

McAllen Area ECONOMIC PULSE

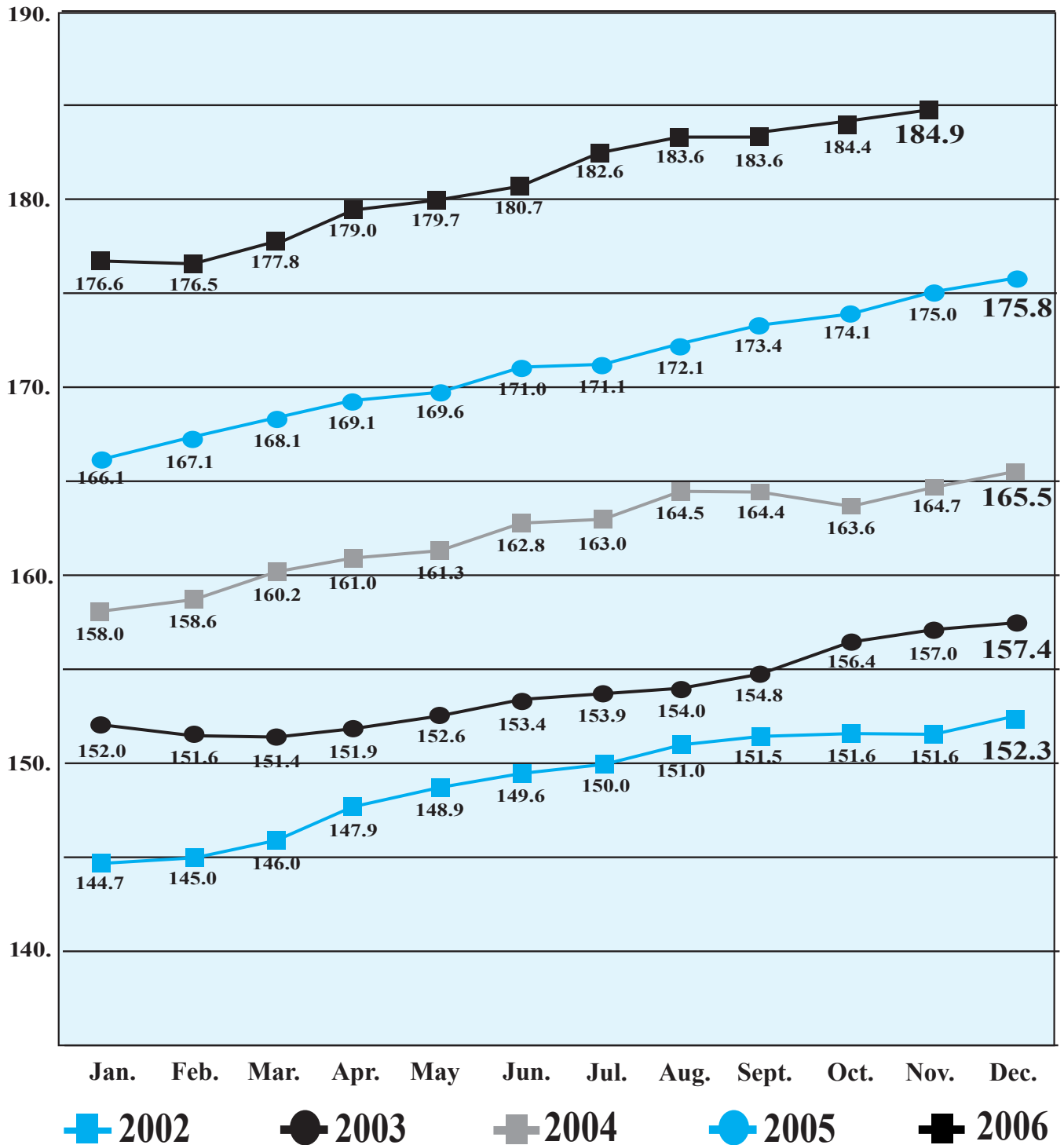
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November 2006 Economic Pulse

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 November 2006	LAST YEAR November 2005	% CHANGE 11/05 - 11/06
Retail Sales (000's - Month in 1995\$)	\$271,713	\$258,206	5.2%
Retail Sales (000's - Year)	\$2,967,579	\$2,811,036	5.6%
Motor Vehicle Tax Receipts (Month)	\$81,461	\$64,915	25.5%
Motor Vehicle Tax Receipts (Year)	\$977,296	\$845,262	15.6%
Lodging Tax Receipts (Year)	\$3,233,224	\$2,944,009	9.8%
Airline Boardings (Month)	33,861	29,816	13.6%
Airline Boardings (Year)	370,482	334,561	10.7%
Value All Construction Permits (Month)	\$48,153,992	\$42,092,616	14.4%
Value All Construction Permits (Year)	\$774,932,002	\$598,144,679	29.6%
New Home Permits (Month)	221	217	1.8%
New Home Permits (Year)	3,113	3,177	-2.0%
Home Sales (Month)	212	250	-15.2%
Home Sales (Year)	2,329	2,109	10.4%
Average Home Sale Price (Month)	\$132,015	\$113,970	15.8%
Average Home Sale Price (Year)	\$128,494	\$117,214	9.6%
Hidalgo Bridge Crossings (Month)	581,655	593,075	-1.9%
Hidalgo Bridge Crossings (Year)	6,143,510	6,190,974	-0.8%
Peso Exchange Rate (Month)	11.20	10.95	2.3%
Employment			
Wage & Salary Employment (Month)	209,000	201,000	4.0%
Wage & Salary Employment (YTD Avg)	203,900	194,200	5.0%
Unemployment Rate (Month)	6.6	6.8	N/A
Unemployment Rate (YTD Average)	7.2	7.7	N/A
INDEX (Base=100 Jan 1996)	184.9	175.0	5.7%

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
November 2006	\$23,737	\$361,901	6.6%
Year-to-date	\$301,146	\$3,918,785	7.7%

The McAllen Economic Index continues to indicate strong local economic growth, climbing to 184.4 in October, and 184.9 in November 2006, up from the September MEI of 183.6. The October index was a stout 5.9% improved over October 2005, and the November 2006 index was 5.7% higher than the November 2005 index of 175.0.

Consumer spending and job growth remain the primary indicators of economic expansion in the metro area; inflation-adjusted retail sales per the sales tax rebates through November are well over 5% higher than the January-November 2005 period, and the area economy has added an estimated 9,700 jobs over the 12 months ending November 2006. Year-over-year job growth averaged 5% through November.

Vehicle sales are booming -- inflation-adjusted spending on new and used automobiles was over 25% higher in November compared to November 2005, and YTD spending is over 16% higher compared to the first 11 months of '05.

The construction sector continues to put up some big numbers; the valuation of all projects for which permits were issued by the four municipalities in November was 14% higher than last year's high November total, pushing building permit valuations to nearly 30% higher for the year at nearly \$775 million.

Homebuilding activity remains high, though growth rates have cooled as the area 'catches up' in terms of inventory relative to housing demand. existing home sales are very strong in 2006; the November year-over-year decline of 15% is misleading because the November 2005 sales total was huge (some 70% higher than the prior November), and the year-to-date sales total through November is over 10% higher than the January-November 2005 period.

Key Points