
New Home Permits (YTD)	776	874	-11.2%
Home Sales (August)	215	201	7.0%
Home Sales (YTD)	1,492	1,284	16.2%
Average Home Sale Price (August)	\$121,283	\$120,159	0.9%
Average Home Sale Price (YTD Avg)	\$123,873	\$125,901	-1.6%
Hidalgo Bridge Crossings (August)	455,511	444,062	2.6%
Hidalgo Bridge Crossings (YTD)	3,561,675	3,513,488	1.4%
Peso Exchange Rate (August)	\$12.50	\$12.70	-1.6%
<b>Employment</b>			
Wage & Salary Employment (August)	221,300	222,200	-0.4%
Wage & Salary Employment (YTD Avg)	228,275	223,550	2.1%
Unemployment Rate (August)	11.7	12.5	-6.4%
Unemployment Rate (YTD Average)	11.3	12.4	-8.7%
INDEX (Base=100 Jan 1996)	175.8	171.3	2.6%

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	Export Sales of Total Sales
<b>August 2012</b>	\$27,060	\$416,552	6.5%
<b>YTD 2012</b>	\$187,181	\$3,369,565	5.6%

The McAllen Economic Index posted its sixth straight monthly increase in August rising to 175.8 up from 175.5 in July, and up 2.6% from the August 2011 MEI of 171.3.

The spending indicators continue to improve, construction (building permits) put up some big numbers in August, and the unemployment rate continues to come down; however, payroll employment slipped into negative year-over-year territory in August, and housing construction continues to decline sharply.

General spending continued its upward run in August with inflation-adjusted spending up by 6.7% for both the month (compared to August of a year ago) and for the year-to-date (compared to the first eight months of 2011). Auto sales were up sharply in August with inflation-adjusted spending on new and used automobiles up by over 27% compared to August of a year ago, and up nearly 17% for the year-to-date.

Construction in the metro area posted its strongest August monthly total since 2006 at over \$56 million for the four-city metro area, an increase of some 72% compared to August of a year ago, pulling the year-to-date total into positive year-over-year territory for the first time in 2012.

Housing construction continues to suffer, however, with the number of new single-family residence permits down by over 27% in August compared to August of a year ago, and down about 11% for the year-to-date.

The general residential real estate market continues to improve and recover, however, with existing home sales up 7% in August (year-over-year) and up by over 16% for the year-to-date. Prices have moderated in 2012, but again there remains no sense that the region is suffering from any sort of decline in housing values.

The margin of year-over-year growth in payroll employment in the metro area has been narrowing in recent months, and actually went slightly negative in August down by an estimated 900 jobs -- about .4% -- compared to August of a year ago. The unemployment rate continued its steady decline, however, at 11.7% in August, down from 12.5% in August 2011.

# Key Points