

McAllen Area ECONOMIC PULSE

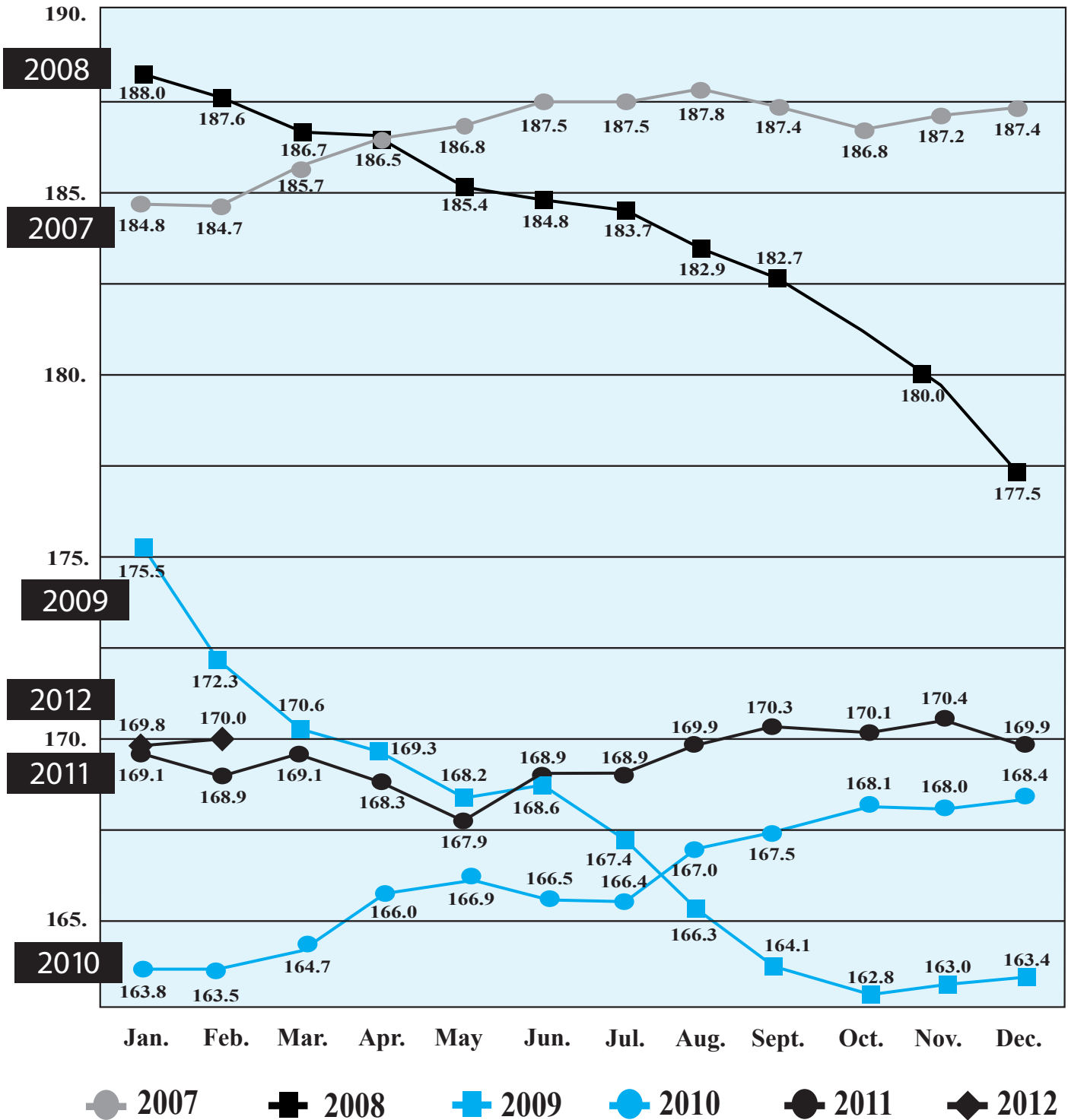
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February 2012 Economic Pulse

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 Metro Area Economy

ECONOMIC INDICATORS	THIS YEAR February 2012	LAST YEAR February 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - in 1995\$)	\$266,754	\$241,086	10.6%
Retail Sales (\$000's - Year-To-Date)	\$509,825	\$507,855	0.4%
Dollars Spent on Auto Purchases (\$000's - Feb. in 1995\$)	\$101,410	\$82,262	23.3%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$202,786	\$169,830	19.4%
Lodging Tax Receipts (February)	\$285,912	\$288,782	-1.0%
Lodging Tax Receipts (YTD)	\$551,818	\$528,877	4.3%
Airline Boardings (February)	24,951	23,875	4.5%
Airline Boardings (YTD)	50,561	50,639	-0.2%
Value All Construction Permits (February)	\$24,774,192	\$21,225,691	16.7%
Value All Construction Permits (YTD)	\$58,816,678	\$91,890,661	-36.0%
New Home Permits (February)	72	91	-20.9%
New Home Permits (YTD)	164	190	-13.7%
Home Sales (February)	159	146	8.9%
Home Sales (YTD)	285	270	5.6%
Average Home Sale Price (February)	\$113,296	\$131,066	-13.6%
Average Home Sale Price (YTD Avg)	\$113,236	\$121,314	-6.7%
Hidalgo Bridge Crossings (February)	406,786	397,229	2.4%
Hidalgo Bridge Crossings (YTD)	835,967	838,261	-0.3%
Peso Exchange Rate (February)	12.55	12.45	0.8%
Employment			
Wage & Salary Employment (February)	230,200	223,300	3.1%
Wage & Salary Employment (YTD Avg)	230,800	223,000	3.5%
Unemployment Rate (February)	11.1	12.4	-10.5%
Unemployment Rate (YTD Average)	11.4	12.7	-10.2%
INDEX - February (Base=100 Jan 1996)	170.0	168.5	0.9%

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
February 2012	\$19,615	\$389,277	5.0%
YTD	\$40,875	\$743,151	5.5%

The McAllen Economic Index reversed course in February and rose modestly for the first time in three months, increasing to 170.0 up from 169.8 in January, and up .9% compared to the February 2011 index of 168.5.

Employment continues to post solid growth numbers, while general spending is beginning to gain some upward momentum. Auto sales numbers are strong as well, while the housing and construction indicators offer mixed results compared to year-ago levels.

Real (inflation-adjusted) retail spending in February recorded its strongest year-over-year increase in over a year, improving by 10.6% compared to February of a year ago. And for the first time since the recession, the February monthly total was higher than the February total in any prior year including the peak levels achieved prior to the onset of recession. The February total therefore represents a true record, a notable milestone in this important local economic indicator on which the economy can build from this point forward.

February auto sales were also sharply higher with inflation-adjusted spending on new and used automobiles up by over 23% compared to February 2011. Real auto spending has been rapidly on the increase for about a year now, and has also moved beyond pre-recession peak levels and into true record territory.

McAllen metro area employment continues to grow at a steady and impressive pace, adding nearly 7,000 jobs over the last 12 months, a growth rate of 3.1%. The unemployment rate in the metro area finally peaked and began to decline in earnest in October of 2011, and remains well on the decline in early 2012.

Building permit valuations were up for the month, but remain down for the first two months of the year compared to year-ago levels. Construction activity on balance has recovered only a fraction of what was lost in the downturn on the heels of a decade of strong growth. Home building activity is down compared to year-ago levels, which were also down compared to the prior year. And in fact housing construction remains at its lowest point in the entire 16-year history of the McAllen Economic Index.

Existing home sales are up modestly in early 2012; the average price in February was down by over 13% compared to February of a year ago, however, the February 2011 average was up by over 14% compared to the prior year, so the February 2012 average has simply normalized compared to the anomaly in February of a year ago. Prices remain generally firm and well-supported across the metro area.

Key Points