



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR January 2007	LAST YEAR January 2006	% CHANGE 01/06 - 01/07
Retail Sales (000's - Month in 1995\$)	\$259,320	\$239,383	8.3%
Retail Sales (000's - Year)	\$259,320	\$239,383	8.3%
Motor Vehicle Tax Receipts (Month)	\$99,185	\$80,099	23.8%
Motor Vehicle Tax Receipts (Year)	\$99,185	\$80,099	23.8%
Lodging Tax Receipts (Year)	\$229,423	\$183,442	25.1%
Airline Boardings (Month)	31,768	30,236	5.1%
Airline Boardings (Year)	31,768	30,236	5.1%
Value All Construction Permits (Month)	\$73,587,530	\$52,531,926	40.1%
Value All Construction Permits (Year)	\$73,587,530	\$52,531,926	40.1%
New Home Permits (Month)	163	259	-37.1%
New Home Permits (Year)	163	259	-37.1%
Home Sales (Month)	177	148	19.6%
Home Sales (Year)	177	148	19.6%
Average Home Sale Price (Month)	\$126,171	\$111,385	13.3%
Average Home Sale Price (Year)	\$126,171	\$111,385	13.3%
Hidalgo Bridge Crossings (Month)	508,108	562,083	-9.6%
Hidalgo Bridge Crossings (Year)	508,108	562,083	-9.6%
Peso Exchange Rate (Month)	11.40	10.45	9.1%
<b>Employment</b>			
Wage & Salary Employment (Month)	206,600	201,000	2.8%
Wage & Salary Employment (YTD Avg)	206,600	201,000	2.8%
Unemployment Rate (Month)	7.7	8.1	N/A
Unemployment Rate (YTD Average)	7.7	8.1	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>184.7</b>	<b>176.4</b>	<b>4.7%</b>

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>January 2007</b>	\$32,765	\$343,933	9.5%
<b>Year-to-date</b>	\$32,765	\$343,933	9.5%

Employment data for McAllen and other Texas metro areas was revised and 'rebenchmarked' recently, altering employment data for the last two years. Employment estimates for 2005 and 2006 were generally revised slightly downward: payroll employment at year-end 2005, for example, was revised downward about 1,100 jobs from 203,100 to 202,000; at year-end '06, employment was revised downward about 3,700 jobs from 210,900 to 207,200, and the annual average was revised downward by about 1,900 jobs. Employment information in 2006 prior to the revisions suggested a year-over-year job growth rate at year-end of 3.8%; post-revision job growth fell to about 2.6%.

The McAllen Economic Index was updated to reflect the employment data revisions, and the change was nominal -- the December 2006 MEI was revised downward to 184.1 from 185.3, and the year-over-year-growth rate in the McAllen metro area economy was changed to 4.9% from a pre-revision growth rate of 5.4%.

The overall pattern of generally uninterrupted growth remains in effect in spite of the downward revision in the jobs data, and that growth continues through January of 2007, with the McAllen Economic Index per the new benchmark at 184.7, up from 184.1 in December, and up a solid 4.7% from the January 2006 MEI of 176.4.

Employment growth was estimated at 2.8% in January, adding about 5,600 jobs over the last 12 months.

Consumer activity remains very strong, even in the face of slower employment growth rates, with inflation-adjusted retail sales in January up over 8%, and auto sales (inflation-adjusted spending on new and used autos) up a whopping 24% over January of a year ago.

Lodging tax receipts and airline data suggest continued strong economic input from business and leisure visitors to or through the McAllen area; January hotel-motel tax receipts were up over 25% compared to January of last year, and airport enplanements up over 5% year-over-year.

Total construction remains a booming sector of the McAllen area economy, with the \$73.6 million in building permit valuations, up some 40% from the January total of a year ago, which in turn was 42% higher than January 2004.

Homebuilding continues to slow, however, as overall housing inventories are catching up to housing demand; new single-family residence permits issued dipped by over 37% compared to January of a year ago, and the number of permits issued in the month of January fell below 200 for the first time since the year 2000.

Housing activity overall remains very active, however; the number of homes trading hands increased by nearly 20% compared to January of a year ago, and prices jumped up some 13%.

## Key Points