

# McAllen Area ECONOMIC PULSE

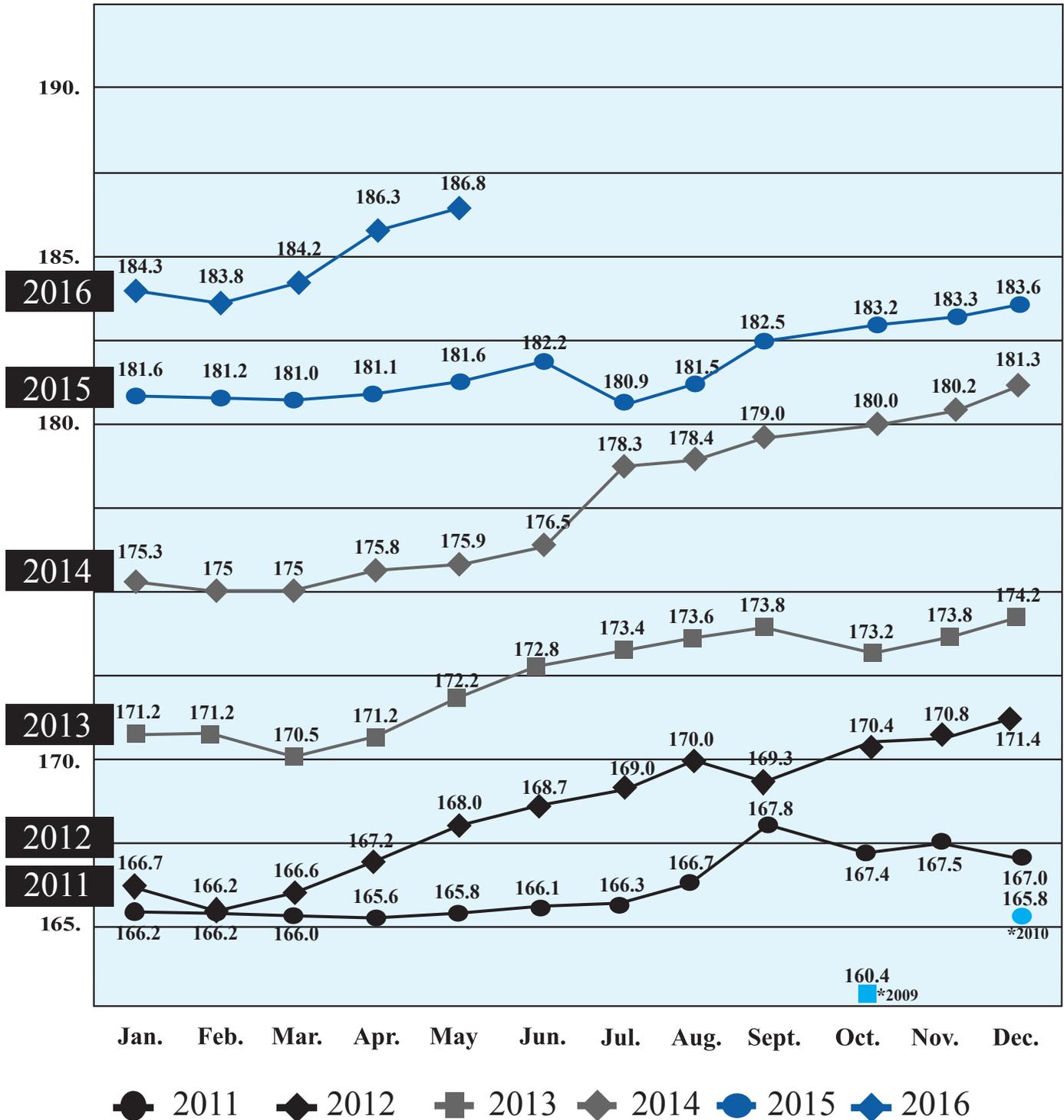
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## May 2016 Economic Pulse

### 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.



ECONOMIC INDICATORS*	THIS YEAR May 2016	LAST YEAR May 2015	% CHANGE 2015 - 2016
Retail Sales (May)	\$550,777,356	\$555,758,506	-0.9%
Retail Sales (Year to Date)	\$2,486,485,618	\$2,554,582,218	-2.7%
Dollars Spent on Auto Purchases (May)	\$145,860,854	\$99,405,474	46.7%
Dollars Spent on Auto Purchases (YTD)	\$725,157,452	\$660,554,056	9.8%
Lodging Tax Receipts (May)	\$310,533	\$346,893	-10.5%
Lodging Tax Receipts (YTD)	\$1,652,532	\$1,868,497	-11.6%
Airline Boardings (May)	30,182	34,370	-12.2%
Airline Boardings (YTD)	144,332	156,873	-8.0%
Value All Construction Permits (May)	\$51,451,747	\$35,763,389	43.9%
Value All Construction Permits (YTD)	\$311,464,160	\$175,577,617	77.4%
New Home Permits (May)	127	117	8.5%
New Home Permits (YTD)	590	514	14.8%
Home Sales (May)	160	240	-33.3%
Home Sales (YTD)	960	1,023	-6.2%
Average Home Sale Price (May)	\$142,086	\$136,928	3.8%
Average Home Sale Price (YTD Avg)	\$138,531	\$130,626	6.1%
Dollar Volume of Home Sales (May)	\$22,733,765	\$33,479,021	-32.1%
Dollar Volume of Home Sales (YTD)	\$133,353,381	\$136,547,652	-2.3%
Hidalgo Bridge Crossings (May)	482,856	472,188	2.3%
Hidalgo Bridge Crossings (YTD)	2,308,872	2,193,172	5.3%
Peso/Dollar Exchange Rate (May)	18.14	15.27	18.8%
<b>Employment</b>			
Wage & Salary Employment (May)	256,300	250,200	2.4%
Wage & Salary Employment (YTD Avg)	254,560	247,940	2.7%
Unemployment Rate (May)	4.4	4.9	-10.2%
Unemployment Rate (YTD Average)	4.5	4.8	-6.6%
INDEX - May (Base=100 January 1996)	186.8	181.6	2.9%

\* With the exception of the average monthly home sale price, all economic indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars

- We made it! The McAllen Economic Index achieved a milestone in May by matching its all-time high from January 2008 in advance of the Great Recession. The index rose to 186.8 in May up from 186.3 in April, and up 2.9% from the May 2015 MEI of 181.6.

- The McAllen economy as reflected by the index has been steadily improving since exiting the recession in late 2009 (the McAllen Economic Index bottomed out in November 2009), but the rates of growth have been slower than most of the period of time leading up to the recession. Thus it was an astounding 8 years and four months between entry into recession and the return to that peak index level.

- General spending remains sluggish, but auto sales spiked in May along with total construction as reflected by building permit activity. New housing construction was higher for the month as well, but existing home sales were down sharply compared to May of a year ago. Job growth continues in the McAllen metro area, and the McAllen city unemployment rate dropped by a half-point compared to May of last year.

- About 6,100 jobs were added to the McAllen economy over the last 12 months for a year-over-year growth rate of 2.4%. That's down from 3.1% in March and 2.9% in April, but the average for the year-to-date is 2.7% compared to average employment through the first five months of 2015. The unemployment rate for the city of McAllen dipped to 4.4% in May compared to 4.9% in May of last year.

- General real (inflation-adjusted) spending across the metro area was down by about 1 percent per May sales tax receipts, marking the sixth straight year-over-year decline in spending (though the rate of decline is quite modest). Thus far in 2016 general real spending is down by 2.7% compared to the January-May 2015 total.

- Auto sales soared in May, however, with inflation-adjusted spending on new and used automobiles up by nearly 47% for the month and 10% for the year-to-date. Both the monthly and year-to-date totals reflect record auto sales activity by far.

- The construction sector continues to put up some big numbers in 2016 with real building permit activity up by 44% in May compared to May of a year ago. For the year-to-date the real valuation of all building permits issued is up by 77% compared to the first five months of 2015. The number of new single-family residence construction permits was up by over 8% (10 additional permits compared to May 2015) and the year-to-date total is up by some 15%.

- Existing home sales were down sharply for the month, however, with the number of closed sales down by 33% compared to May of a year ago. That pulled the year-to-date total into negative territory as well with home sales through May down by over 6% compared to the January-May 2015 total. The average price of those sales was higher, however, up by 3.8% for the month and a stout 6.1% for the year-to-date.