

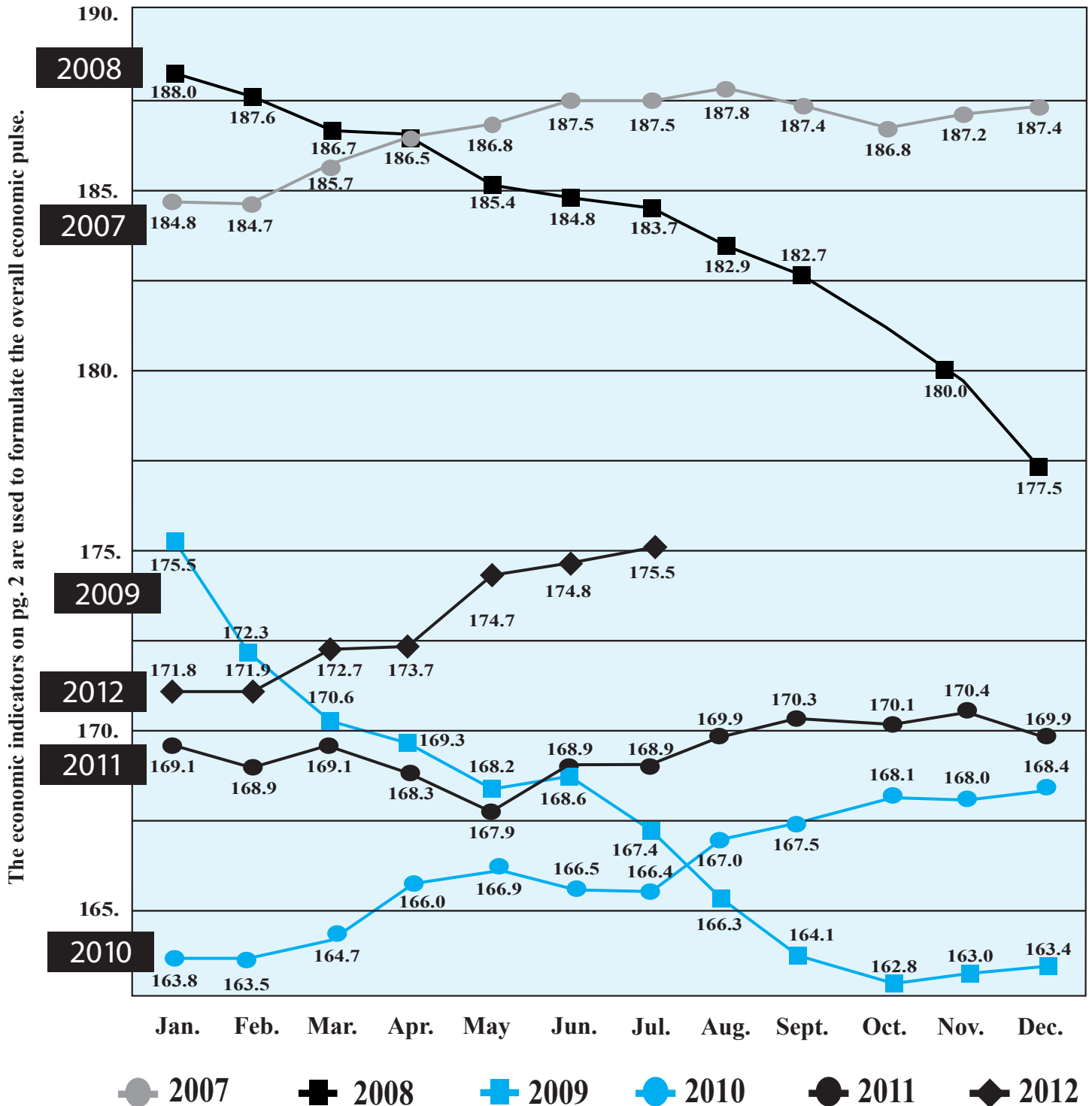
McAllen Area ECONOMIC PULSE

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July 2012 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



The McAllen Metro Area Economy

ECONOMIC INDICATORS	THIS YEAR July 2012	LAST YEAR July 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - July in 1995\$)	\$311,744	\$261,978	19.0%
Retail Sales (\$000's - Year-to-Date)	\$2,113,405	\$1,980,472	6.7%
Dollars Spent on Auto Purchases (\$000's - July in 1995\$)	\$115,057	\$86,510	33.0%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$773,196	\$670,321	15.3%
Lodging Tax Receipts (July)	\$316,501	\$261,733	20.9%
Lodging Tax Receipts (YTD)	\$2,116,262	\$1,862,899	13.6%
Airline Boardings (July)	32,996	37,342	-11.6%
Airline Boardings (YTD)	205,205	203,102	1.0%
Value All Construction Permits (July)	\$27,349,868	\$23,225,154	17.8%
Value All Construction Permits (YTD)	\$274,302,380	\$289,040,208	-5.1%
New Home Permits (July)	91	115	-20.9%
New Home Permits (YTD)	690	756	-8.7%
Home Sales (July)	196	155	26.5%
Home Sales (YTD)	1,277	1,083	17.9%
Average Home Sale Price (July)	\$131,359	\$128,731	2.0%
Average Home Sale Price (YTD)	\$124,309	\$126,809	-2.0%
Hidalgo Bridge Crossings (July)	464,791	452,121	2.8%
Hidalgo Bridge Crossings (YTD)	3,106,464	3,069,426	1.2%
Peso Exchange Rate (July)	13.00	11.67	11.4%
Employment			
Wage & Salary Employment (July)	220,100	217,500	1.2%
Wage & Salary Employment (YTD Avg)	229,271	223,743	2.5%
Unemployment Rate (July)	12.0	13.0	-7.7%
Unemployment Rate (YTD Avg)	11.1	12.4	-10.5%
INDEX - July (Base=100 Jan 1996)	175.5	170.7	2.8%

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
July 2012	\$27,615	\$437,976	6.3%
YTD	\$160,121	\$2,9583,012	5.4%

- The McAllen Economic Index posted its sixth straight monthly increase in July, rising to 175.5 up from 174.8 in June, and up 2.8% from the July 2011 MEI of 170.7. The upward trend in the index reflects general economic improvement, recovery, and growth in the McAllen metro area general economy. And though the pace of recovery has been quite moderate, that general trend has been in place since the index troughed in October 2009.

- The spending data continues to set the pace for the McAllen Economic Index, and itself represents significant economic expansion in the metro area; general real (inflation-adjusted) spending per sales tax data was up by a whopping 19% compared to July of a year ago, and easily represents a record for the month of July. And for the first time in the current growth cycle the year-to-date total surpassed the year-to-date through July 2008 total, the year of the prior peak in this important local economic indicator.

- The auto sales numbers are every bit as impressive, up 33% for the month and over 15% for the year-to-date (and the year-to-date through July total is also the highest on record, surpassing the prior peak achieved in 2007).

- And the metro area is clearly receiving the benefit of visitors to the region with hotel/motel tax receipts in McAllen up by over 20% for the month and a solid 13.6% for the year-to-date.

- Monthly building permit activity was higher compared to July of a year ago by some 17% in terms of project valuations; construction across the metro area remains lower on balance in 2012 with permit valuations down by some 5% compared to last year's fairly strong numbers.

- Housing construction has been generally lower thus far in 2012 and that trend remains in place through July with the number of new single-family residence permits issued down by over 20% compared to July 2011, and down by close to 9% for the year-to-date. Again, housing construction in the McAllen metro area is on target to post the lowest total in at least well over 15 years.

- The trends make sense, however; during the high construction phase the demand for new housing was being met and the supply is largely in place at this point. And those homes are trading hands at a faster pace -- the number of existing homes sold in the metro area was up by double-digit percentage points (year-over-year) for the fourth straight month at 26%, and closed sales through July are up by about 18% compared to the first seven months of 2011.

- Housing prices are mixed but remain generally favorable in terms of what they represent about the condition of the market in general; the July monthly average was up by 2%, and the year-to-date average is down by about 2% compared to 2011. There is no sense that residential real estate prices are falling on balance, or that housing values are entering into any sort of sustained decline.